



Rural Cooperative Development Grant Program Fiscal Year 2020 Budget and Congressional Appropriations

Requested Funding:

The National Cooperative Business Association CLUSA International (NCBA CLUSA) is requesting at least \$8,000,000 for the Rural Cooperative Development Grant (RCDG) program of the Rural Business – Cooperative Service account in the FY 2020 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations bill.

Requested Bill Language

“For rural cooperative development grants authorized under section 310B(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932), \$32,250,000, of which not less than \$8,000,000 shall be for rural cooperative development grants; 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 \$16,000,000, 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 established and successful development centers throughout the country.”

2020 Federal Budget:

As the leading voice for the nation’s cooperative industry representing over 65,000 cooperative establishments across the country, NCBA CLUSA expresses its strong support for the Rural Cooperative Development Grant program. We reject calls for the elimination of RCDG in the Rural Business – Cooperative Service account, as we have seen in previous budget proposals and encourage the committee to support RCDG at levels no less than \$8,000,000.

These investments will continue to enable 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, job creation and job retention. 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 and retention of thousands of jobs, and have provided a lifeline for many rural communities. According to grant recipients surveyed by CooperationWorks! from 2008 – 2014, the RCDG program 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. 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 that provide technical assistance to those seeking to establish cooperatively owned businesses in rural areas. Cooperative development centers currently serve rural communities in all 50 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 2019 to 2023 (7 U.S.C. 1932(e)(13)). The program has received annual appropriations since Fiscal Year 1993 under the Rural Business-Cooperative Services account. Recent enacted levels for the Rural Business-Cooperative Services account and RCDG program are as follows:

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY2020 request</u>
Total	\$22,050,000	\$22,050,000	\$26,550,000	\$27,550,000	\$29,100,000	\$32,250,000
RCDG	\$5,800,000	\$5,800,000	\$5,800,000	\$5,800,000	\$5,800,000	\$8,000,000