



USDA B&I Guaranteed Loan Program: Economic Assessment 2025

Prepared by: Summit, LLC
777 6th St. NW, Suite 520
Washington, DC 20001 | www.summitllc.us

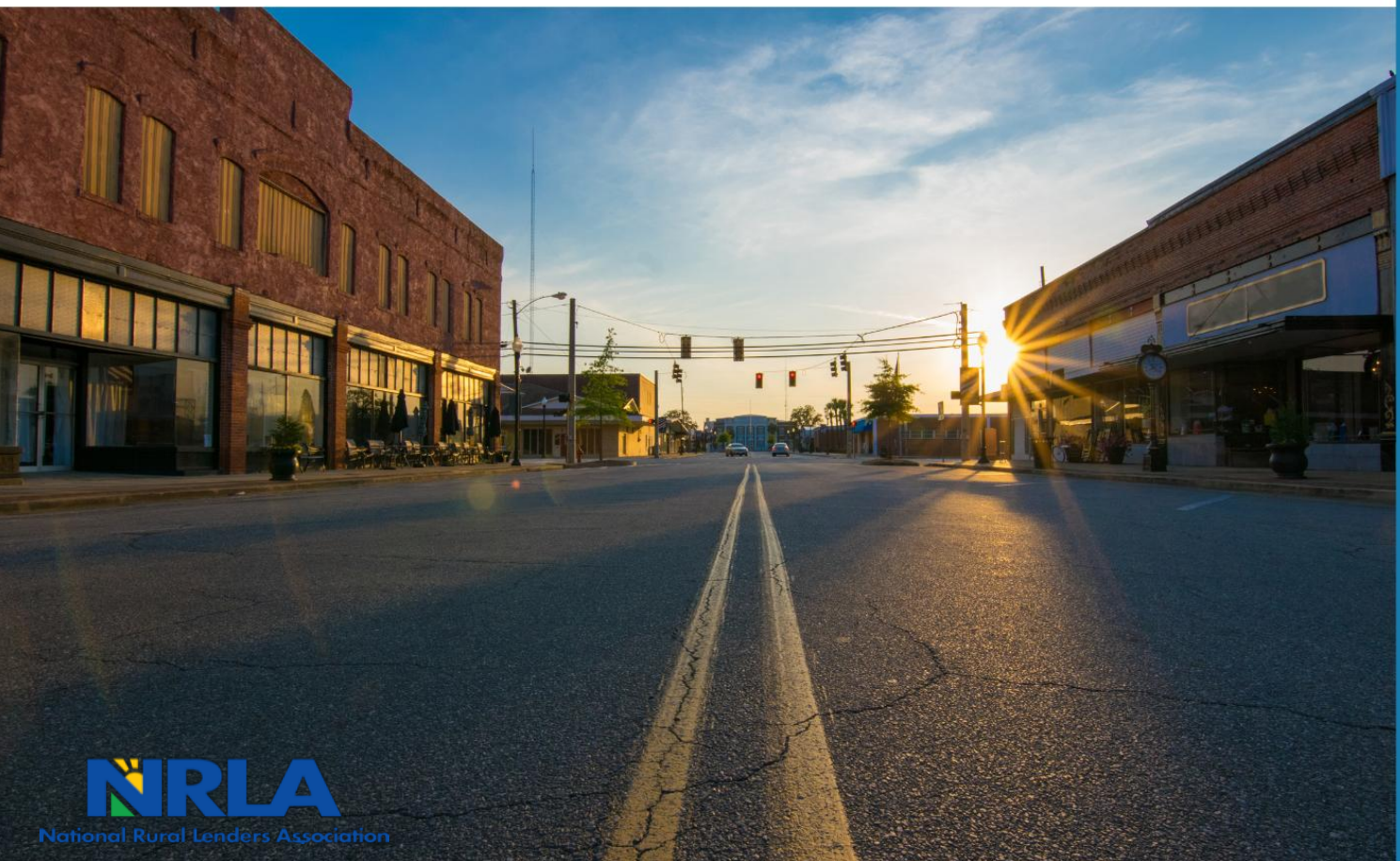


TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
PROGRAM OVERVIEW	2
Introduction to USDA Rural Development	3
USDA's B&I Guaranteed Loan Program	3
One Rural Development Guaranteed Loan Initiative	4
Private-sector participation in the B&I Loan Guarantee Program	4
CASE STUDIES.....	5
Champagne Energy and Environmental Solutions: Local business growth	5
Commongrounds Cooperative: Building community in Traverse City	5
Secure Semiconductor Manufacturing: Returning semiconductor manufacturing jobs to rural America	6
The Inn at Bellefield: Integrating community and hospitality	6
B&I PROGRAMMATIC DATA.....	7
B&I program funding overview.....	7
B&I concentration by sector	8
Geographic distribution of loan guarantees.....	10
Program financials: Allotments, obligations, and subsidy rates.....	13
MACROECONOMIC SUMMARY STATISTICS.....	15
Employment rises in both the short run and long run	15
Counties that receive investment see a positive effect on earnings	17
Counties that receive investment see a positive effect on GDP	19
State-level analysis: Positive impact of B&I on sales and taxes	20
ASSESSMENT METHODOLOGY: BRIEF OVERVIEW	22

