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Expanding Cooperatives in Nebraska

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Cornhusker Economics

Expanding Cooperatives in Nebraska

Nebraska has a history of cooperatives in agriculture. The most common types are agricultural marketing and supply cooperatives. The [Nebraska Cooperative Council](#) map highlights that there are over 400 cooperative locations in Nebraska. In addition to agricultural cooperatives, such as Ag Processing, Inc. and Producers Livestock Marketing Association, there are also cooperative credit unions and the Nebraska Rural Radio Association.

The Nebraska Cooperative Development Center (NCDC) has worked with a number of agricultural cooperatives such as the Nebraska Food Cooperative and Woody Florals. Since 2017, NCDC has been contacted by well over 30 communities interested in exploring a community supported grocery store and has been actively engaged in 12 rural grocery store transitions of which five formed as a cooperative. Four have formed in the last year. One of those cooperatives, The Valley Foods Cooperative in Lynch, Nebraska, opened on February 4, 2022. Dedication and willingness to use time and resources were critical for the Valley Foods Cooperative to achieve their vision. Quality of life was the community motivation. Without a grocery store, it is difficult to attract new residents and to have an elderly population remain in the community. To form the store, the community shared the risk and combined the various knowledge and skills of the members.

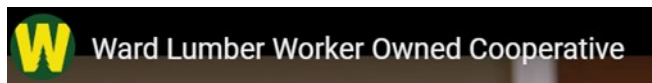


We are not just committed to our community of Lynch, NE - we are owned by it!

<https://www.valleyfoodscooperative.com/>

Why a worker cooperative?

The motivation to retain a business in a community is one of the reasons that a business may transition to a worker cooperative. Nebraska has excellent examples where businesses have transitioned as an ESOP (employee stock ownership plan). HyVee is one example of this with 45,000 employees. ESOPs address the ownership side of the equation – *they do not guarantee employee control over the company's operations.*



[Ward Lumber](#), with two locations in upper state New York (Jay – population 2500 and Malone, New – population 14,139), is one example where the owner selected the cooperative model as the appropriate business model. At the NCBA CLUSA Conference in 2021, Jay Ward, the owner shared his motivation for transitioning to a cooperative. Ward observed other lumber businesses being

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purchased by a larger business. The culture changed and employees lost jobs. In other cases, the store closed and was liquidated. He also knew that he did not have family members that wanted to maintain this fourth-generation business. Three years ago, he began working on the business transition and identified the cooperative model. The transition means that 50 families get to stay in the region and employees become owners with the opportunity to gain wealth. This transition was a very collaborative effort between multiple lenders, the owners, and the employees. More information is available in a [YouTube video](#) focused on the motivation and concept.

Any business can be formed as a worker-owned and worker-controlled business. According to the Democracy at Work Institute, the largest worker cooperative (Cooperative Home Care Associates) has over 2,500 members with the median size worker cooperative being six workers. Most have been organized in the service and retail sectors.

Forming a Worker Cooperative in Nebraska

Legally a worker cooperative can be formed in Nebraska. The first thing NCDC explored was whether existing Nebraska State Statutes allow for the formation of the worker cooperative. The statutes are flexible (Nebraska Revised Statute 21-1301). See the [Cooperative Grocery Store Legal Fact sheet](#) for more information on forming a cooperative or listen to the [Nebraska FARMcast on legal considerations](#).

There are not any worker cooperatives legally organized as a cooperative in Nebraska, although there may be businesses that have formed as an LLC following cooperative principles. During the last couple of years, NCDC has received numerous inquiries about forming worker cooperatives in Nebraska. These inquiries have included a hot cider business, daycare, transportation, and home health care from both urban and rural communities. To form each of these cooperatives, organizers will need to identify their vision and motivation to form the cooperative business structure. The dedication and commitment to work towards the vision together are critical as groups determine the appropriate risk, reasonable profits, how decisions are made, and more.

Building Awareness Cooperative Models

NCDC partnered with the Center for Rural Affairs in hosting a series of Facebook live sessions introducing various cooperative models entitled [Cooperatives: Building a Base for the Future](#). Homecare worker cooperatives was one of the topics explored due to the number of inquiries NCDC received related to eldercare. Deborah Craig with the Northwest Cooperative Development Center (NWCDC) joined this episode. Deborah has been assisting groups in forming home care worker cooperatives and

provided information on the motivation and value in this [segment](#). Motivation includes the aging population, closing long-term care facilities and demand for workers.

Homecare Worker Cooperative Academy Pilot Program

Beginning in May 2022, NCDC will be hosting a six-week pilot program in partnership with NWCDC. The six-week Homecare Worker Cooperative Academy Pilot program is designed to take caregivers through the cooperative development process. Interested caregivers across Nebraska are invited to participate. Funding for the academy is in part from a USDA SDGG grant opportunity focused on expanding worker cooperatives in Nebraska. For more information on the Homecare Worker Cooperative Academy pilot program contact Cynthia Houlden at choulden2@unl.edu or visit <https://ncdc.unl.edu/homecare-worker-cooperative-academy-pilot>.

NCDC believes that the cooperative business model has the power to increase the quality of life and economic vitality of rural Nebraska. Through its statewide efforts, NCDC assists groups and communities who are exploring a multi-owner effort or have formed a cooperative. NCDC guides the cooperative effort from visioning to implementation.

For more information, visit the NCDC website at <https://ncdc.unl.edu/>.

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