

THE
COOPERATIVE
BUSINESS

JOURNAL

Hidden Figures

The unreported reality facing
Black women caregivers, and
how co-ops can help

*By Kate LaTour, with Tamela
Blalock—p 6*

#GoCoop

People support cooperatives;
co-ops can too, with associations

By Adam Trott—p 12

Acknowledge, Act and Lead

Roanoke Electric Cooperative CEO
Curtis Wynn on responding to a
rapidly changing industry

*By NCBA CLUSA, featuring
Curtis Wynn—p 22*

Power in Purpose

Policy strategies to build
an inclusive economy with
cooperatives

*By Brett Theodos, Leiha
Edmonds and Corianne
Payton Scally—p 30*

Roadmap for
CHANGE

NCBA
CLUSA



Your Choices Reflect Your Values. Your Bank Should, Too.



**YOU ARE
WHAT
YOU BANK**

THE COOPERATIVE BUSINESS JOURNAL

NCBA CLUSA

1775 Eye Street NW, 8th Floor, Washington DC 20006

NCBA CLUSA - PUBLISHER

Doug O'Brien

President & CEO

Valeria Roach

Chief Financial Officer

EDITOR IN CHIEF

John Torres

Vice President of Communication & Public Relations, NCBA CLUSA

MANAGING EDITOR

Elizabeth Lechleitner

Senior Manager, Communication & Public Relations, NCBA CLUSA

SOCIAL MEDIA EDITOR

Isabelle Shinsato

Communication & Public Relations Associate, NCBA CLUSA

DESIGN

Slice®Works

slice-works.com

EDITORIAL BOARD

Tamela Blalock

Vice President of Cooperative Relations, NCBA CLUSA

Leslie Mead

Executive Director, Cooperative Development Foundation

Rebecca Savoie

Cooperative Development Consultant

Jonathan White

Director of Private Sector Partnerships & Foundations, NCBA CLUSA

THE COOPERATIVE BUSINESS JOURNAL

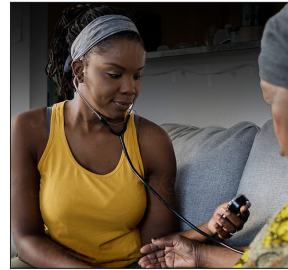
C O N T E N T S

2 Perspectives

Doug O'Brien

6 Hidden Figures

The unreported reality facing Black women caregivers, and how co-ops can help *By Kate LaTour, with Tamela Blalock*



12 #GoCoop

People support cooperatives; co-ops can too, with associations *By Adam Trott*



22 Acknowledge, Act and Lead

Roanoke Electric Cooperative CEO Curtis Wynn on responding to a rapidly changing industry *By NCBA CLUSA, featuring Curtis Wynn*



30 Power in Purpose

Policy strategies to build an inclusive economy with cooperatives *By Brett Theodos, Leiha Edmonds and Corianne Payton Scally*




Perspectives

Roadmap for change

In recent issues of the *Cooperative Business Journal*, we have focused on how we are in a cooperative moment, a time when more and more people feel the need to be empowered in their businesses and economy. Readers of this publication know that cooperatives are a proven strategy for providing people the tools to impact their local communities and their business sectors. And this past year has brought into stark focus the need for change—to close the gap on inequality, address systemic racism, build resilience in the face of climate change, and respond to the changing nature of work.

In this issue of the *Journal*, we dig into some of the ways co-ops can be the agents for this change. From Kate Latour, we learn how worker ownership provides an avenue for wealth-building among Black women. From Adam Trott, we find out how cooperative associations are necessary forces for transformational change. During a conversation with Curtis Wynn, we hear how electric cooperatives are meeting today's challenges.

And finally, we present a report on policies that can enable cooperatives to drive this change by building more inclusive local economies. Deeply informed by 11 roundtables held between 2019 and 2020 with co-op leaders across the country, the Urban Institute's report provides specific tactics and policies needed for cooperatives to reach their full potential. This report was funded by the Cooperative Development Foundation in partnership with the National Cooperative Business Association CLUSA International, with original funding from the Robert Wood Johnson Foundation.

With these examples and this policy report, this issue provides a roadmap for how cooperatives can be a catalyst for change. 

.....
This past year has brought into stark focus the need for change—to close the gap on inequality, address systemic racism, build resilience in the face of climate change, and respond to the changing nature of work.



In Cooperation,

Doug O'Brien
President & CEO
NCBA CLUSA



COOPERATIVE. CONNECTED. COMMITTED.

With \$130 billion in assets, CoBank is Colorado's largest locally based financial services institution. We proudly partner with agribusinesses and rural power, water and communications providers in all 50 states, as well as Farm Credit associations serving more than 70,000 farmers and ranchers.

**We're proud of our mission to serve rural America –
and equally proud to call Colorado home.**



800-542-8072
www.cobank.com



Proud Member of the
Farm Credit System



Hidden



**The unreported reality facing
Black women caregivers,
and how co-ops can help**

Black women have dedicated countless hours of care to the most vulnerable members of our communities. Photo: Eddie Pearson, Stocksy

Figures



By Kate LaTour, with Tamela Blalock

The initial December jobs report released by the Bureau of Labor and Statistics resulted in troubling headlines. For example, CNN Business headlined “The U.S. economy lost 140,000 jobs in December. All of them were held by women.” But this doesn’t reveal the whole picture. The workforce overall saw 156,000 jobs lost. Men gained 16,000 jobs. Women **lost** 156,000 jobs. Of those 156,000 jobs lost, Black women lost approximately 82,000 jobs—accounting for nearly 60 percent of all job loss

The Institute for Women’s Policy Research states that despite further job loss by Black women, the overall unemployment rate for this group decreased because many Black women have stopped looking for work. The Bureau of Labor and Statistics (BLS) describes this phenomenon as the discouraged worker, which is a regular occurrence across all demographics of workers in the U.S. The BLS does not include **discouraged workers**, marginally attached workers, underemployed workers or furloughed workers into its unemployment rate calculation; therefore, this population often goes ignored when economic solutions and policies are being created. >>

There are a multitude of factors that have contributed to this disproportionate economic impact on Black women, closely related to the pandemic's disproportionate health impacts on Black women. A [recent study](#) showed that Black Americans are “nearly three times as likely to require hospitalization than white people” after contracting the Coronavirus, and “more than three to four times the rate of white people” to die from the virus. Higher rates of pre-existing conditions and higher rates of poverty are important contributing factors to these health inequities.

Socioeconomics isn't the only factor, as systemic racial bias also impacts the quality of treatment, as demonstrated by [Dr. Susan Moore's story](#), in which a physician used Facebook to document the inequitable care she was receiving from the hospital where she worked. Black Americans are also more likely to have [higher unemployment rates](#) among all workers across all levels of education, including among workers with college and advanced degrees.

.....
Without policy intervention, we risk irreparable setbacks to Black women in the workforce and their economic security for decades to come.

While we are eager to turn toward recovery, the nation is still working diligently to mitigate the pandemic. In this monumental task, Black women are more likely to hold frontline and essential jobs, as well as low-wage jobs, without paid time off or remote work options that put them face-to-face with the virus on a daily basis.

Nearly [85 percent](#) of Black women are the primary or sole breadwinners in their households. Black women have experienced disproportionate layoffs in service jobs, and are disproportionately forced to choose between work and childcare during the pandemic. Without policy intervention, we risk irreparable setbacks to Black women in the workforce and their economic security for decades to come.

There is no policy that can singularly undo these disparities, and policymakers should explore many of them—and avoid past mistakes. For example, consider Social Security and New Deal programs. When created these programs had specific clauses that excluded Black Americans from eligibility from key elements including social security safety nets denied to at-home maids and childcare providers, and home loans for houses in the suburbs due to racial covenants.

But one place to start is implementing programs to empower Black women to capture ownership opportunities in the care economy through cooperatives. What is the care economy?

According to the [International Labour Organization](#) (ILO), the care economy is comprised of direct personal and indirect activities—both paid and unpaid—for example to children, the elderly and the chronically ill by providing services related to education, cleaning, and health and safety. Compared to their overall presence in the workforce, Black women are overrepresented in caregiving jobs.

Moreover, according to the American Association of Retired Persons (AARP), unpaid care accounts for \$470 billion in economic value per year. Among unpaid caregivers, women account for nearly three-quarters of caregiving. And in ILO surveys, approximately 70 percent have said they would prefer having a paid job.

Yet again, Black Americans face disproportionate negative impacts. According to AARP, Black caregivers “have lower household incomes than white caregivers, but spend similar amounts of money on caretaking.” And with regard to unpaid work, [57 percent of Black caregivers](#) spend an average of 30 hours per week providing caregiving activities. To add to the challenges, one-third of Black caregivers are part of the “sandwich generation,” providing care to both their parents and their children.

By lifting up Black women caregivers through cooperatives, we can also close economic gaps experienced by other socially disadvantaged groups. For example, Latinas and Indigenous women are also overrepresented in the caregiving workforce,



Conversions of long-standing, vibrant businesses like A Child's Place into worker co-ops can preserve jobs and create new opportunities for Black women to build wealth. Photo: Capital Impact Partners

and subsequently face similar challenges around low wages, difficult hours, unpaid care and severe layoffs during the COVID-19 pandemic.

According to [Janelle Jones](#), Chief Economist for the U.S. Department of Labor, “Black women have experienced the steepest drop in labor force participation and have had the slowest job recovery since January 2020.” By implementing policies addressing the needs of the hardest hit sector of the workforce—Black women—Jones goes on to explain, we can achieve an inclusive recovery for all vulnerable workers and marginalized groups.

Even before the pandemic, the U.S. was facing an enormous shortage of care workers. By 2030, the U.S. is estimated to be short more than 100,000 caregivers. And [according to PHI](#), direct care workforce “will outpace every other occupation in the country, adding the greatest number of new jobs in 38 states through 2026.” The increasing number of people who need care is undoubtedly a major reason for the shortage of workers, but it cannot be discounted that the shortage is attributed to these jobs being difficult, undervalued and underpaid jobs.

As a result, these jobs often see high workforce turnover, resulting in inconsistent, lower quality care for the most vulnerable community members. For example, in home care, traditional businesses see as high as 80 percent annual workforce turnover. Here’s where co-ops come into play.

