



COLLECTIVE ACTION IN RURAL COMMUNITIES



Center for Cooperatives
UNIVERSITY OF WISCONSIN-MADISON

Collective Action in Rural Communities: Mapping Opportunities for Cooperative Conversion and Start-up is a research and extension project funded by the National Institute for Agriculture's Agriculture Food Research Initiative (AFRI). It falls under *Program Area Priority 4: Innovation for Rural Entrepreneurs and Communities*.

The project page, including the *National Cooperative Resource Ecosystem Map and Directory*, can be found at: uwcc.wisc.edu/research/collective-action-in-rural-communities/

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Lexxi Lovell brings new life to clothes through Dumpster Values co-op in rural Olympia, WA.

MISSI

COLLECTIVE ACTION IN RURAL COMMUNITIES

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INTRODUCTION

Collective Action in Rural Communities: Mapping Opportunities for Cooperative Conversion and Start-up is intended to support rural cooperative development efforts through data, case studies, and new tools. The goal of the project is to enhance opportunities for rural cooperative entrepreneurship by providing decision-making tools and research-based information to cooperative and economic developers, rural entrepreneurs, and policy makers. *Collective Action in Rural Communities* is a research and extension project funded by the National Institute for Agriculture's Agriculture Food Research Initiative (AFRI). It falls under *Program Area Priority 4: Innovation for Rural Entrepreneurs and Communities*.

Rural communities are using the cooperative model in diverse ways to meet collective needs and to strengthen communities and local economies. Research was conducted through two national primary data collection efforts over several years, a national survey of cooperative developers, interviews and site visits, and the expertise of the University of Wisconsin Center for Cooperatives.

The research began with two “new cooperative” surveys to identify cooperatives in the United States that incorporated between 2011 and 2019. Neither the surveys nor this study capture the success rates of new cooperatives, but rather, how many cooperatives incorporated during a specific time period. This project evaluates the ecosystems and factors leading to the development of new cooperatives, and we made the assumption that the incorporation of new cooperatives is an adequate metric for identifying areas of the country with particularly active cooperative development ecosystems.

Using the data collected through the two “new cooperative” surveys, we identified five clusters of strong rural cooperative development. In each cluster, we collected data from cooperative developers, supporters, and members through phone interviews, site visits, and a survey. Our research was structured around seven factors we hypothesized were the foundations of a robust rural cooperative development ecosystem. The factors are listed on page 2. After completing preliminary research, we decided to break the seventh factor, *Connectivity*, into two categories: *Cooperative-to-Cooperative* and *Community*. The other factors remained the same.



Northlake Homeowners Community Cooperative housing in rural Bremerton, Washington.

FACTORS

1. Co-op Development

Presence of business development support that is knowledgeable about cooperatives (e.g. cooperative development centers, small business development centers, employee ownership centers, Extension, etc.)

2. Legal Context

Statutory provisions and/or presence of attorneys with cooperative expertise

3. Co-op Friendly Capital

Presence of community development financial institutions, credit unions, community banks, foundations, or municipalities that are cooperative friendly

4. Co-op Education

Presence of organizations providing education on cooperatives to the general public (e.g. CoMinnesota, Co-op Connection, etc.)

5. Density of Co-ops

Presence of established cooperatives

6. Policy Environment

Presence of policies, plans, or tax incentives that support cooperatives

7. Connectivity

a. Co-op to Co-op: Degree to which cooperatives are aware of and connected with one another

b. Community: Presence of cooperatives that emerged from an established community network and are intended to support that particular community

This report assesses each cluster through the lens of these factors. While all the clusters demonstrate strength across the factors, the case studies in this report highlight the factors we found are strongest in each cluster.

This research, particularly the cluster research, has taken place over several years. Additional cooperative development activity has taken place since the analysis was conducted for this report, and the global pandemic that began in 2020 has shifted society in many ways. That being said, this report focuses on the general arc of cooperative development. We identify what we believe are still generally applicable patterns, findings, and recommendations.

We invite cooperative developers, community economic developers, policy makers, fellow cooperators, and community members to discover how diverse rural communities across the country are growing their cooperative ecosystems. Rural communities are using the cooperative model to strengthen their local economies and people. We hope this report sparks ideas for cooperatively growing your own communities.



METHODOLOGY

NEW CO-OP SURVEY 2011 - 2016

We conducted two national surveys of cooperatives that incorporated between 2011 and 2019. This primary data collection included cooperatives from all sectors and membership types. Data collection was mainly through systematic outreach to cooperative developers across the U.S. The first survey collected data on cooperatives that incorporated between 2011-2016; the second focused on cooperatives that incorporated between 2016-2019. Data cleaning included deduplication of any cooperatives identified in both surveys.

IDENTIFY RURAL CLUSTERS

Using the data from the first survey (2011-2016), we determined which states had major clusters of rural cooperative development activity. The second survey (2016-2019) was conducted at a later date and was not used to identify the clusters. As part of the analysis, we reviewed state counts and used GIS analytical mapping processes including hot spot analysis, cluster analysis, and others. Our definition for rural was based on whether the zip code that a cooperative was in was majority rural by population, based on Census data. We used zip code levels because cities and counties seemed large and block groups generally seemed too small for a business customer and employee base. The state of California had the most new rural cooperatives, however we removed it from our list of clusters because there are already several local reports on its cooperative development ecosystem.

NEW CO-OP SURVEY 2016 - 2019

INTERVIEWS, SURVEYS, SITE VISITS

We distributed a survey to cooperative developers in each cluster to gather more information on which factors were most influential in their ecosystem, and to gain a better sense of the cooperative development centers' scale and program offerings. The data collected through this survey was helpful, however it was not easily comparable across clusters due to two main factors:

- 1) A low number of surveys were completed in each cluster;
- 2) In certain clusters, the survey responses varied widely between respondents.

CLUSTER & FACTOR ANALYSIS

Ultimately, the data collected through the cooperative developer survey was more useful from a qualitative perspective. This data was supplemented with phone interviews with cooperative developers and cooperative members in each cluster.

In 2019, we conducted site visits in four of the five clusters. During these site visits, we visited cooperatives and interviewed cooperative developers, funders, supporters, and cooperative members.

The analysis in this report is based on a mix of quantitative data from the two "new cooperative" surveys (2011-2016 and 2016-2019), as well as qualitative data from the developer survey, interviews, and site visits.

OVERVIEW OF FINDINGS

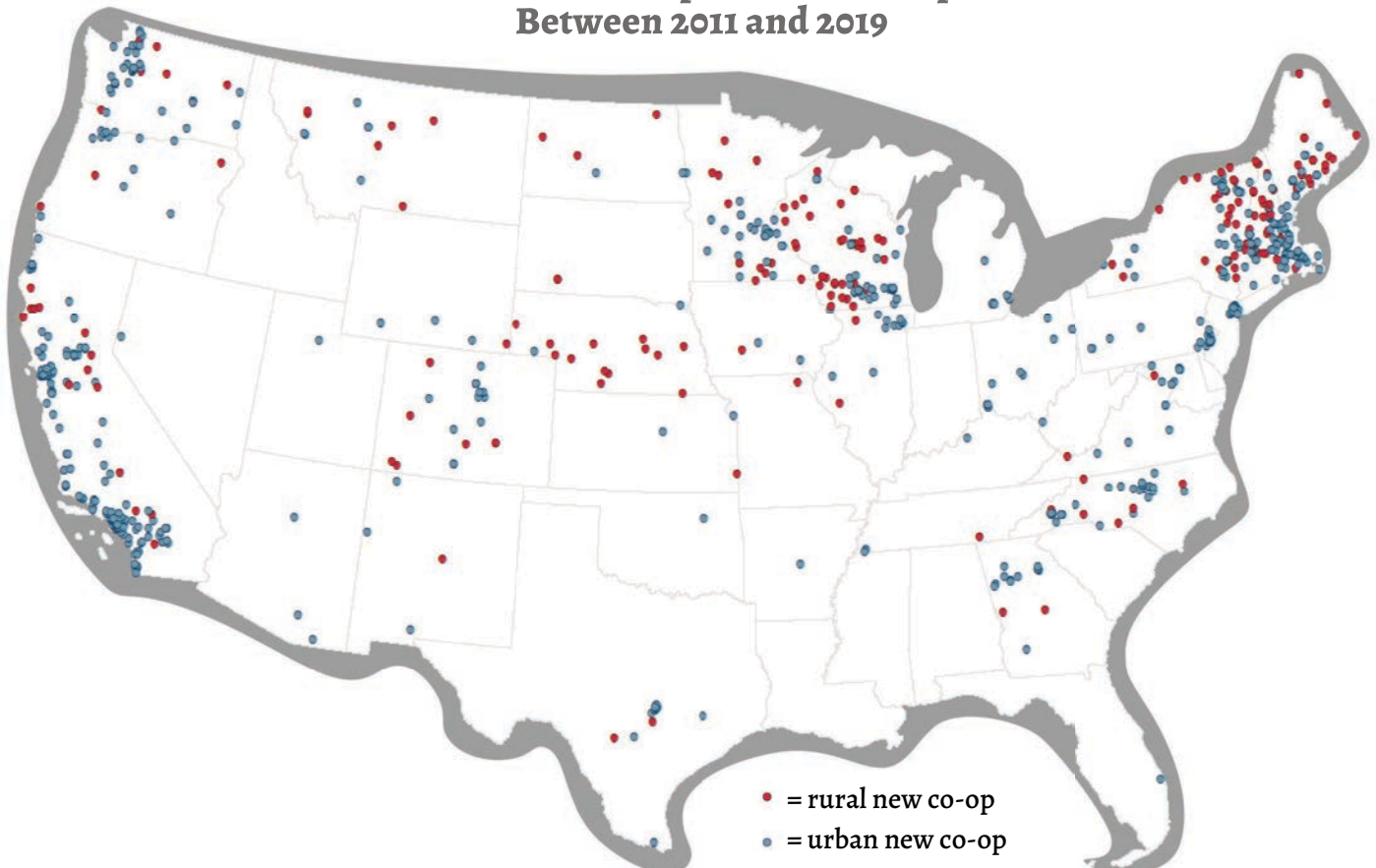
The 2011-2016 survey of newly incorporated cooperatives produced 625 new cooperatives, and the 2016-2019 survey produced 320 new cooperatives. This totals 945 new cooperatives that incorporated between 2011 and 2019 (see map below). Of the 945 new cooperatives, 195 were rural (21%), which is roughly equivalent to the percentage of the U.S. population that is rural by county (19.3%). 750 (79%) of the cooperatives were urban. The breakdown of rural and urban cooperatives according to our zip code-based definitions, as well as an assessment of their membership types and sectors, can be found in the charts below. Note that the two survey periods differ in length, so the quantities of new cooperatives are not comparable across surveys. The percentage of membership and sector type, however, are more comparable across surveys. Additional data can be found in Appendix A and B.

Additionally, we collected 14 developer survey responses and completed 23 phone interviews of developers and cooperative members. During the four site visits we conducted 66 interviews and in-person meetings with 88 individuals and cooperative members, developers, and community supporters. The majority of our interviews and meetings were with cooperative members.

Top 10 States: Co-ops incorporated in 2011-2019

California	210
Wisconsin	105
Massachusetts	77
New York	75
Washington	45
Minnesota	42
Maine	38
Vermont	37
North Carolina	34
New Hampshire	33

Rural and Urban Cooperatives Incorporated Between 2011 and 2019





**Top 10 States:
Rural co-ops incorporated in
2011-2019**

Wisconsin	36
Maine	19
New Hampshire	15
California	14
Nebraska	13
New York	13
Minnesota	12
Massachusetts	11
Vermont	11
Colorado	7

**Top 10 States:
Urban co-ops incorporated in
2011-2019**

California	196
Wisconsin	69
Massachusetts	66
New York	62
Washington	40
Minnesota	30
Pennsylvania	30
North Carolina	28
Vermont	26
Colorado	23

**~19%
OF THE
US
POPULATION
IS RURAL**

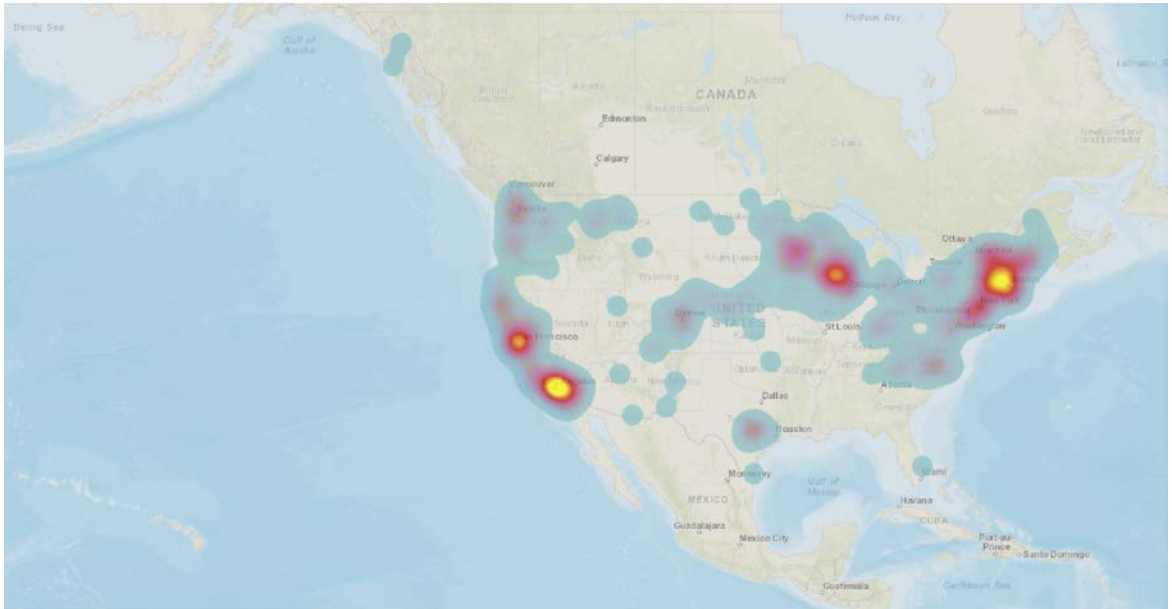
and

**~21%
OF
NEW CO-OPS
ARE RURAL**

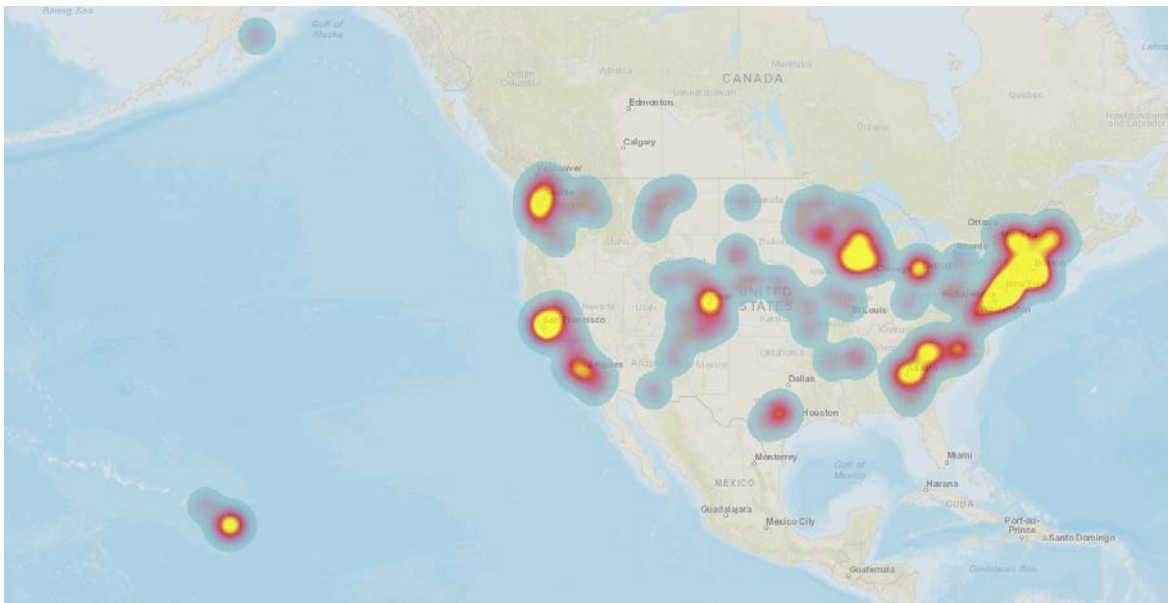
Images from left to right: A worker-owner at Opportunity Threads in Morganton, North Carolina; Elizabeth Casparian, Director of Communications and Events and Local Buyer at Morrisville Food Co-op in Morrisville, Vermont; Martin Alvarado of the Madison Public Library and MadWorC in Madison, Wisconsin; staff of Green Worker Co-ops in The Bronx, New York.

NEW CO-OP HOTSPOTS OVER TIME

2011 - 2016

 $n = 625$

2016 - 2019

 $n = 320$

These hotspot maps show the concentration of urban and rural cooperatives that incorporated during the two survey periods (2011 - 2016 and 2016 - 2019). Please note that the survey periods were not the same amount of time, therefore the quantities of new cooperatives are not directly comparable (625 new cooperatives in 2011-2016, and 320 new cooperatives in 2016-2019). Geographic concentrations of new co-ops are somewhat comparable, though, which is why we use hotspot maps.

MEMBERSHIP & SECTOR



Susie Sneeringer, a worker-owner and store manager at Electric Violin Shop in North Carolina, demonstrates their product.

