Benefits and Impacts of Cooperatives

White Paper

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Fact Sheet on the Benefits and Impacts of Cooperatives

- Cooperative enterprises **address market failure**: provide rural electricity or other utilities in sparsely populated areas; affordable healthy and organic foods; access to credit and banking services; access to affordable housing; access to quality affordable child or elder care; access to markets for culturally sensitive goods and arts.
- Cooperatives **overcome the historic barriers to development** in the ways they aggregate people, resources, and capital (Ziewacz 1994). Of 162 non-agricultural cooperatives in one study, 44% of the respondents said they could not have opened their business had it not been organized as a cooperative (Bhuyan, Leistritz, and Cobia 1998).
- The economic activity of the 30,000 cooperatives in the U.S. **contributes an estimated $154 billion** to the nation's total income. The co-ops have helped to create over **2.1 million jobs**, with an impact on wages and salaries of almost $75 billion (Deller et al 2009).
- Cooperative businesses have **lower failure rates** than traditional corporations and small businesses: after the first year of startup (10% failure versus 60-80%), and after 5 years in business (90% still operating versus 3-5% of traditional businesses). (World Council of Credit Unions study in Williams 2007)
- Since most cooperatives are owned and controlled by local residents, it is more likely to **promote community growth** than an investor-oriented firm. Since cooperative business objectives are needs oriented, cooperatives are more likely to **stay in the community**. (Zeuli et al 2003)
- Cooperative businesses **stabilize communities** because they are community-based business anchors; and distribute, recycle, and multiply local expertise and capital within a community. They enable their owners to generate income, and jobs; accumulate assets; provide affordable, quality goods and services; develop human and social capital (Gordon Nembhard 2002, 2004b, 2008a; Fairbairn et al 1991; Logue and Yates 2005).
- Co-ops and their members **pay taxes**, and are good citizens by **giving donations** to their communities, paying their employees fairly, and using sustainable practices (Gordon Nembhard 2013; Iowa Association of Electrical Co-ops. 2011).
- Cooperative **start-up costs can be low** because: are eligible to apply for loans and grants from a number of federal and state agencies designed to support co-op development; are often provided relatively low cost loans from non-governmental financial institutions like cooperative banks because they are chartered or established to do so. (Zeuli, Freshwater, Markley and Barkley 2003)
- WAGES in Oakland CA finds that after owning the house cleaning co-op the worker-owners' median income increased to over $40,000 (before the co-op the Latina owners had a median income of $24,000). Ownership in the co-op has put their **income higher** than the national average of $38,000 for Latinos/as (WAGES no date).
- Food co-ops spend **more revenues locally**, buy more products locally, buy more organic produce, recycle more plastic, and create more jobs than conventional grocers. For every $1,000 spent at a food co-op, $1,606 goes to the local economy; for every $1 million in sales, 9.3 jobs are created (Yes! Magazine 2013).

[Prepared by Jessica Gordon Nembhard (John Jay College), with Charlotte Otabor (Howard University) October 2013 - revised December 2013]

Benefits and Impacts of Cooperatives - Jessica Gordon Nembhard

Executive Summary (February 2014)

Cooperative businesses are community-owned private enterprises that combine consumers with owners, and buyers with sellers in a democratic governance structure. Cooperatives solve the general economic problem of under or over production, business uncertainty, and excessive costs. Cooperatives address market failure and fill gaps that other private businesses ignore; such as: provision of rural electricity or other utilities in sparsely populated areas, provision of affordable healthy and organic foods; and access to affordable credit and banking services, to affordable housing, to quality affordable child or elder care, to markets for culturally sensitive goods and arts.

The economic activity of the 30,000 cooperatives in the U.S. contributes an estimated $154 billion to the nation's total income. These co-ops have helped to create over 2.1 million jobs, with an impact on wages and salaries of almost $75 billion (Deller et al 2009). We have some state level impact data, but much more research is needed in this area. In North Dakota, for example, "cooperative business spending lifts economic activity" throughout the state, particularly by increasing sales and employment in the private sector, and tax revenues in the public sector (McKee 2011, 9-10). So far we know more about direct benefits of cooperatives (which helps to explain the large impact).

Cooperative businesses have lower failure rates than traditional corporations and small businesses, after the first year of startup, and after 5 years in business. About 10% of cooperatives fail after the first year while 60-80% of traditional businesses fail after the first year. After 5 years, 90% of cooperatives are still in business, while only 3 - 5% of traditional businesses are still operating after 5 years. This is often because of the many people involved in starting a cooperative and the high level of community support for cooperatives (World Council of Credit Unions study in Williams 2007).

Cooperative businesses stabilize communities because they are community-based business anchors; and distribute, recycle, and multiply local expertise and capital within a community. They pool limited resources to achieve a critical mass. They enable their owners to generate income, and jobs, and accumulate assets; provide affordable, quality goods and services; and develop human and social capital, as well as economic independence (Gordon Nembhard 2002, 2004b, 2008a, 2014; Fairbairn et al 1991; Logue and Yates 2005; WAGES no date; Yes! Magazine 2013). In addition, co-op enterprises and their members pay taxes, and are good citizens by giving donations to their communities, paying their employees fairly, and using sustainable practices (Gordon Nembhard 2013; Iowa Association of Electrical Co-ops. 2011).

According to Zeuli, Freshwater, Markley and Barkley (2003), since most cooperatives are owned and controlled by local residents, they have a vested interest in and are more likely to promote community growth than an investor-oriented firm (IOF) controlled by non-local investors. Cooperatives are more likely to ensure their objectives within the community are met and are interested in promoting community economic development. Many non-agricultural cooperatives are created to serve a local need and so the objectives set by their members may not include profit maximization at the firm level. The objectives are usually more needs oriented, therefore, cooperatives may be more likely to stay in the community. This is unlike IOFs that may be under considerable pressure by investors to grow as fast as possible, which may lead them to outgrow the community, and relocate to a place where the supply of labor is larger and other inputs can be more easily and efficiently obtained.

"Cooperatives are oriented to solving local problems by organizing local people into stable organizations...and [they] have an explicit mission to keep funding, distribution of benefits, and responsibility and accountability in local users' hands" (Zeuli, Freshwater, Markley and Barkley 2003, 1). In a survey performed by Bhuyan, Leistritz, and Cobia (1998), of 162 non-agricultural cooperatives, 44% of the respondents said they could not have opened their business had it not been organized as a cooperative. Cooperatives "aggregate people, resources, and capital into economic units that overcome the historic barriers to development" (Ziewacz 1994, 189). In addition evidence shows that cooperatives both successfully address the effects of crises and survive crises better than other types of enterprises (Borzaga and Calera 2012, 7). Cooperatives are collective problem solvers.

Start-up costs for cooperatives are often low because co-ops are eligible to apply for loans and grants from a number of federal and state agencies designed to support co-op development. There are also other "non-governmental financial institutions like cooperative banks that provide relatively low cost loans to cooperatives either because they are chartered to do so by the federal government or because they have been established to assist cooperatives and non-profit firms" (Zeuli, Freshwater, Markley and Barkley 2003, 4). There are tax advantages for cooperatives that also make the model attractive.

Specific examples of benefits from cooperatives include: Food co-ops spend more revenues locally, buy more products locally, buy more organic produce, recycle more plastic, and create more jobs than conventional grocers. For every $1,000 spent at a food co-op, $1,606 goes to the local economy; for every $1 million in sales, 9.3 jobs are created (Yes! Magazine 2013). Credit unions approve more mortgages for low-to moderate income households, have lower denial rates for all nonwhites, and have lower loan delinquencies while doing more lending than commercial banks during the great recession (Yes! Magazine 2013). WAGES - the organization in California that develops women's ecological cleaning worker cooperatives - has found that before working in and owning the house cleaning co-op Latina's had a median income of $24,000; but after owning the co-op their median income is over $40,000 where the national median income for Latino households is only $38,000. So ownership in the co-op has put their income higher than the national average for their ethnic group (WAGES no date).

Policy recommendations include: increasing awareness of and information about cooperatives among the general public and government agencies and employees; expanded, less restrictive, and more uniform co-op laws (at state and federal levels); enabling laws and supportive infrastructure, particularly for startup, capitalization, and financing (at all levels), including loan funds, small business services, and workforce funding dedicated to cooperative development. States which have stronger laws in support of cooperatives, and that have more cooperatives, experience more of the benefits from cooperatives.

White Paper on the Benefits and Impacts of Cooperatives

– Jessica Gordon Nembhard

Cooperatives have been found to provide many benefits to communities and to have a significant positive impact on the economy. The economic activity of the 30,000 cooperatives in the U.S., for example, contributes an estimated $154 billion to the nation's total income (by calculating direct, indirect and induced effects). These co-ops have helped to create over 2.1 million jobs, with an impact on wages and salaries of almost $75 billion (Deller et al 2009). Cooperatives have longevity. Their survival rates are longer than conventional small businesses. Cooperatives enable their members to stabilize and increase their incomes, and to accumulate assets. Many cooperatives create jobs, improve working conditions, and provide superior employment benefits. As local businesses, cooperatives increase community economic development and sustainability, and recirculate resources. Cooperatives provide economic benefits but also social and health benefits. Cooperative ownership enables affordable housing and worker ownership. Cooperative enterprise ownership also enhances community relationships (community-business partnerships), well-being, leadership development, and women's and youth development.

Cooperative businesses are community-owned private enterprises that combine consumers with owners, and buyers with sellers in a democratic governance structure.[1] This solves the general economic problem of overproduction and business uncertainty, eliminating the middle man and reducing costs (Warbasse 1918). Cooperatives address market failure and fill gaps that other private businesses and the public sector ignore: provision of rural electricity or other utilities in sparsely populated areas, provision of affordable healthy and organic foods; access to credit and banking services, to affordable housing, to quality affordable child or elder care, to markets for culturally sensitive goods and arts, for example.

