

Frequently Asked Questions

(FAQs)

1. How were the sectors and sub sectors chosen and defined?

The USDA defined the broad sectors and categories within them in the original Request for Proposal

(<http://edocket.access.gpo.gov/2006/pdf/E6-5913.pdf>)

2. Why aren't the totals for Table 4-1 and Table 2-2 the same?

The totals on Table 4-1 "Economic Impacts of U.S. Cooperatives: Aggregate Impacts by Sector" include both the direct business activity of cooperatives, and the additional impacts from the direct business activity of cooperatives that ripple through the broader economy. These additional impacts result from the fact that a cooperative's costs include outlays that are revenue for other businesses. Wages, dividends and patronage refunds that are paid out by the cooperative become the personal income of individuals whose spending is the source of revenue for other businesses. The study used IMPLAN analysis to estimate these secondary impacts (see Section 8.1 IMPLAN Methodology).

Table 2-2 reports *direct* economic activity by cooperative type; the additional impacts estimated by the IMPLAN model were not included. As a result, the totals for economic activity in this table are less than the totals on Table 4-1. There is some double-counting in this table. The electric utilities and credit union subsectors consist primarily of consumer cooperatives, but also include some purchasing cooperatives (generation and transmission, and corporate credit union, cooperatives, respectively). Because the data for these subsectors was reported in the aggregate, it was not disaggregated for this table.

3. Why are the numbers that are reported in the economic sub sector tables different from the numbers reported in the sector summary tables for each sub sector?

The sector summary tables summarize the direct economic activity that was reported by over 16,000 cooperatives that participated in the study, out of over 29,000 cooperatives that were identified. These totals represent the lower bounds of direct economic activity by cooperatives, given that there exist other cooperatives that may not have been identified, and that some identified cooperatives did not participate in the study. These tables (4-2, 4-3, 4-4, and 4-5) have "Summary of key Economic Indicators" in their title. We are also providing an additional appendix titled "A4: Impact Sector Aggregates". This impact is a stan

The direct economic activity that is reported in the tables for each economic subsector has been adjusted to provide an extrapolated estimate of economic activity, given the pattern of survey response and non-response within that subsector. These numbers were used as part of the IMPLAN analysis (See Section 8.1 IMPLAN Methodology). Each of these tables (4-2.1 - 4-2.5, 4-3.1 - 4-3.2, 4-4.1 - 4-4.4, 4-5.1 - 4-5.1 - 4-5.3) have "Economic Impacts" in their title.

4. Why don't the sub-sector numbers add up to the sector summaries?

For the same reasons as explained in FAQ 3.

5. The totals in sector tables 4-2, 4-3, 4-4, and 4-5 add up to the numbers provided in table 4-1?

No. See explanation provided in FAQ's 2 and 3

6. How do we compare Table 4-1: Summary of Key Variables to impacts in economic sub-sectors?

We have provided a **Table A4-1: Supplemental Impacts**. The aggregate numbers in table 4-1 are simply the sum of tables (4-2.1 - 4-2.5, 4-3.1 - 4-3.2, 4-4.1 - 4-4.4, 4-5.1 - 4-5.1 - 4-5.3).

7. Why is there no data for the housing sub sector?

There were significant obstacles that prevented the collection of sufficient data for impact analysis. The housing sub sector is fragmented and localized, with no strong trade associations or other organizations that maintain housing co-op lists. Identifying cooperatives through property assessment and tax reporting was not feasible, since this data is at the local government level, and typically cannot be retrieved based on cooperative status. Furthermore, local jurisdictions vary in how they value cooperatives for property taxes, and assessed, appraised, and market values may differ significantly. See Housing, Population Discovery and Data Sources, p. 31.

8. What data was collected for use in the impact analysis?

For each cooperative firm, the following data was collected: revenue, or value of sales; wages, or value of compensation (wages and benefits) paid to employees; Patronage, or value of payments to owners (dividends and patronage refunds); number of employees; cooperative assets, and taxes paid.

9. Many of the tables report on the number of establishments. What is the definition of an establishment?

It is any physical entity at a separate location, including branch offices and plants. It is distinct from a firm, which is the corporate entity.

10. What does "income" measure?

Income was defined as the value added to a good or service as a result of business activity. It is equal to employee wages, and the profit or net margins that belong to the business owner. In the case of cooperatives, this includes patronage refunds.

11. Why are patronage refund numbers not reported in the tables?

Not all cooperative sub-sectors pay patronage refunds. Patronage refunds that are paid are not reported in a consistent manner, which makes reporting an aggregate figure difficult. In many cases, patronage benefits may be given as lowered costs or discounts, such as lower interest rates at a credit union, or member discounts at a grocery cooperative.

12. Did this study address governance and patronage refund issues?

Phase I did not. However, Phase II of the study will be looking at governance and patronage-related issues in detail.

13. Why are cooperative economic impacts not calculated on a state basis?

The focus of this phase of the REIC study was on national impacts. UWCC is happy to discuss the possibility of making data available to scholars and researchers for state economic impact analysis. Confidentiality agreements for the use of the data exist, and the institution supporting other research projects must be able to negotiate, enforce and

abide by any such agreements. Please contact Brent Hueth, Director, hueth@wisc.edu or, Reka Sundaram-Stukel, rsundara@wisc.edu, University of Wisconsin Center for Cooperatives for further information:

14. Are there any comparisons between this study, and cooperative impacts on the economies of other countries?

At this moment there are no comparison studies. Depending on funding, and interest in the cooperative community, these issues could be pursued in the future.