MEMBERSHIP TYPE

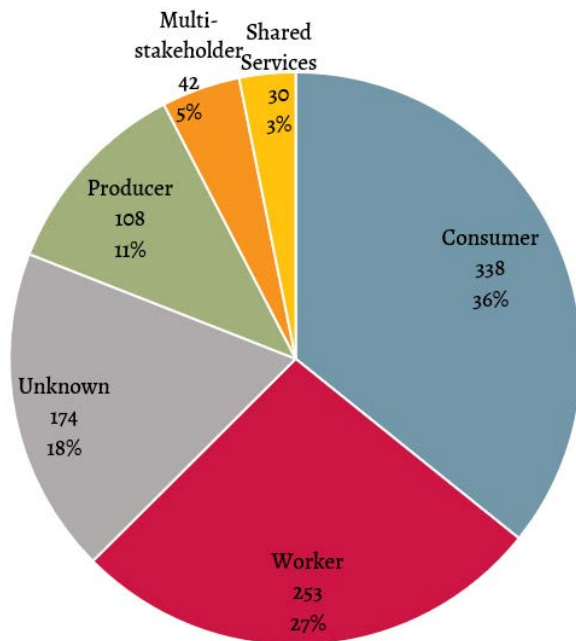
According to our survey data, consumer owned cooperatives were the most common type of cooperative that incorporated between 2011 and 2019. Overall, 36% of new cooperatives were consumer owned. In rural areas, 42% of new cooperatives were consumer owned. For all new cooperatives, worker cooperatives were the second most common type at 27%, followed by unknown membership type at 18%. In rural areas, producer cooperatives were the second most common type at 26% followed by worker cooperatives at 15%.

We observed some interesting changes over time. In the first survey (2011-2016), consumer cooperatives were the most common membership type at 40%. In the second survey (2016 - 2019), consumer cooperatives dropped to the second most common type and worker cooperatives took the lead at 47%. So, while there were more new consumer cooperatives over all for the full survey period, worker cooperatives were increasing in their share of new cooperatives.

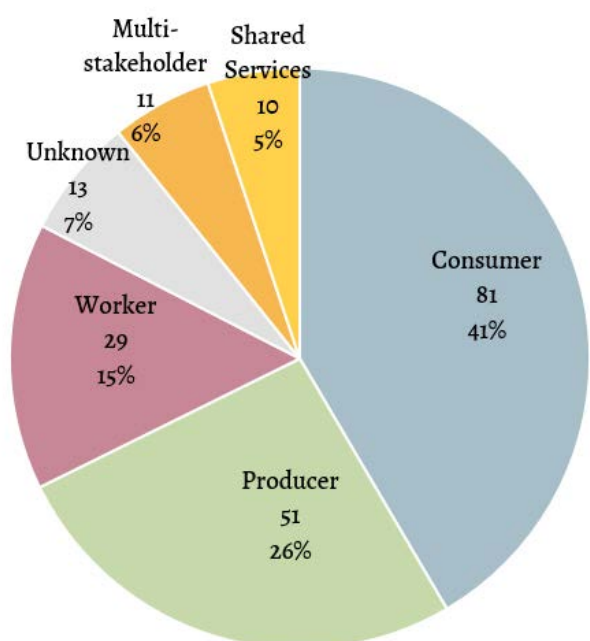
In rural communities, consumer cooperatives were the most common type incorporated in 2011-2016 at 45% and producer cooperatives were the most common between 2016 and 2019 at 35%.

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All New Cooperatives - Membership Type
2011 - 2019
n = 945



Rural New Cooperatives - Membership Type
2011 - 2019
n = 195



MEMBERSHIP TYPE

	Rural		Urban		All	
Consumer	81	41%	257	34%	338	36%
Producer	51	26%	57	8%	108	11%
Worker	29	15%	224	30%	253	27%
Unknown	13	7%	161	21%	174	18%
Multi-stakeholder	11	6%	31	4%	42	5%
Shared services/purchasing	10	5%	20	3%	30	3%
	195	100%	750	100%	945	100%

SECTOR

	Rural		Urban		All	
Agriculture	57	29%	81	11%	138	15%
Grocery	47	24%	124	17%	171	18%
Housing	37	19%	107	14%	144	15%
Other	27	14%	174	23%	201	21%
Unknown	9	5%	137	18%	146	15%
Food service/restaurant	4	2%	33	4%	37	4%
Manufacturing/construction	4	2%	28	4%	32	3%
Education	3	2%	11	1%	14	1%
Utility	3	2%	14	2%	17	2%
Childcare	2	1%	10	1%	12	1%
Healthcare	2	1%	24	3%	26	3%
Transport	0	0%	7	1%	7	1%
	195	100%	750	100%	945	100%

SECTOR

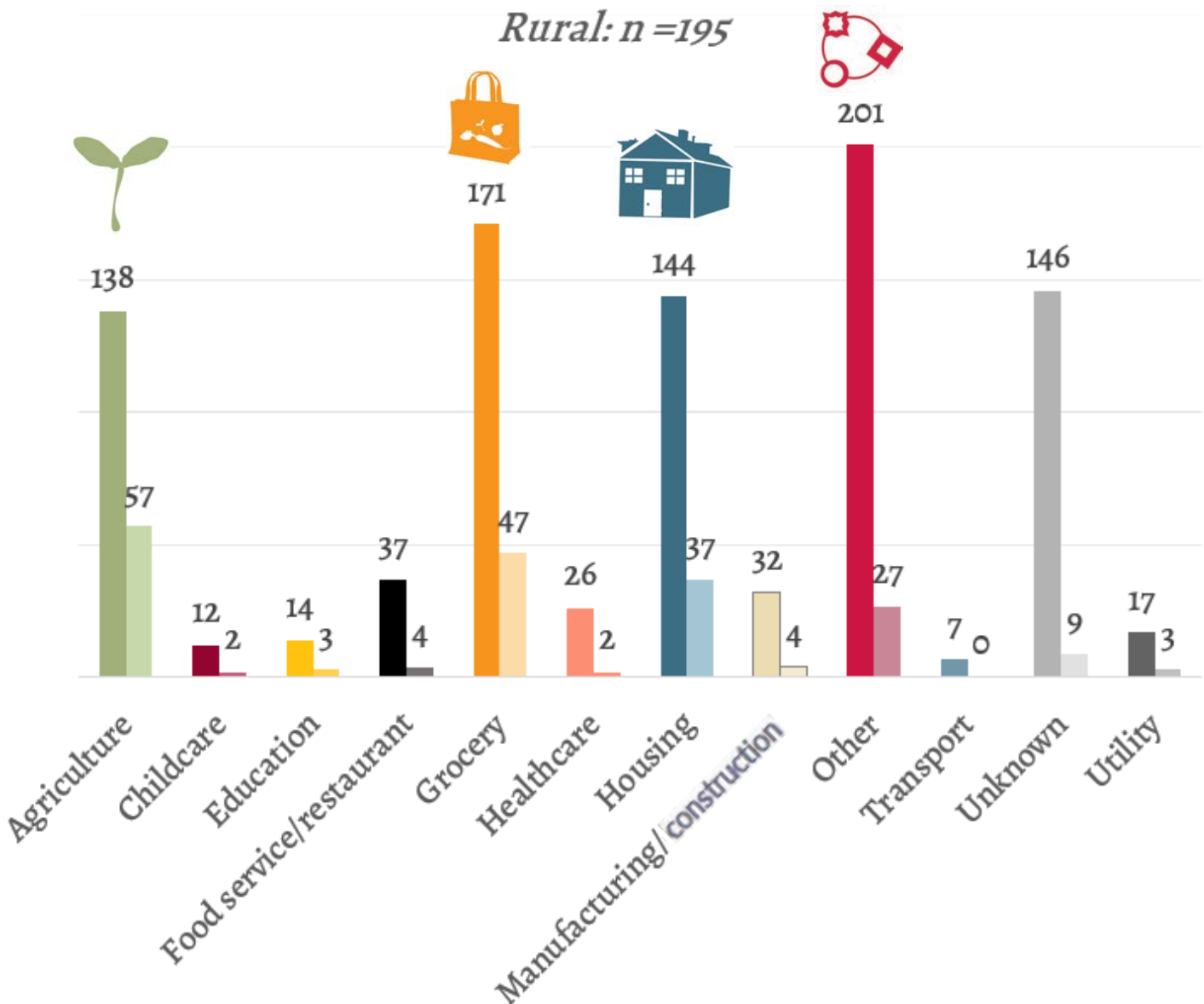
Between 2011 - 2019, the most common sector type identified for new cooperatives was Other (21%) followed by Grocery (18%). Housing, Agriculture, and Unknown were roughly tied for third place at approximately 15%. Given the large number of consumer cooperatives that incorporated during this period, it was not surprising that Grocery and Housing were such prevalent sectors.

In rural communities, 29% of cooperatives incorporated between 2011 - 2019 were in the Agriculture sector followed by Grocery (24%) then Housing (19%).

All and Rural New Co-ops - Sector: National

All: n = 945

Rural: n = 195



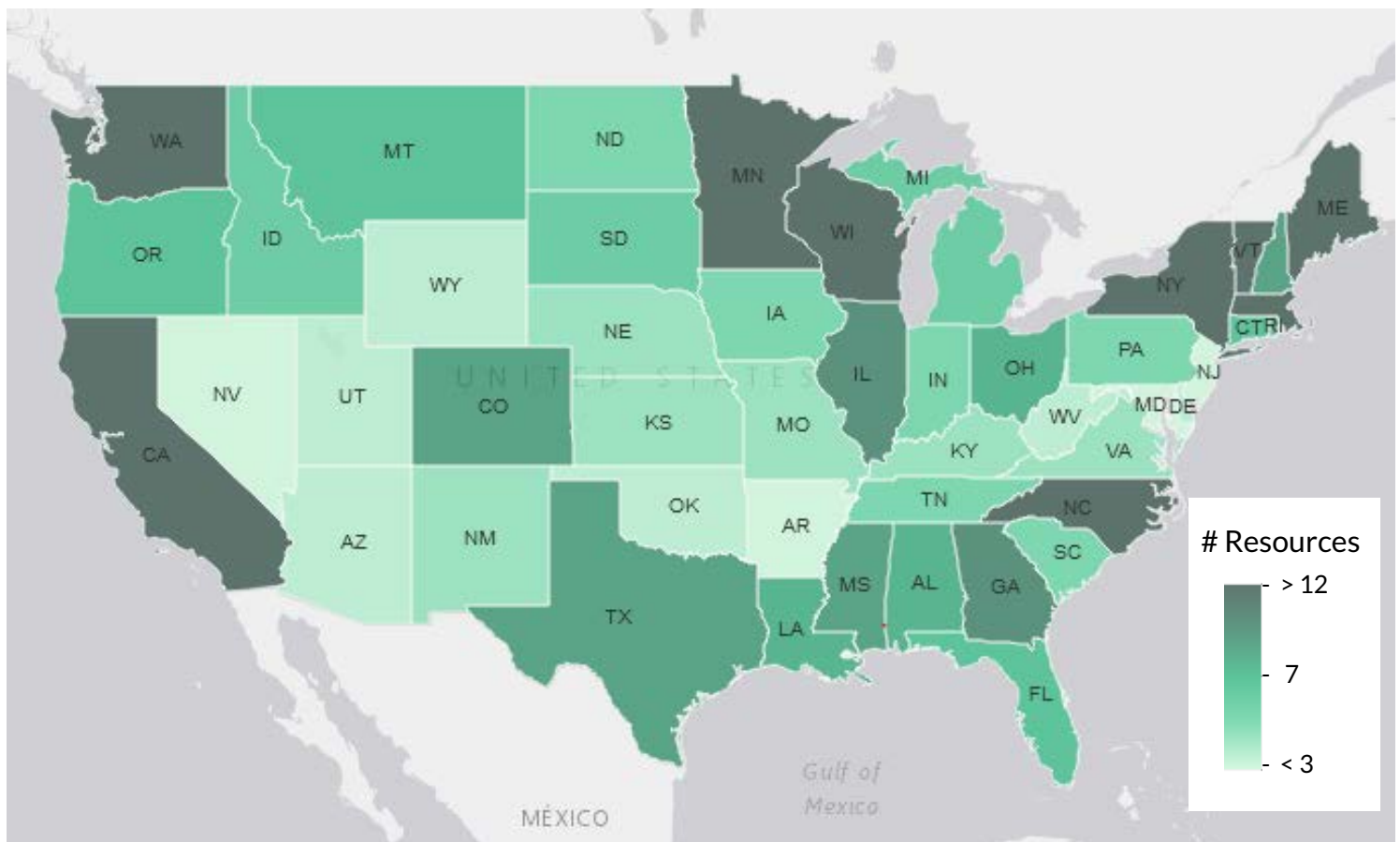
NATIONAL COOPERATIVE ECOSYSTEM RESOURCE MAP & DIRECTORY

Another outcome of our research was the compilation of a National Cooperative Ecosystem Resource Map and Directory, which include the following resources at the national, regional, and state levels:

- Cooperative Developers
- Cooperative Associations
- Cooperative Statutes
- Cooperative Friendly Capital

An interactive map and printable lists of these resources can be found in Appendix C, and at uwcc.wisc.edu/research/national-cooperative-resource-ecosystem/.

We found that in the entire U.S., including Puerto Rico, there are approximately 115 cooperative developers, 129 cooperative associations, and 53 cooperative friendly capital providers. In total, there are over 400 of these cooperative resources. If an organization serves more than one state, we only counted it once in the tallies just listed.



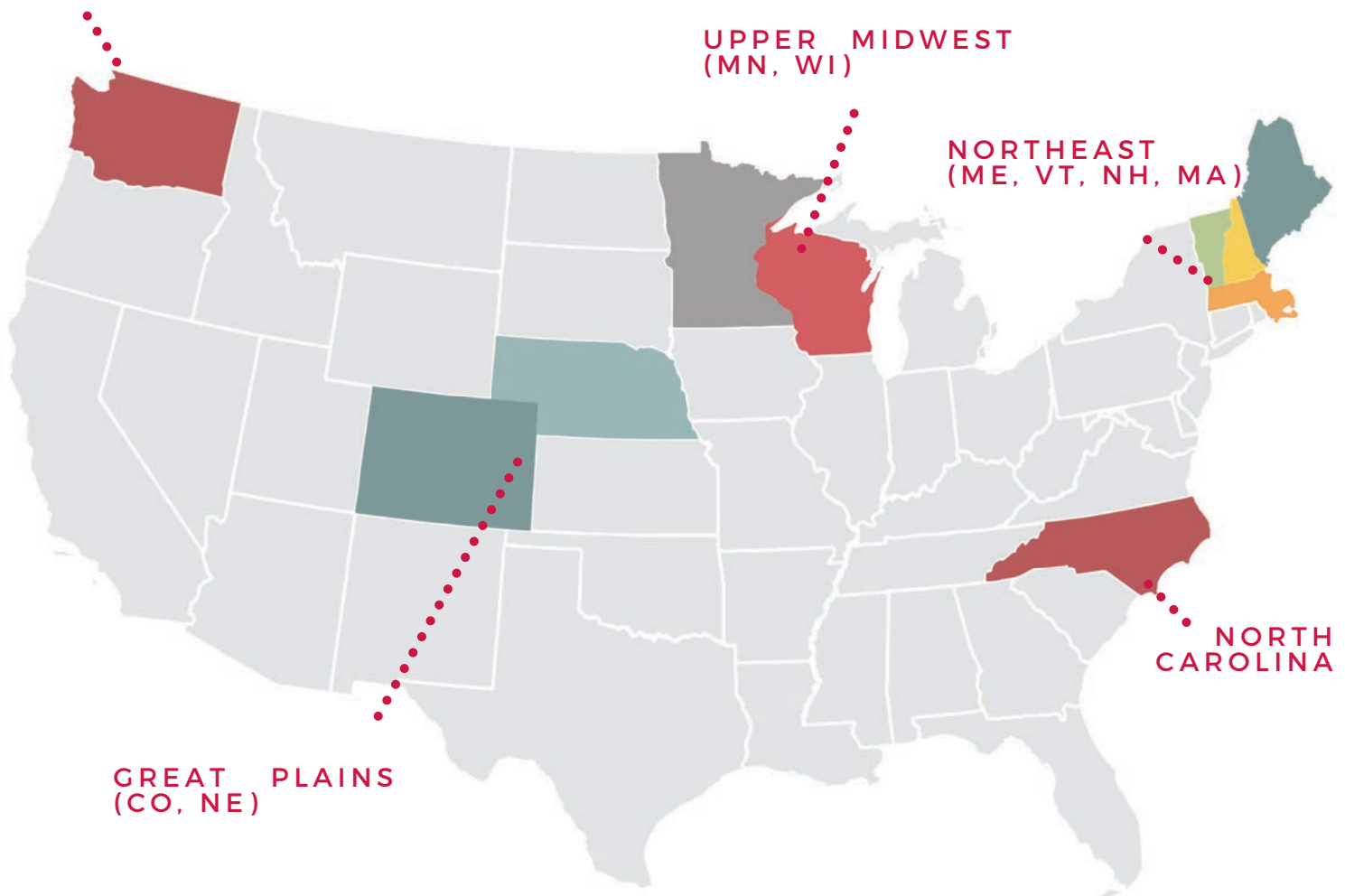
This map shows the number of cooperative developers, cooperative associations, and cooperative friendly capital providers in each state based on our research for the National Cooperative Ecosystem Resource Map. See Appendix C for full state lists.

CLUSTERS

The five clusters were determined using the aforementioned maps of newly incorporated cooperatives and professional knowledge. We also wanted the clusters to span various geographies. Fortunately, the data showed clear patterns throughout the U.S. Each cluster also had a mix of sector and membership types, which was additionally of interest to our study. Although California had the largest number of urban new cooperatives, it also has existing cooperative research specific to its state, so we decided to focus on other areas of the country. State lines were determined to be the clearest parameters for establishing the clusters, which also compliments the analysis of state-level policies and statutes. For adjacent states with high numbers of new rural cooperatives, we considered them to be one cluster to assess. However, the actual connections between adjacent states varied by cluster, as this report later articulates.

As noted earlier, we collected 14 developer survey responses and completed 23 phone interviews with developers and cooperative members. During the four site visits we conducted 66 interviews and in-person meetings with 88 individuals such as cooperative members, developers, and community supporters. The majority of our interviews and meetings were with cooperative members. The data we collected and the factor framework informed our analysis and the cluster case studies.

WASHINGTON



CLUSTER ANALYSIS

For the cluster analysis, we returned to our study question – *what ecosystem elements spur new cooperative development in rural areas?*

When analyzing the clusters, we returned to the overarching question for this project: *what ecosystem elements spur new cooperative development in rural areas?* The factors help us understand the ecosystem elements that lead to rural new cooperative development.