Black women continue to face structural and cultural forces—rooted in the enslavement of Africans and Black Americans and the resulting systemic racism built into both public and private governance—as caregivers. We all have a responsibility to research the policy, governance and operational norms that uphold these forces of inequality, and systemically dismantle them and rebuild intentionally inclusive policies, governance and cultural norms. In the service sector, a multitude of policies should be considered to create a level playing field for care workers, especially toward equal worker protections. Women—Black women especially—are often exploited in these service jobs as employees. Using the cooperative business model, workers become owners and are empowered to reap the coinciding benefits: more take-home income and a voice in business operations.

Hidden Figures

To avoid further consolidation of businesses and keep wealth local, conversions to cooperatives through a market-rate purchase by employees can be an important strategy for business owners, workers and people in need of care, alike. To incentivize these transactions, policymakers should consider tax advantages to retiring business owners who choose to sell their business to employees. Policymakers should also make sure workers have the tools in place to purchase access to capital, technical assistance to support feasibility studies and business formation, and education on cooperatives.

Because of longstanding regulatory challenges for cooperatives to access financing tools at the U.S. Small Business Administration (SBA) and a lack of institutional understanding of the cooperative business model throughout the network of Small Business Development Centers, Congress should consider a targeted grant program available to cooperative business developers and to the cooperative member-owners themselves to support

the cost of purchase, acquisition of building space, and other tools to limit any economic hardship during the purchase. Further, Congress could consider a childcare co-op loan program that includes a forgiveness component.

According to the Democracy at Work Institute, worker-owners at cooperatives typically earn nearly \$20 per hour in wages—or about \$13 per hour more than the federal minimum wage. Then, each year, patronage dividends are returned to the workers who created that profit.

Moreover, in home care, we know that cooperative home care businesses have significant workforce benefits. While the sector hovers around 82 percent annual turnover, home care cooperatives enjoy annual workforce turnover of 38 percent.¹ This translates to more consistent, higher quality care for patients, and an opportunity for workers to build caregiving and business skills that lead to a better employment trajectory down the road.

¹ https://icagroup.org/wp-content/uploads/2020/07/Home-Care_Benchmarking-Report.pdf



Soaring Independent Cooperative was founded to empower both skilled professionals and unpaid caregivers who understand the need for and value of their work. Photo: Soaring Independent Cooperative

If home care cooperatives could reach a prominent scale, this would also position the federal government to support this people-powered business model by adding favorable scores to businesses competing for government contracts. For example, the Veterans Administration contracts with home care companies across the nation to provide direct care to veterans in need of assistance. This kind of partnership could provide mutual benefit to VA, the co-op and the veterans receiving high-quality co-op care.

There are several predominantly Black women-owned cooperatives in caregiving that we can turn to as sterling examples of success.

Queens, New York is home to [A Child's Place](#) co-op. When the business's owners, Linda and Gregory Coles, were nearing retirement after 34 years in business, they were intent on keeping the business—its jobs and service to children—rooted within their community. "One of the big things we lamented was, 'When we sell the business, will the person who takes it on still carry on the same quality of business and mission?'" So, the Coles decided to sell their business to their employees, preserving about 70 jobs and care for more than 100 children.

Shivone Cumberbatch, a teacher at A Child's Place, said that she always anticipated being part of the public or private school community, but, she said, "Given the opportunity to own my own school, it gives me the chance to learn how a company is run. It's exciting." Linda said, "It's been nothing but a positive decision."

In neighboring Bronx, [Cooperative Home Care Associates](#) (CHCA) provides direct care to seniors and people with chronic illness or disability. Beginning with just 12 home care workers, the cooperative is now the largest worker cooperative in the U.S., employing more than 2,000 people, of which approximately half are owners and the majority are women of color. Each year, CHCA provides workforce training to more than 600 low-income and unemployed women. And in 2012, CHCA was the first home care company to achieve B Corp certification, further cementing its

commitment to considering all stakeholders in their business decisions.

More recently, in Madison, Wisconsin, [Soaring Independent Cooperative](#) formed in January 2019. Their website offers a glimpse into their co-op story: "As a group of women from the same community, we supported each other in multiple ways, including assisting with family caregiver duties for children, aging relatives, and individuals with physical and/or mental health disabilities. We unintentionally built a culturally competent network of support, empowering both skilled professionals and unpaid caregivers who understood the need and value of our work."

.....
Bringing dignity to the hard work of caregiving, and empowering Black women through cooperatives... is one way to support an equitable economic recovery.

Just months after its founding, Soaring Independent Cooperative earned the Force for Positive Change Award sponsored by the Wisconsin Alumni Research Foundation and Marquette University.

These few examples are just glimpses into the potential of Black women-owned cooperatives. Black women have dedicated countless hours of care to the most vulnerable members of our communities, while barely scraping by for themselves and their families. Bringing dignity to the hard work of caregiving, and empowering Black women through cooperatives to build financial assets and govern their business is one way to support an equitable economic recovery that could have a lasting positive impact. 🌲

Kate LaTour is Director of Government Relations at NCBA CLUSA. Tamela Blalock is Vice President of Cooperative Relations. NCBA CLUSA works to build a better world and a more inclusive economy that empowers people to contribute to shared prosperity and well-being for themselves and future generations.



GIZATASUNA
LANEAN



SENTIDO
HUMANO
DEL TRABAJO

MONDRAGON

Finantzak
Industria
Banaketa
Ezagutz

Finanzas
Industria
Distribución
Conocimiento



International co-op associations like the Mondragón Cooperative Corporation have made headlines as an alternative to global capitalism.
Photo: Mondragón

#GoCoop

People support cooperatives;
Co-ops can too, with associations



By Adam Trott

We often hear of Mondragón Cooperative Corporation and the cross-sector, clustered economic juggernaut of Italian cooperatives, especially in Emilia Romagna. The successes and advantages to members of our own domestic associations, however, don't often make headlines.

Co-ops have to draw on all assets and resources to serve membership amidst competitors equipped with well-marketed, sugar-coated solutions driven by profit. Healthy foods, dignified jobs, safe housing, secure banking and sustainable agriculture—all once solely found in co-ops—are by now most certainly big business. The desire and the need for co-ops to empower transformational change have a significant impact in how co-ops are run, too, regarding race and gender inequities, climate change, widening wealth gaps, homophobia and other systemic issues. >>

Individual co-ops are critical to the survival and health of their members; however, one co-op alone cannot address these larger, systemic issues. In the U.S., the pandemic's casualties are reaching half a million, and a (long overdue) reckoning with racism is being met with more violence and repression. Associations are showing that the values of equity, solidarity and democracy are real and are at the core of the cooperative business model. Associations are showing, too, that when cooperatives themselves work intentionally together, access and education improve, development and legislation strengthen, and partnerships and innovations flourish.

.....
Healthy foods, dignified jobs, safe housing, secure banking and sustainable agriculture—all once solely found in co-ops—are by now most certainly big business.

How can co-ops continue to take the lead in meeting economic, social and cultural member needs? What are the successes of associations in the U.S.? And if associations are so great, why aren't more individual co-ops members?

Through interviews and data from ten associations in North America, we will explore how associations serve their members in a variety of ways. Fifteen interviewees are candid about what barriers they face and what successes they have as they build a list of potential "social innovations" to replicate.

Why talk about co-op associations?

The most important step in the history of the

consumers' movement, after the founding of the Rochdale type of society, was the setting up of federal organizations controlled, not by individual members, but by consumers' societies. (Carr-Saunders, Florence and Peers, 1938 – Tom Johnstad¹)

Associations are hailed as having dynamic adaptability,² providing a strategic advantage for innovation and longevity³ and using governance models that provide a more efficient manner of gaining input from cooperatives to create nuanced responses to complex issues.⁴ Internationally, data shows associations have positive impacts on life expectancy, decrease inequalities and can be transformational in the areas of environmental justice and societal health.⁵

Associations have a history of uniting and serving communities of need. In her book, *Collective Courage: A History of African American Cooperative Economic Thought and Practice*, Dr. Jessica Gordon-Nembhard researched the Young Negro Cooperative League (YNCL). The YNCL featured youth and women leaders like Ella Jo Baker, who worked toward the "elimination of economic exploitation and the transition to a new social order."⁶ There are countless stories about farmers, renters, unemployed workers, and other people who used cooperation among cooperatives to survive oppressive systems and build lives of which they were proud.

An important context of associations is how they create resources by responding to challenges in a way that maximizes the cooperative structure—like adhering to principles and cultivating member participation—instead of market-based solutions, like cutting wages and payments to producers. Researchers have called this dynamic "mimetic

1 Johnstad, T. (1997). Co-operatives and Federations. *Journal of Co-operative Studies*, No. 89, May 1997.

2 Novkovic, S. and Holm, W. (2011). *Co-operative Networks as a Source of Organizational Innovation*. Presentation at the International Co-operative Alliance Global Research Conference, Finland.

3 Novkovic, S. (2014). Co-operative Networks, Adaptability and Organizational Innovations. In: Gijssels C., Zhao L., Novkovic S. (eds) *Co-operative Innovations in China and the West*. Palgrave Macmillan, London.

4 Novkovic, S. and Miner, K. (2015). "Introduction" In S. Novkovic and K. Miner (eds.) *Cooperative Governance Fit to Build Resilience in the Face of Complexity*. International Co-operative Alliance. p. 19.

5 Raworth, K. (2014), *Why it's time for 'Doughnut Economics'*. Retrieved from: <https://www.youtube.com/watch?v=1BHOflzxPjI&v=en>.

6 Gordon Nembhard, J. (2014). *Collective Courage, A History of African American Cooperative Economic Thought and Practice*. University Park Pennsylvania: Pennsylvania State University Press.