List of tables

Table 1: Core B&I NAICS Industry snapshot: Fiscal years 2019, 2023, and 2024	9
Table 2: 2015–2024 core B&I Program: Top 10 states by total obligation amount.....	10
Table 3: State comparison: Obligation percentage by sector, 2015–2024	11
Table 4: Congressional district comparison: Obligation percentage by sector, 2015–2024 ..	12
Table 5: Allotments, obligations, and use rates, 2015–2025.....	13
Table 6: Estimated number of jobs created	16
Table 7: Summary of jobs created	16
Table 8: Job created: cost to the government.....	17
Table 9: Summary of cost to the government.....	17
Table 10: Overview of assessment methodologies	22

List of figures

Figure 1: B&I program loan performance overview 2015–2024.....	7
Figure 2: Total project costs of core B&I projects from fiscal years 2005–2024.....	8
Figure 3: 2015-2024 core B&I investment amount by NAICS industry.....	9
Figure 4: State B&I loan guarantee obligation amount per capita	11
Figure 5: B&I program loans in zip codes containing Opportunity Zones are increasing	12
Figure 6: B&I loan program subsidy recent history.....	14
Figure 7: Average earnings per worker for counties that received investment and matched counties that did not receive investment	18
Figure 8: Average GDP per capita for counties that received investment and matched counties that did not receive investment	19
Figure 9: Average GDP for counties that received investment and matched counties that did not receive investment.....	20
Figure 10: Log of state sales income tax collected plotted against log of B&I investment.....	21

EXECUTIVE SUMMARY

Summit was retained by the National Rural Lenders Association (NRLA) to assess the economic benefits of the U.S. Department of Agriculture (USDA) Rural Development's Business and Industry (B&I) Guaranteed Loan Program. The B&I program aims to increase business capital access through loan guarantees and improve economic prospects in rural communities. While the government's subsidy cost is known, NRLA aimed to define the program's economic benefits and establish return on investment.

Summit conducted over 20 interviews with subject-matter experts, lenders, packagers, borrowers, and federal credit managers and leadership; conducted a wide literature review; and employed qualitative and quantitative (econometrics) research methods to assess program outcomes and impacts. At the most granular level (project case studies), B&I programmatic level, and macroeconomic level, we find a program with positive momentum and impact, as well as versatility to meet administration priorities.

Case studies. In the first section, we highlight four projects across the country and in different asset classes, which contain tried-and-true results before and after loan origination. We find that the B&I program incentivizes projects that would not otherwise be built with traditional commercial credit. B&I rates, terms, and conditions were not only attractive but also necessary to encourage business innovation and expansion with outsize impacts on rural America. "Tombstone data," or credit memo intentions, are proven in economic measures such as jobs, wages, and companies' financial growth.

Programmatic data. Next, we display USDA Rural Development B&I-specific programmatic data over the past decade. We find a program on the move, running increasingly more efficient and easily customizable to meet manufacturing, agricultural, and other industry business needs across rural America. In fiscal year 2025, the B&I program earned its highest allotment in program history (\$3.5 billion) while holding its second lowest subsidy rate (0.2%). Other highlights include:

- B&I loans in Opportunity Zones have increased 59.29% from 2018 to 2025.
- From 2005 through 2024, B&I leveraged an additional \$12.4 billion in other capital, such as commercial debt, private equity, and tax credits.
- Total core B&I loans increased from 2015 to 2024 by 108%.
- Total B&I allotment use in 2023 and 2024 was 90.83% and 98.24%, respectively, the highest on record.

Macroeconomic statistics. Finally, we cite the findings of our macroeconomic analysis, focusing on jobs, earnings, gross domestic product (GDP), and tax benefits. For example, the B&I program created more than 750,000 jobs from 2012 to 2022, costing the federal government \$438 per job. We also find a positive correlation between B&I investment and other economic outputs:

- Counties that receive B&I loans have higher GDP per capita and GDP than those without.
- Counties that receive B&I loans earn more per worker than counties that do not.
- A 1% increase in B&I loans results in a 0.55% increase in sales tax revenue for the average state in the long run.

Based on historical evidence and predicated on persistent funding levels we would expect to see similar positive economic impacts of the B&I program moving forward.

PROGRAM OVERVIEW

<i>What is the USDA Business and Industry Guaranteed Loan Program?</i>	
Business and Industry loan guarantees improve the economic health of rural communities by increasing business capital access and enabling affordable financing for rural businesses.	
Rural businesses can use the loans to pay for: - Enlarging, repairing, modernizing, or developing businesses; - Purchasing and developing land, buildings, and associated infrastructure; - Purchasing and installing machinery, equipment, supplies, or inventory; - Refinancing debt when refinancing improves cash flow and creates jobs; and - Acquiring businesses to maintain business operations and create or save jobs.	
Eligible lenders: - Federal and state-chartered banks - Savings and loan institutions - Farm Credit Banks with direct lending authority - Credit unions - Nonregulated lenders may be approved under the OneRD Guaranteed Loan Initiative regulation	Eligible borrowers: - For-profit and nonprofit businesses - Cooperatives - Federally recognized Tribes - Public bodies - Individuals engaged or planning to engage in a business - Individual borrowers must be U.S. citizens or legally admitted permanent residents - Private-entity borrowers must ensure loan funds stay within the U.S. and that financed facilities primarily create or retain rural jobs
<i>Lenders can be located anywhere in the United States</i>	
Eligible areas: - Rural areas outside cities or towns with populations of 50,000 or less - Borrower headquarters can be in a larger city if funded project is in an eligible rural area.	
Loan details:	
<i>Rates</i>	- Negotiated between lender and borrower - Can be fixed or variable
<i>Terms</i>	- Cannot exceed 40 years - Determined by lender and USDA based on loan purpose, asset life, and repayment ability
<i>Guarantee amount</i>	- Guarantee percentages are published annually in the Federal Register - FY 2025: 80% guarantee
<i>Fees</i>	- Initial guarantee fee: 3% of guaranteed loan amount - Annual renewal fee: 0.55% of guaranteed portion of outstanding balance - Reasonable loan origination fees negotiated between lender and borrower - Some qualifying projects may receive a reduced fee of 1%.
<i>Benefits</i>	- Offers loan amounts exceeding \$5 million for large rural business needs - Provides fully amortized terms with no balloon payments for stable cash flow - Allows flexible use of proceeds, including real estate, equipment, working capital, and refinancing - Government guaranteed loan provides creditability and project momentum