A co-op's purpose is to meet member needs not just to earn a return on investment (which is the purpose of a traditional investor-oriented corporation). Profits, or what co-ops call surplus, are distributed to members in proportion to use; compared with corporations where profits are distributed according to stock ownership (in proportion to investment). According to the University of Wisconsin Center for Cooperatives (2012), tax liability in the U.S. is also different, but cooperatives still contribute to local, state and federal tax revenues. According to

[1] Cooperatives are autonomous internationally recognized enterprises owned democratically by their members, the people who created the cooperative to satisfy a common economic, social or cultural need or fill a gap left by market failure. They operate according to the values of self-help, self-responsibility, democracy, equality, equity and solidarity; and seven guiding principles: voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education, training and information, cooperation among cooperatives, and concern for community. See http://ica.coop/en/what-co-op/co-operative-identity-values-principles; and Gordon Nembhard 2008b.

U.S. law, members pay income tax on "qualified profit distributions based on patronage" and the cooperative pays taxes on unallocated surplus and nonqualified profits (University of Wisconsin Center for Cooperatives 2012). [See Table 1] Under worker cooperative ownership structures the board of directors is voted on by the employee-owners, and often consists of all employee-owners. [See Table 2] Workers (members of the local community) decide the company's policies, compensation, and the distribution of the surplus. In worker cooperatives "the relationship between the worker and the firm is membership" (Ellerman 1990, 206), not the labor contract per se.[2]

Cooperatives have enabled low-income residents, women, immigrants, and others (who often are without any avenue to gain income or assets) to provide affordable, quality goods and services, generate jobs, generate income, stabilize their communities, and accumulate some assets, and at the same time be family and community friendly (Gordon Nembhard 2002, 2004b, 2008a, 2014; Fairbairn et al 1991; Logue and Yates 2005; WAGES no date; Yes! Magazine 2013). They are even more effective with middle-income residents who have more of their own resources to contribute to establishing an enterprise that satisfies an expressed need. Cooperative businesses stabilize communities because they are community-based business anchors that distribute, recycle, and multiply local expertise and capital within a community. They pool limited resources to achieve a critical mass. Co-ops and their members pay taxes, and are good citizens by giving donations to their communities, paying their employees fairly, and using sustainable practices (Gordon Nembhard 2013; Iowa Association of Electrical Co-ops. 2011). Collective and cooperatively owned enterprises often provide not only economic stability, but also develop many types of human and social capital. Members acquire a variety of general business and industry specific skills. They also develop leadership skills and team building by participating in "joint action by a social group sharing a collective identity" (Borzaga and Galera 2012, 11). Cooperative development therefore provides an alternative model of development based on recognizing and developing internal (to the individual and to the community) capacities. This creates mechanisms that distribute, recycle and multiply local expertise and capital within a community, creating a solidarity economy[3]; and economic independence from the mainstream society if necessary (Gordon Nembhard 2004a, 2014).

"Cooperatives are oriented to solving local problems by organizing local people into stable organizations" (Zeuli, Freshwater, Markley and Barkley 2003, 1).

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[2] For more details see Gordon Nembhard 2014 (*Collective Courage*); and Artz and Younjun 2011.

[3] The term "solidarity economy" is becoming increasingly popular since the first World Social Forum in Brazil. The US Solidarity Economic Network (www.ussen.org) describes a solidarity economy as an alternative economic framework grounded in shared values, solidarity and cooperation; that promotes social and economic democracy, equity in all dimensions (e.g. race, class, gender...), and sustainability. It is pluralist and organic in its approach, allowing for different non hierarchical forms and strategies in different contexts, always building from the grassroots up. The term economic solidarity refers to economic activities whose purpose is to support, promote and develop a particular group, using shared values, trust and loyalty (see Gherardi and Masiero 1990).

benefits, and responsibility and accountability in local users' hands" (Zeuli, Freshwater, Markley and Barkley 2003, 1). Fulton and Hammond Ketilson (1992, 16) note that both the diversity as well as the success of cooperatives suggest that cooperatives hold "characteristics that have enabled them to address problems" in their communities and among their members. Similarly, Borzaga and Galera (2012, 7) find that cooperatives tend to address the needs of communities and "should be regarded as collective problem solvers." Fulton and Hammond Ketilson find that "cooperatives play a critical role ensuring the continued economic existence of most of the smaller communities" in Saskatchewan (1992, 36). In a survey performed by Bhuyan, Leistritz, and Cobia (1998), of 162 non-agricultural cooperatives, 44% of the respondents said they could not have opened their business had it not been organized as a cooperative.

Cooperatives "aggregate people, resources, and capital into economic units that overcome the historic barriers to development" (Ziewacz 1994, 189). According to Zeuli, Freshwater, et al (2003), since most cooperatives are owned and controlled by local residents, this model has a vested interest in and is more likely to promote community growth than an investor-oriented firm (IOF) controlled by non-local investors. Cooperatives are more likely to ensure their objectives within the community are met and are interested in promoting community economic development. Many cooperatives are created to serve a local need and/or to help people gain control over their local economies (Fulton and Hammond Ketilson 1992; also see Fairbairn et al 1991). The objectives set by their members therefore may not include profit maximization at the firm level. The objectives are usually more needs oriented therefore, cooperatives may be more likely to stay in the community unlike IOFs that may be under considerable pressure by investors to grow as fast as possible, which may lead the business to outgrow the community, and relocate to a place where the supply of labor is larger and other inputs can be more easily and efficiently obtained (Zeuli, Freshwater, et al 2003).

Gordon Nembhard (1999, 2006a, 2006b, 2008, 2011, 2013), Haynes and Gordon Nembhard (1999), and Fairbairn et al (1991) suggest that cooperative development is an important community economic development strategy. In particular these articles propose that cooperative enterprises can contribute to revitalizing inner cities and redeveloping areas (such as New Orleans and the Gulf Coast after disasters, Gordon Nembhard 2006b). Borzaga and Calera (2012, 7) argue that "Historical evidence shows that cooperatives not only survive crises better than other types of enterprises, but also more successfully address the effects of crises." Similarly, credit unions are important asset building enterprises that are an alternative to payday lenders and subprime lending (Gordon Nembhard 2013).

Cooperatives "aggregate people, resources, and capital into economic units that overcome the historic barriers to development" (Ziewacz 1994, 189).

This white paper summarizes the literature in this area and provides more details on the above ways that cooperatives benefit and positively impact their communities. It also provides several policy recommendations for ways to support and promote cooperative economic development.

Longevity:

Cooperatives stay in business longer than for-profit investor oriented firms. They have a long history, exist in almost every society, and adapt to changing conditions and to new economic and social concerns (Borzaga and Galera 2012). Williams (2007) cites World Council of Credit Unions data about cooperatives that demonstrates that only about 10 percent of cooperatives fail after the first year, while 60 to 80 percent of traditional corporations fail after the first year.[4] This counters conventional wisdom that assumes that cooperatives have a higher failure rate. Williams reports further that "The initial success of a cooperative most likely arises from the fact that starting a cooperative requires a great deal of support from the community" (2007, 9). Because many people are involved in startup and are needed to file for incorporation or limited liability, the first year for most cooperatives is successful according to Williams. For African Americans, the first years are often precarious because the enterprise is underfunded and competition is fierce from hostile white businessmen and financiers, yet the support from members and their immediate community keeps them going (Gordon Nembhard 2014). In addition, after five years, while only three to five percent of traditional businesses are still operating, more than 90 percent of cooperatives are still in business (Williams 2007, 9-10). Business success is actually an important accomplishment of cooperative enterprises, and an important contributor to community stability - as a business anchor in a local economy, in an increasingly global economy (see for example Williamson, Imbrocio and Alperovitz 2003; and Gordon Nembhard 2004a). Cooperatives also have a long-term perspective (Borzaga and Calera 2012) which contributes to their longevity and the stability they provide to their members and communities.

"The initial success of a cooperative most likely arises from the fact that starting a cooperative requires a great deal of support from the community" (Williams 2007, 9).

Asset Accumulation:

Some studies find that successful cooperative businesses create wealth and help their members accumulate wealth and/or assets (Gordon Nembhard 2002a, 2008a, 2013; Franklin 2014; Logue and Yates 2005; Williamson, et al 2003; Ownership Associates 2003; and Scharf 2001). Cooperatives are a form of communal, joint and democratic ownership of a business whose equity is an asset that can contribute to an individual member's wealth portfolio. Members of cooperatives put equity into a cooperative enterprise. A successful enterprise gives a return on that investment. In the case of cooperatives the return is sometimes annual dividends or patronage refunds (often distributed upon exit from membership); and sometimes the return takes the form of job security and living wages and benefits, or reduced costs of products and services. Individual cooperatives decide democratically how much of the surplus should be allocated to

[4] From the World Council of Credit Unions, 2003, *Statistical Data: United States Credit Union Statistics 1939-2002*; www.woccu.org; in Williams 2007: 9-10.

members and how much unallocated or retained in the business. Because of the democratic nature of cooperatives, distribution occurs in an equitable fashion, which places the wealth generated from the business into the hands of the owner-members (and sometimes other stakeholders). This means that cooperatives as a business are also a democratic mechanism for wealth creation.[5]

In addition, some cooperatives such as Cooperative Home Care Associates (New York City) provide retirement accounts and encourage their members to be banked and to have a savings account, in addition to paying bonuses and dividends (Schneider 2009). Other cooperatives offer retirement accounts for their worker-owners, and in some industries are actually more likely to provide retirement accounts and higher valued retirement plans.[6] Childspace (Philadelphia) provides an IDA (Individual Development Account) program (Clamp 2002), linked to the federal program which matches the savings of low-income people for education and business development.[7] Another example is Mandela Food Co-op that plans to partner with People's Federal Credit Union in Oakland, CA, to donate some of the cooperative's surplus earnings toward matching credit union members' savings (in Individual Development Accounts).

