



July 15, 2021

Ms. Elizabeth C. Archuleta
Director, Office of Intergovernmental & External Affairs
U.S. Department of Agriculture
1400 Independence Avenue SW
Washington, DC 20250-0201

Re: Docket ID: USDA-2021-0006

Dear Ms. Archuleta:

On behalf of the National Cooperative Business Association CLUSA International (NCBA CLUSA), I appreciate the opportunity to comment on ways in which the U.S. Department of Agriculture can advance racial justice and equity for underserved communities as the agency carries out Executive Order 13985.

NCBA CLUSA is a 106-year-old apex association representing cooperative businesses across all sectors of the U.S. economy. Across the world, cooperatives are governed by seven core principles: voluntary and open membership; democratic member control; members' economic participation; autonomy and independence; education and training; cooperation among cooperatives; and concern for community. Beyond these principles, cooperatives also adhere to a set of cooperative values, as outlined by the International Cooperative Alliance. Through these principles and values, cooperatives have a mission engrained in the business to advance equity and opportunity in underserved communities. Co-ops are more inclusive than other business models and its shared ownership structure tends to lower many of the typical barriers to entry.

Cooperatives also have a robust history of serving disadvantaged communities. Co-ops typically form to address one or more of the following challenges: addressing market failure, creating competition, providing consumers greater choice, or gaining greater parity with larger competitors. For generations, farmers have worked with USDA to ensure that farm families – and not middlemen and outside investors – capture more of the value of agricultural commodities. Socially disadvantaged communities have also used cooperatives successfully to stabilize their businesses and access new markets, such as the cooperative of cooperatives known as the Federation of Southern Cooperatives/Land Assistance Fund. Currently, nearly 60 percent of member-owners at worker cooperatives identify as Black, Indigenous or Latinx, and approximately 62 percent of member owners are women.¹ Many consumer food cooperatives go above and beyond to help low-resource community members access co-op services through efforts like reduced membership or greater discounts on healthy food purchases.² Three-quarters of all credit union branches are located in middle, moderate and low-income communities and credit unions far exceed traditional banks in specifically serving minority communities.³

¹ National Cooperative Business Association CLUSA International

² NCBA CLUSA

³ Credit Union National Association



For these reasons, NCBA CLUSA recommends further strengthening the dedicated staff within USDA's Rural Business-Cooperative Service to ensure that staff across the entire agency are familiar with this business model that helps bring more people into the fold through participation and in capturing economic opportunity. Increasing understanding of cooperatives across the agency can improve the utility of programs designed to help underserved communities. Relatedly, USDA should use its authority as chair of the Interagency Working Group on Cooperative Development so that other agencies across the federal government can fully and fairly support cooperative businesses and create greater opportunity among disadvantaged and underserved communities. Third, USDA should work with the U.S. Census Bureau, as required by the 2018 Farm Bill, to capture the data provided by businesses in the 2017 Economic Census and help improve understanding across the federal government on where cooperatives are creating more inclusive economies and where there are opportunities to create cooperative solutions that build a more inclusive economy.

NCBA CLUSA also recommends reducing or eliminating match requirements for applicants in underserved communities and/or predominantly serving underserved communities. USDA should ensure that non-profit organizations most in touch with historically disadvantaged communities can access federal grants and fully implement programs as they were intended. High match requirements can be prohibitive to organizations most ready to support underserved community members. This reform is also critical to furthering USDA outreach in underserved communities. Cooperative businesses themselves, whose membership spans from a handful to thousands of member-owners, are also valuable tools in sharing information.

Similarly, USDA should ensure that any requirements necessary to access USDA loans or loan guarantees are not creating unreasonable barriers to accessing capital. There is a plethora of data demonstrating the wealth gap between white and non-white individuals, households, and businesses. USDA must consider reasonable loan requirements for underserved communities so that not having wealth is not a barrier to being able to create future wealth through entrepreneurship or homeownership.

Finally, regarding USDA's interest in effectively assessing and measuring outreach and inclusion of underserved groups and individuals, NCBA CLUSA is proud to share our report, *The ABCs of Co-op Impact*, as a model. This report identifies seven metrics that can be applied across sectors:

- **Access:** increasing access to affordable quality products, services, suppliers and markets, lowering costs and serving markets and communities historically seen as 'higher risk' or underserved;
- **Business sustainability:** increasing firm survival and profitability through higher and less volatile revenues, lower costs, and a focus on long-term outcomes, including scaling to compete with multinational corporations;
- **Community commitment:** commitment to being a good neighbor through education, financial support, facility use, and business practices that reflect the values of the community;



- **Democratic governance and empowerment:** membership actively participates and shapes the mission and decisions of the organization, which translates into broader civic and political involvement;
- **Equity, diversity and inclusion:** reflecting the community in racial composition, gender, age, and abilities, and historically excluded communities and individuals have a voice and leadership opportunities;
- **Financial security and advancement for workers:** providing living-wage jobs with benefits and increased opportunity for wealth building, career advancement, training, and leadership development with lower turnover and higher job satisfaction;
- **Growth:** serving as a local or regional anchor and promoting economic growth through stable jobs, high industry standards, consistent services, and economic multiplier effects through increased community investment, local jobs, and local procurement.

The full report is attached to this letter.

Further investing in cooperatives—through USDA staff and programs and partnerships with community-based organizations—can help reduce institutional and systemic barriers that have long restricted underserved communities from capturing economic opportunity and participating in federal opportunities.

Thank you for considering these recommendations. NCBA CLUSA stands ready to further support USDA in implementing changes to advance racial equity and support for underserved communities.

In cooperation,

Doug O'Brien
President and CEO
NCBA CLUSA