Introduction to USDA Rural Development

USDA's Rural Development (RD) plays a pivotal role in fostering opportunity and economic security in rural America and improves the quality of life in rural communities across the United States. Through a variety of loan, grant, and guarantee programs, USDA RD facilitates access to capital for rural enterprises that may otherwise struggle to secure financing from traditional lending institutions. RD is committed to strengthening rural economies through business financing and technical assistance; expanding access to critical infrastructure such as broadband, energy, water, and healthcare; promoting sustainable agricultural and nonagricultural business ventures to diversify rural economies; and supporting job retention and creation to reduce economic disparities in rural communities.

The Business and Industry (B&I) Guaranteed Loan Program was introduced in 1972 to provide credit enhancements for rural businesses through private lenders. In 1994, USDA lending and grant programs were consolidated under the new RD mission area, integrating business, housing, and utility programs. From 2008 to 2020, RD initiatives further expanded to include vertically integrated agriculture, renewable energy financing, mixed use development (so long as primary purpose is commercial), and targeted efforts to address economic distress in underserved rural areas. This reflects a shift from direct government lending toward credit enhancement mechanisms, encouraging private lender participation.

USDA RD administers a variety of loan and grant programs, including Rural Energy for America, Rural Business Development Grants, Community Facilities Loans and Grants, and Water & Environmental Programs. The B&I program is the flagship in the Rural Business-Cooperative Service (RBCS), making up roughly 50% of loan/grant obligation amounts in dollars.

USDA's B&I Guaranteed Loan Program

The B&I program is designed to stimulate economic growth in rural communities by improving access to private capital and mitigating lending risks. Established under the Farm Bill and periodically reauthorized, the program supports rural businesses, nonprofits, cooperatives, Tribal organizations, and some publicly owned entities. Eligible loan purposes include business acquisition, expansion, equipment purchases, working capital, and debt refinancing across a wide expanse of sectors (and subsectors)—e.g., battery energy storage systems (aiding electric power generation fed by both renewable and fossil fuels), timber products (e.g., mass timber and other engineered wood), and skilled trade schools (e.g., pipe welding). To qualify, the project must be in a rural area with a population under 50,000.

The program offers advantages including reduced lender risk through the loan guarantee, greater investment in undercapitalized rural markets, and economic stability during downturns. Borrowers benefit from more favorable loan terms than conventional financing, with fully amortized loans and no balloon payments. Loan amounts range from \$200,000 to \$25 million, with up to 80% guaranteed. Interest rates are fixed or variable (adjustable no more than quarterly), and fees include a 3% initial guarantee fee and a 0.5% annual retention fee on the outstanding guaranteed balance.

Collateral must be sufficient to protect the interests of both the lender and USDA, with appropriate valuation and hazard insurance. Lenders are responsible for credit evaluations to address any credit risks and demonstrate that loan terms support full repayment. Compliance requirements include regular financial and performance reporting by borrowers, while lenders monitor active borrowers.

One Rural Development Guaranteed Loan Initiative

In 2021, the One Rural Development (OneRD) Guaranteed Loan Initiative unified all of RD's guaranteed loan programs. As part of this effort, RD implemented fewer and more streamlined application forms and standardized processes and credit reviews with the promise of faster approval timelines. To expand the impact of loan guarantee programs, RD enhanced lender participation incentives and expanded outreach efforts to institutions serving underserved communities.

The OneRD Guaranteed Loan Initiative introduced the following featured benefits and policy changes:

- A single standardized regulation for USDA RD programs: B&I, Community Facilities Programs, Rural Energy for America Program, and Water and Environmental Programs.
- Single-point lender approval, certification options, and secondary sale/purchase guidance.
- Standardized forms and annual notices with program terms at the start of each fiscal year.
- Possibility of guarantee issuance prior to construction and ability to use funds for refinancing.
- Establishment of consistent population limits across B&I programs.

The OneRD initiative also included several changes to the B&I program terms, increasing the guaranteed amount to 80% as the standard for all loan sizes, including emerging industries such as rural technology businesses, enhancing creditworthiness evaluation criteria, and adjusting terms based on recessionary trends or inflationary pressures. OneRD has also led to increased analysis of the USDA loan guarantee portfolio; the Rural Data Gateway provides insight into B&I loan guarantee obligations from 2012 through 2024.

Private-sector participation in the B&I Guaranteed Loan Program

The success of the B&I program hinges on participation from private-sector lenders, who originate and service the loans. Lenders engaging in the program range from small community-based banks to large regional banks and nontraditional lenders. Community banks and regional banks in rural and small-town markets are among the most active participants, as they have local business customers who need credit.

