Q: What is the Interagency Working Group on Cooperative Development?
A: The 2014 Farm Bill authorized the Secretary of Agriculture to “coordinate and chair an interagency working group to foster cooperative development and ensure coordination with federal agencies and national and local cooperative organizations that have cooperative programs and interests.” 7 U.S.C. section 1932(e)(12).

Q: When will the Working Group meet?
A: The inaugural Biden administration convening of the Interagency Working Group on Cooperative Development took place on October 29, 2021. Working Group committee meetings will be held in 2022. Committees will report on their activities at an October 2022 meeting of the full Working Group.

Q: What will the Working Group focus on?
A: This year the Working Group will:

• Develop a website platform for sharing information on available government and stakeholder programs and resources for cooperatives;
• Foster the working relationship among government agencies and cooperative stakeholders to facilitate the use of the cooperative model to solve problems; and
• Continue to educate federal and nonfederal participants regarding the operation of cooperatives and the value of cooperative development.

The Working Group will accomplish these goals by forming committees that will focus on the following priority areas:

• Food systems and agriculture, including food distribution;
• The care economy including elder, child, disabled, and veteran care;
• Cooperative conversions; and
• Cooperatives and the environment.

Q: Will slides, recordings, and other materials from the Working Group meetings be available and will they be posted on the website?
A: Contact Meegan.Moriarty@usda.gov if you need Working Group materials including slides and recordings. They may also be made available on the Working Group website.

Q: How can private sector groups support and engage with the federal government to help cooperatives?
A: The IAWGCD exists to serve the private sector and private sector participation is essential for its effectiveness. Ongoing communication from the private sector on helpful federal resources and creative methods for leveraging federal, state, local, and private resources and support helps the IAWGCD centralize information, tools, and
publications on a web site. Cooperative success stories elevated by the IAWGCD have the potential to capture the attention of financial institutions, other members of the business community, educators, foundations, and policymakers. Communication regarding Federal obstacles to cooperative development creates the possibility of finding solutions. With private sector help, the Working Group has the potential to be an effective partner in the creation of fertile cooperative ecosystems.

Q: Looking at the impact of COVID-19 on Black and other marginalized communities and the shrinking number of Black farmers, will the Working Group address racial and gender equity?
A: The COVID-19 crisis has negatively affected minorities and women more than other groups, and discrimination experienced by minorities and women demands remediation. The Working Group committees focus on food, the care economy, conversions, and the environment, all issues that feature inequitable treatment of minorities and women. We continue to actively recruit significant representation from African Americans, Native Americans, women, and other minorities on these committees so minorities can shape the outcome of their deliberations.

Q: Are there examples of successful co-ops within Tribal communities?
A: Yes, examples of successful Tribal co-ops include food, agricultural products, art, electric, and other types of cooperatives. Attendees at the October 2021 Work Group mentioned the Ramah Navajo Rug Weavers Association in New Mexico and a construction worker cooperative in the Dakotas. A series on Native American cooperative businesses sponsored by the Center for Rural Affairs is available on YouTube and features among other native cooperatives Rez Chicks Fresh Eggs Cooperative in Pendleton, Oregon, Arctic Co-operatives Limited, and Qualla Arts & Crafts. The Cooperative Development Foundation has a page on Native American Cooperative food resources and sponsored a particularly good series of webinars on Indigenous cooperatives. The Minnesota Indigenous Business Alliance has written a guide to Native American cooperative development entitled “Beginning the Cooperative Journey Together: A Guide to Indigenous Community Cooperative Development.”

Q: What are the key metrics to look at to see if cooperative development is successful?
A: Cooperative development success can be examined at the micro and macro levels. Number of cooperatives formed is one measure of successful cooperative development. Introducing a new type of cooperative to an area that does not have that type of cooperative is another measure. Longevity of the cooperatives developed can also be a metric of success. Further, educating individuals regarding the cooperative form of business and laying the groundwork for cooperative development should also be counted as a success. At the macro level, some cooperative developers have succeeded in forming “cooperative ecosystems.” Cooperative ecosystems are areas where people have knowledge regarding the cooperative business form, available professionals and financial assistance for cooperative development, and policy supports. A publication that discusses successful ecosystem metrics is “The Cooperative Growth Ecosystem” published by the Democracy at Work Institute and Project Equity. See also Sustainability Special Issue, “Cooperative Longevity: Why are So Many Cooperative So Successful?” May 16, 2018. An Urban Institute report, “The ABCs of Co-op Impact,” provides measures to compare cooperative successes against the successes of other types of businesses.

