

## *Cooperatives in Your Community: A Curriculum for Young Adults*

**Barbara O'Neill**

Rutgers Cooperative Extension

### **Abstract**

Cooperatives are an important component of the U.S. economy, thereby providing products and services to consumers and agribusinesses as well as jobs for their employees. Yet, cooperatives are not well understood by many people, even those who belong to them. A cooperative (a.k.a., co-op) is a business or organization owned and operated by its members. Approximately one in three Americans has a co-op affiliation of some type. Members become part of a co-op by purchasing a required amount of shares (e.g., \$25 to open a credit union share account). *Cooperatives in Your Community*, a curriculum about cooperatives, was developed for high school students taking business, economics, and personal finance courses. It contains two lessons on *Consumer Cooperatives* and *Agricultural Cooperatives*. Each lesson includes features such as key concepts, links to content standards, teacher procedures, PowerPoint slides, and learning activities. The curriculum was peer reviewed by eight evaluators in the fall of 2013 and was being field-tested in winter/spring 2014 by ten teachers across the United States. Revisions will be made based on feedback, and the *Cooperatives in Your Community* curriculum will be available online in fall 2014 for free distribution to educators worldwide.

### **Keywords**

Cooperatives, co-ops, credit unions

### **Introduction**

Cooperatives are an important component of the U.S. economy thereby providing products and services to consumers and agribusinesses as well as jobs for their employees. Yet, they are not well understood by many people, even those who belong to them (Robb 2011). A cooperative (co-op) is a business or organization owned and operated by its members. While widespread in the agricultural industry sector, the largest numbers of co-ops involve consumer products and services, particularly financial services (credit unions) and power (electric co-ops) (Consumer Cooperatives 2012).

More than 100 million Americans (of about 314,000,000 in 2012) belong to cooperatives (Consumer Cooperatives n.d.). That translates to approximately one in three Americans having a co-op affiliation of some type. Members become part of a co-op by purchasing a required minimum amount of shares (e.g., \$25 to open a credit union share account) (Cooperative 2013).

This article begins with an introduction to the history and role of co-ops in the U.S. economy. Various types of consumer cooperatives are briefly discussed. It concludes with a description of a two-lesson curriculum, *Cooperatives in Your Community*, designed to teach high school students about the history, features, and types of consumer and agricultural cooperatives.

### **History and role of cooperatives**

Cooperatives can be found around the world and come in a variety of sizes from small store-front operations to large corporations. Ben Franklin is credited with forming America's first successful co-op in 1752 to provide fire insurance for homes (Consumer cooperatives n.d.; Thompson 2002). The modern cooperative business model is attributed to formation of the Rochdale Society of Equitable Partners in England in 1844. A set of organizing rules called the "Rochdale Principles" became the basis for how co-ops operate (McKee and Frederick 2012).

Co-ops follow a "one member–one vote" philosophy (Cooperative 2013). Each member has one vote (regardless of the dollar amount of shares purchased) at the co-op's annual business meeting so that members share equally in decision-making. Some co-ops have a work requirement for members, such as members of a food co-op running a cash register or stocking shelves. For other co-ops, service hours are not required and members' activities are limited to product use, attending the annual business meeting, or voting on business items.

Members of a co-op buy its products (e.g., food) or use its services (e.g., electricity) and share in profits generated by the co-op. The primary purpose of a co-op is provision of an affordable, high quality product or service. Co-ops exist to serve the needs of their member-owners and are governed by an elected board of directors who are generally chosen from among the co-op membership. Co-op boards then hire management and staff to run a co-op's day-to-day operations. Members can freely join or leave a co-op (e.g., when they move) without affecting its business operations.

Consumers may recognize some of the following co-ops from their advertisements: Ace Hardware (hardware stores), Nationwide Mutual Insurance Company (property insurance), Cabot Creamery (cheese), Land O'Lakes (butter), REI (sporting goods), and Sunkist Growers, Inc. (citrus fruit). For a list of cooperative enterprises worldwide, see [http://en.wikipedia.org/wiki/List\\_of\\_cooperatives](http://en.wikipedia.org/wiki/List_of_cooperatives).

### Types of consumer cooperatives

Cooperatives touch many aspects of Americans' lives, including housing, food, utilities (e.g., electric and telephone service), health care, child care, purchasing, and financial services such as depository accounts, loans, and insurance. Following is a brief description of common types of consumer cooperatives and the products and services that they provide to their members.

