

Rural

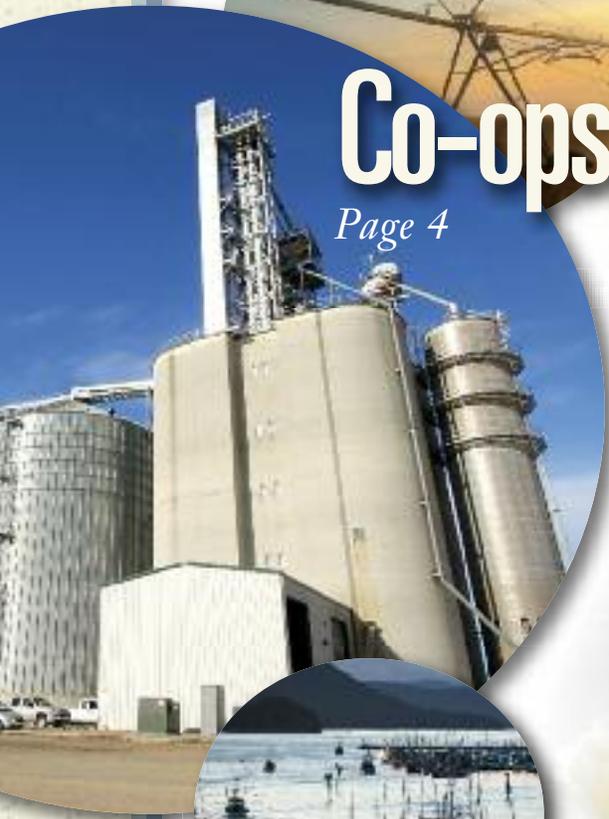
# COOPERATIVES

November/December 2016



## Co-ops Set New Income Record

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# Commentary

## For the Good of All: Co-op Summit an eye-opening experience for potential of co-ops

By **Cristina Bernardo Kullberg**, Senior Advisor,  
USDA Rural Business-Cooperative Service

“Co-ops build,” declared Secretary Tom Vilsack when proclaiming October 2016 National Cooperative Month. While USDA Rural Development’s focus on cooperatives is largely within the context of America, the power of cooperatives to improve the lives of people around the globe was on display at the 3rd International Summit of Cooperatives, held in Quebec City, Canada, in October. Inspiring speakers and messages opened the eyes of the nearly 3,000 delegates hailing from more than 100 countries



Canada's beautiful Quebec City hosted the International Summit of Cooperatives in October.

by sharing just how much people, united in cooperatives, can accomplish.

Joseph Stiglitz, a Nobel Prize winner and former chief economist at the World Bank, headlined the event on Oct. 11, reflecting on the themes of his book, *The Price of*

*Inequality*, which addresses the root causes of the widening income gap in the United States and elsewhere. He said that from 1973 to 2012, 20–25 percent of all income growth went to the top 1 percent of earners, while the bottom 90 percent saw no growth.

The result, Stiglitz argued, is that median income has stagnated over the past 20 years, dipping below \$58,000 in 1998 to \$56,000 in 2015. Further, real wages (wages adjusted for inflation) are the same as they were 60 years ago; 62 individuals in our country own as much wealth as the bottom 99 percent. Just eight people in the richest two U.S. families own as much wealth as the bottom 44 percent of our people.

Yet Stiglitz stressed that there are alternatives, one of them being the cooperative business model.

Cooperatives offer a more equitable platform for growth — one in which each member gets one vote and a share of the profits. He highlighted the micro-credit movement in Bangladesh and the growing cooperative movement in India as examples of how nonprofits and co-ops are reinventing the financial, health and farming sectors across the world and are often out-performing their traditional competitors.

Robert Reich, another renowned economist and the former U.S. secretary of labor, shared a similar message in a riveting lunchtime keynote speech that earned a standing ovation. Reich discussed how growing inequality in the United States has been impacted by globalization, technology and politics, but often in ways that are different than they are commonly portrayed in the media.

Reich said that most of our competition in the international marketplace comes from high-wage

countries, such as Germany, rather than low-wage countries. Technology has been replacing jobs for thousands of years, but it is now doing it at a much faster pace than ever before, he said.

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# Features

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Net income climbs 15 percent, to a record \$4.9 billion in 2015

By James Wadsworth, Charita Coleman, Judith Rivera, Huu Hoang

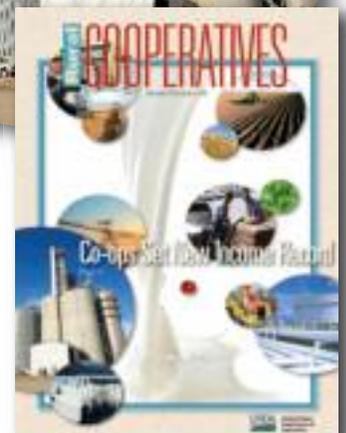
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Home care conference shows vital role co-ops can play for an aging nation



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# Co-ops Set Net Income Record

Revenue dips on lower commodity prices, but cost controls help ag co-ops notch \$7-billion gain

By James Wadsworth, Charita Coleman, Judith Rivera, Huu Hoang  
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*Editor's note: This article presents highlights from USDA's 2015 survey of farmer, rancher and fishery cooperatives. The authors, who are economists and support staff with USDA Cooperative Programs, thank all U.S. agricultural co-ops for their continued participation in the annual survey, which demonstrates the important role ag co-ops play in the nation's economy. It also provides benchmarking and analysis that can help co-ops in many ways. The full 2015 ag co-op statistics report will soon be available in the cooperative publications section at: [www.rd.usda.gov](http://www.rd.usda.gov). Hard copies will be available in January. Send requests to: [coopinfo@wdc.usda.gov](mailto:coopinfo@wdc.usda.gov).*

**Table 1**

**U.S. agricultural cooperatives, comparison of 2015 and 2014**

Item	2015 \$Billion	2014 \$Billion	Difference \$Billion	Change Percent
<b>Income Statement)</b>				
Marketing	124.891	147.731	(22.839)	(15.5)
Farm supplies	81.709	92.624	(10.915)	(11.8)
Service	<u>3.938</u>	<u>4.184</u>	(0.246)	(5.9)
Total sales	210.538	244.539	(34.001)	(13.9)
Patronage income	0.838	1.066	(0.228)	(21.4)
Non-operating income	<u>0.682</u>	<u>1.065</u>	(0.383)	(36.0)
Total gross business vol. <sup>1</sup>	212.058	246.670	(34.612)	(14.0)
Net Income	7.030	6.466	0.565	8.7
<b>Balance sheet</b>				
Assets	88.229	87.083	1.146	1.3
Liabilities	47.715	49.487	(1.772)	(3.6)
Members' equity	40.514	37.596	2.918	7.8
Liabilities and net worth	88.229	87.083	1.146	1.3
<b>Ratios</b>				
Debt-to-assets	0.54	0.57	Total Liabilities / Total Assets	
Equity-to-assets	0.46	0.43	Total Equity / Total Assets	
Return on total assets (%)	9.31	9.16	(Net Income before Taxes + Interest) / Total Assets	
Return on member equity (%)	29.01	28.77	(Net Income after Taxes) / Allocated Equity	
<b>Employees (Thousand)</b>				
Full-time	136.3	135.6	0.7	0.5
Part-time, seasonal	<u>51.0</u>	<u>55.7</u>	(4.7)	(8.4)
Total	187.3	191.3	(4.0)	(2.1)
<b>Membership (Number)</b>				
Cooperatives (Number)	1,921,023	1,995,739	(74,716)	(3.7)
	2,047	2,106	(59)	(2.8)

<sup>1</sup>Sum of total sales, patronage income, and non-operating income.



USDA's annual survey of the nation's 2,047 farmer, rancher and fishery cooperatives shows that while U.S. agricultural co-ops had lower revenue in 2015 than in any of the past five years, net income (after

taxes) set a new record of \$7 billion, an increase of \$565 million from 2014. Total business volume — comprised of sales, other operating revenue, patronage income and non-operating income — was \$212.1 billion, \$34.6 billion less than in 2014 (Table 1).

“The cooperative business model continues to perform strongly,” Agriculture Secretary Tom Vilsack said. “While the model has long been one of the hallmarks of rural economies, its reach has greatly expanded to include

almost every aspect of U.S. commerce. The latest data show that cooperatives are a key to building stronger and more vital communities, particularly in rural areas.”

Lower prices for farm commodities (such as milk and grain) and farm supplies (such as petroleum and fertilizer) were the major factors in lower overall sales. Bucking the downtrend for revenue were nuts, fruits and vegetables, fish and cotton, all of which achieved sales growth in 2015.

In its Rural Economic Review (December 2015), CoBank reported that U.S. grain and oilseed markets were driven lower by unprecedented global crop production, the strength of the U.S. dollar, falling energy prices and diminished export demand from countries such as China. This was true for crop nutrient prices as well, which impacted fertilizer sales.

CoBank also noted that dairy product markets posted major price declines, due to exposure to global markets in nonfat dry milk and whey products.



Overall, total ag co-op business volume dropped by 14 percent in 2015 while net income increased 8.7 percent. Return on assets and member equity in 2015 were 9.3 and 29 percent, respectively, both increases over 2014.

### Balance sheet remains strong

The combined balance sheet for the nation's ag co-ops in 2015 shows added strength, with higher assets, lower liabilities and increased member equity value. Total assets were a record \$88.3 billion, up \$1.1 billion (1.3 percent) from 2014 while total liabilities decreased by \$1.8 billion (3.6 percent). Investments in property, plant and equipment (fixed assets) by ag co-ops — including grain elevators, warehouses, farm supply stores, petroleum/convenience stores, fertilizer and feed plants, major food and beverage processing plants, etc. — also increased, to \$24.7 billion, up from \$24.5 billion

Member equity stands at \$40.5 billion, up almost 8 percent from 2014, a 44-percent increase over the five years since 2011. Member equity was 46 percent of total assets in 2015, up from 43 percent in 2014.

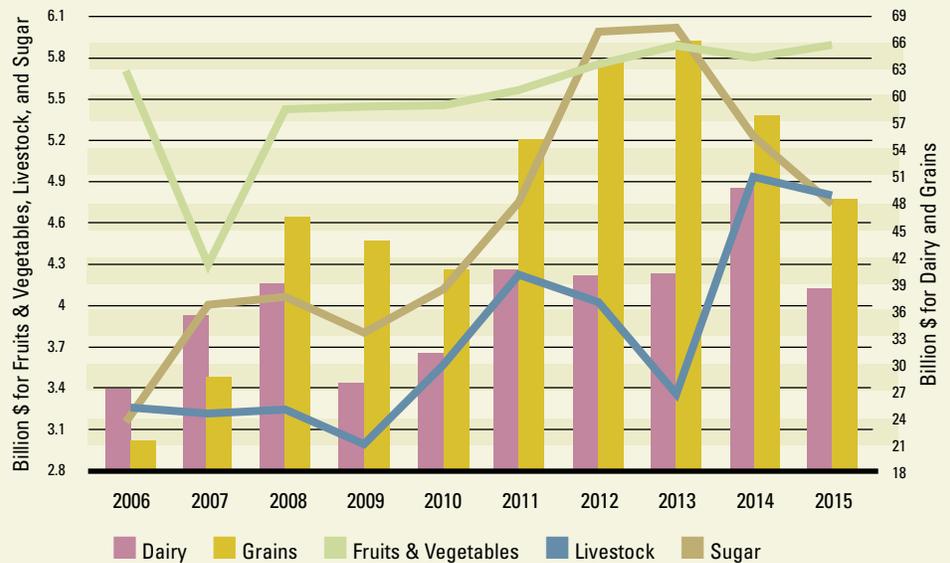
### Poultry, dairy see largest revenue dip; nuts largest gainer

Poultry and dairy products showed the largest declines in net business

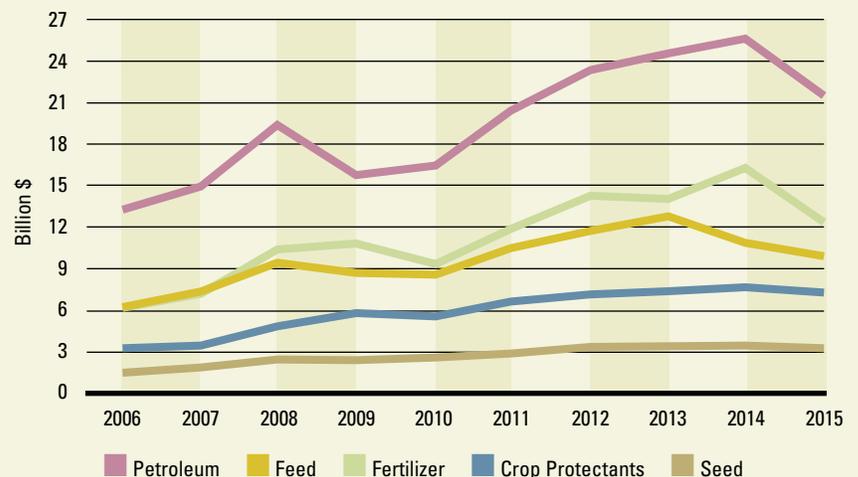
**Figure 1** — Total Gross Business Volume



**Figure 2** — Net Sales of Select Commodities, Ag Co-ops, 2006–2015



**Figure 3** — Net Sales of Farm Supplies, 2006–2015



volume in 2015, down 42 percent and 23 percent, respectively. Grain and oilseed and “other marketing” co-ops were the sectors with the next two biggest revenue declines.

Net sales of nuts, fish, cotton and fruits/vegetables all increased, paced by nut sales, which climbed 10 percent (Table 2). Total net marketing declined 17 percent, down \$22.9 billion, in 2015. Figure 2 provides 10-year trends of dairy, grain, fruit/vegetables, livestock and sugar. It shows that grain sales by co-ops have dropped for two consecutive years.

Farm supply sales dropped 10 percent in 2015, with petroleum showing the biggest loss, down 16 percent. It was followed by feed (down 8 percent) and seed (down 7.4 percent). Figure 3 shows how sales of these farm supplies have trended over the past 10 years. The composite data show that the “big three” (in order) products for farm supply co-ops are petroleum, fertilizer and feed.

### Slight decline in jobs, memberships

Total employment in ag co-ops decreased 2 percent from 2014 to 2015, although full-time employment increased slightly, up half a percent. Co-ops had 136,285 full-time employees in 2015, an increase of 675. Part-time co-op employee numbers dropped 8.4 percent.

Producers held 1,921,023 memberships in cooperatives in 2015, a decrease of 3.7 percent from 2014. Not all farmers belong to a cooperative, but many farmers belong to more than one co-op. For example, a dairy and crops farmer might market milk through one co-op, soybeans through another co-op and buy farm supplies through yet another co-op. Most farmers and other rural Americans also get electricity through consumer-owned utility cooperatives.

The number of farmer co-ops continues to decline. There are now 2,047 farmer, rancher and fishery co-

**Table 2**  
U.S. ag co-ops net<sup>1</sup> business volume, 2015 and 2014

Item	2015	2014	Difference	Change
	\$Billion	\$Billion	\$Billion	Percent
<b>Products marketed:</b>				
Bean and pea (dry edible)	0.207	0.234	(0.027)	(11.6)
Cotton	2.332	2.250	0.082	3.7
Dairy	38.328	49.636	(11.308)	(22.8)
Fish	0.224	0.215	0.009	4.2
Fruit and vegetable	5.889	5.848	0.041	0.7
Grain and oilseed	48.347	57.898	(9.551)	(16.5)
Livestock	4.792	4.947	(0.156)	(3.1)
Nut	1.723	1.566	0.156	10.0
Poultry	0.788	1.353	(0.566)	(41.8)
Rice	0.875	0.935	(0.061)	(6.5)
Sugar	4.727	5.146	(0.419)	(8.1)
Other marketing <sup>2</sup>	<u>7.179</u>	<u>8.311</u>	(1.132)	(13.6)
Total marketing	115.409	138.340	(22.931)	(16.6)
<b>Supplies purchased:</b>				
Crop protectants	7.315	7.504	(0.189)	(2.5)
Feed	9.932	10.800	(0.868)	(8.0)
Fertilizer	12.326	13.116	(0.790)	(6.0)
Petroleum	21.390	25.558	(4.168)	(16.3)
Seed	3.188	3.444	(0.256)	(7.4)
Other supplies	<u>4.873</u>	<u>5.217</u>	(0.344)	(6.6)
Total supplies	59.023	65.638	(6.615)	(10.1)
Services and other income <sup>3</sup>	5.458	6.315	(0.857)	(13.6)
Total net business volume	179.890	210.293	(30.403)	(14.5)

<sup>1</sup>Net of inter-cooperative business.

