



National Cooperative Business Association ■ www.ncba.coop

March 1, 2010

Dear Representative:

As the national association that represents all types of cooperatives, we urge you to support increased funding for the Rural Cooperative Development Grant program (RCDG), which funds a number of cooperative development centers and programs that create jobs and businesses in rural America.

Specifically, we urge you to support the President's FY2011 proposed funding level of \$16.8 million for the program. This includes \$13,424,000 for RCDG grants and \$3,463,000 for grants to assist small, socially disadvantaged producers. We also request that \$300,000 be allocated to support research on the economic impact of all types of cooperatives, as directed in section 310B(e)(10) of the Consolidated Farm and Rural Development Act, as amended in the 2008 bill.

As the downturn in the economy has left one in ten of us unemployed, many are looking to create their own opportunities through the cooperative model. This makes sense because cooperatives, owned and controlled by the people who buy their products or use their services, are developed to respond to a need or a problem in the market. In addition to creating job opportunities, cooperatives operate at-cost and revolve earnings back into their communities or members' communities, helping to support other business and social development.

The centers operate in more than 35 states with a track record of success launching businesses. The RCDG is a competitive program requiring a 25 percent non-federal match, awards grants to cooperative development centers to provide farmers, ranchers, seniors, small entrepreneurs, and others in rural America with technical assistance such as feasibility studies, business and marketing plans, and training for cooperative board members.

The program, authorized at \$50 million, was intended to support a national network of centers, providing assistance for new or expanding businesses in rural areas across the country. With adequate funding, these centers can become an engine for new business development in rural areas in all 50 states. The increase as proposed by the President will help USDA implement the 2008 Farm Bill provision authorizing the Secretary to award multi-year competitive grants in place of the current single year awards. Similar to the strong financial support Small Business Development Centers receive, the additional funds will help increase the stability and effectiveness of these centers.

We thank Congress for its ongoing support of funding for research on the economic impact of cooperatives. The initial research demonstrates the significant contribution co-ops make to the national economy. The direct and indirect impacts of the nearly 30,000 cooperatives operating 73,000 places of businesses account for more than \$650 billion in revenue and support more than 2 million jobs.

We urge you to include an allocation of \$300,000 for research in the FY2011 appropriations. More research can help identify the effectiveness of the co-op model in addressing deficiencies in the market; how the model can help create more sustainable jobs in sectors such as energy, health and financial services; the extent to which these cooperatives recycle earnings back into the local economies or help support their members' bottom line; and whether the survival rate of cooperatives is higher than other businesses, as found in a 2008 study of co-ops in Quebec. This research can help policymakers develop new and innovative ways to support economic development from the ground up and address problems that investor owned firms are ill equipped or have chosen not to tackle.

Help rural America by supporting an increase to this important program.

Sincerely,

A handwritten signature in black ink that reads "Paul Hazen". The signature is written in a cursive, slightly slanted style.

Paul Hazen, CEO