

both crop and livestock operations. Information is provided through letters, reports and a wide variety of publications. Producers are encouraged to adopt sustainable agricultural practices to help maintain or improve profits, produce high-quality food products and reduce adverse impacts on the environment. Questions can be referred to the ATTRA Center in Fayetteville, Ark., by telephone, (800) 346-9140, or e-mail, [askattra@ncatrak.uark.edu](mailto:askattra@ncatrak.uark.edu), or the ATTRA Web site: <http://www.attra.org>.

- National Sheep Industry Improvement Center - This program uses a revolving loan fund to help rebuild infrastructure for the Nation's ailing sheep and goat industries. The Center has entered into an agreement with the National Livestock Producers Association to deliver direct loans and loan guarantees to fund projects - such as livestock packing and wool processing operations - needed to strengthen producers' role in the sheep and goat industries. The Center does not make ranch or farm production loans. The Center will be privatized in 2006.
- Business and Industry (B&I) Guaranteed Loans - This program provides funds to start or expand rural businesses that will benefit rural areas, especially in the area of job creation. USDA/RBS works with local lenders, guaranteeing up to 90 percent of the loan amount for: buildings and real estate; machinery and equipment; working capital; or certain types of debt refinancing. Inability to obtain other credit is not a requirement. Lenders benefit from the program by having their risk exposure reduced, allowing the lender the opportunity to provide more rural credit within their legal lending limits. Virtually any legally organized entity can apply, including cooperatives and individuals. Under USDA's B&I Cooperative Stock Purchase Program, family farmers can use B&I loan guarantees to help purchase stock in a start-up cooperative that processes their agricultural commodity into a value-added product. The co-op must be new - not an expansion or diversification of an existing co-op - and producers must meet the USDA Farm Service Agency's definition of a "family-sized farmer."
- Rural Business Enterprise Grants - This program provides grants to public bodies, private, nonprofit

organizations, and federally recognized Indian tribal groups to finance development of small and emerging businesses in rural areas, including cooperatives. Grants do not go directly to the business.

- Rural Business Opportunity Grants - This program provides funds for technical assistance, training and planning activities that improve economic conditions in unincorporated rural areas and in incorporated communities of 10,000 or fewer people. Cooperatives, nonprofit organizations, public bodies and Federally recognized tribal groups are eligible to apply for grants.

### For Further Information...

To learn more about any USDA/RBS program, visit our Web site: <http://www.rurdev.usda.gov>. For more information on Cooperative Services programs, you may also call (202) 720-7558, e-mail [coopinfo@rurdev.usda.gov](mailto:coopinfo@rurdev.usda.gov), or write: USDA Cooperative Services, Stop 3250, 1400 Independence Ave. SW, Washington, D.C., 20250-3250.

For more information on Business Programs, call (202) 720-7287, or write: USDA/RBS Business Programs, Stop 3220, 1400 Independence Ave. SW, 20250-3220.

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## History Capsule of USDA Cooperative Assistance

Assisting agricultural cooperatives was an informal activity within the U.S. Department of Agriculture as early as 1867.

**1901** • Information assembled as reference data on farmer cooperatives in the United States.

**1912** • First official USDA project in agricultural cooperatives.

**1913** • Office of Markets formed, cooperative activity included.

**1922** • Assistance formalized as the Division of Agricultural Cooperation, Bureau of Agricultural Economics

**1926** • Renamed Division of Cooperative Marketing.

**1929** • Transferred to Federal Farm Board.

**1933** • Transferred to new Farm Credit Administration (FCA), an independent agency, and later renamed Cooperative Research and Service Division.

**1939** • FCA returned to USDA jurisdiction.

**1953** • FCA again became an independent agency but Cooperative Research and Service Division remained with USDA and elevated to an agency, Farmer Cooperative Service (FCS).

**1978** • FCS combined with Economic Research Service and Statistical Reporting Service to form a new agency, Economics, Statistics, and Cooperatives Service (ESCS)

**1980** • Cooperative segment of ESCS returned to agency status as Agricultural Cooperative Service.

**1994** • Agricultural Cooperative Service combined with Rural Development Administration (RDA) as its Cooperative Service.

**1994** • RDA is merged into USDA's new, Rural Business-Cooperative Service, part of the Rural Development mission area of USDA.

# Cooperative Services:

What We Do  
How We Work



## What We Do

The goal of the Cooperative Services program of USDA's Rural Business-Cooperative Service (RBS) is to expand knowledge (or intellectual capital) of the cooperative method of conducting business. The program helps rural residents form new cooperatives and improve the operations of existing ones. USDA does this by providing technical assistance, conducting cooperative related research, and producing a wide variety of information products to promote public understanding of cooperatives.

RBS is part of USDA's Rural Development mission area, which was created in 1994 when USDA consolidated rural economic programs that had previously been scattered among various agencies. RBS encompasses the former Agricultural Cooperative Service.

For most of the past century, USDA's cooperative assistance has been concentrated on agricultural cooperatives. While agricultural marketing and supply cooperatives remain a primary focus of USDA's efforts, RBS provides reports and other publications to all types of rural cooperatives.