<sup>2</sup>Includes cottonseed, bioenergy, wool, tobacco, and other.

<sup>3</sup>Includes service receipts, patronage refunds received and non-operating income.

**Table 3**  
Numbers of ag co-ops by structure and type, 2015 and 2014

Structure	2015	2014	Change	Change
			Number	Percent
Centralized	1,992	2,050	(58)	(2.8)
Federated	37	37	0	(0.0)
Mixed <sup>1</sup>	18	19	(1)	(5.3)
Totals	2,047	2,106	(59)	(2.8)
<b>Type<sup>2</sup></b>				
Marketing	1,079	1,114	(35)	(3.1)
Supply	874	876	(2)	(0.2)
Service	<u>94</u>	<u>116</u>	(22)	(19.0)
Totals	2,047	2,106	(59)	(2.8)

<sup>1</sup>Mixed includes marketing agencies-in-common.

<sup>2</sup>Co-ops primarily handling a commodity, selling farm supplies, or providing services (co-ops may fit one category one year and be in a different one the next given that it is the predominance of sales that defines the category).

ops, down from 2,106 in 2014. Seventy-three co-ops were dropped from the USDA database in the past year, while 14 new cooperatives were added. This resulted in a net decrease of 59 cooperatives. While there are co-op dissolutions each year, the major cause for the decline in numbers is a continuing trend of mergers and acquisitions among cooperatives. The net result is a continuing trend toward fewer, but larger, ag co-ops.

However, the expanding local foods movement is resulting in the formation of a number of new, very small producer co-ops. While USDA is endeavoring to include more of these new “micro” co-ops in its data base, their net impact on overall ag co-op economic data is minor, but growing.

### Cooperative structural characteristics

Most of the nation’s ag cooperatives are centralized cooperatives, mostly local or state-wide co-ops with individual farmer, rancher or fishery members. Some centralized co-ops operate over multi-state areas and provide more vertically integrated services, such as further processing products or manufacturing feed. Table 3 shows that the number of centralized co-ops dropped by 58, or 2.8 percent, in 2015.

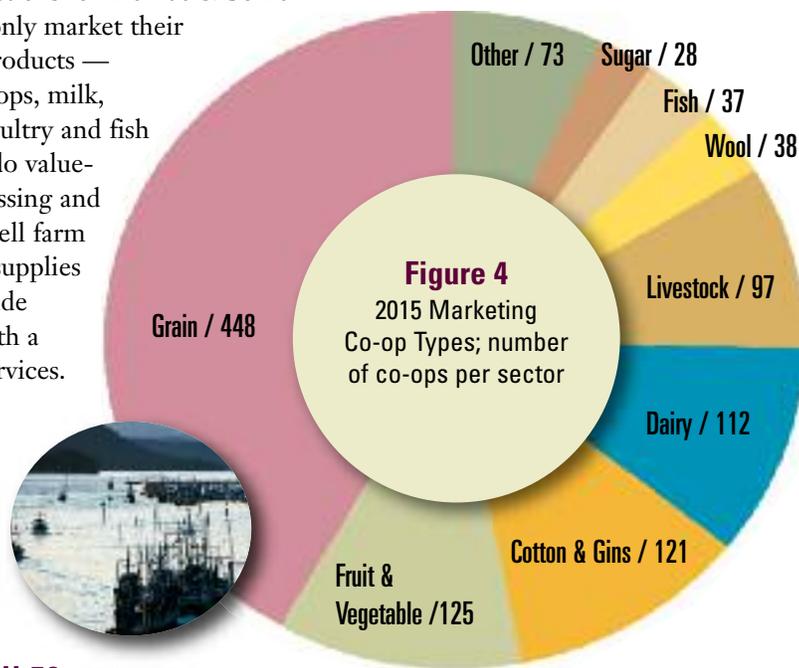
The number of federated co-ops remains stable, while the number of mixed co-ops dropped by just one. In a federated cooperative, two or more member associations have organized to market products, purchase supplies or perform bargaining functions. In mixed co-ops, the membership includes co-op associations as well as direct memberships by individual farmers or ranchers.

Further analysis found that 1,079 co-ops predominately market farm products, while farm supply sales were the main source of revenue for 874 co-ops. Another 94 co-ops earn most of their revenue from services they provide (such as storage, transportation or

agronomy service). Figure 4, which provides a breakdown of marketing co-ops by sector, shows that most were classified as grain co-ops, followed by fruit/vegetable and cotton/cotton gin co-ops.

In 2015, there were 35 fewer marketing co-ops, 2 fewer farm supply co-ops and 22 fewer service co-ops than the previous year (also see Table 3). When interpreting these changes, note that USDA categorizes co-ops based on the predominance of their sales. Thus, a co-op may be classified as a marketing co-op one year, but as farm supply co-op the next year, reflecting a shift in the proportion of its sales (the most common example being production supply sales vs. grain sales).

Many co-ops, however, have diverse operations, conducting two or three primary functions for members. Some co-ops not only market their members’ products — including crops, milk, livestock, poultry and fish — but also do value-added processing and marketing, sell farm production supplies and/or provide members with a variety of services.



### Home in all 50 states

All 50 states are home to at least one agriculture cooperative. Five states are home to the headquarters of more than 100 agriculture co-ops: Minnesota (with 184), Texas (172), North Dakota (138), Wisconsin (113) and California (107). These five states account for 35 percent of all U.S. ag co-ops.

Illinois had more than 100 ag co-ops in 2014, but dipped under that threshold in 2015. Nearly all cotton

ginning co-ops are headquartered in Texas or California.

### Co-ops: powering rural America

With their efficient and diverse operations, agriculture cooperatives are a major marketing arm for farm production and a substantial provider of supplies and services for their member-owners. Where farmer co-ops are thriving, rural communities are also more likely to be viable, in part because cooperatives tend to keep more farm-derived income “close to home.” The economic “ripples” generated by ag co-ops support large numbers of off-farm jobs, businesses, and public and private services, all of which benefit from their operations.

The continuing, solid performance of ag co-ops — even in the face of lower commodity and input prices in 2015 — shows that the time-tested, member-owned co-op business structure is as important as ever to rural America, and indeed, to the entire U.S. economy. A healthy and vigorous ag co-op sector is a vital component in the strength of our nation. ■

# USDA B&I loan guarantees support rural businesses and worker co-ops

**By Bruce J. Reynolds**

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USDA's Rural Business-Cooperative Service (RBS) is a major partner with businesses in value-added agriculture, local food and green energy. Helping families sustain entrepreneurship for the next generation or

preserve businesses with worker ownership is the new frontier for RBS financial assistance programs. The retirement of the "baby-boom" generation of business proprietors is expected to result in a major turnover in business ownership. Developing ownership succession is especially challenging in rural areas, where many small businesses may close from the lack of local financing to keep them in operation.

Since August 2016, USDA's Business & Industry (B&I) program has included new features for its loan guarantees to banks. Thanks to these new features, B&I loans can now finance ownership transfers from retiring business proprietors to family members or to their employees. Prior to these changes in program rules, it was assumed that the transfer of ownership within families was most often a seller-financed transaction. But some retiring business owners may need to use the proceeds of a sale immediately to finance their retirement.

## **Worker ownership**

The children of rural small business owners are often not available, or interested, in becoming proprietors of their parents' enterprise. In these cases, another group that might be interested in sustaining the business and its legacy are the employees.

Under the previous B&I rules, purchasing businesses with a B&I guarantee required complete ownership transfer, so that the selling owner retained no financial or ownership interest. This requirement made it difficult for employees to assume ownership because it meant they had to take on a single, large loan. It also did not permit the selling owners

to stay involved and transfer the know-how for running the business to the new owners.

The new B&I rules support succession planning and provide for staged financing when selling to employees. If a business converts to a worker cooperative or forms an Employee Stock Ownership Plan (ESOP) to transfer 100 percent of the ownership to employees, a series of B&I guarantees can now be applied over a five-year period to make that transaction easier.

During this period, the selling owners may stay involved with the business as they receive payments in exchange for their ownership shares. Furthermore, selling owners may continue their membership in the worker cooperative as long as their governance rights are equal with all other members. In complex businesses, one or more of the employees may then assume a management role; or, an outside expert can be hired to be a member of the cooperative.

A staged transfer of ownership to workers has two major advantages. First, selling owners can stay on to impart the know-how and special skills needed for managing the business to the workers. This is a great help to the many owners who want to stay active in their business while they sell so they can help ensure continued success for the enterprise and its service to the community during the transfer.

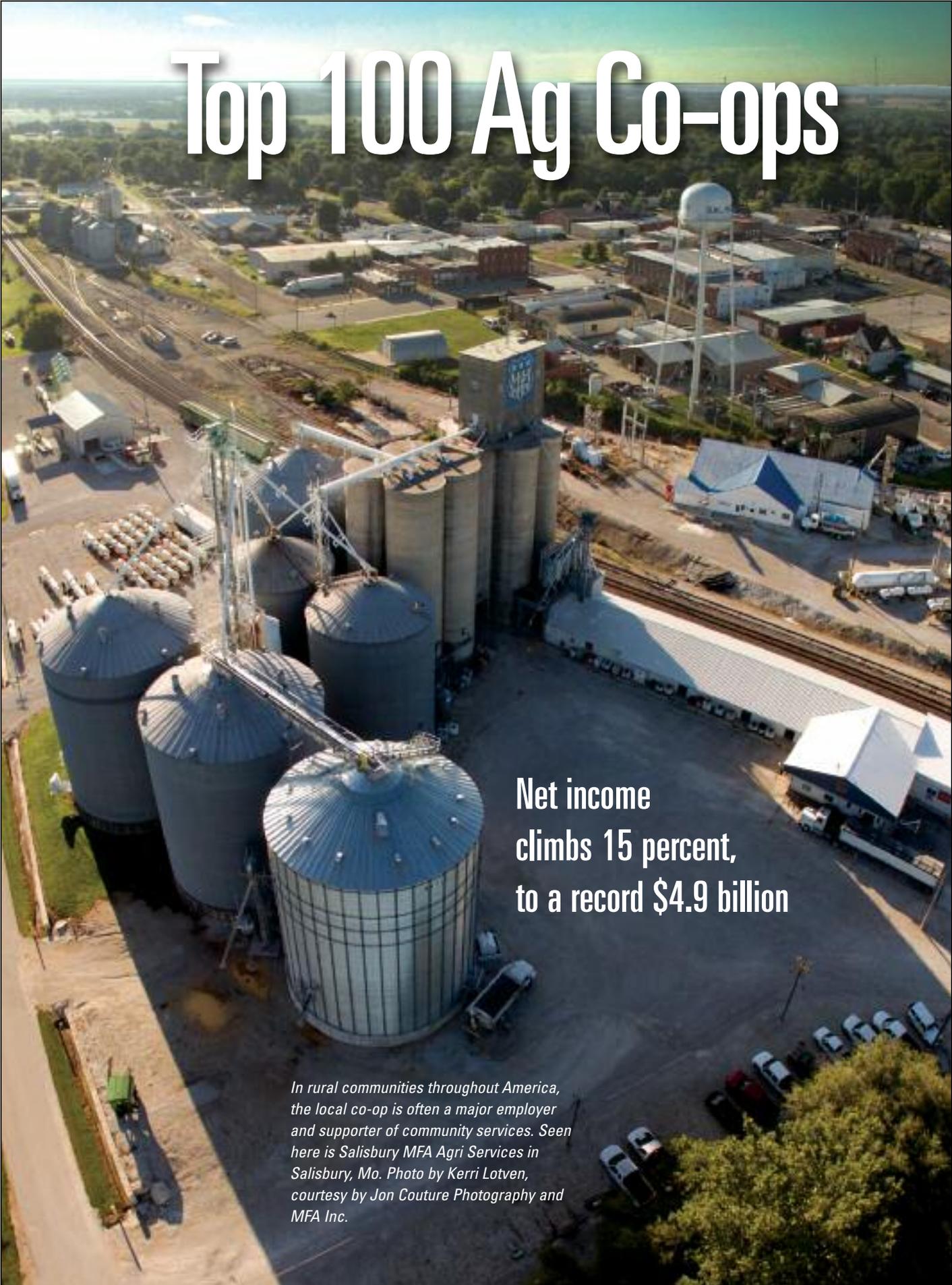
Second, business acquisitions by employees usually involve several sources of financing, and that takes time to pull together. Staged financing spreads the burden of loans over time, so when the transfer of ownership is completed, the employees have made progress in reducing the debt that would be required if a single transaction were made to buy the business. The new B&I five-year period supports this crucial process.

## **Preferred stock for community**

USDA's B&I program also provides loan guarantees for purchasing preferred stock issued by a cooperative or by a capital fund that actively finances co-ops. This feature can

*continued on page 39*

# Top 100 Ag Co-ops



**Net income  
climbs 15 percent,  
to a record \$4.9 billion**

*In rural communities throughout America, the local co-op is often a major employer and supporter of community services. Seen here is Salisbury MFA Agri Services in Salisbury, Mo. Photo by Kerri Lotven, courtesy by Jon Couture Photography and MFA Inc.*

**By James Wadsworth, Charita Coleman, Judith Rivera, Huu Hoang**



The nation's 100 largest agricultural cooperatives reported a record \$4.9 billion in net income in 2015, almost 15 percent higher than in 2014 (Table 1). However, total gross business revenue of \$148.6 billion fell 16 percent from the record high of 2014 (see Figure 1).

The new net income record reflects the success of Top 100 co-ops in holding in check the cost of goods sold and in lowering their overall expenses. Indeed, the cost of goods sold dropped by 17.6 percent, which was more than revenue dropped. Even though wages paid increased 8.4 percent, total expenses declined 3.8 percent.

The total gross business volume of almost \$149 billion by the Top 100 co-ops represents 70.16 percent of the \$212.1 billion recorded by all agricultural cooperatives for 2015, a slightly smaller share than in 2014. Total business volume is comprised of gross sales, service and other operating income, cash patronage from other co-ops and non-operating income (which may include inter-cooperative business). As discussed in the overall ag co-op statistics article in this magazine (see page 4), the drop in revenue was driven by declines in some leading commodity markets.

Total assets of the nation's Top 100 co-ops reached a record \$58.5 billion in 2015, an increase of almost 3 percent from 2014 (Table 2). Total assets of Top 100 co-ops represent 66.3 percent of the total assets of all agricultural co-ops in 2015, a slight proportional increase over 2014. Total liabilities were \$33.4 billion, a drop of 2.4 percent from 2014. Equity allocated to members was \$16.7 billion in 2015, a significant increase of 11 percent over 2014.

The cooperatives are ranked (Table 6) according to their total business volume in 2015. The first eight co-ops



## Central Valley Ag "fastest riser" on Top 100

Of the Top 100 co-ops in 2014, Central Valley Ag Cooperative, York, Neb., moved up the most in 2015, rising 24 places. Central Valley Ag — a grain, feed, energy, agronomy and service cooperative now operating in 58 locations across Nebraska, Kansas and Iowa — climbed from 44th place in 2014 to 20th place on the 2015 Top 100 list.

A merger in 2014 played a major role in the co-op's rapid ascent up the Top 100 — Central Valley Ag merged with United Farmers Cooperative (No. 55 in 2014). The co-op has grown bigger still for the forthcoming fiscal 2016 year, due to another merger with Farmers Cooperative Company of Hinton, Iowa.

Central Valley Ag Co-op's headquarters had been in O'Neil, Neb., while United Farmers' central office was in York, Neb. The latter is now the home of the merged co-op, although it is operating under the Central Valley Ag Co-op (CVA) name.

The co-op's mission and vision (as posted on its website, [www.cvacoop.com](http://www.cvacoop.com)) is: "Embracing the cooperative spirit to deliver value to our members" and "To be a world-class cooperative ensuring the long-term success of our employees and customers."

CVA's board of directors has approved the delivery of age-based equity redemption checks to patrons who have turned at least 65 by Dec. 31, 2015. A total payout of \$2.1 million was approved. Including this payout, the website says CVA will have paid out more than \$8.2 million in cash patronage, estates and equity this fiscal year. "This payment represents the spirit of the cooperative system, and we thank you for your support," Carl Dickerson, CEO of Central Valley Ag, says on the website. ■

are the same as in 2014. Ninety-five of the Top 100 were also on the list in 2014.

