

National Cooperative Development Act of 2011

Section by Section Summary

SEC. 1. SHORT TITLE.

1. This Act may be cited as the "National Cooperative Development Act of 2011".

SEC. 2. FINDINGS AND PURPOSE.

1. Lists the benefits of cooperative development in communities, including:
 - Advancement of local economic stability.
 - An increase of local circulation of capital, thereby increasing economic multipliers and the impact of community investment to spur locally oriented economic growth.
 - Developing, attracting, and anchoring new productive capital in low-income communities.
 - Expansion of investment opportunities and asset creation for low- and moderate-income Americans.

SEC. 3. DEFINITIONS

- A. **Cooperative Organization** - The term "cooperative organization" means an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.
- B. **Local Cooperative Development Center** - The term "local cooperative development center" means a nonprofit organization, college, or university, or a group of such organizations, colleges, or universities, with expertise in establishing and developing cooperative organizations.
- C. **Eligible Project** - The projects eligible to receive funding (can be to a local cooperative development center that serves these areas or to a cooperative organization) under this Act must be located within one of three geographic areas:
 1. A census tract that is defined as low- or moderate-income by the Bureau of the Census of the Department of Commerce;
 2. a population census tract that is treated as a low-income community under section 45D(e) of the Internal Revenue Code of 1986; or
 3. subject to the limitation below, an area that:
 - is adjacent to an area that meets the requirements of either clause (i) or (ii); and
 - is given special approval by the national cooperative development center to be classified as an underserved area.
 - **Limitation.**—The national cooperative development center shall limit the number of projects funded under the National Cooperative Development Program that are located in an area described in this section.

4. If a census tract meets any of the following criteria, it can be a low income community under section 45D(e)¹ (references the definition of low income used in New Market Tax Credits related legislation):
 - a poverty rate of at least 20%;
 - is located in a metropolitan area with a median family income below 80% of the greater of the statewide or metropolitan area median family income;
 - is located outside a metropolitan area with a median family income below 80% of the median statewide family income;
 - census tracts with low populations; and
 - census tracts with high migration located in rural counties.

SEC. 4. ESTABLISHMENT OF NATIONAL COOPERATIVE DEVELOPMENT PROGRAM AND SELECTION OF THE NATIONAL CENTER

A. In General

1. Establishes the "National Cooperative Development Program"
2. The National Cooperative Development Center ("national center" or "center") will hold a competition to select a national cooperative development center.
3. In making its decision, the Secretary will consider the following criteria:
 - The extent that the organization has demonstrated expertise in cooperative development.
 - The experience the organization has in providing technical and financial assistance to cooperative organizations.

B. The Secretary will establish performance targets

1. The Secretary will establish performance targets for the national center to meet. At a minimum, these requirements will include:
 - Focus on women and minority-owned cooperative organizations — A significant percentage of projects funded with national center funds shall involve cooperative organizations that are women- or minority-owned.
 - Focus on underserved areas — A substantial portion of the projects funded by local cooperative development centers with national center funds shall serve communities located in an underserved area (as defined by the Act).
 - Effectiveness of assistance provided by the national center to local cooperative development centers.

C. Submittal of a strategic plan to Secretary by the National Center

1. 90 days after being selected, the Center is required to submit a strategic plan to the Secretary that outlines how the national center intends to run the program.
2. The Secretary then has 60 days to approve or reject the plan. If accepted, the Secretary will disperse funds to the Center, if rejected the Center has another 60 days to resubmit a plan.
3. The plan must include:
 - a proposed budget, including proposed administrative costs;
 - a detailed description of how the national center will use national center funds to promote, or engage in, cooperative development; and
 - other pertinent information that the Secretary may require.

¹ As defined by the criterion above, about 39% of the nation's census tracts covering nearly 36% of the U.S. population are eligible for the NMTC.

SEC. 5. RESPONSIBILITIES AND DUTIES OF THE NATIONAL COOPERATIVE DEVELOPMENT CENTER

A. General Parameters for Allocation of funds by the National Center

1. The national center shall allocate funds in the following manner:
 - Not more than 10 percent of funds can go towards administrative purposes.
 - Of the national center funds not allocated for administrative costs
 - 55 percent shall be awarded to local cooperative development centers; and
 - 45 percent shall be allocated to establish a revolving loan program.