Lenders are drawn to the B&I program by its risk mitigation. The guarantee significantly reduces credit risk by covering most losses, allowing banks to make loans that would otherwise exceed internal lending limits or risk tolerance. The program can help lenders serve their communities and meet Community Reinvestment Act goals, as loans to rural businesses under a federal guarantee can qualify as supporting economic development. The presence of an active secondary market is another incentive: lenders often sell the guaranteed portion of the loan to investors, which provides immediate income and frees up capital to make more loans. The guaranteed portions are fully backed by the government and therefore carry a zero-risk weighting for bank capital purposes, making them attractive assets to hold or sell.

While B&I loan guarantee activity has increased, the number of participating lenders has decreased, which may lead to geographic risks. USDA should continue to educate financial institutions about program benefits for borrowers and institutions, to ensure rural businesses have access to financing.

CASE STUDIES

Champagne Energy and Environmental Solutions: Local business growth

A hand up for growth. Champagne Energy and Environmental Solutions (CEES) is a subsea construction company working in the Gulf of America. With the B&I loan program, CEES' revenue has grown from \$1.8 million in 2008 to \$110 million today. The loan's low amortization enabled CEES to offer a competitive day rate and purchase new vessels, which reduced long-term maintenance costs.

 Founder Robert Champagne describes the B&I loan as "a hand up, not a handout."

Ensuring future market competitiveness. CEES lays oil and gas pipelines, removes decommissioned pipelines, and lays power cables for offshore windmills. The company is now considering expanding to support companies building subsea data storage facilities. As founder Robert Champagne says, "I don't care who's in [federal] office.... Whatever you want to do, I can adapt. We can make it work."

Keeping jobs local. As one of only two American companies that can do shallow-water work in the Gulf, CEES is fending off international competitors and keeping jobs in the U.S. With B&I support, CEES has doubled wages and the number of local jobs between 2016 and 2025. The loan also enabled CEES to maintain its long-standing relationship with United Community Bank.

The company has more than doubled jobs and average wages from 2016 (97 total jobs and \$14.50 average hourly wages) to today (300 total jobs and \$30 average hourly wages).

Impacts	Jobs: 97 in 2016; 265 in 2025	Wages: \$14.50/hr (avg) in 2016; \$30/hr (avg) in 2025	Revenue: \$1.8 million in 2008; \$110 million in 2024
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Commongrounds Cooperative: Building community in Traverse City

An innovative, community-owned center. Commongrounds Cooperative is a community-owned, mixed-use community center in Traverse City, Michigan. Supported by over 1,100 community owners, the cooperative brings together affordable workforce housing, mission-driven organizations, and common areas. The emphasis on local community-building is clear in coexecutive director Kate Redman's message to community owners: "Don't just invest in Wall Street, invest in 8th Street."

The B&I loan guarantee was the solution to a complex funding stack. Commongrounds relied on investment crowdfunding to raise project equity for construction, which created a complex funding structure. The \$8 million loan was too risky for local credit unions, and no investor could guarantee the loan. Redman describes navigating the financial structure as the most challenging aspect of development. Ultimately, the B&I loan guarantee was critical in bringing Commongrounds to life.

 Coexecutive director Kate Redman says the B&I loan guarantee was "critical to our project being... possible."

A focus on community needs. From the beginning, Commongrounds has focused on the community. Early community input emphasized the importance of central social infrastructure, leading to the inclusion of affordable workforce housing near the city center, a teaching kitchen offering health-focused cooking classes, and a popular performing arts venue.

Impacts	100% occupied	7 commercial or non-profit tenants	25% of housing priced at 60% AMI
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Secure Semiconductor Manufacturing: Returning semiconductor manufacturing jobs to rural America

Financing rapid growth in semiconductor manufacturing. Secure Semiconductor Manufacturing, LLC (SSM) is a semiconductor manufacturer in rural Coffey County, Kansas. Created to meet U.S.-based secure electronics production needs, SSM saw an opportunity with the B&I Guaranteed Loan Program to grow larger than planned. The B&I program supported the purchase of large manufacturing equipment; new capabilities are coming online soon and SSM already has a waiting list of customers.



“We’re now [going to] produce much, much, much more than we ever dreamed we could...”

Good, local jobs in rural Kansas. As staffing needs grow, SSM maintains an emphasis on hiring locally in rural Neodesha, Kansas. As CEO Bart Massey says, it’s just good business sense: “I told them I’d work them until their fingers bled before I hired anybody else.... We’re hiring people for longevity.” SSM jobs offer paid training and immediate benefits, and aims to double staff by the end of 2025.

Repatriating semiconductor manufacturing to the U.S. As Massey notes, the number of chip manufacturers in the U.S. has fallen to a few hundred, from a high of over 4,000 in the 1980s. SSM emphasizes American-made, with no components sent to China or other countries for production, meeting federal and private customer needs for a more secure, American-only production standard.

Impacts

Leverages 45% in other capital

Doubling staff by 2026

100% American investment

The Inn at Bellefield: Integrating community and hospitality

Financing a promising hotel venture. The Inn at Bellefield in historic Hyde Park, New York, offers a premium hotel experience. The Shaner Hotel Group saw great potential in the town’s historic charm. Development challenges included the building of a wastewater treatment facility and the cost of aligning with local historic design guidelines. The B&I loan guarantee covered nearly half of the over \$50 million project costs, enabling development of a hotel that integrates local design, food, beverage, and art.

Marriott-branded, locally owned. As a flagship Marriott hotel, the Inn at Bellefield enjoys the benefits of the Marriott brand name while remaining locally owned and operated. This allows the inn to leverage Marriott’s reservation system and extensive network of over 200 million reward members. While the branded name helps drives customers to the hotel, Shaner’s Derrick Skillings says, “When you walk into the lobby, you would not know this is a Residence Inn.” The bar, crafted from a 200-year-old sycamore tree on the property, underscores the local connection at the heart of the hotel.