The International Centre for Co-operative Management (ICCM) at Saint Mary's University in Halifax, the program in which the author's research was performed, is run by a co-op of cooperatives. Photo: International Centre for Co-operative Management



*As researched by Dr. Jessica Gordon-Nembhard in *Collective Courage*, women leaders like Ella Jo Baker used associations, including the Young Negro Cooperative League, to unite and serve communities of need. Photo: Wikimedia Commons*

Table 1: Typology of Co-op Associations in North America

| Association | Sector | Geography | Johnstad Spectrum* | Co-op Movement | Sources of funds |
|---|--------------------------------------|---------------------------------|--------------------|----------------|---|
| Canadian Worker Co-operative Federation (CWCF) | Worker | National (CAN) | 4 | | 7.5% dues, 65% fee for service (only to members), 27.5% loyalty patronage, sponsorships |
| Co-operatives and Mutuals Canada | Cross sector | National (CAN) | 3 | Yes | 88.5% dues, 2.5% grants, 9% registrations and other |
| Federation of Southern Cooperatives/ Land Assistance Fund (FSC/LAF) | Cross sector, w/focus on agriculture | Regional (Southeast U.S.) | 4 | | 90% grants, 1% dues, 9% revenue from programs & facilities |
| National Cooperative Business Association (NCBA-CLUSA) | Cross sector | National (USA) | 3 | Yes | 1% dues, 1% fees, 98% grants |
| National Rural Electric Cooperative Association (NRECA) | Electric | National (USA) | 4 | Yes | 15% dues, 28% fee for service, 6% grants, 50% other |
| Neighboring Food Co-op Association (NFCA) | Food Co-ops | New England and New York | 4 | Yes | 75% member dues, 7% income from products, 18% grants & other |
| New York City Network of Worker Cooperatives (NYCNoWC) | Worker | New York City | 3 | Yes | 10% dues, 90% grants (from NYC City Council funding since FY2015) |
| U.S. Federation of Worker Cooperatives (USFWC) | Worker | National (US) | 2 | | 25% dues, 33% grants, 1% fees, 41% other |
| Valley Alliance of Worker Co-operatives (VAWC) | Worker | W. Massachusetts and S. Vermont | 4 | Yes | 50% dues, 25% affiliate contribution, 15% events and marketing income, 10% fund revenue |
| Valley Co-operative Business Association (VCBA) | Cross sector | W. Massachusetts and S. Vermont | 2 | Yes | 50% dues, 50% marketing activities |

* 1=loose network (no dues or common unit), 5=complex common unit (with dues and common unit)

isomorphism⁷ and this way, if a solution is found by one co-op or within the association, it can be replicated across other members and associations with trust and transparency.

What do you mean, a cooperative association?

All associations in this research state that they are dedicated solely to cooperation and have co-ops as members. To assess the differences among them, I introduce a spectrum Tom Johnstad innovated. He shows how associations can be “looser alliances” with no central organization while others can require dues, and have staff creating their own “common unit.”⁸ In Table 1, I list core qualities including the sector(s) served, revenue sources,

geographical service area and a Johnstad spectrum where “1” is a loose network and “5” represents an association with more participation from members and their own activities. I also indicate whether the association has a program that supports the co-op movement as a whole in addition to their own sector or members.

FINDINGS SUMMARY

Associations in this research show an inspiring range of resources and activities. Two associations had five members or fewer, while others have more than 1,000. Two associations had either no staff or part-time staff, while others had hundreds of employees. Annual budgets ranged from \$5,000

7 Nilsson, J., Svendsen, G. and Svendsen, G. (2012). Are Large and Complex Agricultural Cooperatives Losing Their Social Capital? *Agribusiness*, Vol. 28 (2) pp. 187–204 (2012).

8 Johnstad, *ibid*, p. 48.

to hundreds of millions of dollars and the member dues portion of revenue ranged from 1 to 89 percent. Density of membership—the percentage of all potential members in their service area who are members—ranged from 5 to 98 percent. Six of the ten associations studied were founded after the year 2000, with three associations surviving more than 50 years. The ten associations' aggregated impact counts a total of 2,223 member cooperatives that employed 1,550 people and earned \$304 million annually in 2018. Also in 2018, these associations allocated \$2.8 million in patronage, \$170,000 in charitable contributions and paid \$511,000 in taxes.

All associations reported educational activities with a range of 1 to 90 percent of total resources allocated for this activity. All associations reported legislative and marketing activities, both constituting a range of 1 to 15 percent of resources. Pay ratios range from 1:1.5 to 1:36 with most associations paying a living wage and offering paid time off and retirement benefits. Nearly all participants had programming that promoted the cooperative economy as a whole beyond membership. Nearly all had members or a democratically-elected board approve their budgets.

BARRIERS, SUCCESSES AND POTENTIAL

Interviewees shared their thoughts on barriers to membership, successes and potential activities.

BARRIERS TO MEMBERSHIP

- **Lack of Awareness** of associations and their advantages was cited frequently, a factor that limits understanding and participation.
- **Individualism Over Inter-Cooperation** provides a sandwich of pressure to associations where successful cooperatives feel they don't need to pay dues to build a movement, while struggling cooperatives feel they cannot afford it.

"This actually isn't about economics. American culture, the culture that developers work in, the cultural expectations they set up, small business culture... On the left it looks like a DIY autonomist separatist nature and on the right it's more of

this neoliberal argument. [O]ther cultures have more solidarity. The default is to plug into the institution." – Esteban Kelly, Executive Director, U.S. Federation of Worker Cooperatives (USFWC)

- **Lack Of Coordination Among Associations** leads to duplication, conflicting goals and confusion for members.
- **Reliance On Grant Funding** hampers member control, the creation of reserves and long-term stability.

"You're at the whim of the administration. If you're not intentional, it can make you stray away from the mission."

– Cornelius Blanding, Executive Director, Federation of Southern Cooperatives/Land Assistance Fund (FSC/LAF)

- **Tensions Between Development Agencies And Associations** create conflicting models and support for co-ops. Associations develop co-ops in a system of mutual support and share resources while development agencies typically privatize innovation and do not encourage building cooperative led support for on-going improvements.

"The context in which these co-ops are coming into being is not just about the co-ops themselves. There's lenders, lawyers, developers, incubators, working on a conversion maybe... in most cases, none of those people are pushing association membership."

– Esteban Kelly (USFWC)

.....

When cooperatives work intentionally together, access and education improve, development and legislation strengthen, and partnerships and innovations flourish.



Advocacy is a core activity of associations like NCBA CLUSA and the U.S. Federation of Worker Cooperatives. Photo: Sam Levitan

"For WCBDI (the New York City budget allocation to worker cooperative development), worker co-op specific funding goes to non-profits and that creates a tension."

– Saduf Syal, Coordinating Director, New York City Network of Worker Cooperatives (NYCNoWC)

SUCCESSSES

- **Education** typically occurs in two parts: external education for the public, media and institutions; and internal education for members, boards and employees. Most programs show the

importance of promoting the co-op identity to distinguish in the marketplace and engage members.

"We explore concepts like anticipatory leadership, staking out your high ground and protecting it, the importance of conversation around critical topics where you may be delivering bad news, and ensuring that you have mutual understanding."

– Tracey Steiner, Senior Vice President of Education & Training, National Rural Electric Cooperative Association (NRECA)

NYCNoWC facilitates member-run programming that offers their expertise to all membership. FSC/LAF operates a staffed training center with farming, kitchen and lodging facilities where agricultural techniques are researched. The Valley Alliance of Worker Cooperatives (VAWC) and Neighboring Food Co-op Association (NFCA) cofounded the Certificate in Applied Economic Research in Co-operative Enterprise within the Department of Economics at the University of Massachusetts, Amherst, which has 100-200 students a year and hosts internships. The International Centre for Co-operative Management (ICCM) at Saint Mary's University in Halifax, the program in which this research was performed, is run by a co-op of cooperatives. NFCA partners with ICCM to educate members.

- **Coordination** presented struggles as mentioned above, though some participants touted successes. The Valley Cooperative Business Association (VCBA), a regional cross-sector secondary co-op, partnered with NCBA CLUSA to bring attention to National Co-op Month for marketing, events and legislative engagement in western Massachusetts. The USFWC gave a 50 percent discount in dues to any worker cooperative that is also a member of a regional association like VAWC, NYCNoWC and others.
- **Peer-To-Peer Support** was shared among all participants who allocated significant resources to bringing members together to communicate experiences, needs and goals.

"One of the things that I think is very strong is how our members are helping members by... getting lots of information back on somebody who's been through the same thing."

– Mary Pat Paris, Vice President, Administration, NRECA

- **Shared Programming and Services** offer opportunities for additional revenue. The USFWC offers dental and vision insurance. The Canadian Worker Co-op Federation (CWCF) offers a self-directed retirement program and insurance through The Co-operators—yes, another co-op—whose patronage dividend adds to their

budget. NRECA serves their statewide members by offering members employee benefits and programming.

- **Development Guidance and Technical Assistance** from articles and bylaws to marketing strategy and governance were offered by participants. NFCA and VAWC offer technical assistance, each having developed several start-ups and conversions, and join other associations in partnering with developers on issues outside their expertise. In an innovative example from Canada, the CWCF co-created CoopZone, a cooperative network with broad representation of Canadian cooperative developers.

.....
Associations are showing that the values of equity, solidarity and democracy are real and are at the core of the cooperative business model.

"If you read cooperative history... independent federations, leagues and associations have been the drivers of successful, sustainable development of cooperative complexes. But these structures are generally undervalued in models that replace association with grant funded development and nonprofit agencies."

– Erbin Crowell, Executive Director and Board Chair, NFCA and NCBA CLUSA

- **Legislative Successes and Legal Support** is a core activity of NCBA CLUSA—from partnering with the USFWC in lobbying for the Main Street Employment Act to making sure cooperatives are eligible for federal COVID-19 recovery funding. NFCA has testified in support of farmer and consumer co-op statutes, VCBA boasted gubernatorial and municipal proclamations about the impact of co-ops and VAWC organized two campaigns in Massachusetts protecting incorporation statutes since 2017. NRECA navigated related laws and incorporation for

their statewide members using comparative analysis and support for amendments.

- **Leadership and Longevity** are improved by associations as they amplify long-term collaboration with legislators, educators, media and the public. Participation by and hiring from within membership retains skillsets, builds careers and secures the knowledge base of a region or sector or member access.

"We first look internally to find someone among membership to hire. We have people who have served this organization for a lifetime."
– Cornelius Blanding, FSC/LAF

.....

There are countless stories about farmers, renters, unemployed workers, and other people who used cooperation among cooperatives to survive oppressive systems and build lives of which they were proud.

