Lesson Title: Cooperatives in the Community (Chapter 3)

Unit Outcomes Addressed by this Lesson

Students will understand how cooperatives work and how they benefit the community.

Lesson Objectives

(what the students will know and do by the end of this lesson)

Students will:

a. List four types of cooperatives found in communities.
b. Provide an example of each of the four types of cooperatives.
c. Describe the significance of each of the four types of cooperatives.
d. Calculate benefits provided by cooperatives.

Lesson Level Assessment

(how the objectives will be measured)

a-c. Noteguide
d. Benefits Card (see below)

Activities and Procedures

(what the teacher and students will do during the lesson)

a-c. Students will take notes from chapter 3 in Co-ops 101 using the organizer below. The students will read through the chapter, recording information needed for the organizer. The teacher will provide feedback on the information, asking students to revise incomplete portions.
d. Calculating cooperative benefits—begin by showing students the process of calculating cooperative benefits, walking the students through the process using the first couple of cards (below). Students will then work independently or with partner to complete the remainder of the cards with teacher support. Students can correct their own work in class. The teacher can work through problems that posed difficulties for the students.

Materials and Resources

Webpage Resources

- Student copies of chapter 3 from Co-ops 101
- www.ag.ndsu.nodak.edu/qbcc/private/ for more resources

Printed resources

- Chapter Outline for teacher reference
- Cooperative Benefit card template will be used for with math to help explain cooperative benefits.
- Student copies of cards
- Calculator

| Types of Cooperatives | Characteristics | Examples | Significance |
|-----------------------|-----------------|----------|--------------|--------------|
Chapter 3 Cooperatives in the Community Notes


A.) 47,000 Cooperatives in the USA
B.) Directly serves 100 million people
C.) Nearly 40% of population

I.) Four categories of Cooperatives.

A.) Financial Cooperatives

1.) Largest is credit unions
   a.) Roughly 12,600 credit unions in the USA
   b.) $280 billion is assets
   c.) 65 million members

2.) Farm Credit Systems.
   a.) Nation's oldest and largest financial cooperative
   b.) Provides
      1.) estate loans
      2.) operating loans
      3.) home mortgage loans
      4.) crop insurance
   c.) Loans more than $50 billion to its members annually. 25 percent of all money loaned to US Agriculture
   d.) One element of the Farm Credit System is CoBank

3.) CoBank
a.) Became an important financier of exports of US farm products

4.) National Rural Utilities Cooperative Finance Corporation (CFC)
   a.) Valuable source of financing for rural electric and telephone Cooperative

5.) National Cooperative Bank (NCB)
   a.) Financial institutions for American housing, business and consumer Cooperatives
   b.) Chartered by congress in 1978 and became private in 1982
   c.) NCB has originated more than $2.4 billion in loans to nearly 1,000 Cooperatives throughout the country

B.) Consumer Service Cooperatives

1.) Cooperative housing
   a.) Nearly 6000,000 are in New York City
       1.) Includes senior citizen communities
       2.) Trailer parks
       3.) Low-income complexes
       4.) Student housing near college campuses

2.) Medical Care
   a.) (HMOs) Health maintenance organizations serve more than 1 million people coast to coast
   b.) Several major cities such as Seattle (Group Health Cooperative), Minneapolis (Health Partners) and others have formed cooperatives to provide health care for their employees

3.) Child Care Cooperatives
   a.) Can be organized by parents on their own, by a single employer or consortium of business providing a single center for the group
b.) More than 50,000 families use cooperative day care centers daily

C.) Business Cooperatives

1.) More than 15,000 independent grocery stores rely on cooperative grocery wholesalers for identity, brand named products and buying power

2.) Restaurant supply purchasing cooperatives save money and provide quality products for such businesses as (KFC) Kentucky Fried Chicken, Dunkin Donuts, Arby's, Taco Bell, Burger King, Popeye's and Church's

3.) Cooperatively owned hardware wholesalers supply virtually all of the independent hardware stores in the USA

a.) Such as Cotter and Company (True Value), Ace Hardware

4.) Cooperatives are leaders in other major industries including outdoor goods and services (Recreational Equipment Inc.), lodging (Best Western), carpeting (Carpet One), insurance, natural foods, hospital and pharmacy supply and collegiate bookstores

