

The Cooperative Difference

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Cooperative Development Foundation

Rural Maryland Council Summit

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Today

- What cooperatives are
- What the cooperative difference is
- Support for cooperative development





- Mission: To promote and develop cooperatives to improve economic opportunities for all
- Three key functions:
 - Make grants, loans, and investments for co-op development
 - Incubate and replicate innovative programs, e.g., home care worker co-ops
 - Thought leadership, e.g., *ABCs of Co-op Impact*
- 501(c)3 charitable organization affiliated with NCBA CLUSA

cdf.coop



- Apex membership association for US cooperatives, established in 1916
- Mission: to advocate for and promote cooperatives with policy makers and the public
- Vision: to put co-ops in the center of the conversation around building a more inclusive economy
- International cooperative development work since 1953, in 20 countries across Africa, Latin America and Southeast Asia
- 501(c)6 business association

ncbaclusa.coop

What is a cooperative?

- A cooperative is a business owned and governed by its members, the people who use it, not outside stockholders
- Profits are reinvested in the co-op or distributed to its members
- Members can be the workers, producers, or consumers of the cooperative



When was the first cooperative in the US?

☐ 1875

☐ 1752

☐ 1920

Why cooperatives?

- **Address market failures** where neither the private sector nor the government provide a needed service
- **Help small players gain parity** with large investor-owned competitors
- Give people a **deliberate choice of enterprise** to better meet their common needs and aspirations
- **Provide consistent services and economic multiplier effects** through increased community investment, local jobs and local procurement



Cooperative Principles & the Inclusive Economy



Cooperatives in the Economy

- U.S. co-ops provide nearly 2 million jobs and create more than \$74 billion in annual wages with a revenue of \$650 billion.
- Counties, schools, hospitals, and public agencies typically use cooperatives to purchase at scale.
- Nearly a million of the nation's farmers belong to a co-op, accounting for 55% of total US agriculture sales.
- There are 3 million co-ops globally. Their members account for 12% of the world's population.



