

# COOPERATING FOR A BETTER TOMORROW

Creating economic opportunity for Americans and people around the world

**A POLICYMAKERS' GUIDE:** RECOMMENDATIONS TO ENABLE AND SUPPORT COOPERATIVES

## WHAT ARE COOPERATIVES?

Cooperatives are user-owned, democratically controlled businesses such as farmer-owned co-ops, credit unions and rural electric cooperatives.



Unlike other forms of businesses that are owned by investors, all of co-op's net income, in excess of expenses and reserves, are distributed to the members based on how much the member uses the business. Cooperatives are formed for many reasons such as to address market failure, community need, or to create competition. Regardless of the reason, the very structure of a cooperative requires it to be responsive to its member-owners and in turn to the local community.

## OUR ASK

Our elected and public officials have an opportunity to help people capture economic opportunities and promote entrepreneurship through the cooperative business model—a model in which people own, control and benefit from the businesses they use. NCBA CLUSA looks forward to working with the 118th Congress and the Administration to promote cooperative development.

- Join the bipartisan Congressional Cooperative Business Caucus
- Increase funding for USDA's Rural Cooperative Development Grant program
- Improve access to capital and technical assistance for cooperative businesses
- Ensure that cooperatives are eligible and preferred to participate in existing federal programs
- Engage with the Interagency Working Group on Cooperative Development, chaired by the U.S. Department of Agriculture, to ensure all federal agencies are familiar with cooperative businesses



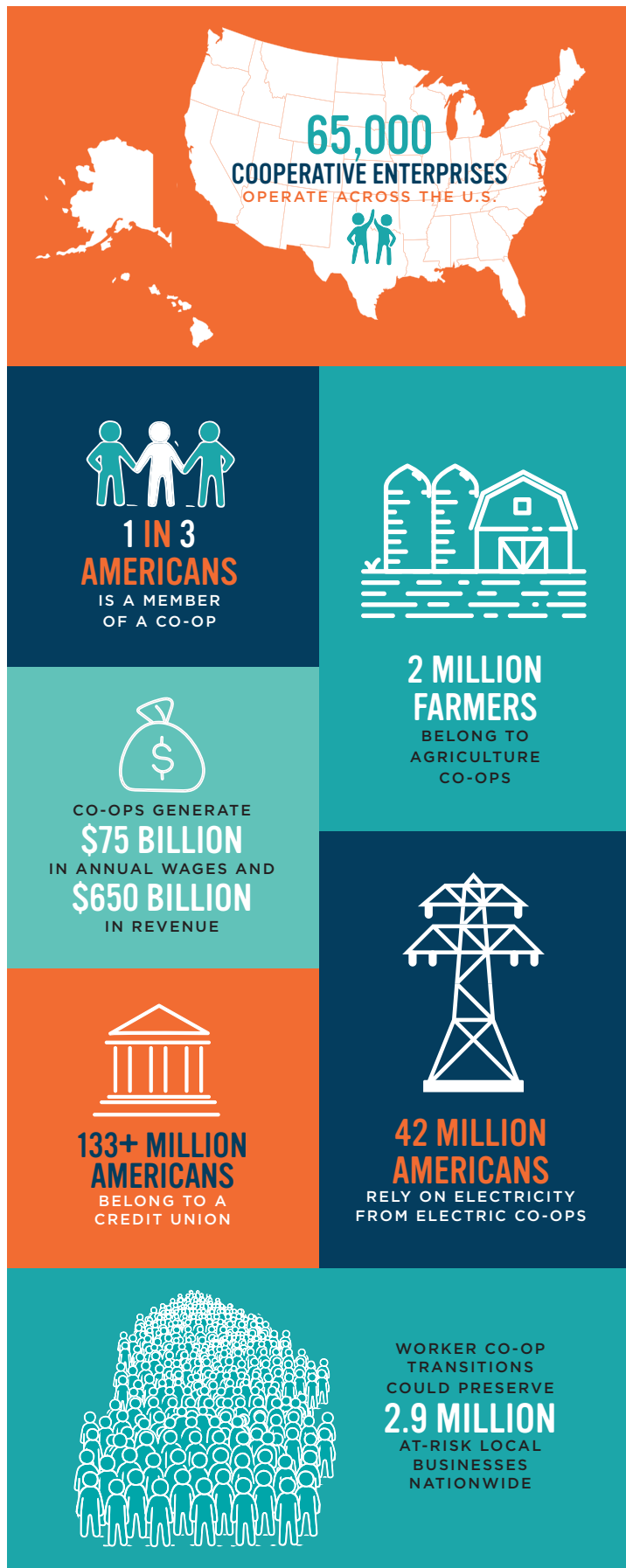
The National Cooperative Business Association NCBA CLUSA International (NCBA CLUSA) is the primary voice in the United States for people who use cooperatives to build a better world. As a trusted, proven way to do business and build communities, cooperatives play a vital role in creating economic opportunities that empower people in the United States and around the world to improve their lives and the lives of future generations. On behalf of our members, NCBA CLUSA speaks with a united voice before elected officials, advocating for federal policies that enable people to use cooperative enterprise.