B. Specific uses of funds by the National Center

1. The national center may use funds to undertake activities that promote cooperative development, including:
 - distributing national center funds to local cooperative development centers;
 - providing technical assistance in areas where local cooperative development centers do not provide such assistance;
 - funding reasonable administrative costs approved by the Secretary;
 - providing funding for ongoing professional training of providers of technical assistance and supporting existing professional development training for organizations engaged in cooperative development;
 - establishing and developing local cooperative development centers; and
 - carrying out any other activities that promote cooperative development, as determined by the Secretary.

C. Establish a Revolving Loan Fund

1. The national center is required to partner with a financial institution to setup a revolving loan fund to provide loans to individual coops; and
2. Develop other loan programs and financial products that can be accessed by local cooperative development centers to support the development and retention of cooperative organizations

D. Distribution of funds from the National Center to Local Cooperative Development Centers

1. The national center will hold a competition to pick local cooperative development centers to award grants to. These grants can be multi-year awards, but they cannot last longer than three years.
2. When choosing local cooperative development centers, the national center shall take into consideration the following factors:
 - technical capacity to carry out eligible projects;
 - ability to deliver technical assistance in underserved areas;
 - capacity and commitment to offering cooperative development in underserved areas;
 - the ability to come up with the expected matching funding of not less than 15 percent of the national funds received by the local cooperative development center;
 - the presence of eligible projects;
 - the track record in developing successful cooperative organizations;
 - the degree of community engagement and support;
 - the ability to have a positive economic impact on an area through job creation or retention, affordable housing creation, or wealth creation; and

- other qualities that the national cooperative development center may determine.

E. Establishment of new local cooperative development centers.

1. The national center may establish up to 3 local cooperative development centers in each fiscal year.
2. A local center should be established in regions of the United States or economic sectors where no other local cooperative development centers are located.

SEC. 6. LOCAL COOPERATIVE DEVELOPMENT CENTERS.

A. Use of funds by Local Cooperative Development Centers

1. A local cooperative development center awarded funds from the national center may use these funds for the following activities:
 - providing financial forecasting, feasibility analysis, business planning, and other preparatory activity to ensure that a cooperative organization, or organizations that are in the process of establishing such an organization, are grounded in sound business practices;
 - assisting with establishing incorporation documents, bylaws, and policies that ensure that cooperative organizations—
 - educating board members, management, and employees of cooperative organizations; local communities affected by such organizations and the general public; and professionals involved in cooperative development on how cooperative organizations function;
 - providing organizational planning for cooperative organizations, including board meetings and board development, and strategic planning;
 - hosting networking activities and conferences involving cooperative organizations, entities that work with such organizations, and professional organizations that engage in cooperative development;
 - providing professional development of professionals involved in cooperative development by offering training focused on cooperative development; and
 - providing administrative and operational set-up of cooperative organizations.

B. Report to the National Center

1. Within a year of receiving center funds, the local center is required to submit to the national center a report outlining:
 - the total amount of grant funds that have been expended;
 - a description of the activities undertaken by such local center;
 - an evaluation of each project funded with national center funds;
 - an assessment of the economic impact of the projects funded with national center funds; and
 - other information as the Secretary or the national cooperative development center may require.

SEC 7. REPORT TO CONGRESS

1. Requires a report from the Secretary and the national center to Congress no later than 3 years after enactment and annually thereafter. The report should include the following:

- information on the number of cooperatives created;
- best practices from the local cooperative development centers that are awarded national center funds and the economic benefits to the local community in which such center serves resulting from such use of funds;
- an evaluation of the established performance targets;
- case studies featuring select cooperative organizations that benefitted from the National Cooperative Development Program; and
- any additional information, including statistics, that would help promote future cooperative development.

SEC. 8. REGULATIONS

1. The Secretary will issue regulations regarding this bill within 180 days after this bill becomes law.

SEC. 9. AUTHORIZATION OF APPROPRIATIONS

1. Authorizes appropriations up to \$25,000,000 for each fiscal year from 2012-2016;