



Iowa Institute for Cooperatives

CO-OPVIEWS

News and information for the benefit of Iowa cooperatives.

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Iowa Institute for Cooperatives A Comprehensive History

The history of the Iowa Institute for Cooperatives is more than just a timeline, it's a testament to the grit, ingenuity, and collaboration of Iowa's farmer-members. For more than a century, these cooperatives have navigated changing markets, evolving laws, and economic challenges. Let's take a closer look at how they've grown, adapted, and shaped Iowa's cooperative movement.

THE RISE OF RAILROADS & THE GRANGE MOVEMENT

By the mid- to late-1800s, railroads dominated U.S. transportation with little competition, giving them near-total control over shipping goods. In Iowa, railroads even owned "line-elevators," which shipped crops at a 50% gross margin, a steep cost for farmers. Enter the Grange, a group of organized Midwest farmers determined to fight back. Their advocacy led to landmark reforms like the Granger Laws and, ultimately, the Interstate Commerce Act of 1887, which brought much-needed regulation to railroad monopolies.

FORMATION & GROWTH OF AGRICULTURAL COOPERATIVES

It was in this climate that agricultural cooperatives began to take shape. While several towns claim the title of "first," the oldest continuously operating cooperative traces back to Marcus, Iowa. The Marcus Shipping Association, formed in 1887 and now part of AgState Cooperative, gave farmers a way to compete against railroads and line-elevators. But the very law farmers had helped pass, the Interstate Commerce Act, was later used against them, as cooperatives were accused of collusion. This challenge was resolved decades later by the Capper-Volstead Act of 1922, which officially gave agricultural producers the right to join forces when buying and selling.

With new legal protections in place, cooperatives began to grow rapidly. Boards and managers sought new ways to strengthen operations and expand services. According to

Iowa State University Library archives, the roots of the Iowa Institute for Cooperatives go back to March 1931, when the Federation of Iowa Farm Organizations hosted a forum in Des Moines to explore how cooperative principles could be applied locally. This kicked off an era of accelerated cooperative growth across the state.

A NEW CHAPTER FOR IOWA COOPERATIVES

By 1944, Iowa had nearly 700 grain and farm supply cooperatives. To unify their efforts, the Iowa Council of Cooperation was formed, bringing together state and regional agricultural cooperatives. Around this time, the Iowa Cooperative Directors Conference also launched. In June 1951, a committee set out to create a statewide organization focused on cooperative education. This effort led to the reorganization of the Council into what we know today as the Iowa Institute for Cooperatives. Unlike its predecessor, the new Institute placed voting power in the hands of local cooperatives, a structure that continues today.

CURRENT ACTIVITIES & FUTURE DIRECTIONS

Today, the Iowa Institute for Cooperatives remains deeply involved in government affairs, cooperative education, and forward-thinking initiatives. Its mission hasn't wavered: to strengthen Iowa cooperatives and help them thrive in an ever-changing agricultural landscape.

The story of the Iowa Institute for Cooperatives is one of perseverance and partnership. From battling railroad monopolies to creating a statewide hub for cooperative advocacy and education, the Institute has been central to the success of Iowa's cooperative movement. And as the agricultural world continues to evolve, the Institute is poised to keep doing what it does best—advocating for, educating, and empowering Iowa cooperatives.



Price Levels & Interest Rates

Navigating the Financial Landscape for Rural Cooperatives

Over the past three decades, rural communications, electric, and grain and farm supply cooperatives have invested trillions of dollars in rural infrastructure. These investments have been crucial in enhancing broadband services, electric generation and distribution, and meeting the speed and space needs for higher-yielding agricultural production. However, these significant capital expenditures (CapEx) require careful consideration of two critical factors: price levels (inflation) and interest rates. Together, these factors are slowing the rate of infrastructure buildout in states like Iowa and beyond.

