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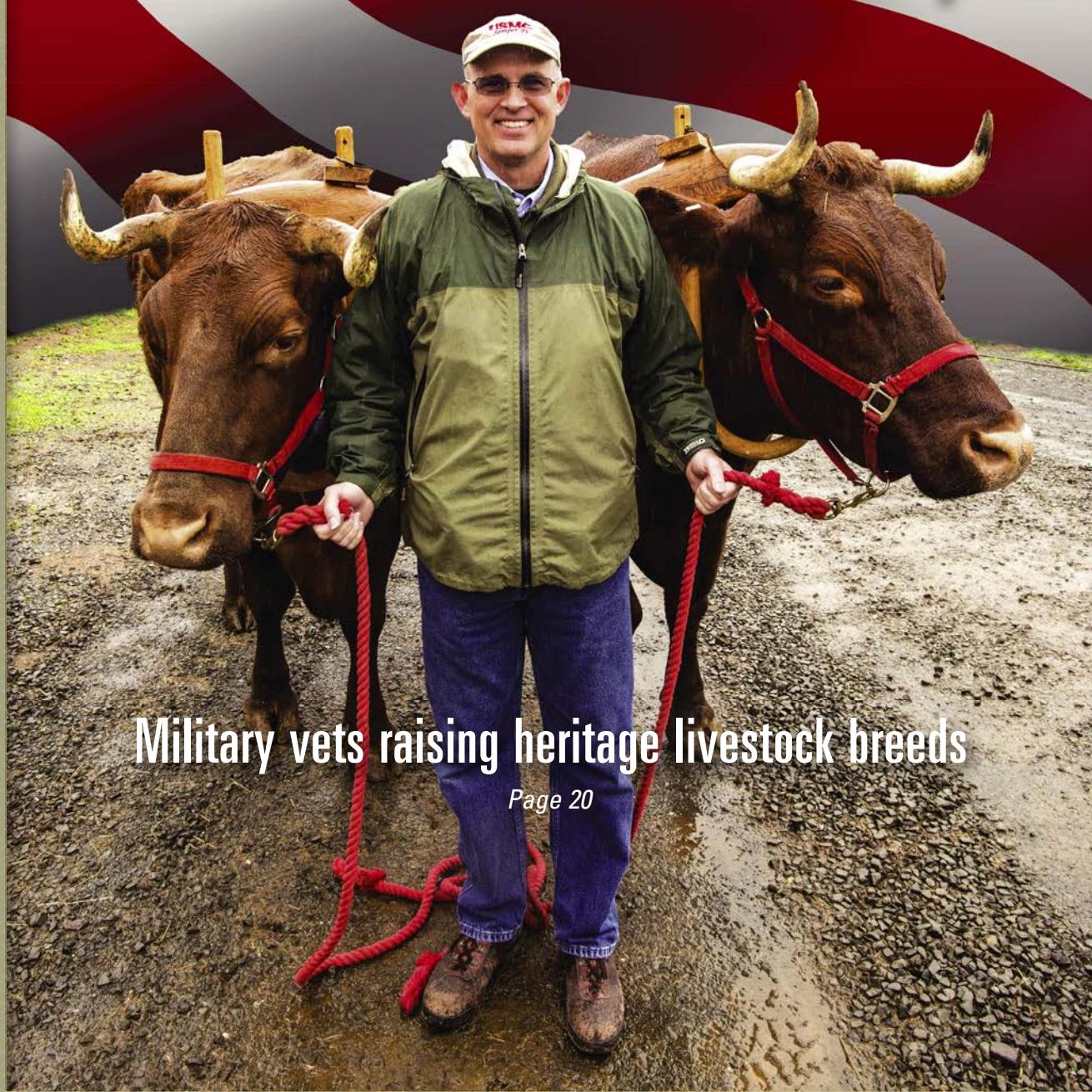
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Rural COOPERATIVES

July/August 2016

For Farm and Country



Military vets raising heritage livestock breeds

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United States
Department of
Agriculture

Commentary

Answering the Call

By Sam Rikkers, Administrator
USDA Rural Business-Cooperative Service

What could be better than receiving an honor for something you feel privileged just to be doing? Better still, for doing something that strengthens USDA's ability to fulfill its mission while also helping to strengthen our nation's defense?

That's how I felt recently when the Rural Business-Cooperative Service was presented with the Patriot Award for "going beyond the norm" to support members of our workforce who are also members of the National Guard or Reserve. The award was presented by the Employer Support of the Guard and Reserve (ESGR) program, a Department of Defense effort launched in 1972 to promote cooperation and understanding between Reserve members and their civilian employers. A national network of more than 4,500 volunteers helps to support ESGR.

Sure, it can create some challenges for remaining staff when one of their valued co-workers leaves for a period of military training or active duty. But here at USDA — as well as at cooperatives and other businesses around the nation — that it is such a small price to pay for the essential work members of the Reserve and Guard do to not only defend our freedom, but also for the assistance they often provide in times of natural disasters and other emergencies.

These brave men and women put their lives on the line for all of us, so the least we can do as employers is provide the logistical support needed to "fill the holes" while they are gone.

The cover story for this magazine examines a closely related topic: helping to foster careers in agriculture for service men and women after they return to civilian life. As the article (page 20) notes, the skill sets required for success in the military — including adaptability, strong work ethic, team orientation and commitment to mission — relate closely to what it takes to be successful in agriculture.

Cooperatives have an established track record of hiring military veterans because they value the skills vets bring to the workplace. The fact that so many vets have rural roots also helps to cement the bond between agriculture and veterans.

The focus of the cover story is the Livestock Conservancy's efforts to expose veterans to the possibility of



Receiving the Patriot Award presented to the USDA Rural Business-Cooperative Service (RBCS) (front row, from left) are: Mark Brodziski, energy programs director; Chad Parker, deputy administrator for cooperative programs; and Sam Rikkers, RBCS administrator. Award presenters (back row, from left) are: Jacob York, volunteer with the Employer Support of the Guard and Reserve (ESGR) program; Lt. Col. Farish of the District of Columbia National Guard; Owen Edoohonba, National Guard member and RBCS energy programs specialist; and Bill Schatzman, program support technician for ESGR.

raising heritage livestock breeds — animals such as Red Devon cattle and Leicester Longwool sheep. Many veterans and current Reservists are already doing so.

There are many great stories here, such as the Virginia ranch that is not only helping to conserve endangered, colonial-era horse breeds (brought to America by Spanish explorers), but also helps veterans from a nearby VA hospital who may be recovering from post traumatic stress disorder, and who find working with the horses therapeutic.

A critical factor for success in the military, as one vet in the article notes, is recognizing that the success of your unit requires teamwork, along with the recognition that "each of us have inherent strengths and weaknesses. The mark of a good leader is to understand them and work to achieve the common objective." The same could certainly be said about a successful cooperative.

A number of cooperatives have helped to sponsor or participated in these livestock workshops and tours. I salute all cooperatives that are "answering the call" to open the doors to agricultural careers of all types for vets entering the civilian workforce. You are not only helping vets find good jobs, but you are also helping your co-ops tap this great resource of talent while helping keep our nation strong. ■

Features

Volume 83, Number 4
July/August 2016

Rural Cooperatives (1088-8845) is published bimonthly by USDA Rural Development, 1400 Independence Ave. SW, Stop 0705, Washington, DC. 20250-0705.

The Secretary of Agriculture has determined that publication of this periodical is necessary in the transaction of public business required by law of the Department. Periodicals postage paid at Washington, DC, and additional mailing offices. Copies may be obtained from the Superintendent of Documents, Government Printing Office, Washington, DC, 20402, at \$23 per year. Postmaster: send address change to: Rural Cooperatives, USDA/RBS, Stop 3255, Wash., DC 20250-3255.

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United States
Department of
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Tom Vilsack, Secretary of Agriculture

Lisa Mensah, Under Secretary,
USDA Rural Development

Dan Campbell, Editor

Stephen Hall / KOTA, Design

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This publication was printed with vegetable oil-based ink.



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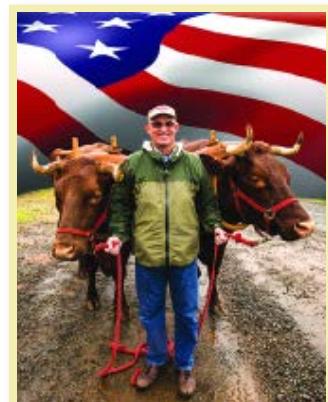
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ON THE COVER: U.S. Marine Corps veteran Harry Oldland gets a close look at Milking Shorthorn steers Chip and Dale during the Service to Stewardship workshop at the Lakota ranch in Remington, Va. The Livestock Conservancy and Virginia Cooperative Extension conducted the event to educate military service veterans about options for raising rare breeds of livestock and poultry. Photo Illustration by Stephen Thompson; Photo by Lance Cheung





Grain cooperatives are bracing for a challenging second half of 2016

By Tanner Ehmke
Senior Economist, CoBank

 Grain cooperatives started the 2016 crop-growing season with their weakest financial prospects in recent years. Though their balance sheets remain strong, many co-op managers report that last year's harvest was the driest in recent memory, with revenue generated from grain-drying services falling in many cases to one-third of normal. And since last year's harvest, basis markets have been virtually void of volatility, offering few profit-taking opportunities.

Further, we're still awaiting the potentially arid fall associated with La Niña, the periodic climatic phenomenon (related to ocean temperatures and currents) that tends to make for unseasonably cool, dry weather. This may threaten crop production late in the season and raises the prospect of

yet another year of subpar grain-drying revenue. That all adds up to what could be a very challenging remainder of 2016 for America's grain cooperatives.

To be sure, there are some bright signs. Grain cooperatives still stand to profit substantially by year's end with the opportunity to buy cheap basis after the harvest. Their income statements are also likely to be bolstered by storage fees paid by farmer-members for substantial inventories in nearly every category. This will help to take the edge off the slimmer profits gleaned at the start of the calendar year.

But that pales next to the challenges they face in the second half of 2016. Below, we will examine these challenges more closely.

Weak start to 2016

The calendar year started with a stagnant basis market on the heels of a weak grain-drying harvest (see figure 1). With

no relief immediately in sight, grain merchandisers will likely endure further belt-tightening throughout the year as ample grain and oilseed supplies, slow farmer selling and an anemic export program continue to drag on the basis market.

Barring any significant weather-related crop losses this year, grain handlers could also be tasked with managing huge farmer-owned inventories into the new crop year and creating (at least temporarily) additional storage.

In the eastern Corn Belt, grain cooperatives were also dealt a storm of additional losses, including sharply lower agronomy sales and reduced custom applications resulting from excessive rains last summer that kept applicators out of fields. Grain handlers in that area of the country also are struggling with how best to market last year's poor-quality wheat crop, which was contaminated with high levels of vomatoxin, as heavy summer rains caused widespread head scab and sprouting issues in ripe wheat fields.

Corn and soybean crop development across large swaths of the eastern Corn Belt was also hampered, resulting in a shortfall of marketable bushels and a persistently tight basis. The general manager of one farmer-owned co-op in Ohio estimates that his corn receipts fell 20 percent, with soybean receipts down 10 percent. The sharpest cuts to income, though, came from substantially lower grain-drying revenue.

Stagnant basis

The grain and oilseed basis markets continue to drift sideways amid the ample inventories in the United States and a lackluster export market. This limits opportunities for elevators to find post-harvest profits in basis appreciation, mostly as a result of the little amount of grain owned by the elevators. With crop prices having retreated from the multiyear highs achieved in recent years, farmers have understandably remained reluctant

sellers. The percentage of old crop in co-op storage that is farmer-owned is commonly reported at around 30 percent — a record for many co-ops and well above the typical 10-percent level.

While the basis market has held steady across the United States, grain merchandisers in the western Corn Belt and the Plains have seen basis holding at consistently weak levels since last fall. These western sellers are holding the largest crop inventories seen in decades (see Figure 2). Grain handlers in the eastern Corn Belt, meanwhile, have experienced consistently tighter basis



following last year's drop in crop yields.

Basis movement is likely to be held down by the more than ample supplies across the United States. As of March 1, U.S. corn stocks totaled 7.8 billion bushels, which approached near-record volumes, even though the size of the corn crop shrank last fall to 13.6 billion bushels, down from the previous year's 14.2 billion bushels. With the help of a bumper crop, soybean stocks were also huge at 1.5 billion bushels, while wheat stocks were at their highest level in five years at 1.4 billion bushels. Total U.S. grain and oilseed stocks are the highest since 1987.

Another factor that figures to further weaken old-crop basis: Wheat and soybean meal imports from Argentina have created a much more competitive

environment for the Southeast hog and poultry feed markets. Cheap ocean freight rates and weak currencies in competing wheat-exporting regions also raise the prospect of increased feed-wheat imports from the European Union (EU) and Black Sea region. This would add further pressure to old-crop basis levels, further shrinking profitable marketing opportunities for some co-ops with large market shares in the Southeast United States.

Mitigating factors

There is some good news on the way, though. By this fall, co-ops hope to gain substantially from buying cheap new-crop basis as farmers expand total corn and soybean acreage. USDA now predicts that farmers will boost corn plantings this year to 93.6 million acres, up 5.6 million from last year, with soybean acreage seen shrinking slightly, by 400,000 acres, to a total of 82.2 million acres.

Assuming a corn trend-line yield of 168 bushels per acre and a soybean trend-line yield of 46.7 bushels per acre, both corn and soybean stocks are likely to expand this fall to even higher levels. Barring a significant weather-induced crop failure, a reversal of the trend towards a build-up of crop inventories is unlikely.

In the event that farmers endure a subpar growing season, ample old-crop supplies still are expected to restrain the basis market from making significant moves. For instance, a repeat of the 2012 drought that resulted in a 15-percent reduction in corn yield and a 10-percent abandonment rate could still boost total corn supplies to nearly 14 billion bushels this fall. Persistent, burdensome world supplies will also dampen any potential rally efforts.

Potential upside exists if basis stays weak through the fall harvest. Elevators would be able to buy basis at a significant discount to prior years and potentially gain on basis appreciation post-harvest — an opportunity missed in the 2015 harvest.

Storage availability concerns

Of growing concern among co-op managers is the availability of storage space this fall. The surplus of grain and oilseed stocks has haunted co-ops with the prospect of insufficient storage heading into the new-crop harvest. While they're very sensitive to production costs, farmers are not yet in dire straits financially and could be willing to take a chance that there will be weather-driven rallies this growing season; they could even hold-out for a post-harvest rally.

Farmers' hedges on new crop are also the lowest in recent memory, according to market advisors, portending even more growth in farmer-owned inventory into the new-crop year. Higher than normal farmer-owned grain and oilseed stocks, though,

have left co-ops exposed to the risk of insufficient space should farmers continue holding on to old crop.

