

Written Testimony of Erbin Crowell, Executive Director of the Neighboring Food Co-op Association

Board Member of the National Cooperative Business Association (NCBA CLUSA)

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Introduction

Chair Ernst, Ranking Member Markey, and members of the committee, thank you for the opportunity to testify on “Growing the Small Business Agricultural Economy.” We appreciate your focus on this issue and the opportunity to discuss the role of co-operatives and credit unions in building thriving local economies and agricultural systems.

My name is Erbin Crowell and I serve as Executive Director of the Neighboring Food Co-op Association, an elected board member and past Chair of the National Cooperative Business Association, and as a board member and past President of the New England Farmers Union. I have nearly three decades of experience in co-operative business and food system development, beginning with Equal Exchange, a worker co-op and Fair Trade Organization based in West Bridgewater, MA. I received my Master of Management: Co-operatives & Credit Unions from Saint Mary's University in Nova Scotia where I serve as an adjunct professor with the International Centre for Co-operative Management. I am happy to call rural Western Massachusetts home.

As the committee works to craft thoughtful policy to grow the small business agricultural economy, co-operative businesses should continue to have a significant role in creating thriving local economies that support their communities. To help the co-operative ecosystem grow in support of long-term rural economic development, I want to recommend the following improvements and key supports. First, enable co-ops to access capital through the Small Business Administration by waiving and crafting alternatives to the personal guarantee as intended in the Main Street Employee Ownership Act of 2018 and proposed in the Main Street Employee Ownership 2.0 Act. Second, ensure that a generation of small businesses and family farms, and the services and jobs they provide to their communities, are preserved through outreach and education on Co-operatives and Employee Ownership through networks like the Small Business Development Centers. And third, ensure that key support for cross-agency collaboration and technical assistance providers is available for co-operative businesses, associations, entrepreneurs, and the Cooperative Development Organizations that support them through programming like the State Small Business Credit Initiative, Interagency Working Group on Cooperative Development, and the USDA-SBA Memorandum of Understanding.

About the Neighboring Food Co-op Association

The [Neighboring Food Co-op Association](#) (NFCA) was founded in 2011 to support networking, business development and public awareness of food co-ops in the Northeast United States. In our region of New England and New York State there are about 60 co-operatively owned grocery stores operating 70 storefronts, locally owned by more than 290,000 people, generating an estimated annual revenue of \$625 million, and employing more than 3,300 people. These businesses range in size from large, multi-storefront retailers with thousands of members to small rural grocery stores with less than 500. In addition to offering healthy food and other goods, our co-ops are focused on sustaining quality jobs, strengthening community food security, and providing markets for local producers. On average, 30% of sales at our member co-ops are local products, making these grocery stores engines of the agricultural economy far beyond their scale. The NFCA

also actively partners with producer and worker co-operatives to strengthen the regional food system and economy, and with the National Cooperative Business Association and the New England chapter of the National Farmers Union on policy advocacy related to the agriculture, food security, and co-ops and credit unions.

About the National Cooperative Business Association

Founded in 1916, the [National Cooperative Business Association \(NCBA CLUSA\)](#) has served as the primary voice for co-operative businesses across all sectors - including farmer co-ops, worker or employee-owned co-ops, rural electric co-ops, credit unions, food co-ops, co-operative lenders, banks and CDFIs, and co-operative development organizations that provide technical assistance. NCBA CLUSA's members include not only individual businesses, but also larger sectoral and regional associations like the NFCA, National Rural Electric Cooperative Association, U.S. Federation of Worker Co-ops, National Co+op Grocers, and America's Credit Unions. With nearly 65,000 establishments and over 150 million members, co-operatives and credit unions are found in every corner of the United States. These enterprises range from small, neighborhood businesses to multibillion-dollar organizations trading in international markets on behalf of their members. Approximately one in three Americans is a member of at least one co-operative.

About the New England Farmers Union

The [New England Farmers Union \(NEFU\)](#) is a grassroots organization that works to protect the social and economic well-being of family farmers throughout the Northeast. Our membership is as diverse as the agricultural landscape in the Northeast and includes grain farmers, vegetable growers, fruit growers, livestock farmers, dairy farmers, and co-operatives. NEFU is a regional chapter of the National Farmers Union (NFU), which champions family farmers, the vitality of rural communities, and a food system that values fairness and opportunity for all, for generations to come. Founded in 1902 in Point, TX, NFU leverages the voices of its 220,000 members in all 50 states to advance its historic commitment to education, advocacy, and co-operative business.