Over 65,000 co-ops

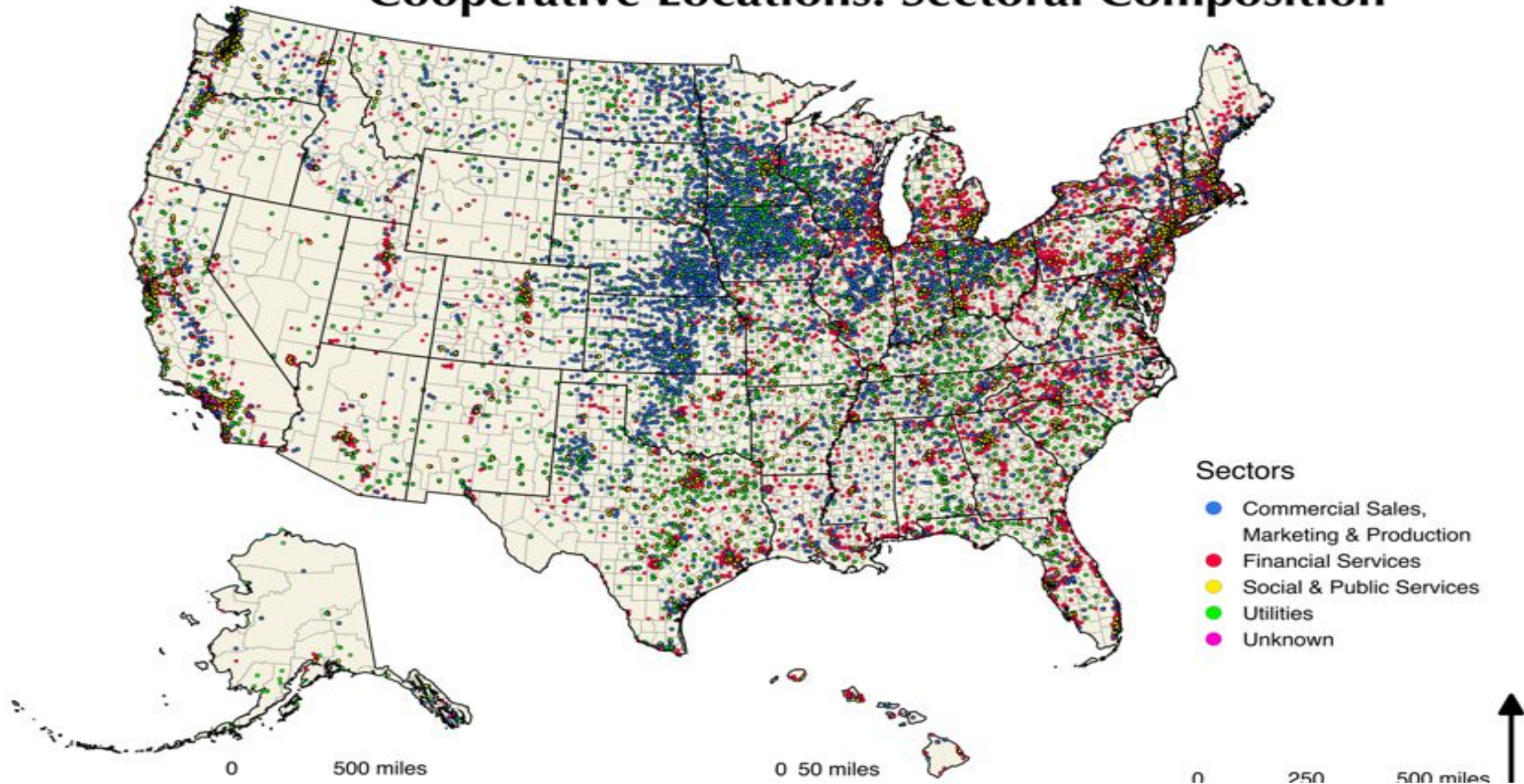


Electric co-ops power 18 million homes, schools and businesses



1 in 3 people are members of a co-op

Cooperative Locations: Sectoral Composition



National and local

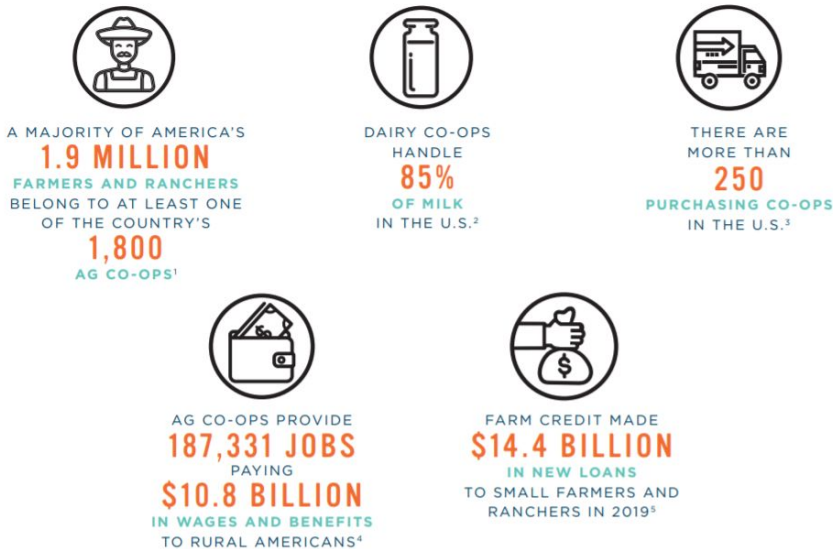


Greenbelt Homes Inc.
A COMMUNITY FOR PEOPLE WHO VALUE COMMUNITY

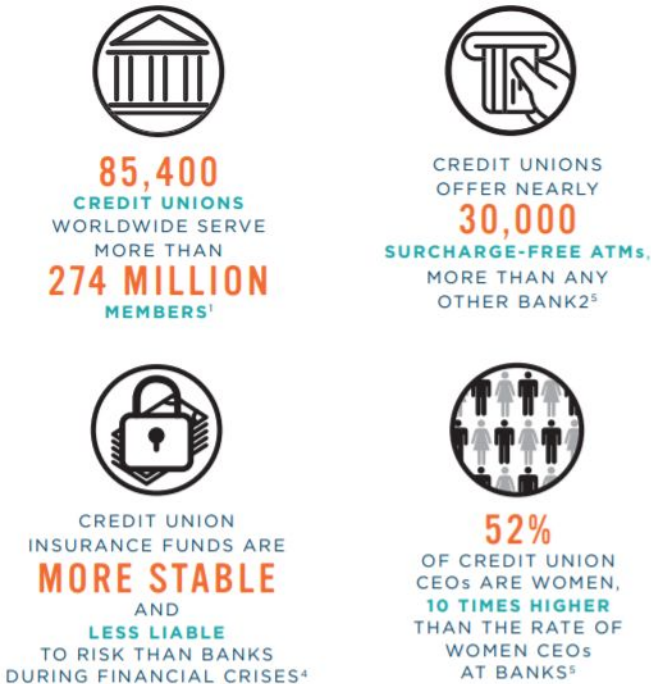


Examples of Cooperative Impact

Farmers & Independent Business



Credit Unions



Food Co-ops



CDF and Cooperative Development

Home Care Cooperative Initiative

- Support the development of home care worker cooperatives
- Host annual national home care conference
- Provide resources and education
- Support benchmarking, feasibility, recruiting and other activities
- Provide small grants
- Receive and coordinate deployment of RCDG and SDGG funds



Caregiver Impact

Average Caregiver Wage Differential

+\$1.93

per hour more than non-cooperative industry peers

Increases in Wages

■ Home Care Cooperatives
■ State Based Competitors



Rate of Ownership

58% of all eligible employees are worker owners



Average Annual Caregiver Turnover

versus the industry average of 64%



Median Caregiver Tenure

17 Months

All Co-ops

35 Months

Co-ops 5+ Yrs

The median for cooperatives in operation for 5 or more years increases to 35 months

USDA – Rural Development

- The Rural Cooperative Development Grant program funds Cooperative Development Centers
- The Socially Disadvantaged Groups Grant program provides technical assistance to socially-disadvantaged groups through cooperatives and Cooperative Development
- Value Added Producers Grant
- Business and Industry Loan Guarantee
- All RBCS, RHS, and RUS programs, including broadband, energy, housing, electric, community facilities, and other business programs
- Rural Community Development Initiative Grants



Cooperative Development Support

Co-op development is supported by various cooperative development specialists and organizations, including:

- CooperationWorks! - national network of co-op development centers doing work in all fifty states and across co-op sectors.
- Keystone Cooperative Development Center – provides services for MD
- Columinate - national consulting cooperative serving mission-driven organizations
