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Rural Cooperative Development Grants
The President's Budget and Congressional Appropriations
Fact Sheet & Policy Issues

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Requested Funding:

The National Cooperative Business Association CLUSA International (NCBA CLUSA) is requesting at least \$26,850,000 for the Rural Cooperative Development Grant (RCDG) program of the Rural Business – Cooperative Service account in the FY 2019 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations bill.

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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), \$26,850,000, 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 \$2,500,000 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)."

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 recognizes a renewed need to conduct research on the national economic impact of all types of cooperatives. The Committee also recognizes the importance of continued coordination across federal agencies with jurisdiction over cooperative businesses and directs USDA to continue utilizing funding provided for in this bill to continue prioritizing work with federal agencies and key national and local cooperative stakeholder organizations through the interagency working group, authorized in the Agricultural Act of 2014, that seeks to identify and resolve barriers that inhibit cooperative development and growth."

2018 & 2019 Federal Budget:

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. We reject calls for the elimination of RCDG in the Rural Business – Cooperative Service account in the FY

2018 & 2019 budgets and encourage the committee to support it at levels no less than were provided in FY2017. These investments 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. While the budget request claims RCDG has not shown evidence of economic growth outcomes, the fact is since their inception almost 20 years ago, RCDG grants 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, RCDG has developed over 300 cooperative businesses and created or saved over 4,000 cooperative jobs and developed over 350 non-cooperative businesses and created or saved over 6,000 non-cooperative jobs



Program Overview:

The RCDG program is a competitive grants program, administered by USDA's 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.

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 enacted levels and the current budget request are as follows:

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>*FY 2018</u>	<u>**FY 2018</u>	<u>***FY 2018</u>	<u>****FY 2019</u>
				<u>Budget</u>	<u>House</u>	<u>Senate</u>	<u>Budget</u>
Total	\$22,050,000	\$22,050,000	\$26,550,000	\$0	\$21,000,000	\$26,550,000	\$0
RCDG	\$8,800,000	\$8,800,000	\$8,800,000	\$0	\$8,500,000	\$8,800,000	\$0
ATTRA	\$2,500,000	\$2,500,000	\$2,750,000	\$0	\$2,500,000	\$2,750,000	\$0
VAPG	\$10,750,000	\$10,750,000	\$15,000,000	\$0	\$10,000,000	\$15,000,000	\$0

*Found on page 129 of the FY2018 Budget Appendix

**Found on page 40 of H.R. 3268, the FY2018 House Agriculture Appropriations bill. Approved by House Appropriations Committee by voice vote on July 12, 2017

***Found on page 45 of S. 1603, the FY2018 Senate Agriculture Appropriations bill. Approved by Senate Appropriations Committee on July 20, 2017

****Found on page 130 of the FY2019 Budget Appendix

NOTE: Pursuant to P.L. 115-123, FY18 is operating under a continuing resolution based on FY17 levels through March 23, 2018.