UNLOCKING RURAL ECONOMIES: FARM BILL INVESTMENTS IN RURAL AMERICA

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| NCBA CLUSA
ABOUT NCBA CLUSA

▪ Apex membership association for U.S. cooperatives established in 1916

▪ MISSION: Develop, advance and protect cooperatives

▪ VISION: Help more people use cooperatives to build a more inclusive economy

▪ Our members are sector-based co-op associations and cooperatively-owned businesses across all sectors of the economy
COOPERATIVE IMPACT

WHY CO-OPS ARE FORMED

- 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 consumers a deliberate choice of enterprise to better meet their common needs and aspirations
COOPERATIVE IMPACT

- Healthy foods to communities
- Purchasing scale for independent businesses (Ace Hardware, CCA Global Partners)
- Electricity and broadband to rural communities (20 million households and businesses)
- Financial services to households (100 million credit union members)
- Affordable home ownership
- Business ownership for low-wage workers (fastest-growing sector)
- Marketing and processing of agricultural products (50% of ag)
**FARMER AND INDEPENDENT SMALL BUSINESS CO-OP IMPACT BY THE NUMBERS**

- A majority of America’s 1.9 million farmers and ranchers belong to at least one of the country’s 1.8 million co-ops.
- Dairy co-ops handle 85% of milk in the U.S.
- There are more than 250 purchasing co-ops in the U.S.
- Ag co-ops provide 187,331 jobs paying $10.8 billion in wages and benefits to rural Americans.
- Farm credit made $14.4 billion in new loans to small farmers and ranchers in 2019.

**CREDIT UNION IMPACT BY THE NUMBERS**

- 85,400 credit unions worldwide serve more than 274 million members.
- Credit unions offer nearly 30,000 surcharge-free ATMs.
- The average interest rate on a 48-month used car loan is 3.62% at credit unions versus 5.56% at banks.
- Credit union insurance funds are more stable and less liable to risk than banks during financial crises.
- 52% of credit union CEOs are women, 10 times higher than the rate of women CEOs at banks.

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**CONSUMER CO-OP IMPACT BY THE NUMBERS**

- Compared to conventional grocery stores, food co-ops recycle nearly double the amount of plastics and food waste.
- Local products make up 21% of food co-op sales, compared to the national grocery average of 1.8%.
- Food co-ops create 9.3 jobs per $1 million in sales, compared to 5.8 at traditional grocery stores.
- Food cooperatives pay about 7% more than grocery stores for the same work.

**ELECTRIC CO-OP IMPACT BY THE NUMBERS**

- Electric co-ops power over 21.5 million businesses, homes, schools, and farms in 48 states.
- More than 900 electric co-ops own and maintain 42% of U.S. electric distribution lines, powering 56% of the nation’s landmass.
- Electric co-ops returned $1.4 billion in capital credits to consumer-members in 2021.
INVESTMENTS IN RURAL COOPERATIVE BUSINESSES

RURAL COOPERATIVE DEVELOPMENT GRANT (RCDG) PROGRAM

- Authorized through the farm bill
- Only federal program solely dedicated to cooperative development
- Supports job creation, preserved rural businesses and promotes local economic growth

RURAL ENERGY FOR AMERICA (REAP) PROGRAM

- Provides loan guarantees and grants to producers and rural small business co-ops
- Supports energy efficiency improvements and systems
- Future-planning to increase renewable energy development
RURAL REALITY

- Diverse
- Blessed with abundant natural and cultural assets
- Subject to dynamics of previous generations
- Policy interventions that overlooked parts of the economy
- Result: rural continues to lose around key outcomes
RURAL IMPERATIVE IN THE FARM BILL

WHY FOCUS ON RURAL POLICY?

▪ **EQUITY:** Rural people deserve economic opportunities just as everyone does.

▪ **ECONOMY:** Rural has much to offer a sustainable economy

▪ **RESILIENCE:** Increasing quality of life and climate friendly
POLICY STRATEGIES TOWARD THE FUTURE
CAPACITY BUILDING IS KEY

- **Rural economies are diverse.** Policy interventions must be flexible and tailored to the rural reality – including increasing racial and ethnic diversity.

- **Knowledge-based economy.** Rural positioned to gain and lose.

- **Data.** Rural people must have a voice and feel empowered within their institutions and the economy.
EXAMPLE: COOPERATIVES

Cooperatives focus on services provided to their members and communities, not return on investment

- Cooperatives are user-owned
- Cooperatives are user-controlled
- Cooperatives benefit users

Benefits of cooperation

- Responsive to its member-owners and, in turn, the local community
- Puts power in the hands of community members
- Develops, sustains and grows an organized base of people and leaders who act together through democratic structures
THANK YOU!

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