We used the seven factors as a starting point for assessing the five clusters. For each cluster, we identified the factors we found to be most important for rural cooperative development in that cluster. During our preliminary analysis, we determined that peer-to-peer connections between cooperatives and cooperative development efforts rooted in community networks should be explored separately, so we divided the *Connectivity* factor into two parts: *Cooperative-to-Cooperative* and *Community*.

Every cluster's ecosystem is situated in that state or region's unique context, however it is worth noting that every cluster contains at least one organization, and in most cases two or three, that has a long track record of success with the USDA Rural Cooperative Development Grant Program (RCDG). Initiated in 1996, the RCDG Program is a competitive annual grant program that awards approximately \$200,000 per year to non-profit cooperative development centers to provide technical assistance, education, and training to support the start-up, conversion, or expansion of rural cooperative enterprises. The RCDG Program is the only federal funding that supports cooperative development, and it has played an important role in the rural cooperative ecosystems featured in this report.

The Northeast cluster has the most new cooperatives with 185 total, followed by the Upper Midwest cluster with 147 new cooperatives. In both clusters, approximately one-third of the new cooperatives are rural, which is higher than the percentage of the U.S. population that is rural. Both ecosystems have new rural cooperatives across a wide array of sectors and membership types, and have historical cooperative roots and rich cooperative infrastructure. The Washington, North Carolina, and Great Plains clusters have 30-50 new cooperatives each. In Washington, long-time cooperative development funding and support has given way to new homecare, housing, and agricultural cooperatives. In North Carolina, a diverse array of development practices has resulted in new cooperatives that are tightly connected to established community networks and regional industries. The only multi-state cluster where the two states have notably distinct ecosystems is the Great Plains cluster, which includes Nebraska and Colorado. In Nebraska, several retail grocery cooperatives have emerged to meet rural food needs. Colorado has a broader ecosystem, with various cooperative developers specializing in agriculture and employee ownership. Colorado has also seen recent policy development that has increased interest in the cooperative model.

The cluster case studies that follow include several exciting practices and ideas that may be useful for your region or community. Observations of these practices are outlined in the Recommendations section.

NORTH CAROLINA CLUSTER

An array of new, community-rooted cooperatives have emerged with the support of local and national technical assistance providers and cooperative-oriented lenders. Between 2011 and 2019, 34 new cooperatives in a wide variety of sectors were founded in North Carolina. Approximately one-third of these new cooperatives are worker-owned. We have identified three factors that are particularly strong in North Carolina's cooperative development ecosystem: cooperative development, cooperative friendly capital, and connectivity between community-based organizations and the cooperative sector. In the last decade, several new organizations have emerged that provide business, legal, and organizing expertise to cooperatives, creating a rich ecosystem of support for groups interested in launching new cooperatives. The presence of innovative cooperative-rooted capital from organizations like the Fund 4 Democratic Communities and Shared Capital Cooperative provide critical financial support for new cooperatives.

**CO-OP
DEVELOPMENT**

**LEGAL
CONTEXT**

**CO-OP
FRIENDLY
CAPITAL**

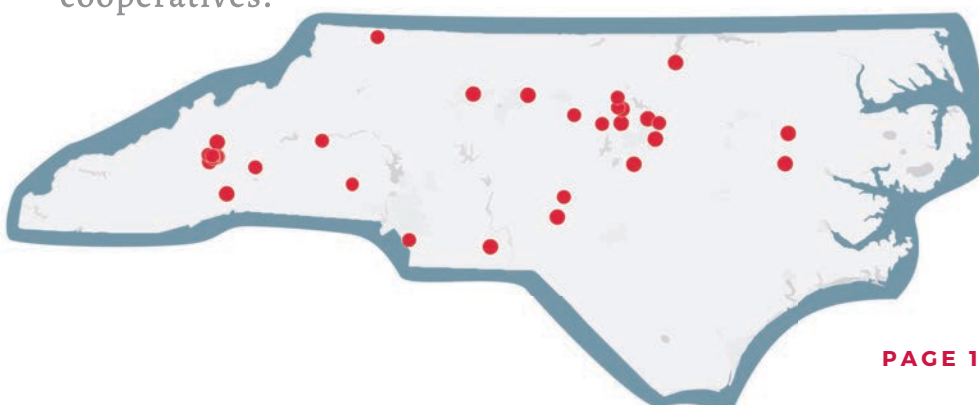
**CO-OP
EDUCATION**

**POLICY
ENVIRONMENT**

**DENSITY
OF CO-OPS**

**CONNECTIVITY:
CO-OP-TO-CO-OP**

**CONNECTIVITY:
COMMUNITY**

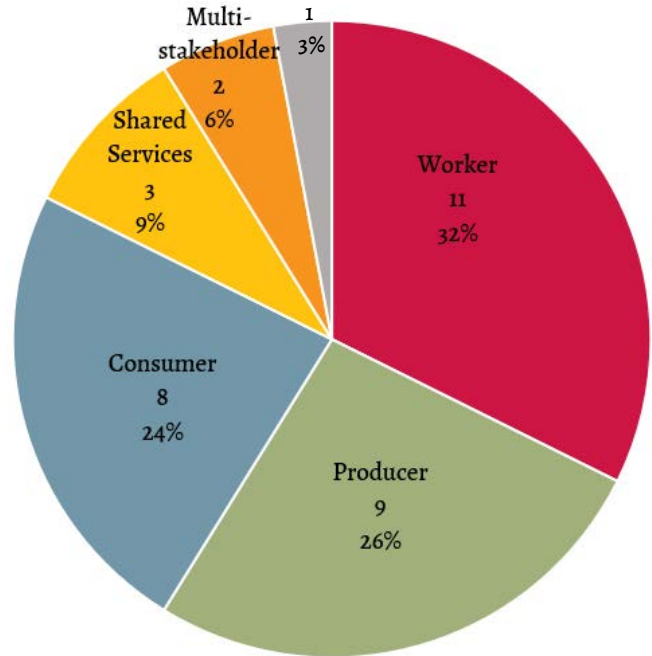


All New Co-ops - Membership: North Carolina

2011 - 2019

n = 34

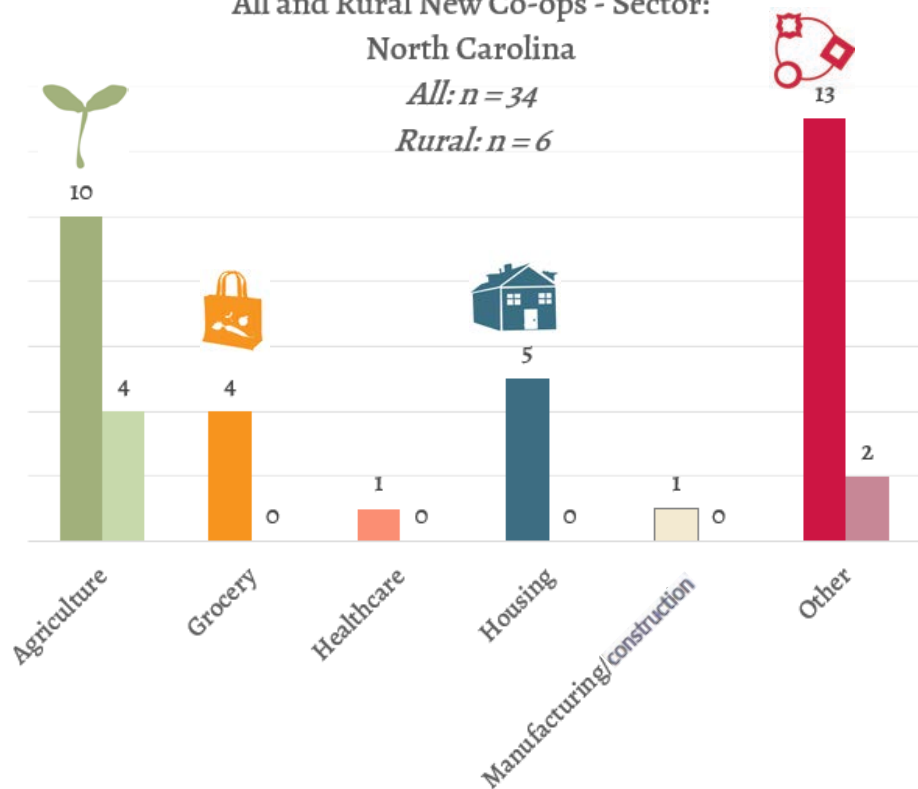
Unknown



All and Rural New Co-ops - Sector: North Carolina

All: n = 34

Rural: n = 6



Opportunity Threads is a worker cooperative based in Morganton, NC. They are a partner in the Carolina Textile District and find support from the innovative, industry-focused non-profit The Industrial Commons.



Worker-owners from Everyday Details refine their bylaws with cooperative developer Kimberley Hunter and other technical assistance providers. The home care cooperative provides critical services to the residents of Buncombe County.

CO-OP DEVELOPMENT

Cooperative developers in North Carolina come from a broad range of backgrounds and have a wide variety of expertise. They serve an array of communities at state, local, and regional levels, from the Poder Emma Neighborhood cooperatives in Asheville, to a cluster of counties served by the Sandhills Cooperation Association. Of the nine cooperative development organizations and consultants in the state, five have emerged in the last decade.

Carolina Common Enterprise (CCE) is a not-for-profit cooperative development center based in North Carolina that supports projects throughout the Southeast. Launched in 2012 by two attorneys, CCE specializes in cooperative legal services, technical assistance, outreach, and education. They collaborate with fellow cooperative developers, community colleges, and lenders to support new cooperatives throughout the entire state and to meet rural community needs. CCE, in partnership with North Carolina State Extension, has worked with several groups, including dairy farmers and egg producers, to start agricultural cooperatives that help farmers market and add value to their products. CCE has also supported the conversion of businesses to worker owned cooperatives, such as the Electric Violin Shop, whose former owner and current members connected with CCE via a former CCE board member. Thomas Beckett, CCE's Executive Director, emphasized that CCE strives to provide each cooperative client with a strong legal and financial foundation so they are able to deal with the ebbs and flows of their industries. Cooperative legal services are particularly important for worker cooperatives in North Carolina, as the state does not have a statute that lends itself to this membership type.



"We all loved the business. But, none of us had the means to buy the business. [Becoming a co-op] would benefit all of us."

Chris Guin, a worker-owner at Electric Violin Shop in Durham, NC. The former owner sold this business to the employees with technical assistance from Carolina Common Enterprise and capital from the cooperative friendly loan funds Shared Capital Cooperative and LEAF. Worker-owners learned practical operations and governance from other cooperatives of their size.

The Industrial Commons (TIC), established in 2015, is a network of interconnected enterprises focused on rebuilding a more equitable manufacturing industry in Western North Carolina. TIC is geographically rooted in Morganton, NC, which is the home town of TIC's founder Molly Hemstreet. The organization's focus on manufacturing and the textile industry reflects the fact that one in three people in the region works in manufacturing. TIC supports and incubates new social enterprises, including cooperatives, through the development of a metrics-driven, manufacturing-centered, cooperative supply chain. TIC is also developing a new industrial campus for local cooperatives and other aligned businesses. The overarching goal is to build wealth, resilience, and hope for the people of Western North Carolina.

North Carolina's ecosystem also includes independent cooperative developers. Kimberly Hunter is a cooperative developer and community organizer with financial expertise. She has guided new cooperatives in many sectors—from home care to housing—in a wide array of communities. Kimberly uses her financial acumen and an emphasis on participatory education to guide new cooperative groups in meeting their development goals.

Ed Whitfield and Marnie Thompson of the Greensboro-based Fund for Democratic Communities. Between 2007-2011, this foundation provided over 100,000 hours of technical assistance and made \$11 million in grants to community-owned and -rooted cooperatives and other organizations, primarily in the Southeastern U.S.

COLLECTIVE ACTION IN RURAL COMMUNITIES

CO-OP FRIENDLY CAPITAL

North Carolina's cooperative ecosystem has benefited from local and national cooperative lenders and grantors.

The Fund for Democratic Communities (F4DC), based in Greensboro, NC, was a limited-life foundation focused on building a more democratic and sustainable South with an emphasis on community ownership and cooperative enterprise. F4DC was established in 2007. In 2010 its leaders decided to spend down its resources over the next ten years in order to accelerate their community impact. When COVID-19 hit, they began distributing funds more quickly and closed in June 2020, six months earlier than planned. During its 13 years of operation, F4DC supported southern communities through partnerships with several organizations including Seed Commons, the Southern Reparations Loan Fund, the Highlander Research and Education Center, and the Federation of Southern Cooperatives.

Shared Capital Cooperative is a national cooperative lender that has lent to cooperatives in North Carolina, often in partnership with local organizations. Several lending institutions including the Fund for Democratic Communities and Shared Capital came together to support Renaissance Community Cooperative, a grocery store rooted in a predominantly Black, working-class neighborhood. Shared Capital has also helped finance several other North Carolina cooperatives including Firestorm Books & Coffee in Asheville, Hendersonville Community Cooperative in Hendersonville, and the Electric Violin Shop in Durham.



CONNECTIVITY: COMMUNITY

While there may not be a strong formalized cooperative history in North Carolina, communities throughout the state have acted cooperatively for a long time through mutual aid and resistance movements, particularly in historically Black communities. Many of the state's new cooperatives also have roots in social justice activism and organizations.

Firestorm Books & Coffee, founded in 2008, is a worker-owned activist bookstore that provides space for and education about cooperatives, including for several customers who visit from rural areas. The Center for Participatory Change, a popular education and liberation organization, is housed adjacent to the bookstore. Several new cooperatives in the region have ties to the Center for Participatory Change, including the Poder Emma cooperatives. Poder Emma is a neighborhood-rooted network in Asheville that uses the cooperative model to meet critical needs of the primarily Latinx community such as affordable housing and childcare. Through community organizing, incorporating community member feedback, and partnering with Seed Commons and others for support, they have founded several new cooperatives.

A notable example of a local organization that has strengthened connections within the community is Durham's North Star Church of the Arts, which provides space for artists and community to find power and connect. While not a cooperative itself, it has many related values, such as a practice around uplifting communities. By opening itself to the community as it does, it has become fertile ground for developing the kinds of relationships that may lead to new cooperative activities or collective action.

Cenzontle Language Justice Cooperative is a new cooperative rooted in the social justice and liberation communities that has benefited from the Center for Participatory Change. Cenzontle is well-connected with other language justice practitioners in the South, as well as a national network of interpreters' cooperatives. They support each other in creating equitable cooperative businesses. Cenzontle has also attracted grocery cooperatives in the state as customers, thereby incorporating the sixth cooperative principle of "cooperation among cooperatives."

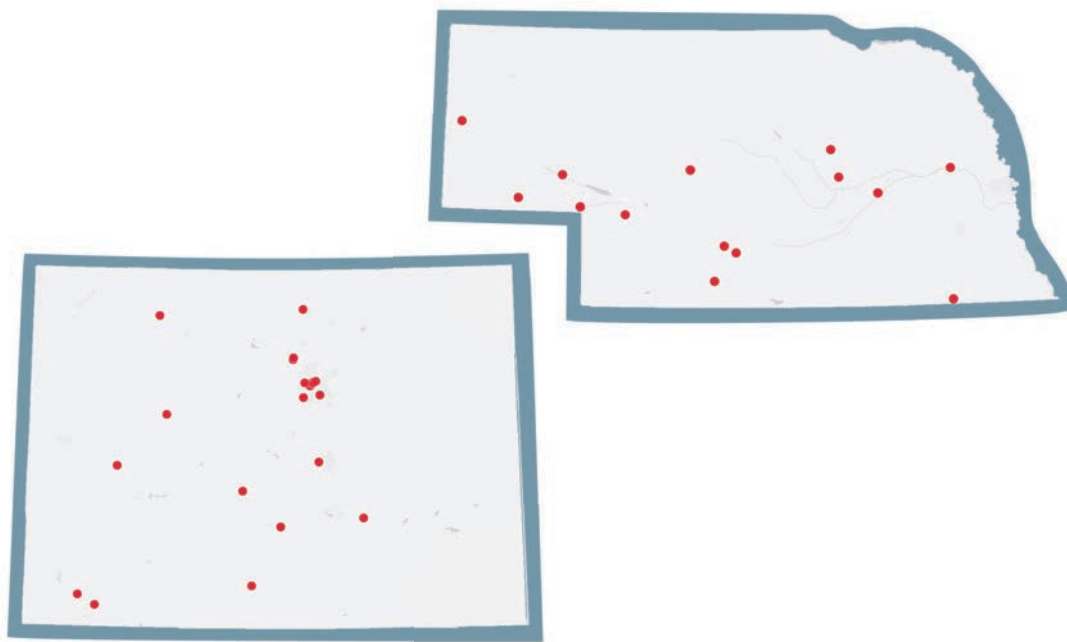


Andrea Golden, an active member and organizer of Poder Emma cooperatives, visits the vibrant gathering space of Firestorm Books & Coffee Cooperative.

GREAT PLAINS CLUSTER: INTRODUCTION

There is a cluster of robust cooperative activity in the bordering states of Colorado and Nebraska. The majority of the new cooperatives in the two states formed in response to challenges along the food supply chain.

Nebraska has seen growth in rural grocery cooperatives, while Colorado cooperative development has focused on producer owned cooperatives and distribution points within the supply chain and conversions to worker ownership. From afar, this cluster of new cooperatives appears to be one ecosystem facing a similar set of rural issues, however, the cluster actually contains two distinct cooperative development ecosystems. At the time of this study, there was not much engagement between the cooperatives or the cooperative support services in Colorado and Nebraska, except for a partnership between cooperative development centers working with tribal communities.



GREAT PLAINS CLUSTER: NEBRASKA

"The number one thing we try to do is listen, and understand their assets, find out their interest and willingness to work together. And then we'll sit there and work with them."

-Charlotte Narjes, Associate Director and Associate Extension Educator, Nebraska Cooperative Development Center

CO-OP DEVELOPMENT

The Nebraska Cooperative Development Center (NCDC), situated within University of Nebraska-Lincoln Extension, has been critical to new cooperative development in the state. Their work in rural Nebraska is particularly crucial given the state's low population density. According to Elaine Cranford, former cooperative development specialist at NCDC, essentially all their work is in rural areas. Charlotte Narjes, NCDC's associate director and an associate extension educator, noted that of the 13 communities they are currently working with, "the largest is 1,300 people. Most of them are under 1,000."