However, those elevators that expanded their storage in more profitable years and set storage fees commensurate to the marketplace stand to benefit from fees collected on farmer-owned grain. Elevators will also profit slightly on storage hedges in the futures market if they carry grain into the new-crop marketing window. Elevator managers will, however, be keen on watching whether declining crop quality of grain inventories carries into the new crop year.

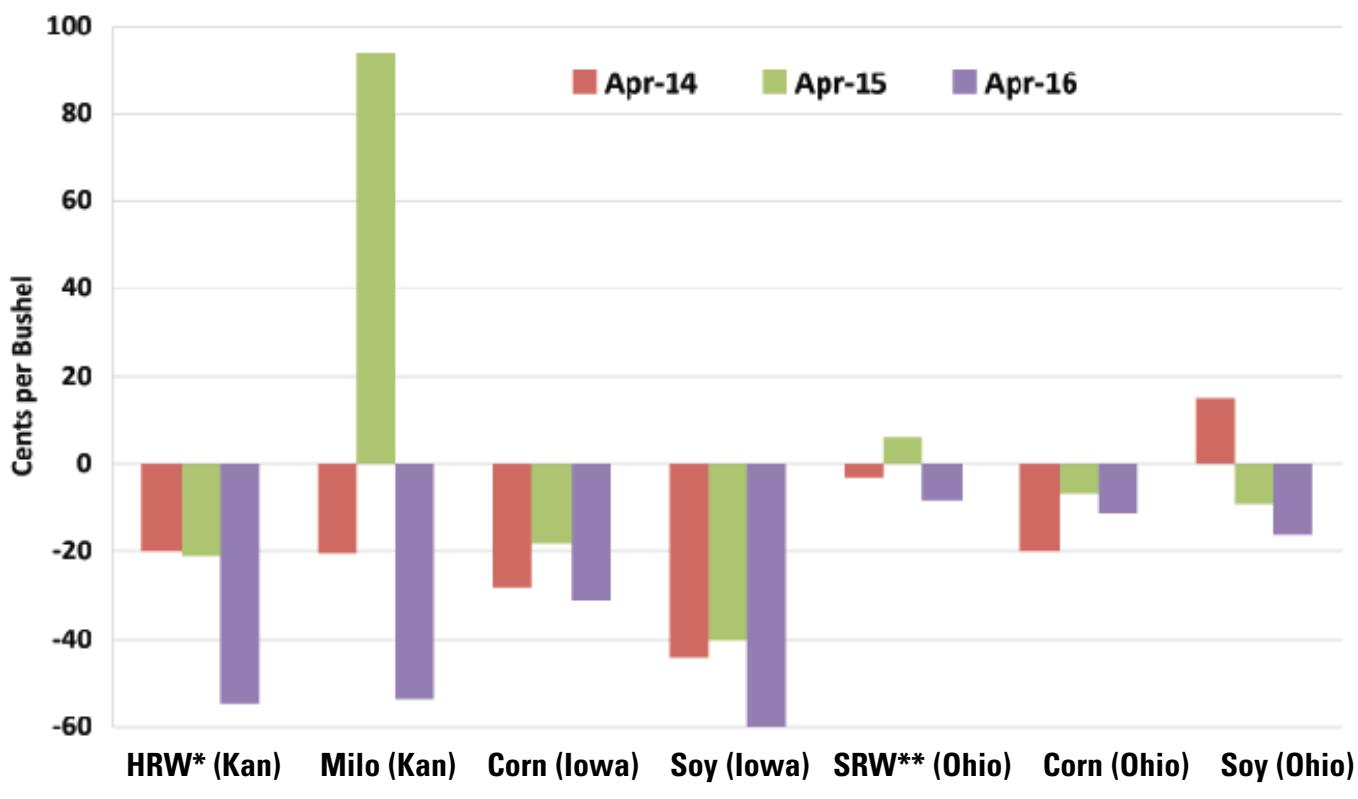
Farmers' willingness to hold on to grain remains the co-ops' wildcard. Co-ops generally assume that farmer selling will accelerate later in the marketing year to generate income for covering

production expenses. While farmers will be tightening their belts on production costs this year, many of them nevertheless will be keen on holding out, waiting for prices to improve to levels above breakeven. In the event that farmers carry substantial crop inventories into the new-crop year, co-ops are preparing to store more grain in bunkers or on flat storage this fall.

Weather and La Niña risks

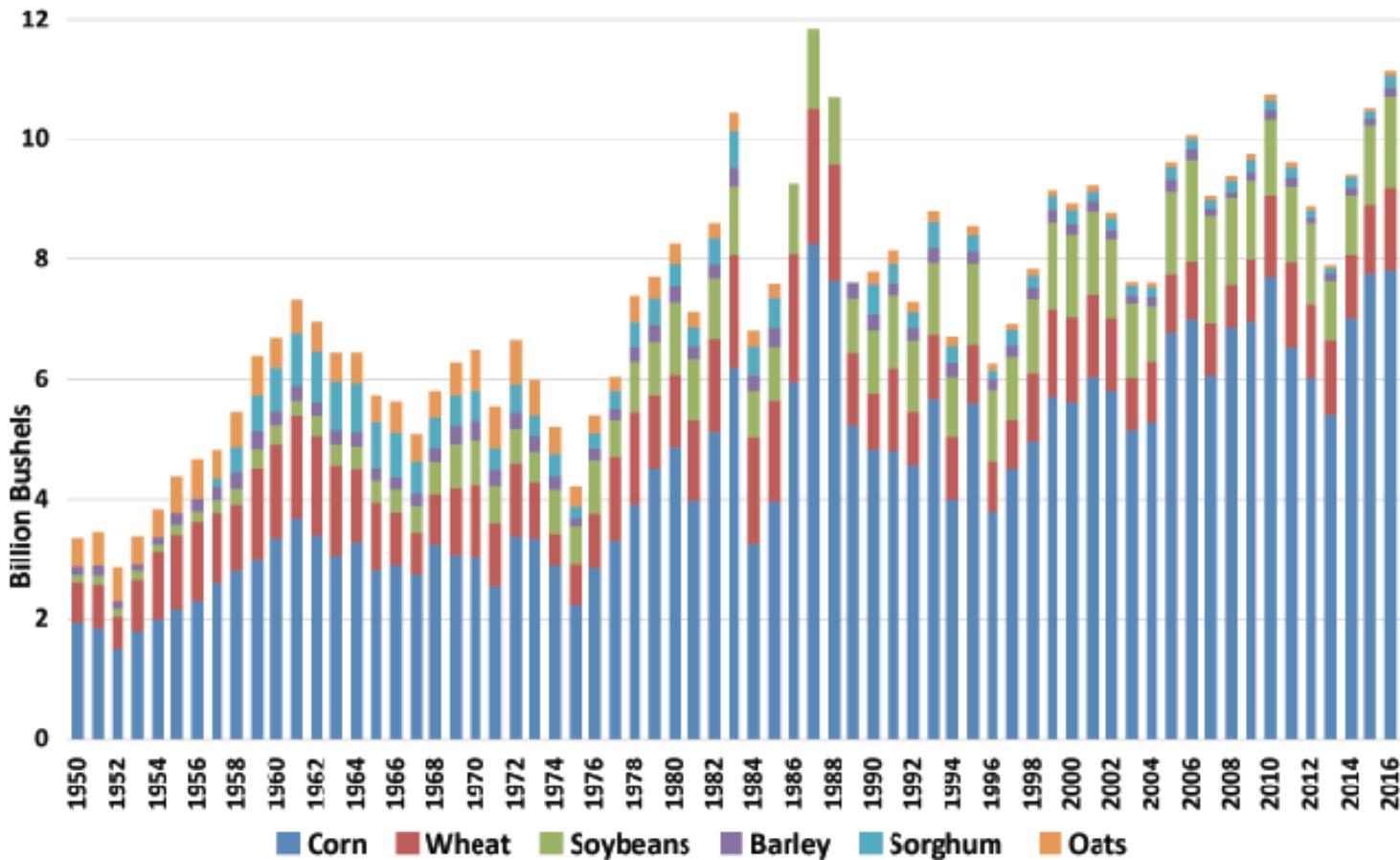
A significant portion of co-ops' profits come from grain drying, which took a substantial hit last fall, when farmers hauled in the driest crop in recent memory. The prospect of La Niña, which normally is associated with dryness in the Midwest, heightens the risk of a repeat in 2016. The National Weather Service currently predicts a

Price Basis for Alternative Crops, April 2014–16



Sources: USDA and CoBank.

Grain and Oilseed Stocks, 1950–2016 (as of March 1)



Sources: USDA and CoBank.

75-percent chance of La Niña developing this fall, though this probability says nothing about its intensity.

For grain handlers in the Plains, farmers are now harvesting record wheat yields and quickly filling bin space. With wheat inventories at their highest level in five years, and with the export market continuing in a slump, wheat basis has continued to weaken as it competes with ample corn and grain sorghum inventories for inclusion in the feed mix. Cattle feeders generally are well covered on feed needs into the fall, currently leaving wheat little room to be blended into the feed supply.

In the Midwest, harvest conditions have been considerably drier and "more

cooperative," compared to 2015. This allows farmers to bring in a higher quality wheat crop that grain merchandisers hope to blend with last year's lower quality supplies.

Conclusions

Following 2015's weak ending, grain cooperatives will be focused on controlling costs, chasing modest profits in the futures market, and collecting storage fees from farmer clients. But there is some potential upside. Given the strong balance sheet enjoyed by most cooperatives following multiple years of historically strong revenue, farmer-owned co-ops generally are well-positioned to handle this year's

downturn.

Grain merchandisers also stand to benefit from buying cheaper basis post-harvest in the absence of major weather disruptions, causing a significant reduction in crop yields.

One other complicating factor: Mergers, acquisitions or joint ventures may become more likely as co-ops try to reduce price risk exposure to ample grain and oilseed supplies, to address storage shortage concerns amid record inventories, and to control cost via achieving economies of scale. Looking ahead to the longer term, co-op managers anticipate consolidation to continue, even as the period of slimmer profits passes. ■

Stronger. Together.

After 100 years, Michigan Milk Producers Assoc. still taking care of business for producer-members



"We issue this call to all milk producers in Michigan to gather at the Michigan Agricultural College, East Lansing, Room 402, Agricultural Building, on Tuesday, May 23, 1916, at 11 a.m."

The above call to action was shared with the world via the pages of *Hoard's Dairyman* on April 22, 1916, following adoption of the resolution and meeting notice by members of the Livingston County Milk Producers' Association. The meeting attracted 400 dairy farmers from across southern Michigan. Some arrived by train in Lansing. Others came in motorcars — such as Ford's Model T — that had bumped along

muddy, deeply rutted wagon roads to get to the college campus.

Among this "large and enthusiastic" group were those whose livelihood came primarily from farm enterprises. But Michigan's dairymen of 1916 also included bankers, statesmen, manufacturers, insurance salesmen and law enforcement officers — all of whom operated dairy farms while also pursuing other jobs.

Regardless of their background, these producers knew how to "get on their feet and state their position with clearness and no little eloquence," *Hoard's Dairyman* reported. "The thought was repeated over and over again that the producer was getting the small end of the horn and that his principal

occupation and purpose of existence was seemingly to blow large profits for the distributor."

Securing a better producer price

With a primary goal of securing a better price for producers' milk, a statewide organization open only to dairy farmers was born. It would be called the Michigan Milk Producers Association. The new association had nearly 200 dues-paying members and its first board of directors at the conclusion of the daylong meeting.

"If the temper of the ... milk producers present at this meeting is evidence of the feeling existing generally among their neighbors, we believe the new organization will grow in strength and its members

Editor's note: This article is adapted from MMPA's centennial publication: "Stronger. Together;" written by Donna Abernathy.

Michigan Milk Producers Assoc. (MMPA) milk pickup vehicles have changed markedly during the past 100 years, from horse-drawn wagons in the early years of the co-op to the large tanker trucks of today (right). Smaller tanker trucks, such as this Traverse City truck fleet, were used in the 1950s (below, left). All Photos courtesy MMPA



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MMPA Defining Moments

1916	MMPA is formed at Michigan Agricultural College (now Michigan State University)	partnership to be a member
1919	<i>Michigan Milk Messenger</i> (co-op member publication) first published	1975 MMPA establishes antibiotic milk policy
1922	MPA leads development of the classification of milk pricing system	1978 Michigan Milk Political Action Committee formed
1924	Resolution passed saying that only milk from members would be sold through the association	1979 Dairy Communicators network formed
1932	MPA starts transporting milk from county receiving stations	1981 Constantine Cooperative Creamery Merger; MMPA acquires Constantine plant
1937	First 4-H Milk Marketing Tour held	1982 MMPA Merges with Michigan Dairy Producers Co.
1948	Michigan passes Pasteurized Milk Law	1984 Advisory Committee forms to serve as liaison between board, management and members
1950	Outstanding Young Dairy Cooperators Program begins	1987 Joint agreement with Lepriño Foods
1951	Federal Milk Marketing Orders begin in Michigan	1988 Quality Premium Program begins, providing producer incentives for higher quality milk
1956	MMPA districts established	1995 Adopts Multiple Component Pricing System
1956	MMPA helps members replace cans and purchase bulk tanks	2007 Member farms required to Provide rBST-Free milk
1957	Co-op purchases Ovid Plant	2008 Ovid expansion project begins
1962	Disaster Protection Program initiated for members	2011 Members begin participating in the National Dairy F.A.R.M. Program for animal care
1965	Adoption of the Grade A Milk Inspection Law; Membership bylaw changed, allowing any person in a	2014 Strategic alliance with Foremost Farms USA; Installation of reverse osmosis operation
		2015 MMPA attains Level 3 SQF (Safety Quality Food) certification at plants in Ovid and Constantine

[will] stand shoulder to shoulder in the cooperative endeavor," the *Hoard's* story predicted.

MMPA was originally formed as a federated association — a statewide organization composed of many local associations that were autonomous, farmer-governed groups. R.C. Reed, appointed as the new association's field secretary, had the job of organizing these local groups.

Each local association paid a \$5 annual membership plus 50 cents per individual member to join the state MMPA. Individuals paid dues of \$1

Capper-Volstead Act was passed in 1922. The founders therefore elected to form a member corporation, an organization allowed by law.

Growing pains

In its first years of existence, MMPA quickly made an impact on Michigan milk prices. From a rock bottom \$1.16 per hundredweight when the association was formed in 1916, prices had steadily climbed to a high of \$3.40 in 1920 before settling at an average \$3 per hundredweight. Attractive pricing led to steady

continuously until 1982, when it merged with MMPA.

Milk production was rising and feed prices declining just as the Great Depression brought the economy — and milk sales — to a grinding halt. Automobile sales dried up, along with consumers' bank accounts. So, the majority of Detroit's workforce was out of a job. Unemployed factory workers moved to the country to save money, leaving the majority of MMPA's milk buyers without customers.