- **Meeting Complex Member Needs** in a manner that acknowledges the entirety of members' lives was shown. When 40 families of Black sharecroppers were evicted for registering to vote in the 1960s, for example, they went to the FSC/LAF, which supported the formation of a housing co-op. Today, that housing co-op is a member of FSC/LAF and descendants of the original founders live there, some of whom are also staff. VAWC operates its own loan fund that provides an additional capital asset to members and adds the voice of worker cooperatives to lending. NFCA held monthly start-up and marketing calls and the USFWC began a language justice effort to appeal to growing membership among Spanish speakers.

POTENTIAL FOR CO-OP ASSOCIATIONS

"This model can save lives, can save communities. It has saved lives, has saved communities."
– Cornelius Blanding, FSC/LAF

There are countless more examples of inspiration, survival mechanisms, marketing, conversion and start-up specific support provided by associations. Here is a list of replicable activities from these associations:

- **Shared Services** How could regional and national associations replicate USFWC's insurance, NRECA's employee benefits and CWCF's retirement program?
- **Legislation** National associations could mimic efforts like the Main Street Employment Act to set an agenda that state and regional associations could adopt. Also, could associations codify a surplus allocation to development in exchange for a tax break in indivisible reserves as in Italy?⁹
- **Leadership Development** Associations amplify the voices of membership and provide unique career opportunities. Participants stated that their commitments to have more leadership, decision-making positions and hiring come from members representing LGBTQ, BIPOC, women and low-income communities. How could this be more intentional and engaged?
- **Surplus Distribution VAWC** members contribute 5 percent of surplus to a shared fund lent directly to members and invested in co-op development funds, mimicking the self-funding, co-op-led Italian model. What could shared surplus pools do on a larger scale in the U.S. or Canada?
- **Shared Recruitment** Could other associations adopt shared recruitment tools like the USFWC and NYCNoWC?
- **Coordinated Education** Could associations partner their members with existing

9 Ammirato, P. (2018). *The Growth of Italian Cooperatives: Innovation, Resilience and Responsibility*. Routledge, New York, New York. p. 15

cooperative-led education like the ICCM? Could NRECA's state-by-state knowledge of incorporation, NFCA's partnership with ICCM or the Certificate in Co-operative Enterprise and its real-time co-op participation serve other associations?

A COOPERATIVE-LED VALUE SYSTEM

What are the next innovations co-ops will champion? How will co-ops survive COVID? How can economic democracy address flawed political democracy? How are co-ops addressing systemic inequalities?

Participants show that associations are addressing these questions through a cooperative-led value creation system. This value creation system serves members, expands resources, addresses systemic issues and builds the depth and breadth of cooperation. Co-op leadership and cooperative funding provide accountability instruments to sustain association focus on delivering value to members, and this focus is characterized by equity, democracy, solidarity, honesty and other co-op principles and values.

*"We as an association have to lead by emphasizing our co-op identity... That's the one thing [competitors] can't beat us on is how we empower people to come up with their own solutions. So, we're going to help our food co-ops source more locally but we're going to do it in a way that reinforces our cooperative difference."
– Erbin Crowell, NFCA and NCBA CLUSA*

As we ask these important questions and as we work together, doing so through association will conceive of and implement them in a way that is adaptable, adoptable and accountable. A just and equitable economy needs a just and equitable business model.

Consumers, workers, producers and communities strengthen co-ops when they "#GoCoop." Like them, co-ops strengthen the cooperative movement—and make our model more accessible—when they join associations. 🌲

Adam Trott is Director of Member Relations for Shared Capital Cooperative, a national CDFI loan fund that connects co-ops and capital to build economic democracy. He is also the Executive Director of the Valley Alliance of Worker Co-operatives, a co-op of worker co-ops that supports, develops and educates about and for worker cooperatives. Adam spent 13 years as a worker-member of Collective Copies, a worker collective and union shop in Western Massachusetts and served on his union's Regional Executive Board. He received a Masters in Co-operative and Credit Union Management from St. Mary's University in Halifax, Nova Scotia in 2019.

This article is a summary of a research paper written at the International Centre of Co-operative Management, Saint Mary's University, Halifax, Nova Scotia (ICCM), and can be accessed here: <https://www.smu.ca/academics/sobey/cme-working-paper-series.html>. Adam would like to thank the participants for their generosity, expertise and dedication to the cooperative model, the ICCM and Suzette Snow-Cobb for their tremendous support of this research.

.....
**"We as an association have to lead by emphasizing our co-op identity... The one thing [competitors] can't beat us on is how we empower people to come up with their own solutions."
– Erbin Crowell, Executive Director,
Neighboring Food Co-op Association**

Acknowledge,



**Roanoke Electric Cooperative
CEO Curtis Wynn on responding
to a rapidly changing industry**

Act and Lead

By NCBA CLUSA, featuring Curtis Wynn

When Curtis Wynn assumed his role as president of the National Rural Electric Cooperative Association (NRECA)'s Board of Directors, he set out to focus on how co-ops should navigate a rapidly changing industry. But, as Americans reckoned with racial inequality in 2020, that platform took on new meaning, and Wynn used his influence to lift up the value and business imperative of diversity, equity and inclusion (DEI). Under his tenure, NRECA established a Diversity Champion Award, and took steps to create a DEI framework that co-ops can customize to establish their own DEI programs. >>

Curtis Wynn testifies on "The State of Infrastructure in Rural America" before the House Committee on Agriculture. Photo: Dennis Gainer/NRECA



Acknowledge, Act and Lead

As Wynn comes to the end of his two-year term as board president, he sat down with NCBA CLUSA president and CEO Doug O'Brien for a virtual interview. Transcribed below, their conversation spans Wynn's 40-year cooperative career. They discuss how co-ops can address urgent priorities around inequality, systemic racism and climate change; reflect on how electric cooperatives are responding to competition and new technology with creativity and innovation; and discuss opportunities for impact within the Biden Administration.

This conversation has been lightly edited for clarity and brevity.

Doug O'Brien: We're going to touch on a number of topics today important to co-ops and the broader community, but I wanted to start today with a little bit about your cooperative journey. How did you find co-ops?

Curtis Wynn: First, Doug, thanks for having me. It's always a pleasure to sit down and have a good conversation with you—something you and I have enjoyed doing for the last several years. Happy to be with you.

.....
The advantage that we have as cooperatives is a network of partners in place who are ready and able to turn what could be threats into major opportunities.

It's been a pretty long journey! I started in cooperative business way back in 1981, as a senior in high school, down where I was born and raised in the panhandle of Florida. Specifically at the West Florida Electric Cooperative, which is where I cut my teeth. As a senior in high school, I got the opportunity to work as a truck washer and a warehouse assistant, cleaning the warehouse. I finished high school and I went in and spoke with the CEO, Mr. Charles Thibos at the time, and let him know I was ready for the next opening in the right-

of-way department, if he would consider me to start my journey to become a line technician. He pushed back a little bit saying, "Look, I've got another option for you. We're about to start a 24-hour dispatch operation. Well, actually a 3-11 p.m. dispatch operation. I'll let you have that job if you make me a promise [that] you'll go to [college]." I quickly took him up on that offer and worked full-time as a 3-11 p.m. nighttime dispatcher, went to school for four years, and got a four-year degree at Troy University.

After that, there were openings in the professional realms—systems analyst, member services, economic development. I went through two or three different promotions at West Florida Electric Cooperative. In 1997, the opening came up at Roanoke Electric Cooperative, so I raised my hand with the search firm, and was successful to become their CEO, and that's where I've been. As CEO, we get opportunities to serve on Boards [of Directors], specifically our [North Carolina] statewide Board and our Generation and Transmission Board. There was enough confidence in me from my fellow Board members at the statewide association to elect me to become the representative for North Carolina on the NRECA Board. The Board members at NRECA were confident enough in me to elect me as an officer a few years ago. I started out as Secretary, then Treasurer for two-year terms, and the last two years I've served as NRECA's Board President. So, that's been my journey—from 1981 to present! It's been a great career.

O'Brien: That's really a great story! And it makes me think of the cooperative principle around education and training. You were fortunate to be at cooperatives that took that principle seriously, in terms of providing staff tools and continued education. And also as part of the co-op community, you took them up on that! That's a really important piece of your work over time.

I'd like to take a couple minutes to talk about your term as the NRECA Board President. You've been there for almost two years. It's been a very active two years—both internal to your work on the Board and there's been a lot going on external to the Board. Can you take a moment to talk about the things you're proud that you've accomplished and



NRECA President Curtis Wynn delivers remarks at the 2020 Annual Meeting in New Orleans in early March. Photo: Dennis Gainer/NRECA

that NRECA has accomplished in that time?

Wynn: It's been a good two years. It's had its challenges, of course. As president, I really set up a platform that would encourage all of us as leaders in the electric cooperative space to really just do three things: to acknowledge, act upon and lead through this whole change that's rapidly happening in the industry. You know, in the first year, in the generic sense, that really related to the technological advances and the disruptive forces that are coming in the industry. The advantage that we have as

cooperatives is a network of partners in place who are ready and able to turn what could be threats into major opportunities. That's the foundation for my platform.

Secondly, with the onslaught of social disruption that happened in conjunction with the pandemic we are still experiencing, midway through the term, it put this idea of change into action, and amplifying the need for cooperatives to look at the change that is happening in society today. So, we started really focusing on diversity, equity and inclusion by

Acknowledge, Act and Lead

setting up a campaign around that. As the leader of the Board, I felt it was incumbent upon me to lead that charge and start that conversation. Hopefully, doing that will lead to some sort of permanent mark that we can make on the association that is actually coming into fruition by way of a member resolution. It's really encouraging the trade association to become intentional about establishing and promoting a case study, if you will, that can speak to the value and business imperative around these concepts of diversity, equity and inclusion.

We also wanted to follow that up by establishing some type of framework—to have that definition and case study is important, but the next question, I imagine, for co-ops is going to be “What do we do with this?” The next part of this work is to establish a framework that interested cooperatives can use to put their own, customized DEI program in place at their respective system, so they can really start to implement these concepts. We're seeing really clear signs of early engagement. When the conversation got started, NRECA was contacted by the National G&T Association, and they suggested [establishing] a Diversity Champion Award, which will debut at the 2022 PowerXchange meeting.¹ I think, as leaders, success should be measured by how well we are able to put our ideas and vision into motion, and how much traction we think we will gain in order to continue well beyond our tenure. What I'm seeing so far is very encouraging that that will happen.

