

Lesson Title: Cooperatives in the Community (Chapter 3)

Standards: Social Studies 9-12. 3.1

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 their local community or surrounding area.
- 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. Note-Taking Organizer (see below)
- 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 and record 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 few cards (below). Students will then work independently or with a 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

- Copies of Chapter 3 from "Co-ops 101."
<http://www.rurdev.usda.gov/RBS/pub/cir55/c55text.pdf>
- www.ag.ndsu.nodak.edu/qbcc/private/ for more resources

Printed Resources

- Chapter Outline for teacher reference
- Cooperative Benefits Card template will be used with math to help explain cooperative benefits.
- Copies of "Benefits Card"
- Calculator

Note-Taking Organizer

Types of Cooperatives	Characteristics	Examples	Significance

Chapter 3 Cooperatives in the Community Notes

Introduction: National Cooperative Business Association Report

- A. 47,000 cooperatives in the United States
- B. Directly serves 100 million people
- C. Nearly 40 percent of population

I. Four Categories of Cooperatives

A. Financial Cooperatives

1. Largest is credit unions

- a. Roughly 12,600 credit unions in the United States
- b. \$280 billion in 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 and 25 percent of all money loaned to U.S. agriculture

d. One element of the Farm Credit System is CoBank.

3. CoBank

- a. Became an important financier of exports of U.S. 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 6 million 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. Health maintenance organizations (HMOs) 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 Kentucky Fried Chicken (KFC), 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 United States.
 - 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 the United States.

c. 60 of these are called generation and transmission cooperatives (G and T's) since they generate and transmit electricity to meet the power needs of other cooperatives that distribute electricity to their members.

5. National Rural Telecommunications Cooperative

a. Telecommunications service to rural areas may be provided by cooperatives.

b. 800 rural electric and telephone systems make satellite television available to rural areas served by cable companies.

Benefits Card 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.

1. Cooperative

Spent \$3,500 during year.

Co-op paid you 4 percent dividend

Total cost _____

2. General Business

Spent \$3,400 during year.

Received no dividend

Total Cost _____

3. Cooperative

Used ATM 15 times/month

Free use

Total cost _____

4. General Business

Used ATM 15 times/month

\$1.50 charge/use

Total cost _____

5. Cooperative

Borrowed \$10,000 at 4.2 percent

Paid 3.6 percent on \$8,000 savings

Difference _____

6. General Business

Borrowed \$10,000 at 4.0 percent

Paid 3.2 percent on \$8,000 savings

Difference _____

7. Cooperative

Bought 1,400 gallons of gas at

\$2.89/gal

Received 1.6 percent dividend at

year's end.

Cost of gas _____

8. General Business

Bought 1,400 gallons of gas at

\$2.88/gal

No dividend

Cost of gas _____

9. Cooperative grocery store charges \$250

annual fee.

You receive a 5 percent discount on

groceries.

How many groceries need to be

bought/month to break even?

Benefits Card Activity Answers:

Card 1

$$\$3,500 \times 0.04 = \$140 \text{ dividend}$$

$$\$3,500 - 140 = \$3,360 \text{ cost}$$

Card 2

$$\$3,400$$

Card 3

O

Card 4

$$15 \text{ times} \times \$1.50 = \$22.50 \text{ cost}$$

Card 5

$$\$10,000 \times 0.042 = \$420 \text{ interest paid}$$

$$\$8,000 \times 0.036 = \$288 \text{ interest paid}$$

$$\$420 - \$288 = \$132.00 \text{ difference}$$

Card 6

$$\$10,000 \times 0.04 = \text{interest paid}$$

$$\$8,000 \times 0.032 = \$256 \text{ interest earned}$$

$$\$400 - \$256 = \$144.00 \text{ difference}$$

Card 7

$$\$1,400 \times \$2.89 = \$4,046$$

$$\$4,046 \times 0.016 \text{ dividend} = \$64.74$$

$$\$4,046 - \$64.74 = \$3,981.26 \text{ cost}$$

Card 8

$$\$1,400 \times \$2.88 = \$4,032.00$$

Card 9

$$\$250 \text{ divided by } 12 \text{ months equals } \$20.83/\text{month cost}$$

$$\$20.83 \text{ divided by } 0.05 = \$416.60 \text{ groceries/month}$$

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