



Testimony for the Senate Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies

**U.S. Department of Agriculture
Title III
Rural Development Programs
Rural Business – Cooperative Service
Rural Cooperative Development Grants**

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May 12, 2017**

Chairman Hoeven, Ranking Member Merkley, and Members of the Subcommittee:

My name is Judy Ziewacz, I am the President & CEO of NCBA CLUSA. NCBA CLUSA is the apex trade association for cooperative business in the United States and an international development organization. Our work provides cross-sector education, support, and advocacy that empowers people to own and control their own businesses through the cooperative model. We also engage with cooperatives around the world.

We reject calls for the elimination of discretionary programs administered by USDA's Rural Business-Cooperative Service made in the America First Budget Blueprint released on March 13, 2017 and request at least \$26,850,000 for Rural Cooperative Development Grants (RCDG), a program in the Rural Business – Cooperative Service account, in the FY 2018 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations bill. We request the following 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), \$26,850,000, of which \$300,000 shall be for a cooperative research agreement with a qualified academic institution to conduct research on the national economic impact of all types of cooperatives; and of which \$2,750,000 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).

This proposed amount would maintain nearly level funding for RCDG, which would include \$8.8M for grants to institutions to establish and operate centers for rural cooperative development, including those that serve socially disadvantaged groups; cooperative agreements for appropriate technology transfer for rural areas program; for value-added agricultural product market development grants; and for cooperative research agreements with qualified academic institutions to conduct research on the national economic impact of all types of cooperatives. Appropriating these monies will further provide for the economic development and vitality of rural America. These programs collectively benefit businesses across many industry sectors, enabling small local businesses, farms and food producers, and resident-owned communities to succeed.

The continued funding is well justified. We trust the Committee recognizes the important role that cooperatives play in the nation's rural economy and the significant contributions they make in their communities. The primary purpose of this funding is directed at the improvement of economic conditions in rural areas through the creation or growth of new or existing cooperatives. We reject any notion in the FY 2018 budget request that these programs are underperforming and duplicative as they are the only programs in the federal government that are tailored to serve the specific needs of cooperatives in rural communities.

Since its inception almost 20 years ago, Rural Cooperative Development Grant programs have been instrumental to the development of hundreds of businesses, the creation of thousands of jobs, and have provided a lifeline for rural towns. According to grant recipients surveyed by the association CooperationWorks, from 2008-2014, the RCDG grants:

- Developed over 300 cooperative businesses and created or saved over 4,000 cooperative jobs
- Developed over 350 non-cooperative businesses and created or saved over 6,000 non-cooperative jobs

The Rural Cooperative Development Grant program is unique in supporting cross-sector business development on a national scale, including many that support the important sectors of housing and delivery of food in rural America, as well as assisting many family businesses faced with conversion issues as they approach retirement age.

The RCDG program has created the formation of a nationwide cadre of professionals trained and focused on fostering and improving cooperatives in rural and urban areas, with the accompanying economic and community benefits. Since the Small Business Administration and their affiliated Small Business Development Centers do not yet provide technical assistance support for the cooperative business model on a national scale, RCDG should not be considered duplicative and remains the only federal program that funds such technical assistance.

The RCDG program is a competitive grant 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

about 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.

The RCDG program is currently authorized at \$40,000,000 for each of fiscal years 2014 to 2018 (authorized under section 310B(e) of the Consolidated Farm and Rural Development Act, 7 U.S.C. 1932(e)(13)). The program has received annual appropriations since fiscal year 1993. Recent enacted levels are as follows:

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
Total	\$24,600,000	\$26,050,000	\$22,050,000	\$22,050,000	\$26,550,000
RCDG	\$8,700,000	\$8,800,000	\$8,800,000	\$8,800,000	\$8,800,000
ATTRA	\$2,100,000	\$2,250,000	\$2,500,000	\$2,500,000	\$2,750,000
VAPG	\$13,800,000	\$15,000,000	\$10,750,000	\$10,750,000	\$15,000,000

The Committee should also recognize the growing need for coordination across the many cooperative sectors and the federal agencies with jurisdiction over them. The committee should encourage, in any accompanying report language, that USDA use its cooperative expertise and leadership and utilize any funding provided for in this bill to continue working with federal agencies and key national and local cooperative stakeholder organizations on plans coordinated and chaired by its interagency working group, as required in the Agricultural Act of 2014 (7 U.S.C. 1932(e)(12)), that seeks to identify and resolve barriers that inhibit cooperative development and growth nationwide.

The Committee should also recognize the need to revive funding for cooperative research programs with qualified academic institutions that conduct research on the effects of all types of cooperatives on the national economy as provided in law (7 U.S.C. 1932(e)(10)). FY 2010 was the most recent year funds were appropriated for this type of work, totaling \$300,000. The committee should be aware that the U.S. Census Bureau, as part of their 2017 Economic Census, will for the first time in 20 years ask businesses and establishments they survey if they are a cooperative. The data on cooperatives that will be obtained from these Census tabulations should help the public and those that shape public policy better understand their value and application toward economic development and the creation and sustainability of jobs. This data however will need to be analyzed and reported out, which is why this funding is critical especially at this point in time.

As the leading voice for the nation's cooperative industry representing over 29,000 cooperative businesses across the country, the National Cooperative Business Association CLUSA International (NCBA CLUSA) expresses its strong support for the Rural Cooperative Development Grant (RCDG) program and encourages the committee to support it at least at levels that were provided for in FY 2017 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.

We again encourage you to reject budget requests for the potential elimination of the RCDG program in the Rural Business - Cooperative Service account and instead provide the necessary federal investment needed to help create, sustain, and inspire vibrant rural communities.

Thank you again for allowing me to testify.