.....
If you go to any town or any community where there is an electric cooperative or other cooperative that NCBA CLUSA represents, you see these co-ops being looked upon as trusted entities.

O'Brien: I appreciate both those things you mentioned. Different cooperative associations and CEOs that I've talked to in recent years on this

acceleration of change, the environment around generation and distribution is changing and only changing more quickly. I appreciate you pointing out that co-ops have an advantage because of the relationship between different stakeholders—the members—but then in the electric co-op world, that ecosystem of providers that are also co-ops. I think we have to lean into that advantage as a cooperative community.

NCBA CLUSA, as the apex association of cooperatives in the U.S., has been working on DEI these last three years and this year, we're really focused on co-op identity. The International Cooperative Alliance has chosen “deepening the cooperative identity” as its theme for the 125th World Cooperative Congress this December. We're using the opportunity to really put forward how diversity, equity and inclusion is part of the co-op identity, principles and shared values, and looking for ways to make sure people understand that and express that. I also want to talk to you a bit about the future of co-ops not only in this fast-changing world, but also in the economy and society. What do you see as co-ops' changing role? What role do we have to play in this economy with all the challenges we face around inequality, systemic racism and climate change?

Wynn: Doug, that takes me back to something I remember my predecessor as president at NRECA, Phil Carson, using. I can specifically remember a graph he used in a presentation that showed that we, as cooperatives, still remain one of the most trusted entities in our communities. Maybe the characteristics embedded in our co-op principles are really missing in our global community today. This means we have an even greater opportunity as co-ops to make very positive impacts in our communities. And not only our communities—our economies and our societies at large. If you go to any town or any community where there is an electric cooperative or other cooperative that NCBA CLUSA represents, you see those co-ops being looked upon as trusted entities. A little

¹ 2021 marks the introduction of NRECA's Annual Meeting under its new name and renewed mission, PowerXchange: Where insights, ideas and connections converge.



NRECA President Curtis Wynn, center, with Youth Leadership Council delegates at the 2020 Annual Meeting in New Orleans. Photo: Luis Gomez/NRECA

closer to home, at my co-op of Roanoke Electric Cooperative, we see our role as one in which we are responding to the call to serve. It's actually a tagline that is on our strategy map—responding to the call to serve. So, I don't think our role changes at all; however, the importance of us remaining true to our principles, and serving in our role as a community catalyst has today become even more impactful and badly needed than at any other time, I believe, in our history.

O'Brien: Curtis, I have to agree with you. As people, whether they are community leaders, policymakers or other folks, are looking for strategies and tactics to deal with the divisions, societal and economic challenges, co-ops are a proven model. It's in their genetic makeup to empower people in the center of their business and reflect the values of their community. And of course, that's the work you do and the work we do here at NCBA CLUSA, trying to make sure people understand that and making sure

Acknowledge, Act and Lead

that the policy ecosystem is there to support people in that work. Talk just a moment about one of your areas of expertise—you have a lot of them—and that’s around energy.

It has to have been about 10 or 12 years ago now that we first met when you were an early champion of what became the Rural Energy Savings Program (RESP)—zero interest loans from the U.S. Department of Agriculture to electric co-ops to provide energy efficiency improvements on homes and renewable energy projects. This program has really gained traction largely due to your leadership. I’ve always thought of it as one of the most effective and direct ways to impact households—particularly lower income households—in rural areas. When done right, it increases the household’s discretionary income, and that means better food, being able to pay medical bills and more. What would you like to see as expanded opportunities under RESP or in similar programs?

.....

Remaining true to our principles... has become even more impactful and badly needed than at any other time in our history.

Wynn: What RESP and the concept around the broader term of inclusive financing—whether it is tariff-based or not—does is create tremendous opportunities. As we continue to look at how cooperatives can be more inclusive around the type of benefits they provide to their member-owners, there’s also this opportunity to expand our market share. We see disruptors everyday vying for a seat at our members’ tables. They want to become that wedge between us and our member-owners. So, to me, gaining speed to market and increasing our member engagement—these things become more and more critical every day when people try to take our place in this space.

Having a financing model that can include everyone and get you to the market quicker and have some level of engagement with our member-owners just makes a lot of sense. Upfront investments in energy efficiency and a performance contract with our member-owners that guarantees a payback for the investment along with a positive return on investment easily opens up the model for other things. Demand response and other beneficial electrification investments are wide open when we have this model that we’ve created around energy efficiency. These programs in terms of demand response—the ROI in these and similar programs—are greater. If this model can work elsewhere as we’ve seen it can for energy efficiency—think about electric vehicle charging stations, thermostats and other devices that can work behind the meter—the true value in all of this, is that these investments give us more visualization to a greater degree and level of control with these devices so we can work collaboratively with our member-owners to better run our electrical system. And we can work with our member-owners in a way that can reduce their costs and our cost of operations. It just makes sense and that is the way cooperatives should operate.

O’Brien: I love that. When I got to visit you and your staff in Roanoke two years ago, you were showing us what you were doing. This idea of seeing opportunities—and again, leaning in on that cooperative identity—and the fact that you have a member relationship and increasing engagement with them can accelerate the adoption of these programs. At the same time, you’re meeting your mission as a co-op, which is always serving your members. It’s such a great virtuous cycle. In many ways, it is the co-op managing information in a way that is bringing benefits to the members so that the commodity you’re dealing with on behalf of the members isn’t just watts and volts, its zeroes and ones. It’s taking that and making sure you’re doing the very best thing for them. That has application across a lot of different co-op sectors, too, and that’s something we need to focus on.


So, we’ve got a new Administration and, of course, a new Congress. We’re starting to see some new

policy outlines from the policymakers that are there—certainly one of those things is around climate change, including some new and maybe more aggressive actions. What role do electric cooperatives have to play here? Obviously this is a long-term conversation, but what does this next phase look like?

Wynn: I see some consistencies between what I know about President Biden’s plan around addressing climate change and what many of us are already doing as cooperatives. I see a window of opportunity for cooperatives to become a voice—a loud voice and a catalyst—for the type of changes that the new Administration wants to make. Hopefully, we can be proactive and position ourselves as enablers of his climate initiatives in a way that is beneficial to cooperatives, creating win-win situations for the environment and for our operations as utilities.

O’Brien: I think that makes a lot of sense. I’ve had a lot of conversations with [Biden Administration] folks in the last weeks and months about how critically important it is to have those stakeholders who have the assets and the ability to move the needle on some of this stuff at the table. I think it is incumbent upon us as a cooperative community to show up with some solutions, and hopefully they want to hear us. We know that policymakers are inclined to listen to cooperatives—maybe they don’t agree all the time, but they are inclined to listen because they know we are truly grassroots, community-based organizations and businesses. So, we have a lot to look forward to there.

Thanks so much for your time today, and even more so for your service to the cooperative community through your leadership on the NRECA Board of Directors and down at Roanoke Electric Cooperative. I know there is a lot more good work to do, and we look forward to working with you as we move forward. Thanks so much, Curtis.

Wynn: The pleasure is mine, Doug. I do look forward to more of these conversations and getting more exciting work done. There’s a lot of it to be done! 

Curtis Wynn is president and CEO of Roanoke Electric Cooperative. He has served on NRECA’s Board of Directors since 2007, where he is wrapping up his last year as board president. Roanoke Electric Cooperative distributes power to 14,500 member accounts in Northeastern North Carolina. Under Wynn’s 22 years of leadership, the cooperative has advanced operationally and technologically to increase its system’s efficiency and resilience while improving service to its member-owners. In 2000, the cooperative established a nonprofit 501(c)(3) subsidiary, The Roanoke Center, which has worked extensively to support economic development and wealth creation throughout REC’s service region. Because of its demonstrated focus on providing a high level of service and member engagement, Roanoke has twice been named the recipient of NRECA’s prestigious Community Service Network Award and the J.C. Brown Leadership Award.

.....
I see some consistencies between what I know about President Biden’s plan around addressing climate change and what many of us are already doing as cooperatives.



Power in Purpose



*By Brett Theodos, Leiha Edmonds
and Corianne Payton Scally*

The impact of COVID-19 threatens the resilience of workers, businesses and communities with staggering job losses and untold local-business failures. As the effects of the pandemic continue to ripple through the economy, people of color, low-income workers and business owners are being disproportionately affected. To address these problems, federal, state and local policymakers working to make their communities healthier and more inclusive and resilient are turning to the cooperative business model. By providing business supports and adequate financing and eliminating barriers to existing programs, policymakers can encourage cooperative businesses that preserve the benefits of local business ownership, save jobs, and build and sustain communities. >>

Photo: Sam Levian

Policy Strategies to Build an Inclusive Economy with Cooperatives

The policy environment—from city economic development initiatives to state enabling statutes to federal tax law—influences how cooperative businesses start up, grow and thrive in their communities. Cooperatives operate in a policy environment designed primarily to address the needs of investor-owned corporations and individual proprietors. Though most cooperatives are corporations, the cooperative ownership model means that policies and regulations, if not well crafted, can unintentionally create barriers that exclude cooperatives or make eligibility and compliance complicated and costly.

In this article, we present ideas for how federal, state and local policy can help cooperative businesses seeking to build inclusive economies develop. We drew the themes and topics from a review of the literature on cooperative policy, 20 interviews with leaders in different cooperative sectors, and insights from a series of roundtables hosted by NCBA CLUSA and the Cooperative Development Foundation in nine regions across the U.S.

.....
Cooperatives exist in a policy environment designed primarily to address the needs of investor-owned corporations.

COOPERATIVE POLICY GOALS

We start off by identifying some “North Star” goals to guide specific policy objectives and determine what these policies are intended to accomplish. Desired long-term outcomes include equitable growth, wealth creation, and stable and healthy communities. The policy goals we articulate are not meant to simply grow the field of cooperatives—they are particularly intended to enhance the work of cooperatives that promote equity and community power among people of color and people with low incomes. Such cooperatives uphold the values and principles established in 1995 by the International Cooperative Alliance. These include self-help, self-responsibility, democracy, equality, equity and solidarity, honesty, openness, social responsibility, and caring for others.