CHS Inc., Inver Grove Heights, Minn. — an energy, farm supply, grain and food co-op — is the nation's largest agricultural co-op (indeed, the largest U.S. co-op of any kind) and has held that position for the past decade. In 2015, its total business volume was \$34.7 billion and its assets were \$15.3 billion.

### “Mixed” grain/supply co-ops are largest sector

The Top 100 includes 33 businesses categorized as “mixed” co-ops, indicating that they derive a significant amount of revenue both from marketing their producer-members' crops and livestock products and from selling farm supplies and services (see Table 4). This is the biggest sector of the list.

Dairy cooperatives are the next largest sector of the Top 100, with 20 co-ops that derived a majority of their sales from dairy products (primarily milk). Rounding out the list (in order, by sector) were: 13 grain co-ops, 9 farm supply co-ops, 9 fruit/vegetable co-ops and 7 sugar co-ops. There were 9 “other” co-ops (including 4 livestock, 2 cotton, 2 rice and 1 nut co-op) in the Top 100.

Fourteen Top 100 co-ops moved up in the ranks by 10 or more places in 2015. These included five fruit/vegetable, three “mixed” and two grain co-ops, as well as one co-op in each of the dairy, cotton, sugar and nut sectors. Conversely, seven co-ops on the list in 2014 moved down in ranking by 10 or more places in 2015. Three of those are mixed type co-ops, while two are grain co-ops and one each is in the farm supply and dairy sectors.

### Iowa home to most Top 100 co-ops

Fifteen of the Top 100 agricultural co-ops are headquartered in Iowa, the most of any state (Table 5). Minnesota is home to the second most Top 100 co-ops, with 11 headquartered in the state. Nebraska is next with 9, followed by Illinois and California with 6 each and Wisconsin with 5. Indiana, Missouri and Ohio each

**Table 1**

#### Condensed income statement for Top 100 ag co-ops, 2015 and 2014

	2015 <i>Billion \$</i>	2014 <i>Billion \$</i>	Difference <i>Number</i>	Change <i>Percent</i>
Total Sales Revenue	146.178	173.558	(27.380)	(15.8)
Cost of Goods Sold	132.465	160.680	(28.215)	(17.6)
<b>Gross Margin</b>	<b>13.713</b>	<b>12.878</b>	<b>0.835</b>	<b>6.5</b>
Service and Other Operating Revenue	1.684	2.074	(0.390)	(18.8)
<b>Gross Revenue</b>	<b>15.397</b>	<b>14.953</b>	<b>0.445</b>	<b>3.0</b>
<b>Expenses</b>				
Wages	5.626	5.189	0.437	8.4
Depreciation	1.643	1.479	0.164	11.1
Interest Expense	0.460	0.732	(0.272)	(37.2)
Other Expenses	3.221	3.984	(0.763)	(19.1)
<b>Total Expenses</b>	<b>10.950</b>	<b>11.383</b>	<b>(0.433)</b>	<b>(3.8)</b>
Net Operating Margin	4.447	3.569	0.878	24.6
<b>Other Revenues</b>				
Patronage from Other Co-Ops	0.318	0.372	(0.054)	(14.4)
Non-Operating Income	0.417	0.598	(0.181)	(30.3)
<b>Net Income before Taxes</b>	<b>5.182</b>	<b>4.539</b>	<b>0.644</b>	<b>14.2</b>
Taxes	0.289	0.271	0.018	6.6
<b>Net Income</b>	<b>4.894</b>	<b>4.268</b>	<b>0.626</b>	<b>14.7</b>
<b>Total Gross Business Volume*</b>	<b>148.598</b>	<b>176.600</b>	<b>(28.004)</b>	<b>(15.9)</b>

\*Total gross business volume is the sum of Total sales revenue, Service and other operating revenue, Patronage from other co-ops, and Non-operating income (may include inter-cooperative business volume).

**Table 2**

#### Abbreviated balance sheet for Top 100 ag co-ops, 2015 & 2014

	2015 <i>Billions \$</i>	2014 <i>Billions \$</i>	Difference <i>Number</i>	Change <i>Percent</i>
Current Assets	33.706	34.583	(0.876)	(2.5)
Investments in Other Co-Ops	2.895	2.817	0.079	2.8
Property, Plant, and Equipment	16.423	13.627	2.797	20.5
Other Assets	5.499	5.968	(0.469)	(7.9)
<b>Total Assets</b>	<b>58.524</b>	<b>56.994</b>	<b>1.530</b>	<b>2.7</b>
Current Liabilities	22.682	23.689	(1.008)	(4.3)
Long-Term Liabilities	10.677	10.488	0.188	1.8
<b>Total Liabilities</b>	<b>33.358</b>	<b>34.177</b>	<b>(0.819)</b>	<b>(2.4)</b>
Allocated Equity	16.655	14.998	1.657	11.0
Retained Earnings	8.510	7.819	0.692	8.8
<b>Total Equity</b>	<b>25.166</b>	<b>22.817</b>	<b>2.349</b>	<b>10.3</b>
<b>Total Liabilities and Equity</b>	<b>58.524</b>	<b>56.994</b>	<b>1.530</b>	<b>2.7</b>

have 4 Top 100 co-ops, while Kansas is home to 3.

Thirty-two states are home to the headquarters of at least one Top 100 ag co-op. It is important to note that many of the Top 100 co-ops have members and operations in multiple states, even nationwide. The state where the headquarters is located does not necessarily mean most of the co-op's business is conducted there.

### Four-year upward sales trend ends

The drop in gross business volume to \$148.6 billion in 2015 ends a 4-year run of revenue records (Figure 1 shows the 10-year trend). Likewise, sales revenue decreased by 15.8 percent, a drop of \$27.4 billion from the record year of 2014.

The 17.6-percent decline in cost of goods sold, shown in Table 1, primarily reflects lower payments to members for their goods by marketing cooperatives — such as dairy, fruit/vegetable, cotton, sugar and grain co-ops. The larger decrease in cost of goods sold than in sales means that gross margins increased by 6.5 percent in 2015 over 2014. While service and other operating income was down in 2015, the Top 100 co-ops still increased their gross revenue by 3 percent.

With a 3.8-percent decrease in total expenses, the net operating margins of the Top 100 increased 24.6 percent, to \$4.5 billion in 2015. Patronage income from other cooperatives decreased 14.4 percent, to \$318 million, and non-operating income decreased 30.3 percent, from \$598 million in 2014 to \$417 million in 2015.

Net income before taxes was \$5.2 billion, a 14-percent increase from 2014. Taxes increased 6.6 percent, providing net income of \$4.9 billion for the Top 100 in 2015 and a 15-percent increase over the \$4.3 billion of 2014. Figure 2 illustrates the trend in net income since 2006, showing 2015 as the highest income year on record.

### Assets and member equity increase

The total asset base for the Top 100 grew by \$1.5 billion, to a record \$58.5 billion, from 2014 to 2015, an increase of 2.7 percent (Table 2). These co-ops ended 2015 with \$33.7 billion in current assets, down 2.5 percent from 2014.

Investments in other co-ops increased slightly, by 2.8 percent, to \$2.9 billion. Fixed assets (property, plant and equipment) increased by 20.5 percent in 2015, from \$13.6 billion in 2014 to \$16.4 billion in 2015. Other assets decreased by 7.9 percent, ending 2015 at \$5.5 billion.

Current liabilities decreased by 4.3 percent, to \$22.7 billion, as did total liabilities, which dipped from \$34.2 billion in 2014 to \$33.4 billion in 2015. Equity

allocated to members rose by 11 percent, to \$16.7 billion for 2015. Retained earnings also increased, ending the year at \$8.5 billion, up 8.9 percent. This resulted in \$25.2 billion in total equity for the Top 100 in 2015, an increase of 10.3 percent.

### Key ratios improve

Table 3 provides the combined financial ratios for the largest 100 ag co-ops. All ratios improved except for fixed-asset turnover, which reflects the increased investment in property, plant and equipment of the Top 100. The current ratio of 1.49 for 2015 was slightly higher than in 2014. The current ratio is a liquidity ratio that measures a cooperative's ability to meet short-term obligations. So, Top 100 current assets are 1.49 times current liabilities.

The debt-to-asset ratio illustrates the proportion of

*continued on page 16*

Figure 1—Top 100 co-ops' total gross business volume, 2006–2015

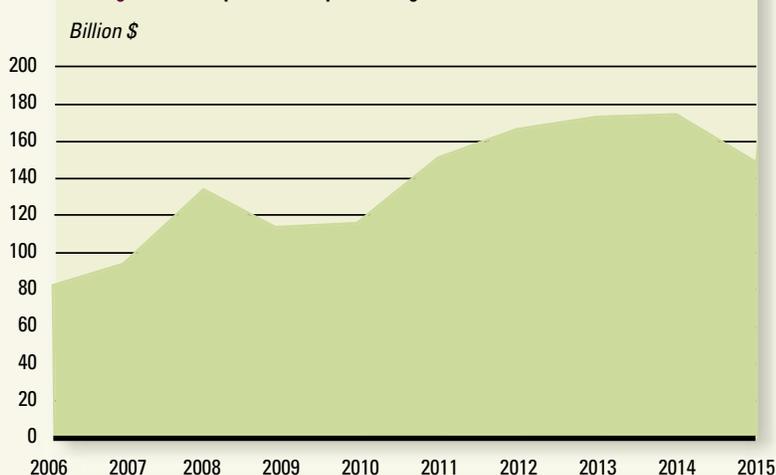
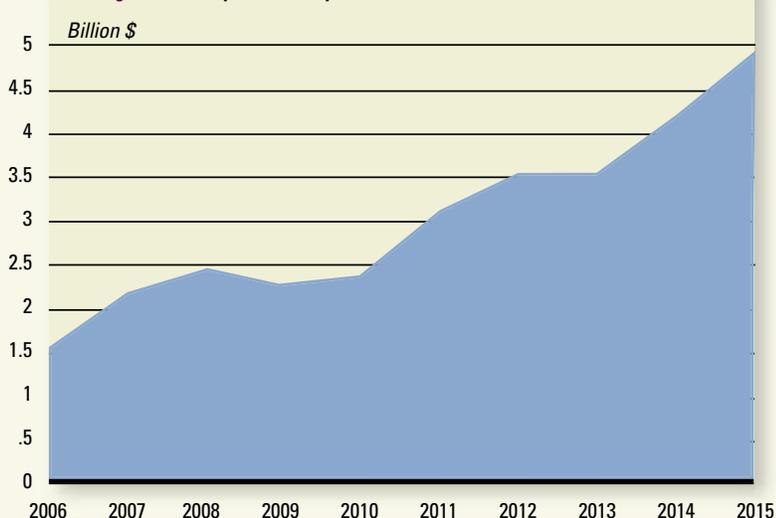


Figure 2—Top 100 co-ops' net income, 2006–2015



*Editor's note: This article includes excerpts from articles originally written by Nancy Jorgensen (MFA Inc.) and Patricia Miller (CHS Inc.).*

Even for the largest U.S. agriculture cooperatives — some of which may be Fortune 1,000 or even 500 businesses — there is still a distinctive “cooperative difference” that sets them apart in the business world. For large and small co-ops alike, that difference is rooted in the fact that co-ops are member-owned, member-controlled enterprises that are directed by democratically elected boards of directors.

The over-riding mission of a co-op board is to run a business that is dedicated to meeting the needs of its members — not outside investors who may care little if a facility operates in central Kansas or is moved to an overseas location.

### **Not so secret of success**

There's no secret to how America's most successful cooperatives climbed the hill: they got there by serving the needs of their members better than their competitors. United in co-ops we may stand, but co-ops do business in a highly capitalistic economic system. The efficiency of their operations and ability to meet member expectations ultimately tells the tale of who thrives, who survives and who fails.

Most co-ops are also dedicated to being assets to the communities in which their members live and work, which in turn helps to attract member support. “We're all in this together” is the mantra of co-ops and communities.

“We're involved in our communities up to our ears, and that's a big reason for our success,” says Dave Cooper, general manager of Grand River Group, headquartered in Albany, Mo., as quoted in a recent issue of *Today's Farmer*, the member publication of MFA Inc. “Our contributions help us bond with our customers and draw our communities together.”

MFA serves 165 communities in Missouri and



# Economic Wave Makers

## Top 100 co-ops 'climbed the hill' by meeting the needs of members and their communities

neighboring states with retail farm supply stores, grain handling/marketing and agronomy services.

With all the talk about diversifying the rural economy, sometimes outsiders do not fully realize just how much agriculture still drives the wheels of commerce in much of the nation's rural heartland.

“Everything hinges on agriculture here, and MFA plays a critical role,” Cooper continues. “We're among the largest businesses in most of our communities, and our payroll energizes local communities. We're growing each year, and as we grow, we have to get smarter and more efficient.”

The five MFA Agri-Services Centers Cooper manages (in the Missouri communities of Albany, Bethany, Pattonsburg, Gallatin and Hamilton) sold 3.5 million bushels of grain and 12,000 tons of fertilizer from 2014-15. These facilities are operated by 32 fulltime and 9 seasonal workers.

“When I walk down the street, I know everyone by first name,” Cooper says. And more than just the faces, he knows what cars and trucks people own.

The MFA retail locations he manages support their communities in so many ways, including by providing funds, labor, equipment and trophies to help stage county fairs — still an annual highlight of rural life in America.



*When they aren't serving the farmer-members of Co-op Country Farmers Elevator in Renville, Minn., employees such as these often volunteer for various roles that support their community, including at the school (seen in the background, next door to the co-op's headquarters facility). Photo courtesy CHS Inc.*

The co-op buys livestock raised by 4-H and FFA members during the auctions. “Whatever it takes to make it happen — we’re there,” Cooper says. (To read the entire article, visit: <http://todaysfarmermagazine.com/mag/1219-service-pays-off>.)

### **More dollars working locally**

Agricultural leaders often talk about the many times that each “agri-dollar” turns over in a rural community. The dollars the farmer earns for a bushel of grain or a head of beef get spent at local stores, at car and equipment dealers, which in turn spend them for similar goods and services, and so on. But the economic cycle all starts with an ear of corn, a stalk of wheat or an apple on a tree.

Even in a rural town of 2,000 people in which perhaps only 10 percent of the people are farmers, most peoples’ livelihoods hinge on the farm economy.

“One way to look at a co-op like CHS is to think of it as a pebble tossed into the ‘pond’ of a community,” John Engelen, CHS vice president for government affairs, says in the Sept./Oct. issue of the co-op’s *C* magazine. “That co-op pebble sends out ever-widening ripples that affect members, employees, residents, local businesses and a host of vendors and suppliers.”

Co-op Country Farmers Elevator in Renville, Minn.,

we believe part of doing business is giving back to our members and our towns.”

Co-op employees serve on their local school boards, city councils and in other leadership roles. They sponsor youth sports teams, support other school programs and offer college scholarships to graduating high school seniors.

