

# 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 will work during the 2nd session of 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



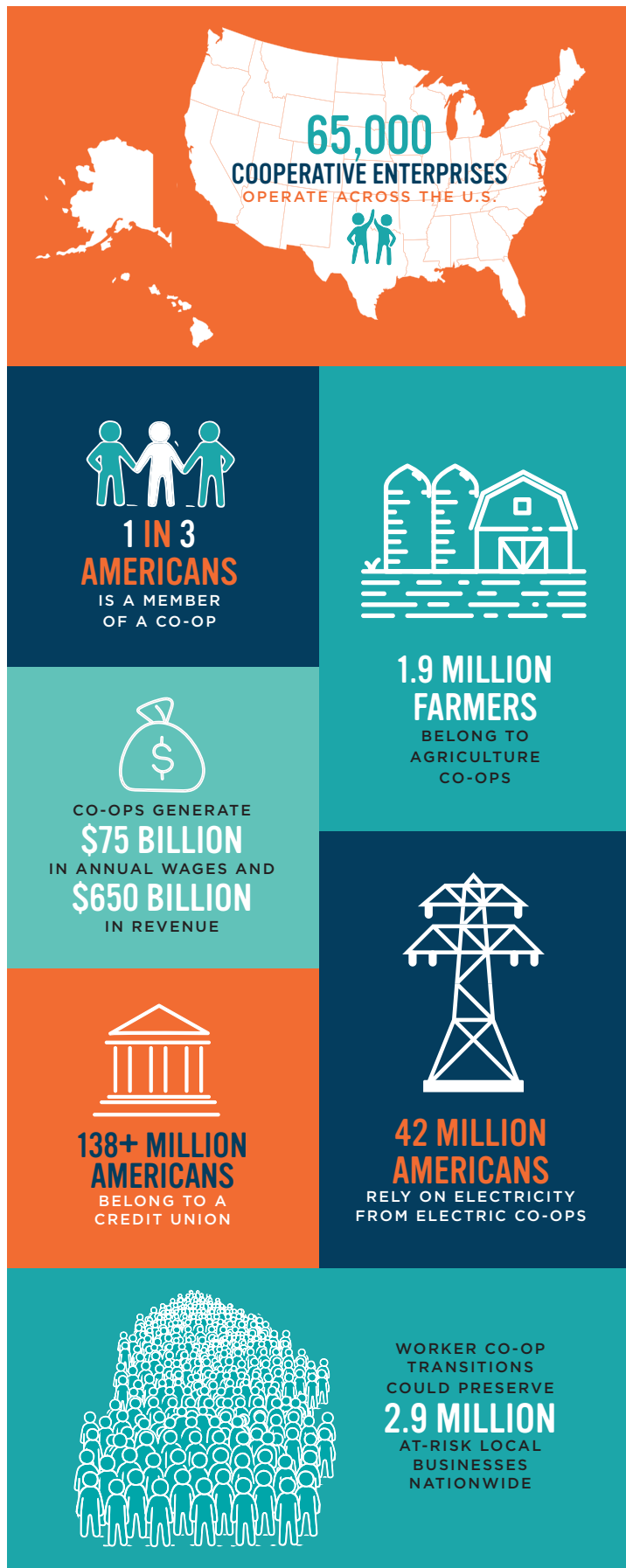
The National Cooperative Business Association NCBA CLUSA International (NCBA CLUSA) is the primary voice in the United States for people who use cooperatives to build a better world. As a trusted, proven way to do business and build communities, cooperatives play a vital role in creating economic opportunities 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

### PROMOTE AND FACILITATE EMPLOYEE OWNERSHIP



As a generation of baby boomer small business owners nears retirement, half of the nation's 33 million 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 Department of Labor's Employee Ownership (EO) Initiative was established to support the creation and expansion of EO businesses including worker co-ops through grants and technical assistance. The Small Business Administration should honor congressional intent by removing and proposing alternatives to its personal guarantee requirement to ensure co-ops can access financing through the flagship 7(a) program.

**OUR ASK:** Congress should fully appropriate the EO initiative in FY 24 at \$200,000 and pass legislation with a specific alternative to SBA's personal guarantee requirement for co-ops as intended in the 2018 Main Street Employee Ownership Act.

## Farm Bill

### LEVERAGE THE FARM BILL REAUTHORIZATION 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. The Rural Partnership and Prosperity Act would address the longstanding challenges within rural

communities and further support local economic development and co-ops. With the upcoming reauthorization of the Farm Bill, there is an opportunity to ensure federal programs meet the needs of rural residents and continue to create jobs, preserve businesses and promote local economic growth.

**OUR ASK:** Reauthorize and modernize the RCDG program by including the Supporting Rural Cooperatives and Communities Act (H.R. 6661) in the next Farm Bill. Create resilient and thriving rural economies by including the Rural Energy Savings Act (H.R.3849/S.1821) Rural Partnership and Prosperity Act (S.3309) in the next Farm Bill.

## 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

### INCREASE AFFORDABLE HOUSING THROUGH COOPERATIVES

Housing Co-ops are a proven solution for individuals and families to access safe and affordable housing, build wealth, and increase agency. They help improve the standard of living in their communities and provide residents with an affordable path to homeownership. Housing cooperatives are a tool for policymakers and advocates seeking both proven strategies as well as new and creative actions to address the housing crisis. Expanded support for housing cooperatives will lead to long-term affordable housing and wealth-building opportunities for residents in communities across the US.

**OUR ASK:** Include housing co-op eligibility in legislation to address the affordable housing crisis, reinvigorate the use of HUD Section 213 for housing cooperatives and appoint a HUD Special Assistant for Cooperative Housing as mandated by the National Housing Act amendments of 1955.

## 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 2023, credit unions provided over \$20.2 billion in direct financial benefits to members across the nation.



## AFFORDABLE HOUSING AND PATHWAYS TO OWNERSHIP

Housing cooperatives are a tool to address the affordable housing crisis. Shared Equity Housing presents a lower-lending risk, reduces monthly costs for residents and provides a viable pathway for home ownership.



## 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 less than 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 cooperative 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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