With these long-term goals and cooperative values in mind, we have identified the following four important near-term goals that policies should target:

- **Support and incentivize cooperatives to reach underserved people and communities.** Policy supports should be targeted to cooperatives that provide resources to people and communities underserved by mainstream institutions and businesses. Such cooperatives often accept lower margins and provide expanded services to meet their members’ needs.
- **Level the playing field.** Cooperative sectors are at a disadvantage when it comes to federal, state and local policy.
- **Help increase the number of cooperatives.** In many places and for many sectors, the number of cooperatives is small relative to the number of other enterprises. Policy can address this by helping new cooperative businesses start up, converting existing businesses into cooperatives, preventing cooperatives from demutualizing or converting to investor-owned businesses, and preventing cooperatives from failing.
- **Help grow the size and market share of existing cooperatives.** Many cooperatives benefit from increased employment (or membership) and higher revenues or profitability. Making cooperatives larger can result in greater market penetration.

COOPERATIVE POLICY OBJECTIVES

Policy is one of the most critical factors influencing cooperatives’ business viability. Some policy supports are germane to all business sectors, whereas others are sector specific. We detail cross-sector policy objectives and highlight some sector-specific examples, though we do not comprehensively cover policy objectives for each sector.

Some cooperative policy objectives involve making relatively straightforward adjustments and do not require much (or sometimes any) new spending. Other policy supports are more involved or require sizable investments. Some are relevant for one level of government (for example, incorporation and chartering is a state function). A surprising number can be enacted



A policy discussion at the 2019 Cooperative IMPACT Conference. Photo: Sam Levitan

at the local, state, and federal levels (for example, funding the provision of technical assistance).

Through roundtables, interviews and a literature review, we identified the following six key types of policies that affect cooperatives and that cooperatives and their supporters should focus their advocacy efforts on during an economic crisis and recovery:

- Policies that directly affect members, communities, or customers
- Enabling legislation
- Eligibility and regulation
- Financial support
- Technical assistance and training
- Preferences in contracting and procurement

POLICIES THAT DIRECTLY AFFECT MEMBERS, COMMUNITIES AND CUSTOMERS

Cooperatives can better address the needs of people who are working, underserved or have low incomes when policies that affect their members, communities and customers at least allow (if not encourage) cooperative business models. For example, policies that help renters purchase homes, help people set up bank accounts, help families access affordable childcare, help older adults find reliable homecare, or help residents access fresh foods can all include cooperatives. We present a few business sectors as examples below.

BANKING

Cooperatives are well positioned to decrease the number of unbanked households—people not presently served by banks or similar financial institutions. According to a 2017 Federal Deposit

Insurance Corporation survey, 25 percent of U.S. households are unbanked or underbanked, and more than half of unbanked households cited lacking enough money to keep in an account.¹ Research shows that community development credit unions enable members to save money and build assets by charging lower rates for their products and providing higher interest and dividends when possible, compared with other financial institutions. They are also responsive to the needs of members and offer financial education as well as lending options that compete with check cashing and payday lenders. For these reasons, community development credit unions are allowed to raise capital from sources beyond that provided by their members. Policies that underwrite account setup and maintenance costs for unbanked consumers would benefit community development credit unions.

Cooperatives are gaining attention as a way to remedy the growing inequality and financial instability that many U.S. households face.

CHILDCARE

Accessing affordable high-quality childcare is crucial for working families and can be especially challenging for people who do not work traditional 9-to-5 jobs. In 2012, the average cost of placing an infant in center-based care was higher than a year's tuition and fees at four-year public colleges in 31 states. This staggering cost is leading some states

to consider new policies to expand affordable care. Legislation that helps underwrite childcare costs could benefit cooperative businesses, especially if it explicitly includes them in its language, as is the case in a Minnesota pilot effort.²

FOOD SECURITY

Even before the COVID-19 pandemic, an estimated 40 million Americans—including 12.5 million children—struggled with food insecurity.³ These rates have worsened as unemployment due to the pandemic (and responses to it) has soared. To address food insecurity, state and local governments have addressed transportation barriers in rural communities and partnered with food access organizations to provide fresh food in urban food deserts,⁴ efforts that can support cooperatives. For example, with funding from the Self-Help Credit Union via the Healthy Food Financing Initiative, the Hendersonville Community Co-op in Hendersonville, North Carolina, expanded its services to better serve nearby food deserts. It partnered with a local nonprofit to create community gardens and partnered with a local hospital to offer 50 vouchers a month for patients to purchase healthy foods.⁵

HOMECARE

Unprecedented growth in the nation's elderly population, paired with a cultural shift toward aging at home, is driving historic growth in the homecare sector. Growing demand for homecare and low barriers to entry have yielded new providers. Some providers do not provide employees enough client hours to sustain a livable income and fail to offer benefits, adequate training, and on-the-job supports. Moreover, subpar employment contributes to high industry turnover.

1 Erin Barry, "25% of US households are either unbanked or underbanked," CNBC, March 9, 2019, <https://www.cnbc.com/2019/03/08/25percent-of-us-households-are-either-unbanked-or-underbanked.html>.

2 Jennifer Palmer, "More States Leaning Into Child Care," National Conference of State Legislatures, May 10, 2019, <https://www.ncsl.org/research/human-services/more-states-leaning-into-child-care.aspx>.

3 Ratcliffe, Caroline, Elaine Waxman, Cary Lou, Hannah Hassani, Victoria Tran, Allison Feldman, Alice Feng, Serena Lei, and Liza Hagerman, "Disrupting Food Insecurity: Tapping data for strategies that tackle the root cause," Urban Institute, October 22, 2019, <https://apps.urban.org/features/disrupting-food-insecurity/>.

4 Caroline Ratcliffe, Elaine Waxman, Cary Lou, Hannah Hassani, and Victoria Tran, "Disrupting Food Insecurity: Steps Communities Can Take," Urban Institute, October 22, 2019, https://apps.urban.org/features/disrupting-food-insecurity/Strategies_full%20list.pdf.

5 "How Cooperative Grocery Stores are Bringing Food Access to Low-Income Neighborhoods," Cooperative Development Institute, accessed September 11, 2010, <https://cdi.coop/food-coops-food-deserts-low-income-communities/>.



Minneapolis-based Seward Community Co-op worked with local artists to create murals honoring Black lives after the brutal killing of George Floyd. Photo: Seward Community Co-op

Homecare cooperatives provide employees the opportunity for shared ownership and offer better jobs, resulting in better care for clients. In 2018, home care cooperatives that employed caregivers were able to pay \$0.54 more an hour than their non-cooperative competitors. Turnover among home care cooperative caregivers was 38 percent, compared with 82 percent in the industry as a whole. Though the nation's 13 homecare cooperatives constitute a small segment of the industry, homecare cooperatives are expanding.

HOUSING

In affordable housing, the right of first refusal can contractually allow tenants, tenant associations and nonprofit organizations to make an offer to purchase a home or building being sold by the owner before anyone else. This can promote homeownership for long-term renters and help residents in lower-income communities remain in their homes in high-demand real estate markets.⁶ As of 2017, 19 states had a policy requiring owners of manu-

factured housing communities to allow residents to purchase the land that their homes sit on. This can enable residents to form manufactured home cooperative communities and make a competing offer to buy the community from the owner.

The U.S. Department of Housing and Urban Development's below-market interest rate loan programs in the 1960s and 1970s are another example of the role cooperatives can play in affordable housing. This program made cooperatives (as well as nonprofits and private developers) eligible for loans at a 3 percent interest rate, restricted to producing housing for moderate- and then low-income families. This model is cited as having made cooperatives more economically efficient and better maintained than other federally assisted rental housing because cooperative members directly experience and control the economic consequences of their individual and joint housing activities. From 1961 to 1973, the below-market interest rate loan programs produced 5,804 low-income housing

⁶ Sean Watterson, "One City Gives Nonprofits the Right of First Refusal to Guard Affordable Housing," *Nonprofit Quarterly*, April 2, 2018, <https://nonprofitquarterly.org/one-city-gives-nonprofits-right-first-refusal-guard-affordable-housing/>.



Resident-owned manufactured home communities like Park Plaza Cooperative in Fridley, Minnesota are a critical part of affordable housing in the U.S.
Photo: ROC USA®

developments, 642 of which were limited-equity cooperatives. This model can be reinitiated to support affordable housing.

Accomplishing a cooperative-specific policy objective is often not enough to significantly affect people's lives and livelihoods. For example, a pilot program intended to provide technical assistance to worker-owners of childcare cooperatives would have a limited impact if commercial rents were too high for the cooperatives to succeed; the right of first refusal is a limited help to people who cannot access affordable, ready financing; and the societal benefits of worker ownership of home care cooperatives are lost if Medicare reimbursement levels are too low to sustain cooperative business-

es. Ultimately, policies that promote cooperatives must exist in an ecosystem that supports larger societal objectives.

ENABLING LEGISLATION, IMPROVING INCORPORATION, AND CHARTERING

State law dictates how entities are incorporated, and states have historically allowed for cooperatives by adding sector-specific incorporation statutes. For example, a state might write a statute addressing the needs of cooperatives that process agricultural products; such a statute would allow a new processing cooperative to form, but not a new consumer food cooperative. However, some states are taking a new approach. Eighteen states have passed general incorporation statutes that are

more inclusive, enabling cooperatives of all types to form and operate effectively⁷

Advocates working to pass general incorporation language in the remaining states can use resources such as the U.S. Department of Agriculture’s online library of state cooperative statutes.⁸ That library allows users to compare statutes and could help standardize incorporation statutes across states, which could help states that have struggled to pass laws enabling cooperatives.

New or updated legislation may be needed to enable freelance, gig and contract workers (as well as consumers) to form cooperatives that would give them control over or capture value generated by their labor. In addition, legislation should enable workers to establish platform cooperatives, which allow the people who connect and do business online (e.g., gig workers, social media users) to co-own the platforms they rely on for their work and to receive a greater share of the income that their work generates. Relatedly, policymakers can advantage workers and consumers in the platform economy by enabling them to form cooperatives to bargain with platform and technology companies. For example, in 2018 the California Supreme Court reclassified gig workers as employees.⁹ After this decision, cooperative and labor leaders began advocating for a bill requiring app-based companies to treat contract workers as employees. Under the bill, platform companies operating in California would have the option to contract with labor contractors rather than directly employing workers. The labor contractors use cooperative principles and are licensed and overseen by the labor commissioner to ensure they center workers’ needs.¹⁰ This policy could be applied more broadly to support such efforts to empower workers and consumers in the platform economy.

