

# COOPERATION IN NEBRASKA

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## UNL ANNOUNCES COOPERATIVES CLASS



The University of Nebraska-Lincoln has announced a new course offering within the Agricultural Economics Department. Beginning the fall of 2014, UNL will offer a one-credit hour course titled "Role of Cooperatives in Agriculture."

The course will allow students to learn about farmer-owned and managed cooperatives, how ownership is different from other business models, how cooperatives are financed and managed, and career opportunities within cooperatives.

Attorney Rocky Weber with the Crosby Guenzel LLP law firm in Lincoln has been hired by UNL as an adjunct professor for the course.

As an addition to the course, UNL will also be offering a cooperative study tour and a cooperative internship program in 2015. Details of these two programs will be provided later this year.

The Council and UNL leaders have been in discussions over the past year to determine how we can incorporate cooperative principles into the UNL curriculum.

## STATE COOPERATIVE SPEAKING CONTEST



For the 64th consecutive year, the Council has provided support for the Nebraska FFA Association. In recent years, the Council has sponsored the FFA Cooperative Speaking Event that was held in conjunction with the State FFA Convention in Lincoln on April 9-11.

The contest is designed to allow students to research, prepare and deliver a 6-minute speech on any topic relating to cooperatives. This contest provides students the opportunity to learn more about cooperatives.

This year's winner (pictured at right) was Miles Stagemeyer of the O'Neil FFA Chapter. His speech is reprinted at right. Second place went to Brittany Hanzlik of Stuart and third place went to Kora Schott of Ravenna. Other medal recipients (in alphabetical order) were:

Gold: Caitlin Collins, Aurora; Tessa Hughes, West Point; Erica Lewis, Wisner-Pilger; Victoria Talcott, Palmyra; and Haley Zabel, Norris

Silver: Bailey Brown, West Central; Dominique Cook, Creighton; Hannah Jones, Cody-Kilgore; Hanna Hake, Leigh; Jennifer Knopik, Fullerton; Isabelle Ritz, Ord; Jill Rocheford, Howells-Dodge-Clarkson; and Tayler Walter, Perkins County

Bronze: Cheryl Aby, Alliance; Eric Bohoty, Seward; Corissa Brown, Hayes Center; Nathan Derr, Friend; Sarah Forbes, Southern Valley; Nathan Hendrickson, Shickley; Stephanie Sorensen, Plainview; and Alex Stocker, Northwest

## I BELONG

by Miles Stagemeyer,  
O'Neil FFA Chapter  
1st Place Winner - 2014  
Cooperative Speaking Contest

*I belong. I only need 10 bags of seed corn this year, but because I can purchase my seed with hundreds of farmers in the area, I have the purchasing*



*power to get better prices. I belong. I raised 450 bushels of soybeans this fall, but because I was able to sell them to an elevator only miles from my home, the beans could be loaded on a unit train, and reach a better market. I belong. Sure, I'm a small farmer – only 18 acres of dryland, but every dollar I spend helps me earn more in patronage dividends. I belong to a cooperative. No, I didn't sign up because all of the members are my friends or we wear blue corduroy jackets. I belong because cooperatives have a unique business structure that is time tested. My local cooperative, Central Valley Ag, is growing and working for me, and there are advantages for young farmers to join a coop.*

*"A cooperative," according to the Small Business Association, "is a business or organization owned by and operated for the benefit of those using its services." People have organized over*  
*(continued on page 2)*

## I BELONG

*(continued from page 1)*

47,000 cooperatives in the United States to provide them with goods and services in nearly every sector of our economy. Cooperatives may be organized in a number of ways and for many purposes. Common in agriculture, coops are also popular in healthcare, retail, and restaurant industries.

In many ways a cooperative is like any other business; but in other ways it's unique and different. The ownership and control of most business structures is related to the level of capital investment. Profits are returned to investor-owners based on the amount of their investment. For example, if I buy 100 shares in a typical business, my profit is based on those 100 shares. In contrast, a cooperative business is owned and democratically controlled by its members. Any profit is distributed to member patrons in proportion to their use, or "patronage," of the cooperative's services.

A cooperative business belongs to the people who use it—the same people who have organized it to provide themselves with the goods and services they need. These member-owners share equally in the control of their cooperative. They meet at regular intervals, hear detailed reports, and elect directors from among themselves. The directors, in turn, hire management to handle the day-to-day affairs of the cooperative. All profits left after bills are paid, except money set aside for operations and improvements, are returned to coop members in patronage dividends.

The first recognized cooperative business in the U.S. was a mutual fire insurance company, founded in 1752 by Benjamin Franklin, which continues to operate today. Soon after, agricultural cooperatives began organizing. Cooperatives in agriculture are commonly used to buy, sell, and service individual farm businesses. In this way, farmers and ranchers can come together to create more purchasing power

in the marketplace. Basically, it's the strength in numbers concept. Therefore, a small farmer, such as myself, can keep up with large scale competitors.