Q: What are the challenges of cooperative conversions?
A: Challenges to cooperative conversions can include regulatory obstacles, limited availability of financing and professional support as well as the difficulties of transitioning the workforce to employee-owners. A good source for information on cooperative conversion challenges is “Successful Cooperative Ownership Transitions,”
Q: Are there any programs being developed for financing cooperative start-ups and conversions in both rural and non-rural communities? Are agencies other than USDA involved in these programs?
A: While not specific to cooperatives, federal programs are available to help with both rural and urban cooperative start-ups and conversions. For example, the Commerce Department’s Economic Development Administration has more than $3 billion in funding for business development in rural and urban spaces through the American Rescue Plan. For cooperatives to benefit from this program, they need to work with the direct applicants, which include state and local governments, institutions of higher education, Tribal government, and nonprofits. EDA’s funding opportunities are intended to help indigenous communities, provide COVID relief, benefit tourism and outdoor recreation, and generate good jobs, particularly for persons with disabilities, at-risk youth, individuals in recovery, individuals with past criminal records including justice-impacted and reentry participants, and veterans.

Another example of funding that could potentially benefit urban cooperatives is the Commerce Department’s Minority Business Development Agency. The MBDA provides grants to sponsors of Minority Business Development Centers, which provide technical assistance to minority owned businesses and help them to secure capital. The Centers are located in areas with large concentrations of minority populations and businesses. The Small Business Administration’s Small Business Development Centers can help rural and urban cooperatives.

Q: Are co-ops being supported in any way in the current iteration of the spending and infrastructure legislation?
A: Currently there is $500 million invested in a pilot lending program at SBA to provide capital to cooperatives and other employee-owned entities. Under the pilot, SBA is required to guarantee loans (including loans made by community financial institutions) without the requirement of a personal or entity guarantee.

In November 2021 $5 million was earmarked for the establishment and growth of cooperatives to offer broadband and up to three percent of a total of $2 billion is earmarked for broadband technical assistance and predevelopment planning activities to support rural communities.

Q: What efforts are being made to collect comparative data to show the long-term development success of cooperatives as compared with other economic development programs?
A: USDA RD Cooperative Services is not aware of any U.S. government data collection comparing the long-term development success of cooperatives to other economic development programs. However, scholars have examined cooperative economic successes compared with other types of business models. For example, scholars Stephen C. Smith and Jonathan Rothbaum of George Washington University compared trends in employment in cooperatives in various countries versus other business types. Gerald Sazama wrote a case study on the history of affordable housing cooperatives and compared it with the general history of American affordable housing policy. Roy Mersland compared different models of microfinance organizations including cooperatives, nonprofits, and shareholder organizations. Craig Easly compared the success of two different approaches to operating an agritourism business, individually owned and a cooperative. These studies provide valuable insights into the success of the cooperative business model, but not a comprehensive evaluation of the costs and benefits to Federal and State governments of incentives to form cooperative businesses compared with incentives provided for social programs and traditional business programs.
Q: I’ve heard about home care co-ops, but are other health-related co-ops feasible? There have been many hospital and pharmacy closures in rural areas.
A: Depending on state law, physicians, nurses, certified nursing assistants, and other health professionals can form worker cooperatives. For example, nurses in California formed the NursesCan Cooperative, which operates a mobile platform and provides home visits to patients. Pharmacies can band together to form group purchasing cooperatives. Examples include the Independent Pharmacy Cooperative, The American Pharmacy Cooperative, Inc., and Care Pharmacies Cooperative. Nonprofit hospitals can become members of a Cooperative Hospital Service Organization under Internal Revenue Code Section 501(e). This type of cooperative may provide services to its member hospitals including purchasing, billing, data processing, food service, laboratory, training, and emergency medical technician services. Hospital systems can engage in cooperative and collaborative approaches to the problem of providing care in rural areas. The Western New York Integrated Care Collaborative, while not formally a cooperative, is a network of social care service organizations that work together to provide community-based integrated care in rural New York State.

Q: How do we find more cooperative service providers including more cooperative accountants and attorneys who are willing to help cooperatives that are not agricultural or electric cooperatives?
A: This is a continuing issue for cooperatives. Few professional education programs have an extensive cooperative curriculum and those professionals who are familiar with cooperatives are in high demand. The National Society of Accountants for Cooperatives is a membership association for cooperative accountants. Many cooperative attorneys also belong to NSAC. Some cooperative organizations including the Cooperative Professionals Guild are assembling membership rosters that include cooperative attorneys and accountants.

Q: U.S. electric cooperatives have a large, aging stock of coal-burning facilities. Are any of the climate/clean electricity legislative or regulatory efforts at the federal level specifically geared to support electric cooperatives’ early retirement of these facilities and conversion to renewables?
A: There are grant and loan programs to help cooperatives with the reduction of greenhouse gases. The grants and loans are for the purchase of renewable energy systems and energy efficiency improvements and will prioritize assistance that will additionally aid disadvantaged communities.

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Cooperative Services Branch contact: coopinfo@usda.gov