



The National Cooperative Business Association • CLUSA International

October 11, 2024

Ms. Melinda Martin  
Rural Business-Cooperative Service, Program Management Division  
U.S. Department of Agriculture  
1400 Independence Avenue, SW  
Washington, D.C. 20250-3250

RE: Docket No. RBS-24-BUSINESS-0004

Dear Ms. Martin,

Thank you for the opportunity to comment on the final regulation to modernize the Rural Cooperative Development Grant (RCDG) program. The National Cooperative Business Association CLUSA International (NCBA CLUSA) is the apex trade association for cooperatives, cooperative developers, and the technical assistance providers that support them across all sectors of the U.S. economy. NCBA CLUSA greatly appreciates USDA's continued support for Cooperative Services, and particularly the Socially Disadvantaged and Rural Cooperative Development Grant Programs, which continues to help more people in rural communities use the cooperative business model to create and preserve jobs and support rural markets.

We appreciate the steps the agency has taken to modernize programs of interest to cooperatives and want to outline key updates within the final rule that address longstanding challenges and improvements supported by the cooperative community.

#### **Establishing multi-year grants**

We appreciate and support USDA's clarity that the agency may provide multi-year funding opportunities to previous RCDG recipients. Moving to a multi-year cycle would allow centers to focus more of their time facilitating business development rather than submitting RCDG applications. In addition, multi-year awards could also ease some of grant administration burden for USDA staff.

Business development, especially cooperative business development, can take a substantial amount of time. Multi-year grants help centers plan for longer term work within their organization, with clients, and with funding partners. Market assessment, feasibility, governance, member outreach and organization, and business planning and implementation activities are all needed to help ensure the successful launch of a cooperative.

**We understand that any future-year funds would need to be appropriated in subsequent years and any multi-year grants would be subject to such appropriation by Congress.** Providing multi-year awards for some of the grant funds should not affect the number given in the year of the application because the subsequent funding would be drawn from future appropriations, nor should it preclude the agency from providing one-year awards to support new centers.

As the agency considers the application requirements and award process for multi-year awards, we encourage a streamlined application process such as a one-page narrative extension and certification that the multi-year award is subject to future appropriations.

#### **Incentivizing and Facilitating Collaboration between Centers**

New definitions included in the regulations such as Cooperative Development, Networking, Technical Assistance to include Cooperative Development and Mutually Owned Businesses are supported by and beneficial to the cooperative ecosystem.



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Cooperatives and the rural markets they serve are diverse. State statutes and existing enabling environments are also wide-ranging across states and regions. These definitions capture that diversity and support the ability for centers to address the specific needs of their communities and regions while supporting a more comprehensive national strategy to cooperative development.

### **Process and application**

We are thankful for the consistency and predictability in the application timeframe and process period. As USDA further identifies the appropriate timing within each annual notice and defines the process for multi-year grants, we also encourage USDA to consider:

- The needs of non-profits to plan for their upcoming fiscal year knowing whether they will receive these funds
- Providing at least a one-to-two-week gap between RCDG and SDGG applications to help reduce burden on centers that may be applying for both.

Further, we appreciate the revisions that eliminate redundancy in the information that is requested. Especially given the constraints in number of pages, no longer requiring applicants to reiterate the same information provides greater opportunities to include important details in their narrative and response. A significant milestone in the final rule is that it adequately addresses the match requirements as centers spend time and effort securing the match. Equitably scoring the 25% match regardless of cash, in-kind or a mix thereof will ensure that centers, particularly lower capacity, are no longer put at a disadvantage.

The clarity provided in the details of the final rule will ensure that USDA—at headquarters and State offices—more uniformly interpret the regulations and guidelines of the RCDG statute. There have been incidents in which approvals made based on certain criteria or factors were weighted differently in some years that were not treated the same in subsequent years, without notice to applicants. The thorough outline of how applications will be scored including the commitment within the work plan and budget to serving Underserved and Economically Distressed Areas will reduce confusion among program applicants while ensuring that our most historically disinvested communities can tap into the benefits of cooperative business.

### **Evaluations**

We are grateful for USDA's recognition that the applicants should be judged based on what they identify as the goals of their work and use of funds. The target and performance metrics provided in the final rule will ensure that communities who benefit from RCDG are able to address their specific needs instead of a one-size-fits-all approach.

Given the various stages the cooperative development centers, their clients, and the vastly different environments in which they operate, these measures should accommodate and incentivize centers to address the needs of rural development rather than entirely standardized three metrics. This is especially important in developing cooperative ecosystems and infrastructure that will enable more people to use the cooperative business model in the future. The metrics also help ensure that grant awards are being used effectively for centers that are managed well. For example, providing robust governance and financial management to new and existing cooperatives will help to increase the long-term success of a cooperative.

Finally, given the updated performance metrics in addition to the robust information that RCDG recipients submit in mid-year and annual reports to USDA, the RCDG program is also an excellent opportunity to use the data and information submitted by the centers in their reports and applications



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to partner with ongoing research activity on cooperative businesses being done in conjunction with the Census Bureau Business Census, as well as within different agencies of USDA. We believe it would be beneficial for USDA to partner with various research entities, in academia and elsewhere, to help gauge how cooperatives can help drive more sustainable, resilient, and inclusive economies. These data sources can help better understand the return on investment from cooperative businesses and rural co-op programs.

### **Conclusion**

NCBA CLUSA appreciates USDA's thoughtful consideration of the feedback provided through engagement with the cooperative community, including during listening sessions held in 2021. As the final rule is implemented, we encourage continued partnership with the cooperative community—including with NCBA CLUSA, CooperationWorks, and individual cooperative development centers—to help identify and inform ways the Department can build on Cooperative Programs and improve to meet the needs of rural entrepreneurs and communities.

NCBA CLUSA welcomes the opportunity to facilitate conversations going forward. We look forward to continuing to work closely with USDA, and especially the Rural-Business Cooperative Service, to help more people seeking to use the cooperative business model to build more inclusive, sustainable, and resilient rural communities.

In cooperation,

A handwritten signature in blue ink, appearing to read "Doug O'Brien".

Doug O'Brien  
President and CEO  
NCBA CLUSA