NCDC has been providing technical assistance and cooperative business guidance to the 25 new rural grocery cooperatives in the state that are either incorporated or considering the cooperative model, as of mid-2021. NCDC's two staff members are experts at facilitating connections and maximizing their broader networks to pull in resources when they are not readily available. Narjes describes how she is always asking, "How do we build our capacity... how do we reach and do more things with limited people?" Being situated within University of Nebraska Extension has increased NCDC's access to funding sources and networks of people across the state who may be searching for a cooperative solution. Additionally, NCDC is building stronger relationships with Small Business Development Centers in the state and working closely with the Nebraska-based non-profit the Center for Rural Affairs. The Center for Rural Affairs has funding for small businesses and helps NCDC connect with underserved populations.

CO-OP
DEVELOPMENT

LEGAL
CONTEXT

CO-OP
FRIENDLY
CAPITAL

CO-OP
EDUCATION

POLICY
ENVIRONMENT

DENSITY
OF CO-OPS

CONNECTIVITY:
CO-OP-TO-CO-OP

CONNECTIVITY:
COMMUNITY

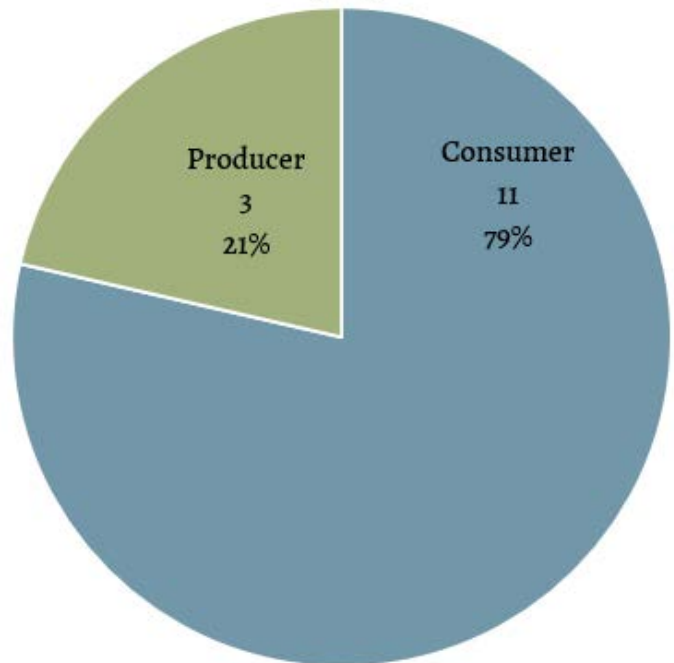


Besides groceries, Elwood Hometown Cooperative Market also sells other necessary supplies.

All New Co-ops - Membership: Nebraska

2011 - 2019

n = 14



All and Rural New Co-ops - Sector: Nebraska

2011 - 2019

All: n = 14

Rural: n = 13

9 9



NCDC has leveraged its membership in CooperationWorks to receive training on cooperative development and to network with cooperative developers in other parts of the country. This networking has led to NCDC partnering with other cooperative development centers, including Cooperative Development Services in Minnesota, the UW Center for Cooperatives in Wisconsin, and Food Co-op Initiative, to bolster its support to Nebraska cooperatives. They have also pulled in grocery operations experts from Western Illinois University to supplement their cooperative assistance with critical operational expertise for new grocery cooperatives. Narjes calls those who supplement the work of NCDC “content experts.” NCDC and Nebraska Extension have also helped cooperatives access resources themselves, including grants from USDA and the Catholic Campaign for Human Development. For example, Jim Crandall, NCDC’s former director, connected the Elmwood Hometown Cooperative Market, as well as many other cooperatives, to USDA grants to help pay for equipment, legal support, and more.

CONNECTIVITY: CO-OP-TO-CO-OP & COMMUNITY

New rural cooperative development in Nebraska has been strikingly prevalent in the retail grocery sector. Small rural communities in Nebraska have rallied together to start new cooperative groceries. Since access to food is essential for the long-term sustainability of these towns, it makes sense that large portions of the populations have come together in support of these new grocery cooperatives. As grocery chains have left rural communities, Nebraskans around the state have found themselves with a choice: start their own grocery cooperative or accept driving long distances for groceries. In this context, nine new grocery cooperatives incorporated in rural Nebraska between 2011 and 2019. In our surveys, Grocery was the most common sector of new cooperatives created in Nebraska between 2011 and 2019; 64 percent of all the new Nebraskan cooperatives established during this period were in retail grocery. And the trend has continued. Narjes shared that between late 2020 and the spring of 2021, 13 groups interested in starting grocery cooperatives and three newly incorporated rural grocery cooperatives have approached NCDC for assistance. This totals 12 incorporated grocery cooperatives since 2011, with 13 others in the pipeline. As noted earlier, these grocery cooperatives are in small rural communities that lack access to other grocery options. Several communities, including Haysprings, Emerson, Lynch and Peru, have to drive 15-45 miles to reach the nearest grocery store. Narjes explains how critical grocery stores are in the small towns. She states, “If you’re going to attract other new residents there, they want the food. The elderly can stay and those who can’t drive. It truthfully comes down to quality of life and sustainability for that community if you don’t have a local food source.”

Many of the people forming these new grocery cooperatives first heard about the cooperative option through *Buy Fresh, Buy Local Nebraska*. NCDC has collaborated with this member-based educational and marketing program to get the word out about the cooperative grocery option, as well as other cooperative options along the food supply chain.

“We weren't
only fighting to
open a grocery
store, but to
keep our town
alive. For
property values,
for the
community...
losing a grocery
store is one of
the things that
sends towns into
decline.”

-Sharlette Schwenninger,
Elwood Hometown
Cooperative Market

Peer-to-peer networks built on trusting relationships between rural communities facing similar food access challenges have played a prominent role in the development of new grocery cooperatives in Nebraska. This important peer learning and support emerged from informal relationships and networks rather than formalized associations. The open sharing between these grocery cooperatives offers a stark contrast to the more competitive spirit that often exists between purveyors of groceries that tend to keep their business insights closely guarded. The cooperatives rely on each other in part due to a lack of a supportive urban node for networking and supply chain development.

Communities such as Stapleton, Nebraska, with a population of 350, have relied heavily on community outreach and organizing as they have formed their start-up grocery cooperatives. Heather Harwager of the Stapleton Food Cooperative describes how the cooperative's steering committee engaged their community deeply, pivoted as needed to meet their needs, and was able to open a store after only 18 months. They started with a 20-person steering committee and held community meetings about the grocery cooperative that filled auditoriums. Strong community interest was likely driven by the fact that the nearest grocery store was 30 miles away. The steering committee engaged Jim Crandall of NCDC to guide the cooperative development process, help with business planning, and connect them with other Nebraska grocery cooperatives. The steering committee developed an action plan for the cooperative to open based on a survey of community needs and went door to door selling shares. They raised many thousands of dollars from the community and secured additional funds through USDA grants for new equipment. After gathering more feedback and tweaking their business plan, the community started to come together to buy shares and the grocery cooperative was able to open in 2017. Over half of the town of Stapleton are members of this grocery cooperative.

Sharlette Schwenninger of the Elwood Hometown Cooperative Market in Elwood, Nebraska, describes the importance of pulling together a consistent, dedicated steering committee with useful skillsets and expertise. She also notes the extreme importance of gathering community input and feedback through surveying the community and the target markets for the long-term viability of the grocery store. Not only individuals, but also local companies and organizations such as schools and clubs purchased shares. Although they now face challenges with a new Dollar General opening nearby and see the need for more cooperative accountants and attorneys, they have seen the positive outcome of their community working together and continue to learn and grow as a market.



Elwood Hometown Cooperative Market provides groceries to the denizens of Elwood, Nebraska, population 829 (2019).

GREAT PLAINS CLUSTER: COLORADO

CO-OP DEVELOPMENT

Cooperative development networks in Colorado combine innovative new cooperative models with expertise rooted in a centuries-old rural cooperative legacy. The state has two influential cooperative development centers that actively work in rural communities: the Rocky Mountain Farmers Union and the Rocky Mountain Employee Ownership Center, as well as the Center for Community Wealth Building, which works to create democratically owned businesses in the Denver metropolitan area.

The Rocky Mountain Farmers Union (RMFU) is over 100 years old. The organization has a strong reputation in the agriculture sector due to the legal and business development expertise of its staff and the organization's long history of serving farmers. The late Bill Stevenson, former Director of Cooperative Development at RMFU, estimated that 85-90% of the new cooperatives in Colorado are rural, and that many of them are producer cooperatives focused on "aggregation, distribution and marketing."

Since launching their cooperative development program in the 1990s, RMFU has assisted over 100 cooperatives in accessing millions of dollars of funding and resources. In recent years, RMFU has supported the establishment of several regional producer cooperatives that distribute members' products to Denver and other urban markets. The Southwest Farm Fresh Cooperative, for example, began in 2014 and has about 15 small farmer members. Collectively the farmer members benefit from distribution support and better access to urban markets through the cooperative's "buy local" marketing campaigns. The Valley Roots Food Hub is another example of a cooperative in the region that is helping small farmers through joint marketing and distribution. RMFU has also helped producer cooperatives access vehicles and other equipment required to enter urban markets and works with partners to ensure rural grocery cooperatives have working refrigerators and other essential equipment.

CO-OP
DEVELOPMENT

LEGAL
CONTEXT

CO-OP
FRIENDLY
CAPITAL

CO-OP
EDUCATION

POLICY
ENVIRONMENT

DENSITY
OF CO-OPS

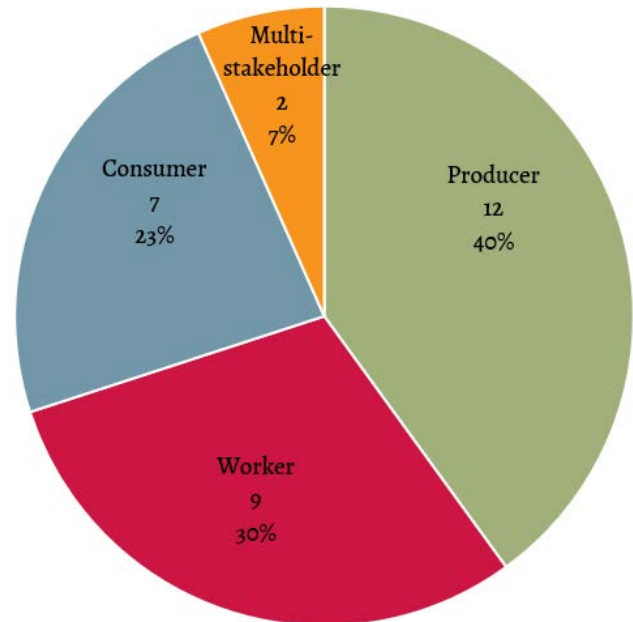
CONNECTIVITY:
CO-OP-TO-CO-OP

CONNECTIVITY:
COMMUNITY

All New Co-ops - Membership: Colorado

2011 - 2019

n = 30

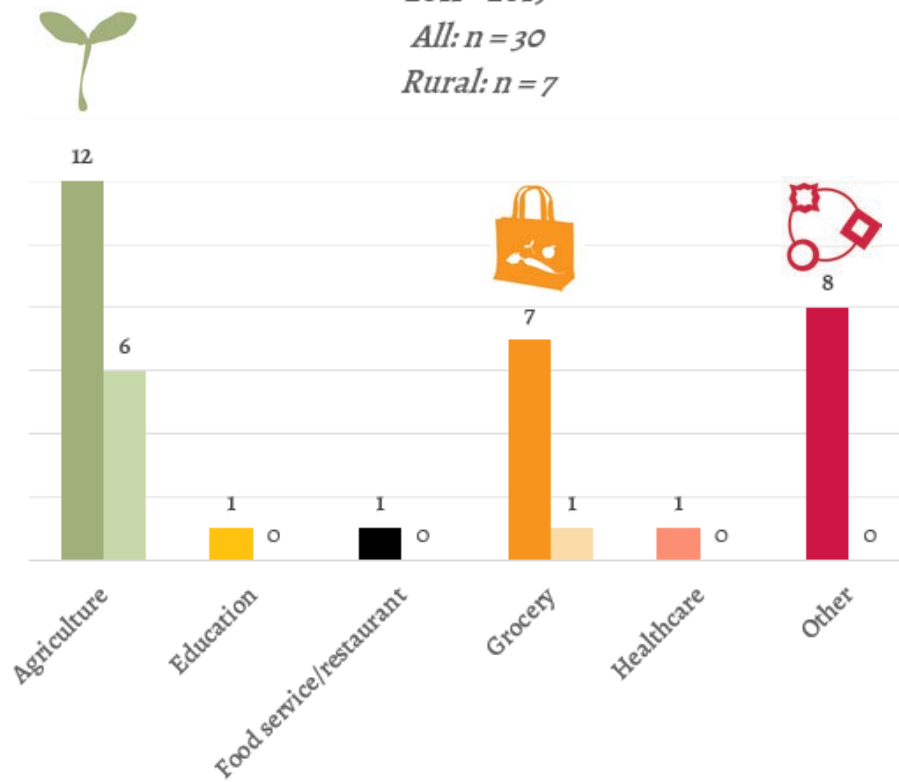


All and Rural New Co-ops - Sector: Colorado

2011 - 2019

All: n = 30

Rural: n = 7



MEET OUR NEW OWNERS!



New worker-owners of Flyin' Miata in Palisade, Colorado, which converted from a sole proprietorship to a worker-owned cooperative in 2020 with assistance from the Rocky Mountain Employee Ownership Center.

The Rocky Mountain Employee Ownership Center (RMEOC) takes a holistic ecosystem approach to their cooperative development work. In addition to working with cooperatives directly, RMEOC engages with policymakers, service providers, state leadership, and other stakeholders to strengthen the region's employee ownership ecosystem. When supporting a worker cooperative conversion, they also take into account the broader business support landscape that surrounds the business. Ashley Ortiz, Technical Assistance Specialist at RMEOC, describes how, "we think about how we can be a resource statewide, but also about the banks, small business development centers, or other entities in a community that can provide long-term support to a business that has converted to employee ownership... we're constantly trying to do outreach across the state to grow the network of service providers that understand cooperatives."

In addition to established cooperative development organizations, the state also has active public educators and cooperative connectors such as University of Colorado Boulder professor Nathan Schneider. Schneider, through his accessible educational, media, and technology work, has become a source of cooperative referrals and a linkage between entrepreneurs and cooperative development centers.

In addition to his book *Everything for Everyone*, his podcast *Cooperative Power Hour*, and several other forms of outreach, he has supported efforts that actively build cooperative structures. For instance, he helped found the Colorado Solidarity Fund, an investment club of more than 50 Coloradans striving to grow Colorado's solidarity economy.

LEGAL CONTEXT

There are many aspects to the cooperative legal landscape in the state of Colorado. Some aspects have to do with state-level cooperative statutes and legal efforts, while others are related to legal issues specific to rural agricultural cooperative development.

Colorado has strong cooperative state statutes including a general statute and statutes for specific types of cooperatives. In 2011, the state created a new statute for Limited Cooperative Associations through the Colorado Limited Cooperative Association Act (LCA). The LCA statute is flexible enough to be useful to cooperatives in many sectors and allows outside investor-members within certain parameters. Colorado has been described as the "Delaware of Cooperatives" due to the flexibility of its cooperative statutes.

Colorado also has cooperative law firms that support new cooperative development throughout the state. These firms provide critical legal expertise to new cooperatives in rural and urban areas, and are an important resource to cooperative development centers and cooperatives in navigating both traditional and innovative cooperative structures. Jason Wiener P.C., for example, is a public benefit corporation providing legal services to cooperatives and other mission-oriented organizations. The firm is known for its cooperative development services and its creative approach to structuring cooperatives and employee-owned businesses. Their team also conducts public outreach on alternative ownership structures and how to build the solidarity economy.

Several legal issues related to land use and water rights impact rural agricultural cooperative development in Colorado and make it difficult for young and beginning farmers to get started. Thoughtful uses of the cooperative model are helping rural agricultural communities navigate these challenges. One such cooperative is Poudre Valley Community Farms, a multi-stakeholder cooperative owned by households, restaurants, institutional consumers, and farmers. Using a mix of consumer and farmer member shares and annual dues, donations, investments from community partners, conservation easements, and other forms of financing, the cooperative purchases land and creates land trusts that will ensure the land is used for farming and ranching in perpetuity. The Rocky Mountain Farmers Union provided critical technical assistance to the cooperative and processed and held donations on their behalf. Local community support for farmers and strategic community networks were also critical to the cooperative's initial launch and ongoing success.

The Poudre Valley Community Farm's website describes how their model "can create new opportunities for today's young farmers and break the cycle of the 'land rich, cash poor' farmer," as well as that their model "promotes local food security and economic growth." Poudre Valley Community Farms is part of a movement to insert issues related to land protection and water rights into the broader conversation about Colorado's local food system. Procuring and protecting farmland is particularly important in Colorado where water rights and resource use greatly impact land accessibility for farmers.

POLICY ENVIRONMENT

There has been a recent flourishing of state-level policy supporting cooperatives in Colorado. Governor Jared Polis, elected in January 2019, was an advocate of employee ownership long before becoming governor. Shortly after being elected, Governor Polis created the Colorado Employee Ownership Commission and a Colorado Employee Ownership Office within the Colorado Office of Economic Development and International Trade.

"We think about how we can be a resource statewide, but also about the banks, small business development centers, or other entities in a community that can provide long-term support to a business that has converted to employee ownership... we're constantly trying to do outreach across the state to grow the network of service providers that understand cooperatives."

-Ashley Ortiz, Technical Assistance Specialist at Rocky Mountain Employee Ownership Center

The Commission was charged with educating the public on the benefits of employee ownership, establishing a network of technical support for employee ownership conversions, and generating a list of recommendations for removing barriers to the development of employee-owned businesses. The Office is supporting these initiatives and is able to channel grants, loan guarantees, and technical assistance to worker cooperatives. Community partners of the Commission include RMEOC, RMFU, and the Center for Community Wealth Building. Ortiz stated that, "It feels really incredible to work within a state with a network of support from our Governor all the way down... we're starting to really see the benefit of that and the uptick in the number of calls that have been getting passed along to us."