## What Is a Cooperative?

User-owned cooperatives process and market products, purchase production supplies or consumer goods, provide housing and credit, build and operate rural utilities, and provide other services needed by rural residents. By working together for their mutual benefit in cooperatives, rural residents are often able to reduce costs, obtain services that might otherwise be unavailable, and achieve greater returns for their products.

Cooperatives, both rural and urban, have been part of the American economy for more than 100 years. By one estimate, nearly one-third of the population belongs to some type of cooperative. Application of the cooperative business structure in rural economies is virtually limitless.

## Cooperative Development Assistance

USDA Rural Development provides a wide range of assistance for people interested in forming new cooperatives. This help can range from an initial feasibility study to the creation and implementation of a business plan. Staff includes cooperative development specialists who do everything from identifying potential cooperative functions through the development of bylaws and busi-

ness plans. They also provide training for cooperative directors.

The goal is to provide a realistic view of what it will take to make a new cooperative succeed. Work is also conducted by cooperative development specialists located at many of USDA's state Rural Development offices. Recent examples of cooperatives USDA has helped launch include a new turkey processing and marketing cooperative, pork and beef packing cooperatives, new fruit and vegetable cooperatives and even a small seafood processing cooperative.

## Technical Assistance

USDA Rural Development provides technical assistance to existing cooperatives facing specific problems or challenges. Technical assistance could include helping a cooperative develop a strategic marketing plan to cope with new competitive forces, in making a crucial decision whether to merge or form a joint venture with other cooperatives, or in finding a way to turn the raw products of cooperative members into value-added products. These matters are often life and death issues not only for a cooperative, but for the rural communities in which they operate.

USDA can help improve a cooperative's business structure and operating efficiency. This work often involves an analysis of operations or assessing the economic feasibility of new facilities or adding new products or services. Studies cover the full range of decisionmaking facing cooperative business enterprises. Technical assistance is largely designed to benefit a specific cooperative business or group. However, the results often provide business strategy for all cooperatives.

## Research

USDA conducts research to provide the knowledge base necessary to support cooperatives dealing with changing markets and business trends. Studies include financial, structural, managerial, policy, member governance, legal, and social issues, as well as various other economic activities of cooperatives.

Research is designed to have direct application to current and emerging requirements of cooperatives. A major challenge is to analyze industry structure and

cooperative operational practices to determine the changes required to maintain or achieve a producer-oriented marketing system. Recent research studies have focused on equity redemption plans used by cooperatives, identification of new niche markets for cooperatives, and opportunities and obstacles cooperatives face when exporting goods overseas.

## Education and Information

The Cooperative Marketing Act of 1926 mandates that USDA "promote the knowledge of cooperative principles and practices and cooperate in promoting such knowledge with educational and marketing agencies, cooperative associations, and others." To meet this goal, USDA provides a wide range of cooperative training programs and educational materials.

USDA maintains a storehouse of information about cooperatives which it makes available to the public through more than 150 research reports, educational publications and videos which cover all aspects of cooperative operations. A bi-monthly magazine, *Rural Cooperatives*, reports significant achievements by cooperatives, the most advanced thinking of cooperative leaders, and highlights of agency research, technical assistance, and educational activities.

## History and Statistics

Cooperative statistics are collected to detect growth trends and changes in structure and operations. Data help identify and support research and technical assistance activities. This information is used extensively by legislative and executive branches of government in formulating agricultural and cooperative related policy.

## How We Work

One specialist or a team may tackle a project. Most staff members are agricultural economists who have specialized in cooperative issues, including: cooperative business organization, cooperative law, finance, marketing, purchasing, international trade, strategic planning, member relations, and education.

Staff members use various data bases, conduct surveys by mail and telephone, and do on-site interviews – walking in factory and field – to gather information. To reach an objective, USDA may provide assistance direct -

ly or serve as a catalyst in bringing together the best available resources. USDA Rural Development works closely with specialists with other State and Federal agencies, cooperatives, and other public and private institutions.

## Other USDA/RBS Cooperative Services Programs

- Research on Rural Cooperative Opportunities and Problems - This special initiative provides funds for research into issues that are of critical importance to cooperatives and their members. Proposals for these cooperative agreements are sought annually from institutions of higher learning and nonprofit organizations. Funds are awarded through a competitive process in which research proposals are judged based on their potential to yield benefits to agricultural or other types of cooperatives serving rural communities. These funds can be used to pay for up to 75 percent of the cost of the research.
- Rural Cooperative Development Grant program - This program provides grants to public, nonprofit organizations and institutions of higher learning to establish and operate centers for cooperative development. The primary purpose of these centers is to provide technical assistance to improve the economic condition of rural areas through the development of new cooperatives and improving operations of existing cooperatives.
- Value-Added Agricultural Market Development Grants - This program was authorized by the Agriculture Risk Protection Act of 2000 to encourage agricultural producers to further refine their products to add value to end users. A second objective is to establish an information resource center to collect, disseminate, coordinate, and provide information on value-added processing to producers and processors. Each of these two objectives has a separate grant program.
- Appropriate Technology Transfer for Rural Areas (ATTRA) - This program, first authorized in the 1985 Farm Bill, provides information and technical assistance to farmers and other rural users on a variety of sustainable agricultural practices, for both crop and livestock operations. Information is