D.) Farmer Cooperatives

1.) Marketing Cooperatives

a.) Handle, process, and sell cotton, dairy products, fruits and vegetables, grains and oilseeds, livestock and poultry, nuts, rice, sugar and other agricultural commodities

2.) Farm Supply Cooperatives

a.) Provide farm chemicals, feed, fertilizer, petroleum products, seeds and other input items to producers

3.) Farm Service Cooperatives

a.) Operate cotton gins, provide trucking and artificial insemination services and store dry products

4.) Electric Cooperatives

a.) Another important cooperative activity in rural areas is furnishing electric power
b.) Nearly 1,000 rural electric cooperatives operate more than half of the electrical lines in America.

c.) 60 of these are called generation and transmission cooperatives (G and Ts) since they generate and transmit electricity to meet the power needs of other cooperatives, which then distribute electricity to their members.

5.) National Rural Telecommunications Cooperative

a.) Telecommunications service to rural areas is provided by cooperatives.

b.) 800 rural electric and telephone systems make satellite television available to rural areas served by cable companies.
**Chapter 3 and 4 activity:** Cut out the cards and either hand each student one or allow them to pick a card. Students should answer the question on the card and then discuss the card. Such discussion could include if card is positive or negative, cooperative or other business type.

<table>
<thead>
<tr>
<th>1.) Cooperative</th>
<th>2.) General Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spent $3500 during year.</td>
<td>Spent $3400 during year.</td>
</tr>
<tr>
<td>Co-op paid you 4% dividend</td>
<td>Received no dividend</td>
</tr>
<tr>
<td>Total cost ____________</td>
<td>Total Cost ____________</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3.) Cooperative</th>
<th>4.) General Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Used ATM 15 times/month</td>
<td>Used ATM 15 times/month</td>
</tr>
<tr>
<td>Free use</td>
<td>$1.50 charge/use</td>
</tr>
<tr>
<td>Total cost ____________</td>
<td>Total cost ____________</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5.) Cooperative</th>
<th>6.) General Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowed $10,000 at 4.2%</td>
<td>Borrowed $10,000 at 4.0%</td>
</tr>
<tr>
<td>Paid 3.6% on $8000 savings</td>
<td>Paid 3.2% on $8000 savings</td>
</tr>
<tr>
<td>Difference ____________</td>
<td>Difference ____________</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>7.) Cooperative</th>
<th>8.) General Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bought 1400 gallons of gas for $2.89/gal</td>
<td>Bought 1400 gallons of gas at $2.88/gal.</td>
</tr>
<tr>
<td>Received 1.6% dividend at years end.</td>
<td>No dividend</td>
</tr>
<tr>
<td>Cost of gas ____________</td>
<td>Cost of gas</td>
</tr>
</tbody>
</table>
9.) Cooperative grocery store charges $250 annual fee. You receive a 5% discount on groceries. How many groceries need to be bought/month to break even.
Chapter 3 and 4 activity Answers:

Card 1
$3500 \times 0.04 = $140 Dividend
$3500 - 140 = $3360 cost

Card 2
$3400

Card 3
0

Card 4
15 times $1.50 = $22.50 cost

Card 5
$10,000 \times 0.042 = $420 interest paid
$8,000 \times 0.036 = $288 interest paid
$420 - $288 = $132.00 difference

Card 6
$10,000 \times 0.04 = interest paid
$8,000 \times 0.032 = $256 interest earned
$400.00 - $256.00 = $144.00 difference
Cooperatives Lesson (Chapter 3) for High School

Card 7
$1400.00 \times 2.89 = 4046.00$
$4046.00 \times .016 \text{ dividend} = 64.74$
$4046.00 - 64.74 = 3981.26 \text{ cost}$

Card 8
$1400.00 \times 2.88 = 4032.00$

Card 9
$250 \text{ divided by } 20.83/\text{mo. Cost}$
$20.83 \times 20 = 416.60 \text{ groceries/mo}$

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