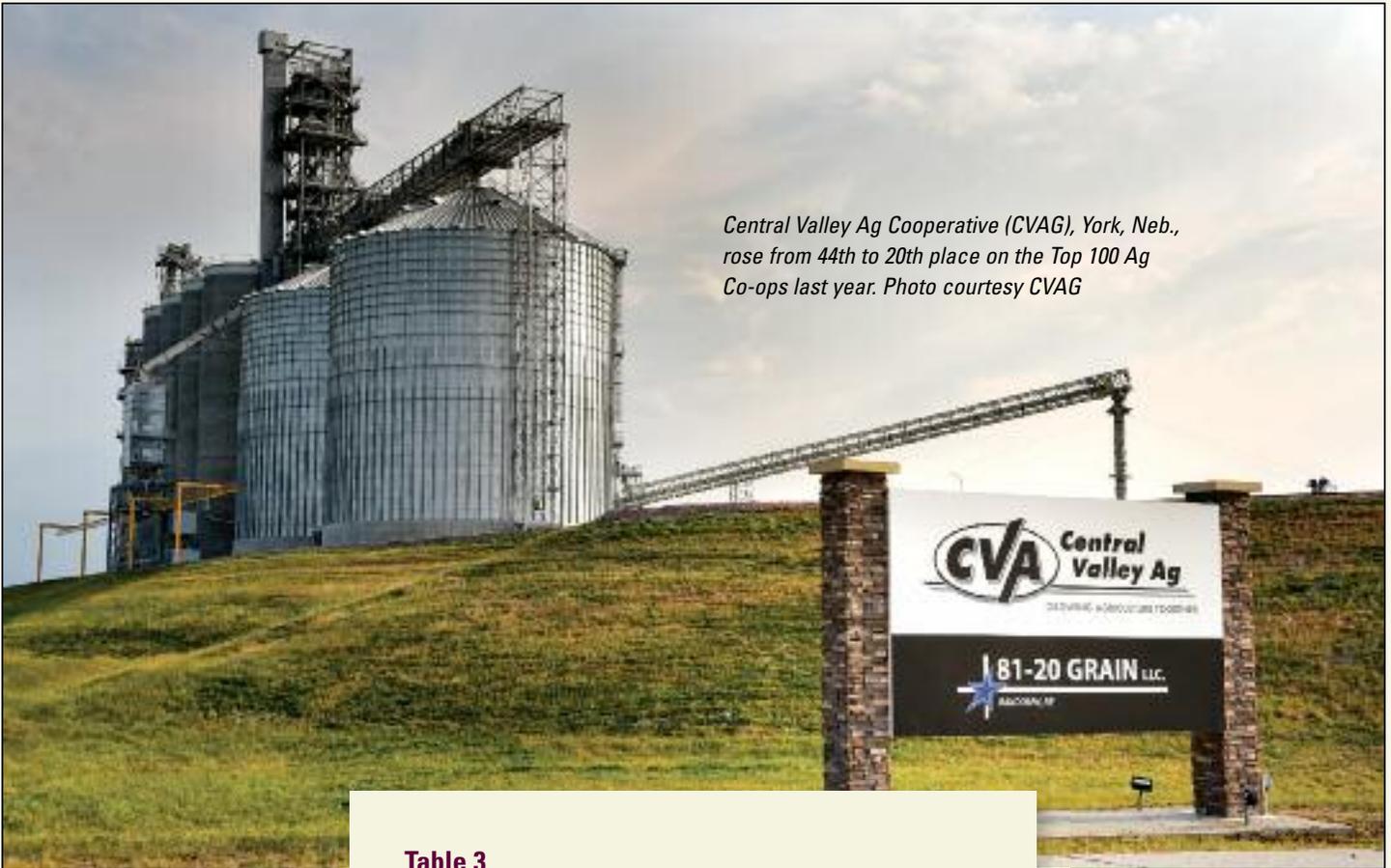
The Renville co-op recently teamed with other co-op partners to make a \$50,000 donation for a new, state-of-the-art hospital in Danube, Minn., which in turn is attracting other new businesses and jobs. The co-op is also the community’s largest source of property taxes.

CHS hired the Ernst & Young consulting firm to study the impact of its operations on rural America. Among a host of impressive findings is that CHS’ grain purchases helped to support nearly 210,000 jobs in 2014. Through the CHS Foundation, the co-op invested \$8.5 million in 2014 to develop future leaders, improve farm safety and build vibrant rural communities.

“Being involved in our communities and rural America is CHS; it’s who we are,” says Linda Tank, president of the CHS Foundation and the co-op’s senior vice president for communications.

The same could be said of most, if not all, of the nation’s farmer-owned cooperatives. Viva la co-op différence! ■

Central Valley Ag Cooperative (CVAG), York, Neb., rose from 44th to 20th place on the Top 100 Ag Co-ops last year. Photo courtesy CVAG



**Table 3**  
**Combined Financial Ratios and Percentages,**  
**Top 100 Ag Co-ops, 2015 and 2014**

	2015	2014
<b>Ratio</b>		
Current	1.49	1.46
Debt-to-Assets	0.57	0.60
Long-Term-Debt-to-Equity	0.42	0.46
Times Interest Earned	12.27	7.20
Fixed Asset Turnover	8.90	12.74
<b>Percentage</b>		
Gross Profit Margin	9.38	7.42
Net Operating Margin	3.04	2.06
Return on Total Assets	9.64	9.25
Return on Member Equity	29.38	28.46

business assets that are financed by debt. This ratio improved somewhat in 2015, at 0.57 vs. 0.6 percent in 2014, reflecting a slight decrease in debt-financed assets.

Long-term debt and equity are generally used to finance long-term assets. The long-term debt-to-equity ratio dipped from 0.46 in 2014 to 0.42 in 2015, meaning that slightly less long-term debt was used for financing assets, even though assets increased.

The times-interest-earned ratio shows how many times a cooperative can cover its interest charges on a pre-tax basis. Generally, a high ratio is positive, because it means that the co-op can meet its debt obligations. Conversely, a low value may imply trouble meeting debt obligations. However, a high ratio can also mean that the cooperative is paying down too much debt with earnings that could be used elsewhere in the business or for revolving member equity. In 2015, the ratio was 12.3, significantly higher than in 2014.

The fixed-asset turnover ratio measures how well a co-op uses its assets to generate income. As a general rule, those co-ops with high amounts of fixed capital, such as processing co-ops, will have a lower fixed-asset turnover ratio than some of those that primarily provide marketing or bargaining services. The Top 100 fixed-asset ratio was 8.9 in 2015, lower than the 12.7 in 2014. This change again

reflects the increased investment in fixed assets of the Top 100.

Profitability ratios are important for any business; an unprofitable business will obviously not remain solvent for very long. However, co-ops are in a unique position in that they try to operate as close to cost as possible. For example, a co-op's gross margins will usually be somewhat lower than a non-cooperative business in the same industry.

Between 2014 and 2015, co-op gross profit margins (gross margins divided by sales revenue) increased from 7.4 percent to 9.4 percent. Similarly, net operating margins also

**Table 4**  
**Cooperative types for Top 100 ag co-op analysis;**  
**co-op headquarters by state**

Type of co-op	Type definition
<b>Supply</b>	Derive at least 75% of their total revenue from farm supply sales.
<b>Mixed</b>	Derive between 25% and 75% of total revenue from farm supply sales; remainder from marketing.
<b>Grain</b>	Derive at least 75% of total revenue from grain marketing.
<b>Dairy</b>	Market members' raw milk; some also manufacture products such as cheese and ice cream.
<b>Sugar</b>	Refine sugar beets and cane into sugar; market sugar and related byproducts.
<b>Fruit and Vegetable</b>	Generally further process and market fruits or vegetables, rather than marketing raw products.
<b>Other</b>	Includes co-ops that market livestock, rice, cotton and nuts.

**Number of Top 100 Co-ops**

Type of Co-Op	2015	2014
Mixed	33	35
Dairy	20	21
Grain	13	11
Supply	9	10
Fruit and Vegetable	9	8
Sugar	7	6
Other (livestock, rice, cotton, nuts)	9	9
<b>Total</b>	<b>100</b>	<b>100</b>
<b>State of Headquarters</b> (see Table 5 also)		
Iowa	15	15
Minnesota	11	12
Nebraska	9	9
Illinois	6	6
California	6	5
Wisconsin	5	5
Indiana	4	4
Missouri	4	4
Ohio	4	4
Kansas	3	3
Other 22 States	33	33
<b>Total</b>	<b>100</b>	<b>100</b>

increased, from 2.1 percent to 3 percent in 2015. Return on total assets measures co-op income (before interest and taxes) against total assets. This ratio increased slightly for the Top 100 co-ops, from 9.3 percent in 2014 to 9.6 percent in 2015.

Return on member's equity measures net income after taxes against allocated equity, thus showing return to members' equity alone. In 2015, the return on members' equity was 29.4 percent, up from 28.5 percent in 2014.

**Many reasons for Top 100 changes**

Tracking the Top 100 co-ops' performance, year-to-year, provides insight into trends and economic forces impacting co-ops and their member-owners. The various financial ratios discussed may also serve as a yardstick that all co-ops can compare their own status to.

In 2015, despite a substantial decrease in total business volume, the Top 100 cooperatives operated efficiently. This allowed them to invest in operational assets, to use funds to shore up their financial foundation and to provide patronage refunds and revolve member equity.

The operations of the nation's 100 largest agricultural cooperatives represent a wide diversity of agricultural businesses. As such, it is difficult to point to two or three reasons for the changes that occurred on the list in the past year. There are many reasons that a co-op's rank, total business volume, revenue, expenses and income change on a year-to-year basis; these factors will vary depending upon the sector the cooperative operates in.

Total business volume changes can be influenced by:

- Cooperative-sector structural changes, e.g., mergers, acquisitions and dissolutions (some of these occurred in 2015, impacting this analysis);
- Prices and sales volume of commodities and products (lower price of some commodities, e.g., milk, impacted sales

- revenue in 2015);
- Cooperative policies;
- State and national trade and farm programs;
- Farm input costs;

- Energy-sector performance (low petroleum prices impacted 2015);
- Food-price fluctuations;
- Economic peaks and valleys, and
- Weather conditions.

It is important to keep these factors in mind when assessing the rank and performance of the Top 100 U.S. agricultural co-ops. ■

**Table 5**  
**Co-op Headquarters by State by Cooperative Types for Top 100 Ag Co-ops**

STATE	TYPE OF CO-OP							Total
	Mixed	Dairy	Grain	Supply	Fruit & Veg	Sugar	Other	
Alabama	1							1
Arkansas							2	2
Arizona		1						1
California		1			4		1	6
Colorado						1		1
Florida					1	1		2
Georgia				1				1
Iowa	8	2	3	2				15
Idaho						1		1
Illinois	2	1	1	2				6
Indiana	3			1				4
Kansas	1		2					3
Kentucky			1					1
Louisiana						1		1
Massachusetts		1			1			2
Michigan		1				1		2
Minnesota	6	3				2		11
Missouri	1	1	1	1				4
Mississippi			1				1	2
Nebraska	6		2				1	9
New Mexico		1						1
New York		1			1			2
Ohio	2		1				1	4
Oregon		1			1			2
South Dakota	1		1					2
Tennessee				1				1
Texas		1					1	2
Utah							1	1
Virginia		1		1				2
Vermont		1						1
Washington		1			1			2
Wisconsin	2	2					1	5
<b>Total</b>	<b>33</b>	<b>20</b>	<b>13</b>	<b>9</b>	<b>9</b>	<b>7</b>	<b>9</b>	<b>100</b>

**Table 6—Top 100 Agriculture Cooperatives, 2015 and 2014 by total gross business revenue (Billion \$)**

2015 RANK	2014 RANK	NAME	TYPE	2015 REVENUE	2014 REVENUE	2015 ASSETS	2014 ASSETS
<i>\$ Billion</i>							
1	1	CHS Inc. Inver Grove Heights, Minn.	Mixed (Energy, Supply, Food, Grain)	34.696	42.886	15.228	15.147
2	2	Dairy Farmers of America Kansas City, Mo.	Dairy	13.906	17.856	3.402	3.404
3	3	Land O'Lakes Inc. Saint Paul, Minn.	Mixed (Supply, Dairy, Food)	13.069	15.276	8.000	6.992
4	4	GROWMARK Inc. Bloomington, Ill.	Supply	8.744	10.433	2.313	2.459
5	5	Ag Processing Inc. Omaha, Neb.	Mixed (Grain, Supply)	4.450	5.200	1.433	1.376
6	6	California Dairies Inc. Visalia, Calif.	Dairy	3.182	4.642	0.918	1.112
7	7	United Suppliers Inc. Eldora, Iowa	Supply	2.635	2.642	1.135	1.129
8	8	Northwest Dairy Assoc./Darigold Inc. Seattle, Wash.	Dairy	2.558	2.595	0.601	0.644
9	11	Southern States Cooperative Inc. Richmond, Va.	Supply	1.904	2.107	0.457	0.525
10	13	Prairie Farms Dairy Inc. Carlinville, Ill.	Dairy	1.752	1.881	0.722	0.738
11	15	Ocean Spray Cranberries Inc. Lakeville-Middleboro, Mass.	Fruit & Vegetable	1.712	1.642	1.710	1.712
12	10	Associated Milk Producers Inc. New Ulm, Minn.	Dairy	1.666	2.170	0.285	0.312
13	21	Blue Diamond Growers Sacramento, Calif.	Other (Nut)	1.650	1.497	0.515	0.478
14	28	Select Milk Producers Inc. Artesia, N.M.	Dairy	1.534	1.057	0.267	0.123
15	12	Foremost Farms USA, Cooperative Baraboo, Wis.	Dairy	1.504	1.983	0.362	0.430
16	16	Producers Livestock Omaha, Neb.	Other (Livestock)	1.499	1.573	0.228	0.271
17	20	MFA Inc. Columbia, Mo.	Mixed (Supply, Grain, Livestock)	1.441	1.521	0.441	0.439
18	17	South Dakota Wheat Growers Assoc. Aberdeen, S.D.	Mixed (Grain, Supply)	1.322	1.534	0.658	0.658
19	22	American Crystal Sugar Co. Moorhead, Minn.	Sugar	1.216	1.388	0.845	0.883
20	44	Central Valley Ag Co-op York, Neb.	Mixed (Grain, Supply)	1.162	0.787	0.515	0.275

**Table 6—Top 100 Agriculture Cooperatives, 2015 and 2014 by total gross business revenue (Billion \$)**

2015 RANK	2014 RANK	NAME	TYPE	2015 REVENUE	2014 REVENUE	2015 ASSETS	2014 ASSETS
<i>\$ Billion</i>							
21	24	Sunkist Growers Inc. Valencia, Calif.	Fruit & Vegetable	1.150	1.234	0.208	0.212
22	25	Riceland Foods Inc. Stuttgart, Ark.	Other (Rice)	1.122	1.162	0.584	0.562
23	23	United Producers Inc. Columbus, Ohio	Other (Livestock)	1.089	1.240	0.034	0.047
24	18	MFA Oil Co. Columbia, Mo.	Supply	1.087	1.521	0.410	0.439
25	19	Md. & Va. Milk Producers Co-op Assoc. Reston, Va.	Dairy	1.053	1.523	0.139	0.164
26	31	Co-op Regions of Organic Producer Pools LaFarge, Wis.	Dairy	1.017	0.972	0.300	0.241
27		Name withheld by request					
28	39	Staple Cotton Cooperative Assoc. Greenwood, Miss.	Other (Cotton)	0.988	0.865	0.246	0.328
29	34	Plains Cotton Cooperative Assoc. Lubbock, Tex.	Other (Cotton)	0.981	0.892	0.137	0.108
30	27	Agri-Mark Inc. Lawrence, Mass.	Dairy	0.920	1.143	0.351	0.384
31	26	Michigan Milk Producers Assoc. Novi, Mich.	Dairy	0.892	1.153	0.189	0.203
32	30	Heartland Co-op West Des Moines, Iowa	Grain	0.871	0.983	0.356	0.255
33	32	Co-Alliance LLP Avon, Ind.	Mixed (Supply, Grain)	0.862	0.965	0.322	0.330
34	36	Aurora Cooperative Elevator Co. Aurora, Neb.	Mixed (Supply, Grain)	0.852	0.882	0.511	0.483
35	37	Farmers Grain Terminal Inc. Greenville, Miss.	Grain	0.846	0.881	0.140	0.137
36	41	Farmers Cooperative Dorchester, Neb.	Mixed (Grain, Supply)	0.833	1.038	0.292	0.177
37	29	United Dairymen of Arizona Tempe, Ariz.	Dairy	0.803	1.038	0.166	0.177
38	40	Upstate Niagara Cooperative Inc. Buffalo, N.Y.	Dairy	0.777	0.864	0.291	0.258
39	45	Equity Cooperative Livestock Sales Assoc. Baraboo, Wis.	Other (Livestock)	0.759	0.774	0.035	0.041
40	33	Snake River Sugar Co. Boise, Idaho	Sugar	0.755	0.903	0.837	0.763