Guaranteeing a market for

Hundreds of dairy farmers agreed on one simple principle: unifying was the best way to market their milk to the greatest advantage possible.

per year to sustain local operations.

The state association would serve as the selling agency for all member milk. The association, with member approval, set a milk price based on generating a fair return over production costs. Then, it was the association's job to get dealers to pay the target price.

By MMPA's first annual meeting on Oct. 17, 1916, the success in member recruiting was apparent. The auditorium in the MAC Agricultural Building was overflowing as almost 1,000 milk producers "from nearly every county in Southern Michigan" attended. They represented more than 80 local associations that had formed in the few weeks since MMPA was founded. Other local associations were forming as fast as Reed could process requests.

When MMPA was formed in 1916, bargaining cooperatives were considered to be in violation of federal antitrust laws until the

membership and milk volume increases for MMPA. The state association was marketing milk for nearly 100 local producer organizations in the Lower Peninsula. That number would peak at 103 by the end of the decade.

To oversee the necessary employees and paperwork now involved in marketing members' milk, the board hired John Near in 1921 as MMPA's first secretary-general manager. Along with Near's hiring came the establishment of MMPA's headquarters in Detroit, where the majority of members' milk was being sold to fluid bottlers. The new office opened at the end of 1922 in downtown Detroit.

In 1921, MMPA organized the Michigan Producers Dairy Co. (MPDC) to manufacture and market dairy products from milk oversupplies. MMPA owned 40 percent of the company, with the remainder held by individual farmers. MPDC operated

members' milk resulted in MMPA emerging from the Depression with a system of receiving stations, a transportation fleet and its own fluid-milk processing plant. By necessity, more than design, the co-op developed considerable marketing muscle.

Membership growth, along with the stations, transportation and processing capability developed during the Depression, resulted in MMPA controlling a very significant and growing percent of the total pounds of milk flowing into the Detroit market by the time World War II ended in September 1945.

Soldiers returning home to their Michigan dairy farms found their milk marketing association larger and stronger. MMPA was poised to tackle an explosive postwar era.

Growing and changing

In the years following World War II, change came to practically every aspect of dairy farming and milk



Ken Nobis, MMPA president, addresses the co-op's 100th annual meeting; the co-op's Ovid Plant (below left); a co-op butter-packing plant, seen in 1956.

marketing in Michigan and across the country. Soldiers, exposed to new ideas and practices while in service, returned to their farms with greater expectations and plans for improvement. The age of the modern dairy farm was rooted in their aspirations.

MMPA's membership soared to more than 17,000 in 1954 before decreasing dramatically over the next two decades. The cooperative, like the entire dairy industry, contracted as families exited the dairying lifestyle.

The farms that remained grew larger and more specialized. The average dairy herd size and milk production per cow climbed. Milk quality changed, too, as more producers shifted away from uninspected manufacturing grade milk in favor of the premium-priced,

inspected Class I milk.

The availability of affordable rural electricity, combined with equipment innovations, quickly brought the era of three-legged stools, open buckets, milk cans and cream separators to a close on the majority of MMPA farms by the mid-1950s.

In 1955, MMPA hastened the conversion from milk cans to electrified bulk tanks by offering premiums to members and selling them bulk tanks at wholesale prices. In just a year, more than 600 producers in the Detroit market alone were using bulk deliveries.

Signs of the times

Though MMPA's markets encompassed a much larger area, the fortunes of the people of Detroit and the fate of co-op members remained closely intertwined when

the 1960s debuted.

The Motor City's population climbed along with automobile industry sales, causing a housing shortage that sent workers sprawling from the city center in search of homes. Farmland disappeared as new residential neighborhoods sprouted where dairy cows had grazed. The suburbs were born.

A similar exodus occurred throughout the state as families looked beyond the city limits for room to grow. Everywhere, the lines between town and country began to blur.

Housewives' shopping habits changed along with their addresses. New kitchens equipped with spacious refrigerators eliminated the need for daily deliveries of milk and other dairy products. Instead, there were weekly grocery-buying trips to

large chain supermarkets that often anchored new retail shopping centers.

Grocery lists modified as well. Increasingly, milk was sharing space in the grocery cart with soft drinks and other beverages. Fluid milk consumption began a dramatic decent.

As the cooperative approached its 50th year in business, MMPA leaders kept a close watch on consumers because their choices affected the co-op's future. Adjustments, advocacy and advertising would be key to keeping the company viable for the next half century.

Milk marketing was primarily a function of local associations when MMPA's operational and governance structure was established in 1916.

affiliate with MMPA.

New directions

By 1985, MMPA was, by far, the largest dairy cooperative headquartered in Michigan. That year, members marketed 3.3 billion pounds from just 4,000 farms. Tankers moved that milk over long distances to reach a handful of cooperative-owned processing facilities.

MMPA had formed a Milk Products Division in 1982 to better manage the milk flowing into manufacturing. The division included plants acquired in a merger with the Michigan Milk Producers Dairy Co. as well as Constantine and Ovid. The McDonald Division remained a separate operation.

way to dispose of milk not sold for fluid consumption, but rather a chief profit center. A major portion of MMPA milk began flowing into cooperative-owned facilities.

The greatest advantage

It looked as though MMPA's 75th anniversary would be bittersweet. USDA was predicting a year "characterized by sharply lower prices, continued expansion in milk production and increased commercial sales."

By spring, the predictions played out with the lowest milk prices in 13 years. MMPA President Elwood Kirkpatrick called on members to write their congressmen and President George Bush to urge dairy policy changes. "It is vital that the

Through good times and turbulent times, the cooperative spirit has endured as a testament to what can be achieved through loyalty and commitment.

Things were different by the end of the 1950s. Local markets were fast disappearing, and milk marketing was being conducted over large areas.

Adjustments in the cooperative's political and operation structure that were intended to improve marketing and bargaining efficiency included: forming a single operating department for the Lower Peninsula, creating a new department to oversee MMPA's manufacturing and bottling operations, and replacing local sales committees with a single market committee.

A year later, the Upper Peninsula would also experience a makeover when five dairy cooperatives representing 850 producers voted to form a single, large cooperative and

In the early 1980s, MMPA purchased a butter plant in Remus and converted it into a cheese plant. Later, MMPA inked a deal with Denver-based Leprino Foods Co., which supplied mozzarella cheese to four of the top pizza chains in the country. The deal gave MMPA a 20-year milk supply contract, lease income from the Remus plant and profit sharing from sales of mozzarella made there. In 2005, Leprino bought out the cooperative's remaining interest in its assets and extended the milk supply agreement, ensuring a market for MMPA member milk for an additional 24 years.

The Leprino agreement brought manufacturing to the forefront. It was no longer regarded as simply a

legislative body know of the crisis at hand," he wrote in his monthly column.

General Manager Walt Wosje was more upbeat by the time members gathered for the annual meeting in 1992. He reported that the cooperative had helped members remain financially stable by paying the highest ever over-order premiums in 1991. MMPA distributed \$14 million above the Federal Order price to members.

Flagging product sales picked up in the second half of the year to further help the financial situation. A year later, MMPA reported record-breaking profits due largely to the positive impact of its renovated manufacturing plants.

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Utility Co-op Connection

USDA energy efficiency programs can benefit utility co-ops and members in many ways

By Oumourumana Jalloh, USDA Rural Utilities Service summer fellow, and Denise Scott, USDA Rural Utilities Service project assistant
e-mail: denise.scott1@wdc.usda.gov

Editor's note: Jalloh is an undergraduate student majoring in environmental studies and political science at the University of Pennsylvania.



Everyone loves saving money. Even if we don't save as much as we should, we all wish we could save more!

Finding ways to reduce payments on our energy bills — both for homes and businesses — can be a significant strategy for saving money. However, this is more difficult for some than for others.

Reducing energy consumption is generally harder for people living in rural areas than it is for those in urban areas, because rural residents have to travel further for basic goods and services and, on average, have larger households, among other reasons. The U.S. Energy Information Administration estimates that rural families spend about \$400 more per year in energy bills compared to the typical urban household.

The Rural Utilities Services (RUS) of the U.S. Department of Agriculture (USDA) recognizes that high energy costs are a burden for rural residents and is working to bridge the gap between rural and urban areas. USDA is committed to providing flexible programs that help finance energy efficiency efforts for rural communities.

The newest energy efficiency programs managed by RUS are the



Blowing insulation into an attic can have a major, beneficial impact on a member's heating and cooling bills. Photo courtesy Roanoke Electric Membership Corporation

Energy Efficiency and Conservation Loan Program (EECLP) and the Rural Energy Savings Program (RESP). Both programs provide flexibility for borrowers to design their own energy efficiency or savings programs. EECLP provides loans to finance energy efficiency and renewable energy projects that help reduce consumption and manage load. With EECLP, utilities that provide service to people in rural areas can borrow money at U.S. Treasury rates, then re-lend the money to help consumers develop new, diverse energy products.

One example of this is the \$6 million EECLP loan awarded to North Carolina's Roanoke Electric Membership Corporation to finance improvements in members' heating, ventilation and air conditioning (HVAC) systems, for the replacement of appliances, and to upgrade their homes with energy efficient windows, floors and walls. These energy efficiency improvements have yielded savings for customers who pay back their loan over time through a small fee added onto

their monthly energy bill.

The RESP focuses on helping rural families and small businesses reduce energy use through investments in energy efficiency. In addition to offering a lower cost financing option — a zero-percent interest rate for up to 20 years — than is available through the EECLP, RESP also provides loans to utilities that serve people in rural areas. RESP has a broader pool of eligible borrowers which includes (but is not limited to) state agencies, territories and nonprofits that provide energy services to rural residents.

Energy efficiency is vital to our nation's economic growth and to the development of local communities. USDA is strongly committed to offering a variety of flexible financing options to expand efforts to help rural communities save money, reduce the need to purchase or generate energy and to reduce emissions from generation of electricity. These efforts will strengthen rural economies through job creation for energy efficiency and conservation projects.

For cooperatives and cooperative members looking for ways to save money through energy efficiency, USDA may be able to help.

General information regarding USDA loan programs for energy efficiency programs can be found at: www.rd.usda.gov. For specific questions about the RESP or EECLP programs, contact Titilayo Ogunyale at: Titilayo.Ogunyale@wdc.usda.gov. ■

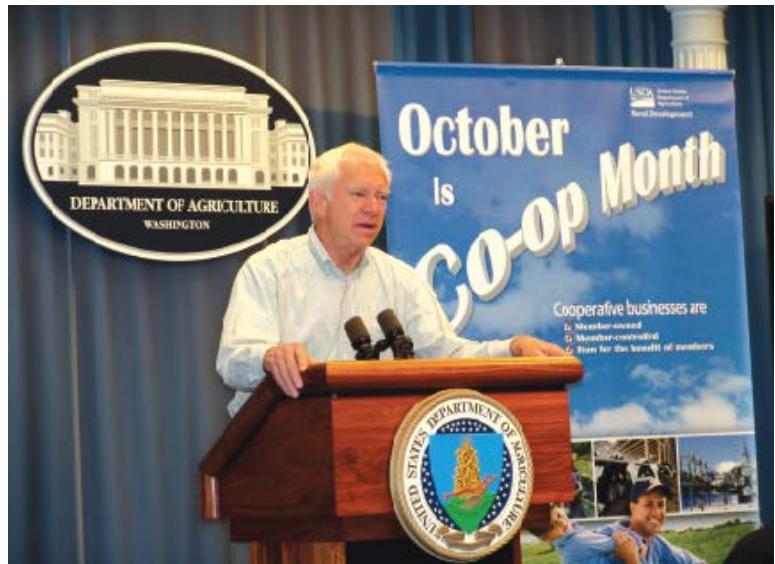
“Cooperatives Build”

theme for Cooperative Month 2016



The theme for national Cooperative Month in October is “Cooperatives Build,” which cooperatives are urged to reflect in their communications and outreach activities. The theme can be used on its own or extended with sub-themes, such as: Cooperatives Build Trust; Cooperatives Build Communities; Cooperatives Build Jobs; Cooperatives Build a Better World.

“Cooperatives build in so many ways, so we encourage cooperatives to insert what they feel their co-op helps build as part of the broad theme,” says Jenny Bernhardt, chair of the Co-op Month Planning Committee. “The key thing is that your co-op plan some type of communications effort to help spread the word in October about why cooperatives are so important to your community, region and to the nation,” adds Bernhardt, who is director of communications for Cooperative Network, a regional association of cooperatives in Minnesota and Wisconsin.



Jim Crawford of Tuscarora Organic Growers Cooperative discusses the co-op's marketing strategy during a panel talk on co-ops and local food systems, held at USDA headquarters during last year's Cooperative Month.

Key messages for Co-op Month

Here are some key messages to relate in interviews and press releases that have been found to resonate with the media and the public. They help achieve the goals of Co-op Month, which are to raise public awareness of cooperatives and celebrate their accomplishments.

- There are more than 29,000 cooperative businesses in the United States with 350 million members (many people belong to more than one co-op). These cooperatives generate \$514 billion in revenue and more than \$25 billion in wages, according to a study conducted by the University of Wisconsin Center for Cooperatives, with support from USDA Rural Development (<http://reic.uwcc.wisc.edu/default.htm>).
- Cooperatives represent a strong business model and greatly contribute to both the national and local economies.
- Studies show that consumers want to do business with companies that share their values, making today's environment ideal for cooperatives and their commitment to the communities in which their members live and work.
- Co-ops don't have to answer to outside shareholders; they care about meeting their members' needs.
- Co-ops represent democracy in action, with control exercised by a board of directors elected from the ranks of members; the board hires and directs management and is ultimately responsible to the members;
- Cooperatives generate jobs in their communities, keep profits local and pay local taxes to help support community services. Cooperatives often take part in community improvement programs, ensuring that everyone has an opportunity to benefit from the cooperative experience.



To better “bring home” these messages, gather additional data about the role and power of co-ops in your state, region or community.

Co-op Month activity ideas

The planning committee was formed through the Cooperative Communicators Assoc. (CCA) and includes the participation of the National Cooperative Business Assoc., National Rural Electric Cooperative Association, National Cooperative Bank, USDA Cooperative Programs, Cooperatives for a Better World, the Minnesota Cooperative Education Foundation and communicators from a number of diverse cooperative businesses.

With support from participating cooperatives and funding from the CHS Foundation, the committee is creating a Co-op Month toolkit with a variety promotional/educational materials. The campaign will be announced and materials will be made available at www.CoopMonth.coop in early August. The toolkit will include the new Co-op Month logo, posters, print and radio public service announcements, a sample press release, sample Co-op Month proclamation, social media resources, co-op success stories, talking points and activity ideas, among others.