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# MEASURING CO-OP IMPACT



## THE ABCs OF COOPERATIVE IMPACT

Cooperatives have an impact on local economies:

- A ccess:** Increase access to affordable quality products, services, suppliers and markets, lowering costs and serving historically underserved markets and communities.
- B usiness sustainability:** Increase firm survival and profitability through higher and less volatile revenues, lower costs and a focus on long-term outcomes, including scaling the cooperative to compete with multinational corporations.
- C ommunity commitment:** Demonstrate commitment to being a good neighbor through education, financial support, facility use and business practices that reflect the values of the community.
- D emocratic governance and empowerment:** Provide a structure where member-owners can actively participate and shape the decisions of the organization.
- E quity, diversity and inclusion:** Membership reflects the community's demographics, and all individuals have a voice and leadership opportunities.
- F inancial security and advancement for workers:** Provide higher wages, better benefits and increased opportunity for wealth building, career advancement, training and leadership development with lower turnover and higher job satisfaction.
- G rowth:** Serve as local and regional anchors, promoting economic growth through stable jobs, high industry standards, consistent services and economic multiplier effects through increased community investment, local jobs and local procurement.

# RECOMMENDATIONS AT A GLANCE

## Supporting Small Businesses

### MAIN STREET EMPLOYEE OWNERSHIP ACT



As a generation of baby boomer small business owners nears retirement, half of the nation's small businesses are at risk of buyout or closure. These businesses could convert to worker or consumer-owned cooperatives—a model that promotes local ownership and preserves the small businesses at the heart of local economies. The Small Business Administration should fully implement the spirit of the 2018 Main Street Employee Ownership Act by removing and proposing alternatives to its personal guarantee requirement to ensure co-ops can access this critical financing.

**OUR ASK:** Congress should conduct oversight on SBA's progress implementing the MSEOA and, if necessary, pass legislation with a specific alternative to its personal guarantee requirement.

## Farm Bill

### LEVERAGE THE 2023 FARM BILL TO SUPPORT RURAL CO-OPS



The only federal program dedicated to advancing domestic cooperative businesses, the Rural Cooperative Development Grant program helps create and sustain vibrant rural communities. With the 2018 Farm Bill set to expire on September 30, there is an opportunity to ensure RCDG continues to create jobs, preserve businesses and promote local economic growth.

**OUR ASK:** Fund RCDG at no less than \$40 million, where no less than \$15 million is available for grants to cooperative development centers. Include substantive changes to RCDG, as outlined in NCBA CLUSA's Farm Bill Priorities.

## Fair Tax Treatment

### HELP SMALL BUSINESSES AND FARMERS COMPETE

Current federal cooperative tax policy reflects the fact that co-ops are designed to capture value for their members—the people who use, own and control these businesses. This policy puts more dollars in the pockets of working families and helps small businesses and farmers compete.

**OUR ASK:** Ensure that cooperative businesses are treated fairly and not put at a disadvantage relative to other business forms in tax legislation.

## Creating a Resilient Nation

### IMPLEMENT LANDMARK LEGISLATION

Congress has recently passed historic legislation to support economic growth. The American Rescue Plan, Bipartisan Infrastructure Law, CHIPS and Science Act and Inflation Reduction Act bolster our public health system, address our nation's aging infrastructure and provide new opportunities to create more resilient communities and economies.

**OUR ASK:** As Congress reviews these programs, it should direct new resources toward co-ops, a time-tested approach that ensures ownership, control and benefits stay in local communities.

## Building a Better World

### INTERNATIONAL COOPERATIVE DEVELOPMENT

Cooperatives are key stakeholders of the Global Food Security Act. NCBA CLUSA works globally to build resilient communities, create economic opportunities and strengthen cooperatives. Through USAID-administered programs like Feed the Future, Farmer-to-Farmer and the Cooperative Development Program, along with USDA's Food for Peace and Food for Progress, co-ops are empowering people to build shared prosperity and well-being, while improving our national security.

**OUR ASK:** Reauthorize global food assistance programs in the Farm Bill and provide no less than \$50 million for the Cooperative Development Program.

# CO-OPS ACROSS AMERICA

Cooperatives should be an essential part of the solution to growing challenges in sectors such as:



## CLEAN, MORE AFFORDABLE ENERGY

Consumer-owned cooperatives are a preferred strategy to provide clean energy and help mitigate vulnerabilities resulting from climate change.



## RURAL BROADBAND AND CONNECTIVITY

Over 250 co-ops (and counting) are deploying reliable, high-speed internet to bridge the digital divide for rural consumers who investor-owned internet providers fail to serve.



## FINANCIAL PRODUCTS

Credit unions serve consumers of all backgrounds and provide credit and banking services to traditionally under-banked communities. In 2022, credit unions provided over \$13.5 billion in direct financial benefits to members across the nation.



## STABLE AND AFFORDABLE HOUSING

Housing cooperatives present a lower-lending risk, reduce monthly costs for residents and raise housing satisfaction among owner-tenants.



## FOOD SECURITY

Food cooperatives provide access to nutritious, affordable food options that address the needs of the more than 23 million Americans who currently reside in food deserts and provide producers with access to new markets. Farmer-owned cooperatives in the agricultural sector achieve economies of scale to preserve local, independent businesses.



## GIG ECONOMY WORKERS

Platform cooperatives empower people who work in the gig economy to own, control and benefit from the businesses they help create.



## HOMECARE FOR SENIORS

Nationally, home caregiver turnover rates are over 64%. Home care cooperatives average half the national turnover rate and provide an 84% greater wage increase, improving the quality of work for caregivers and quality of care for seniors.



## CHILDCARE

A solution that has proven successful in the more than 560 existing childcare cooperatives.

To address these challenges, policy solutions should include cooperative businesses through:

- greater access to capital for cooperatives businesses to startup, expand or innovate
- technical assistance
- interagency coordination at the federal and state levels
- increased investment in research and development

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