**Table 6—Top 100 Agriculture Cooperatives, 2015 and 2014 by total gross business revenue (Billion \$)**

2015 RANK	2014 RANK	NAME	TYPE	2015 REVENUE	2014 REVENUE	2015 ASSETS	2014 ASSETS
<i>\$ Billion</i>							
41	42	Farmers Co-op Co. (now Landus Coop.) Ames, Iowa	Mixed (Grain, Supply)	0.719	0.862	0.292	0.251
42	48	Tillamook County Creamery Assoc. Tillamook, Ore.	Dairy	0.717	0.763	0.410	0.427
43	47	Tennessee Farmers Cooperative LaVergne, Tenn.	Supply	0.706	0.764	0.308	0.313
44	51	NEW Cooperative Inc. Fort Dodge, Iowa	Mixed (Grain, Supply)	0.701	0.690	0.301	0.286
45	35	Innovative Ag Services Co. Monticello, Iowa	Mixed (Grain, Supply)	0.688	0.889	0.231	0.248
46	46	North Central Farmers Elevator Ipswich, S.D.	Mixed (Grain, Supply)	0.658	0.767	0.282	0.276
47	43	Cooperative Producers Inc. Hastings, Neb.	Mixed (Grain, Supply)	0.641	0.809	0.251	0.268
48	54	Citrus World Inc. (Florida's Natural Growers) Lake Wales, Fla.	Fruit & Vegetable	0.634	0.643	0.350	0.364
49	63	Pacific Coast Producers Lodi, Calif.	Fruit & Vegetable	0.626	0.591	0.389	0.345
50	58	Louisiana Sugar Cane Products Inc. Breaux Bridge, La.	Sugar	0.618	0.618	0.128	0.128
51	49	First District Association Litchfield, Minn.	Dairy	0.617	0.747	0.127	0.148
52	73	Watonwan Farm Service Co. Truman, Minn.	Mixed (Grain, Supply)	0.611	0.489	0.222	0.148
53		Name withheld by request					
54	57	United Cooperative Beaver Dam, Wis.	Mixed (Supply, Grain)	0.602	0.625	0.577	0.482
55	60	NFO Inc. Ames, Iowa	Dairy (Livestock)	0.587	0.607	0.029	0.035
56	62	Alabama Farmers Cooperative Inc. Decatur, Ala.	Mixed (Grain, Fish, Supply, Cotton)	0.556	0.594	0.274	0.267
57	67	Ray-Carroll County Grain Growers Inc. Richmond, Mo.	Grain	0.555	0.539	0.171	0.146
58	90	Producers Livestock Marketing Assoc. North Salt Lake, Utah	Other (Livestock)	0.538	0.408	0.057	0.045
59	70	Bongards Creameries Bongards, Minn.	Dairy	0.536	0.516	0.148	0.141
60	61	Frenchman Valley Farmers Co-op Inc. Imperial, Neb.	Mixed (Grain, Supply)	0.532	0.603	0.226	0.222

**Table 6—Top 100 Agriculture Cooperatives, 2015 and 2014 by total gross business revenue (Billion \$)**

2015 RANK	2014 RANK	NAME	TYPE	2015 REVENUE	2014 REVENUE	2015 ASSETS	2014 ASSETS
<i>\$ Billion</i>							
61	53	Trupointe Cooperative Piqua, Ohio	Mixed (Supply, Grain)	0.523	0.651	0.207	0.217
62	76	Michigan Sugar Co. Bay City, Mich.	Sugar	0.522	0.470	0.253	0.290
63	50	West Central Cooperative Ralson, Iowa	Mixed (Grain, Supply)	0.519	0.691	0.203	0.335
64	38	Lone Star Milk Producers Inc. Wichita Falls, Tex.	Dairy	0.491	0.875	0.107	0.135
65	65	Producers Rice Mill Inc. Stuttgart, Ark.	Other (Rice)	0.489	0.548	0.223	0.243
66	75	West Central Ag Services Ulen, Minn.	Grain	0.475	0.475	0.231	0.231
67	52	Hopkinsville Elevator Co. Inc. Hopkinsville, Ky.	Grain	0.456	0.660	0.215	0.188
68	74	Farmway Co-op Inc. Beloit, Kan.	Grain	0.442	0.484	0.224	0.189
69		Name withheld by request					
70	85	Farmers Cooperative Society Sioux Center, Iowa	Mixed (Grain, Supply)	0.437	0.437	0.170	0.170
71	69	Mid-Kansas Cooperative Assoc. Moundridge, Kan.	Mixed (Grain, Supply)	0.434	0.524	0.347	0.206
72		Name withheld by request					
73	64	Heritage Cooperative Inc. West Mansfield, Ohio	Mixed (Grain, Supply)	0.428	0.550	0.148	0.152
74	78	Landmark Services Cooperative Cottage Grove, Wis.	Mixed (Supply, Grain)	0.426	0.468	0.245	0.219
75	72	River Valley Cooperative Eldridge, Iowa	Mixed (Grain, Supply)	0.426	0.498	0.118	0.126
76	83	Premier Cooperative Inc. Champaign, Ill.	Grain	0.415	0.438	0.156	0.137
77	66	Sunrise Cooperative Inc. Fremont, Ohio	Mixed (Grain, Supply)	0.412	0.544	0.163	0.171
78	79	Gateway FS Inc. Red Bud, Ill.	Mixed (Grain, Supply)	0.399	0.465	0.116	0.106
79	89	Tree Top Inc. Selah, Wash.	Fruit & Vegetable	0.393	0.425	0.336	0.323
80	93	Sun-Maid Growers of California Kingsburg, Calif.	Fruit & Vegetable	0.384	0.390	0.229	0.222

**Table 6—Top 100 Agriculture Cooperatives, 2015 and 2014 by total gross business revenue (Billion \$)**

2015 RANK	2014 RANK	NAME	TYPE	2015 REVENUE	2014 REVENUE	2015 ASSETS	2014 ASSETS
<i>\$ Billion</i>							
81	77	New Vision Cooperative Worthington, Minn.	Mixed (Grain, Supply)	0.376	0.469	0.140	0.149
82	86	Harvest Land Co-op Richmond, Ind.	Mixed (Supply, Grain)	0.374	0.435	0.132	0.127
83	82	Swiss Valley Farms Cooperative Davenport, Iowa	Dairy	0.373	0.440	0.115	0.126
84		Name withheld by request					
85	—	Florida Sugar & Molasses Exchange Inc. Riviera Beach, Fla.	Sugar	0.363	0.291	0.043	0.069
86	84	Saint Albans Cooperative Creamery Inc. Saint Albans, Vt.	Dairy	0.357	0.437	0.055	0.056
87	91	First Cooperative Assoc. Cherokee, Iowa	Mixed (Grain, Supply)	0.357	0.407	0.115	0.125
88	94	Southern Minnesota Beet Sugar Co-op Renville, Minn.	Sugar	0.356	0.389	0.373	0.323
89	92	Key Cooperative Roland, Iowa	Mixed (Grain, Supply)	0.352	0.403	0.128	0.124
90	96	Gold-Eagle Cooperative Goldfield, Iowa	Mixed (Grain, Supply)	0.352	0.386	0.111	0.103
91		Name withheld by request					
92	—	Western Sugar Cooperative Denver, Colo.	Sugar	0.343	0.320	0.247	0.239
93	97	Effingham Equity Effingham, Ill.	Supply	0.341	0.371	0.205	0.199
94	—	Ag Valley Cooperative Edison, Neb.	Mixed (Grain, Supply)	0.339	0.344	0.185	0.157
95		Name withheld by request					
96	80	Meadowland Farmers Cooperative Lamberton, Minn.	Grain	0.335	0.463	0.156	0.153
97	100	Frontier Ag Inc. Oakley, Kan.	Mixed (Grain, Supply)	0.334	0.355	0.167	0.155
98	—	Sunsweet Growers Inc. Yuba City, Calif.	Fruit & Vegetable	0.315	0.304	0.192	0.180
99	99	Agriland FS Inc. Winterset, Iowa	Supply	0.313	0.362	0.151	0.148
100	95	Five Star Cooperative New Hampton, Iowa	Mixed (Grain, Supply)	0.311	0.387	0.105	0.101

\*All figures in Billion \$ \* **Note:** Total Revenue = Total Gross Business Volume, the sum of Total Sales, Service Receipts, Patronage Income and Non-operating Income.

# Co-ops & Community

Cabot, Foremost saluted for sustainability efforts



**Editor's note:** Information for this article was provided by the Agri-Mark and Foremost Farms dairy cooperatives, the New England Dairy Promotion Board and the Dairy Sustainability Awards program. To read about all of the 2016 Dairy Sustainability Award winners, visit: <http://www.usdairy.com/sustainability/us-dairy-sustainability-awards>. If you know of a co-op, a co-op employee or member who is helping to make the community or region a better place to live, please send a note to: [coopinfo@wdc.usda.gov](mailto:coopinfo@wdc.usda.gov).



The nation's dairy cooperatives and their producer-members are making major strides toward developing more environmentally sustainable operations. The U.S. Dairy Sustainability Awards were established five years ago to recognize outstanding achievements in this area. The 2016 awards honor outstanding dairy farms, businesses and partnerships for socially responsible, economically viable, and environmentally sound operating practices.

"These practices, large and small, are steps that add up to promote the health and well-being of consumers, communities, cows, employees, the planet and business," according to the award program website. "This year's recipients show how innovation and improvements sparked by one farm, one person or one organization can have a ripple effect that goes well beyond their farm gate or front door."

Winners were recognized in four categories: Dairy Farm Sustainability; Dairy Processing and Manufacturing Sustainability; Achievement in Resource Stewardship, and Achievement in Community Partnerships.

## Real Farm Power program saluted

Cabot Creamery won the award for Outstanding Dairy Processing & Manufacturing Sustainability. The cooperative was selected for its Real Farm Power™ program, the latest in a series of sustainability projects pioneered by the 1,100 dairy-farm families of the Agri-Mark dairy cooperative, owner of Cabot Creamery Cooperative. The program takes a "closed-loop approach" to sustainability that uses recycled cow manure, food scraps and food processing byproducts to produce renewable energy on a Massachusetts dairy farm.

Real Farm Power generates more than 7,000 megawatt hours (MWh) of clean, renewable energy per year to offset the power needed to make Cabot butter. It also offsets nearly 20,000 tons of carbon dioxide emissions annually, the equivalent of taking 3,790 cars off the road for one year. In

total, the farm's carbon footprint is reduced by 5,680 tons per year, which more than offsets its emissions.

In addition, some 30,000 tons of nutrient-rich liquid from the digester fertilize 400 acres of farmland. About 46 tons of feedstock per day are diverted from community landfills.

The \$2.8 million project partnership between Barstow's Longview Farm and Vanguard Renewables — expected to have a six-year payback — offers a blueprint for scaling anaerobic digester technology to small- and medium-sized dairy farms.

"Every year in the U.S., it's estimated that up to 40 percent of all the food produced is thrown away — that's 133 billion pounds of food," says Jed Davis, sustainability director at Cabot. "In partnerships with our farmers, we've found a way to keep resources, like food byproducts, in a continuous cycle of re-use for as long as possible toward a goal of zero-waste-to-landfill."

## Farm and supermarket work together

An example of the Real Farm Power program begins with Geissler's Supermarket stores in Connecticut, where food scraps are collected and delivered to Barstow's Longview Farm in Hadley, Mass. At the farm, Geissler's food scraps are blended with the farm's cow manure and food processing byproducts. Fifteen food companies provide 20,000 tons of organics from dairy processing (including from Agri-Mark/Cabot), citrus processing, vegetable canning, breweries, sugar production and more. The organics blend is then introduced into the farm's anaerobic digester.

In partnership with Vanguard Renewables, the renewable energy produced by the anaerobic digester is sent — in the form of energy credits — to the Agri-Mark/Cabot facility in West Springfield, Mass., where the farm's milk is processed, offsetting all of the energy needed to make Cabot butter.

"This process is the ultimate closed-loop recycling model," Davis says. "The food waste from the grocery store goes to Barstow's Farm and is converted into power and natural fertilizer to make more food that ultimately returns to the grocery store, completing a full-circle cycle."

The process is catching on with other manufacturers — a revolutionary step forward in recycling and re-using food waste in the United States. Cabot's view is that dairy can be a solution to societal problems such as air pollution and food waste, according to Davis. "On product packaging and through brand messaging, we are showing the public the creative ways that dairy can advance positive changes in our communities and our world."

◆ The sixth and seventh generations of the Barstow family of Hadley, Mass., now operate Barstow's Longview Farm, which was started in the early 1800s. In partnership with the Agri-Mark dairy cooperative and its Cabot Creamery brand and Vanguard Renewables, the farm's anaerobic digester system has been called a blueprint for scaling anaerobic digester technology to small- and medium-sized dairy farms. Photos courtesy Barstow family, Cabot Creamery Cooperative and Vanguard Renewables

*The Barstows' digester system blends food scraps from supermarkets, the farm's cow manure and organic wastes from dairy processing (including from Agri-Mark/Cabot), citrus processing, vegetable canning, breweries, sugar production and more. The 20,000 tons of carbon dioxide emissions removed annually is the equivalent of taking 3,790 cars off the road for one year.*

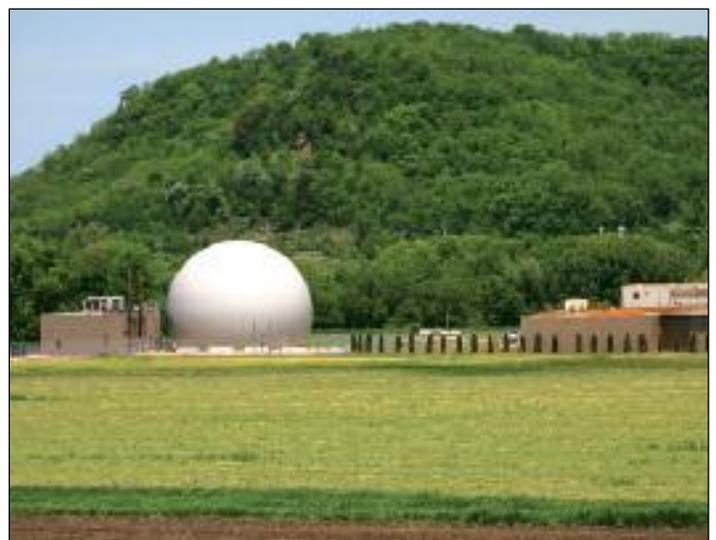


### **Foremost Farms honored for water-treatment project**

Foremost Farms USA, a producer-owned dairy co-op based in Baraboo, Wis., and Schreiber Foods Inc., a dairy foods company that markets internationally, shared the honorable mention award in the Outstanding Dairy Processing & Manufacturing Sustainability category for their joint effort at the Richland Center Renewable Energy (RCRE) project in Richland, Wis. This state-of-the-art water-treatment facility generates renewable energy from dairy plant wastewater. The facility, which can treat up to 1.4 million gallons of water per day, uses anaerobic digesters to break down organic material coming from the plants to produce biogas (mostly methane).

Using the biogas to fuel its generators, RCRE has the capacity to produce 1.7 megawatts of power, which can be sold back to the electric grid.

Prior to building RCRE, Foremost Farms and Schreiber Foods were each discharging industrial wastewater into a



*Foremost Farms has been honored for developing this state-of-the-art, water-treatment facility that generates renewable energy from dairy plant wastewater.*

# Cabot launches youth co-op education program



A “Co-ops for Community” patch program that introduces young people to the cooperative business model has been developed by Cabot Creamery Cooperative, in conjunction with National Cooperative Business Association CLUSA International (NCBA CLUSA). Participants in the program, available free of charge, will have an opportunity to visit co-ops in their communities and learn about many types of co-ops.

The program is intended to inspire young boys and girls to learn more about the value of cooperatives as “a better business model.” It also will help build youth leadership skills and to support community connections with co-ops, says Cheryl Rouleau, Cabot’s coordinator for the program.

The co-op patch program uses an engaging mix of learning opportunities, including Internet research, group activities and visits to local cooperatives. It even provides an opportunity for groups to create their own co-op business.

The booklet for the program provides parents and group leaders with a range of activities, as well as guidance on which activities are appropriate for different age groups. Once completed, all participants will receive their own Co-ops for Community patches.