“National, regional and local polls consistently show that Americans really like the idea of doing business with a cooperative, but so many people still don’t understand what co-ops are,” Bernhardt notes. “That’s what Cooperative Month is all about: to help attract attention to the many benefits of the producer-, worker- and user-owned business model, and letting people know that cooperatives are all around them.”

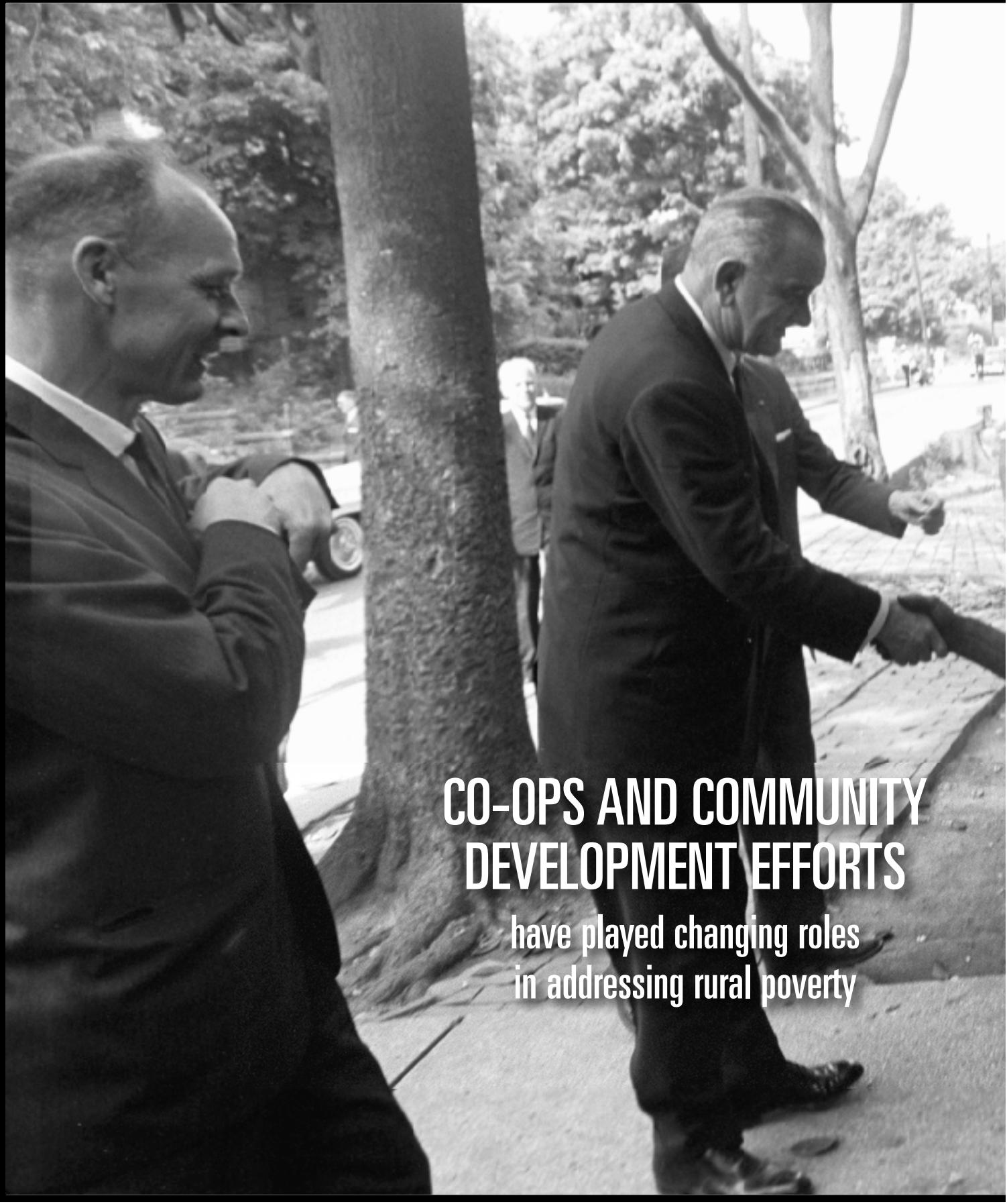
The same communications efforts that help educate the public can also serve as reminders for co-op members and employees about “the co-op difference.”

- Hold an open house at your co-op. Include tours of a co-op facility. A farmer co-op could show visitors how to mix different types of livestock feed or test members’ milk quality. Have a satellite-enabled applicator rig available as part of your tour and explain how such gear helps to reduce the environmental impact of farming. Offer directions to a member farm they can also visit.
- Supply stores can hold a raffle and cookout to boost interest in their open house. These types of activities can be a great way to showcase the services and products of the cooperative.
- Set up Co-op Month posters at your cooperative and/or at a public facility.
- Hold a workshop for members and/or the general public on an important topic for your co-op. For example, an electric co-op can hold a workshop on energy conservation in homes and businesses or address what the co-op is doing to promote renewable energy.
- Write a letter to the editor about the importance of co-ops in the economy and the part your co-op plays locally.
- Contact your governor’s office with a draft of a state Co-op Month Proclamation (this is sometimes done by state co-op councils, so check with them first. This often takes many weeks of lead time).
- Add some Co-op Month content to your website.
- Perform a community service project or hold a fundraiser in observance of Co-op Month. These activities can range from cleaning up a stretch of highway or a public park to staging an event such as the annual race in Washington, D.C., held to raise money for co-op development.
- Hold a Co-op Month breakfast, luncheon or dinner for members and/or community members, and include a short co-op presentation.
- Co-op stores can distribute special coupons for members to use during October.
- Provide co-op educational brochures and booklets at your event, such as the “Do Yourself a Favor, Join a Co-op” brochure from USDA Rural Development. Visit http://www.rurdev.usda.gov/BCP_Coop_Library/OfPubs.htm to see the co-op publications available from USDA. To order, send an e-mail to coopinfo@wdc.usda.gov, or call (202) 720-6483.

Like co-ops themselves, this annual observation is a do-it-yourself effort. Let your members know that your co-op celebrates its unique business structure and service to them, and that it in turn fully appreciates their participation.

Activities can be as simple as putting up some posters, making classroom visits or hosting a field trip, holding an open house or tour of your co-op, issuing a press release to your local and/or statewide media, holding a charity fundraising event. New this year, NCBA CLUSA encourages

cooperatives to schedule a Co-op Month screening of the upcoming PBS Visionaries Series documentary highlighting the power of cooperatives both in the U.S. and abroad. More information at www.ncbaclusa100.coop/visionaries-documentary. ■



CO-OPS AND COMMUNITY DEVELOPMENT EFFORTS

have played changing roles
in addressing rural poverty

President Lyndon B. Johnson (LBJ) greets a resident during his "Poverty Tour" through Appalachia in May 1964. The tour was used to help win Congressional votes from the South for the proposed Economic Opportunity Act. USDA planned the trip, and Agriculture Secretary Orville Freeman was part of the delegation. Photo courtesy LBJ Presidential Library



By Bruce J. Reynolds, Agricultural Economist

USDA Cooperative Programs

bruce.reynolds@wdc.usda.gov

Twice in U.S. history, Presidents have mobilized the federal government to pursue major new initiatives to reduce or eliminate poverty: Franklin D. Roosevelt's "New Deal," from 1933-1942, and Lyndon B. Johnson's "War on Poverty," which started in 1964 and continued through the Nixon Administration. The War on Poverty was a part of President Johnson's pursuit of a general reform of America, including civil rights and Medicare, called "The Great Society."

The New Deal was intended to help solve the Great Depression. Cooperatives had a leading role, primarily in rural areas, as vehicles for making the economy work for vast numbers of the unemployed or underemployed. Some of the agencies and types of cooperatives that were used to deliver services of the New Deal were examined in the March/April 2014 issue of this magazine (back issues are posted at: www.rd.usda.gov).

In contrast, the War on Poverty addressed America's "poverty in the midst of plenty," so that the challenge was more to target impoverished communities than to fix a general economic crisis. Cooperatives were regarded as a useful strategy, but more direct methods of meeting development needs were favored. For the New Dealers, America was more rural in the 1930s and the ubiquitous presence of farmer cooperatives provided a base of knowledge for starting new co-ops using the same organizational model (Knapp). When the War on Poverty was launched in the 1960s, consumer and worker co-ops did not have as large of a presence in urban areas to establish public understanding of the cooperative model (Jackal).

The War on Poverty was led by the Office of Economic Opportunity (OEO), a new agency created by the Economic Opportunity Act of 1964. The OEO launched several initiatives, such as Job Corps, Head Start, Legal Services, Volunteers in Service to America (VISTA) and the Community Action Programs (CAPs). Although the OEO was terminated in 1974, many of its initiatives continue to operate, albeit with reduced funding (Stevens). The Department of Housing and Urban Development (HUD), established by President Johnson, also played a role in the War on Poverty.

Lessons from the New Deal

The New Deal experiments with cooperatives had a mixed record of accomplishments. Notable success resulted for rural electric cooperatives and the agricultural cooperative banking system, although the latter was not experimental but an extension of the Farm Credit system that served a well-established and relatively large sector of farmer cooperatives.

Rural health care and most of the land settlement cooperatives for collective farming did not outlast the New Deal. Some New

Deal cooperative housing communities, such as Greenbelt, Md., were a success, and continue to thrive today. But the decline of the rural health care and many of the farm settlement cooperatives has been attributed to the federal government's "top down approach." New Deal government officials made decisions and administered programs with the term "cooperative" functioning in name only (Knapp).

Community action

The policies of the OEO engaged economically distressed communities with involvement in solving problems or overcoming constraints. OEO leaders believed that the best vehicle for pursuing economic uplift was to work with community-based organizations that would implement programs — such as job training and early education — to overcome barriers to economic development. Support for business development, such as cooperatives, was also important, although the OEO's guiding policy was to target government assistance on problems rather than rely on general economic uplift.

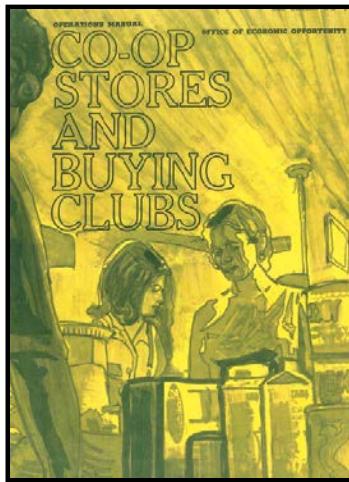
Community-based organizations, which OEO called Community Action Agencies (CAAs), played a major role in the War on Poverty. By 1967, there were more than 1,000 CAAs, most of which were new organizations for grassroots efforts to fight poverty (Lehman). Federal grants were provided to the CAAs to fund delivery of services, such as Head Start, Job Corp and Legal Services.

The CAPs involved economic projects that were developed by CAAs in consultation with citizens in low-income neighborhoods. Rural communities also organized CAAs and received financial support from the OEO. By working directly with communities and bypassing city, state and local governments, OEO initiatives were politically divisive (Carlson- Lehman- Woods).

Food co-ops

Food cooperatives and buying clubs were established in many cities during the late 1930s and throughout the 1940s and grew in popularity during the 1960s (Co-op Handbook). This movement set an example for OEO to initiate food co-ops and buying clubs to improve access to nutritious foods in low-income neighborhoods.

The lessons learned from the New Deal about top-down decision-making are evident in the OEO approach to its food cooperatives initiative. The OEO required a delegation



This OEO operations manual was used by the Community Action Agencies to organize co-op stores and buying clubs in low-income neighborhoods.

The New Deal experiments with cooperatives had a mixed record of accomplishments. Notable success resulted for rural electric cooperatives and the agricultural cooperative banking system.

agreement between the CAA and a proposed food co-op. A detailed manual for establishing and operating food cooperatives was developed by OEO (see photo, left).

The manual emphasized the autonomy of the co-op: "Staff of the co-op must be answerable to the co-op board, not the CAA, must pay salaries and must have the power to hire and fire co-op staff." Such advice has been time-tested and is important in starting cooperatives with members who need to develop operating and governance skills.

The extent to which OEO food cooperatives and buying clubs were established and sustainable has not been documented. The persistence of "food deserts" in low-income communities to the present day suggests that many of these co-op initiatives were either difficult to establish or proved to be unsustainable. The recent renewal of food cooperatives in underserved neighborhoods has better prospects with more availability of experienced technical assistance providers (www.foodcoopinitiative.coop).

Financing rural co-op development

When the New Deal ended in 1942, USDA substantially reduced its financial support to alleviate rural poverty. Its Farmers Home Administration (FmHA) was established in 1946 to carry forward some of the programs of the New Deal's Farm Security Administration. Its legislative mandate focused on farm operating loans and housing, as related to farmers and farmworkers.

Lending for water facilities was added later, and in 1961, FmHA was authorized as a lender for single and multi-family housing. The Economic Opportunity Act of 1964 brought about a return to programs for improving the economies of low-income rural communities. Funds for FmHA's lending to address rural poverty were provided by the OEO, while its traditional lending to farmers remained as part of USDA's budget appropriations ("A Brief History").

Cooperatives became a key strategy of the civil rights movement in the South during the 1960s. These efforts received grants from OEO and loans from FmHA (Marshall - Nembhard). Several of the cooperatives organized by African American farmers received start-up funding from both nonprofit development organizations and from federal government sources. Part of the motivation of these cooperatives was to stop land loss resulting from discrimination against African-American farmers in trying to obtain commodity loans from USDA and farm input loans



Sargent Shriver, director of the Office of Economic Opportunity (OEO), meets with President Johnson on April 5, 1965. Photo courtesy LBJ Presidential Library

from FmHA (Reynolds - Equal).

OEO's authority to bypass state and local government proved to be crucial for African-American cooperatives to receive grants and FmHA loans from its Washington, D.C., office (Marshall). However, OEO could not influence USDA's state offices to provide equal opportunity for individual minority farmers to receive facilities and operating loans (Equal). In 1994, FmHA's housing and community lending services were reorganized into USDA's new Rural Development mission area.

Some of the civil rights-era cooperatives in the South did not sustain over the long-run, in part due to weaknesses in management and record-keeping (Marshall). While financial assistance was delivered during the startup phase of the co-ops, there was less delivery of technical assistance and cooperative education later in the life of the businesses, which was much needed to address the challenges of balancing business operations with member democratic control. The Federation of Southern Cooperatives was formed in 1967 to help start and sustain cooperatives. It is one of the earliest cooperative development centers to provide training and technical assistance for addressing the challenges of sustainability for small farmers and cooperatives.

Providing technical assistance

The largest resource in the federal government for cooperative technical assistance, education, and research is housed within USDA. In the 1960s, these services were provided by USDA's Farmer Cooperative Service (FCS). FCS had been spun off from the Banks for Cooperatives to be an agency of USDA in 1953. Its technical assistance and research work traditionally served established farmer cooperatives.