ELIGIBILITY AND REGULATION

Eligibility requirements and other regulatory and program-administration decisions affect cooperatives in myriad ways. To advance the “North Star” policy objectives, cooperatives need reasonable and accommodating regulatory environments. Many regulatory policies are sector specific; for example, field-of-membership restrictions limit who credit unions can serve. However, cooperatives across sectors need access to public programs and resources that states could amend to explicitly include cooperatives.

.....
Policies and regulations, if not well crafted, can unintentionally create barriers that exclude cooperatives or make eligibility and compliance complicated and costly.

An example at the federal level is the Workforce Innovation and Opportunity Act (WIOA), which is intended to expand access to high-quality jobs and help employers hire and retain skilled workers.¹¹ It asks states to develop plans that address employment and business needs in their communities. This includes detailing rapid-response activities for business closures and mass layoffs, business owner education, funding for small business feasibility studies, and incumbent worker training.¹² These program components, among others, are relevant for cooperative conversions, whereby rather than closing, businesses that go bankrupt or whose owners retire are offered up to the workers to own. The act’s mandates align with the financing and technical assistance needs of businesses that undergo

7 These states are Alaska, Arkansas, California, Colorado, Illinois, Iowa, Massachusetts, Minnesota, Montana, Nebraska, New Mexico, New York, Ohio, Oregon, South Dakota, Virginia, West Virginia, and Wisconsin, according to the USDA’s State Cooperative Statute Library hosted by NCBA CLUSA (accessed September 14, 2020).

8 See California’s statute (Assembly Bill No. 816) for what constitutes a worker-owned cooperative to avoid dilution of the model’s purpose.

9 *Dynamex Operations West, Inc. v. Superior Court of Los Angeles County*, S222732 (2018).

10 “Re-imagining California’s contracting economy,” The Cooperative Economy Act, accessed September 14, 2020, <https://cooperativeplatform.org/>.

11 Workforce Innovation and Opportunity Act of 2014, Pub. L. No. 113–128 (2014).

12 Statewide Activities under Title I of the Workforce Innovation and Opportunity Act, 20 CFR 682 (2018).

such conversions. However, many stakeholders who engage with WIOA do not understand that its programs can be used to create cooperatives. The U.S. Department of Labor could clarify that WIOA allows cooperative businesses to participate, and the federal government could encourage states to make cooperatives eligible for its programs.

Similarly, the U.S. Department of Housing and Urban Development (HUD) administers the Community Development Block Grant (CDBG) to states and municipalities. This program is designed to invest in community development through workforce development and job creation, affordable housing, and essential services. Cooperatives should be involved more in activities funded by the program—for example, worker cooperatives should be established to address shortages in essential services like child-care and homecare, limited-equity housing cooperatives should be established to address the affordable housing crisis, and consumer food cooperatives should be created to expand access to healthy foods and improve food security.

.....
The cooperative model can put power in the hands of people most affected by structural inequality.

At the state and local levels, some municipalities have amended legislation to ensure cooperatives can access the same benefits as non-cooperative businesses. For example, New Hampshire amended its property law in the early 1980s so that homes within resident-owned manufactured home cooperative communities are titled as real rather than personal property, enabling residents in manufactured

home cooperatives to access mortgage products with the same opportunity for wealth creation as owners of site-built homes.¹³ Other states could replicate this policy, along with other sector-specific eligibility requirements or regulatory inclusions.

FINANCIAL SUPPORT

Although many cooperatives do not need government assistance to form or operate, public subsidy is warranted in settings where markets fail to provide public goods or other beneficial products and services. For example, a market-rate housing cooperative would not need public assistance, but a limited-equity housing cooperative that provides affordable units to households with low and moderate incomes likely would.

Public sector financial support can take many forms, including full or matching grants; loan guarantees, loss reserves, or other forms of credit enhancement; and tax credits, deductions, deferrals, or other tax reductions. Financial support for cooperatives can require small subsidies or even be subsidy neutral (as is the case for many loan guarantee programs), and it can also be more robust.

GRANTS

Cooperatives providing essential services have grounds to seek robust public sector funding. The federal government plays an important role in supporting cooperatives, and state and local efforts are expanding. Models of city funding for employee ownership exist in Santa Clara and Berkeley, California; Madison, Wisconsin; Austin, Texas; and Baltimore, Maryland. These cities fund worker cooperatives and the conversion of a businesses to shared ownership.¹⁴ For example, the City of Santa Clara allocated \$100,000 to support worker-cooperative conversions in 2019. That support includes a worker-cooperative resource page on the city's website, funding for technical assistance to support retiring business owners' ability to sell their businesses

13 "Manufactured Housing Metropolitan Opportunity Profile: Policy Snapshot." 2017. https://prosperitynow.org/sites/default/files/resources/Affordable%20Homeownership/Snapshots/BostonMA_Metro_Opportunity_Policy_Snapshot.pdf.

14 Sophie Quinton, "Seeking a More Worker-Friendly Economy, Some States Push Employee Ownership," Stateline (blog), Pew Charitable Trusts, February 3, 2020, <https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2020/02/03/seeking-a-more-worker-friendly-economy-some-states-push-employee-ownership>, and Kate Latour and NCBA CLUSA, "Santa Clara, California is taking steps to invest in worker cooperatives," National Cooperative Business Association CLUSA International, November 5, 2019, <https://ncbaclusa.coop/blog/santa-clara-california-is-taking-steps-to-invest-in-worker-cooperatives/>.



ChiFresh Kitchen is harnessing the cooperative business model to address food insecurity, prepare healthy meals and build economic security for its returning citizen members. Photo: Kai Brown/ChiFresh Kitchen

to workers, and funding for training for members of new worker cooperatives.¹⁵ Cooperatives can advocate that local and state governments support employee ownership and business conversion to worker cooperatives by expanding existing entrepreneurship programs or creating new efforts.

LOANS AND LOAN GUARANTEES

The federal government has been a significant direct lender to cooperatives. For example, before the Rural Electrification Act of 1936, only 10 percent of rural U.S. households had access to electricity. The law allowed the federal government to make low-cost loans to farming communities that banded together to create nonprofit cooperatives to bring

electricity to rural America. Because these communities embraced a federal policy framework that empowered rural Americans to invest in themselves and create member-owned utility companies, within a generation 90 percent of rural Americans had access to electricity.¹⁶ Cooperatives can build on this legacy by expanding broadband to communities where internet providers are unwilling to invest.¹⁷

Public policymakers have sought to expand capital access for firms unable to access conventional debt or equity financing. The U.S. Small Business Administration (SBA) has historically been the main source of federal loan guarantees for small businesses, though the U.S. Department of Housing and Urban

¹⁵ "Santa Clara, California Is Taking Steps to Invest in Worker Cooperatives – NCBA CLUSA." 2019. NCBA CLUSA. November 5, 2019. <https://ncbaclusa.coop/blog/santa-clara-california-is-taking-steps-to-invest-in-worker-cooperatives/>.

¹⁶ NCBA CLUSA Staff, "'Co-ops should be on the policy platform of every presidential candidate,' NCBA CLUSA says in open letter," National Cooperative Business Association CLUSA International, June 19, 2019, <https://ncbaclusa.coop/blog/co-ops-should-be-on-the-policy-platform-of-every-presidential-candidate-ncba-clusa-says-in-open-letter/>.

¹⁷ Erin Kelly, "Co-op CEO to Congress: Help Expand Rural Broadband by Passing RURAL Act," National Rural Electric Cooperative Association, October 4, 2019, <https://www.electric.coop/co-op-ceo-to-congress-help-expand-rural-broadband-by-passing-rural-act/>.

Development, the U.S. Department of Agriculture, and the U.S. Economic Development Administration also have longstanding loan guarantee programs. However, these programs have not always included cooperatives, a problem the Main Street Employee Ownership Act of 2018 helped to address. That act updated SBA's lending practices to serve employee-owned businesses better, created a program within small business development centers for employee ownership and cooperative development, directed SBA to make loan programs more accessible to cooperatives, and empowered SBA to help small business owners convert their companies to employee ownership.¹⁸

Although it was an important development, the law needs to be refined, particularly to limit personal-guarantee requirements for cooperatives. SBA requires a personal guarantee on SBA products as collateral, in the event that the owner(s) of a business cannot repay the loan. The shared ownership structure of a cooperative business makes this requirement nearly impossible to fulfill. A model for this modification is the Coronavirus Aid, Relief and Economic Security Act, which waived the personal-guarantee requirement.¹⁹ Another example is in Berkeley, California, which revised its revolving loan fund to make it accessible to cooperatives. Among other adjustments, the revision clarifies and limits the personal-guarantee requirement for cooperatives. Worker cooperatives in Berkeley can select an ownership panel to provide the personal guarantee and credit report required to access revolving loan funds, rather than requiring every single member to provide such a guarantee.²⁰

The federal government has also provided direct support to mission lenders who take on expanded risk in lending to cooperatives.²¹ For example, the Farm Credit Act of 1933 created new lending

institutions to provide credit for agricultural cooperatives. Presently, other cooperative sectors could benefit from long-term real estate loans and from short- and intermediate-term credit. The National Cooperative Bank and community development financial institutions are important lenders to cooperatives and could play a larger role. Pilots like the Intermediary Lending Pilot Program, a three-year program through which SBA made loans of up to \$1 million available at an interest rate of 1 percent to 20 community development financial institutions that re-lent the money to cooperatives, could be reinitiated and funded. In Colorado, an investment club uses a legal structure to allow 100 non-accredited investors to invest in local cooperative businesses. In other countries, more expansive models for investing in cooperatives, such as the indivisible reserve model, can inspire long-term thinking about cooperative funding and survival in the U.S.

TAXES

Lastly, financial support for cooperatives can occur through the tax code. Though the mechanics differ from those of direct grants, cooperatives may experience similar financial support from both. As with grants, tax credits or other subsidies can fund cooperative start-ups, conversions and cooperative programming. This could include capital gains tax exemptions for people selling a business, apartment building, or similar asset to produce a worker-owned, consumer, or limited-equity [housing cooperative](#) (among other types). A model for this tax exemption given to non-cooperative businesses with Employee Stock Ownership Plans (ESOP) already exists.²² Tax expenditures can come from federal, state and local government.