Improved working conditions and compensation:

Co-ops often are able to provide meaningful work, and a good work atmosphere for their members and/or employees. Levine and Tyson (1990) find that cooperatives provide superior working conditions and that both participation and ownership have a positive effect on productivity. Logue and Yates (2005, 56) find that "Cooperatives facilitate people in pooling their greatest asset, their labour, along with small amounts of cash (perhaps all the cash they have), to create a larger enterprise from which they will receive a benefit and return." More than what they could do on their own, "employee ownership of the means of production and farmer and small business ownership of purchasing and marketing cooperatives increase income and wealth for employee owner, farmer and small business owner (Logue and Yates 2005, 57).

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[5] Much of this comes from Gordon Nembhard 2008a; also see Gordon Nembhard 2013 and 2014.

[6] Two studies about the extent to which Employee Stock Ownership Plans (ESOPs) transfer wealth to employees are beginning to answer some of these questions for ESOP companies (i.e., worker ownership of stock), and particularly in regard to retirement savings. According to Scharf (2001), a study of ESOP firms in Washington state in 1998 finds that not only are wages higher in those ESOP companies, but also the ESOP firms "provide their employees significantly higher retirement wealth than similar non-ESOP firms" (2). For example, the average ESOP participant's account value was worth $24,260 (in 1995) and the average value of all retirement benefits in ESOP companies in Washington state was $32,213, compared with the average value of $12,735 in the comparison companies. Thus employee -owners had more retirement assets without "sacrificing their wages" (4). Similarly a smaller Massachusetts study conducted in 2000 finds that per participant wealth held for ESOP employees was $39,895 (in 1999) (3). An impressive 12% of Massachusetts ESOPs have average participant accounts worth over $100,000 (3). The vast majority of these ESOPs in both cases use the ESOP ownership as a supplemental pension which explains the higher value. This is one way to show that broader ownership increases assets at least for retirement. Scharf also notes that much more research is needed in this area.

[7] Also, the Atlanta Cooperative Development Corporation started an Individual Development Account (IDA) program in the late 1990s with a grant from HUD (the U.S. Agency for Housing and Urban Development) that would allow savers to use the savings not just for education or small business development but for cooperative development as well - to use to pay for their equity share to start a cooperative business. This information comes from an email correspondence with Gloria Bromell Tinubu (one of the founders of the Atlanta Cooperative Development Corporation), December 28, 2007.

Many of the worker-owned cooperatives, in particular, increase industry standards in wages and benefits, as well as provide self-management or team work between management and "labor," job ladder opportunities, skill development and capacity building, job security, and general control over income and work rules (for example Cooperative Home Care Associates, Childspace, Workers' Own Sewing Company, APR Masonry Arts, Colors Restaurant) (see Gordon Nembhard 2004b, 2014; Artz and Younjun 2011; and Franklin 2014). Women-owned catering and house cleaning cooperatives provide women with control over the hours of work, work rules, health and safety, benefits and income generation that allow them to balance home, family and work lives and own their own business (for example Emma's Echo Clean and the other cooperatives developed by WAGES, and the cooperatives developed by Cooperative Economics for Women in the 1990s). Cooperative music production companies (such as the emerging Rhythm Collective in New Orleans), similarly bring musicians together with social entrepreneurs to create their own company so that musicians can control their own production, distribution and profits, and remain local. There are many other such examples (see Gordon Nembhard 2014, and other references at the end of this paper).

Cooperatives also provide more stable employment levels than investor-owned firms: "conventional firms tend to adjust employment levels, while worker cooperatives adjust pay, thus safeguarding employment" (Borzaga and Calera (2012, 9).

"Cooperatives play a critical role ensuring the continued economic existence of most of the smaller communities" (Fulton and Hammond Ketilson 1992, 36).

Community economic development, stability, sustainability and recirculation:

In many neighborhoods, particularly communities of color, the unemployment rates and poverty rates are disproportionately higher than the nation. Money and other resources from the community go outside the community because most of the businesses in the community are owned by people who don't live in the communities. Many underserved areas do not have the needed and/or quality goods, services, or jobs. The dollar often does not recirculate within local communities. Cooperatives are a strategy to address these problems (see Table 3 below; and Fairbairn et al 1991). Self-sustaining businesses where the goal is not to increase bottom-line profits but to sustain and create jobs with livable wages address the challenges of low-wage jobs and unemployment (see Franklin 2014). Because the emphasis is not on maximizing profits and there are no huge payouts and bonuses to top managers, that money goes to creating more jobs for workers, and producing goods and/or services with low or uncertain profitability, that neither the private sector nor the public sector are interested in or able to supply. Cooperatives solve problems that would otherwise be the responsibility of the public sector (Borzaga and Calera 2012, 12). "Since cooperatives are created to meet the needs of their members and are not conceived to accumulate profits, they tend to redistribute their resources either to workers by increasing wages or employment or to consumers by charging lower prices" (Borzaga and Calera, 10).

In addition, when cooperatives reduce market failures, they improve "the functioning of the economic system and the well-being of large groups of people"; and improve market competitiveness. "The coexistence of a plurality of enterprises that have diverse ownership structures and pursue different goals contributes to improving market competitiveness, which in turn provides more choices to consumers, helps prevent the formation of monopolies, lowers retail prices, provides opportunities for innovation, and limits information asymmetry" (Borzaga and Calera 2012, p 9, 10). Because of their flexible structure and democratic governance, cooperatives respond to a variety of, as well as to new, community challenges.

Food cooperatives, for example, spend more revenues locally (38% compared with 24% spent by conventional grocers), buy more products locally (20% versus 6%), buy more organic produce (82% versus 12%), recycle more plastic (81% versus 29%), and create more jobs than conventional grocers (for every $1 million in sales, 9.3 jobs are created versus 5.8 by conventional grocers) (Yes! Magazine 2013, 23). In addition, for every $1,000 spent at a food co-op, $1,606 goes to the local economy – translating to 17% more money recirculating in the immediate community (Yes! Magazine 2013, 23). Credit unions approve more mortgages for low-to moderate income households, have lower denial rates for all nonwhites, and have lower loan delinquencies while doing more lending than commercial banks during the great recession (Yes! Magazine 2013). The establishment of a cooperative helps to provide needed services and products in the community while creating sustainable jobs, and even savings for member-owners. They provide competitive prices and services that might not otherwise be provided (Fulton and Hammond Ketilson 1992, 36). Similarly, cooperatives have been found to be a viable business model for new immigrants (see Bransburg 2011). WAGES, for example, raises the income of its immigrant women members in addition to providing safer (less toxic) job conditions and social benefits (WAGES no date).

"The coexistence of a plurality of enterprises that have diverse ownership structures and pursue different goals contributes to improving market competitiveness, which in turn provides more choices to consumers, helps prevent the formation of monopolies, lowers retail prices, provides opportunities for innovation, and limits information asymmetry" (Borzaga and Calera 2012, 10).

Many areas suffer from under-utilized resources, and are host to multiple abandoned properties. Community-owned and cooperative businesses might utilize properties that would not be viewed as viable by traditional corporations, and/or locate in communities overlooked by corporations, because the member- or worker-owners would be from that community, with an interest in producing in the community, reinvigorating the community, and working where they live. These properties may also be cheaper for them to rent or purchase. Apex Cab in Milwaukee in the 1970s, for example, served neighborhoods that other taxi companies would not enter (Gordon Nembhard 2014). In addition, a cooperative formed to meet a need in the community, also helps to develop the community by hiring local residents, providing livable wages, and utilizing local resources. This stabilizes the economy, which in turn renders the community more viable for other opportunities, and more attractive to current and new residents and businesses.

Mather and Preston (1980) find that the benefits to farmers of agricultural cooperatives include ownership and democratic control of business enterprises for procuring supplies, services and marketing their products. Being in a cooperative also lead to an increase in farmer's income by a rise in the general price level for products marketed or lowering the level for supplies purchased, or by branching out into new markets that farmers otherwise wouldn't reach. The indirect benefits came through their effects on local prices, supplies and services. Cooperatives are known to improve economic competition by providing services at cost to members, which leads to pricing adjustments by other organizations. Cooperatives can also provide services not available or improve existing services like rural electric cooperatives. For the rural community as a whole, cooperatives present added community income since most of the income received by the farmers are then spent on goods and services within the community. Stronger rural communities are also built with local cooperatives that have hundreds of members using its services frequently. These cooperatives can help bring new patrons to other local businesses that would otherwise have gone elsewhere. Participation in cooperatives has also been known to encourage involvement in state and local government affairs. As for the consumers, their benefits include higher quality products as well as more varieties of goods and services available to them. Also lower production and marketing costs brought about by cooperatives correspondingly leads to lower food cost for the consumers. Altogether, there is a general improvement in the welfare of members of the communities, cooperatives and consumers.

Isolation is increasingly a problem in modern societies, and many communities are unsafe because crime and violence feed off isolation. Community-owned businesses tend not to be vandalized because the residents are aware that community members own them, and are respectful and supportive (see Gordon Nembhard 2006a). Members of cooperatives also form a stronger connection to the community because now they own a business in the community. The cooperative connects people because they need to attend co-op meetings and participate in group activities initiated by the co-op. Co-op members learn leadership skills and develop other human and social capitals which help them become more involved in their communities (Gordon Nembhard and Blasingame 2006, Mather and Preston 1980, Fulton and Hammond Ketilson 1992, Borzaga and Calera 2012). Cooperatives, especially in smaller communities, play a "significant" social role by requiring team work, and providing mechanisms that enable the pursuit of community interests above individual interests (Fulton and Hammond Ketilson 1992, 36). Community organization and social connections are strengthened, as people learn how to work together and get used to working in teams. Borzaga and Calera (2012, 11) emphasize that "cooperative solutions are more inclusive and more oriented to promoting general-interest goals with a beneficial impact on well-being."

This also increases the level of safety in the community. This also makes it easier to transition to other community activity and action. If they need to address police harassment or advocate for a needed law, for example, the members of a cooperative as an already organized group of people can use their collective power to make demands, and inspire other community members to join them. They develop or strengthen their sense of community, and care about the sustainability of the community.