Many cooperators in the state, including several mentioned in this report, laid the groundwork for this policy initiative through years of education and engagement of policy makers. These efforts included direct connections with the governor prior to his election to office, as well as consistently situating cooperatives within a broader conversation about employee ownership. Ortiz describes how the benefit of situating cooperatives in the broader employee ownership conversation is helpful because cooperatives are then "seen less as an alternative model and more as something that people hear about as they're exploring any kind of business. The word 'cooperative' just starts to circulate around in the ecosystem more."

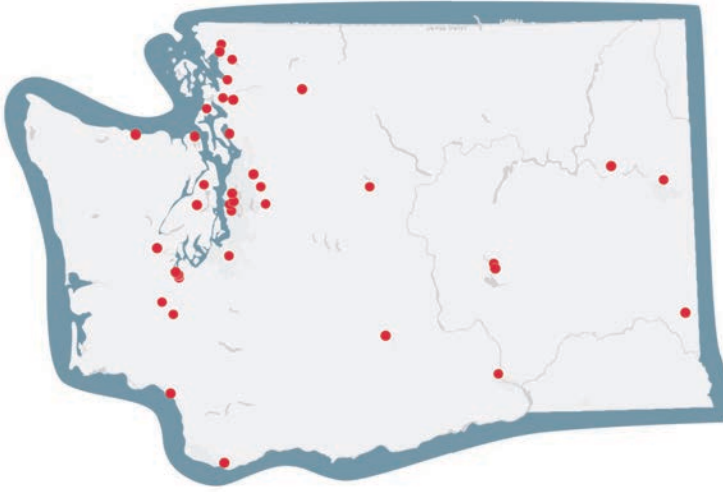


Tomten Farm in Norwood, Colorado.

Having the Norwood Fresh Food Hub (cooperative) develop in our region has been very important to me, both as a farmer and as an elected official looking to enhance economic opportunities in our county. It shows how one person, one organization can be a catalyst for positive change! Bringing our local food producers (farmers, ranchers and value-added) together with those of us who eat (!) is a great way to move forward to a prosperous and delicious future.

- Kris Holstrom, owner of Tomten Farm in Norwood, CO, and a San Miguel County Commissioner. His farm is a member of Fresh Food Hub and partners with a local non-profit that collaborates with scientists and students working on regional environmental issues.

WASHINGTON CLUSTER



Through long-term development support, cooperative education opportunities, and the advantages of a diverse and connected cooperative community, new cooperatives have blossomed in Washington. Between 2011 and 2019, 45 new cooperatives incorporated in the state. Despite the presence of cooperative powerhouses in the Seattle metropolitan area, the majority of the state's new cooperative development in the last ten years has taken place in the rural and peri-urban communities surrounding Seattle. Housing and agriculture boasted the highest number of new cooperatives, with 15 and 14 new cooperatives respectively, followed by healthcare, with five new cooperatives in the home care industry. New cooperatives in the state represented a broad range of membership types. The most common types of new cooperatives were consumer and worker owned cooperatives.

**CO-OP
DEVELOPMENT**

**LEGAL
CONTEXT**

**CO-OP
FRIENDLY
CAPITAL**

**CO-OP
EDUCATION**

**POLICY
ENVIRONMENT**

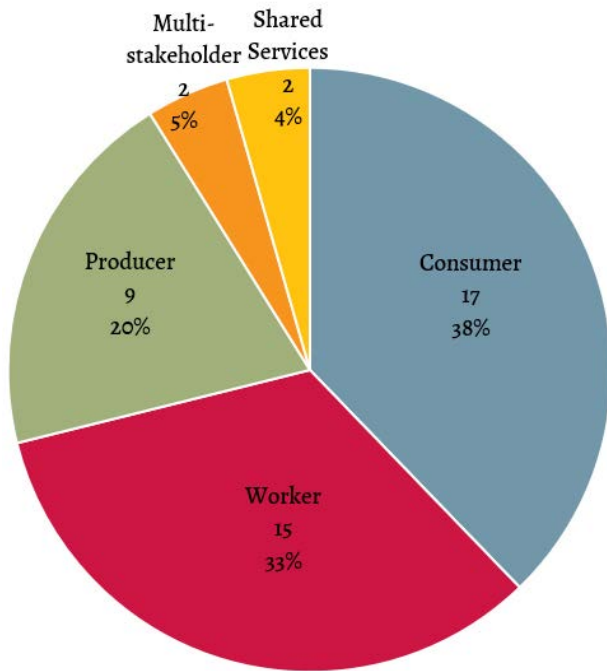
**DENSITY
OF CO-OPS**

**CONNECTIVITY:
CO-OP-TO-CO-OP**

**CONNECTIVITY:
COMMUNITY**

All New Co-ops - Membership: Washington

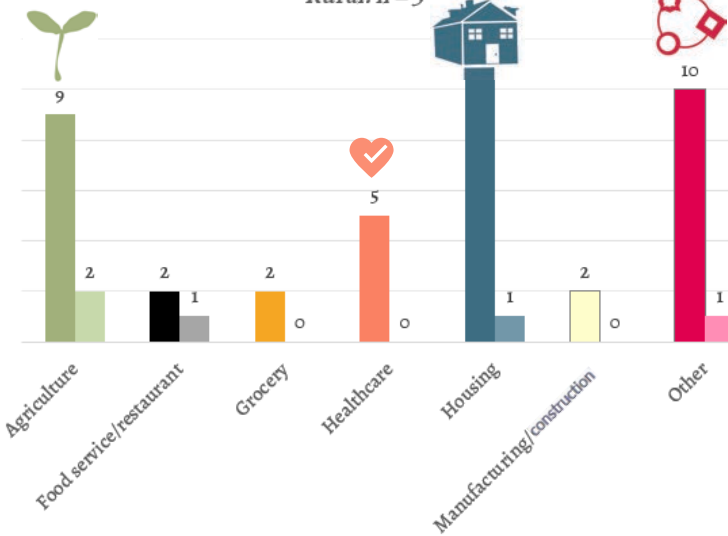
n = 45



All and Rural New Co-ops - Sector: Washington

All: n = 45

Rural: n = 5



New Moon Café is a worker-owned restaurant in Olympia, Washington. Several of the founding members had experience working at another worker-owned café when they established New Moon in 2012. Their website notes that, "the experience of being employed at a collectively-managed restaurant provided a specific skill set for running a worker-owned food service business."



Pablo and Maura Silva own Silva Family Farm and are members of the Puget Sound Food Hub Cooperative.

CO-OP DEVELOPMENT

Washington's cooperative development ecosystem includes two well established and effective cooperative development centers: the Northwest Cooperative Development Center and the Northwest Agriculture Business Center. These centers are able to offer free and low-cost technical assistance to rural cooperatives due in large part to annual support from USDA's Rural Cooperative Development Grant programs as well as grants from other national and regional agencies, associations, and foundations.

Nearly every cooperative interviewed as part of this research mentioned the Northwest Cooperative Development Center (NWCDC) at some point. NWCDC is based in Olympia, Washington, but has a large service territory that includes Washington, Oregon, and Idaho. NWCDC has specialized expertise in housing, home care, and worker cooperative conversions, however they work with all types of cooperatives in a wide range of industries. Founded in 1979 by local cooperatives, NWCDC has grown into the Northwest's most prominent cooperative development center, in part by leveraging support from a diverse set of funders. In addition to support from USDA's Rural Development programs, NWCDC has secured funding from Catholic Charities for Human Development, Group Health Foundation, the U.S. Treasury Department, the Washington Economic Development Association, and the Washington Microenterprise Association.

In 2009, NWCDC became a ROC Network Affiliate and launched ROC Northwest, which supports the conversion of manufactured home parks to Resident Owned Communities (ROCs).

NWCDC has also been instrumental in bringing cooperative friendly lending capacity to the region. NWCDC manages its own loan fund; and as a member of the ROC USA Network, is able to connect local manufactured housing communities to funding through ROC Capital, whose sole mission is lending to ROCs. The creation of ROC Northwest also opened up several new funding sources for cooperative development including the Washington Department of Commerce, the Washington Housing Trust, the Washington Community Reinvestment Association, Mercy Corps, and the Washington State Housing and Finance Commission. NWCDC is also able to fund technical assistance to new ROCs with the closing fees and annual loan servicing contracts through ROC Capital.

The Northwest Agriculture Business Center (NABC), established in 2006, has also played an important role in developing cooperatives in the state, including the Puget Sound Food Hub Cooperative, Island Grown Farmers Cooperative, and the Seattle Wholesale Growers Market Cooperative. Unlike, NWCDC, which covers a large territory and works with all types of cooperatives, NABC works exclusively with agricultural enterprises.



Kristy Keeley and Michael Snow of Business Services Cooperative, a worker-owned bookkeeping and business support cooperative.

NABC's Executive Director David Bauermeister emphasized, "We're probably the most focused cooperative development center in the country." NABC's targeted cooperative development program has benefited from funding from and partnerships with regional non-profits, foundations, and cooperatives with an interest in local and sustainable agriculture.

NABC plays a strong role as a connector and specializes in helping agricultural cooperatives access markets, perform financial analysis to apply for USDA Value Added Producer Grants, and connect with cooperative friendly lenders such as Shared Capital Cooperative. The scale of their Puget Sound Food Hub project is particularly notable. Since launching in 2010 as a weekly wholesale market located in a parking lot, the Food Hub has grown to 60 farmer members and now sells to over 160 buyers including Bon Appetit, universities, and resorts. NABC's support was critical to helping the Food Hub achieve the scale necessary to be financially sustainable.

NABC has also made efforts to connect with Latino communities in rural farming communities. In 2017, they hired a bilingual Latino staff member with strong community connections to develop pathways for Latinos in agricultural communities to access capital, land, and markets.

CO-OP EDUCATION

While this factor was not as strong in Washington as it was in other clusters, it is worth noting the impact of the Evergreen State College on Olympia's cooperative ecosystem. Evergreen State College is known for its alternative approach to higher education. Instead of selecting majors, students develop a title for their area of study and write academic statements about their learning journeys. Evergreen has offered various courses on cooperatives over the years, however, what seems to have had the greatest impact is The Flaming Eggplant Café, the college's student-run cooperative.

Established in 2010, the Eggplant has been a training ground for young people interested in alternative forms of enterprise ownership and management. Students who enroll in the course entitled "Flaming Eggplant Café: Cooperative Food Business Management" receive hands-on experience running a collective café and academic instruction on cooperative history, theory, governance, and management. Michael Snow, who worked at Olympia's New Moon Café and went on to found the Business Services Cooperative, described working at the Eggplant as a formative experience that led him to seek out employment at a worker cooperative or establish a new cooperative after graduation.

DENSITY OF CO-OPS

Washington's diverse and impressive cooperative community demonstrates the ability of the cooperative model to achieve scale. Seattle, Washington, is home to some of the largest consumer cooperatives in the country including national retailer REI; PCC Community Markets, a grocery cooperative with 15 retail locations; BECU (formerly the Boeing Employees Credit Union); and the Cooperative Funeral Home of People's Memorial, a full-service funeral home owned by the 72,000 living members of People's Memorial Association. It also boasted the country's largest consumer owned healthcare cooperative, Group Health Cooperative, before it demutualized in 2017. The presence of several large, consumer facing cooperatives familiarizes people with the model, increasing the likelihood they will turn to the cooperative model when addressing a collective need. In Olympia, several interviewees noted the mere presence of the longstanding Olympia Food Cooperative helped normalize the concept of cooperatives in the area.

There are also strong cooperatives in rural parts of the state including credit unions, 20 mutual electric companies and rural electric cooperatives, and several well-known agricultural cooperatives. The Northwest Dairy Association (NDA), known to consumers by the name of its processing and marketing arm Darigold, was established in 1918 and now serves over 350 farm families in Washington, Oregon, Idaho, and Montana. Tree Top is a cooperative of fruit farmers in Washington, Oregon, and Idaho that has been turning culled fruit into popular juices and snacks since 1960. NWDC Executive Director Diane Gasaway noted that while these established cooperatives are not actively engaged in cooperative development, they have partnered with NWDC on trainings and are often willing to share their expertise with start-up cooperatives.



Olympia Food Cooperative began in 1977 and remains an important cooperative presence in the community.

CONNECTIVITY: CO-OP-TO-CO-OP

While Washington is home to regional cooperative events and organizations such as Co-opatopia and the Olympic Cooperative Network, there is also notable connectivity between relatively new cooperatives in the region. They support each other as customers, peers, and supply chain partners.

In Olympia, there has been a flurry of new cooperative development in recent years. Two collectively run restaurants, the student-run Flaming Eggplant Café and Blue Moon Café, have served as launching pads for people interested in employee ownership. Two worker owners at Blue Moon eventually left the café and leveraged some of the skills they had acquired to establish the Business Services Cooperative. The Business Services Cooperative is worker-owned and provides bookkeeping and accounting services, with a special focus on supporting other cooperatives. Dumpster Values, a vintage clothing store, converted to employee ownership in 2017. This cooperative served as an example of how a conversion could work, charting the course for others to follow. New cooperatives in Olympia have received free and low-cost development support through NWCDC, however, access to these services may shift if Olympia is no longer classified as rural once the 2020 Census data is released.

The phenomenon of cooperation among cooperatives is evident outside of Olympia as well. NABC Executive Director David Bauermeister emphasized the important role the region's grocery cooperatives have played in building a robust local food supply chain, which includes several cooperative enterprises. In particular, the Puget Sound Food Hub Cooperative sells its products to several grocery cooperatives in the region, and has counted cooperatives as some of its largest customers. Bauermeister also mentioned that cooperatives in the local food supply chain have worked together to achieve shared goals related to infrastructure and marketing.

Washington's new home care cooperatives have also benefited from connecting with each other and with the national home care cooperative network. Nora Edge, Executive Director and a founding member of Capital Homecare Cooperative, emphasized the importance of this connectivity, especially during her cooperative's start-up phase. "Through the Northwest Cooperative Development Center, we were connected with Circle of Life in Bellingham, Peninsula Homecare Cooperative in Port Townsend, and the rest of the home care cooperative network. Through those connections we were able to source a lot of our operational paperwork like documentation of services, orientation materials, and intake materials." The time saved and knowledge and resources gained through these types of connections are invaluable during a new cooperative's precarious start-up years.

"Working to bring Capital Homecare to life has been a community project from the beginning, as we elevate the standard of care as well as the types of jobs available for caregivers in rural communities.

With higher wages and a focus on integrity, our caregivers felt safer and more supported working during Covid-19 than they would have anywhere else."

- Nora Edge, Founder and General Manager, Capital Home Care Cooperative
(pictured)



UPPER MIDWEST CLUSTER

Rich cooperative history, a strong web of established cooperatives, access to flexible cooperative statutes, experienced legal support, and friendly capital have created fertile ground for new cooperatives in the Upper Midwest. For decades, several factors favorable to the development of new rural cooperatives have converged in Wisconsin and Minnesota. The region contains dynamic urban nodes and rural communities with a strong cooperative presence from rural electrics, agricultural cooperatives, credit unions, and insurance mutuals. Both states have a diverse mix of collaborative cooperative developers and technical assistance providers, who bring decades of experience and innovative new approaches to cooperative business development. The long cooperative history in these states is reflected in elegant cooperative statutes that make it easier for new cooperatives to get off the ground. While Minnesota and Wisconsin have new rural cooperatives in a broad range of sectors, there is an abundance of cooperatives across the food supply chain that connect farmers to eaters. In Minnesota, the Twin Cities acts as a major cooperative hub within the food industry. In Wisconsin, strong but smaller nodes of food industry cooperatives are more dispersed. In both states, many new cooperatives are rooted strongly in their communities, from Hmong and Latinx immigrant communities to rural areas working to meet their food needs. Minnesota and Wisconsin demonstrate strength across many factors.