A community multiplier. The hotel design “[ties] back to the regional history and agriculture of Hyde Park.” The executive chef sources food and beverages from local vendors, while local wines and products are showcased in the lobby. The full-service restaurant means the hotel employs 40 to 50 staff; higher than the typical 30. The hotel also has a multiplier effect on the community by hosting events like conferences and weddings, bringing in business for caterers, florists, and other business owners. This integration of local elements supports the community and enhances the guest experience.



“How many Residence Inns have an executive chef?”

Impacts

12-15 local vendors

40-50 employees

2025 Forecasting: 55,000+ guests; \$7M+ revenue

B&I PROGRAMMATIC DATA

B&I program funding overview

B&I loan obligations have totaled \$13.4 billion from fiscal years 2015 through 2024. Figure 1 below includes core 1% and 3% B&I program obligations and omits American Recovery and Reinvestment Act, coronavirus relief, and other one-off B&I programs. Sixty percent of the total B&I obligations in the period have occurred in the past 5 years. The average loan size has also increased significantly during the past five years, with a \$2.75 million loan guarantee amount per loan in 2015, growing to a \$8.1 million average loan amount in 2024.

i Total core B&I obligations increased from 2015 to 2024 by 108%. \$1.81 billion, \$1.60 billion, \$1.86 billion, and \$1.80 billion in obligations were made in 2021, 2022, 2023 and 2024, respectively, the four highest core B&I obligation amounts in program history.

Figure 1: B&I program loan performance overview 2015–2024

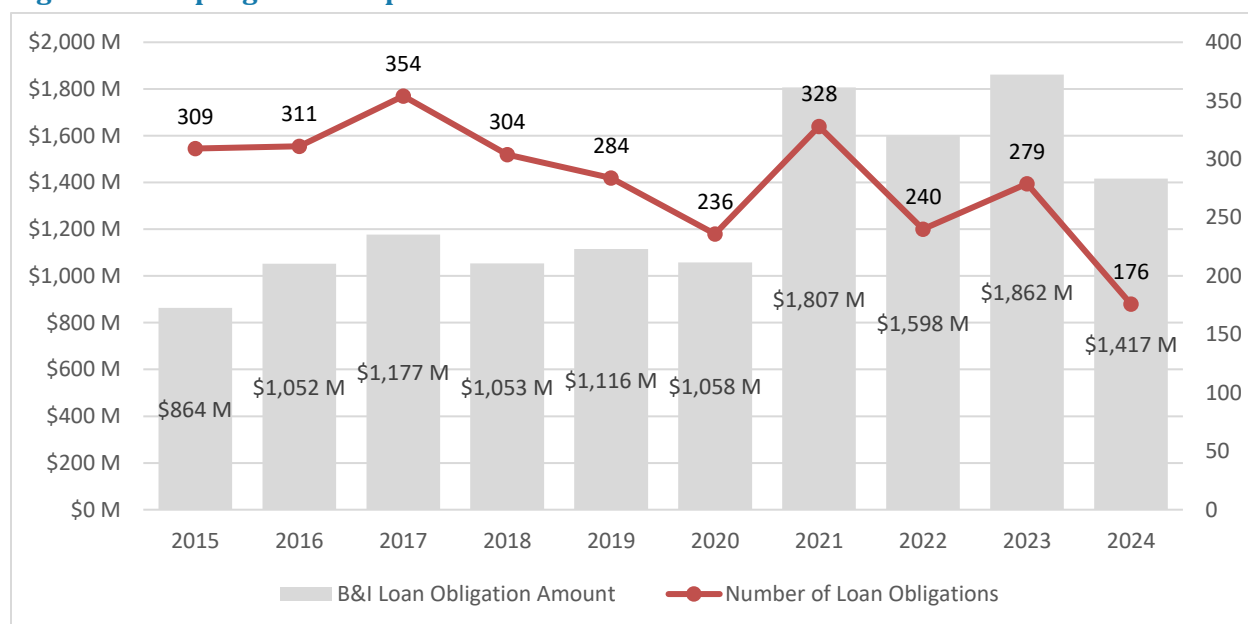
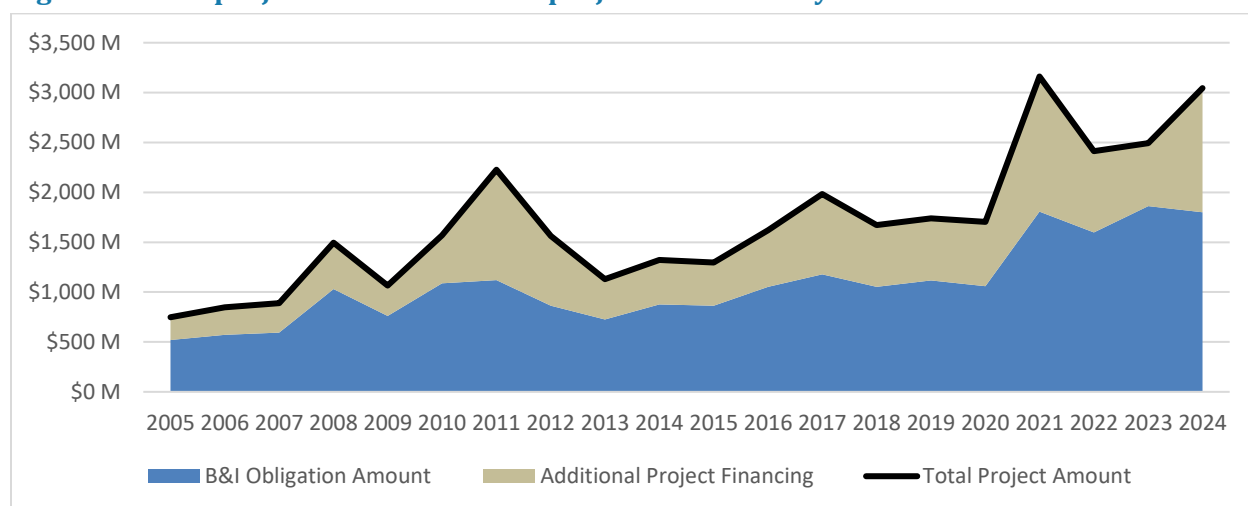