Learn more about the Co-ops for Community youth program at: [cabotcheese.coop/community-scout-patch-program](http://cabotcheese.coop/community-scout-patch-program). ■



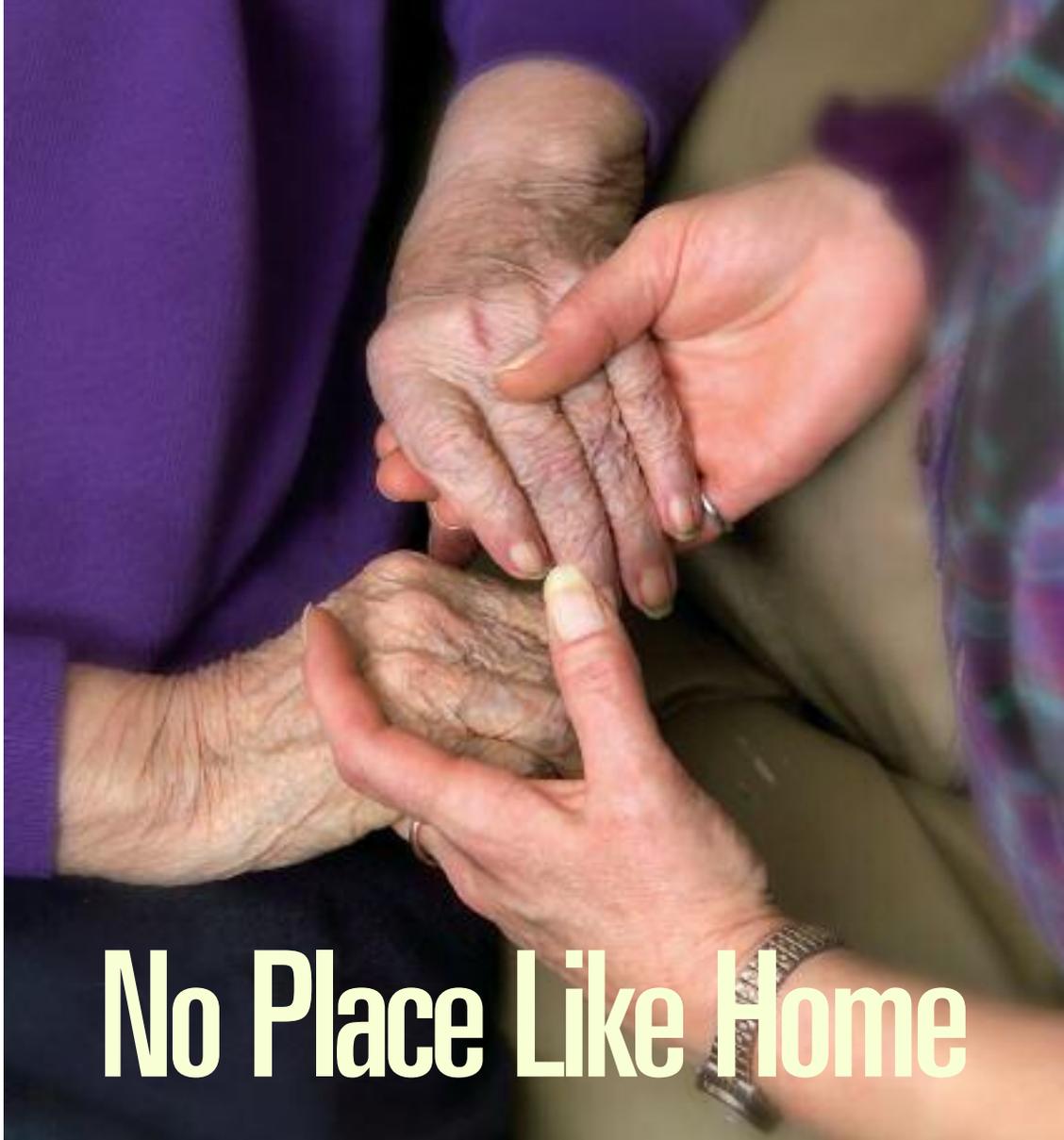
municipal water-treatment plant. While this is common practice nationwide, the volume of wastewater was pushing the treatment plant to its capacity, making expansion plans at Foremost Farms and Schreiber Foods more challenging.

By creating a private plant, the two companies reduced stress on the municipal infrastructure. The collaboration also resulted in the elimination of waste-hauling truck traffic in the local community, as wastewater is now delivered directly to RCRE via an underground pipeline.

Community involvement for the project was made a priority. Feedback was solicited from adjacent property owners on issues such as exterior lighting and the color of the digester dome. The project was cited for serving as “a road map for dairy production facilities seeking to manage waste streams in an effective, efficient and sustainable manner.” ■

*The Agri-Mark/Cabot Real Farm Power project generates more than 7,000 megawatt hours (MWh) of clean, renewable energy per year to offset the power needed to make Cabot butter.*





# No Place Like Home



*Home care conference shows vital role  
co-ops can play for an aging nation*



As a rising tide of aging “baby boomers” enter their 70s, a key to keeping seniors and the disabled out of nursing homes and hospitals — where they have the potential to overwhelm our healthcare infrastructure — is to further develop a network of home care service providers. Keeping seniors living in their own homes longer will not only result in huge financial savings for the nation, it will also lead to healthier, longer lives for older and disabled Americans. It is the very definition of a “win-win” strategy to address the needs of an aging nation.

### But there’s a problem. A big problem.

Home care workers are some of the lowest paid and most exploited workers in the nation, according to David Hammer, executive director of the ICA Group, an organization that works to curb job loss and create stable communities by developing worker cooperatives. The cooperative business model has the potential to help remedy this situation, not only by improving worker wages, but also by creating better working conditions and boosting the skill sets of workers, which, in turn, yields greater benefits for their clients.

Hammer made his remarks during an address to more than 60 home care cooperative members and developers attending the inaugural National Home Care Cooperative Conference in Dulles, Va., Sept. 12-14. Attendees of the conference — held at the headquarters of the National Rural Utilities Cooperative Finance Corporation — represented eight of the country’s nine established home care cooperatives.

The conference outlined how home care cooperatives can become employers of choice by bolstering their recruitment, retention and training strategies. Conference presenters also addressed marketing to caregivers and clients, human resources, and governance and finance issues. The meeting was a unique opportunity for caregivers to network and collaborate with like-minded cooperators, sharing the resources, ideas and insights the sector needs to grow.

### Caregivers are not “a commodity”

“On a whole, the home care industry views caregivers as

commodities,” Hammer told conference attendees. It’s not surprising, then, that the industry experiences an average annual turnover rate of about 60 percent, according to the Paraprofessional Healthcare Institute. The 2015 worker turnover rate was 59.7 percent, down slightly from 61.7 percent in 2014 but well above the 49.8 percent in 2011.

During a presentation that spanned both opportunities and challenges facing home care workers, Hammer said home care cooperatives are poised to bring major changes to the industry by optimizing wages, training and career advancement opportunities for worker-owners.

“Co-ops have an obligation to provide the best jobs,” he told attendees. “We need to be smarter than the competition.”

Bronx, N.Y.-based Cooperative Home Care Associates, the nation’s largest worker cooperative, is doing just that. Workers there receive competitive wages, regular hours and family health insurance. The organization has chipped down the 60-percent average worker turnover rate to just 15 percent.

The other seven home care cooperatives represented at the conference — along with four emerging co-ops — have similar stories of worker empowerment and job satisfaction.

Just two years ago, only four of these nine co-ops existed.

“The Cooperative Development Foundation (CDF, which organized the conference) is leading a coordinated effort to think through how to take home care worker co-ops to scale,” says Margaret Bau, a USDA cooperative development specialist who has been working for years to help refine the co-op model for home care workers. “To date, it has been mostly local, heroic efforts by a relative few co-op advocates who have helped to push this business model forward for the long-term-care sector. It’s

going to take strategy — just as it did for the rural electric co-ops, credit unions and agricultural co-ops. CDF has been convening the best minds in co-op development to explore options.”

Bau also credits work done by the Northwest Cooperative Development Center for organizing three home care worker co-ops in Washington (with several more in the works). “We’ve learned some important market lessons from these efforts. CDF has employed the market analysis and business strategy advice of the ICA Group to help inform options for going to scale,” Bau continues. “Part of this work has been



*The worker turnover rate in the home care industry averages about 60 percent annually, but that rate can be drastically lowered when workers operate their own cooperatives. Facing page (lower): About 60 home care workers learn more about how the co-op business model can advance their working conditions. Photos courtesy Cooperative Care, Wautoma, Wis., and Cooperative Development Foundation*

financed by a USDA Rural Cooperative Development Grant.”

## Skyrocketing need for workers

Home care is projected to require another 1 million workers between 2012 and 2022, making it the highest-growth occupation in the United States, according to PHI Policy Works, a national strategy center working to strengthen the direct-care workforce. It further estimates that by 2020, direct-care workers will be the nation’s largest occupation sector, with nearly 5 million jobs. That’s slightly

supporting quality technical assistance, rigorous research, and data-driven analysis and then sharing that experience with home care developers and cooperatives.

## Creating a culture of ownership

Victoria Sprong, caregiver coordinator at Circle of Life Caregiver Cooperative in Bellingham, Wash., began working as a caregiver when she was a young, single mother. She found empowerment, stability and leadership opportunities by joining a cooperative. In her presentation, she urged

*“Make it clear that your members belong to something bigger than clocking in and clocking out. A connection to the larger cooperative movement can be very powerful.”*

ahead of retail sales (4.96 million jobs), as well as primary school teachers (3.9 million), and law enforcement/public safety jobs (3.66 million).

Direct-care workers are typically grouped into three primary sub-sectors: personal care aides; nursing aids/orderlies/attendants; and hospital health aids. PHI data show that in 2013, home care workers earned an average of just \$9.61 per hour, which compares to an hourly living wage (the amount needed to sustain a basic living standard) that ranges from a low of \$16.23 in South Dakota to a high of \$23.58 in New York.

Hammer said that most home care providers — roughly 28,000 small businesses — have staffs of less than 20 workers. The top five threats facing these home care providers, he said, are: worker shortages, caregiver turnover, attracting enough worker referrals, the fight for a \$15 minimum wage and meeting Affordable Care Act regulations.

“For home care worker co-ops, higher wages and providing health insurance is not a threat, but rather a desired goal,” says Leslie Mead, executive director of the Cooperative Development Foundation (CDF). According to Mead, CDF’s mission for home care is the creation of sustainable home care cooperatives that optimize wages and opportunities for member-owners. CDF does this by



*Anne Reynolds discusses what it takes for home care workers to form and successfully operate their own cooperative.*

home care co-ops to create and market “a culture of ownership” — something she found unique and appealing about cooperatives.

“Make it clear that your [co-op] members belong to something bigger than clocking in and clocking out,” Sprong said. “A connection to the larger cooperative movement can be very powerful.” And a sense of ownership in the business means worker-owners are more likely to invest in their jobs.

Deborah Craig, a cooperative development specialist at the Northwest Cooperative Development Center, advised attendees to target younger generations when recruiting caregivers. “Not only is our population aging in general, but our current caregivers will be aging out of these jobs in the next 10 years. We really need to be bringing younger people into this industry,” she said.

## Worker recruitment/retention strategies

While better wages and working conditions will help reduce turnover, effective worker recruiting efforts are necessary to attract and retain the number of new careworkers needed to meet the rising demand. But this presents many challenges, said Jodi Sturgeon, president of the Paraprofessional Healthcare Institute.

## Caregivers find inspiration in exchange of co-op care ideas



Following is a sampling of comments made by home care providers who participated in the conference:

*“Most caregivers have no idea what a co-op is. They have never had a voice in the agencies — never had the ability to express themselves or to choose for themselves. I don’t have experience in co-ops, so I’m learning from everyone else’s experience. I enjoyed learning about recruitment, especially, since it’s one of the biggest struggles [we face].”* — Dana Howarth, program assistant, New Mexico Caregivers Cooperative

*“I give a lot to the business, but I get much more in return. Client-wise, happy caregivers [provide] better care. In the co-op model, you’re respected, you’re valued and you provide a good service.”* — Tracy Dudzinski, board chair and administrative coordinator, Cooperative Care

*“What brought me to this conference was looking for help in forming a co-op. I think the more [conferences] there are like this, the more it becomes a possibility for people.”* — Jane Hatley, Western North Carolina regional director, Self Help Credit Union

*“The members are involved [in a co-op], and everything is out in the open. That’s what’s good — everybody is involved. As soon as they told me I had a voice, I used it. I wear a lot of hats, but I love it. Other co-ops have the same struggles, but we are finding a way to solve them.”* — Patricia Echols, board chair, Circle of Life Caregiver Co-op

*“This is an everlasting occupation. At some point, we [ourselves] are going to need that care, and we want to make sure it still exists.”* — Denise Clark, supervisor, Cooperative Homecare Associates

Caregiving is fulfilling work for those who are motivated by the desire to help others. But it is also physical, emotionally demanding work, Sturgeon stressed. Workers need to be reliable, mature people with good communications and problem-solving skills who also have some clinical knowledge. They often have to deal with widely varying work schedules and transportation barriers and be willing to work for entry-level wages.

Sturgeon discussed a number of actions and strategies care providers can use to recruit employees. These revolve around what she describes as a “culture of retention, agency-wide.” This requires professional development for administrative staff and establishing open channels for giving and receiving feedback from staff.

A “clearly defined communications pathway” is vital to addressing problems when they arise, which will help create

trust between workers and supervisors. Peer-mentors can also play a big role in supporting new workers and help them deal with a myriad of on-the-job challenges.

Ongoing training and skills development — and providing workers with a voice in decisionmaking — will also help keep workers on the job. And of, course, pathways to career advancement are important for care workers, as they are for any sphere of employment if you want to keep your best and brightest workers in the fold.

Use of the cooperative, worker-owned business model is an ideal way to deal with many of these internal business issues. Because, as Patricia Echols, board chair of the Circle of Life Caregiver Co-op remarked: “In a co-op, you have a say.”

*Editor’s note: For more information about the home care workers conference, visit: [www.seniors.coop](http://www.seniors.coop). ■*

# Utility Co-op Connection

## Co-ops play an important role in combating childhood hunger

By Daniel Hurley

*Editor's note: Hurley was an intern with USDA's Rural Utility Service when he wrote this article. Tony Craddock, Jr., a program analyst with the USDA Food and Nutrition Service, also assisted with this article.*



Cooperatives are like families, connected through their common goal of serving the needs of their members.

Co-ops are also dedicated to helping build stronger communities, which can involve providing assistance to those in need.

Across the United States, cooperatives pursue philanthropic efforts for the benefit of the communities they serve. By fostering corporate citizenship, the bonds that are formed between cooperatives, their partners and the citizens they serve are firm and enduring.

Many children in low-income rural communities do not have access to healthy meals throughout the year. During the school year, children in these communities receive free and reduced-priced meals through the USDA's National School Lunch Program, yet many of them risk going hungry during the summer when school ends. The USDA Summer Food Service Program (SFSP) fills the summer meal gap by providing healthy meals, free of charge, at local meal sites to children 18 years and younger.

"Cooperatives can play a substantial role in securing the health of children and teens in poverty-stricken rural communities by providing facilities or other support needed to serve children



*SEMO Electric Cooperative, in Stoddard County, Missouri, uses its storm-response truck to pick up bagged lunches from local churches and deliver them to children at the Stoddard County Gospel Mission. Photo courtesy SEMO Electric Cooperative*

meals during the summer," says Brandon McBride, administrator of USDA's Rural Utilities Service, which works closely with the nation's rural utility cooperatives. Communities can serve meals to children through their own philanthropic models, or SFSP.

Cooperatives have used grants, fundraisers and other creative strategies to provide meals to children. USDA also encourages cooperatives to continue their childhood anti-hunger efforts through SFSP, which is free of charge to the cooperative if the meals are provided by a USDA-approved sponsoring organization.

### Millions of meals served

Nearly 191 million meals were served during the summer months in 2015, and USDA has its eyes set on serving 200 million meals in the

summers to come. By operating SFSP sites, cooperatives perform an admirable public service to communities that need their help the most.

USDA Rural Development multi-family housing communities have had success serving meals to children through SFSP, recording a 60-percent increase in SFSP participation between the summer months of 2015 and 2016. The number of sites jumped from 184 to more than 300 during that time. SFSP outreach to multi-family housing properties has been enhanced by strong support from Rural Development leadership.

USDA also designed a Rural Housing Summer Meals Toolkit to make it easy for property managers to sign up for the program. The toolkit is available at: [www.fns.usda.gov/sfsp/rural-development-multi-family-](http://www.fns.usda.gov/sfsp/rural-development-multi-family-)

housing-communities.