**CO-OP
DEVELOPMENT**

**LEGAL
CONTEXT**

**CO-OP
FRIENDLY
CAPITAL**

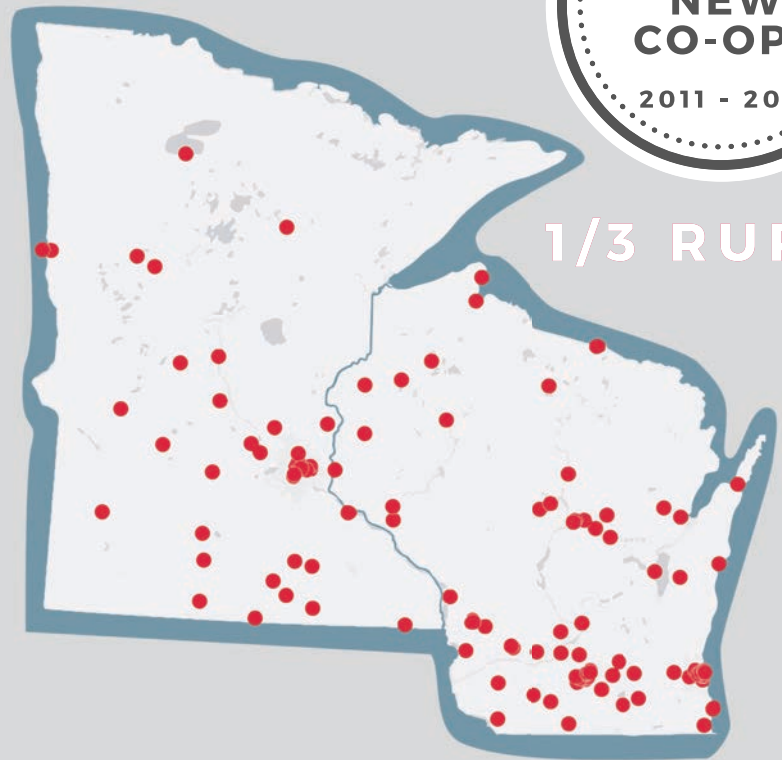
**CO-OP
EDUCATION**

**POLICY
ENVIRONMENT**

**DENSITY
OF CO-OPS**

**CONNECTIVITY:
CO-OP-TO-CO-OP**

**CONNECTIVITY:
COMMUNITY**

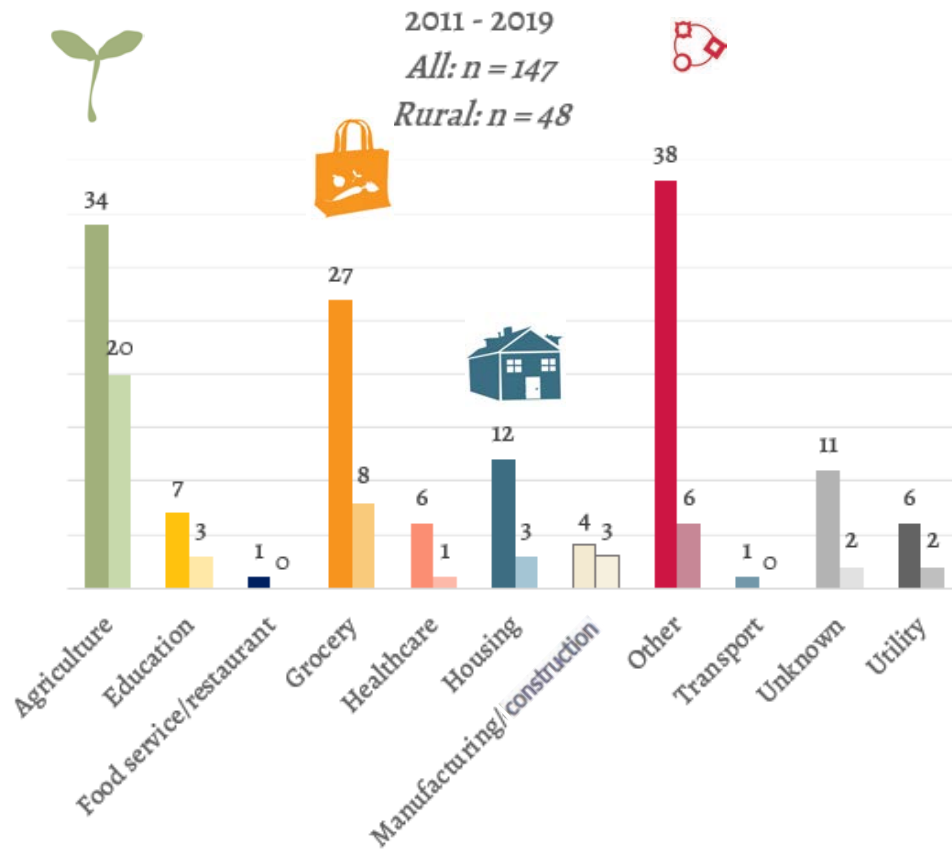


1/3 RURAL

“We have that
common goal... we’re
in the community,
we support the
community.
We want it to thrive.”

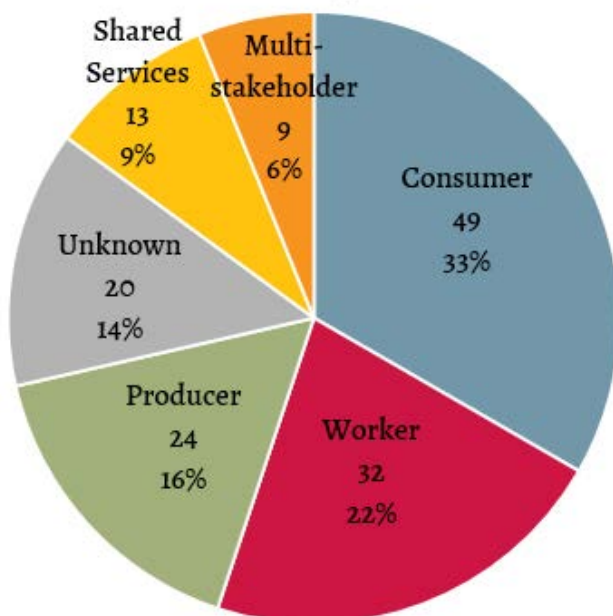
-Lynnda Kalk, New Ulm Community
Market and Cooperative (at left)

All and Rural New Co-ops - Sector: Upper Midwest Cluster



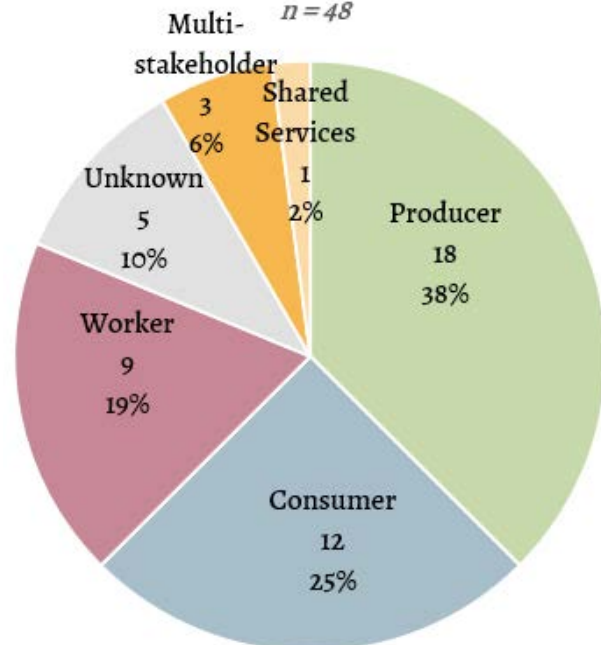
All New Co-ops - Membership: Upper Midwest Cluster (MN + WI)

2011 - 2019
 $n = 147$



Rural New Co-ops - Membership: Upper Midwest Cluster (MN + WI)

2011 - 2019
 $n = 48$





Sixty worker-owners, cooperative developers, and others interested in cooperatives came together for MadWorC's 2020 Regional Rendezvous. Cooperators from urban and rural areas support each other's efforts throughout the region.

CO-OP DEVELOPMENT

The Upper Midwest includes a wide array of organizations and individuals providing cooperative development support and technical assistance. The list includes independent consultants, established cooperative development centers, sector and municipality-specific development initiatives, cooperative associations, and community and economic development organizations that have added cooperatives to their programming. Several of the cooperative developers in this cluster have received financial support through USDA programs including Rural Cooperative Development Grants, Socially Disadvantaged Groups Grants, and Value-Added Producer Grants. And both Madison, Wisconsin, and Minneapolis, Minnesota, launched municipally funded cooperative development programs in the last five years.

The University of Wisconsin Center for Cooperatives (UWCC) has provided varying levels of assistance to new cooperatives since its founding in 1962. In 2011, UWCC expanded its cooperative development services through a USDA Rural Cooperative Development Grant (RCDG), which it has since received annually. UWCC has also been a key partner in developing and implementing the Madison Cooperative Development Coalition, the City of Madison funded initiative focused on developing worker cooperatives.

In 1985, Cooperative Development Services (CDS) was established to deliver technical assistance to start-up cooperatives in Minnesota, Wisconsin, and Iowa. Like UWCC, CDS works with all types of cooperatives and has consistently received RCDG support. CDS is well regarded for its assistance with business planning, capitalization, and local food system development. CDS has also been an important partner in implementing CTAP, Minneapolis' Cooperative Technical Assistance Program.

Networking and strategic partnerships between organizations in this cluster have accelerated the emergence of new cooperatives. Here are a just a few examples of collaboration between organizations engaged in cooperative development and education:

- Since 2001, the Senior Cooperative Foundation, CDS, and Cooperative Network, the trade association for cooperatives in Minnesota and Wisconsin, have organized a successful, annual conference in Minnesota for senior housing cooperatives.
- In 2020, Minnesota Indigenous Business Alliance released *Beginning the Cooperative Journey Together: A Guide to Indigenous Community Cooperative Development*, with content and support from CDS.
- In 2017-2020, UWCC and Food Co-op Initiative co-developed and led peer learning calls for two groups of start-up food cooperatives in the Upper Midwest.
- In 2020, UWCC, CDS, and University of Minnesota Extension collaborated on an "Employee Ownership Roadshow" in rural Wisconsin and Minnesota that promoted employee ownership as a business succession option.

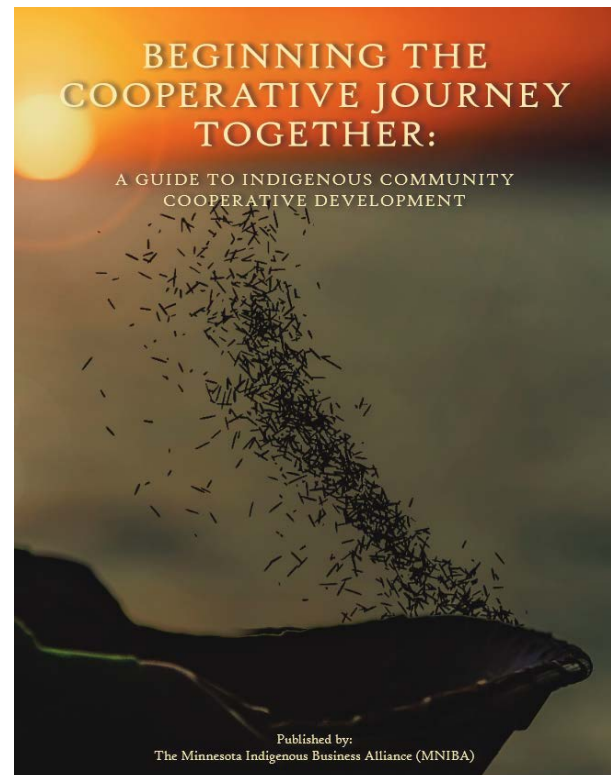
Northcountry Cooperative Foundation (NCF) also provides education and technical assistance to cooperatives in Minnesota, Wisconsin, and Iowa, and receives RCDG funding. Founded in 1999, NCF quickly developed a focus on housing cooperatives and the development of resident owned manufactured home communities. NCF is a founder and member of ROC USA, the national non-profit social venture that scales resident ownership of manufactured home communities. NCF has converted and continues to provide assistance for 12 manufactured housing communities in Wisconsin and Minnesota (of which half are rural), preserving a total of 650 units of housing.

Since 1998, Wisconsin has also benefited from the time and expertise of Margaret Bau, a USDA Cooperative Development Specialist based in Wisconsin. In the 1990s the USDA established a USDA cooperative development specialist position in most states, however, these positions were slowly eliminated. When Margaret Bau transitioned to working for the national USDA office in July of 2015, she was the last of these state-based USDA cooperative development specialists.

The work of these longstanding cooperative development centers is complemented by specific initiatives and the efforts of several organizations in the region that include cooperative development as part of a larger portfolio of business development.

The Latino Economic Development Center (LEDC), based in the Twin Cities, incorporated in 2003 after the successful launch of the founders' first project —Mercado Central, a marketplace of 35 businesses in Minneapolis. Cooperative entrepreneurship is one of the many strategies they deploy to support the development of a thriving Latino business community in Minnesota. LEDC has received several RCDG awards and in 2014, they helped establish Shared Ground Farmers Cooperative, a Latino-owned marketing cooperative.

The Minnesota Indigenous Business Alliance (MNIBA), formed in 2008, exists to improve native-owned businesses in Minnesota. In recent years, they have facilitated network-building and



A community cooperative development guide by the Minnesota Indigenous Business Alliance, published in 2020.

education on tribal childcare cooperatives, delivered cooperative business trainings, and produced indigenous cooperative case studies and development guides.

The Hmong American Farmers Association (HAFA), located outside of Minneapolis, started in 2011 to support Hmong farmers through cooperative endeavors. HAFA runs a 155-acre research and incubator farm, coordinates a CSA for Hmong growers, and runs the Alternative Markets Program, which helps farmers diversify their marketing channels. HAFA has received Socially Disadvantaged Groups Grants from USDA to advance its cooperative development efforts.

In recent years, Nexus Community Partners has become a supporter of new worker cooperatives in the Twin Cities as part of their mission to build more engaged and powerful communities of color by supporting community-building initiatives that expand community wealth and foster social and human capital.

WomenVenture is yet another example of a business development non-profit that has incorporated cooperatives into their toolbox. In 2017, WomenVenture received a \$375,000 grant from the W.K. Kellogg Foundation to launch a pilot program to establish childcare cooperatives in low-income communities.

The cluster includes two additional sector-specific RCDG award recipients: Agricultural Utilization Research Institute (AURI) and Food Cooperative Initiative (FCI). Since 2011, AURI has been using RCDG funds to develop cooperatives that support AURI's mission to foster long-term economic benefit for Minnesota through value-added agricultural products. FCI started in 2005 as Food Cooperative 500, a pilot project launched by leaders from the grocery cooperative community who wanted to "test the theory that new food retail cooperatives could open more quickly and successfully if they had appropriate guidance." Since FCI's founding, 155 new retail food cooperatives have opened in the U.S. and nearly 100 additional communities are currently working to open new stores. While FCI works nationally, they are headquartered in Minnesota and have a strong presence in the Upper Midwest.

The region also boasts significant support for senior housing cooperatives. The Senior Cooperative Foundation, a non-profit based in Minnesota, supports the development of and best practices for senior housing cooperatives and there are several real estate developers and professional service providers in the cluster that specialize in cooperative senior housing.

LEGAL CONTEXT

Both Minnesota and Wisconsin have experienced cooperative attorneys and longstanding, flexible cooperative statutes that can be used by most types of cooperatives. In 2003, Minnesota adopted a new general cooperative statute for unincorporated cooperative associations. Wisconsin followed suit in 2007. Unincorporated cooperative association statutes allow even greater flexibility, most notably allowing cooperatives that incorporate under the statute to have non-patron investor members.

“Cooperatives provide numerous benefits to the rural economy. There are 742 cooperatives in Wisconsin spanning multiple sectors: agriculture, health care, grocery, credit unions and more. 84 Rural stakeholders discussed the value of having cooperatives in their communities, from keeping more dollars in the local economy to democratizing participation in governance.”

-Rural Voices for Prosperity: A Report of the Governor's Blue Ribbon Commission on Rural Prosperity (Wisconsin).



Snow River Cooperative worker-owners kept their union jobs in rural Crandon, Wisconsin, when they purchased their company from the previous owner in 2020. They received support from their union and from regional cooperative developers and lenders.



The Wisconsin Farmers Union Kamp Kenwood trains generations of young cooperators in Chippewa Falls.

"What's the average age of a kid running a lemonade stand? They aren't MBA students, that's for sure! Kids understand the basics of commerce, and they *certainly* understand fairness, justice, and having a voice. Overlay those two understandings, and it isn't hard to imagine how even young children can grasp the basics of cooperative business - especially if they can experience it first hand by running their own consumer co-op snack store. That's what we've done at Farmers Union Camp since 1930: build the next generation of cooperators through a summer camp program that teaches co-op basics and civic engagement in a safe and fun environment."

-Cathy Statz, Education Director, Wisconsin Farmers Union (WFU); Camp Director, WFU Kamp Kenwood

CO-OP EDUCATION

In Minnesota and Wisconsin, cooperative education is delivered by traditional academic institutions as well as a mix of local organizations, associations, and events. For decades, the University of Wisconsin-Madison and the University of Minnesota Twin Cities have offered undergraduate courses on cooperatives. In recent years, UW Center for Cooperatives has partnered with the UW Law and Entrepreneurship Clinic to provide legal services to new cooperatives and to deliver continuing legal education on Wisconsin cooperative law.

The Wisconsin Farmer Union's Kamp Kenwood offers education on cooperatives to an even younger demographic through their Farmers Union Youth Camp. In addition to the typical summer camp activities, the Kamp Kenwood experience includes training on citizenship and cooperatives and the opportunity for campers to create and run their own cooperative store.

In addition to these more formal educational offerings, local organizations find ways to educate the public about the cooperative model. CoMinnesota describes itself as "an expanding community of Minnesota cooperators and allies that gather to tell and write the stories of how cooperative enterprises build a better world." Since launching in 2011, CoMinnesota has offered a range of programming including networking and learning events. In Wisconsin, Summit Credit Union launched Cooperative Connection in 2011 to promote the cooperative model to the general public and to build connections between cooperatives in Dane County. The annual event takes place on Madison's capitol square at the same time as the Dane County Farmers Market and attracts approximately 4,000 attendees each year.

CO-OP FRIENDLY CAPITAL

Minnesota and Wisconsin are fortunate to have a wealth of cooperative friendly lenders that complement the offerings of large national lenders such as CoBank and National Cooperative Bank.

Shared Capital Cooperative, a Community Development Financial Institute (CDFI) with a focus on cooperatives, is the most prominent cooperative lender in the region. Founded in 1978 as Northcountry Cooperative Development Fund and headquartered in the Twin Cities, Shared Capital is now a national lender with a wide-ranging portfolio and a focus on BIPOC, women, and low-income-owned cooperatives. Shared Capital is organized as a cooperative with 237 cooperative members in 35 states. In 2019, Shared Capital lent \$4.1 million to 15 cooperatives. Shared Capital maintains close relationships with the cooperative development community, including cooperative lenders in other regions such as the Local Enterprise Assistance Fund (LEAF) and the Cooperative Fund of New England (CFNE), both located in the Northeast cluster. Synergistic relationships between lenders and cooperative developers create a strong web of support for new and emerging cooperatives. For example, in 2020, UWCC, CDS, Shared Capital, and LEAF worked together to support Snow River Cooperative, a worker owned cooperative that emerged from the closure of a large manufacturing company in rural Wisconsin.

Wisconsin boasts a robust credit union sector, with a total of 126 credit unions headquartered in the state. Some of these credit unions, such as Summit Credit Union, have actively worked to engage with the cooperative community and attract cooperative business members. The cluster is also well served by the Farm Credit System, a nationwide network of customer owned cooperatives serving farmers and rural America. Compeer Financial, which serves Wisconsin, Minnesota, and Illinois, has over 1,000 employees and more than 70,000 member-owners.