My local coop, Central Valley Ag, is growing and working for me. Located in central Nebraska, CVA has 34 locations, to serve over 10,000 farmers and ranchers. Twenty-one board of directors manage the coop and its 360 employees. In 2012, CVA had \$711 million in sales. CVA has three primary divisions – grain, agronomy, and feed. The feed division has five mills with several other locations providing bagged feed. On-farm consulting and ration balancing are available for cattle and swine producers. The CVA agronomy division has a lot to offer to big or small famers. Liquid and dry fertilizer, ag chemicals for corn, soybeans, and alfalfa, and seed can be purchased. Services include field application, crop scouting, and soil sampling. CVA's grain division provides storage along a railroad as well as staff to help farmers in marketing crops. In other words, CVA is big and is getting bigger.

This fall, Central Valley Ag, opened its newest facility, the Royal Hub. This location has grain storage and a state of the art dry and liquid fertilizer plant. I visited with Jeff Krebs, manager at the Royal Hub, and he felt the advantages of the new facility will be positive not only for the farmers, but also for the nearby communities. As farms grow, having the ability to unload grain quickly at harvest, load fertilizers and sprays in a safe and quick manner, and having more options for grain storage and delivery is important.

Besides new and bigger facilities, there are advantages for young farmers to join a coop. There are financial rewards. In addition to the patronage I receive for the amount of business done with the coop, Central Valley Ag also has a career investment patronage payback. According to Ron Crumly, farmer, rancher, and past member of the CVA board of directors,

the retirement payback is something to look forward to, even at my age. Current payback is made at 72 years of age, with the average payback being about \$55,000. What other store pays you a retirement bonus just for doing business? Becoming a member at a younger age helps me increase my lifetime earnings.

The biggest advantage stems from the cooperative principle that the business helps its members, not the investors. Central Valley Ag, for example is building new facilities and investing in technology. As a member, I have access to yield mapping data and variable rate application. A strong advocate of cooperatives, Ron Crumly continued to tell me how Central Valley Ag looks out for their members by trying to put the maximum amount of money back in their pockets. In contrast, Helena, a Japanese-owned agricultural company, looks to build profits for its owners.

The democratic organization of cooperatives is also appealing to younger farmers like myself. The U.S. Small Business Association informs us that the amount of a member's monetary investment in the cooperative doesn't affect the weight of each vote. This "one member-one vote" philosophy particularly appeals to smaller investors. My vote counts just as much as the 55 year-old mega-farmer.

I belong. I belong to FFA because of its leadership opportunities, to 4-H because of the educational activities, and my high school band because I gain an appreciation of music. I also belong to a cooperative because (1) cooperatives have a unique business structure that is time tested, (2) my local cooperative, Central Valley Ag, is growing and working for me, and (3) there are advantages for young farmers to join a coop. I am a member of a cooperative. Wouldn't you belong?

## 2014 LEGISLATIVE SESSION

The 2014 Legislature adjourned sine die on April 17, 2014. The session found the Council tracking 88 bills and resolutions that could impact cooperatives. A total of 185 bills became law.

The session was noted for significant debate on many issues with an unusually high number of filibusters used to influence the outcome. Water issues, Medicaid, and prison reform were among the issues that dominated much of the discussion. Full recaps of the issues affecting cooperatives were emailed out each week to members in the form of *Legislative Updates* with a total of 16 forwarded during the legislative session.

## COUNCIL EDUCATION PROGRAMS

The Council concluded educational programming for 2013/14 with a full complement of programs designed to meet the needs of local cooperative directors. Once again attendance was outstanding with 374 directors, managers, and staff representing 72% of the Council's member supply/marketing cooperatives attending at least one of the programs.

This attendance level is remarkable considering the merger activity that has taken place in the past few years. In fact, we would have to go back to the early 2000s to see this level of attendance.

Programs offered this year were the Director/Manager Workshop, Director Certification Program, Cooperative Issues Symposium, Cooperatives For Tomorrow Seminar, and Board Officer Seminar.

## CO-OPS 101

The Council is continuing to provide *Co-ops 101* presentations for ag students at community colleges and the Nebraska College of Technical Agriculture at Curtis. This program is funded by a grant from the CHS Foundation.

These one-hour presentations provide students with an understanding of how cooperatives differ from other business models and how the cooperative business model adds value for farmers and ranchers. Students also learn about career opportunities within the cooperative system.

This academic year, the Council provided 18 presentations to 273 ag students.

## THE COOPERATIVE PRINCIPLES:

- *Voluntary and Open Membership*
- *Democratic Member Control*
- *Member Economic Participation*
- *Autonomy and Independence*
- *Education, Training and Information*
- *Cooperation among Cooperatives*
- *Concern for Community*

*[Principals adopted by the International Cooperative Alliance in 1995]*



*Pictured above at the Director/Manager Workshop at Ogallala on December 11, 2013, Jeff Laker (standing), board member for South Dakota Wheat Growers, discusses cooperative strategic planning.*



*Tom Hermance from Farmers Cooperative-Dorchester speaks to a class at Central Community College-Hastings on March 13, 2014.*

## NCC MISSION STATEMENT

*To defend, protect and enhance the agricultural cooperative movement through pro-active programs in education, legislation, government affairs, communication, and regulatory issues.*