The War on Poverty influenced USDA's cooperative programs. FCS established a Cooperative Development

Division in 1967 that consulted with OEO on developing rural cooperatives (Rasmussen). The OEO did not consider establishing an agency similar to FCS for technical assistance to urban consumer and worker cooperatives. The relative lack of funding for technical assistance for starting cooperatives in low-income communities has limited their sustainability. (FCS was renamed the Agricultural Cooperative Service in 1980 and was the predecessor of the 1994 reorganization of Cooperative Programs in USDA Rural Development.)

Cooperatives = community

The War on Poverty oriented government policy to work through community-based organizations for delivering services to those who do not reap the benefits of general economic growth and prosperity. The cooperative business model was not neglected by OEO, but it was not regarded as a major strategy for reducing poverty, as was believed by the New Dealers.

In the decades after the OEO ended, cooperatives continued to have a limited role in government economic development policy. Possible explanations include the experience that cooperatives take more time to get organized than community planning groups. Furthermore, for quickly spurring economic activity, alternative business models with investor ownership may offer advantages in meeting time constraints.

The OEO strategy of partnership between the federal government and community development organizations to target economically depressed areas continues as the primary mechanism for delivering assistance, according to U.S. Agriculture Secretary Tom Vilsack. In addition, U.S. economic development strategy has incentivized corporations, banks and other financing entities to invest in impoverished communities with income tax credits and other programs to encourage private investment (Stevens). Some cooperatives have been financed with these incentive programs. But the application of cooperatives for strengthening the economies of communities is not a high priority strategy in federal government policy.

There are distinctive contributions from cooperatives for community development. More of the income from cooperatives stays in the communities where they operate, in contrast to businesses with ownership by outside investors. In addition, because they have strong ties to their communities, cooperatives do not relocate the business away from the membership base. Another advantage is the development of a wide range of skills and business know-how by cooperative members that is often more selectively available to hired employees in investor-owned firms.

Cooperatives in low-income communities face special challenges that can be remedied with a combination of public support to help finance start-up costs and technical assistance

continued on page 37



Top: U.S. Air Force Veteran James Marry, right, is among those watching a demonstration about grading sheep during the Service to Stewardship workshops and tours. Bottom: Red Devon cattle are the main breed of livestock at Lakota Ranch, the central location for the two-day event. The ranch is considered a model for an organic, grass-based beef operation.

For Farm

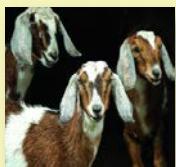
and Country



'Service to Stewardship' event opens doors for military veterans to raise heritage livestock breeds

By Dan Campbell, editor
Photos by Lance Cheung

Editor's note: In addition to taking photos for this article, USDA photographer Lance Cheung also conducted a number of interviews, upon which much of this article is based. Additional information was also drawn from subsequent interviews and the websites of some of the participants.



The experiences of military veterans can include everything from overhauling the engines on troop transports and tanks to driving entrenched insurgents down from a mountainside in Afghanistan. Regardless of the many thousands of different tasks they might have been assigned, their military years taught them at least one over-arching skill: how to make a total commitment to achieving a mission. Their success — sometimes a matter of life or death — often depended on their ingenuity, the ability to adapt to changing conditions and to overcome unforeseen obstacles.

In many respects, farmers and ranchers need these same skills. Successfully raising a crop or a herd of livestock requires a total commitment to the mission. And who, more than a farmer, knows about having to revert to “Plan B” when Mother Nature or the marketplace throws a wicked curve?

This convergence of skill sets is a primary reason that the Livestock Conservancy — a nonprofit organization dedicated to the conservation of endangered livestock breeds — has made a commitment to educating military veterans about the commercial opportunities of raising heritage livestock. Saving breeds such as Leicester Longwool sheep, Scottish Highland cattle, Buckeye chickens and any of nearly 200 other endangered breeds of livestock and poultry is the Conservancy’s mission (see sidebar, page 26).

Fifty six military veterans, other beginning farmers and workshop leaders gathered in May on the Lakota Ranch, near Remington, Va., for two days of demonstrations, hands-on workshops and tours of area farms. The goal of the “From Service to Stewardship” event is to help participants decide if raising heritage breeds of livestock and poultry could



Top: Jeff Adams, of Walnut Hill Farm at Elm Springs, shares his knowledge about the business of raising rare breeds of cattle. Below: Richard Larson, owner of Old Gjerpen Farm, discusses the basics of grading sheep and the benefits of showing them in competitions. Larson, who raises Milking Shorthorn cattle and Leicester Longwool sheep, is a two-time winner of the Supreme Champion Fleece award.

be their next great adventure. This is the third year the Livestock Conservancy has staged the event for veterans and other beginning farmers. It hopes to make it an annual event.

Ag co-ops — such as Culpeper (Virginia) Farmers’ Cooperative, Southern States Cooperative and Organic Valley — have helped to co-sponsor these gatherings. For co-ops, supporting such events not only shows their support for helping

military veterans transition into farming, but also underscores their commitment to maintaining the genetic diversity that heritage livestock breeds represent.

Cooperatives have long been active in hiring vets for jobs, finding that their varied experiences in uniform make them especially well-suited for jobs that entail interfacing with their producer-members. In recent years, this publication has included articles about the veteran-hiring programs of co-ops such as CHS Inc. and the Farm Credit System. Many other co-ops have similar veteran recruitment

and hiring programs. For its part, USDA has made a strong commitment to hiring veterans, and it supports reservists in the USDA workforce when they are called up for duty (see page 2).

Following are a few glimpses of some of the people — both beginning farmers and workshop instructors — who participated in the “From Service to Stewardship” event.

The joys of 'low-tech farming'

In these days of air-conditioned, satellite-guided combines, the harvesting method being demonstrated by Larry Cooper seems more akin to the Bronze Age than the Silicon Age. He is using a scythe to mow a field of grass. With each smooth, level swing, there is a whispered "swoosh" as 10-foot arcs of grass collapse in neatly shaven waves.

This simple, but elegant device "is one of the greatest tools ever invented," Cooper says, and it should not be confined to the trash bin of technological history.

Cooper makes his own scythes (he also sells them), ordering the blades from Italy. They aren't made in America any more, he notes. "Light as a feather and so sharp you could shave with it — every homestead should have one," says Cooper.

After working as a blacksmith for 30 years, Cooper decided to concentrate on toolmaking and producing more of his own food. One day, his gas-powered weed-eater died, which got him looking at other ways to manage the acre of grass around his place.

"In Wisconsin, you must keep your prairie grass cut," he says. So he scythed that acre of grass. Not long afterward, a prairie fire burned 40 acres of grass around his home. The house survived "because I had done my duty with my scythe."

Lesson learned: "Surely this must have been the way to manage grass before we had gasoline engines."

Cooper continued scything, but soon learned that his technique was "all wrong. I finally met a person who really knew how to

do it. I learned a lot and took it from there."

The slow rate of progress mowing by yourself with a scythe can be a little discouraging, he admits. Scything is best done in group, anywhere from 3 to 12 people, Cooper says. With "several people in echelon cutting in 10-foot arcs, you can clear a field in no time."

While many conference-goers are fascinated by his demonstration, even if only as a backup option, others are skeptical that this is something they would ever try on any kind of scale. "I'm sorry, but there is no way I am going to mow 100 acres of hay with a scythe," one man says later in the day. ■



Larry Cooper

Genetic conservation requires tough decisions

"People talk about breed and livestock conservation, but I prefer to talk about genetic conservation," says Richard Larson during his workshop on raising Leicester Longwool sheep.

It is all well and good for a farmer to raise heritage breeds to help preserve them, "but if you are doing it in an uninformed way, making bad decisions or not making tough decisions [such as when to cull an animal], ultimately you are hurting that breed. Someday, you will have changed the breed in a way that is undesirable," Larson says. "You must be able to identify desirable traits and make tough decisions, otherwise you are not helping to preserve rare breeds."

The overall purpose of this workshop, he explains, "is to give people without much experience working with sheep a base of knowledge needed when making decisions on what breed of sheep they want to raise." The initial purchase of animals that will become the foundation of a flock is the most important decision a farmer will make, he stresses.

Many people involved in breed conservation discourage showing the animals in competitions, their thinking being that you then begin to breed only for show traits. Larson disagrees, finding great value in getting the independent, expert assessment of livestock judges.

Larson maintains four bloodlines of Leicester Longwools on his farm, which he maintains in a "closed

Opting out of 'corporate life'

When he left the U.S. Marine Corps, Wes Rosson tried to make the transition to "working in the corporate world." But he soon learned that manning a desk for corporate America wasn't where his head or heart was at.

After leaving the service, "I went the opposite way from farming. But I realized all of that was completely wrong for me. It was not the future I wanted," Rosson recalls. The life that attracted both him and his wife, Monique, was small-scale farming and becoming self-sufficient in raising most of their own food.

They now have land near Gum Springs, Va., about 30 minutes west of Richmond, where Monique cares for a flock of laying hens. "They are a lot more work than I ever expected," says Monique, who is planning to soon quit her off-farm job as a baker so that she can better focus on caring for the hens and the gardens they have planted.

Their 10 acres of land is mostly wooded, but Wes is working weekends to clear some of it to create more gardens and a pasture where they plan to raise a yet-to-be-determined heritage breed of livestock. Hence, they say the Livestock Conservancy workshops were made to order for them.

"We are learning more about getting started with livestock — what breeds should we raise? We want to find out all the ins and outs before we head down the



Wes & Monique Rosson

road, then find out things we shouldn't have done, or should have done," Wes says. He is still working off-farm to pay for the land and health insurance and will continue to do so for the foreseeable future.

Farming is hard work, the Rossongs say. "But we would rather put the work in on our own home and business than for a corporate-type future," Wes says. "We hope to have kids soon, and plan to home-school them. We want to build a home where our family can live and be self-sufficient."

The Rossongs believe their skills and personalities will complement each other well on the farm. "I'm a very Type A, very organized person while she is a bit more of a Type B, very creative person."

Wes sees his Marine experience as converting well to farming. "In military service, you learn to pursue your mission...and to stick to it when things get hard. You have to figure out what the obstacles are to achieving your goal, then do whatever it takes to achieve your objective."

"The military teaches you teamwork and comradery and that each of us have inherent strengths and weaknesses," he continues. "The mark of a good leader is to understand them and put them to work to achieve the common objective." ■



Richard Larson

flock" and uses a "line-breeding" system. "We don't have to bring in rams — our flock has been closed for 15 years," he says.

Line breeding, Larson explains, is basically inbreeding. "The difference is that line breeding is an informed process. Inbreeding is haphazard — an 'I don't know what I am doing' practice. If you are going to line breed, you must be knowledgeable about the genetics and be prepared to make difficult decisions."

"How do you assess quality if you are new to sheep or to the breed? Reputation of the seller is one way. Ask for references. Look at production records. Talk to other breeders. Select livestock that is suitable to your land. How will you feed them? Do you have enough pasture and water?" These are just a few of the key questions you must answer before getting started.

Another key is to find a skilled veterinarian, Larson says. "I can't over-estimate how important vets are — not all vets are the same." ■

Ranch work helps veterans

Elise Gibson and Lydia Barr work on the Mill Swamp Indian Horses ranch, a nonprofit breed-conservation program near Smithfield, Va. The ranch is working to prevent the extinction of the Corolla Spanish Mustang, which its website says is “perhaps the oldest and rarest distinct genetic grouping of American horses,” as well as other endangered early horse breeds of the Americas.

In their work on the ranch, Barr and Gibson often interact with military veterans from a nearby V.A. hospital who may have suffered some type of trauma. The ranch has “a strong emphasis on working with service members,” Barr says.

While the program for vets is technically not a rehabilitation program, it is part of a post-traumatic stress disorder (PTSD) program, Barr explains. The vets come to the ranch to work with the horses for a series of sessions.

There is also a program that works in a similar way with foster children and troubled youth. “Horses can really affect them — help them understand how to trust and reconnect in ways that they wouldn’t be able to understand from another human,” Barr says.

“They learn to accept responsibility for things,” Gibson adds.

Because of these experiences, Barr says she will “always be

looking for ways to use animals to help people.” She has interned on an organic farm in Maryland, where she gained experience working with all types of farm animals. She has also volunteered at the zoo in Norfolk, Va., and currently raises her own meat rabbits. “I’m very interested in animals and how to take care of them in a sustainable way.”

The tours, workshops and networking has greatly expanded their understanding of multiple-animal, rotational grazing systems, Gibson and Barr say. “It does not necessarily make me want to own a farm, because that can be pretty stressful,” Gibson says. “There is lot of pressure when you have a lot of money invested in something that could go terribly wrong.”

But the experience has added to Gibson’s desire to work on a farm, possibly as the “top hand” so that she could still “have an impact” on how food is produced, she says.

“My brother and his wife farm in Minnesota, where they rent land in exchange for providing the landowner with fresh produce, eggs and meat,” Barr says. “They get to manage the land however they want.” Such arrangements, she notes, are becoming increasingly common. “That is probably more the direction I would go.” ■



What's in a name?

Leading a tour of Hock-Newberry Farm, near Marshall, Va., Erica Govednik is discussing how she manages the farm's forest-raised, American Guinea Hogs. She also has a Nubian dairy goat herd and free-range chickens.

The 25-acre farm, about an hour west of Washington, D.C., benefits weekly from the help of a couple of volunteers who exchange work for fresh pork and chicken, as well as the chance to learn skills they hope to one day employ on their own farm.

Asked if she needs more volunteer help, Govednik says, "Yes, I have pigs I need to castrate — want to help?" The ensuing laughter all around indicates that this might not be a job for a beginner.

But there are plenty of less demanding jobs, and she says farm volunteers are indeed most welcome. "We like folks to come and learn. Most of the time, I will put you right to work because I don't have time to stand around talking without also getting work done."

Govednik served in the U.S. Coast Guard for a little more than 10 years, leaving the service in 2010, although she is still a Reservist.

Asked how the farm got its name, Govednik tells of her childhood in rural California. When she was 8, her family was living in Los Angeles, but her parents hated city life, and they wanted to escape it.

Opportunity knocked in the form of a friend of her father who had a business importing goats and who had decided to also try importing ostriches. He knew that her father was good with computers and knew something about incubators. Soon, the family had left LA behind and was raising ostriches and pygmy goats



on a farm in the arid country near Newberry Springs, Calif., east of Barstow.

Govednik began campaigning to convince her parents to get her a horse. To see how committed she was to caring for a large animal, her parents "sent me down the road to a farm [Hock-Newberry Farm] where this older man had horses."

Lester Hock ran a quarter horse-breeding ranch and knew his trade well. At that time, Hock was about 85 and she was 11.

