

## **A Unique Partnership**

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Agricultural cooperatives rapidly developed in the U.S. after the passage of the Capper Volstead Act. A 1924 USDA survey reported over 10,000 agricultural cooperatives. That period of cooperative formation coincided with the development of the Land Grant University System. At one time, many Land Grant Universities had cooperative specialists, often in Departments of Agricultural Economics. As agricultural cooperatives matured, they became larger and more diversified. The number of cooperative specialists at Land Grant Universities declined over time partially because it much more difficult to create the specialized research based information that was relevant to more sophisticated and diverse firms. Currently there are only a handful of Land Grant University faculty specializing in the cooperative business model and most of those are due to industry investment in endowed chairs.

While the number of agricultural cooperatives in the U.S. and the number of university cooperative specialist have both declined, an exciting and unique industry partnership continues. As part of that partnership, the National Council of Farmer Cooperatives met with our cooperative research group last spring. NCFC challenged us to develop research-based information to help cooperative leaders better understand the financial issues arising out of the 2017 Tax Reform and Jobs Act. Our group rose to the challenge and I developed a series of representative cooperatives and analyzed the alternatives for profit distribution and treatment of the Section 199A tax credit. That led to several national webinars, extension fact sheets, and most importantly, presentations at industry meetings across the U.S.

I am pleased to report that our academic group, which included myself and cooperative specialists from Kansas State University, University of Minnesota, Iowa State University, University of Nebraska and Texas A&M University, received an award from the American Agricultural Economics Association for the outstanding extension program of 2018. It was great to see the AAEA, the premier agricultural economics association in the U.S, recognize the importance of agricultural cooperatives. The award also celebrates the continuing partnership between the cooperative industry and the Land Grant University System. Numerous cooperatives and industry organizations cooperated with our research group by supplying data to build the representative cooperatives and by sponsoring presentations and webinars. The true payoff is the number of cooperatives that have reported that they have implemented improved strategies toward profit distribution and Section 199A.

Despite our best efforts, I am sure that there many managers and boards who could use more information as to how tax reform and Section 199A interacts with cooperative finance. If you would like more information, or your board would like a one-on-one presentation, let me know.

After all, “Duty to Educate” was one of the original Rochdale Cooperative Principles!