About Co-operatives in the Agricultural & Rural Economies

In the United States, one in three Americans is a member of one or more of our nation's 65,000 co-operative businesses. This includes the majority of America's 2 million farmers and ranchers who are members of more than 1,600 Agricultural and Retail purchasing co-operatives, 144 million members of Credit Unions, and 42 million Americans are served by Rural Electric Co-operatives including 92% of persistent poverty counties¹. In 2024, the top 100 co-operatives generated \$322 billion in revenue.²

In the area of retail grocery, National Co+op Grocers (NCG), a business services co-operative for retail food co-ops throughout the United States, represents 168 food co-ops operating 234 stores in 40 states with combined annual sales over \$2.8 billion and serving

¹ https://impact.coop/media/3gxmtdec/437925-3-23_ncba-impact-report-2025_wr.pdf

² https://www.ncb.coop/hubfs/assets/resources/Co-op%20100%202025%20Report_Web.pdf

over 1.3 million member-owners. On average, each of these co-ops purchases products from 169 local businesses.

The Northeast is home to a particular concentration of these enterprises, and the NFCA reports that there are 60 Food Co-ops across New England and New York State, locally owned by more than 290,000 members. Together, these community-based businesses generate an estimated revenue of \$625 million and employ about 3,300 people. In Massachusetts alone, there are 11 Food Co-ops, locally owned by more than 39,000 members, generating over \$90 million in revenue, and employing about 500 people.

Our region is also home to many farmer and fishery co-ops, worker co-ops, housing co-ops and credit unions, and well as several utility co-operatives. Together, these locally-rooted businesses form the backbone of our rural economies.

Co-operative Business Resilience

Co-operative businesses are formed for many reasons — whether to access critical products and services, address community needs, or access markets, the democratically-owned and governed structure of a co-operative requires it to be responsive to its member-owners and in turn the local community. Members are users or patrons of the business — for example farmers who process and market products together, families that shop at their local grocery co-op, or the employees of the business — or some combination of these producers, consumers, and workers. Members directly benefit from the economic success of business through desired products, services, or employment, as well as discounts. Net income stays in the community as it is reinvested in the business or returned to members as a refund, rebate, or patronage distribution.

Co-operatives are critical to agricultural economies with more than ½ of all U.S. farmers being members of at least one co-op that provides inputs, processes their products, and/or supports marketing and distribution. In addition, co-ops are central to rural infrastructure with over 42 million people in households, farms, businesses and schools owning and controlling their local electric utility.³ Agricultural co-ops tend to be multigenerational in their impact, maintaining crucial infrastructure and markets for our family farmers and their communities. For example, 78 percent of agricultural co-ops are more than 50 years old, with Iowa, Texas, and California topping the list of states with the most agricultural co-operatives.⁴ Without these enterprises, rural people would not be able to fully participate in the modern economy.

An example of a large, long-lived co-op in the Northeast is Agri-Mark, which sells dairy products under the Cabot and MacAdam brands, and was founded in Massachusetts in 1916 (Now incorporated in DE with offices in MA, VT, and NY). While a large business marketing more than 300 million gallons of milk each year, the co-operative is owned and controlled by 700 dairy farm families in all six New England states and New York State.⁵

³ <https://www.electric.coop/electric-cooperative-fact-sheet>

⁴ <https://www.rd.usda.gov/sites/default/files/SR87-AgriculturalCooperativeStatistics-2023-UnpublishedReport.pdf>

⁵ https://www.agrimark.coop/our_co-op/

There are also examples of smaller farmer co-ops such as the [Greenfield Farmers Co-operative Exchange](#), founded in 1918 to provide area farmers with feed, seed and other supplies, the [Pioneer Valley Growers Association \(1978\)](#), which markets a broad range of fruits and vegetables on a regional level, and [Deep Root Organic Co-op](#) (1985) which enables family farmers to market their produce up and down the eastern seaboard.

As user-owned enterprises with a priority of meeting member needs and goals over the long term, co-operatives tend to be more resilient than other types of business models. This was demonstrated in 2020 when only 20% of worker co-operatives experienced losses of more than 50% in revenue. In comparison, nearly 30% of traditional small businesses experienced losses greater than 50% in revenue.

Similarly, most of the food co-ops in the Northeast U.S. are in rural and underserved areas and have been in operation for decades, so their impact on food security, jobs, and markets for local producers is multigenerational. For example, there are several food co-ops founded during the Great Depression era of the 1930s and 40s, with a second wave founded in the 1960s and 70s, and more recent start-ups opening over the past decade. Examples in Massachusetts include Leverett Village Co-op (Opened in 1974), Franklin Community Co-op (1977), Berkshire Co-op (1981), River Valley Co-op (2008), Old Creamery Co-op (2012), Quabbin Harvest (2014), Dorchester Food Co-op (2023), and Assabet Co-op Market (Opened 2023).