"He taught me how to ride horses, handle sheep and how to deal with animals of all shapes and sizes." Her parents were impressed by her ranch work, and on her 13th birthday she got a pair of mustang mares through the U.S. Bureau of Land Management's wild horse adoption program.

Hock passed away when she was 15. No one in his family wanted to take over

the farm. Showing how much she loved and respected the man who had taught her so much about horses and caring for farm animals, Govednik pedaled her bike down the road to the farm, took the big plywood sign with the farm name, strapped it on her back and rode home with it.

"When I have a farm of my own someday, this is going to be my farm's name," she promised. "So he lives on through what we do here every day."

Govednik urges those starting a farm to "pick a farm name that means something to you." A generic name, like "Green Pastures Farm" is not really going to mean much to anyone. Naming your farm should be like naming a child — this is my baby."

And she still has Lester Hock's farm sign. ■

From guiding missiles to herding sheep

Andrea Chandler, attending her second Livestock Conservancy conference for vets, spent nearly 10 years in the U.S. Navy, including duty onboard a destroyer, where she worked on the guided missile system. Living and working in such close quarters with 350 other sailors certainly teaches one the value, and necessity, of teamwork.

“Maybe you didn’t like all 350 of them, but you certainly took care of each other,” Chandler says. “Nobody gets left in a situation they can’t handle.”

After a decade of service, Chandler felt it was “time to fish or cut bait — to either get out or stay in and do my 20 years.” She decided to “move back into the civilian world,” where she took a job with a defense contractor, working on the same guided missile system she had helped to operate on the ship.

From there, she decided to move into small-scale agriculture, and now has a small flock of (primarily) British Soay sheep. Chandler markets their wool and “sends the occasional animal to slaughter.” She plans to expand the flock, but finds the thought “a little scary.”

Chandler describes her farm as a “one-and-a-half-person operation” in which she oversees the animal husbandry while her husband helps with the heavy labor, when not engaged in his off-farm job — which makes

sure they have the income “needed to pay for the mortgage and for health insurance.”

That’s a fairly common arrangement for many of the participants, whether already raising heritage breeds or getting ready; for them the livestock will, at least initially, be a secondary source of income. The farm lifestyle (some refer to themselves as “homesteaders”) is more the driving force than is the chance of getting rich from livestock.

While some aspects of military experience are invaluable to farming, Chandler says she also has “had to learn to let go” of some of her Navy experience.

“In the military, we like to plan a lot. We joke in the Navy about the plan for the day being the point of standard deviation. So you have an idea of what you are going to do that day, but often it does not work out that way.”

Likewise, her sheep often confound her expectations. It turns out her sheep “did not read the same book on sheep [rearing] that I had,” she jokes. “Sometimes, I have had to let the sheep teach me, and to just have a broad idea of what I need to do that day.”

“It is wonderful to meet other veterans who are interested in ag. I’ve had a lot of help in getting started, and maybe I can give other beginning farmers a hand up — things like finding breeding stock. Like in the military, we have each other’s backs.” ■



Why save endangered livestock breeds?

Why is it important to save endangered breeds of livestock and poultry?

Because rare breeds have genetic traits not found in commercial livestock breeds, which may be needed to ensure biodiversity for future generations, says Alison Martin, executive director of the Livestock Conservancy, headquartered in Pittsboro, N.C.

“It’s like maintaining a stock portfolio — you don’t want to put all of your investments in one or two stocks,” adds Jeannette Beranger, the Conservancy’s research and technical programs manager. “For example, with cattle, we’ve become very dependent on Hereford and Angus for beef, and Holstein for dairy.” Very few cattle breeds, such

as these, account for the vast majority of cattle in North America.

“Over the years, we’ve bred the best to the best to the best, so they are all related to each other,” she continues. But problems “creep in when you have a high degree of inbreeding.” The best way to deal with such problems is to sometimes bring in genetics from other, non-related breeds.

“Other breeds could have disease resistance, good feet or good mothering ability,” Beranger says. “It is important to everyone to keep these endangered breeds around. It is securing the future of American agriculture.”

“Some livestock — such as draft horses, lost their jobs to mechanization,” Martin says, adding that we may need

Editor’s note: Information for this article is excerpted and adapted from the Livestock Conservancy website and podcast.

Jeff Adams with Milking Shorthorn steers Chip and Dale. Opposite page: Andrea Chandler listens intently during a workshop on fleece quality for ideas she can try with her own sheep flock. The "Service to Stewardship" event was conducted by The Livestock Conservancy, Virginia Cooperative Extension and Lakota Ranch.



**"It is important to everyone to keep these endangered breeds around.
It is securing the future of American agriculture."**

draft horses again someday if we lose our supply of affordable oil.

Heritage breeds are also important culturally and historically. For example, the Marsh Tacky horse, a descendent of horses brought to America by Spanish explorers, played an important role in the American Revolution. Francis Marion (nicknamed the Swamp Fox) rode these horses when waging guerilla warfare against the British.

"It was the ultimate all-terrain vehicle for that low country," which the heavier British horses could not pursue through the swamps, Beranger says.

Rare livestock breeds can be useful for human medical research. The Ossabaw Island hog adapted to survival in periods of severe drought on its island home off the coast of Georgia. It developed a genetic condition that is

identical to diabetes in humans and has been used in university trials for new diabetes treatments.

Since its inception in 1977 (first as the American Minor Breeds Conservancy), the Livestock Conservancy has done research, education, outreach, marketing, promotion and genetic rescues. No breed on its Conservation Priority List has ever become extinct.

"Heritage" is largely a "term of art, not science," Martin says. The Conservancy is working to define "Heritage" for various species in order to codify the term in the marketplace. "Heritage" labels have not been officially recognized by the USDA certification process.

The Livestock Conservancy 2016 National Conference will be held Nov. 3-5 at Hampshire College in Amherst, Mass. For more information about the Conservancy, visit: <https://livestockconservancy.org/>. ■

Legal Corner

Mississippi's proposed general co-op law would "help people with a dream to embrace a different life"

By Meegan Moriarty
USDA Cooperative Programs

Cooperative Month — October — is around the corner, and cooperative supporters in Mississippi are gearing up for action that could expand the number and types of co-ops in the state. The Southern Grassroots Economies Project is spearheading an initiative to enact a Mississippi general purpose cooperative law. Supporters hope the proposed legislation and a coalition to support it will be ready by October. At a round table planning session in May, a group of cooperative supporters gathered in Jackson, Miss., to brainstorm on how to persuade stakeholders that a broad cooperative law is in their best interest.

Currently, Mississippi's cooperative legislation allows only agricultural and electric cooperatives, as well as credit unions. Melbah Smith, former executive director of the Mississippi Center for Cooperative Development and 2009 Cooperative Hall of Fame honoree (also featured in the May-June issue of *Rural Cooperatives*), has been trying for four years to get a comprehensive cooperative law enacted in Mississippi. Attendees at the planning session discussed lessons learned from successful legislative initiatives in West Virginia and Illinois. Elandria Williams, with the Highlander Research and Education Center, organized and facilitated the gathering.

Williams described West Virginia's recent legislative success in expanding the state's cooperative law. Lobbyists in West Virginia engaged in a thoughtful campaign where they studied the marketplace and contacted businesses to identify specific market gaps that cooperative businesses could fill.

For example, they explained how difficulties with getting food to urban areas can be solved using multi-stakeholder cooperatives, in which agricultural and non-agricultural members can be part of the business. Under prior West Virginia law, multi-stakeholder cooperatives were not possible. Williams said that organizations such as CoBank and Farm Credit System associations advised West Virginia policymakers about the business opportunities that would be facilitated by a broad cooperative law. These organizations were successful in using loan exemptions to finance urban cooperatives.

Reaching out to industry

Cooperative supporters also reached out to members of industries that West Virginia citizens care about, including woodworkers, furniture-makers, artists, crafts people, food and beverage providers and distributors, and individuals engaged in recycling, composting, and "re-purposing." To encourage industry support of the legislation, these industries were specifically enumerated in the legislative language that describes the purposes for which cooperatives are organized. Although West Virginia's law does not include language saying that a cooperative can be operated for "any lawful purpose," meeting attendees broadly agreed that this kind of language should also be included in the Mississippi proposal to facilitate the widest possible use of the cooperative law.

Tom Pierson, who chairs the Advocacy Committee of Cooperation Works (an organization for cooperative development practitioners), described lessons learned from lobbying for a general purpose cooperative law in Illinois. He encouraged the group to consult with supporters of agricultural interests and other cooperative groups to ensure that all interested parties are "informed and on board" with the changes.

Pierson said the first attempt to enact an Illinois general purpose cooperative law failed because bill supporters did not reach out to agricultural interests. Stakeholders were then invited to a council meeting held at a university to discuss the proposal; the co-op law then passed on the second attempt.

The Illinois cooperative law, as enacted, is based on the Ohio cooperative statute, with some changes made to accommodate local Illinois cooperative practice, Pierson said. The Mississippi group had drafted a bill, but plans to polish it, possibly by considering comprehensive statutes enacted in Wisconsin, Minnesota, Ohio, Illinois or other states with more sophisticated cooperative laws. The group also discussed the possibility of adding worker cooperative provisions.

The group identified interested parties to contact to try to form a coalition to support the proposed legislation. Possible supporters include church groups, the American Bar Association, agriculture and utility cooperatives, local banks and credit unions. Potential support could also come from the Rainbow Co-op (a Jackson, Miss., food

cooperative) and other established cooperatives, the Mississippi Council of Cooperatives, the Mississippi Black Caucus, Alcorn State University, grass roots organizations and regional planning authorities.

Gaining support from lenders

Smith noted that the American Bar Association has already shown support for cooperatives by sponsoring the drafting of the Uniform Limited Cooperative Association Act. According to Pierson, local banks could vouch for the financial viability and responsibility of cooperatives by telling legislators that co-ops are reliable, known for paying their bills on time and generally a “good risk” from a lending perspective.

The group also focused on best practices for promoting their agenda. Members cited “people power,” or the power of polite, persistent personal contact by interested parties,

legislature as a package with other similar legislation.

Smith agreed to continue to garner support for the legislation with elected and appointed government representatives. Myra Bryant, executive director the Mississippi field office of the Federation of Southern Cooperatives, agreed to gather cooperative members and enlist their help in contacting particular stakeholders and taking on roles in promoting the legislation.

Zippert and Pierson noted that a success in Mississippi is likely to lead to broader cooperative law in other states in the South. Legislative affairs people read about what other state councils have accomplished, Pierson said, and when a state has enacted particular legislation, other similar states want to “catch up.”

Toward the beginning of the meeting, Williams asked the group why they should work to pass a cooperative law. Many of the participants, including Pierson, cited the specific

Bryant said that a cooperative law would empower all residents of Mississippi. It would bring a better quality of life to people and provide them with access to capital.

including both elected and appointed officials. Other best practices discussed included the use of social media, testimonials, research and data. They noted the importance of crafting a uniform message and telling a simple story. The group also mentioned the persuasive power of bringing potential supporters on site visits to different types of cooperatives.

Lack of information and misperceptions about cooperatives are an obstacle to legislative enactment, Smith said. Some people erroneously believe that cooperatives are socialist — even communist — or that co-ops will open the door to unions. Others fear that cooperatives will cause a change in the status quo, resulting in a shifting of economic or political power. To those who fear cooperatives, Williams responded that cooperatives are about workforce and business development and economic opportunity. She advocated using research and data to prove the important economic role cooperatives play in many states.

Next steps

Smith and John Zippert, director of program operations for the Federation of Southern Cooperatives’ Rural Training and Research Center, said that a committee established by the Mississippi secretary of state evaluates legislation. If the committee approves the legislation, it is put forth to the

characteristics of cooperatives that are not present in other business entities: democratic member ownership and control; one member, one vote; economic autonomy and independence; and community development. Several participants, including Smith, discussed the value of the educational process involved in forming a cooperative.

Learning to work with others to cooperatively take care of each other’s economic well-being develops skills and leadership capabilities, Smith noted. Bryant said that a cooperative law would empower all residents of Mississippi. It would bring a better quality of life to people and provide them with access to capital. According to Bryant, a general cooperative law would “help people with a dream to embrace a different life.”

Other attendees at the meeting included Wendell Paris of the Federation of Southern Cooperative Development, Andrew Campbell of Cooperation Jackson and Samir Hazboun of the Highlander Research and Education Center. Also in attendance were Rachel Plattus and Eli Feghali, co-editors at Williams of Beautiful Solutions (an online platform that operates to share stories on systems change) and Earlene Wheeler (a Mississippi resident who is currently working with the Federation of Southern Co-ops to develop a cooperative). ■

Berry, Hollins win top co-op communications honors

Heather Berry, associate editor of *Rural Missouri* magazine, has been honored with the 2016 H.E. Klinefelter

Award for her achievements as a cooperative communicator. This is the highest honor bestowed by the Cooperative Communicators Association (CCA) to "recognize contributions in furthering the cooperative system and raising the standards of cooperative communications." *Rural Missouri* is the member publication of the Association of Missouri Electric Cooperatives.

CCA also honored Casey Hollins, communications specialist for Rappahannock Electric Cooperative in Fredericksburg, Va., with this year's Michael Graznak Award, signifying her status as one of the nation's top young cooperative communicators. The awards were presented during CCA's annual Cooperative Communications Institute in Omaha, Neb., in June.

Missouri's own Martha Stewart

Berry is an award-winning writer and photographer, as well as a social media expert. While she had no formal education in communications, "What she did have was a tremendous desire to contribute to the publication in ways other than what her [original] job description dictated," says Jim McCarty, longtime editor of *Rural Missouri*. "In her 27 years of service, she has put an indelible mark on the publication," which circulates 545,000 copies each month, making it the state's most widely read magazine.

Berry, an avid cook and "foodie," overhauled the magazine's *Rural Living* section, "making it her own," McCarty says. "No other section of *Rural Missouri* gets as many favorable



Heather Berry of *Rural Missouri* magazine, right, won the Klinefelter Award, while Casey Hollins, communications specialist with Rappahannock Electric Cooperative, won the Graznak Award during the 2016 Cooperative Communications Institute in Omaha, Neb. Photo by Greg Brooks, Walton EMC

comments as our recipe page." Indeed, he notes, some see her as Missouri's answer to Martha Stewart.

In 1992, Berry created "Buddy Bear," the character that appears on the magazine's "Just4Kids" page. She and others don a bear suit (that she designed) to appear at fairs, parades and annual meetings. Co-op employees use the coloring and comic books, backpacks and stuffed Buddy Bears that she designed to promote safety, energy efficiency and co-op education.

"An entire generation of young people has a positive impression of electric co-ops thanks to Heather and Buddy Bear," says Barry Hart, AMEC's executive vice president and CEO.