**Table 1.** Types of consumer cooperatives

Type of consumer cooperative	Description of consumer cooperative enterprise
Credit union	Credit unions offer a wide range of products including checking (share draft) and savings (share) accounts, certificates of deposit, and loans. They are a member-owned financial services cooperative. Members typically have a common bond such as a job, church, residency, or organizational affiliation.
Utility cooperative	Utility cooperatives exist to provide electrical and telephone service to their members, who often live in rural areas with sparse populations.
Housing cooperative	Housing co-ops provide members a place to live in exchange for purchase of shares of stock of a cooperative corporation. They are common in densely populated areas. Fees for maintenance of common areas are also charged. When members want to move, they sell their shares back to the co-op corporation.
Food cooperative	Food cooperatives distribute food to their members. They are common in large cities and college towns. Some food co-ops limit their product line to organic foods only, and members may need to provide service hours. Food is often purchased in large quantities and repackaged into smaller portions by members.
Child care cooperative	Child care co-ops are informal organizations of parents that take turns caring for each other's children according to pre-determined guidelines. They are common in local neighborhoods and small communities where families know one another. In effect, members barter child care services with one another.
Nursery school co-op	Nursery school co-ops are owned and operated by parents of children enrolled in the school. Parents determine school policies and provide services to the school such as staffing fundraising

	events, maintaining equipment, and serving as teacher's aides. Parental involvement reduces operating costs.
Health care cooperative	Health care cooperatives provide health care services for members with a focus on high quality care at the lowest cost. Some actually own health care facilities and employ doctors. Three service models exist: consumer-owned cooperatives, worker-owned cooperatives, and purchasing/shared services cooperatives where independent businesses band together (Health Care Cooperatives 2011).
Mutual insurance companies	Mutual insurance companies are owned by their policyholders. Profits earned in excess of operating costs and reserves are returned to policyholders in the form of dividends. Several dozen insurance companies, some with well-known names, operate in this fashion such as Mutual of Omaha, Liberty Mutual, and New York Life.
Mutual savings bank	Mutual savings banks are financial institutions owned by their account owners. Profits in excess of operating costs and reserves are returned to depositors. Originally designed to serve low-income consumers, many mutual savings banks have failed, merged, or been converted to stock-issuing commercial banks over time (Garman and Fogue 2008). Fewer than 600 mutual savings banks remain in existence (America's Mutual Savings Banks n.d.).
Wholesale distribution cooperative	This type of cooperative supplies products to member stores to leverage their buying power. The largest U.S. co-op of this type is Wakefern Food Corporation, which is owned by grocers that operate Shop Rite supermarkets in eight eastern states (Wakefern Food Corporation 2013). Wakefern supplies marketing support and groceries to member stores and is the fourth largest cooperative in the United States.
Buying co-op	Buying co-ops are organized groups that buy items in bulk, providing members with leverage to negotiate lower prices for goods and services and coordinate marketing efforts. Types of products purchased by buying co-ops vary widely and include sporting goods, coffins, pharmaceuticals, and office supplies (Buying Groups and Co-ops 2013).
Funeral co-op	Funeral co-ops provide their members with affordable final arrangements and the ability to shop for services (e.g., burial, cremation) without sales pressure.

College campus co-op	Campus co-ops typically provide services related to textbook sales, food, and housing for student members.
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### Cooperatives curriculum

With funding from the CHS Foundation, in cooperation with the Council on Food, Agricultural, and Resource Economics (C-FARE) and the Council for Economic Education (CEE), a two-lesson curriculum about cooperatives called *Cooperatives in Your Community* was developed for high school students taking business, economics, and personal finance courses. Most existing high school curricula developed to date about cooperatives target students taking agriculture-related courses. However, the *Cooperatives in Your Community* curriculum is broader and consists of two separate lessons on *Consumer Cooperatives* and *Agricultural Cooperatives*. Each of the two lessons includes the following sections: description of the lesson, introduction, key concepts, links to content standards, learning objectives, materials, procedure (step-by-step teaching outline for educators), closure activity, glossary, an assessment quiz, references, PowerPoint slides, and learning activity handouts.

Seven learning activities in the *Consumer Cooperatives* lesson include (1) discussion of co-op types and terminology, (2) creation of a crossword puzzle about co-op terms, (3) a quiz about co-op terms, (4) comparison of savings accounts at two banks and a credit union, (5) comparison of loans at two banks and a credit union, (6) a skit about co-ops, and (7) student presentations about co-ops in the news. The four *Agricultural Cooperatives* lesson learning activities include (1) a video about cooperatives, (2) discussion of agricultural cooperative facts, (3) a hands-on simulation where students have to organize a cooperative, and (4) student research about local cooperative businesses.

The two lessons on *Consumer Cooperatives* and *Agricultural Cooperatives* were written in summer 2013 and peer reviewed by a diverse panel of eight curriculum evaluators including high school teachers, college faculty, and directors of state Council for Economic Education affiliates in fall 2013. The curriculum was subsequently revised and was being field-tested by ten teachers in winter/spring 2014. It will then be revised according to teacher feedback and made available on-line in fall 2014 for free distribution to educators worldwide.

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