

May 21, 2021

Dr. Melissa Bailey  
Agricultural Marketing Service  
United States Department of Agriculture  
Room 2055-S  
STOP 0201  
1400 Independence Avenue SW  
Washington, DC 20250-0201.

Re: AMS-TM-21-0034

Dear Dr. Bailey:

The National Cooperative Business Association CLUSA International (NCBA CLUSA) welcomes the opportunity to submit the following comments to inform the U.S. Department of Agriculture's recommendations to strengthen America's supply chains and increase food supply chain resilience.

NCBA CLUSA is the 106-year-old apex association representing cooperatives across all sectors of the U.S. economy. Cooperatives are an integral business entity at nearly every point within the food supply chain. Creating a more robust enabling environment to help existing co-ops grow and new co-ops form is essential to increasing the resilience of our nation's food system.

Cooperatives have been critical to rural America for more than a century, helping farmers gain access to markets and electrifying rural homes. These co-ops have helped more Americans capture economic opportunity and enjoy a high quality of life. Agricultural co-ops provide more than 187,300 jobs and pay approximately \$10.8 billion annually in wages in benefits to rural Americans. Moreover, 1.3 million Americans are a member of a food cooperative where the co-op creates more good-paying jobs, offers more local products, and re-invests more back into the community than traditional grocery stores. As our nation faces mounting challenges, particularly within our food supply chain, cooperatives are a time-tested, shovel-ready community development strategy.

Because cooperatives are businesses owned and controlled by the people who use them, they keep more dollars in rural communities instead of profits flowing to outside investors. Co-ops are also one of the main strategies for farmers and others in the food system to band together to access and compete in consolidated markets.

In terms of the specific goals outlined in the request for comments, cooperatives:

- Bolster local and regional food systems by helping local people work together to create new businesses,
- develop new market opportunities (including for value-added agriculture and products) by allowing people to work together to arrive at the scale required for a viable enterprise,
- create fairer and more competitive markets by increasing the market power of independent farmers and businesses by creating scale,
- support and promote consumers' nutrition security, particularly for low-income populations and in rural communities without access to fresh foods where consumers are otherwise forced to depend too heavily upon non-perishable food available at Big Box stores, and

- address the needs of socially disadvantaged and small to mid-sized producers by creating the scale needed to access markets and obtain market and production sophistication.

Because cooperatives are a critical tool for small farmers to gain greater access to markets and compete with larger players, our nation's food system would be strengthened by initiatives to create greater opportunity for small farmers through cooperatives. Cooperatives are particularly valuable for socially disadvantaged farmers and ranchers who have faced historic challenges, only worsened by the COVID-19 pandemic, to reap more of the consumer dollar from their crops and products.

Other areas of the supply chain that would be strengthened through investments in cooperatives include:

- Food distribution
- Food hubs
- Value-added production
- Farmers Markets
- Cooperative retail grocery stores (food co-ops)

To implement these strategies, USDA should consider dedicated funding to non-profits and community-based organizations to provide technical assistance, governance, financial education, and other activities necessary to form and grow these businesses. Moreover, within each of these links to the food supply chain, people have immense need for grants and loans to start, innovate and grow these cooperatives. To achieve these goals, USDA should consider increasing investments in existing programs like the Rural Cooperative Development Grant program, which primarily supports operations and services, and the Socially Disadvantaged Group grants, which typically are awarded to individual cooperative enterprises. Through both programs, it is critical that USDA consider appropriate matching requirements from applicants to ensure that low-resourced communities and organizations are not placed at a competitive disadvantage.

Moreover, NCBA CLUSA strongly recommends modernizing the current structure of a single-year grant cycle to a multi-year, multi-entity opportunity to enable capacity building, greater collaboration and sustained investment to provide co-op enterprises and communities the time to build these community-owned businesses. NCBA CLUSA also encourages USDA to create a robust toolkit that allows for innovative, strategic financing through a combination of loans, loan guarantees, and grants.

Finally, NCBA CLUSA urges USDA to consider dedicated funding toward monitoring and evaluation of resilient food system programs and initiatives to fully understand the impacts of this work, take successful models to scale and replicate them in communities across the country.

On behalf of the National Cooperative Business Association CLUSA International and our members, I thank you for the opportunity to comment on this important issue and look forward to working with the USDA team as this process continues.

In cooperation,



Doug O'Brien  
President and CEO  
National Cooperative Business Association  
CLUSA International