THE IMPACT ON CAPEX PROJECTS

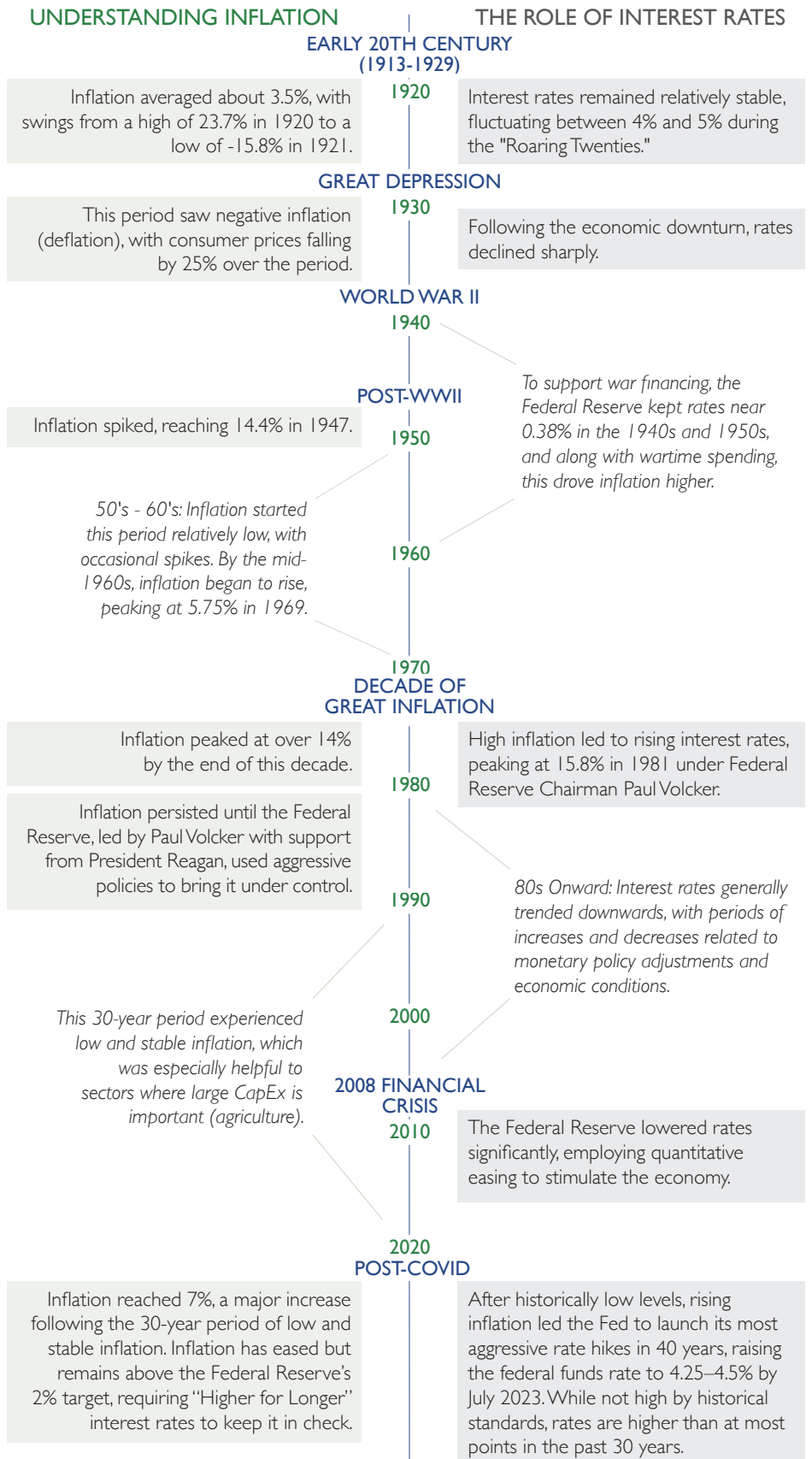
Higher price levels and interest rates make decisions around large CapEx projects more challenging. Consider this example: a \$10M CapEx project begun in 2018, financed at 3.25% interest and depreciated over 20 years, had first-year fixed costs of \$850,000 (\$350,000 interest plus \$500,000 depreciation).

Due to a 70% rise in the price levels for these types of construction projects, the same project would cost \$17M in 2025, with financing around 8%. First-year fixed costs in 2025 would total \$2,210,000 (\$1,360,000 interest and \$850,000 depreciation), making it 1.6 times higher than in 2018. Even if cooperatives today are spending as much on CapEx as they did seven years ago, they are generally buying less infrastructure and often have less opportunity to generate additional gross margin from these projects.

PLANNING FOR THE FUTURE

Understanding the historical context of inflation and interest rates is crucial for cooperative leaders and board members. These factors significantly impact the cost and feasibility of large CapEx projects, which are essential for maintaining and enhancing rural infrastructure. Although infrastructure is needed, boards and management must more carefully than ever consider returns on investment. This is not to say that cooperatives should stop investing, but investing must be informed and strategic.

A HISTORICAL PERSPECTIVE



Powerful Technology – Humans Still Needed

Artificial Intelligence (AI) has gone from a research lab curiosity to something most of us use without even thinking about it. From healthcare and finance to education and entertainment, AI is shaping nearly every industry—and plenty of daily routines, too. (Ever talked to a virtual assistant while shopping for a car? You probably weren't chatting with a human.)

As more tools roll out and become accessible, it's tempting to think AI has it all figured out. But the truth is, its effectiveness still depends heavily on human input. That means the quality of the output often comes down to the quality of the direction—something businesses are still learning how to master.

AI's fingerprints are all over today's most essential systems. In healthcare, it's accelerating diagnostics and assisting in drug development. In finance, it flags fraud faster and helps manage investments. In classrooms, adaptive learning tools personalize education. And in customer service? Those help desk chats that used to take forever are often handled instantly—by AI.