Since cooperatives are located in communities and owned by community members, there are natural partnerships with other civic organizations and local schools. The cooperative might provide internships and trainings, and/or give donations. In addition, school-based cooperatives allow students to own their own company and connect with others to the formal economy (see below). Again human and social capital are developed as well as a job, and an asset. A wide range of industries use cooperative ownership models (Borzaga and Calera 2012), therefore cooperatives have the potential to proliferate under a variety of conditions and populations, in many different communities, and to solve myriad problems.

"Cooperative solutions are more inclusive and more oriented to promoting general-interest goals with a beneficial impact on well-being" (Borzaga and Calera 2012, 11).

Affordable Housing:

In housing, because the purpose of the cooperative is not for profit but to be self-sustainable and affordable, housing costs are reduced. Also with a housing cooperative, the cooperative business is the entity that owns the property. The cooperative combines members' equity with outside loans. Obtaining a mortgage is not dependent on individuals who may have a poor credit history and/or who cannot raise the deposit. Resources are pooled and lenders look at the whole, not the individual. Home ownership is therefore more possible and viable for a greater number of low-income people. In addition, owning a house or a housing complex together builds a sense of community, and keeps people more invested in the community because they own property and are a part of a group. Housing ownership also reduces community turnover. Cooperative housing gives people a reason to stay, and the ability to stay in their community - as well as to own an asset.

Housing cooperatives are concentrated in ten states. Because states report property values in different ways it is difficult to calculate national statistics about cooperative housing (Deller et al 2009). Several narrow local studies of housing co-ops (reported by Deller et al, 32) find that cooperative ownership of housing is associated positively with improved safety and security, building quality, more pro-social norms (social contact, life satisfaction, etc.), longer residency, and reduced operating costs.

Youth Development and Women's Leadership Development:

Engaging young people and students in cooperatively-owned businesses motivates and excites them, and often encourages them to further their education. Experience in democratic decision-making and group learning using real-world experiences helps to develop their social capital and leadership skills (Gordon Nembhard, 2008c). Gordon Nembhard (2008c) notes gains in confidence, general and technical skills, motivation to learn, and incentive to go on to college for students who engage in entrepreneurial projects, especially cooperative businesses.[8] Toxic Soil Busters cooperative in Worcester MA is a good example.[9] Student-owners of cooperative businesses learn math, research, communication, and business skills "on the job." They also have opportunities to apply problem solving, team work, and facilitation skills. Moreover, they develop or operationalize concern for community, and engage in community building strategies (Gordon Nembhard and Pang 2003; and Pang, Gordon Nembhard and Holowach 2006). Gordon Nembhard (2008c) concludes that "schools can facilitate experiences that develop good learning habits and creative, flexible thinking by teaching cooperative economics and providing cooperative entrepreneurship experiences."

In addition to supporting youth development, connecting young people more to their communities and social justice activities, motivating them to stay in school and helping them to apply knowledge, cooperatives have the ability to empower women who have been historically left behind in the workplace. Cooperatives enable women to create enterprises that provide control over work rules and income, and dignified work. Co-ops also offer women economic security and balance between work and home responsibilities. Co-ops, particularly worker cooperatives, offer the flexibility needed to meet family needs while at the same time deepening women's ties to their community (see Conn 2001). Women-owned cooperatives such as Freedom Quilting Bee, Childspace, Cooperative Home Care Associations, Ujamaa Collective, and Opportunity Threads provide meaningful work with decent jobs, and opportunities to problem solve in their communities. Like young people, women co-op member-owners develop leadership skills in addition to entrepreneurship skills, and self-confidence (see Weiss and Clamp 1992, for example, and Gordon Nembhard 2011 and 2014).

"Schools can facilitate experiences that develop good learning habits and creative, flexible thinking by teaching cooperative economics and providing cooperative entrepreneurship experiences" (Gordon Nembhard 2008c).

Measuring the Impact of Cooperatives

Identifying benefits and measuring impacts are slightly different. Above we discussed benefits mostly and gave examples of ways that cooperatives in general, and specific cooperatives benefit their members and their communities. Efforts have also begun to measure economic and other impacts on communities from having a cooperative enterprise in its area.

[8] Gordon Nembhard's research on cooperative enterprise development and community-based economic development based on democratic economic participation, examines ways that entrepreneurship training and experiences running cooperative businesses help students and young people, particularly African Americans, gain important knowledge and skills for participation in the economy; as well as for their academic achievement and their leadership in economic transformation. See Gordon Nembhard 2004b, 2008c.

[9] See Toxic Soil Busters and Worcester Roots website: http://www.worcesterroots.org/projects-and-programs/toxic-soil-busters-co-op/.

Impacts – significant or major effects or consequences from the contact or relationship – are more difficult to measure. Inter-cooperation and interconnections between cooperatives produce multiplier effects (resources/money re-circulate within the community and enable other economic activity). Cooperative businesses often help create other cooperatives by donating money to co-op revolving loan funds, and/or investing in cooperative development. They also might pass resolutions to only use services and buy supplies from other co-ops. Residents can develop additional cooperatives that trade with and support each other, creating interlocking businesses and services, and thus increasing the benefits to the community. Consumers who want to support such community-ownership and revitalization would buy from and utilize the cooperative. This would attract more businesses, social entrepreneurs and social investors. The growing Fair Trade movement[10], and Community Supported Agriculture[11], are examples of alliances between conscientious consumers and grassroots producers, that create win-win relationships between them, and viable businesses.

Folsom (2003, 5) finds that "cooperatives, by nature of their being locally owned and having benefits accrue to the local member-owners, result in a higher level of impact than businesses such as a corporations where benefits (dividends) are mainly distributed outside the community and local ownership is missing." Zeuli, Freshwater, Markley and Barkley (2003, 3) list the following impacts:

- Community interest: since most cooperatives are owned and controlled by local residents, this model has a vested interest in and is more likely to promote community growth than an investor-oriented firm (IOF) controlled by non-local investors. Cooperatives are more likely to ensure their objectives within the community are met and are interested in promoting community economic development.
- Flexible profit objectives: many non-agricultural cooperatives are created to serve a local need so that profit maximization at the firm level may not be a major objective. The objectives are usually more needs oriented therefore, cooperatives may be more likely to stay in the community unlike IOFs that can be under considerable pressure by investors to grow as fast as possible which may lead business to outgrow the community and relocate to a place where the supply of labor is larger and other inputs can be more easily and efficiently obtained.
- Financial advantages: cooperatives can have a low start-up cost due to the fact that they are eligible to apply for loans and grants from a number of federal and state agencies designed to support co-op development. There are also other "non-governmental financial institutions like cooperative banks that provide relatively low cost loans to cooperatives either because they are chartered to do so by the federal government or because they have been established to assist cooperatives and non-profit firms" (4). There are also the tax advantages that cooperatives have as well that make the model attractive.

There have been some efforts to quantify such and other impacts of cooperatives on communities, states, and nationally, using input-output models and standard economic analysis. Nationally, Deller et al (2009) report on 30,000 cooperatives operating in 73,000 locations with

[10] See cooperatives such as Equal Exchange: http://www.equalexchange.coop/ .
[11] See http://www.localharvest.org/csa/ .

total assets over $2 trillion. They estimate that these cooperatives' contribution to the state total income is $154 billion. These cooperatives have also helped to create over 2.1 million jobs, with an impact on wages and salaries estimated at almost $75 billion. Total revenues are almost $653 billion. (See Tables 4.1 – 4.5 for these estimates by industry).

The following studies in this section (Folsom 2003; Zeuli, Lawless, Deller, Cropp, and Hughes 2003) use input and output analysis models to measure the economic impacts of businesses on their local economies.[12] I then report on a more recent state study of co-op impacts in North Dakota (McKee 2011); and some of the southern states results from the national U.S. study by the University of Wisconsin Center for the Study of Cooperatives (Deller et al 2009). The input output analysis model measures the flows of economic transactions for a defined area such as county or state, and shows how the interactions and behaviors can be measured in that specific economic region on a sector basis (Folsom, 2003). The model basically "predicts the effect a given change in output will have on final demand within the economy" (3). Economic impact analysis uses regional modeling methods to identify such linkages between various economic sectors using revenue, wage and salary, and tax data. The various linkages and effects from a change in outcome may be direct, indirect, or induced. As defined by Folsom (2003, 3), "Direct effects are attributable to the actions of the firm as a result of the change in final demand. Indirect effects are generated in the regional economy being studied resulting from purchases by the firm to meet the change in final demand. Induced effects are the changes in local spending by households from income changes (primarily wages) as a result of the direct and indirect effects of the demand change." The combined effects (direct and indirect, or all three) are expressed as a multiplier. Zeuli, Lawless, Deller, Cropp, and Hughes (2003, 4) also measure the multiplier effect which "refers to the multiple layers of economic activity linked to an industry." This is where the ways that a dollar spent in a cooperative recirculates several times over in a community because of local connections between the buyers and sellers within the co-op, among co-ops and other businesses, and within a community. Both studies construct Social Accounting Matrix (SAM) multipliers to study the direct, indirect and induced effects of cooperative activity in a regional economy on all other sectors of the economy: "The flow of dollars associated with the operation of an industry is traced throughout the economy" (Zeuli, Lawless et at 2003, 2). Supply chain activity, indirect spending and employment, as well as induced economic activity, expenditure and spending are analyzed and calculated.

"Cooperatives, by nature of their being locally owned and having benefits accrue to the local member-owners, result in a higher level of impact than businesses such as a corporations where benefits (dividends) are mainly distributed outside the community and local ownership is missing" (Folsom 2003, 5).

There are three states for which we have full studies modeling the economic impact of cooperatives on their local (and/or regional) communities: Minnesota, Wisconsin, North Dakota.

[12] Specifically both Folsom and Zeuli Lawless et al 2003 use INPLAN surveys and software to calculate the input-output analysis (see Folsom 2003, p. 4).