In addition to being long-lived, these businesses are engines of their local economies. For example, NFCA member co-ops report that an average of 30% of their sales are local products, providing critical, sustainable, and reliable markets for local producers. Most of these co-ops are also Supplemental Nutrition Assistance Program or SNAP retailers, connecting food insecure families with local producers.

Access to Capital for Co-operatives

Despite the demonstrated success, impact, and resilience of co-operatives and the long-term economic benefits they provide to rural communities, an ongoing challenge continues to be access to capital. Due to the shared ownership structure, co-operatives across sectors are unable to access financing through the U.S. Small Business Administration (SBA), which requires that businesses provide a personal guarantee to properly secure the loan. This is clearly untenable for a business structure that may include hundreds or even thousands of member-owners, often with limited individual capital resources.

In 2018, Congress recognized that co-operatives are a prudent investment of taxpayer dollars with passage of the Bipartisan **Main Street Employee Ownership Act**, thanks in no small part to members of this committee. The bill sought to address some of the more burdensome requirements in SBA lending programs, including the personal guarantee requirement, for Employee-Owned Businesses and Co-operatives. Despite passage of the legislation, this requirement is still in place and remains a barrier to growing co-operative businesses like our food co-ops as well as worker co-ops and small farmer co-operatives.

In 2020, an historic 7(a) loan was facilitated through the National Cooperative Bank (NCB) to a consumer-owned food co-op through alternative mechanisms. However, recent changes within the program requirements intended to address concerns that did not apply to co-ops have removed these alternatives, again closing off SBA services to co-operative enterprises.

Silver Tsunami & Business Succession

Our rural communities also face a critical challenge in the form of the Silver Tsunami and small business succession. Co-operative enterprise can be part of the solution, but its impact is limited by access to appropriate forms of capital and technical assistance.

Across the country, 2.9 million small businesses are owned by individuals 55 and older who are swiftly approaching retirement age. These businesses employ 32 million people and \$6.5 trillion in revenue. In my home state of Massachusetts, there are 69,169 businesses with 775,000,000 employees that generate \$161 billion in revenue.^[1] In the Agricultural Industry, the median age of farmers is 58 years old.

We also know that small businesses across sectors are the backbone for thriving communities, yet we are in the middle of a watershed moment that could further devastate Main Street America. According to the U.S. Census Bureau, over the next 10 years 40% of the U.S. population will reach retirement age and over half of small businesses are owned by this demographic. While some owners may choose to simply close their business, a better option – for owners, workers, customers, and the community – is to transfer ownership of the business to a worker, producer, or consumer co-operative. Converting to a co-operative business ensures that the owner not only benefits financially from their years of hard work through the sale of the business, but their legacy is preserved in the form of its continuing operation. The community also gains through the preservation of economic infrastructure and the availability of goods and services that would otherwise be lost.

For example, **Old Creamery Co-op** is the only full-service grocery store in the town of Cummington in rural Western Massachusetts. Somewhat ironically, this food co-op is housed in what had been one of the many small dairy co-operatives that were critical to the survival of farmers in our region. It later became a small sole-proprietor grocery store and community hub for this small town. As the owners considered retirement, they realized that the best way to preserve their business was to sell it to the people who loved it as much as they did — the people who shopped and worked there every day. In 2012, the business was purchased by a co-operative with support from the NFCA and other co-operative development organizations. Through all of the economic challenges of the past decade, it remains the only full-service grocery store and deli in town, as well as a critical outlet for local farmers and artisans.

Another example from our region is **Real Pickles** in Greenfield, MA, a worker co-op that makes and sells fermented foods such as pickles and sauerkraut. When the founders made the decision to move on to new opportunities, they decided that rather than closing

the business or selling off the brand, they would instead sell it to their employees. So more than 10 years ago, Real Pickles became a co-operative owned by its workers — the people most invested in the continued growth and success of the enterprise.

Impacts of Tariffs, Health Insurance Costs & Cuts to Food Security Programs

More recently, tariffs, increasing health insurance costs, and cuts to USDA services and food security programs have introduced a high level of instability in rural communities, contributing to stresses on the small business agricultural economy, and accelerating the silver tsunami.

For example, **Old Creamery Co-op** reports that recent unanticipated cuts to SNAP benefits had a dramatic impact on this rural retailer, impacting its ability to provide healthy food to the community. The short notice and subsequent notification that efforts to assist SNAP recipients could result in permanent ejection from the SNAP vendor program served to compound the harm and a great deal of time was required to tend to the needs of our community as we looked for a way to assist neighbors without running afoul of the federal government. So, beyond the loss of revenue, the negative impacts generated a pervasive sense of concern, fear, and persecution that absorbed a good deal of bandwidth that would otherwise have been utilized in the operation of the store.