- Democracy at Work Institute (DAWI) – project of US Federation of Worker Cooperatives (USFWC) to support worker cooperative development in economically and socially marginalized communities
- University of Wisconsin Center for Cooperatives – national resource with information and tools for cooperatives
- Workers to Owners Collaborative - national collaborative of organizations working to transition small businesses to worker- and employee-ownership



Potential funding sources

- American Rescue Plan Act
 - Socially Disadvantaged Farmers (section 1006) - \$1.01b to support socially disadvantaged farmers through various programs, including outreach, loans and grants, education, and financial assistance to improve land access for socially disadvantaged producers.
 - State Small Business Credit Initiative (SSBCI) provides \$10b to states to leverage low-cost financing and technical assistance for business development; \$500m in grants.
- Infrastructure Investment and Jobs Act
 - Broadband: \$65b to connect rural communities and low-income urban residents with high-speed internet service
 - Electric vehicles: Authorizes \$7.5b for EV charging infrastructure and provides \$2.5b for zero-emission school buses.
 - Wind and solar: Boosts renewable energy by providing \$400m for research and development into wind energy and \$320m for solar energy.
 - Energy storage: Provides \$355 million for pilot projects that explore the potential of energy storage.



Potential funding sources

- Build Back Better (passed House 11/2021)
 - Cooperative Lending Pilot Program – new SBA program available to cooperatives and other eligible employee-owned businesses to access loan guarantees, similar to that of SBA's flagship 7(a) program.
 - Rural Partnership Program – two separate grants totaling approximately \$1b to build capacity of local governments and community-based organizations
 - Cooperative Housing – \$500 million to address the housing and community infrastructure needs of resident-owned manufactured housing communities.
 - Home-based care – \$20 million to establish a national technical assistance center at the U.S. Department of Health and Human Services.



Thank you

For more information, visit
cdf.coop

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