

**Requested Funding:** The National Cooperative Business Association CLUSA International (NCBA CLUSA) is requesting \$26,630,000 for the Rural Cooperative Development Grant (RCDG) program of the Rural Business – Cooperative Service account in the FY 2015 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations bill.

**Requested Bill Language:**

**RURAL COOPERATIVE DEVELOPMENT GRANTS**

*“For rural cooperative development grants authorized under section 310B(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932), \$26,630,000, of which \$2,250,000 shall be for cooperative agreements for the appropriate technology transfer for rural areas program: Provided, That not to exceed \$3,000,000 shall be for grants for cooperative development centers, individual cooperatives, or groups of cooperatives that serve socially disadvantaged groups and a majority of the boards of directors or governing boards of which are comprised of individuals who are members of socially disadvantaged groups; of which \$15,000,000, to remain available until expended, shall be for value-added agricultural product market development grants, as authorized by section 231 of the Agricultural Risk Protection Act of 2000 (7 U.S.C. 1632a); and of which \$290,000, to remain available until expended, shall be for an interagency working group, as authorized by section 6013 of the Agriculture Act of 2014 (7 U.S.C. 1932(e)(12)).”*

**Suggested Report Language:**

*“The Committee recognizes the important role that cooperatives play in the nation’s rural economy and the continued need to fund the establishment and operation of centers for rural cooperative development with their primary purpose being the improvement of economic conditions in rural areas through the creation of new or improvement of cooperatives. The Committee also recognizes the growing need for coordination across the many cooperative sectors and the federal agencies with jurisdiction over them and directs USDA to utilize funding provided for in this bill to work with federal agencies and key national and local cooperative stakeholder organizations on a plan coordinated and chaired by their interagency working group, as required in the Farm Bill, that seeks to identify and resolve barriers that inhibit cooperative development and growth.”*

**Background:** The President’s FY2015 budget request, like the previous FY 2014 budget request, contains a proposal to eliminate a number of rural development programs, including the Rural Cooperative Development Grant (RCDG) program, and consolidate them into a new \$57.5 million economic development grant program. NCBA is seriously concerned with the elimination of the only program in the federal government solely focused on cooperative owned businesses and one that provides technical assistance for cooperative expansion and development. The consolidation of the RCDG program in our view will diminish the agency’s focus and mission of supporting the advancement of cooperatives and takes away the ability of Congress to establish priorities and accountability for the programs that Congress has historically authorized and funded.

As the leading voice for the nation’s cooperative industry representing over 29,000 cooperative businesses across the country, the National Cooperative Business Association (NCBA) expresses its strong support for the Rural Cooperative Development Grant (RCDG) program and encourages the committee to support it through our requested appropriations levels in FY 2015 and beyond that will continue to allow cooperative development centers to operate and further expand its reach into more rural communities to provide the types of technical assistance to cooperatives that allow for economic growth and job creation. In addition, our request calls for initial funding of a new interagency working group that was created in the recent Farm Bill and which is to be coordinated and chaired by USDA. This funding would help to further efforts to foster cooperative development and ensure coordination with Federal agencies and national and local cooperative organizations that have cooperative programs and interests.

**Program Overview:** The RCDG program is a competitive grants program, administered by USDA’s Rural Development, Rural Business-Cooperative Services Program. The primary objective of the RCDG program is to improve the economic condition of rural areas by assisting individuals or entities in the startup, expansion, or operational improvement of rural cooperatives and other business entities. Grants are awarded competitively on an annual basis to nonprofits or institutions of higher education that operate cooperative development centers who provide technical assistance to those seeking to form cooperatively owned businesses in rural areas. The maximum grant amount that USDA provides in a fiscal year is \$200,000. There is a 25 percent cost share requirement of the total project cost (5 percent cost share for 1994 Institutions). Cooperative development centers currently serve rural communities in more than 30 states. They use the grants to fund critical technical assistance for economic development, such as legal and accounting assistance, feasibility studies, business planning, board education, and other services that help ensure the success of these businesses.

**Program Cost and Recent Funding:** The RCDG program is currently authorized at \$40,000,000 for each of fiscal years 2014 to 2018 (7 U.S.C. 1932(e)(13)). The program has received annual appropriations since fiscal year 1993. Recent funding levels and our programmatic funding request are as follows:

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015 Budget</u>	<u>FY 2015 Request</u>
Total	\$34,600,000	\$30,300,000	\$25,050,000	\$24,600,000	\$26,050,000	\$16,087,000	\$26,630,000
RCDG (including SSDPG)	\$11,400,000	\$11,400,000	\$8,800,000	\$8,700,000	\$8,800,000	\$3,000,000	\$9,090,000
ATTRA	\$2,800,000	\$0	\$2,250,000	\$2,100,000	\$2,250,000	\$2,087,000	\$2,250,000
VAPG	\$20,400,000	\$18,900,000	\$14,000,000	\$13,800,000	\$15,000,000	\$11,000,000	\$15,000,000
Interagency Working Group						\$0	\$290,000

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