Figure 2 below shows a longer timeline, fiscal years 2005 through 2024, of core B&I financing and the total project amounts funded by the loan guarantees. During this period, obligation amounts have increased significantly. B&I projects have totaled over \$33.9 billion, with \$21.5 billion funded by B&I loans. Applicants have successfully leveraged credit, private equity, and even other federal programs such as the New Market Tax Credits, Rural Energy for America, and Rural Energy Savings funding. For example, Aviva Health, a nonprofit Federally Qualified Health Center, utilized B&I funding and New Market Tax Credits together to expand their Umpqua, Oregon facility to accommodate a new medical residency program. Overall, the B&I program is not only critical to business growth in rural America, but also a catalyst of investment into rural businesses and communities.

i From 2005 through 2024, the B&I program has leveraged an additional \$12.4 billion to complement B&I financing such as commercial debt, private equity, and tax credits.

Figure 2: Total project costs of core B&I projects from fiscal years 2005–2024

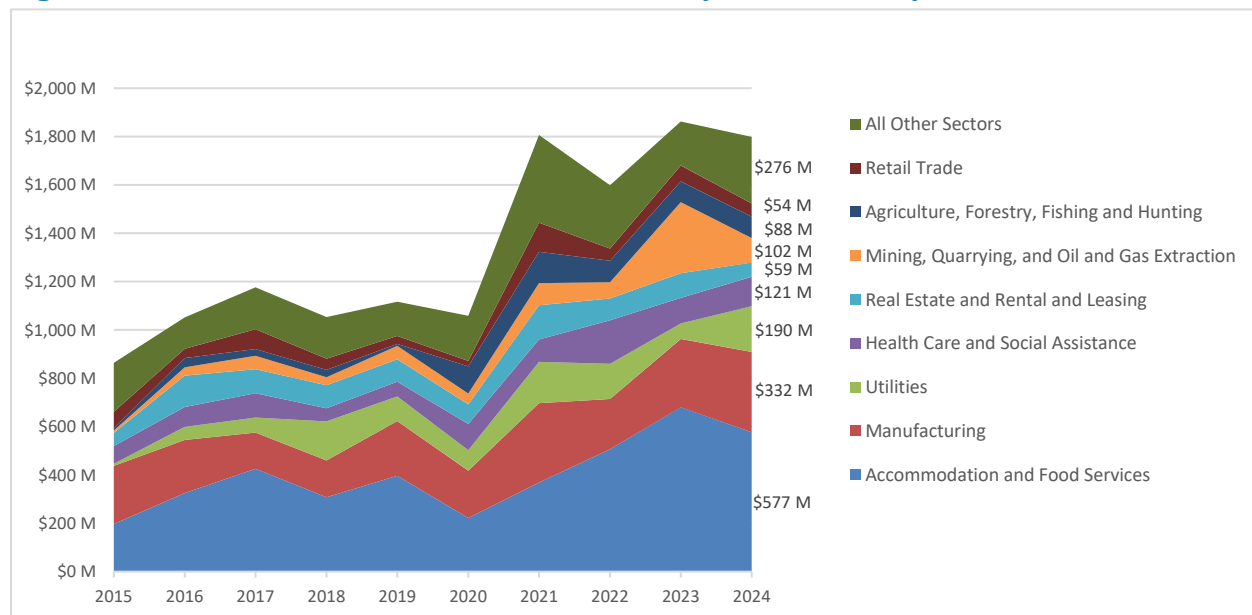
B&I concentration by sector

The B&I program serves businesses across a broad spectrum of industries, reflecting the diverse rural economy. Analyzing the portfolio by sector reveals which industries have been the primary beneficiaries of the guarantees. Traditionally, accommodations and food services and manufacturing received a substantial share of B&I loan dollars. Rural B&I-eligible areas are well suited for tourism and recreation, so many borrowers have successfully financed hotel projects—which enhance access to rural America’s recreational assets—and restaurant projects with B&I financing. Investments in accommodations and food services and manufacturing represent a significant share of total financing from 2015 to 2024, totaling nearly \$4 billion and \$2.3 billion, respectively.

A closer look at year-over-year shifts in other sectors illustrates the flexibility of the program. B&I obligations for utilities totaled \$992 million from 2015 to 2024, with \$603 million obligated from 2020 to 2024, including peak obligations of \$170 million in 2021. Mining, quarry, and oil and gas businesses received \$294 million in 2023, representing 38% of the sector’s \$772 million in total obligations from 2015 to 2024. Rural manufacturing plants, whether producing auto parts, machinery, building materials, or food products, often require significant capital for facilities and equipment, which the B&I program has been instrumental in financing.

i B&I loans have been obligated across 21 NAICS sectors and 90 unique subsectors, highlighting the program’s broad industry reach.