Creative fields aren't off-limits either. AI can generate music, art, and stories with surprising results. Just don't skip the creative brief. Ask it for a movie about pigs in space, and you'll definitely get something—just not an Oscar.

WHAT'S EMERGING

Beyond the basics, we're seeing two game-changing trends in AI development:

- ♦ **Agentic AI:** These systems don't just respond to commands. They plan, act, and make decisions independently (with human guardrails—ideally).

WHAT'S AT STAKE FOR CO-OPS & WHY WE SHOULD CARE

AI isn't just another tech trend. It's changing how decisions are made, how members are served, and how businesses stay competitive. For cooperatives, which already run lean and focus on long-term community value, the question isn't whether to use AI—it's how to use it in ways that align with your mission.

Choosing to ignore these tools doesn't shield your co-op from change. It increases the risk of falling behind while others gain speed, efficiency, and insight. But by approaching AI with intention and purpose, cooperatives can stay resilient, responsive, and relevant in a fast-moving world.

This doesn't mean throwing out what makes co-ops special. Quite the opposite. It means using the best tools available to better serve members, strengthen operations, and prepare the next generation of cooperative leaders. That's why it's worth paying attention now.

AI isn't just for Silicon Valley or tech firms. It has real, practical value for cooperatives, especially when used with intention. Many of the day-to-day processes that keep co-ops running can be enhanced or streamlined with the right tools.

- ♦ **Multimodal AI:** This type can understand and create across text, images, and audio all at once—blending formats in ways that mimic human communication.

These advanced capabilities are already beginning to influence how businesses and organizations operate, and they'll only become more relevant in the years ahead.

Some of these tools are baked into cloud platforms and business software. Others are consumer-facing. Whether or not you've used one directly, chances are you've interacted with something powered by them.

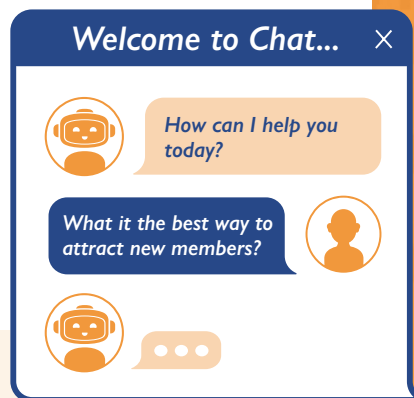
WHAT COMES NEXT

AI's momentum isn't slowing down—but the conversation is shifting. There's more focus now on responsible development, safety, and aligning systems with human values. These aren't just philosophical questions; they're practical ones. How do we make sure these tools are used fairly? How do we mitigate risks? Who's in charge when things go wrong?

As AI evolves, so does the need for human direction. It doesn't replace human insight—it amplifies it.

When guided well, it can become one of the most useful tools in your toolkit.

AI can make the work smoother. But it's up to the people inside the co-op to keep it grounded in service, stewardship, and shared values.



A few examples:

- ♦ **Member Services:** AI chatbots can help answer common questions after hours, route inquiries faster, or assist staff during busy seasons.
- ♦ **Accounting & Admin:** Automating invoice processing, report generation, and scheduling tasks can save hours.
- ♦ **Marketing & Communication:** Need to write 10 versions of a newsletter intro or a quick member update? AI can draft options you fine-tune to match your tone and brand.
- ♦ **Data Insights:** AI can assist in analyzing crop data, energy use, and customer trends to bring added insight to your decision-making.
- ♦ **Workforce Development:** AI tools can support training modules, onboarding content, or even serve as internal knowledge libraries for employees across locations.

The bottom line: cooperatives are built around people. AI can support the work, but trust and real relationships can't be automated.

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SAVE THE DATE

**AUG
15**

**2025 HALL OF FAME
NOMINATIONS DEADLINE**

**SEPT
3
10
17
24**

COPILOT WORKSHOP

Join us from 9:00–10:00 AM for a hands-on session exploring how Copilot can boost productivity and streamline workflows in your cooperative. Reserve an hour, bring your access to Copilot, and discover practical ways to drive innovation and efficiency.

For more information, please contact our office at info@iowainstitute.coop.

LAST PRINTED ISSUE!

WE'RE GOING DIGITAL

This is the final printed edition of the **IIC Co-opViews Newsletter**, but don't worry, we're simply going digital! By moving online, we can keep you better connected to all things Iowa Institute for Cooperatives, from timely industry news and legislative updates to details about upcoming classes, training opportunities, annual meetings, and special events.

Don't miss a thing, scan the QR code to register your email today. It only takes a minute, and you'll keep receiving the same great information you've come to expect from IIC, now delivered straight to your inbox.



**DON'T
MISS A
BEAT!**