



April 26, 2013

Honorable Robert Aderholt
U.S. House of Representatives
2369 Rayburn House Office Building
Washington, DC 20515

Honorable Sam Farr
U.S. House of Representatives
1126 Longworth House Office Building
Washington, DC 20515

Dear Chairman Aderholt and Ranking Member Farr:

As the lead voice for the cooperative industry representing 29,000 cooperatives across the country including cooperative development centers that access and support the US Department of Agriculture (USDA) Rural Cooperative Development Grant (RCDG) program, the National Cooperative Business Association (NCBA) expresses strong opposition to USDA Rural Development's consolidation proposal in the President's FY 2014 budget.

This letter is in response to the recent testimony by Rural Development officials during the April 24 budget hearing with the House Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration and Related Agencies.

The National Cooperative Business Association would like to echo the concerns and opposition that was voiced by you and a number of bipartisan members on the committee regarding Rural Development's proposal to consolidate a number of programs including the RCDG program through the Congressional appropriation process.

Cooperatives and their supporters worked with Congress in the 1990's to create this important grant program that serves a specific need, which is providing assistance to create and develop cooperatives in rural America. The cooperative community takes great pride in this program. Next month, the Cooperative Development Foundation will induct a local co-op leader into the Cooperative Hall of Fame for his key role in the creation of the RCDG program.

Unfortunately, USDA is attempting to eliminate the only program in the federal government solely focused on development of cooperative owned businesses. While we are sure our partner USDA Rural Development had good intentions with this proposal, we disagree with the practicality, implementation, and potential outcomes of this proposal.

The RCDG program has nothing in common with the other programs in the consolidation proposal. Instead, the cooperative program within USDA will be lumped together with unrelated rural development programs. Cooperatives and cooperative development organizations will have to compete with Indian tribes, municipalities, state agencies and other organizations for funding that include construction, adult learning, buying machinery, pollution control, and the purchase of real estate.

More importantly, the focus and priority of cooperatives within USDA would be lost.

With this proposal, USDA is also taking away the ability of Congress to establish priorities and accountability for the programs that Congress has authorized and funded. USDA will be able to select which programs to fund or not fund, instead of Congress.

Additionally, the \$55 million budget that is being requested by USDA is subject to Congressional

appropriation, and we do not think if consolidated, the funding would be increased. Actually, we believe this process could lead to a sizable decrease in funding and to possible elimination of these programs.

We were pleased to learn during the hearing that a number of you on the committee shared similar concerns the cooperative industry has regarding the consolidation proposal. We look forward to working with you on a solution to this issue. Please let me know if you need additional information or have any questions on this important matter.

Sincerely,

A handwritten signature in cursive script that reads "Michael V. Beall".

Michael V. Beall
President and CEO

cc: Chairman Harold Rogers
Ranking Member Nita Lowey