Numerous food and agriculture processing projects have used B&I guarantees (such as grain milling operations, meat processing facilities, and dairy production plants), aligning with USDA’s emphasis on adding value to agricultural commodities locally. The healthcare sector is another significant area: rural hospitals, clinics, and eldercare facilities (nursing homes, assisted living) have obtained B&I-guaranteed financing, particularly when other USDA Community Facilities funds were not available or when the project had a private ownership structure. These healthcare projects can be critical for rural community viability and often have sizable loan needs such as construction of new clinics or hospital expansions.

Figure 3: 2015-2024 core B&I investment amount by NAICS industry

The B&I Guaranteed Loan Program is well positioned to adapt and change based on administration priorities. Table 1 below shows a snapshot of percentage loan levels in years 2019, 2023, and 2024. The snapshot shows significant year-over-year variability in the utilities; the mining, quarrying, and oil and gas extraction; and agriculture, forestry, fishing, and hunting sectors. A notable example of B&I impact in a manufacturing subsector, distilleries, is Jackson Purchase Distillery LLC in Fulton, Kentucky, which received multiple B&I loans in 2023 and 2024 to expand its contract distilling operations through new rick houses, a still, fermenter building, and grain handling systems, creating an estimated 25 jobs in a designated Persistent Poverty area. Obligations outlined below can be further classified into distinct subsectors, such as agriculture, forestry, fishing, and hunting, which includes the subsectors of animal production and aquaculture; crop production; fishing, hunting, and trapping; forestry and logging; and support activities for agriculture and forestry, showing the program's broad and diverse economic impact.

Table 1: Core B&I NAICS Industry snapshot: Fiscal years 2019, 2023, and 2024

Sector	2019	2023	2024
Accommodation and food services	35.48%	36.54%	32.06%
Manufacturing	20.37%	15.15%	18.48%
Utilities	9.05%	3.44%	10.54%
Health care and social assistance	5.55%	5.70%	6.73%
Real estate and rental and leasing	8.25%	5.47%	3.28%
Mining, quarrying, and oil and gas extraction	5.00%	15.76%	5.66%
Agriculture, forestry, fishing, and hunting	0.65%	4.63%	4.88%
Retail trade	2.98%	3.54%	3.03%
All other sectors	12.68%	9.78%	15.35%

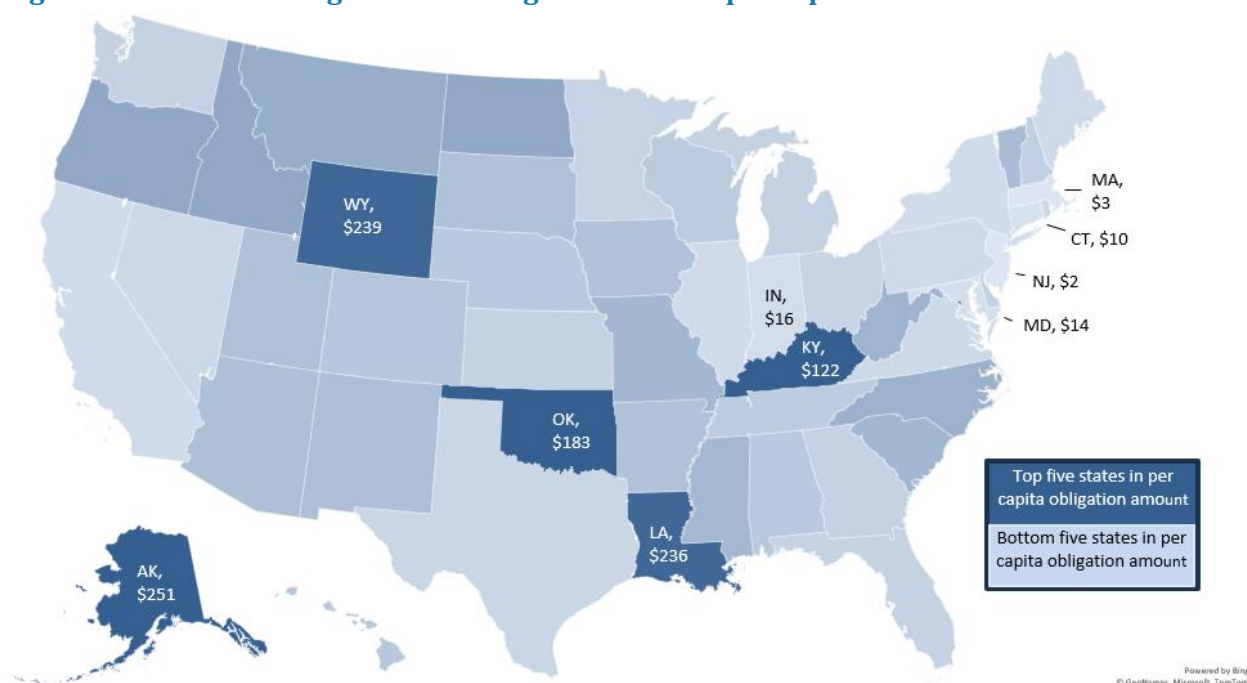
Geographic distribution of loan guarantees

The administration of B&I funds across the United States is geographically broad, reaching virtually every state and territory with eligible rural areas. Regional patterns in program usage have emerged given the prevalence of rural industries and the presence of participating lenders. Table 2 shows the top 10 states by loan guarantee obligation amount for core B&I programs from 2015 to 2024. Leading B&I states include those with one or more of the following: high populations, significant proportion of population in rural areas, or substantial levels of business activity including tourism, oil and gas, manufacturing, and agriculture.