For Minnesota (Folsom 2003), using the IMPLAN input/ output analysis model, a total of 429 cooperatives with 943,450 members represented 44 of the 528 sectors in the IMPLAN industrial sector classification scheme in 1999. The gross revenues from 311 cooperatives from the survey conducted amounted to $18.4 billion. Of the 311 cooperatives, 189 were from the agricultural sector dealing in supply, marketing, production and processing; 49 were utility (electric, telephone, TV and radio), 24 housing, and 20 food cooperatives. In order to determine the economic impacts of the cooperatives, a few adjustments were made to eliminate out-of-state revenues and inter-cooperative transactions so that the gross revenues were reduced to $6.47 billion. The financial sector which consists of about 185 credit unions "generated $743,856,020 in revenues, employed 4,112 employees, and served 1,457,183 members in 2001" (Folsom 2003, 10). The overall direct economic impact for the 311 cooperatives and 185 credit unions was $6.721 billion, with another $10.89 billion in indirect and induced effects within the economy. In terms of employment, an estimate of 45,922 jobs were created directly, with an estimated 79,363 jobs provided either indirectly or induced. The revenues of the 38 electric cooperatives amounted to $715,866,000, and the power generation served 516,000 members (Folsom, 10). (See Tables 5.1-5.3 for more details.)

The economic impact of cooperatives also extends to state and local governments. In Minnesota, the increased household income and expenditures from co-op activity resulted in an increase in state and local tax revenue of $43.1 million in 1999. There was also an increase of $351 thousand from employee compensation tax; a $33.5 million increase in indirect business taxes, while enterprise (corporate) taxes declined by $13.1 million. There is therefore an overall net positive effect for locally owned businesses in Minnesota (Folsom 2003).

In their report, Zeuli, Lawless, Deller, Cropp, and Hughes (2003) focused locally on the economic impact of the following six cooperative types in Wisconsin: agricultural marketing, farm supply and services, credit unions and farm credit, food, rural utilities, and other. They found that together the cooperatives employed about 5,349 people and generated about $157 million in total income in 1999. The SAM analysis estimates that those Wisconsin cooperatives directly and indirectly are responsible for almost 30,000 full time jobs, and almost $800 million in wages and salaries in 1999. These cooperatives also generated about $1 billion in total income and produced about $205 million in tax revenues (federal, state and local) (Zeuli, Lawless et al 2003). Zeuli, Lawless et al, therefore, found a positive economic impact from the cooperatives. (See Tables 6.1 – 6.5)

McKee (2011, 9-10) finds that "North Dakota cooperative business spending lifts economic activity throughout North Dakota. This effect is experienced by the private sector through increased sales and employment, and by the public sector through increased tax revenues to support public services." Cooperatives in North Dakota were first analyzed with IMPLAN and SAM models in 2001 (summarized by Folsom 2003). Direct and indirect effects of the co-ops' economic activity were examined and Folsom determined that the economic contribution from the 337 cooperatives, 26 utility cooperatives and 62 credit unions was about $5.2 billion. The co-ops provided about 9,078 direct jobs, and secondary or induced job creation of 42,290 with induced effects to personal income amounting to $1.9 billion. McKee (2011) updates the earlier North Dakota studies of the impact of cooperatives. An estimated 25,000 jobs were created by the co-op activity; with $1.7 billion in wages and salaries; and $5.6 billion in income for the state. (See Tables 7.1 – 7.3)

"North Dakota cooperative business spending lifts economic activity throughout North Dakota. This effect is experienced by the private sector through increased sales and employment, and by the public sector through increased tax revenues to support public services" (McKee (2011, 9-10).

Impact of Cooperatives in Four States in the South and in the Federation of Southern Cooperatives:

According to the University of Wisconsin Center for Cooperatives (2012 Research on the Economic Impact of Cooperatives), Mississippi has a total of 875 cooperatives - the majority of which are water/waste cooperatives and the second largest sector is credit unions. These cooperatives have a total of 2.25 million members with 6,410 jobs created. Total revenues, and wages and salaries created by the cooperatives in the state are $4.6 billion, and $222 million, respectively.[13]

According to the University of Wisconsin Center for Cooperatives, Louisiana has a total of 324 cooperatives, the majority of which are credit unions. These cooperatives have a total of 1.5 million members with 8,450 jobs created. Total revenues, and wages and salaries created by the cooperatives in the state are $ 2.5 billion and $316 million, respectively.[14]

According to the University of Wisconsin Center for Cooperatives, Alabama has a total of 256 cooperatives with the majority being credit unions. These cooperatives have a total of 2.18 million members with 10,770 jobs created. Total revenues, and wages and salaries created by the cooperatives in the state are $4.29 billion and $373 million, respectively.[15]

According to the University of Wisconsin Center for Cooperatives, Florida has a total of 850 cooperatives with the majority being in housing, and the second largest sector being credit unions. These cooperatives have a total of almost 5.6 million members with 21,670 jobs created. Total revenues, and wages and salaries created by the cooperatives in the state are $9.04 billion and $848 million, respectively.[16]

In terms of the impact of African American and low-income cooperatives in six states in the South who are members of The Federation of Southern Cooperatives/Land Assistance Fund, Zippert (forthcoming) summarizes that: "Over the years, the Federation/LAF has provided services, learning and leadership experiences, saved family estates, reduced costs, increased revenues and enhanced stability for members (through producer, marketing, consumer and credit

[13] See http://www.uwcc.wisc.edu/StateStatSummaries/MS.pdf.
[14] See http://www.uwcc.wisc.edu/StateStatSummaries/LA.pdf.
[15] See http://www.uwcc.wisc.edu/StateStatSummaries/AL.pdf.
[16] See http://www.uwcc.wisc.edu/StateStatSummaries/FL.pdf.

cooperatives), taught techniques and skills all of incalculable worth." Zippert (forthcoming) estimates that the additional monetary impact of the Federation/LAF for the past 45 years is over $400 million. This includes:

- $85 million in sales through cooperative marketing;
- $25 million of member shares saved in credit union accounts; and 50,154 loans totaling $97.5 million loaned to low-income families;
- $30 million worth of housing units constructed and rehabilitated;
- $75 million mobilized in resources for support of member cooperatives and credit unions;
- $100 million worth of land saved and retained (Zippert).[17]

Zippert (forthcoming) also describes some of the intangible benefits from the cooperatives and the Federation/LAF's support: the leadership growth of people, the changes in behavior that make collective decision making more effective, a greater appreciation of sharing by people as a means of working together economically in communities; and teaching people in co-ops how to make decisions about their collective well-being.

Credit Unions and Federation of Southern Cooperatives/Land Assistance Fund Credit Unions[18]:

Credit unions, like all cooperatives, address market failure, market insufficiency, and asymmetric information. Credit unions are democratically-owned, community-based, not-for-profit (in the USA) financial institutions whose purpose is to provide affordable high quality financial services to their members. Community Development Credit Unions (CDCUs) are credit unions that serve underserved communities, and are part of a larger group of community development financial institutions (CDFIs) whose purpose is to provide accessible financial services and to open capital markets to low-income communities. Credit union data and the findings from the interviews reported in Gordon Nembhard (2013) suggest that credit unions, particularly community development credit unions, are important community-based institutions that provide fair, low-cost credit and financial services to the under-banked and the un banked, and to low-wealth communities. Specifically they provide lower cost, stable loans and services; higher rates on deposits (savings) and overall stability of rates leading to economic stability (especially for those who have retired). Credit unions tend to focus on their members, provide convenient branch locations, invest within the community, reinvest in the community, tailor services for members, and practice relatively conservative lending.

Credit unions provide financial options, loans and education. They are also good employers – providing stable jobs with decent wages and benefits –; and good neighbors – giving donations (financial and in kind), sharing meeting space, and supporting community development projects and affordable housing. Credit unions provide decent jobs for employees. This is part of their commitment to provide quality services and to be good neighbors. A recent study I conducted, of ways that credit unions, particularly community development credit unions (CDCUs), benefit their members and their communities (Gordon Nembhard 2013), concludes

[17] Also see Federation of Southern Cooperatives/Land Assistance Fund 2007 and 2012.
[18] This section is based on Gordon Nembhard 2013 and sections of Gordon Nembhard 2014.

that most CDCUs are deeply involved in their communities, and the larger ones actually provide donations, encourage their employees to volunteer in the community and are generous employers. Most credit unions provide salaried jobs with benefits, and often with job ladder opportunities.

There is concrete financial data about the community development credit unions (CDCUs) affiliated with the Federation of Southern Cooperatives/Land Assistance Fund. They all share the same mission - to provide financial services and loans to mostly rural low-income African Americans and other people of color. These credit unions provide financial services, savings opportunities, and loans to their members; thus helping low income Black communities in the south to build assets. While it has continued to be a challenge to keep these credit unions in business, especially when the large employers that were sometimes a credit union's base leave the area, some of the FSC/LAF-sponsored CDCUs that have remained in business have increased their assets and number of members (Gordon Nembhard 2013). (See Table 8 below)

The CDCUs affiliated with the FSC/LAF in the southern states of the U.S. are now only six, down from a high of eighteen at the beginning of the 21st century. Table 8 shows that they have still been increasing in number of members and assets, particularly before the economic downturn in 2009. Total assets were growing up to 2008: to approximately \$39.6 million, or about \$2,449 per member for eleven credit unions. After that total assets of these credit unions decreased to \$26.1 million in 2011. However, there was an average of about \$3,079 worth of assets per member in the six credit unions. Therefore, while the number of CDCUs decreased, their worth per member increased. Loans have also increased: the total value of loans in 2008 was \$239.5 million, with total number of loans since founding made by the eleven CDCUs at 79,286. In 2011 with the six remaining CDCUs, total number of loans was still significant at 56,214 and total value at \$190.2 million. Shares (holdings or savings in share accounts) have also basically increased for the members of these credit unions - to \$34.7 million in 2008 and down to \$23.2 million in 2011. Shares per member, however, continued to increase, rising to \$2,152 in 2008 and \$2,715 in 2011 (even though they had decreased down to \$972 in 2006). \$2,715 is significant average savings level for low-income people especially during this time of serious recession and high unemployment when many people are losing assets, have no assets at all, and/or are in debt. It is also a significant amount because median net worth for African Americans was under \$6,000 in 2009. The fact that members of these credit unions then can average almost \$3,000 in savings accounts is impressive and hopeful (see Gordon Nembhard 2013 and 2014). In addition, the credit unions also provide personal loans, car loans, and home mortgages to some of these depositors - helping them to buy a car, a durable good, or a house; thus facilitating asset building in this population. The FSC/LAF (2012, 16) notes that these CDCUs "locally owned and operated financial institutions help people to pool their savings and assets to work toward self-directed community development from the 'bottom-up'."