Berry has left a lasting legacy at CCA, first as a regional representative, then as board treasurer, secretary and vice president. She was president from 2000-2001. "Hallmarks of her presidency included building a more active website and offering more accessible, professional development

Editor's note: this article is excerpted and adapted from articles that originally appeared in CCA News.

programs," says Susie Bullock, former CCA executive director.

Keeping communications fresh

At Rappahannock Electric Cooperative, Hollins coordinates a comprehensive annual communications plan which includes not only traditional communications efforts, but also special projects and campaigns. She's involved in the cooperative's membership magazine, *REC Review*, the *Power Lines* employee newsletter, annual report, social media, print advertising, website, photography and videography.

From convincing management to give social media a try, then watching it grow exponentially, to putting on her boots and heading out into the field to find the right people to tell the right stories, she has a keen sense of what her audience wants and needs to hear.

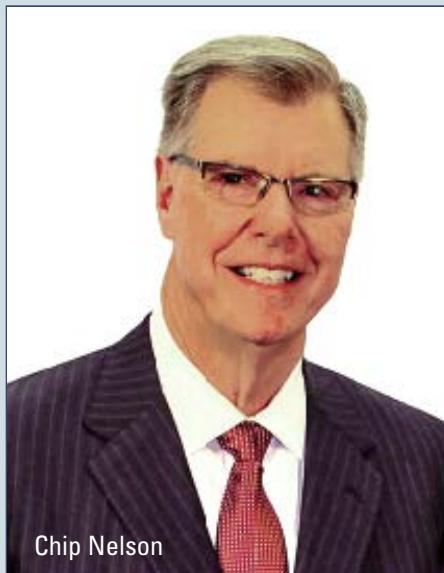
"Casey is doing a wonderful job at making her cooperative relevant and communicating with its membership on platforms that its members value," says Amber Sheridan of Maryland and Virginia Milk Producers. Hollins also serves as a director on the national Certified Cooperative Communicators board.

"When presented with opportunities to learn, she will take advantage of them to help her grow both personally and professionally," says Ann Lewis, the REC's director of communications and public relations.

"She is never content with recycling the same communication tactics," adds nominator Kevin Flores, vice president of Padilla CRT. "She understands the importance of keeping member communications fresh and relevant, and relentlessly strives to improve the effectiveness of her cooperative's communication with each campaign." ■

Cobb Electric's Chip Nelson named top CEO Communicator

Chip Nelson, CEO at Cobb Electric Membership Corporation, Marietta, Ga., is the recipient of the CEO Outstanding Communicator Award for 2016, presented by the Cooperative Communicator's Association. He was selected based on his unique brand of leadership, commitment to quality member service and "a management approach that places a premium on the importance of communication, from the board president to the night custodian."



Chip Nelson

Nelson took the reins at Cobb EMC in 2011 after the co-op experienced a profound transformation. There was a total turnover of its board of directors, and the co-op made only its sixth managerial change in its 75-year history. Though he had served the cooperative's 180,000 consumers in various capacities — including as chief operating officer — for more than four decades, Nelson heard an "unmistakable clarion call

for change resounding from the membership. He sensed that the best path to success was to make sure that active listening became a central component of the organization's corporate culture."

During the past five years, Nelson has created a productive working environment in which employees are encouraged to play a substantial role in determining the future course of the organization and how it succeeds in fulfilling its mission to deliver safe, reliable, competitively priced electricity to its members.

"Chip believes continuous improvement, open communication and engagement should be a part of our daily routine," says Angela Croce, Cobb EMC director of corporate communications. "And it's that attitude that helps us and our cooperative to remain accountable to our members for everything we do. Chip believes our job is to listen to our members and maintain true honesty with our members."

In the Spotlight

Todd Van Hoose: President and CEO, Farm Credit Council

As president and CEO of the Farm Credit Council since January 1, 2016, Van Hoose leads efforts to represent the Farm Credit System's interests before Congress, the Administration and various federal regulatory agencies. He previously worked for the council in a variety of roles before departing in 2008 as senior vice president for government affairs. Prior to his current role, Van Hoose served as senior vice president, government affairs, at CoBank, where he led the bank's Washington Office.

In addition to Van Hoose's more than 25 years of experience in the Farm Credit System, he has held positions in the U.S. Department of Agriculture and on Capitol Hill. He is a graduate of the University of Kentucky with a bachelor's degree in journalism and public relations.

Q: How has Farm Credit's mission changed since its founding a century ago?

Van Hoose: Farming and rural life have changed dramatically since Farm Credit was established 100 years ago, and we are constantly evaluating our programs to ensure we are able to serve the full breadth of rural capital needs. As American producers prepare to feed a planet of 9 billion people by 2050, significant capital will be needed to ensure that agriculture and the infrastructure it needs are up to the task.

Farm Credit's mission goes beyond agriculture to support rural communities — Farm Credit finances



companies that provide vital infrastructure to rural communities, helping bring clean water to families, reliable energy to farms and towns, and modern, high-speed telecommunications that connect rural America to the world. Modern infrastructure makes rural communities competitive, provides jobs and improves the quality of life for rural residents.

Rural communities and agriculture are at the heart of everything we do. With every loan made, we're committed to demonstrating our mission. We help these areas grow and thrive by financing vital rural infrastructure and communication services, and providing farmers and agribusinesses with the capital they need to succeed. Because a steady flow of credit means jobs and economic growth, Farm Credit also helps ensure the vibrancy of communities throughout rural America.

Q: How does the next year or two for U.S. agriculture look to Farm Credit?

Van Hoose: After years of strong performance, the agricultural economy now faces challenging times. Commodity prices have fallen while the cost of production remains high. Forecasters don't predict quick commodity price rebounds, barring unexpected changes in demand, supply or both.

Fortunately, farm balance sheets were mostly strong entering this cycle after several profitable years. Perhaps the best news is that interest rates remain historically low, providing financial flexibility for producers.

As did the producers we serve, Farm Credit anticipated the current cycle and built financial strength. Farm Credit finances are the strongest ever, and we're prepared to use that strength to fulfill our mission. We know our customers well, understand and respond to their needs, and work cooperatively with them to analyze and structure our transactions to maximize their success.

Q: How is Farm Credit working to help beginning farmers?

Van Hoose: As a cooperative, owned and governed by our customers, Farm Credit has an especially strong commitment to serving beginning and small farmers. Last year, Farm Credit made 80,000 loans totaling \$12.7 billion to beginning farmers. For every hour of every day in 2015, we averaged more than \$1 million in loans to beginning farmers. We increased lending to small farmers and, by year-end, more than half — some 500,000 — of our outstanding loans were to small producers.

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Co-op developments, coast to coast

Send co-op news items to: dan.campbell@wdc.USDA.gov

Co-op storytelling project begins

Cooperative Network, the regional co-op association serving Minnesota and Wisconsin, is embarking on a multimedia storytelling project with its member co-ops this summer to help amplify the cooperative business difference. The goal of the project, funded by the CHS Foundation, is to demonstrate the values and defining aspects of cooperatives through short-form stories.

Narratives are being collected from a combination of pieces already produced by cooperatives as well as new stories uncovered and told specifically for the project. Cooperative Network intern Erin Bormett, a University of Missouri photojournalism student, is identifying and collecting stories on the themes of community giving, education, sustainability, employment, co-op history, personal testimonials, and responding to community need. The goal is to work with cooperatives from across sectors.

Some of the stories that have already been collected include STAR Credit Union, the world's only youth-chartered credit union at the Madison, Wis., Boys and Girls Club; addressing racial and economic equity through community involvement at a new Seward Food Co-op location; and personal testimony from co-op employees that went from internships to full-time positions.

The stories will be featured on social media throughout the summer using the hashtag **#ourcooperativestory** and during National Co-op Month. A collection will be later catalogued online.



Member-residents of Becketwood Cooperative, a senior housing co-op in Minneapolis, Minn., share a song and a laugh. Photo by Steve Woit Photography, courtesy Cooperative Network

Census urged to include co-op query

The co-chairs of the House Co-op Caucus — Rep. Ed Royce of California and Rep. Mark Pocan of Wisconsin — are requesting that U.S. Commerce Secretary Penny Pritzker include a question about cooperative businesses in the 2017 Economic Census, which her office oversees. “Given the unique niche that cooperative businesses continue to fill in the U.S. economy, it is unfortunate that so little is known about where and how they operate and the economic impact they make,” the Congressmen write in their letter.

“Unlike the data-reporting agencies of many other countries, the U.S. Census Bureau no longer identifies the

cooperative business sector in any of its census or business reporting surveys,” they continue. “As a consequence, there is no readily available federally reported data on cooperatives in the United States (Editor’s note: USDA Cooperative Programs does conduct an annual survey of agricultural cooperatives, but does not survey other co-op sectors.)

Prior to 1997, the economic census survey had a checkbox for “cooperative” among the list of options for legal form of organization. But the co-op response was eliminated after that. The justification was that such information was available from the U.S. Internal Revenue Service (through an interagency data-sharing agreement). “Unfortunately, this data does not

identify cooperatives directly," Royce and Pocan note in their letter. Cooperatives can be found in U.S. Census Bureau data files, but because they are not identified as such, "any summary data produced by Census and reviewed by researchers likely underestimates cooperative economic activity to some degree," the Congressmen write.

"We believe it's in the best interest for Census to change data gathering in a way that enables more accurate and comprehensive identification of cooperatives directly. The next Economic Census in 2017 provides the perfect opportunity to again measure their impact nationwide. We support this work and ask that the Census Bureau coordinate with all stakeholders on this issue and work together with them on how to best ensure more data-driven information is readily available on cooperatives."

The letter goes on to say cooperative businesses are "a niche within the overall economy, but they are a well-established niche that accounts for a significant fraction of economic activity. Until there is a U.S. Census-based cooperative identifier, the identification of cooperatives in the U.S. will continue to have its challenges and the value they provide to the U.S. economy will not be fully quantified, understood, or appreciated."

Other signatories of the letter included Reps. Ron Kind (Wisconsin), Reid Ribble (Wisconsin), Walter B. Jones (North Carolina), Barbara Lee (California), Steve Stivers (Ohio), Bruce Westerman (Arkansas) and Robert A. Brady (Pennsylvania).

Montana co-op ag retailers merging

The producer boards of two locally governed CHS ag retailers — CHS Mountain West Co-op and CHS Kalispell — have agreed to merge to better serve the needs of farmers, ranchers and other customers in western Montana. "Both of our businesses are financially strong, and

coming together will allow us to put the appropriate level of resources into programs and services that help our customers grow their operations," says Douglas W. Manning, board chairman of CHS Kalispell.

"Our combined size and scope will enhance our leverage with chemical manufacturers and strengthen our risk management of market positions, among other advantages," says Brien Weber, board chair of Mountain West Co-op. "Together, we'll be able to reach efficiencies that we could not achieve individually."

Pending due diligence, the co-ops expect to begin operating as one business, under the name CHS Mountain West Co-op, on Sept. 1. The boards have appointed Chuck Thompson as general manager and Mark Lalum as assistant general manager for the new business. As full-service ag retailers, the two co-ops currently serve farmers, ranchers and other customers in 10 counties across Montana, from the Canadian border to Idaho.

New taxi co-op to serve Colorado

Colorado's Public Utilities Commission (PUC) has given unanimous approval to the 800-member Green Taxi Cooperative's application to serve seven metro Denver counties, according to a news item posted on the www.CompleteColorado.com website. The co-op began operations the evening of July 4, when it offered free rides for four hours. Green Taxi is the first company to start under a 2015 state law that created more liberal taxi regulations.

About 50 of the co-op's drivers, many of them immigrants, packed the PUC hearing room when the application was considered, according to *CompleteColorado*. Most of the members have been driving either for traditional taxi companies or newer, platform-based companies, such as Uber and Lyft. Green Taxi Co-op will be the largest taxi co-op in the nation,

according to its attorney, Jason Wiener.

Halverson to succeed Engel as CoBank CEO

Tom Halverson has been named as CoBank's new chief executive officer, effective Jan. 1. Halverson is currently CoBank's chief banking officer. He will



Tom Halverson

succeed current CEO Bob Engel, who has served as CEO since 2006. Engel had previously announced plans to leave the post at the end of this year, when he will move into a strategic advisory role for the bank.

"Tom is extremely well qualified to lead CoBank forward due to his many years of experience in the banking industry and his deep understanding of our business and the needs of customers in the industries we serve," says Everett Dobrinski, CoBank board chairman.

Halverson joined CoBank in 2013 and has responsibility for banking groups serving agribusiness, communications, power and project finance customers. He is a member of the bank's Management Executive Committee and serves as vice chairman and director of the bank's leasing subsidiary.

Previously, Halverson spent more than 16 years in a variety of executive positions with Goldman Sachs, including managing director and chief

International Forum on Co-op Law in Uruguay Nov. 16

The first International Forum on Cooperative Law will be held Nov. 16-18 in Montevideo, Uruguay. The event is being planned by the Co-operative Law Committee (CLC) of the International Co-operative Alliance (Alliance), in collaboration with the CLC of Cooperatives of the Americas. The event will coincide with the Continental Congress on Co-operative Law.

The forum will take stock of initiatives related to knowledge of cooperative law and explore how cooperative law can respond to 21st century economic and social challenges.

For more information, visit: <http://ica.coop/node/13010>, or e-mail: hagen.henry@helsinki.fi.

of staff for Goldman Sachs Bank USA, head of credit risk management for Goldman Sachs in Asia (ex-Japan) and executive director of credit risk management and advisory in London. Before joining Goldman Sachs, he served as principal credit officer for country risk at the European Bank for Reconstruction and Development.

Halverson holds a bachelor's degree from Wabash College and a doctorate in war studies from King's College London.

"We will continue to fulfill our mission of service to rural America by focusing on building the financial strength and flexibility of the bank, creating an exceptional experience for our customers, and attracting an outstanding team of people who can deliver on our value proposition," Halverson says.

CoBank is a \$118-billion cooperative bank serving vital industries across rural America. Halverson will be the fourth CEO in the history of CoBank, which was formed in 1989 through a merger of 11 Banks for Cooperatives.

Lower grain prices drive Kansas mergers

Members of Andale Farmers Co-op, Andale, Kan., voted in December to merge with Kanza Co-op, Iuka, Kan. Members of Farmers Cooperative Elevator in Garden Plain are also

expected to soon vote on a proposed merger with co-ops in Anthony and Kiowa.

Lower commodity prices and the impact on farm incomes is helping to drive mergers, according to an article in the *Wichita Eagle*. The number of co-ops in Kansas has fallen from about 350 in 1950 to about 80 today, according to Brian Briggeman, a professor at Kansas State University. The newspaper cites USDA estimates that net farm income nationwide is expected to be down 56 percent from the 2013 peak.

The merger of Andale Farmers Co-op and Kanza Co-op creates a business with about \$270 million in gross sales and a net profit of \$8.6 million, according to the *St. John News*. It will offer grain and crop production services and fuel and farm supplies.