Many tax subsidies differ across cooperative sectors. For example, government could support worker cooperatives with a tax credit for worker-owners to buy or

18 "Main Street Employee Ownership Act." n.d. https://smlr.rutgers.edu/sites/default/files/documents/ResearchDocs/3-21-18_main_street_employee_ownership_act_summary_5_copy.pdf

19 Brett Theodos and Jorge González, "Small Businesses Just Got a Big Lift, but Swift Implementation and Expanded Supports Will Be Key to Keep Them Afloat," Urban Wire (blog), Urban Institute, March 27, 2020, <https://www.urban.org/urban-wire/small-businesses-just-got-big-lift-swift-implementation-and-expanded-supports-will-be-key-keep-them-afloat>.

20 Dee Williams-Ridley, letter to the mayor of Berkeley and members of the city council, September 24, 2019.

21 Mission lenders are groups like community development financial institutions. They are willing to accept higher risk or lower return than mainstream lenders.

22 Section 1042 of the Internal Revenue Code allows business owners to sell their company stock to an Employee Owned Stock Option Plan and defer federal (and often state) tax on the transaction.



Cooperatives in the U.S. range from small businesses and startups to well-known brands like Organic Valley. Photo: Organic Valley

increase their initial shares in their business. In some cases, eligibility for existing policy must be protected rather than created. The Tax Cuts and Jobs Act of 2017 overturned previous policy, making government grants (such as for broadband or from the Federal Emergency Management Agency) to utility cooperatives taxable income. However, Congress passed the RURAL Act in 2019, preserving electric cooperatives' tax-exempt status by recategorizing grants as contributions to capital rather than as income.

TECHNICAL ASSISTANCE AND TRAINING

Federal, state and local government can all support technical assistance and training for cooperatives. Such technical assistance is sometimes provided directly by government employees and sometimes is contracted to universities and other nonprofit organizations. Technical assistance and training can cover various tasks, skills and content, including financial education, developing business plans, establishing bylaws and accessing capital. It can also

help a cooperative recruit and organize members to understand its shared values and vision.²³

Much of the funding for technical assistance is financed through the U.S. Department of Agriculture's Rural Cooperative Development Grant (RCDG) program, a competitive program that funds cooperative development centers. Established under the Federal Agriculture Improvement and Reform Act of 1996, RCDG helps people and businesses start, expand and improve rural cooperatives and other mutually owned businesses. However, money appropriated for this program has remained stagnant. Adjusted for inflation, RCDG funding has lost roughly 25 percent of its purchasing power in the past 10 years, and more resources are needed to meet demand.

Because RCDG resources are restricted to communities with 50,000 or fewer residents, urban communities lack access to any federal funding targeting

²³ "Co-Op Clinic – Technical Assistance Services," U.S. Federation of Worker Cooperatives, accessed September 14, 2020, <https://www.usworker.coop/coopclinic/>.

technical assistance to cooperatives. The Main Street Employee Ownership Act of 2018 enabled SBA's Small Business Development Centers (SBDCs) to offer services specific to employee ownership transitions, including conversions to worker cooperatives.²⁴ However, Congress has not approved additional funding for this expanded service. Additional funding is required to enable these centers to provide employee ownership training and develop outreach materials.²⁵

There are various state and local models for providing technical assistance to cooperatives, such as the University of Wisconsin Center for Cooperatives. Furthermore, several states fund public universities to provide technical assistance specifically tailored to worker ownership, like Ohio's Employee Ownership Center at Kent State University. However, a lack of funding limits the capacity of most technical assistance entities to provide training and coaching to cooperatives, and many cities and counties struggle to pay for technical assistance to develop cooperatives that meet their needs. Expanding state and local funding for technical assistance is critical to cooperative success.

In addition to technical assistance for cooperative businesses, a need exists for expanded training for experts in law and finance. Although some communities are well served by people in these professions who understand cooperatives' unique structures, others are not. Deepening and expanding the bench of experts in cooperative services is needed for effective growth. Universities can help train the next generation of lawyers, MBAs and accountants to understand the intricacies of cooperatives—and the public sector can support that work. To achieve this goal, expanded partnerships between cooperative developers and universities are needed. For example, the University of Minnesota Law School offers a course on cooperatives that teaches public policy considerations; formation, governance, operations and distributions; business model practices, and the concept of a double bottom line that measures social and financial performance. In

addition, expanded technical assistance services could provide greater funding for partnerships with experts in law and finance.

PREFERENCES IN CONTRACTING AND PROCUREMENT

Governments have frequently created preferences or set-asides in contracting and procurement for small businesses and for firms owned by women, racial and ethnic minorities, and veterans to ensure they have a reasonable chance to compete for the significant sums spent by the public sector. These efforts are varyingly effective: some are significant and binding, whereas others exist more on paper than in reality.

While not seeking preferences for cooperatives simply based on their democratic structure, it would be appropriate for policymakers to encourage preferential procurement and contracting processes for cooperatives with a clear social mandate and mission, including those operating in underserved markets. Rather than undermining markets, cooperatives can diversify them, such as by encouraging a broader mix of providers serving local needs, as in the provision of food in schools and hospitals.

CONCLUSION

The policy supports we recommend in this article are ambitious, but they are necessary if cooperative businesses are to reach their potential for making local communities and economies healthier and more inclusive. Cooperatives are gaining attention as a way to remedy the growing inequality and financial instability that many U.S. households face. By building on the momentum of the bipartisan Main Street Employee Ownership Act of 2018 and responding to the economic uncertainty resulting from the COVID-19 pandemic, cooperatives can take concerted steps to raise their visibility, educate policymakers and expand policies that promote an inclusive economy. However, much remains to be done. In the sidebar, we suggest five key steps that can broaden this work.

²⁴ Main Street Employee Ownership Act of 2018.

²⁵ Fifty by Fifty: Employee Ownership News, "New Employee Ownership Mandate for Small Business Development Centers," Medium, September 25, 2018, <https://medium.com/fifty-by-fifty/new-employee-ownership-mandate-for-small-business-development-centers-5ea0060a20f1>.

STEPS FOR ACTION

Cooperatives within and across sectors can take several steps to advance policy goals.

STEP 1: EDUCATE AND CONNECT.

Policymaking is as much about relationships as information and campaigns. Cooperative businesses and their associations can build relationships with legislators and administrators before approaching them with requests. Increased contact through advocacy, coalition work, and relationship building presents opportunities to ensure policymakers understand cooperatives and what makes them distinct from other businesses.

STEP 2: MAKE GOOD USE OF MEMBERS AND IMPACT DATA.

As membership organizations, cooperatives have the advantage of people power, and they can show policymakers that their constituents are civically engaged cooperative members. Furthermore,

cooperatives should track and use data to reflect their contribution to a healthy and inclusive economy and demonstrate social benefits across a range of dimensions and geographies (Theodos, Scally and Edmonds 2018).

STEP 3: TELL A NEW POLICY STORY.

Cooperatives have a long and impressive history of policy engagement and support (Pitman 2018). That history is relevant and will resonate with policymakers. But cooperatives also need new stories that contextualize them within modern political and institutional infrastructures. Key messaging can emphasize the bipartisan appeal of cooperatives that provide opportunities in rural and urban economies and allow communities to invest in themselves.

STEP 4: COLLABORATE WITH OTHER COOPERATIVES AND WITH NONCOOPERATIVES.

Cooperatives can prioritize a unified policy agenda across sectors. Moreover, policy victories are possible through coalition support and partnerships with noncooperative organizations as well on issue-aligned areas.

STEP 5: BE FOCUSED AND STRATEGIC.

Given the work involved in running their businesses, cooperatives need to be judicious in what causes they take up. When making policy requests, cooperatives should look for win-wins: policies that are good for them and the broader community. They should also remember to share credit with elected officials for accomplishments and continue to raise visibility.

Whether achieved by specific cooperative sectors or by broader coalitions, policy victories can take forms other than rules changes to new legislation. Ongoing engagement can produce small victories that allow cooperative advocates to refine policy and build on wins rather than solely focus on major legislation. In addition, in many cases, cooperatives can replicate templates provided in preexisting state and local cooperative policies. By customizing existing policies to the needs of specific localities, cooperatives can use model language or common approaches to passing legislation that make success easier.

The effects of the COVID-19 pandemic and structural racism bring into stark relief the need for policy action that accounts for the health and economic vitality of communities in distress. In addition to stresses put on business resilience and community support by the public health crisis, larger economic and societal changes are presenting new challenges. Cooperatives are an important part of the solution. Many cooperatives have benefited from federal policy enacted during previous crises. Responding to economic depression and social strife in the 20th century,

cooperatives offered a model that empowered people to solve pressing challenges in their communities, including by providing access to electricity, financial institutions and employment. Cooperatives still face policy challenges that limit their ability to start up, survive and grow. In this article, we have highlighted key measures that will help cooperatives build a more inclusive, healthy and sustainable economy. 🌱

This article is an abridged version of the October 2020 report from the Urban Institute, "Policy Strategies to Build a More Inclusive Economy With Cooperatives."

[Download the full report here.](#) Brett Theodos is senior fellow in the Metropolitan Housing and Communities Policy Center at the Urban Institute, where he directs the Community Economic Development Hub. Leiha Edmonds is a research analyst in the Metropolitan Housing and Communities Policy Center; and Corianne Payton Scally is a senior research associate in the Metropolitan Housing and Communities Policy Center. This report was funded by the Cooperative Development Foundation in partnership with NCBA CLUSA, with original funding from the Robert Wood Johnson Foundation.

Working Together. Building Community.

It's More Than
Our Business...
It's Our Mission.

National Cooperative Bank is dedicated to strengthening communities nationwide through the delivery of banking products and services, complemented by a special focus on cooperative expansion and economic development.

Primary markets we serve include the basic ingredients of vibrant communities: education, grocery, housing, healthcare and small businesses.

www.ncb.coop
(800) 955-9622

Banking & Financial Services
Cooperative Expansion
Economic Development



NCB is proud to support NCBA's Cooperative Impact Conference



Banking products and services provided by National Cooperative Bank, N.A. Member FDIC.

www.ncb.coop

COVID-19 resources for the cooperative community



WEBINARS

ADVOCACY

LOAN ASSISTANCE

BUSINESS CONTINUITY

FINANCES AND CASH FLOW

CRISIS MANAGEMENT

NCBA
CLUSA