

Why USDA Needs to Revive its Cooperative Program

- Under the Cooperative Marketing Act, USDA is charged with operating a program that supports the nation's cooperative sector with education, research, statistics and technical assistance. However, the program has been allowed to wither to just a few staff members at present, and is on the brink of extinction. No other Federal agency is tasked with promoting the growth and strengthening of cooperatives, so it is imperative that USDA's cooperative program be revived.
- Why is the program needed? Cooperatives provide members with access to markets and sources of supplies and services in an increasingly concentrated food and fiber industry that is dominated by huge processors and food distributors. Farmer cooperatives improve the entire agricultural marketing and purchasing system, both for producers and consumers. As user-owned, user-controlled and user-benefited businesses, cooperatives represent a powerful self-help economic tool that enable members to improve their quality of life and build stronger, more viable communities. But the public has a poor understanding of how cooperatives work and the benefits they provide, which is why USDA is mandated to fill this role (but has virtually ceased to do so).
- There is no more efficient way to use taxpayer dollars than to invest them in a self-help program that supports new and existing cooperatives.
- In the area of co-op education alone, USDA was annually distributing more than 100,000 cooperative education publications prior to the draining of its staff and resources. These publications range from primers that explain the basic functions of cooperative businesses, to more technical reports that address topics such as tax law and accounting principles for cooperatives.
- USDA's educational materials have long been the nation's most widely used tools to promote public understanding and use of the cooperative business model. While often targeting agriculture cooperatives, many of these publications and web pages have been used to help start cooperatives of all sorts, including utility, food/grocery, financial, retail, manufacturing and educational services co-ops.
- Many high schools, state cooperative councils and cooperative centers use USDA educational modules and publications for instructional purposes. They are also used by individual cooperatives in their internal educational programs for members, employees and board members.

- USDA co-op research reports document cooperative activity, future roles for co-ops and their market share in various sectors of the ag economy. These reports also focus on cooperative legal foundations, financial management, board responsibilities and board/management relations that lead to optimal cooperative performance. Other areas of research examine factors that influence member participation in cooperatives and how organizational design facilitates member control. How structural change in the ag sector impacts cooperatives is another important area of study.
- No other agency collects statistics on farmer cooperatives. USDA's annual survey of farmer cooperatives provides critical benchmark statistics widely used by cooperatives to measure their own operations against. Non-cooperative agribusinesses also use these benchmarks. The annual tally of the financial performance and structure of cooperatives is important for measuring a major part of the economy of rural areas.
- Technical Assistance from USDA has helped to launch or strengthen many hundreds of cooperatives over the years. Many more small- and medium-sized cooperatives struggle to survive and could benefit greatly from such USDA assistance. Research on the critical issues facing cooperatives is needed to help U.S. cooperatives and agriculture thrive.
- As cooperatives continue to consolidate (reflecting changes in the farming sector), many serious issues are arising that need to be researched. USDA has been an impartial leader in researching the critical issues facing cooperatives since the 1920s; this need hasn't waned.
- By working closely with other USDA agencies, co-op trade associations, university co-op centers and Extension offices, rural business development specialists and co-op development centers, USDA's Cooperative Program can leverage and magnify the impact of its services and can once again assume its historic leadership role for the cooperative sector.
- The formation of a co-op industry advisory panel to provide input and direction for the program should be a key part of this effort.
- As a neutral third party dedicated to serving the co-op community, USDA is in the best position to perform these functions. It can also serve as a trusted broker when disagreements arise within the sector.

- The cooperative program needs a new home at USDA, an agency that is more compatible with its own mission to provide research, education, technical assistance and statistics. Rural Development is primarily a lending agency, hence it was never a good fit for the co-op program (which was an independent agency – the Agricultural Cooperative Service – prior to the restructuring of USDA in 1994.) Since its merger into Rural Development, the co-op program has gone from about 75 full-time staffers down to three people at present.
- Regardless of where it is located, the co-op program needs to have a line-item budget restored to avoid being decimated through the steady transfer of staff positions (or FTEs) and program funds to non-cooperative program areas, as has happened in Rural Development. ***The enabling legislation – The Cooperative Marketing Act – remains on the books, but lack of a line-item budget had enabled Rural Development to virtually wipe out the co-op program.***