"It is important that our cooperatives grow in size and scale to effectively continue to serve our members to be able to supply them with the products, services, and risk management tools that today's producer expects and deserves," Earl Wetta, board chairman of Andale, and Mike Christie, board chairman of Kanza, said in a joint statement.

Cranberry lawsuit denied class action status

A group of cranberry farmers who filed a lawsuit accusing the Ocean Spray

cooperative of manipulating prices has been denied class action status by U.S. District Judge Rya Zobel, in Boston, Mass., according to an article in the *Capital Press* newspaper. The ruling is a major blow to the case, according to Maria Glover, a law professor at Georgetown University who specializes in class actions.

In 2012, several cranberry farmers filed a complaint claiming that Ocean Spray violated federal antitrust law by driving down the price paid for cranberries produced by certain growers.

The plaintiffs have remained anonymous, due to their fears of retaliation, according to the *Capital Press*.

According to the lawsuit, Ocean Spray was using a two-pool payment system to artificially depress prices for juice concentrate, setting low opening prices that restricted bidder participation. Ocean Spray denies the allegation.

DFA to expand Michigan plant

Dairy Farmers of America has announced plans to expand its 33,000-square-foot Cass City, Mich., facility. The plant, constructed in 2013, currently processes up to 3 million pounds of milk into cream, condensed whole milk and condensed skim milk.

"When we made the initial investment in the Cass City plant, we were already considering its expansion," says Greg Wickham, DFA's chief financial officer. "The time is right for this continued investment, as Michigan's milk supply continues to grow, but the processing capacity within the region has not kept pace. The plant's location makes it ideal to provide both domestic and global customers with safe, high-quality dairy ingredients."

Cooperative leaders are continuing to finalize details of the expansion and are working closely with local and state agencies on appropriate incentives. The plant reflects DFA's focus on sustainability, being designed to recover and re-use water in plant clean-up operations.

Michigan Sugar consolidates offices

Michigan Sugar Co. has moved its corporate offices into Bay City's uptown area as part of an ongoing commitment to invest in the community. The new offices will house more than 60 full-time corporate and management employees who previously worked in offices at multiple area locations.

The company is a cooperative owned by sugar beet growers that makes Pioneer and Big Chief brand sugars. It was founded in Bay City more than a century ago. Across the region, Michigan Sugar has nearly 1,000 full-time employees and more than 1,000 seasonal workers.

Former MMPA President Elwood Kirkpatrick dies

Dairy industry leader and former Michigan Milk Producers Association (MMPA) President Elwood Kirkpatrick died May 16 at age 79. Kirkpatrick



served the dairy industry for over 28 years in various leadership positions, including 26 years as president of MMPA. Throughout his presidency, Kirkpatrick served the cooperative and dairy industry on both state and national levels through his involvement in a number of agriculture and dairy related organizations.

International Co-op Summit to be held Oct. 11 in Quebec

The International Summit of Cooperatives will be held in Quebec, Canada, Oct. 11-13. Among the featured speakers will be Navi Radjou and Jeremy Rifkin.

Radjou is a strategic consultant, based in Palo Alto, Calif., who is a fellow at Cambridge Judge Business School and a contributor to the Harvard Business Review. His topic is: "Frugal Innovation: How to Do More with Less." Inspired by affordable solutions found by entrepreneurs from emerging countries, he will explore the possibilities offered by this approach for Western countries, particularly for cooperatives.

Rifkin is an essayist and president of the Foundation on Economic Trends, based in Bethesda, Md. His talk, "Towards a New Economic Model," will propose new growth strategies to mitigate the limitations of the traditional capitalist system.

For more information, visit: www.intlsummit.coop.

In related news, the International Cooperative Alliance (ICA) has released "Sustainability Reporting for Co-operatives: A Guidebook." It builds on ICA's "Sustainability Scan" and "Co-operative Growth for the 21st Century" reports. The report is online at: <https://ica.coop/en/media/library/publications/sustainability-reporting-co-operatives-guidebook>.

When elected to the MMPA board in 1979, his aptitude for finance quickly earned him the respect of fellow board members. He was elected as co-op president in 1981, a position he held until he retired in 2007.

"The dairy industry lost a great leader. Elwood Kirkpatrick made a tremendous impact on the dairy industry on both the state and national level," MMPA President Ken Nobis says. "He played an important role in shaping today's dairy industry, and his vision will live on."

On the national level, Kirkpatrick served on the executive committee of the National Milk Producers Federation (NMPF) for 23 years, including serving as NMPF vice president from 1983-2003.

In the late 1980s, he helped lead the charge to unify the promotion and marketing efforts of the U.S. dairy industry, bringing together the activities of the United Dairy Industry Association and the National Dairy Board through the formation of Dairy Management Incorporated, creating greater efficiencies in the national dairy

promotion program.

Kirkpatrick served as first chairman of the U.S. Dairy Export Council, which helped to expand dairy exports from less than 3 percent of annual U.S. milk production at its inception to more than 15 percent today.

Three co-ops study joint ownership of Michigan cheese plant

Three farmer-owned dairy cooperatives are exploring joint ownership and operation of a major new cheese processing plant in Michigan. The cooperatives — Foremost Farms USA, Dairy Farmers of America (DFA) and Michigan Milk Producers Association (MMPA) — all have farmer-members in Michigan.

The plant would produce 220 million pounds of American-style cheese annually. The co-ops say the idea is driven by the growing milk supply in Michigan, the lack of available processing capacity within the region, desire for improved market accessibility and transportation benefits.

"Michigan dairy producers own

some of the most progressive and efficient dairy operations in the world, and they have positioned themselves to be a long-term supplier to domestic and global markets,” explains Michael Doyle, president and CEO of Foremost Farms.

Greg Wickham, DFA chief financial officer, says that “Strategically, Michigan is well situated geographically to serve not only major U.S. markets, but also global markets. In addition to the quality milk supply in the region, it has a solid transportation infrastructure, one well served by major highways and various ports.”

“Working collaboratively helps enhance our ability to better serve dairy producers in this region and align the marketing strengths of our organizations together,” adds Joe Diglio, general manager of MMPA.

Stocksy doubles revenue in 2015

Stocksy United — an artist-owned stock photo/image cooperative founded

in 2012 to promote fair pay to its contributing artists — doubled its revenue in 2015 to \$7.9 million. It paid out more than \$4.3 million in royalties to artists last year and paid its first dividends of \$200,000 to member-artists.

“Our member-artists are invested in the company’s growth and are paid equitably so they can spend more on photo shoots, making the Stocksy collection uniquely vibrant and current,” says Brianna Wettlaufer, CEO of Stocksy. The co-op was founded on the principles of equality, respect, and fair distribution of profits. Contributing photographers receive 50 percent of a standard license purchase (ranging from \$15-\$125) and 75 percent of an extended license (\$100-\$500), one of the highest royalties in the industry.

Although Stocksy grew exponentially in several countries in 2015, it added just 174 new artists, passing over nearly 3,000 applications, bringing its current artist-member total to just over 900. The co-op has set a membership cap at 1,000.

Stocksy “hand selects” all new artist-members. Candidates are interviewed to ensure they understand the co-op business model and their ability to contribute fresh, modern imagery.

Farmer Co-op Conference Nov. 2-4 in Minneapolis

The 19th annual Farmer Cooperative Conference will be held Nov. 2-4 in Minneapolis. The conference, conducted by the University of Wisconsin Center for Cooperatives, highlights the latest strategic thinking on current cooperative issues and trends. This year, conference speakers will address trends in the agricultural economy, cyber security and big data, and mergers, among others.

The conference will be held at the Radisson Blue in downtown Minneapolis. For more information and to register, visit: www.farmercoops.uwcc.wisc.edu/, or contact: info@uwcc.wisc.edu, or (608) 262-3251. ■

Co-ops and Community Development Efforts

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that includes business training and cooperative education. This type of assistance would provide lasting benefits and economic growth.

Interagency Working Group on Cooperatives

In October 2015, the Interagency Working Group on Cooperatives convened its first meeting to share information on programs that support cooperatives throughout the federal government. With a third meeting hosted by the White House Domestic Policy Council on May 5, 2016, there are signs of more understanding of the cooperative model as a key to income growth in underserved communities.

The process of several agencies sharing information and experience will

increase awareness of the potential of cooperatives to improve our society. Hopefully, this brief review of how cooperatives were regarded and utilized during the War on Poverty, and the earlier article about the New Deal, will contribute historical perspective for the road ahead. ■

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Stronger Together

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In the 21st Century, MMPA has faced challenging economic times. Though farms were fewer than two decades earlier, milk production in Michigan was increasing every year. Expanding the capabilities and capacity again at the co-op's two member-owned plants promised the best return on investment.

A \$62-million expansion at the Ovid plant was completed in 2010. The expansion nearly doubled the plant's capacity and quickly proved its value. Three years after the expansion's completion, it had already generated a 150-percent return on investment. Modifications at the Constantine plant improved butter churning capacity, and a reverse osmosis system was installed through a strategic alliance with fellow dairy co-op Foremost Farms USA.

A century of progress

May 23, 2016, marked the 100th anniversary of the meeting called by some frustrated Livingston County dairymen who wanted more money for their milk. That founding day, hundreds of dairy farmers agreed on one simple principle: unifying was the best way to market their milk to the greatest advantage possible. Since then, the Michigan Milk Producers Association has survived and thrived throughout a century characterized by extraordinary progress.



This graphic shows how many gallons of milk the Michigan Milk Producers Assoc. is donating to a local food bank.

From a simple bargaining association with no assets, MMPA has grown to be the nation's 26th largest agricultural cooperative and the 10th largest dairy cooperative. Annual sales exceed \$1 billion, and members market more than 4.6 billion pounds of milk each year.

The cooperative's dairy farmer-owners care for cows and steward the land on more than 1,200 farms spread across Michigan, Indiana, Ohio and Wisconsin.

Though science and technology have significantly altered how milk is produced and dairy products are made, MMPA remains unaltered at its very core. Through good times and turbulent times, the cooperative spirit has endured as a testament to what can be achieved through loyalty and commitment.

In 2016, as in 1916, the belief that dairy producers can be stronger and achieve more by working together remains the solid foundation upon which MMPA stands firm. ■

In the Spotlight

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Farm Credit goes beyond lending to beginning farmers, offering incentives and education on topics such as intergenerational family farm transfer, risk management and effective business planning. We are engaged with the full spectrum of new entrants to agriculture, including organic, sustainable or local food-related operations, direct-to-retail and other emerging models. A constant supply of credit helps make agriculture a driving engine for the U.S. economy and enables U.S. farmers to feed the world.

Q: *In the last issue of this magazine, we ran some excerpts from Farm Credit's Fresh Perspectives 100 where you*

profile 100 people and organizations that are helping to strengthen agriculture and rural America. What was your overall goal for this project?

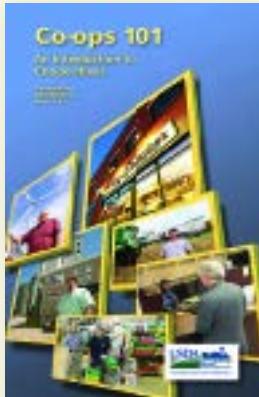
Van Hoose: In celebrating the contribution that Farm Credit has made to American agriculture during the past 100 years, we also wanted to look forward to the future — to those who are helping shape the future of agriculture by applying their fresh perspectives to current challenges and changing rural communities and agriculture for the better. The Fresh Perspectives 100 search was an opportunity to showcase the best and the brightest; it highlights the amazing degree of innovation and leadership that exists in rural America today. Whether that might be a college student finding ways to double crop in the Dakotas or producing crops that will be turned into bioenergy; a college

professor finding better ways to help farmers manage their risk exposure or a local meat processor creating new wholesale channels for farmers. The examples are inspiring; these are the types of people who will help ensure that the rural economy remains strong for many years to come.

We are happy that Farm Credit has been able to help many of these people achieve their goals. We thought the Fresh Perspectives 100 would be a great way to celebrate Farm Credit's 100th birthday by turning the spotlight on some of the people we are here to serve.

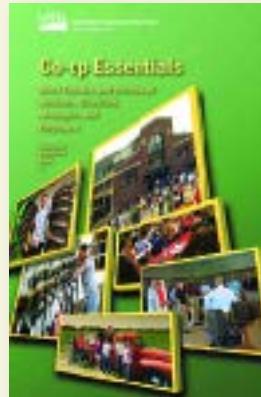
Editor's note: To see more of the stories surrounding the Farm Credit Fresh Perspectives program, visit www.farmcredit100.com/fresh-perspectives/honorees. For more information about Farm Credit, visit www.farmcreditnetwork.com. ■

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Co-ops 101: An Introduction to Cooperatives (CIR 55)

Probably the most widely read co-op primer in the nation, this report provides a bird's-eye view of the cooperative way of organizing and operating a business. Now in an attractive new, full-color format. Ideal for classroom use and member organization meetings.



Co-op Essentials (CIR 11)

A companion volume to Co-ops 101, this is an educational guide that teaches further basic information about cooperatives. It explains what cooperatives are, including their organizational and structural traits. It examines co-op business principles and the responsibilities and roles of cooperative members, directors, managers and employees.



Organizations Serving Cooperatives (July-Aug. '15 magazine)

This special issue of USDA's *Rural Cooperatives* magazine includes complete contact information for nearly 150 organizations that provide services to cooperatives, with detailed overviews of 52 of the larger organizations. Listings include co-op financial institutions, trade/legislative groups, co-op development and co-op education organizations, among others. A limited number of these back issues are still available.



Cooperative Statistics 2014 (SR-78)

Provides a vital window on the agricultural cooperative economy, based on a survey of 2,186 U.S. farmer, rancher and fishery cooperatives during calendar year 2014. It shows another record year for ag co-op business volume and net income (before taxes). It also includes a wealth of information about financial ratios and other performance data that co-ops can use as a yardstick to examine their own performance.

To order: USDA co-op publications are **free**, and available both in hard copy and on the Internet, unless "Web only" is indicated.

For hard copies: Please include the publication title and number, as well as the quantity needed. Send e-mail to: coopinfo@wdc.usda.gov, or call (202) 720-7395.

Send mail requests to: USDA Co-op Info., Stop 3254, 1400 Independence Ave. SW, Washington, D.C. 20250.

To download from the Web: Visit www.rd.usda.gov/publications/publications-cooperatives.



How to Start a Cooperative (CIR 7)

This long-time favorite has been freshened with updated editorial content and a new design. This guide outlines the process of organizing a cooperative business, including the necessary steps involved in taking the co-op from idea to launching pad.

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October is Cooperative Month

Get ideas on how your co-op can join the celebration at:
www.CoopMonth.coop (available in early August)