Discussion on Measurement Issues

Mather and Preston (1980, 1) find that the benefits of cooperatives are sometimes difficult to measure as "some are tangible or direct as in the case of net margins or savings," while others are "intangible or indirect such as cooperatives' effect on market price levels, quality, and service." In addition to benefits to members, consumers are also impacted by the existence of farm co-ops: higher quality products as well as more varieties of goods and services are made available to consumers; lower production and marketing costs from the cooperatives means lower food cost for the consumers. Altogether, there is a general improvement in the welfare of members of the communities, cooperatives and consumers (Mather and Preston). Other literatures on cooperatives show that the economic impact of the model can be quantified in terms of annual sales and employment and qualified in terms of environmental concerns, access to goods, changes in communication, education and building leadership capacity. Zippert (forthcoming) and Folsom (2003) also mention the importance of intangible impacts from cooperative activity and membership in a cooperative.

There are of course difficulties in measuring the full benefits of cooperatives in dollar terms. Folsom (2003) reiterates: "Because the relationship between cooperatives and their communities is so important, cooperatives face the challenge of clearly documenting and describing the benefits they create, not just for their members but also for the broader community."[19] National statistics about cooperatives and measurement of cooperative impacts are difficult to obtain or calculate because no government agency collects specific data about cooperatives, and because cooperatives are social as well as economic organizations and no one type of measure captures all the impacts and benefits. Deller et al (2009, 2) contend that "Cooperative firms are fundamentally different from other forms of business organizations. Assessment of economic impact solely in terms of the magnitude of business activity provides an incomplete perspective on the total impact of cooperatives." Gordon Nembhard (2004b) similarly notes the difficulty in measuring the full panoply of co-op benefits and impacts, as well as the advantages of expanding the kinds of indicators and measures we use.

"Because the relationship between cooperatives and their communities is so important, cooperatives face the challenge of clearly documenting and describing the benefits they create, not just for their members but also for the broader community" (Folsom 2003, 3).

Policy Recommendations

We see from these studies that cooperatives provide many benefits to their members and communities, and have many positive impacts on the economy as well as on the lives of their members. States which have stronger laws in support of cooperatives, and that have more cooperatives, experience more of the benefits from cooperatives. The studies shared in this paper list the following as challenges to cooperatives living up to their potential: the model is not well known and is often denigrated (which reduces people's exposure to the model and precludes potential services and supports from agencies that help small businesses); capitalization and access to capital are limited; and state laws are not equivalent and often preclude the licensing of certain kinds of cooperatives.

[19] Folsom 2003, p. 3 quoting Trechter, David, Robert King, et al., 2001."The Impact of New Generation Cooperatives on Their Communities." USDA Rural Business- Cooperative Service Research Report 177.

Mike Beall, at the 2013 Cooperatives Issues Forum, stated that although cooperatively owned businesses have an estimated 130 million members, they are still a largely unrecognized sector of the US economy (Duda, 2013). Borzaga and Calera (2012, 15) explain the lack of supports because of the "low esteem in which cooperatives are generally held." Zeuli, Freshwater, Markley and Barkley (2003, 3) also blame the lack of education the population has about the cooperative model. Similarly, Franklin (2014, 34) notes that "while the benefits of worker cooperatives are clear, they are widely unknown and underutilized in the ongoing and ever present fight against poverty and unemployment." This lack of recognition of and knowledge about cooperatives means that entrepreneurs, business incubators, community developers, workers and community members often have no idea that a viable cooperative ownership alternative exists, or dismiss this model without full information. This ignorance of the model especially on the part of government agencies also means that cooperatives have difficulty accessing capital and/or support from agencies such as the Small Business Administration, federal farm loans and even FEMA recovery funds after national disasters. Therefore there is little support (financial, educational or technical) for co-op startups.

One solution is to promote more school-based cooperatives and co-op camps for young people, for all the reasons above about how they both introduce economic alternatives to students but also because of the variety of skills and competencies they develop in young people. Parents will also start to learn more about cooperatives if their children are involved, and/or through extension courses. Feeding media and social networks information about cooperatives, and encouraging media coverage of cooperative activity will also increase people's knowledge about and interest in cooperatives. There are other ways to introduce cooperatives to the general public such as providing workshops during other economic and community development activities, presenting research at planners, economic, agricultural-economic, and other professional meetings. The Federation of Protestant Welfare Agencies suggests that city officials issue a proclamation recognizing worker cooperatives and/or designating a Worker Cooperative Week (Franklin 2014, 34). The cooperative movement celebrates October as the month to recognize cooperatives, and many more activities could take place that month to increase awareness (like the UN's 2012 Year of Cooperatives did world-wide). Proclamations from elected officials would give these celebrations more weight. Co-op proponents could meet with elected officials and help them learn more about cooperatives and visit successful cooperatives. Some of this is already occurring.

In addition to increasing people's exposure to and education about cooperatives in schools, community and professional settings, and through various media; public policy and laws can also aid a society in expanding its use of cooperative enterprises. The Quebec government provides a good example of ways a government supports co-op development (Tusz-King 2013;, Mendell 2008; Labelle 2000-01; Franklin 2014). Cooperative advocates in the U.S. developed the National Cooperative Development Act in 2012-13. The Bill was introduced by Representative Chaka Fattah (D-PA) on June 19, 2013 in the House of Representatives "to authorize the Secretary of Housing and Urban Development to establish a national program to create jobs and increase economic development by promoting cooperative development" (Fattah 2013). The Bill (H.R. 2437) argues that:

> ***Federal policy can promote cooperative development, which demonstrably has the following benefits for communities located in such areas: A) Advancing local economic stability. (B) Increasing local circulation of capital, thereby increasing economic multipliers and the impact of community investment to spur locally oriented economic growth. (C) Developing, attracting, and anchoring new productive capital in low-income communities. (D) Expanding investment opportunities and asset creation for low- and moderate-income Americans (Fattah 2013).***

The U.S. cooperative movement therefore created a federal law to address these issues. The Bill proposes that the U.S. government promote economic development in local communities by:

> Awarding grants to nonprofit organizations, colleges, and universities so that they can provide technical assistance to operating cooperatives or groups that are attempting to form cooperatives; Providing guidance, information on best practices, and technical assistance to communities seeking to establish cooperatives; and Providing funding for training of providers of technical assistance and supporting existing professional development training for organizations engaged in cooperative development (Campaign for Cooperation).

Similarly the Federation of Protestant Welfare Agencies suggests that municipal economic development corporations and departments of small business services, as well as workforce funding, "should be utilized to support and grow worker cooperatives" (Franklin 2014, 35). Cities could also "make worker cooperatives a preferred contractor" (Franklin 2014, 35). These suggestions apply to state and federal agencies as well as municipal and county agencies, in support of all kinds of cooperatives.

H.R. 2437 addresses another challenge: the weak legal frameworks, and inadequate market regulations and policies at the state level. "While the regulation of for-profit enterprises is relatively uniform across countries, cooperative law varies greatly and in some countries is non-existent" (Borzaga and Calera 2012, 14). This is also the case in states in the U.S. Many states do not have co-op law; and some states have restrictive laws that only allow agricultural cooperatives. Where co-op laws do exist, "Cooperative legislation is often restrictive rather than enabling," because it may restrict "the sectors where cooperatives are allowed to operate and the scope of activities that can be carried out by members" (Borzaga and Calera 2012, 14). The solution is for states to enact expansive (or expand existing) co-op laws; and for the federal government to maintain strong enabling laws about the development of cooperative enterprises, and strong regulations encouraging various agencies to assist cooperatives and create supportive infrastructures. In addition, credit union regulations need modifying to enable them to participate more in financing cooperative development and co-op expansion; and to enable more grassroots community development credit unions to stay in business (see Gordon Nembhard 2013).

"Cooperatives normally benefit from public policies that have been designed to support the start-up and consolidation of business initiatives" (Borzaga and Calera 2012, 15). Folsom

(2003, 11) finds that "Supporting infrastructure that helps to develop and grow locally owned businesses" is needed. Strong regulations and supports for cooperatives would also address the challenges and limitations to advancing the cooperative model discussed in this section: need for more information about them, more uniform laws, and capitalization strategies. In particular, Folsom (2003, 11) adds that what is needed is:

> Developing and supporting programs that improve the access to equity capital for locally developed projects from local investors. This could include the removal of the 8 percent cap on the payment of dividends on capital stock for cooperatives and creation of a market forum for local investors and businesses.

Access to capital is important at start-up and for expansion and growth. Also tax incentives or credits for local investors to make local investments in cooperatives would help to support cooperative financing and development. In Franklin (2014, 36) the Federation of Protestant Welfare Agencies calls for New York City to provide incubation funding, workforce funding, and capital for loan funds to support worker cooperatives with working capital, business expansion and/or property and equipment acquisition. Other municipalities, state and federal agencies should also support cooperatives in similar ways.

We know enough about cooperatives and their impacts and benefits to move forward with building more supports for cooperatives, so that we can increase their number and strength – and thereby increase the benefits to local communities, states and the federal government.

Some places do have enabling laws. In 2003, Minnesota, for example, created a new law- Minnesota Cooperative Associations Act, Chapter 308B. This law "provides significant tools for patron members seeking outside equity capital for the creation, modernization, or expansion of a cooperative" (Minnesota Association of Cooperatives no date). The law aids Minnesota cooperatives that have experienced major difficulties in raising equity capital for cooperative creation, modernization or expansion under the previous restrictive Minnesota cooperative law. In sum the 308B law "essentially authorizes outside equity investment in the cooperative in return for limited voting rights to provide for more flexible financing alternatives for the cooperative." In 2003, the enactment of the 308B law made Minnesota the leading cooperative state in the nation, at the forefront of the evolution of national cooperative law (Minnesota Association of Cooperatives no date). It "opened a path for more nonagricultural co-ops and bolstered the model's value as an economic development tool in Minnesota" (Egerston, 2011. 18).