Cooperative developers play a crucial role in connecting new rural cooperatives to financing

and organizations like Shared Capital. CDS has developed specialized expertise in cooperative capitalization, helping cooperatives to secure critical debt, equity, and funding through state and federal programs. CDS also maintains a separate 501(c)3 nonprofit, the Cooperative Development Fund of CDS, that helps start-up cooperatives access foundation grants and charitable contributions from within their own communities. The Fund registers in the state where the cooperative is located and serves as a fiscal sponsor to process tax deductible charitable contributions or foundation grants in support of the cooperative.

DENSITY OF CO-OPS

The density of cooperatives in this cluster appears to reflect a broad societal understanding of the various possibilities of cooperatives and the long history of cooperativism in the region. There are approximately 1,750 cooperatives in Wisconsin and Minnesota spanning multiple sectors: agriculture, health care, grocery, financial services, manufacturing, and more. There are many membership types, sectors, and scales of cooperatives in the two states. While there are concentrations in particular member and sector types (namely agriculture, producer, and consumer cooperatives), both states have new cooperatives in most of the sector and membership types.

Widespread familiarity with the cooperative model means that it is on the radar of people interested in starting a business. In Wisconsin alone, there are 742 cooperatives not including branches. A spirit of innovation in each state means people are willing to try new things to meet their community's needs, like multi-stakeholder cooperatives. Wisconsin Governor Evers' report on Rural Prosperity describes how, "Cooperatives like the Wisconsin Food Hub Cooperative and the Fifth Season Cooperative are helping farmers reach local markets" (*Rural Voices for Prosperity: A Report of the Governor's Blue Ribbon Commission on Rural Prosperity (Wisconsin)*). And in Minnesota, the Twin Cities is a major cooperative hub that often acts as a source of resources and support for new cooperatives, whether on the business development side, or in support of providing markets for agricultural products.



*A farmer-owner of Agua Gorda Cooperative,
a farm-member of Shared Grounds Cooperative.*

CONNECTIVITY: COMMUNITY

Several new cooperatives in this cluster have roots in their broader community ecosystems. These ecosystems include actors and organizations with a strong cultural or mission focus that is not cooperative or sector related.

Immigrants have contributed to new agricultural development in this cluster, particularly in Minnesota. In rural Minnesota, two-thirds of the new cooperatives are in the agriculture and grocery industries. These are the top two sectors of new cooperatives, at 1/3 each, for which the following community-rooted cooperative examples reflect. The fact that Minnesota has the second largest Hmong populations in the U.S., and that, according to a USDA study, Hmong farmers make up over half of all producers at Twin Cities-area farmers markets, means that the cooperative model is critical for many along the food supply chain in the region.

Additionally, the Latino Economic Development Center in Minnesota (LEDC) has helped start approximately seven new Latinx cooperatives in Minnesota, including Agua Gorda Cooperative. Agua Gorda sells produce through Shared Grounds Cooperative, which is also received support from LEDC. LEDC utilizes the cooperative model as one strategy to generate wealth and gather resources for Latinx communities, particularly in agriculture. They provide training around finance, loans, and prepare farmers for future land acquisition. LEDC and farmers who we met with described how Latinx people striving to create quality lives for themselves have at times faced resistance in accessing land and business support by predominately white rural communities, thereby making the persistence and support of LEDC vital.

LEDC's Business Director Jaime Villalaz describes how, "They have the dream, but feel it is impossible. The reality, it is possible." Organizing community meetings with delicious food and partnering with at times initially reluctant local governments are some of LEDC's organizing strategies. Villalaz is transparent about the social challenges of agriculture. He shares how, while the agricultural sector is often risky for farmers, the pride in owning one's own cooperative businesses can make it worthwhile. The organization shares their insights at Minnesota's annual Emerging Farmers Conference and nationally with cooperative and farmer justice organizations to support the growth of Latinx cooperatives.

The start-up grocery cooperatives that formed between 2011 and 2019 strive to meet their community's needs for healthy food access. New Ulm Community Market and Cooperative was established to increase the community's access to healthy food. In part, the founders wanted to address heart risk factors found in their community by providing a source of heart-healthy fresh fruits and vegetables. In this effort, they found a partner with a program to increase heart-healthy behaviors and activities in New Ulm called "Heart of New Ulm." In a collaborative effort with this program, they took part in publicity and events, and the New Ulm hospital cafeteria even donated space for them to have a farmer's market when they were between spaces. One founder, Lynnda Kalk, shared how, "We have that common goal... we're in the community, we support the community. We want it to thrive."

DEEP CO-OP ROOTS

Caption

Highlighting the deep cooperative history, layers of cooperative networks, and striking cooperative density in this region, Michelle Miller shares her own cooperative background.

My mom came to Wisconsin from the North Dakota Farmers Union to run the Wisconsin Farmers Union (WFU) camp and then to be the WFU education director. She also served as the Chippewa County youth educator (1958 -1969). She was the kid in the family who got to switch on the electric lights in 1938. My grandparents were very active in Farmers Union and served on numerous co-op boards, including telephone, electric, farm supply, and creamery. I remember his fatigue after a co-op board meeting. I know the feeling!

When I was little, I got to see the camps unfold all summer. Sometimes there were over 100 farm kids at the camp at one time. I don't know where they found mattresses for everyone. Two classes, a co-op class and a farm history/politics class, were offered at the appropriate age level. The older we got, the more detail we learned. We formed and ran a candy co-op and elected a governing board. We entertained each other on themes chosen by camp staff and older campers were given themes like Mock United Nations and Mock Presidential Election. Civics and leadership education were seamlessly woven into co-op education. Cathy [Cathy Statz, WFU's Education Director and Kamp Kenwood's Camp Director] has maintained this tradition.

WFU also hosted at least three sessions for international farmers to learn about co-ops. My memory is that there were two sessions with farmers from African nations and one session with farmers from Latin America. One summer - 1967? - we had guest staffers from Israel who taught folk dancing and singing to campers. Another summer we hosted Black children from Mississippi who were in danger from the race riots.

We moved to Dane County in 1969 and mom then volunteered as one of the Dane county youth educators. Our chapter regularly entertained at the state convention and we attended every year. Mom helped to start Group Health Co-op while working at UW Extension on rural leadership development. I went through the youth program (Torchbearer 1979), served as a press intern at a national convention, lived in a housing co-op through college, and served on the Willy Street Grocery Co-op board from ... I think 1993-2002. That was the period when the co-op moved from a small storefront to its current location. My husband is employed by UW Credit Union, where I've been a member since about 1975.

I worked as a camp counselor when Cathy was a camper. My sister did, too. Her daughter and my son Sean both attended camp. Sean was a camp co-op treasurer one year and loved it. Two summers ago, he paid a visit to CHS and was amazed at what a successful business it was. Sean will be at camp this year, pandemic willing.

- Michelle Miller, Associate Director, University of Wisconsin -Madison
Center for Integrated Agricultural Systems

NORTHEAST CLUSTER

The Northeast corner of the United States boasts one of the most vibrant cooperative ecosystems in the country and has yielded significant new cooperative development over the last decade. The Northeast Cluster includes Maine, Massachusetts, New Hampshire, and Vermont. Between 2011 and 2019, 185 new cooperatives, nearly one-third of which are rural, formed across these four states, making it the cluster with the greatest quantity of new cooperatives.

Given the large number of new cooperatives in this region, it was not surprising to find strengths across all seven assessment factors. In addition to these strengths, the Northeast Cluster has a long history of strong social movements, which are often connected to the development of new cooperatives. Most recently, a passionate local food movement, combined with cooperatives along the food supply chain, has led to collaboration, growth in cooperative businesses, and public engagement around cooperatives. Access to nearby urban nodes also helps with access to markets and resources. Several long-standing, interstate organizations and associations that are trusted due to their expertise and long track record have helped many new cooperatives get off the ground. A robust cooperative economy makes it easier for new rural cooperatives to enter the market and start strong.

**CO-OP
DEVELOPMENT**

**LEGAL
CONTEXT**

**CO-OP
FRIENDLY
CAPITAL**

**CO-OP
EDUCATION**

**POLICY
ENVIRONMENT**

**DENSITY
OF CO-OPS**

**CONNECTIVITY:
CO-OP-TO-CO-OP**

**CONNECTIVITY:
COMMUNITY**

COLLECTIVE ACTION IN RURAL COMMUNITIES

A Co-op Made This!

Learn more at www.nfca.coop/GD.

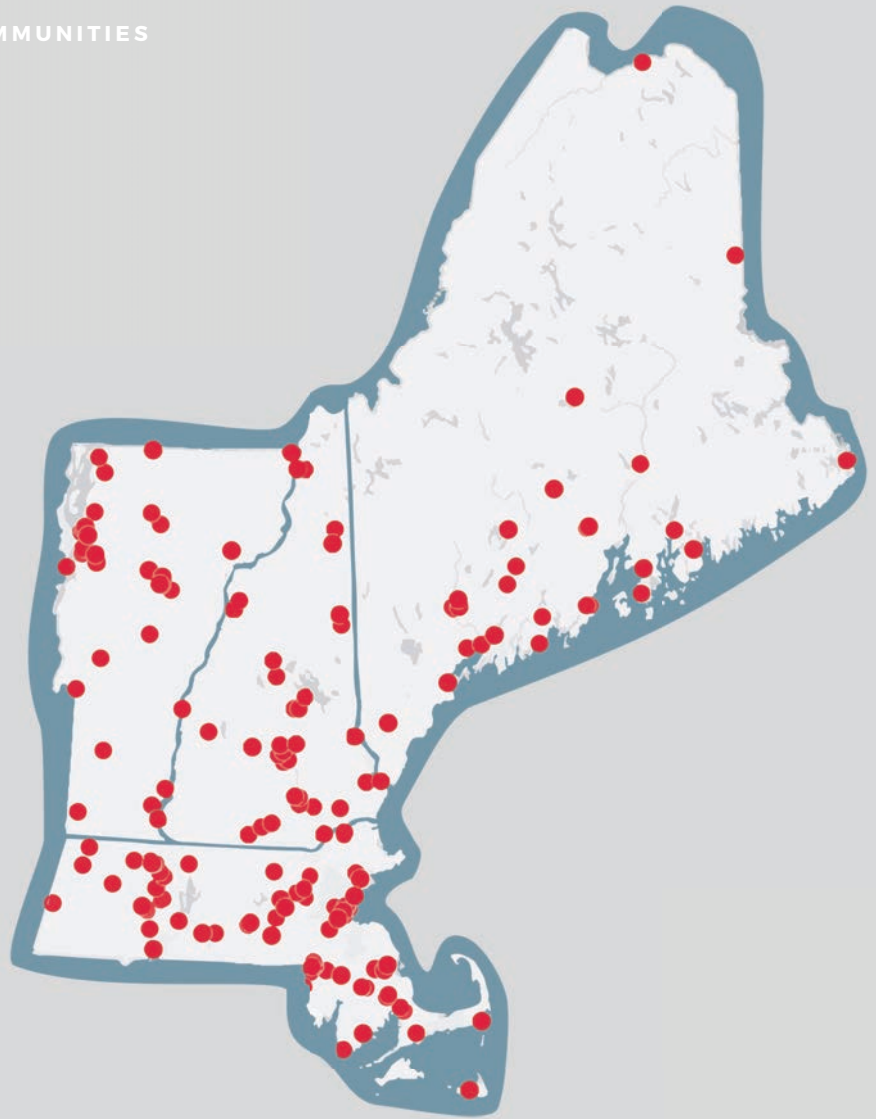
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COOP



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www.nfca.coop/recycling

Realpick
rea

The Franklin Community Co-op (Green Fields Market) began in 1976 and sells an array of cooperative products, such as these goods from Real Pickles Cooperative. It is one of the many cooperative institutions in the Northeast that provide fertile ground for new cooperative growth.



185
NEW
CO-OPS

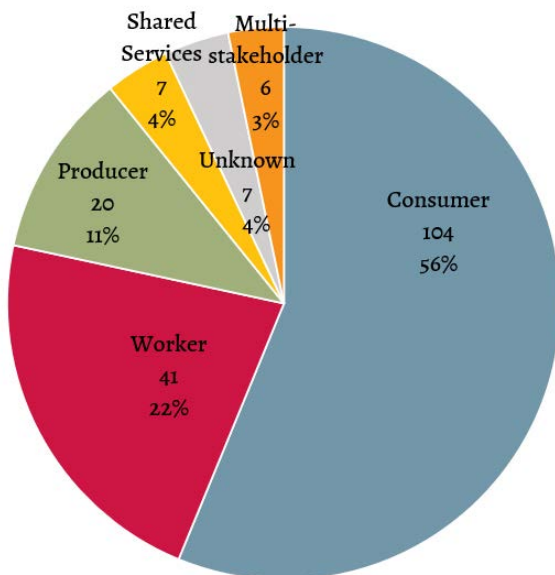
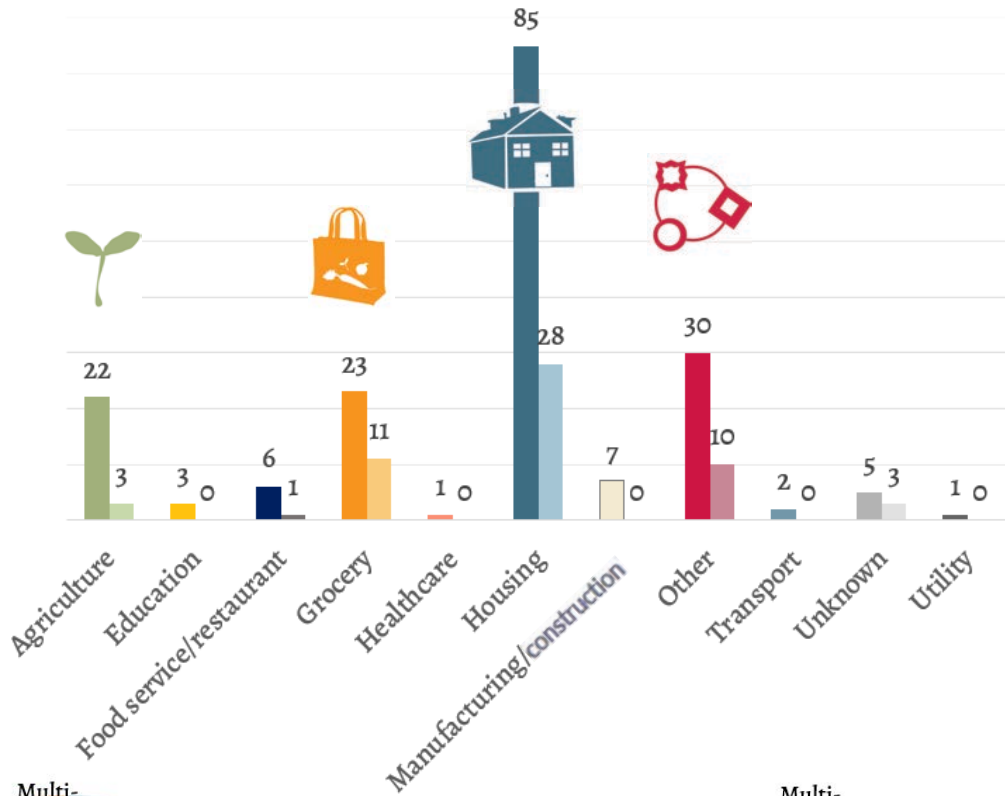
2011 - 2019

1/3 RURAL

All and Rural New Co-ops - Sector: Northeast Cluster

All: n = 185

Rural: n = 56

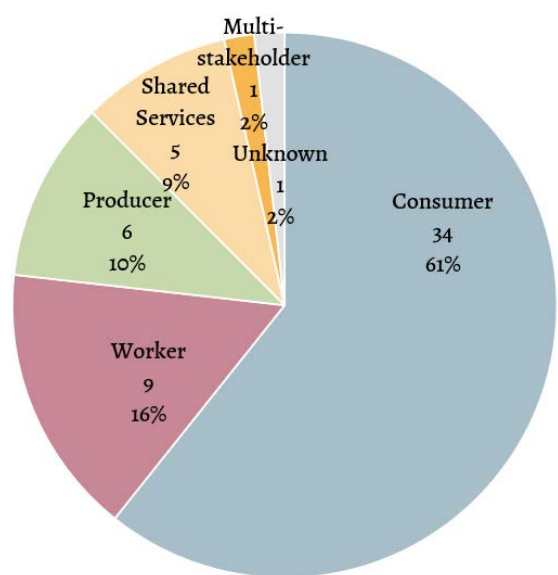


All and Rural New Co-ops - Membership: Northeast Cluster

2011 - 2019

All: n = 185

Rural: n = 56



Rural New Co-ops - Membership: Northeast Cluster

2011 - 2019

Rural: n = 56

CO-OP DEVELOPMENT

In the Northeast cluster, cooperative development support is offered by at least nine organizations including non-profit cooperative development centers, networks, associations, and federations. Some work across sectors, while others focus on specific membership types or a subset of industries. The wide range of organizations supporting new cooperatives has contributed to the large number of new cooperatives in the region and the diversity of membership types and sectors represented by those cooperatives.

ROC USA is an example of an organization in the region that has successfully targeted a specific sector: manufactured home communities. ROC USA, which is headquartered in New Hampshire, works in partnership with the ROC USA Network to convert manufactured housing communities across the country to community ownership. Two ROC USA Network members operate in the Northeast cluster: Cooperative Development Institute and ROC-NH. In New Hampshire and Vermont, approximately 39 new housing cooperatives were formed from 2011-2019, many of which were under the ROC model due to strategic efforts between cooperative developers in these states and ROC USA.

Another successful strategy for strengthening rural economies in this cluster has been converting traditional businesses to worker cooperatives. Cooperative Development Institute (CDI), ICA Group, and the Vermont Employee Ownership Center (VEOC) have helped a wide range of businesses transition to employee ownership in recent years. All three organizations also belong to Workers to Owners, a national collaborative of organizations working to transition small businesses to employee-ownership. VEOC has a small revolving loan fund for Vermont business owners and has developed strategic partnerships with Small Business Development Centers and economic developers in their state to identify good conversion candidates.



Suzette Snow-Cobb has been in many cooperative roles in Massachusetts, including at the Franklin Community Co-op, the Valley Alliance of Worker Cooperatives, and the Neighboring Food Co-op Association. She expertly connects cooperatives to each other and the public.

