



# FACT SHEET ON NEBRASKA'S FARMER-OWNED COOPERATIVES

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Nebraska's farmer-owned cooperatives are a cornerstone of the agricultural economy in Nebraska. The following Fact Sheet on Nebraska's farmer-owned cooperatives illustrates the pervasive and profound impact that farmers, doing business on a "cooperative basis," have on our rural economy.

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Agricultural supply and grain marketing cooperatives are very important to Nebraska's economy, especially in rural areas of the state.

The following key facts give you an idea of the importance of cooperatives to rural communities and farmers across the state:

- ✧ There are currently **32** ag supply and marketing cooperatives that are members of the Nebraska Cooperative Council.
  - ◆ These **32** cooperatives are operating a total of **344** locations across the state providing much needed jobs and services in our most rural communities.
- ✧ These cooperatives employ over **5,600** individuals across the state.
  - ◆ The payroll of these cooperatives is over **\$305.8 million**.
- ✧ Over **54,300** farmers and ranchers are voting members of Nebraska cooperatives.
  - ◆ Many producers are members of more than one cooperative.
- ✧ In 2014/15, ag supply and marketing cooperatives generated net savings of over **\$154 million**. In addition, over **\$67.2 million** in patronage refunds were returned to members and over **\$26.4 million** was paid out in member equity/estate redemption. (This would include pay-outs for deceased and retired members.)

- ✧ Nebraska ag supply and marketing cooperatives invested over **\$212.7 million** in new facilities and equipment in 2014/15.
- ✧ These cooperatives paid over **\$13 million** in property taxes and over **\$7.7 million** in federal/state income taxes in 2014/15.

## SUMMARY

When considering these facts, it is important to realize that the vast majority of the salaries, taxes, and investment is being made in our state's most rural counties where few other businesses or individuals are investing.

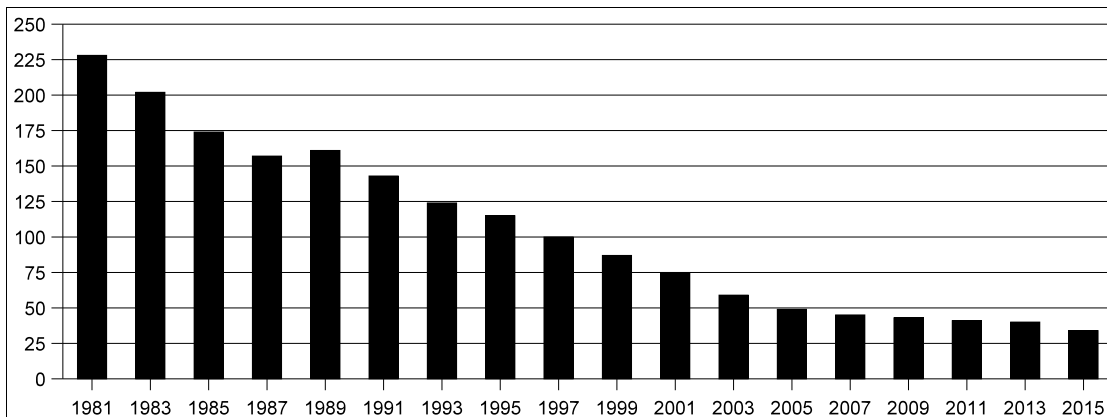
The Nebraska Bureau of Business Research estimates that a dollar turns over 1.8 times in our local economies. If we use that factor for salaries, we would see that the ultimate impact to Nebraska of salaries alone would be over **\$550.4 million**. We need to be reminded that the vast majority of these dollars flow into communities in the state with less than 10,000 residents.

(Source: Figures derived from September 2015 NCC Member Applications and current Nebraska cooperative statistics)

## COOPERATIVE CONVERGENCE

Over the past 30 years there have been significant changes in the cooperative structure in Nebraska. While cooperatives continue to maintain an important place in the market, the method that the farmer-owners have chosen to structure the cooperative is much different today.

The chart below shows Council membership dating back to 1980:



At first blush, the chart above may raise serious questions regarding the sustainability of the cooperative business model. However that is only half the story.

While the number of cooperatives has dropped dramatically due to the convergence of cooperatives, the footprint of the remaining cooperatives has grown exponentially. The chart below lists the total sales per cooperative for the current 32 members of the Council.

<u>Total Sales</u>	<u># of Co-ops</u>
\$1 billion and over.....	1
\$251 - \$999 million.....	7
\$101 - \$250 million.....	7
\$50 - \$100 million.....	6
Less than \$50 million.....	11

This chart shows that there is still a very diverse mix of cooperatives: from \$3 million to \$1 billion in total sales. So while some cooperatives have grown rapidly, others have chosen to remain the more traditional local cooperative.

All together cooperatives are operating 376 locations across the state. So while the number of “headquarter” cooperatives has changed greatly, the number of locations providing services and products to farmers and ranchers has probably actually increased in the past 30 years.