Given the many and varied benefits and impacts of cooperatives, the question remains: how to increase the number of them and strengthen those that already exist. The answer is: Better knowledge about cooperatives from the individual level and community level to government agencies; more uniform and enabling legislation at the local, state and federal levels; and supportive state and federal policies will expand the development and viability of cooperatives. We know enough about cooperatives and their impacts and benefits to move forward with building more supports for cooperatives, so that we can increase their number and strength – and thereby increase the benefits to local communities, states and the federal government.

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Tables: Information on Co-op Benefits

Table 1 - Cooperatives V Corporations

	Cooperative Corporation	**Unincorporated Cooperative Association (UCA)**	**Corporation (C or S)**	**Limited Liability Company (LLC)**	**Partnership**	**Proprietorship**	**NonProfit**
Who are the owners?	Members (individuals or entities)**	Members (individuals or entities); may include both patron and investor classes	One or more shareholders (individuals or entities). S Corp limited to 100 shareholders.	One or more individuals who are members	At least 2 individuals or entities	Individual	No ownership
What are membership requirements?	Determined by bylaws. Usually one share/fee. May include other requirements.	Determined by bylaws.	One share of stock	At discretion of LLC members	At discretion of partners	At discretion of owner	Membership fee may be required to participate.
What is the business purpose?	To meet member needs for goods or services; earn return on member investment	To meet member needs for goods or services; earn return on member investment	To earn a return on owner investment	To earn a return on owner investment; provide employment for members	To provide employment for partners and a return on partners' investments	To provide employment for owner and a return on owner's investment	To provide services or information
How is the business financed?	Stock/shares to members, and/or outside investors; retained profits	Stock/shares to patron and investor members; retained profits	Sale of stock; retained profits	LLC member investments; retained profits	Partner investments, retained profits	Proprietor's investment; retained profits	Grants, individual contributions, fees for

							services
Who receives profits?	Members in proportion to use; preferred stockholders in proportion to investment, up to 8%	Patron members in proportion to use; patron and investment members in proportion to investment	Stockholders in proportion to investment	LLC members in proportion to investment, or by agreement	Partners in proportion to investment or by agreement	Proprietor	Retained within the organization
Who pays income taxes on profit?	Members on qualified profit distributions based on patronage; co-op pays on nonqualified and unallocated profits	Members opay indivicual rate, or can elect to be taxed as cooperative corporation	C Cor pays on profits, stockholders pay individual capital gains rates on dividends; S Corp stockholders pay individual rate on profit share and capital gains	LLC members pay individual rate, or can elect to be taxed as a corporation	Partners pay individual rate	Proprietor pays individual rate	Not applicable
What is owner legal liability?	Limited to members' investment	Limited to members' investment	Limited to stockholders' investment	Limited to members' investment	Unlimited for general partners, limited to investment of limited partners	Unlimited for proprietor	Limited to assets of the organization

*Members of consumer co-ops do not pay taxes on patronage refunds

**Preferred stock shareholders may include nonmembers, and may vote on certain issues such as dissolution. As a group, preferred stock shareholders do not set policy; only members can vote for directors.

There may be exceptions to what is summarized here. See state business statutes for further information.

Source: University of Wisconsin Center for Cooperatives 2012.

Table 2 - Comparison of Cooperative Businesses (Worker Co-ops) with Employee Stock Ownership Programs

	Worker Co-op	**ESOP**	**Other Employee Ownership Mechanism**
Who are the owners?	Employees; sometimes non-voting preferred stock owners.	One or more shareholders (individuals or entities). Some proportion of employees (can be 100%, or less) through Trustee: employee stock held in trust (defined contribution pension plan).	Non-Employees; and Employees with some stock options in: Partnership, Sub-S Corp, Non-Qualified Stock Purchase Plans, Incentive Stock Options.
What is the business purpose?	To meet member needs for stable high quality jobs; control over their own work; to jointly market their services; earn return on member investment. For local employee control over investment and disinvestment.	Employee Trusteed retirement plan; to earn a return for retirement on owner investment. Local employee control over investment and disinvestment (depending on percent employee owned).	To earn a return on owner investment and provide some profit sharing with employees.
How is the business financed?	Stock/shares to members, and/or outside investors (social investment); sometimes earn grants for social mission; retained profits/surplus. Equity capital challenges.	Sale of stock; equity investors (partnerships with private investors and/or loans to employees); retained profits. Equity capital challenges if 100% employee owned.	Sale of stock; equity investors; retained profits.

Who votes for and serves on the board of directors?	Worker-owners (one person, one vote) [Employees under democratic governance - self-determination.]	Owners, managers, employees (proportion depends on the ESOP agreement and % employee ownership) (one stock one vote). [Employee governance not guaranteed and depends on % ownershi]	Based on stock ownership (one stock one vote).
Who receives the profits/surplus or net income?	Worker-owners in proportion to use(patronage) and contributed capital at time of annual distribution; preferred stockholders in proportion to investment.	Based on share of stock ownership – for employees, dividends per share retained in retirement account distributed upon exit from the company/retirement; penalty for early distribution.	Based on share of stock ownership – dividends per share.
Who pays income taxes?	Worker-owners on salaries and on qualified profit/surplus distributions based on patronage (when distributed to member accounts); co-op pays on nonqualified and unallocated profits. Fewer tax advantages than ESOPs, co-op tax status (Subchapter T Internal Revenue Code) but no taxes to pay on exit. Not tax exempt.	Many exemptions from taxes on the corporation, lenders, selling shareholder/original owner, and ESOP participation; benefits for retiring employee-owners (also employee-owners pay taxes upon exit or retirement, i.e. when distributed). Private investors also have tax advantage on exit. Not tax exempt.	Fewer or no tax advantages. Not tax exempt.
Incorporation/ Charter jurisdiction?	State, with applicable federal requirements under tax law; less legally complicated than ESO	Federal – more federal regulation (through ERISA) than co-ops.	Federal

Source: Gordon Nembhard 2014 (Jessica Gordon Nembhard's adaption of information from: Olson, Deborah G. 1993. "Development, Growth and Experiences of ESOPs and Democratic Employee Buyouts in the USA. Paper presented at Foras Aiseanna Saothair (FAS) Conference on Strategies for Democratic Employee Ownership, Dublin, Ireland, October 21. Retrieved January 11, 2013 from cog.kent.edu/lib/Olson/BuyOut.htm. And Britton, Eric D. and Stewart, Mark C. 2001. "Selling to Your Employees through a Worker Cooperative – and Sheltering Your Capital Gain." Ohio Employee Ownership Center, Kent State University. Retrieved January 11, 2013 from dept.kent.edu/oeoc/OEOClibrary/Coop1042Rollover.htm.)

Table 3 - Urban and Rural Challenges and Cooperative Solutions

Urban & Rural Challenges	Cooperative Solutions
-Export of capital and industry – relocation to foreign soil and to other areas of the U.S. -Non-livable wages -Few employment benefits -Out-migration and loss of youth	Worker owned and managed businesses Community owned businesses Geographic stability One member one vote – no tyranny of capital Non-traditional assets developed, alternative resources leveraged. Individual and community entrepreneurship nurtured.
-Credit crunch, redlining. -Lack of banking services, branches close. -Predatory lending and alternative finance businesses – check cashing, title loans, payday loans, pawn shops -Impaired credit -Lack of asset-building opportunities	Community Development credit unions. Alternative and creative community financing. Public/private partnerships and leveraging. Pooling capital and other resources (lending circles, solidarity groups). Use of non-traditional resources and alternative assets (social energy, "sweat equity," etc.).
-Underdevelopment. -Remnants of old industrial practices. -Unoccupied sites and businesses. -Weak limited resource sectors -Unemployment, underemployment	Democratic governance and ownership foster use of effective, innovative, flexible strategies and organizational forms which support competitive enterprises. Individual and community entrepreneurship given formal structures and support. Social entrepreneurship and investing Income-generating and wealth producing enterprises developed. Marketing or producer cooperatives Worker cooperatives
-Poor quality of education. -Lack of skills or appropriate skills and inadequate/inappropriate labor force training and participation -Skills mismatch. -High rates of adult illiteracy	Education mission, continual education is a priority. Learning-by-doing is rewarded. Commitment to training workers and managers; new members. Self management. Vertical and horizontal mobility. "Social energy," non-traditional skills recognized.

Urban & Rural Challenges	**Cooperative Solutions**
-Skyrocketing property values. -Lack of affordable housing. -Inadequate housing – poor quality, poor location	Affordable housing through cooperative housing and land trusts. Community land trusts. Increased quality of economic activity increases land use, ownership structure can keep properties affordable. Community-based revitalization of commercial areas.
-Increasing poor elderly population.	Cooperative housing and cooperative home health care services, for example, are low cost, high quality alternatives particularly suited to serve the elderly.
-Access to affordable and quality food -Better dietary practices	Cooperative grocery store Food buying clubs Community gardens in housing communities
-Quality childcare services	Worker co-op Parent-run (consumer) co-op Non-profit daycare operation

Source: Gordon Nembhard 2014 (Created by the author, revised from Table 1 "Urban Challenges and Community-based Alternatives," in Gordon Nembhard 2006a).

Tables 4 - Economic Impact of Cooperatives in the U.S.A.