In 2018 Rock City Roasters, located in Rockland, Maine, converted to employee ownership with the help of CDI. The project demonstrates one of the benefits of converting a local business to employee ownership: retaining younger generations. During our site visit, young café workers shared that they were planning to leave the area but decided to stay when offered the possibility of becoming a worker-owner of Rock City Roasters. Now they are happy to stay in this vibrant rural community.

Several of the cooperative development organizations in the cluster go beyond providing direct technical assistance. They also engage in national movement building, coordinate local community outreach and education on cooperatives, and in some cases manage loan funds.

LEGAL CONTEXT

The Northeast cluster benefits from strong and diverse cooperative statutes and several options for legal support. Each state in the cluster has at least five cooperative statutes, as well as legal support familiar with cooperatives. Legal support is available from local attorneys specializing in cooperative law; cooperative associations and developers; and entities such as Harvard Law School's Transactional Law Clinic, the Conservation Law Foundation Legal Food Hub, the Sustainable Economies Law Center, and Greater Boston Legal Services.



Worker-owners at Rock City Coffee Roasters, a café that converted to a worker-owned cooperative in Rockland, Maine. They shared how having good cooperative jobs available allowed them to stay in their rural hometown rather than moving to an urban area for employment.

CO-OP FRIENDLY CAPITAL

Cooperative friendly capital is a major force in the Northeast, particularly at a regional level. There are at least fourteen organizations in the cluster that offer loans and grants to cooperatives. Several cooperative friendly lenders also offer technical assistance to ensure the cooperative is a sound creditor. Cooperative lenders in the region often have close relationships with cooperative developers to ensure new cooperatives start with a strong footing and access to further tailored support, such as through CDI. The Cooperative Fund of New England (CFNE) is a key partner for many cooperative developers and cooperatives in the region. CDI has leveraged the experience of CFNE to bring in non-traditional, innovative lenders who benefit from CFNE's lending expertise. An example is the financing of the \$5.6 million conversion of Maine's Island Employee Cooperative, in which CFNE collaborated with the local Coastal Enterprises CDFI, the National Cooperative Bank, as well as the Associated Grocers of New England.

Capital providers such as loan funds are critical for rural cooperatives. Developers in the cluster noted that it can be harder for rural cooperatives to access capital, especially during start-up. VEOC notes a broader narrative shift in rural economic development in the region. At one point, economic developers were interested in large investments from outside developers,

COLLECTIVE ACTION IN RURAL COMMUNITIES

however, that has proven untenable. Matthew Cropp of VEOC describes how, "Building capital in communities, from community, is the new function and mindset. There's been a change of narrative... there's an interesting opportunity with cooperative development, especially as it fits into larger discussions of how rural economic development works." VEOC also has a revolving loan fund to support conversion efforts. In addition, Vermont has an intra-state local investing platform ("Milk Money Vermont") and the Vermont Solidarity Investing Club.

CO-OP EDUCATION

Cooperative education occurs through several avenues in this region, from academic spaces to local level education and outreach. Cooperative developers in the region noted the importance of cooperative education for the growth of the ecosystem. Academic institutions and programs providing cooperative education include University of Massachusetts Amherst, University of Massachusetts Cooperative Enterprise Collaborative, Southern New Hampshire University, College of the Atlantic, the University of South Maine's Food Studies Program, Massachusetts Institute of Technology, and Harvard University. The many associations and cooperative development centers are major promoters of cooperatives to the public, as well as solidarity economy organizations like the New Economy Coalition and the Center for Economic Democracy.



The Neighboring Food Co-op Association's Farm to Freezer and Go Co-op initiatives are educational marketing techniques that use co-op goods to educate the public about their local cooperative food system. These examples are from the Franklin Community Co-op.

POLICY ENVIRONMENT

The Northeast has many state and local policies that support cooperative development, as well as several policymakers and local government officials who understand cooperatives and their possibilities.

Vermont is home to long-time cooperative supporter Senator Bernie Sanders and has several policies that support cooperatives. Vermont has a somewhat unique credit union law permitting state-chartered credit unions to make equity investments up to 10 percent of their assets in cooperatives. Because of this policy, Vermont credit unions were able to create an equity fund to provide capital to cooperatives. The Vermont Employee Ownership Center, a statewide non-profit that promotes employee ownership, receives state funding annually, and the Vermont Economic Development Authority is directed to prioritize lending to employee-owned companies.

In 2017, the Massachusetts legislature revived the state's Office for Employee Involvement and Ownership through the creation of a new entity, the Massachusetts Center for Employee Ownership (MassCEO). MassCEO launched with a \$150,000 contract from the Massachusetts Office of Business Development, and in 2019 secured an additional \$50,000 per year in state funds. This effort leveraged the knowledge and expertise of The Working World and the ICA Group, two cooperative-focused non-profits with solid track records in the Northeast that were contracted to implement the work of MassCEO. ICA Group currently houses MassCEO, with a focus on converting established businesses to worker cooperatives.

Policies that protect the rights of manufactured home community residents have also had played a major role in the Northeast cluster. In all four states in the cluster, community owners are required to give community residents advance notice of a potential sale. In New Hampshire and Vermont, community owners are required to negotiate in good faith with the residents if they make an offer to purchase the community. Massachusetts, residents are entitled to a right of first refusal in certain scenarios. New Hampshire has a community loan program that residents have used to purchase their communities, and Vermont offers a tax incentive to community owners who sell the community to the residents or a non-profit organization (source: National Consumer Law Center).

DENSITY OF CO-OPS

Between 2011 and 2019, 185 new cooperatives formed in the Northeast cluster. The density of cooperatives has a dynamic relationship with several of the other factors. As Erbin Crowell of the Neighboring Food Cooperative Association noted in an interview, cooperative density influences the public's awareness and knowledge of cooperatives since cooperatives are more likely to be daily fixtures in people's lives. Additionally, it means high levels of connectivity in the form of peer-to-peer connections and supply chain development. This density also lends itself to experienced cooperators bringing their knowledge to new cooperatives. For example, former Equal Exchange worker owners who now work at Real Pickles are able to share their experience and expertise on worker-ownership with newer worker-owners.



Worker-owner Tamara McKerchie presents pickles from Real Pickles, a worker cooperative based in Greenfield, Massachusetts. The founders sold the business to the employees after the employees raised \$500,000 from 77 community investors through a Direct Public Offering in 2013.

CONNECTIVITY: CO-OP-TO-CO-OP

Connectivity between cooperatives has been an important advantage for new rural cooperatives throughout the Northeast. Connectivity is particularly found through cooperative-to-cooperative supply chains and peer-to-peer networking. The eleven-plus associations in the cluster provide opportunities for connection that often spark new cooperatives. Since 2010, the Valley Alliance of Worker Cooperatives (VAWC) has helped several new cooperatives get off the ground, including at least seven cooperative conversions. VAWC promotes their cooperative members through campaigns such as “Together, We’re Working for a Cooperative Economy.” VAWC also delivers educational workshops, engages legislators in worker cooperative issues, and manages a “VAWC Inter-Cooperative Development Fund” with over \$20,000 to distribute to cooperatives. The Neighboring Food Cooperative Association (NFCA) is another source of connectivity. The NFCA network offers food cooperatives a space for sharing valuable knowledge with each other, including learned experiences that can help cooperatives avoid costly mistakes. Erbin Crowell of NFCA highlights how NFCA can remind new grocery cooperatives of the “reality of the need for some scale, member scale, [and] sufficient sales to support staff in a sustainable way.” Sharing peer-based expertise and resources throughout a supply chains generates stronger starts for new cooperatives, and strengthens existing cooperatives.



Clockwise from top left: Morrisville Food Cooperative in Morristown, Vermont (opened in 2017), the Franklin Community Cooperative in Greenfield, Massachusetts (opened in 1976), and the Portland Food Co-op in Portland, Maine (opened in 2014). These rural grocery cooperatives are all members of the Neighboring Food Co-op Association, through which over 40 cooperatives support each other and receive assistance with sourcing and marketing.



Rock City Coffee Cooperative serves as a gathering place in Rockland, Maine. Pictured are several members of the regional cooperative ecosystem, including Rob Brown of the Cooperative Development Institute, worker-owners of Rock City Coffee, members of the nearby resident-owned community, cooperative-friendly loan officers, and other impactful cooperators. They use the cooperative model to strengthen their rural communities and better their quality of life.

CONNECTIVITY: COMMUNITY

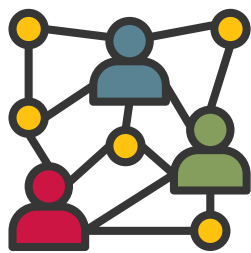
When cooperatives are rooted in concern for community, they can address important needs and build ties of solidarity that strengthen their cooperative and the community as a whole. Roots and Dreams and Mustard Seeds is an exciting example of a new organization creating cooperatives to support communities in Pittsfield, Massachusetts. Roots and Dreams works with, and is a fiscal agent for, Rose and Cole's Co-op Transport, a worker cooperative working to increase transportation access. In this industrial community, many rural workers lack cars, nighttime public transit to get to work, or transportation to visit incarcerated loved ones, so the cooperative offers affordable transportation. Additionally, Roots and Dreams collaborates with Manos Unidos Multicultural Educational Cooperative to form Latinx-owned cooperatives.

The Somali Bantu community in the town of Lewiston, Maine, has a strong cooperative ecosystem that includes the Isuken Cooperative: Somali Bantu Farm to Table Food Truck, New Roots Cooperative Farm, and an urban housing cooperative called Raise Op. Safe and affordable housing is particularly important for the Somali Bantu community, which has faced racism and discrimination in the housing market. Relying on each other, the Somali Bantu community is building new opportunities rooted in their culture through cooperation.

CDI and other cooperative developers connect with rural communities around “commonly identified opportunities” cooperatives can address, such as loss of property taxes, aging populations, affordable housing, and youth leaving the community. Rob Brown of CDI notes the importance of cooperative cross-sector learning and community-building. He describes how “Residents of mobile home parks meet up with those in other cooperatives to talk about how business is going and learn from each other.” He also emphasizes that, “Community is the heart of rural life. And we’re building community. It spills over into other aspects of community building.” Brown’s statement highlights how connectivity between cooperatives and between cooperatives and the community nurtures the cooperative spirit and fosters work that can have a genuine positive impact on workers, their families, and the community as a whole.

RECOMMENDATIONS

For rural cooperative development



Map your own ecosystem, then adapt these recommendations to your particular context.

The following recommendations are intended for cooperative developers, policy makers, community economic developers, cooperative members, and citizens interested in generating more cooperatives in their region. The recommendations are based on our analysis of rural clusters of robust cooperative development activity. We have grouped them into categories based on the ecosystem factors identified by this study that support the growth of cooperatives in rural places.

Before reading the recommendations, we suggest spending some time mapping your region's cooperative development ecosystem. What assets are present in your community? Which factors might be the most effective levers for increasing cooperative development activity? If your community lacks specific resources, consider reaching out to a national organization to learn if they provide services in your region.

RECOMMENDATIONS FOR RURAL COOPERATIVE DEVELOPMENT



CO-OP DEVELOPMENT

Who in your region is engaged in cooperative development?

Develop collaborative relationships with fellow cooperative developers, associations, cooperative friendly lenders, and others in your local ecosystem. Identify national organizations that may be supportive of cooperative development in your region and interested in partnership. The UWCC National Cooperative Resource Ecosystem Map shows many of these ecosystem players in your region.

What grants exist for supporting cooperative development?

If you serve a rural population, explore USDA's Rural Cooperative Development Grant and Socially Disadvantaged Groups Grant programs. Increasingly foundations and municipalities are looking to the cooperative model to achieve social and economic goals. Consider approaching a local community foundation for support.

Which industries are growing in your region?

Conduct a targeted industry and place-based analysis to develop a pipeline of potential cooperative business ideas that align with your region's strengths. If your organization provides cooperative development services, hire or develop expertise in industries with the potential for cooperative growth. Also consider partnering with local economic developers or associations in those industries and offering education on potential applications of the cooperative model.

How can nearby urban nodes be leveraged to support rural cooperative development?

Take advantage of urban nodes for supply chain development, cooperative technical assistance, and other supportive resources.



LEGAL CONTEXT

Do legal barriers exist in your region that make it challenging to start or operate a cooperative?

Get to know the cooperative statutes in your state. If your state's statutes are a hindrance to cooperatives in your region, explore options for amending the statutes or creating a new one. In recent years there have been successful efforts to create new cooperative statutes in California and Illinois to address gaps in the cooperative legal landscape in those states.

Are there attorneys in your region with expertise in cooperatives?

If yes, make sure they are integrated into the existing cooperative development ecosystem. If no, approach an attorney in an adjacent field such as small business or non-profit law who may be interested in adding cooperatives to their portfolio. Or consider partnering with a regional law school with students who may be interested in learning about cooperatives and other alternative forms of enterprise.

Is there a pipeline in place for developing additional legal expertise in cooperative formation?

If there are established cooperative attorneys in your region, ensure they pass their knowledge on to new attorneys in the field through internships, courses, or other forms of training.



CO-OP FRIENDLY CAPITAL

Are there cooperative friendly lenders in your region?

These may include Community Development Financial Institutions (CDFIs) that specialize in cooperatives, credit unions, and community banks. Build connections with your local cooperative friendly lenders or with the several CDFIs that lend to cooperatives nationally. Have you talked with cooperative friendly lenders to learn how to support each other's efforts? In developing relationships with cooperative friendly lenders, understand their preferred process and timeline for collaboration with cooperatives so you can best support each other's efforts in supporting cooperatives.

What grant opportunities exist that could support cooperative development in your region?

Depending on your region, industry, and development goals, your organization or project may qualify for grants from national or community-based foundations, government programs, or other mission-aligned organizations. Programs to explore include but are not limited to USDA Rural Development, the Catholic Campaign for Human Development, and your local community foundations.



CO-OP EDUCATION

Is there a local university or school you could partner with to engage students?

Engage students through collaboration with local universities and schools. A cooperative expert may speak at a class, teach a course, or even create a program. A school campus may support a student-run cooperative on-site to provide hands-on training and education about cooperatives.

Could a local university or school support cooperatives in your area?

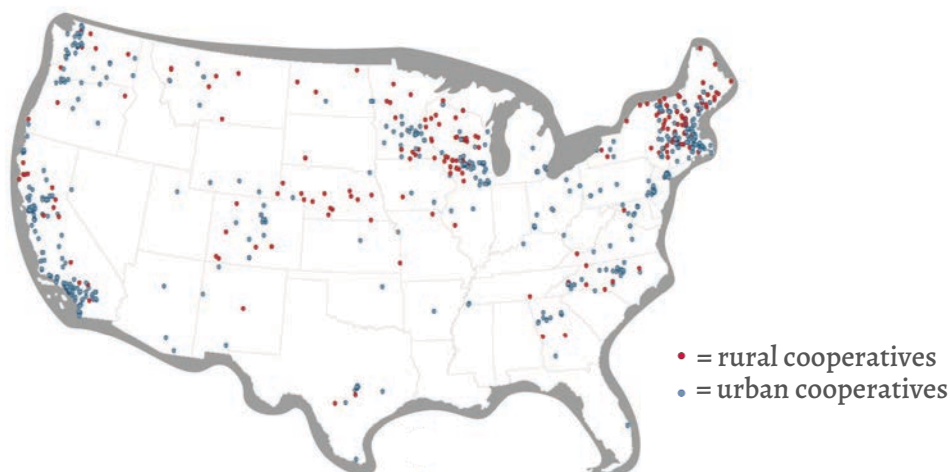
Educational institutions may meet the needs of local cooperatives. You can develop partnerships with educational programs that meet unmet cooperative needs – such as partnering with a law school or legal clinic, with a communications or design program for marketing support, or with a program focused on an important industry in your region.

Are there opportunities to weave cooperative education into existing community programs or spaces?

Explore creative new ways to reach the public, such as podcasts, social media, or fitting cooperative education into existing educational programming or social events.

Could cooperatives in your area engage in public education individually or collaboratively?

Cooperatives themselves are often sources of public education on the cooperative model in practice. An individual cooperative or a group of cooperatives might be interested in developing educational materials to share with their members, customers, or the general public.



Rural and Urban New Cooperatives Incorporated between 2011 - 2019



POLICY ENVIRONMENT

Are there policy makers or government agencies in your region that might be supportive of cooperatives?

Seek out and develop relationships with potential allies in local government and within economic development agencies and organizations. Become a resource and offer cooperative solutions to local challenges. Policy development can be a long-term, many-layered process. Continue efforts and education through various channels, even if there are initial roadblocks.

Do established cooperatives in your region have strong ties to local government?

If so, how might those relationships be used to advance the cooperative model more broadly?

Is your cooperative statute meeting the needs of cooperatives in your state?

Advocate for strong and clear cooperative statutes if your state is lacking. Reach out to national networks for support and examples.



DENSITY OF CO-OPS

Does your region have established cooperatives in a particular industry or sector?

How might you leverage the success of those established cooperatives to grow your region's cooperative development ecosystem? Established cooperatives may be able to offer staff, space, or expertise to a start-up cooperative.



CONNECTIVITY: CO-OP-TO-CO-OP

Is your region served by a cooperative state council or association?

These organizations can be excellent partners in cooperative education and development. If no association exists, consider establishing a network of cooperatives in your region to facilitate collaboration and peer learning.

Are there ways cooperatives can support each other's growth and development?

Practice and encourage cultures of shared learning and supply chain development. Shared learning may be as simple as a phone call to a fellow cooperative to learn from their experiences and insights, or as complex as regional supply chain development and formalized information-sharing.



CONNECTIVITY: COMMUNITY

How can you engage existing community networks in building and shaping new cooperatives?

Partner with existing community networks to form cooperatives that meet community needs. Engage communities and existing networks early on in a new cooperative through community meetings, involving community leaders in decision-making, and spending time to gather input that shapes the cooperative.

Are there communities in your region that are working cooperatively outside the formal cooperative model?

Cooperation and mutual aid take many forms. Recognize and support existing cooperative activity even if it has not been labeled as such.

Does a community use more than one language?

Ensure language is not a barrier by offering consistent translation and interpretation, hiring multi-lingual cooperative developers, and being respectful of a community's particular means of engagement.