Similarly, **Franklin Community Co-op** shared that they've seen a significant reduction in SNAP sales since the post-COVID reductions in the program from roughly 10% of total sales to about 6%. This has not only impacted low-income shoppers but has also reduced sales for local producers. At the same time, tariffs have introduced instability and dramatic wholesale cost increases in certain categories (e.g., coffee), and employee health insurance expenses are anticipated to increase dramatically when they renew in the Spring. Assabet Co-op Market in Maynard, MA, reports that costs on affected products have already risen 2-5%.

It should be noted that while these are local examples, we are seeing similar impacts across our region. This has added urgency to the need for solutions such as the co-operative business model and change to policies that can support their growth.

SBA Support During the Pandemic

Like so many small businesses, Real Pickles faced existential challenges during the COVID-19 pandemic. Fortunately, the co-operative was the recipient of a \$500,000 EIDL loan from SBA that included deferred payments. This not only helped them weather the economic challenges related to COVID, but enabled them to continue to grow their business, sustain jobs in the community, and expand their purchases of locally sourced vegetables. Since the end of the pandemic in 2023, this co-op has made consistent loan payments while their revenue has grown 25% percent (FY2025).

Many food co-ops in our region also benefited from this support, enabling them to maintain jobs, rural infrastructure, and markets for local farmers. For example, **Franklin Community Co-op**, a community grocery store co-op with almost 6,000 members and 90 employees operating two retail locations in rural Franklin County, MA, received a \$596k PPP

loan, which was extremely helpful during the COVID pandemic. This loan was later forgiven and business is now planning a major expansion in downtown Greenfield, MA.

Unfortunately, the lifting of the personal guarantee requirement, which was the result of advocacy by NCBA CLUSA and other organizations and the bipartisan, bicameral support of Congress, was temporary, meaning that co-ops like Franklin Community Co-op and Real Pickles can no longer access these loans without these guarantees, limiting their potential to grow the agricultural economy in our region.

As an example of the potential positive impact, an analysis conducted by the NCBA of SBA data from the Paycheck Protection Program (PPP) found that co-operatives across sectors, including Agriculture and Food Co-ops, were able to access \$700 million in financing, and 97% are still in business as of 2025 compared to large scale closures in other sectors. In Massachusetts alone, 60 co-ops received over \$10m in assistance from these programs and 96.6% are still open with over 2,200 jobs preserved, a quarter of those in rural areas.⁶

Proposed Policy Changes

Co-operatives are a tested, impactful, and resilient tool for our rural communities. By removing overburdensome requirements like the personal guarantee requirement, the SBA can help ensure that small businesspeople, employees, and farmers and ranchers — and especially young and beginning farmers — can harness the power of the co-operative business model to address the urgent challenges that our rural economies are facing, including inflation, economic uncertainty, increasing health insurance costs, and a wave of retiring business owners.

For example, public awareness continues to be a challenge for shared ownership business models like co-operatives, and other employee-owned structures. The **Improving SBA Engagement Act** (Passed out of House Small Business Committee) would require the SBA to establish a Co-ops and Employee Ownership Promotions Program. This provision was included in the 2018 Main Street but also not enacted. This would be beneficial both for co-op conversions as well as start-ups.

The Neighboring Food Co-op Association and our member co-ops also supported the **Main Street 2.0 Act**, introduced in the 118th Congress, which would allow co-ops to access SBA financing. The first time co-operative businesses were able to access the services of the SBA in the way programs were intended was during the pandemic era assistance (PPP and EIDL) and, as mentioned above, the positive outcome for agricultural economies was clear.

There's also an opportunity to provide greater cross-agency collaboration between USDA Rural Development's Rural Business Cooperative Service (RBCS) and SBA to facilitate the exploration of alternative lending requirements for co-operatives that do not require a personal guarantee as outlined in the Memorandum of Understanding Currently

⁶ <https://project-equity.org/impact/silver-tsunami/>

in place between the USDA RBCS and SBA and included in the bipartisan **Coordinated Support for Rural Small Business Act** (cosponsored by Senators Shaheen and Kennedy).⁷

In summary, the co-operative business model offers a time-tested, successful, and impactful tool for addressing the challenges and opportunities of economic change and instability. There is potential to leverage the proven track record of this business model through policy improvements made by this committee. By providing appropriate technical assistance and removing overburdensome requirements like the personal guarantee requirement, the SBA can help unleash the potential of co-operative enterprise, enabling people in rural communities to improve access to goods and services, create good local jobs, and **grow the small business agricultural economy**.

Thank you for the opportunity to testify and I look forward to your questions.

⁷ https://www.sba.gov/sites/default/files/2023-11/USDA-SBA_MOU_FINAL_Signed-R.pdf#page=2