Table 4.1 - Economic impact of cooperatives in the united states by sector (2007)

Sector	**Revenue ($M)**	**Income ($M)**	**Wages ($M)**	**Employment (no of Jobs)**
Commercial Sales and Marketing	$201,207	$37,737	$13,810	422,505
Social and Public Services	$7,525	$2,213	$1,690	424,505
Financial Services	$394,363	$100,661	$51,176	1,133,353
Utilities	$49,808	$13,392	$8,292	162,873
Total	**$652,903**	**$154,002**	**$74,969**	**2,143,236**

Table 4.2 - Economic Impact of cooperatives- Grocery in the U.S. (2007)

Economic Impact	**Multiplier**	**Direct**	**Indirect**	**Induced**	**Total**
Revenues (in millions)	1.013	2,098	12	14	**2,124**
Income (in millions)	1.781	178	59	18	**316**
Wages (in millions)	1.474	171	36	45	**252**
Employment (no. of jobs)	1.130	13,640	711	1,066	**15,417**

Table 4.3 - Economic Impact of cooperatives- Arts and Crafts in the U.S. (2007)

Economic Impact	Multiplier	Direct	Indirect	Induced	Total
Revenues (in millions)	2.521	94	63	80	**237**
Income (in millions)	1.761	84	27	37	**148**
Wages (in millions)	3.312	16	16	21	**53**
Employment (no. of jobs)	1.261	3,012	312	474	**3,798**

Table 4.4 - Economic Impact of cooperatives- Credit unions in the U.S. (2007)

Economic Impact	Multiplier	Direct	Indirect	Induced	Total
Revenues (in millions)	1.868	40,088	15,579	19,215	**74,882**
Income (in millions)	1.764	23,961	7,823	10,486	**42,270**
Wages (in millions)	2.144	9,421	4,854	5,927	**20,201**
Employment (no. of jobs)	1.994	236,459	94,502	140,588	**471,549**

Table 4.5 - Economic Impact of cooperatives- Rural Electric Utilities in the U.S. (2006)

Economic Impact	Multiplier	Direct	Indirect	Induced	Total
Revenues (in millions)	1.265	34,275	4,039	5,033	**43,347**
Income (in millions)	1.757	6,318	2,035	2,747	**11,100**
Wages (in millions)	1.749	3,757	1,262	1,552	**6,571**
Employment (no. of jobs)	1.907	67,625	24,524	36,825	**128,974**

Source: Deller, S., Hoyt, A., Heuth, B and Sundaram-Stukel, R. 2009. Research on the Economic Impact of Cooperatives. http://reic.uwcc.wisc.edu/sites/all/REIC_FINAL.pdf

Tables 5 – Economic Impact of Cooperatives in Minnesota

Table 5.1 - Economic Impact of cooperatives- Minnesota (1999)

Economic Impact	**Direct**	**Indirect**	**Induced**	**Total**
Income (in millions)	$6,721	$2,267	$1,901	**$10,890**
Employment (no of jobs)				**79,363**

Table 5.2 - Economic Impact of credit union cooperatives - Minnesota (1999)

Economic Impact	**State and local tax impact**	**Direct**	**Indirect**	**Induced**	**Total**
Income (in millions)	$133	$679	$146	$234	**$1,059**
Employment (no. of jobs)					**6668**

Table 5.3 - Economic Impact of electric cooperatives- Minnesota (1999)

Economic Impact	**Total state and local tax impact**	**Direct**	**Indirect**	**Induced**	**Total**
Income (in millions)	$196	$712	$74	$257	**$1,239**
Employment (no. of jobs)					**5,431**

Source: Folsom, J. (December, 2003). Measuring the Economic Impact of Cooperatives in Minnesota. United States Department of Agriculture Rural Business– Cooperative Service, RBS Research Report 200 http://www.rurdev.usda.gov/rbs/pub/RR200.pdf

Tables 6 – Economic Impact of Cooperatives in Wisconsin

Table 6.1 - Economic Impact of cooperatives- Wisconsin (1999)

Economic Impact	**Multiplier**	**Direct**	**Indirect**	**Induced**	**Total**
Income (in Millions)	1.609	582.9	286.3	68.6	**937.9**
Wages (in millions)	1.364	582.9	171.8	40.5	**795.2**
Employment (no. of jobs)	1.417	20,424	6,880	1,641	**28,945**

Table 6.2 - Economic Impact of credit union and farm credit cooperatives- Wisconsin (1999)

Economic Impact	**Multiplier**	**Direct**	**Indirect**	**Induced**	**Total**
Income (in millions)	1.61	156.9	77.1	18.5	**252.5**
Wages (in millions)	1.366	156.9	46.4	10.9	**214.2**
Employment (no of jobs)	1.43	5,349	1,856	443	**7,649**

Table 6.3 - Economic Impact of Rural Utility Cooperatives- Wisconsin (1999)

Economic Impact	Multiplier	Direct	Indirect	Induced	Total
Income (in millions)	1.605	63.4	31.1	7.2	**101.8**
Wages (in millions)	1.353	63.4	18.1	4.3	**85.8**
Employment (no. of jobs)	1.582	1,563	736	173	**2,472**

Table 6.4 - Economic Impact of food cooperatives- Wisconsin (1999)

Economic Impact	Multiplier	Direct	Indirect	Induced	Total
Income (in millions)	1.601	11.1	5.3	1.3	**17.7**
Wages (in millions)	1.36	11.1	3.2	0.8	**15.1**
Employment (no. of jobs)	1.242	659	128	31	**818**

Table 6.5 - Economic Impact of "other" cooperatives- Wisconsin (1999)

Economic Impact	Multiplier	Direct	Indirect	Induced	Total
Income (in millions)	1.61	30.2	14.8	3.6	**48.7**
Wages (in millions)	1.366	30.2	8.9	2.1	**41.3**
Employment (in millions)	1.402	1,101	358	85	**1,544**

Source: Zeuli, K., Lawless, G., Deller, S., Cropp, R., and Hughes, W. (August 2003).Measuring the Economic Impact of Cooperatives: Results from Wisconsin. United States Department of Agriculture Rural Business– Cooperative Service, RBS Research Report 196 http://www.rurdev.usda.gov/rbs/pub/RR196.pdf

Tables 7 - Economic Impact of Cooperatives in North Dakota

Table 7.1 - Economic Impact of cooperatives- North Dakota (2010)

Economic Impact	Direct	Indirect	Total
Income	$3,500,000,000	$2,100,000,000	**$5,600,000,000**
Employment	8,000	17,000	**25,000**
Wages	$1,100,000,000	$640,000,000	**$1,700,000,000**

Table 7.2 - Economic Impact of Finance cooperatives- North Dakota (2010)

Economic Impact	Total direct, indirect and induced income	Total direct, Indirect and induced wages	Total direct indirect and induced jobs created	Total direct, indirect and induced taxes
Income	$535,000,000	$258,000,000	3,300	$30,000,000

Table 7.3 - Economic Impact of Electric cooperatives- North Dakota (2010)

Economic Impact	Total direct, indirect and induced income	Total direct, Indirect and induced wages	Total direct indirect and induced jobs created	Total direct, indirect and induced taxes
Income	$2,300,000,000	$420,000,000	6200	$274,000,000

Source: McKee, G. (October, 2011). The Economic Contribution of North Dakota Cooperatives to the North Dakota State Economy. *Agribusiness & Applied Economics Report* No. 687 October, 2011. Retrieved from http://ageconsearch.umn.edu/bitstream/117167/2/AAE687.pdf

Table 8 - Federation of Southern Cooperatives/Land Assistance Fund Credit Unions

FSC/LAF Members, Assets, Savings, Loans 2000-2008 and 2009—2011

A: Members, Assets, Savings, Loans 2000 – 2004

	2000	2001	2002	2003	2004
Members - #	12,140	13,743	15,046	14,971	19,785
Assets - $ (million)	$23.3 mil	$27.2 mil	$30.1 mil	$32.3 mil	$37.6 mil
Assets/Member - $	$1,923	$1,980	$2,000	$2,157	$1,980
Member Shares Saved - $	$19.4 mil	$22.2 mil	$24.2 mil	$25.9 mil	$29.8 mil
Shares/Member - $	$1,594	$1,614	$1,605	$1,728	$1,614
Outstanding Loans - $	$17.23 mil	$16.3 mil	$18.5 mil	$21.1 mil	$20.4 mil
Total Loans - #		50,154		56,415	60,392
Total Value- Loans - $		$97.5 mil		$144.3mil	$157 mil

A continued: Members, Assets, Savings, Loans 2005 – 2008

	2005	2006	2007	2008
Members - #	27,225	27,649	16,648	16,155
Assets - $ (million)	$36.6 mil	$38.1 mil	$38 mil	$39.6 mil
Assets/Member - $	$1,344	$1,378	$2,284	$2,449
Member Shares Saved - $	$30.5 mil	$26.9 mil	$33 mil	$34.7 mil
Shares/Member - $	$1,122	$972	$1,983	$2,152
Outstanding Loans - $	$32.6 mil	$25.3 mil	$27.2 mil	$25.2 mil
Total Loans - #	69,059	75,516		79,286
Total Value- Loans - $	$205.5 mil	$211.4 mil		$239.5 mil

Source: Calculated by the author from charts in FSC/LAF Annual Reports from 2000 to 2009 (also see Gordon Nembhard 2013, 2014).

Table 8 continued - Federation of Southern Cooperatives/Land Assistance Fund Credit Unions
Members, Assets, Savings, Loans Continued

B: Members, Assets, Savings, Loans 2009-2011

	2009 (8 CDCUs)	**2010 (8 CDCUs /6)**	**2011 (6 CDCUs)**
Members - #	11,219	11,478 /8,637	8,542
Assets - $ (million)	$33 million	$38.2 million /$27.2	$26.1 million
Assets/Member - $	$2,941	$3,328 /$3,155	$3,059
Member Shares Saved$	$28.9 million	$29.1 million /$23.4	$23.2 million
Shares/Member - $	$2,576	$2,538 /$2,709	$2,715
Outstanding Loans - $	$24.1 million	$26.2 million /$19.5	19.4 million
Total Loans - #		76,837	56,214
Total Value- Loans - $		$262.6 million	$190.2 million

Source: Calculated by the author from chart in FSC/LAF (2012) Annual Report 2011-2012 (also see Gordon Nembhard 2013, 2014).

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