Community rooms and outdoor public spaces make it possible for multi-family housing properties to start SFSP sites. Electric cooperatives with these same resources can also serve summer meals. Or, electric cooperatives

\$3,000 to fund a weekend food-assistance program for students in the Athens Independent School District. Before being awarded this donation, TVEC's manager of public relations, Bobbi Byford, said "teachers had started raising money among themselves to buy

Series, bass fishers help raise money to feed hungry people throughout the state by providing the proceeds of the tournament's gains to the Alabama Hunger Relief (AHR) cooperative. Through AHR, the funds accumulated are used to pay for the processing of

## *Utility cooperatives serve 327 of the nation's 353 persistent poverty counties.*

with utility trucks can deliver meals from the sponsor to the site, as does SEMO Electric Cooperative in Stoddard County, Missouri.

SEMO Electric Cooperative uses its Storm Response truck to pick up bagged lunches from local churches, then delivers them to children at the Stoddard County Gospel Mission. The Cooperative and Gospel Mission's program is operated through donations, not SFSP, but it is a stellar example of a cooperative doing its part to make sure children do not go hungry.

"Electric cooperatives can make a real difference in low-income rural communities," McBride says. He notes that utility cooperatives serve 327 of the nation's 353 "persistent poverty counties," or 93 percent of those counties. Of the 42 million Americans that are served by cooperatives, an estimated 4 million reside in persistent poverty counties. In these counties, providing nutritious meals to children and teens is vital to the health and progression of these communities. Cooperatives can make a difference!

### **Texas, Arizona co-ops making a difference**

Past and current investments of electric cooperatives to end childhood hunger have proven to be worthwhile endeavors. In Kaufman, Texas, kids are receiving nutritious weekend meals through the support of the Trinity Valley Electric Co-op (TVEC). In 2015, the charitable arm of the co-op, TVEC Charitable Foundation, donated

students food."

Now, however, the donation has allowed children to receive backpacks full of food as a part of the Hornet Backpack Program.

Not only has progress been made in northeastern Texas, but also in southern Arizona. In 2014, Trico Electric Cooperative (Trico EC), in partnership with CoBank, donated \$15,000 to support a weekend meals program that serves low-income students at four elementary schools. The Marana, Ariz.-based cooperative's POWER charitable fund awarded \$10,000, while CoBank's Sharing Success Program, which matches grants made by cooperatives to local nonprofits, provided \$5,000.

Together, these two grants helped fund Marana Unified School District's Power Pack meals program, which ensures that children receiving free or reduced-price lunch assistance have access to nutritious food even when school is not in session.

Since 2009, Trico EC has been committed to funding the meals program, leading to 170 students (on average) receiving assistance today. Because of Trico EC's sponsorship, kids in need of Power Pack meals have not only been fed, but are also more engaged in the classroom.

### **Fishing to combat hunger in Alabama**

In Alabama, a bass fishing tournament lends a helping hand in the anti-hunger effort. In the inaugural Delta Rendezvous Bass Tournament

deer meet donated by hunters. After the meat is processed, AHR distributes the meat to food banks in the program.

In 2014 alone, AHR processed more than 2,500 pounds of donated venison, providing the meat to hungry people, including children and teens, to 10 Alabama food banks.

In Kentucky, volunteers are helping feed the hungry in an innovative way. They gather, or "glean," unused fresh fruits and vegetables from farms, orchards and grocery stores, then distribute the food to pantries and service agencies that feed the hungry. Volunteers with the GleanKY organization are providing nutritious food products to those who need it most, including kids and teens. GleanKY's program is not only beneficial to the hungry, but also to the environment, because the initiative is reducing food waste.

Summer and weekends are times when children and teens enjoy playing with their friends, relaxing after long school weeks and heading out for day-long adventures. However, for millions of kids and teens in rural America every year, summer and weekends are times when food is scarce and going hungry is a real risk. According to FNS, 22 million children receive nutrition at their schools through free or reduced-price meal programs provided by FNS, but only one out of every six participates in USDA Summer Food Service Program.

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# Newsline

## Co-op developments, coast to coast

Send co-op news items to: [dan.campbell@wdc.USDA.gov](mailto:dan.campbell@wdc.USDA.gov)

### Swiss Valley saluted for export marketing

Export sales for Swiss Valley Farms, Davenport, Iowa, have grown by 422 percent during the past five years, one reason the co-op is the winner of the 2016 Tom Camerlo Exporter of the Year Award. The honor is presented annually to a U.S. dairy supplier that exemplifies leadership in advancing U.S. dairy exports. It further recognizes businesses that demonstrate commitment to export market development and that make exports an integral part of overall growth strategy.

“The company can be admired for the progress made in a short period of time, developing the market for their products while overcoming challenges in transportation, packaging and consumer preferences, along with occasional obstacles presented by new and different languages and cultures,” says Kevin Stiles, senior vice president for business development and partnerships at Midwest Dairy Association. The award is sponsored by the U.S. Dairy Export Council and presented by *Dairy Foods* magazine.

Swiss Valley’s first experience in exports came in 2008, with sales in Mexico. By 2012, export sales began to emerge as a significant part of the company’s business, and by 2015 exports accounted for nearly 10 percent of its sales.

Cream cheese, typically used for bakery goods and appetizers, is one of the co-op’s biggest export items. Swiss Valley also exports a significant amount of whey, used primarily in ice cream and yogurt drinks. Both of these products are manufactured at the



*A block of Swiss Valley Farms cream cheese is decorated with the flags of some of the nations it is exported to. The co-op first entered the export market in 2008, and by 2015 exports accounted for 10 percent of its sales. Photo by Joshua Ford/Ford Photography, courtesy Swiss Valley*

company’s largest facility in Luana, Iowa.

Swiss Valley Farms CEO Chris Hoeger notes that, as a farmer-owned cooperative, the focus is always to provide members with a secure market for their milk. “With today’s ever-evolving marketplace, sometimes those markets can be found on the other side of the world,” he says.

Swiss Valley Farms products can be found in Canada, Taiwan, China, Japan, Singapore, Malaysia, Indonesia, Philippines, South Korea, South Africa, Colombia, Chile, Mexico, Puerto Rico, Saudi Arabia, Dubai, Iraq, Morocco,

Dominican Republic, Australia, Vietnam, Panama and Hong Kong, and the list continues to expand.

Swiss Valley has a dedicated export sales team and staff in both its Quality and Customer Service Departments who are skilled at handling the unique requirements of export paperwork/documentation. At the plant level, Swiss Valley has invested in equipment and materials to ensure it has the robust packaging necessary to endure overseas shipments.

“Our team has been working hard for many years to build business both domestically and abroad and we’re

proud to be recognized for the successes we've had in growing our business globally," notes Jay Allison, vice president of sales and marketing.

### **Name-control effort by EU could result in huge losses for U.S. dairy industry**

Moves by the European Union (EU) to prevent the U.S. dairy industry from using many common food names could cost the U.S. dairy industry billions of dollars, slash domestic cheese consumption and increase prices for consumers, according to an analysis by Informa Economics IEG. The European farm policy on using geographical indications (or GIs) in food names — such as feta and parmesan cheese — would force farmers and food producers outside of Europe to rebrand familiar foods with unfamiliar names, according to a statement issued by the National Milk Producers Federation (NMPF).

The resulting confusion in the U.S. marketplace could shutter family farms, eliminate thousands of rural jobs and hurt the overall U.S. economy, the analysis says. The European Union advocates extending GI protections beyond a small number of specialty foods to also cover many food names that have little, or no, geographic identity and have long been commonly used by food producers around the world, according to NMPF.

The study found that the decline in U.S. cheese consumption due to the loss of common food names could amount to \$2.3 billion in lost sales in three years, and \$5.2 billion in 10 years. That could push dairy farm balance sheets below the break-even point for six out of 10 future years, costing farmers a cumulative \$59 billion in revenue and forcing several thousand family dairy farms out of business, the analysis found.

"By 2025, our dairy farmers would lose up to 15 percent of their income and the U.S. dairy herd would shrink by up to 9 percent, or 850,000 cows.



*Agriculture Secretary Tom Vilsack checks out the cooperative literature available at the USDA Rural Development booth during the 89th National FFA Convention and Expo in Indianapolis in October. In his address, Vilsack discussed the many opportunities that agriculture and related fields offer to America's upcoming graduates, as well as the need for diversity and innovation in these fields to meet the food security needs of a growing global population.*

Thousands of dairy farmers would be forced out of business," says Jim Mulhern, president and CEO of NMPF, which represents dairy co-ops and producers on legislative issues.

The 60-page analysis was commissioned by the Consortium for Common Food Names (CCFN), an international alliance of companies and organizations dedicated to preserving the right to use common food terms.

### **Book sees co-ops as fulcrum of new stage of social history**

In their new book, *The Cooperative Society*, EG and Luc Nadeau present the hypothesis that "we may be on the threshold of a new stage of history, one characterized by cooperation, democracy, the equitable distribution of resources and a sustainable relationship with nature."

The book is organized in three parts: a description of the hypothesis; a "test" of the hypothesis based on measurement of seven broad variables; and a set of observations and recommendations for how we can

increase the likelihood of moving toward a more cooperative society during the next several decades. But *The Cooperative Society* "is a call to action, not simply the preliminary testing of a hypothesis," the authors stress in the introduction.

Early reviews include these comments:

■ "An outstanding job of explaining the context for change and, just as importantly, the urgent need for such a change." — *Charles Gould, director-general, International Co-operative Alliance*

■ "A refreshing and hopeful analysis of major trends in human behavior." — *Judy Ziewacz, president and CEO, National Cooperative Business Association/CLUSA*

■ "Lays out major drivers of our socio/political/economic environment, [and] develops a useful framework for measuring and monitoring these factors over time." — *Walden Swanson, founder and director emeritus of CoMetrics*

For more information, contact: [egnadeau@inxpress.net](mailto:egnadeau@inxpress.net).

## Ohio electric co-op 'goes green'

Hancock-Wood Electric Cooperative in October held a grand opening for its OurSolar community photovoltaic array just east of Findlay, Ohio — its first venture into solar power. Co-op



Members of Hancock-Wood Electric Cooperative (HWEC) were invited to support renewable energy by paying an extra \$2 per month to “purchase” a panel on the co-op’s new solar-power facility. Photo courtesy (HWEC)

members were invited to subscribe to OurSolar on a first-come, first-served basis, resulting in 205 of the available 304 solar panels having been purchased prior to the grand opening. Members purchased subscriptions at an average cost of \$2 per panel, per month. The program is open only to residential members.

Each solar panel is three-feet wide by six-and-one-half feet high, set in a fixed position facing the southern sky. The project was funded by Hancock-Wood’s statewide association, Ohio’s Electric Cooperatives (OEC), and will be maintained by the cooperative.

“This program is important to our cooperative members because those who asked for more green-energy options are now able to purchase clean energy from the array to offset a portion of their traditional energy use,” says Hancock-Wood president/CEO George Walton. He notes that the co-

op worked with OEC leaders “to find every grant and cost savings available to offer community solar at a much-reduced cost over that of rooftop solar, with no upfront costs.”

Ohio electric co-ops also receive 4.45 megawatts (MW) of power annually from four anaerobic digesters (at Ohio dairy, pork and poultry operations) and 3.2 MW from the Hancock County Landfill’s methane gas-generation facility. They also receive 6.4 MW from Suburban Regional Landfill. Hancock-Wood also is part of a 55-MW hydroelectric power entitlement from the New York Power Authority.

## GROWMARK to purchase Suncor’s share of UPI

GROWMARK has announced that it will purchase Suncor’s 50-percent interest in UPI Inc., giving it 100 percent ownership of the Ontario, Canada, business. The transaction is subject to conditions, including regulatory approvals. Terms of the transaction were not disclosed.

UPI Inc., headquartered in Guelph, Ontario, provides energy products — including refined fuels, propane and lubricants — throughout Ontario. GROWMARK is a farm supply/services and grain cooperative with annual sales of \$8.7 billion that operates in 40 states and Ontario.

“The agreement aligns with GROWMARK’s focus on growing our petroleum business in Ontario,” says Kevin Carroll, vice president, energy and logistics. “We have had an outstanding partnership with Suncor for the past 20 years, and we are confident this will facilitate the continued success of our energy business in Ontario well into the future.”

In other news, GROWMARK has earned the Ag Data Transparent seal from American Farm Bureau. This accreditation recognizes the co-op for its transparency in working with farmers and the standards of privacy and data security.

## Senator introduces Urban Agriculture Act of 2016

U.S. Senator Debbie Stabenow of Michigan, ranking member of the Senate Committee on Agriculture, Nutrition and Forestry, in September introduced *The Urban Agriculture Act of 2016*. The bill is intended to help create new economic opportunities, giving families greater access to healthy food and creating a healthier environment in cities and towns across the nation. The legislation addresses the unique needs of urban farmers by investing new resources and increasing flexibility through existing programs administered by USDA.

“Urban agriculture is steadily growing in cities and towns across Michigan and across our country, creating new economic opportunities and safer, healthier environments,” Stabenow says. “The Urban Agriculture Act will continue this momentum by helping urban farmers get started or expand their business so they can sell more products and supply more healthy food for their neighbors.”

The bill sees ag cooperatives as playing a key role in the growth of urban farming. It would expand USDA authority to support farm cooperatives in urban areas, helping urban farmers who want to form and operate an agriculture cooperative get products to market. It reduces individual financial risk and burdensome paperwork by allowing USDA loans to be managed by agriculture cooperatives.

The bill would also make it easier for urban farms to apply for USDA farm programs and assists producers with information on operating rooftop and vertical farms. It supports access to land and production sites in urban communities through innovative conservation grants.

The bill calls for investment of \$10 million for cutting-edge research to explore market opportunities for urban agriculture and develop new technologies for lowering energy and water needs.

“This initiative is an important step in supporting the evolving agriculture industry. We applaud Senator Stabenow’s foresight in considering the full range of agriculture and enacting support to meet the needs of these urban producers,” says Dave Armstrong, president and CEO of GreenStone Farm Credit Services.

“As we rethink how we provide food in an environmentally sustainable way for an increasingly urban population, urban agriculture is an important component,” says Malik Yakini, executive director of the Detroit Black Community Food Security Network. “Growing food closer to centers of population density not only provides people with fresher, more nutrient-rich foods but also reduces the carbon released into the atmosphere by transporting food long distances.”

### Grocery wholesale co-ops to merge

Associated Wholesale Grocers (AWG), Kansas City, Kan., and Nebraska-based Affiliated Foods Midwest (AFM) have agreed to merge the two cooperatives, creating the nation’s largest cooperative food wholesaler. The merger won near-unanimous (410 to 2) approval from the grocery store member-owners of Affiliated Foods during their annual shareholders meeting in Omaha, according to the *Norfolk (Nebraska) Daily News*.

AFM has 800 member-stores in 15 states. Post-merger, AWG will have annual sales of about \$10 billion and provide products and services to more than 3,500 independently owned member stores in 35 states.

Martin Arter, president of Affiliated Foods, says his members will benefit from a lower cost of goods and expanded services. “Our boards knew that unifying the cooperatives would produce substantial financial rewards for the retailer-members and would produce long-term growth.” David Smith, president of Associated

Wholesale Grocers, says AWG will be stronger by “joining forces with this amazing group of like-minded retailers,” according to the *Daily News*.

### Loan to help Grass Roots co-op expand Arkansas operations

Grass Roots Farmers’ Cooperative (GRFC), a sustainable meat co-op based in Clinton, Ark., has obtained a \$600,000 loan to expand its 13-farm-member operations across 10 Arkansas counties. The loan, from RSF Social Finance in San Francisco, was



A \$600,000 loan will help the Grass Roots Farmers’ Cooperative (GRFC), members seen here, to expand 13 farm-member operations across 10 Arkansas counties. Photo courtesy GRFC

announced by Heifer USA, a division of Heifer International, Little Rock, Ark., which provides the co-op (featured in the Jan-Feb. 2016 issue of *Rural Cooperatives*) with technical, organizational and financial support.

A \$400,000 line of credit will help the co-op buy and process animals from member farms; a \$200,000 loan will help the farmers purchase feed for animals that will eventually be sold back to the co-op.

GRFC hopes to become a model for co-ops of like-minded, sustainable meat producers across the state. “We’re creating economically viable livelihoods that will take care of the land, lift up people and their communities, and produce delicious, healthy meats,” says Cody Hopkins, the co-op’s general

manager. The co-op was founded in 2014 to train and mentor new farmers and to help them transport, process and market their goods.

### USDA awards funds to co-op centers

Agriculture Secretary Tom Vilsack in October announced that USDA is awarding 29 grants totaling \$5.8 million to help rural cooperatives create jobs and support business expansion. The funds are being provided through the Rural Cooperative Development Grant (RCDG) program, which helps fund

nonprofit groups, such as rural cooperative development centers, and higher education institutions.

“America’s rural communities have incredible potential to create jobs and expand economic opportunities,” Vilsack said. “Many rural businesses and organizations are succeeding under the cooperative business model, and — with access to additional resources — they can boost job creation and create an environment where more products are made in rural America.”

Development centers can use RCDG funds for feasibility studies, strategic planning, leadership and operations training, as well as for business plan development. Recipients are required to contribute matching funds that equal 25 percent of total project costs.

Sam Ridders, administrator of USDA's Rural Business-Cooperative Service, announced the awardees on Vilsack's behalf during a visit to the Ohio Cooperative Development Center (OCDC) at Ohio State University's South Centers campus in Piketon. OCDC is receiving a \$199,984 grant to help businesses and individuals in rural Ohio and West Virginia explore cooperative opportunities in several industries, including energy and wood products.

The Center also will provide a seed grant program to develop and expand cooperatives. It hopes to assist 20 businesses and eight start-ups. These efforts are projected to create or save 40 jobs. The Center has provided more than 2,900 hours of technical assistance since 2011, creating 194 jobs and retaining 229.

The Texas Rural Cooperative Center (TRCC) at The University of Texas-Rio Grande Valley is receiving a \$199,393 grant to help start, expand and improve cooperatives and mutually owned businesses in Texas and New Mexico. The Center is located in the South Texas city of Edinburg, in Hidalgo County, one of the poorest counties in the United States.

TRCC serves a 33-county region that contains more than 1 million poor people and the largest number of impoverished rural *colonias* in the nation.

The area receives additional assistance through USDA's StrikeForce for Rural Growth and Opportunity initiative. Through StrikeForce, USDA staff work with state, local and community officials to increase awareness of USDA programs and help build program participation through intensive community outreach and technical assistance.

The RCDG announcement was made as part of USDA's observance of National Cooperative Month. Projects in 22 states are receiving RCDG funding.

Since 2009, USDA Rural Development has invested nearly \$13

billion to start or expand nearly 112,000 rural businesses; helped bring high-speed Internet access to nearly 6 million rural residents and businesses; helped 1.1 million rural residents buy homes; and funded nearly 9,200 community facilities such as schools, public safety and health care facilities. USDA also has invested \$31.3 billion in 963 electric projects that have financed more than 185,000 miles of transmission and distribution lines serving 4.6 million rural residents.

### **PCCA returns \$18.9 million to members**

Lubbock, Texas-based Plains Cotton Cooperative Association (PCCA) had total net margins of \$23.8 million from fiscal 2015-16 operations, members were told during the co-op's 63rd annual meeting. Cash distributions to its grower-owners include \$9.5 million in cash dividends, and stock retirements of \$9.4 million.

"Every division of PCCA contributed added value to our grower-owners' cotton this past fiscal year," said PCCA President/CEO Kevin Brinkley. "Facing another challenging year, our marketing team was able to move both pools completely to the market by March despite weak demand and burdensome world stocks, both of which weighed on prices." Another marketing hurdle for U.S. producers last year was Turkey's imposition of a 3-percent duty on U.S. cotton imported by the country's textile mills, he noted.

"Our marketing team utilized the leverage of scale and selection of cotton in our pools to maximize the returns generated for our grower-owners," Brinkley said. "By the numbers, our pool members reaped more than \$118 million above the Commodity Credit Corporation loan." PCCA's Warehouse Division also contributed solid returns.

The co-op handled the fifth largest crop in its history, he noted, adding that "Our warehouse team adjusted our storage techniques and flow practices to handle the larger volume." He also said

PCCA's board and management team continue to look at strategies to improve the value of all cotton marketed through the cooperative.

PCCA's new mission is "to ensure the long-term profitability of our grower-owners through value-added marketing programs and through services to their gins," Brinkley continued. "PCCA's vision is to be the first-choice marketer to cotton growers through its leadership and market power in the industry."

### **Multi-stakeholder co-ops discussed by rural sociologists**

Tom Gray, Ph.D., rural sociologist with USDA Cooperative Programs, made a presentation on multi-stakeholder cooperatives in August during the International Rural Sociology Association (IRSA) meetings in Toronto. Multi-stakeholder cooperatives are organizations where membership is made up not only of producers, such as farmers, but may also include employees and/or local community members. An example would be a grocery co-op with three basic groups of members: farmers and crafts people, consumers and employees.

"With multiple voices within the organization, these cooperatives can better internalize various socio-economic and ecological costs and develop a 'triple bottom line' orientation," says Gray. "The goals are financial, social and environmental sustainability."

The Oklahoma Food Cooperative, Weaver Street Market of North Carolina and Black Star Pub and Brewery of Texas were among the cooperatives he discussed.

The IRSA is a professional association oriented to improving the quality of people's lives in rural areas around the globe.

### **Accelerated Genetics seeks new CEO**

Accelerated Genetics, a Baraboo-

Wis.-based livestock breeding cooperative, is seeking a new president/CEO following the resignation in September of Joel Groskreutz. “The cooperative is appreciative of his commitment to Accelerated Genetics and dedication to the agriculture industry,” the co-op said in a Sept. 29 press release.

The co-op’s board of directors has appointed four individuals to operate the office of the president and CEO on an interim basis during the transition. They include: Tom Mack, vice president for business operations and finance; Charlie Brown, vice president of production and veterinary services; Ryan Weigel, vice president for dairy sire procurement; and Don Trimmer, vice president for beef programs.

Accelerated Genetics is a global provider of bovine genetics and research, reproductive services, and solution-based animal health products.

### **Minn. ag retail co-op votes to merge with CHS**

Members of Farmers Union Oil Co., a diversified agricultural retailer based in Oslo, Minn., have voted to merge with CHS Inc. The merger was approved by 96 percent of the voters. The merger will become effective in January, pending due diligence by both

organizations and approval by the CHS board.

The merger “will enhance products and services available to us,” says Curt Haugen, board chairman of Farmers Union Oil. “It will also offer our members and employees stability in the years ahead. It was important to us to remain a cooperative that pays dividends. We’re excited about it.”

Farmers Union’s “business mix and expertise aligns well with the capabilities CHS currently has in the region,” adds Mike Johnston, senior vice president of CHS. “We look forward to enhancing and building upon that as we look to continue helping our farmer-owners grow successful operations.”

### **USDA to help develop advanced biofuels**

Agriculture Secretary Tom Vilsack has announced that the U.S. Department of Agriculture is seeking applications for funding to help support the development of advanced biofuels, renewable chemicals and bio-based products. “The bioeconomy is a catalyst for economic development in rural America, creating new jobs and providing new markets for farmers and ranchers,” Vilsack says.

Funding is being provided through

the Biorefinery, Renewable Chemical and Biobased Product Manufacturing Assistance Program, formerly known as the Biorefinery Assistance Program. Congress established the program in 2008 to encourage the development of biofuels that use renewable feedstocks. The 2014 Farm Bill expanded the program to include renewable chemicals and bio-based product manufacturing.

The program now provides loan guarantees of up to \$250 million to develop, construct and retrofit commercial-scale biorefineries and to develop renewable chemicals and biobased product manufacturing facilities. Under the program, USDA has provided \$844 million in loan commitments to 10 businesses since the start of the Obama administration. Companies receiving these commitments are projected to produce 159 million gallons of advanced biofuels.

There are two application cycles for this announcement. The first funding cycle for applications ended on Oct. 3, but applications for the second cycle are not due until April 3, 2017. For more information, see page 48,377 of the July 25, 2016, Federal Register. Application materials can be found at: [www.RD.usda.gov](http://www.RD.usda.gov). ■

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## **USDA B&I loan guarantees**

*continued from page 9*

be used to help the conversion of businesses to worker cooperatives.

Residents of a rural community may also want to purchase preferred shares to help strengthen the financial structure of a cooperative. Likewise, local businesses can obtain loans with B&I guarantees to buy large blocks of such stock.

### **Co-op principles and government policy**

Cooperative principles are well aligned with Rural Development’s mission to improve the quality of life for all rural Americans. Recognition of this alignment of co-op

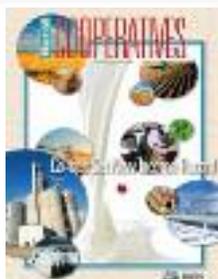
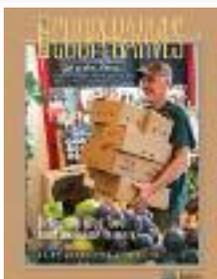
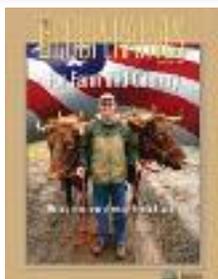
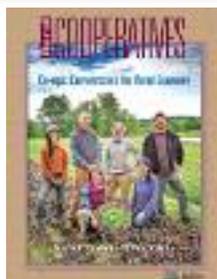
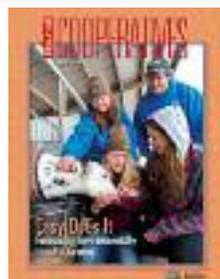
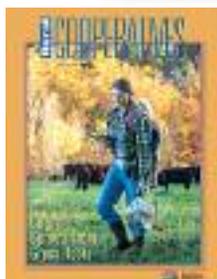
principles with government policy has a long history. One example is the partnership between USDA and rural electric co-ops, which the Rural Utility Service supports with financial and technical service. In fact, USDA farm commodity programs rely on co-ops to administer payments to their members and manage orderly marketing policies, responsibilities that would not be delegated to them without their operating principles.

The new B&I program recognizes that co-op principles — such as democratic member control, return of earnings to those who use the business, and concern for community — create widely shared economic prosperity in rural communities, improving their access to opportunity and overall quality of life.

For more information on the B&I Program, see: <http://www.rd.usda.gov/programs-services/business-industry-loan-guarantees>. ■

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## Utility Co-op Connection

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## Eradicating childhood hunger a 'must-do'

More can, and must, be done to make sure that children and teens from low-income families in rural America are not at risk of going hungry. Fear of long-term hunger should no longer exist in America. With the help of numerous cooperatives across the

United States, USDA's goal of preventing, and ultimately eradicating, child hunger is being furthered.

As a main goal of USDA Secretary Thomas Vilsack, providing nutritious food to the hungry — especially kids and teens — is vital to the health, security and progression of rural communities throughout the United States.

Without question, progress has been made in the effort to prevent and eradicate hunger in the United States. However, there is more that needs to be done to ensure that young, low-income rural Americans receive nutritious meals

all year round. That is why USDA's Rural Utilities Service is currently structuring a campaign to recruit more cooperatives into becoming sponsors for the SFSP.

For more information on how to participate in the USDA Summer Food Service Program, please visit: [www.summerfood.usda.gov](http://www.summerfood.usda.gov) or the USDA Rural Development Summer Meals Toolkit at: [www.fns.usda.gov/sfsp/rural-development-multi-family-housing-communities](http://www.fns.usda.gov/sfsp/rural-development-multi-family-housing-communities). ■

## Commentary

*continued from page 2*

Reich also stressed that great wealth has great ability to influence policy, especially in the United States, where the largest five banks owned 22 percent of the assets in 2008, but now own 44 percent of all assets. Like Stiglitz, Reich said the cooperative model offers an alternate and more egalitarian solution, one that cooperatives around the world must harness to create change on a greater scale.

“Cooperative financial institutions, such as CoBank and credit unions, performed better through the financial crisis than did non-cooperatives, and they do far more to support their members than do their competitors.” Reich said. He encouraged cooperatives to band together, create a larger voice and exert more influence over the way our nation conducts business.

The Co-op Summit also hosted roundtable discussions where cooperative leaders spoke about the importance of youth, women and technology in cooperatives. There were multiple breakout sessions focused on how cooperatives can assist with refugee crises, build stronger communities, expand access to healthcare and empower marginalized communities by leveraging the co-op model of business ownership.

Judy Ziewacz, president and CEO of the National Cooperative Business Association/CLUSA — along with other female leaders from cooperative development centers in Japan, Malaysia, Canada and France — discussed how women are central to the cooperative movement. They discussed how profitability is best when women are in leadership roles and stressed the importance of cooperatives in empowering and propelling women forward, including in the area of employee-owned home care cooperatives (see page 28 for more on this issue).

The last day of the conference focused on how cooperatives could help achieve the United Nations' sustainable development goals.

These discussions reminded me of the work USDA Rural Development is doing to promote cooperatives programs such as our Rural Cooperative Development Grants (RCDG), which help to fund rural cooperative development centers across the United States. As spotlighted in the last issue of this magazine, these centers are involved in projects as diverse as helping African immigrants form their own farmer cooperatives and helping tiny rural towns form community co-ops to save their last grocery store.

USDA's Socially Disadvantaged Group Grants have helped African-American farmers in Mississippi diversify their farms, improve their business plans and adopt improved production and management strategies. In Minnesota, the program has helped Hmong-American farmers overcome barriers to acquiring farm land, create a food hub to more efficiently distribute and sell their goods, and strengthen Hmong farmers' bonds with non-Hmong businesses and communities.

And, of course, this magazine and USDA's many other publications for cooperatives have been key sources of information supporting the cooperative movement for more than 80 years.

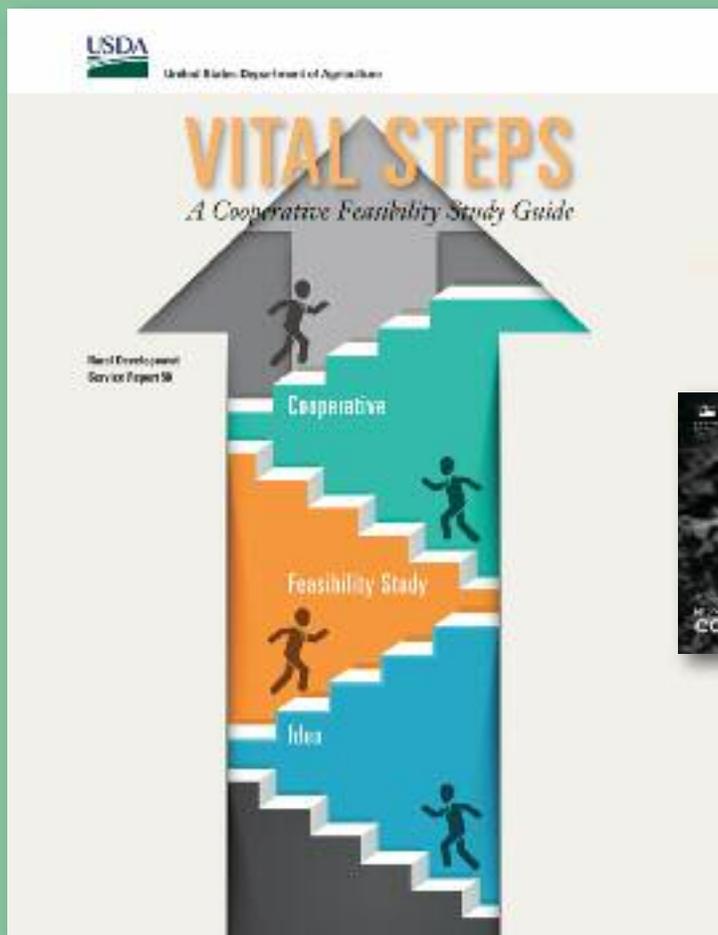
I left the International Summit of Cooperatives enthused and inspired by the power of cooperatives to change the future for the better. As a representative of the Rural Business-Cooperative Service, I am proud of USDA's enduring commitment to this democratic, powerful and empowering model of economic development. At a time when our nation and the world continue to see growth in income inequality, the cooperative model offers an alternative to embrace and to build prosperity for all. ■

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# Every Step Counts



Short cuts in the planning process for launching a co-op can doom the project to failure. USDA's newly revised publication, *Vital Steps: A Cooperative Feasibility Study Guide* (SR 58), provides a step-by-step process to help ensure you get the clearest possible picture of whether to proceed. It should be read together with *How to Start a Cooperative* (CIR 7). Both publications are available, free of charge, from USDA Rural Development.



For hard copies, send e-mail to: [coopinfo@wdc.usda.gov](mailto:coopinfo@wdc.usda.gov), or call (202) 720-7395, or write to: USDA Co-op Info., Stop 3254, 1400 Independence Ave. SW, Washington, DC 20250. Please indicate title, publication number and the number of copies needed.

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