Table 2: 2015–2024 core B&I Program: Top 10 states by total obligation amount

State	Obligation Amount	Number of Loan Guarantees
North Carolina	\$ 957 M	200
Louisiana	\$ 926 M	122
Texas	\$ 838 M	97
Florida	\$ 762 M	143
Oklahoma	\$ 665 M	130
California	\$ 658 M	133
Arizona	\$ 485 M	83
Missouri	\$ 481 M	269
Kentucky	\$ 470 M	74
Oregon	\$ 438 M	108

B&I financing has had a higher per capita impact in rural states with lower population density and high amounts of business activity, including in oil and gas, energy exploration, and manufacturing. Alaska, Wyoming, and Louisiana lead states in B&I loan guarantee amount per capita. The bottom per capita states include more urban and suburban areas, primarily in the northeastern corridor and New England, including New Jersey, Connecticut, and Massachusetts. Figure 4 shows the per capita B&I obligation amount from 2015–2024. The top and bottom five states for per capita investment during this period include labels and per capita amounts.

Figure 4: State B&I loan guarantee obligation amount per capita

Businesses have used B&I loan financing across a broad spectrum of sectors and industries. By examining B&I loan guarantee percentage by sector across states and congressional districts, we can see the program is adaptable to regional economic priorities. USDA uses B&I as a flexible intervention for economic development in rural areas. In addition, USDA can designate creditworthy and economically stimulating projects as high priority through its application scoring system. Each administration can use the program to fund sectors that will most benefit rural America. Table 3 and Table 4 below show the differing sector utilization of the B&I program across states and congressional districts from fiscal years 2015 through 2024. Michigan and Pennsylvania's congressional district 15, a north-central district in the state, have used B&I financing in hotels, motels, resorts, bed and breakfasts, campgrounds, restaurants, cafés, and bars. Alabama and North Carolina's congressional district 1 (CD1), an inland district in the northeast portion of the state, received the most B&I financing in manufacturing and utilities sectors, respectively. Both Alabama and North Carolina's CD1 also show significant investment in health care.

i Sector concentration of B&I investments can vary significantly across states and congressional districts, meeting the customized business needs of specific rural populations across the United States.

Table 3: State comparison: Obligation percentage by sector, 2015–2024

Michigan		Alabama	
Accommodation and food services	58.57%	Manufacturing	26.93%
Real estate and rental and leasing	15.68%	Health care and social assistance	18.82%
Arts, entertainment, and recreation	6.09%	Agriculture, forestry, fishing and hunting	18.42%
Manufacturing	5.83%	Information	9.91%
Retail trade	3.61%	Real estate and rental and leasing	9.56%
Other sectors	10.22%	Other sectors	16.35%

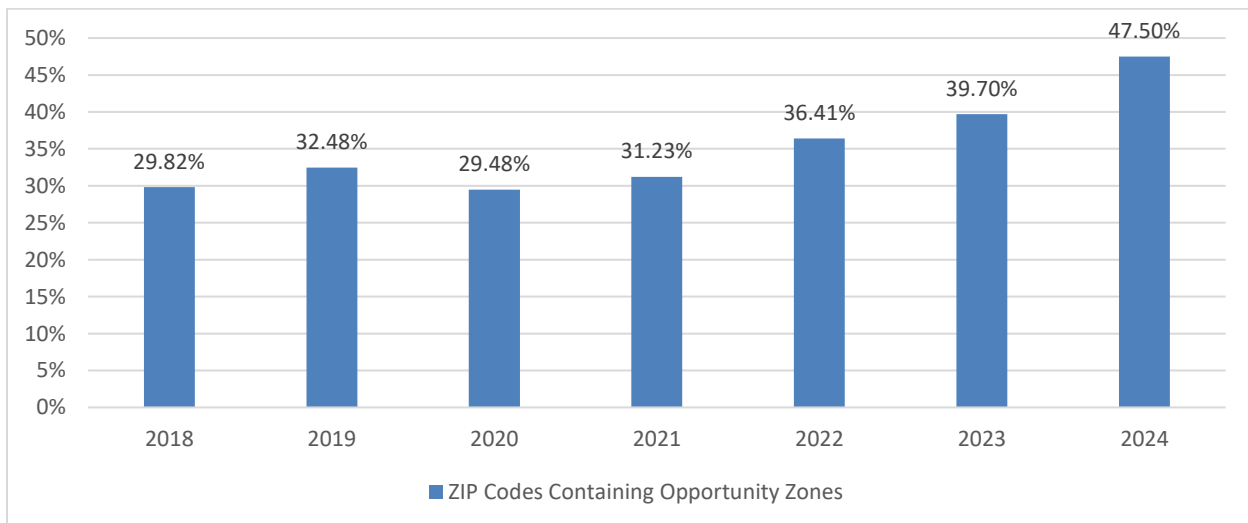
Table 4: Congressional district comparison: Obligation percentage by sector, 2015–2024

Pennsylvania - Congressional District 15		North Carolina - Congressional District 1	
Accommodation and food services	40.47%	Utilities	52.10%
Agriculture, forestry, fishing, and hunting	26.43%	Health care and social assistance	24.02%
Manufacturing	21.59%	Manufacturing	12.40%
Other sectors	11.51%	Other sectors	11.48%

Opportunity Zones were created under the Tax Cuts and Jobs Act of 2017, an economic development tool that allows for increased investments in distressed areas by providing tax benefits to investors. The act designated 8,764 low-income communities and certain contiguous communities, tracked at the census tract level, as Qualified Opportunity Zones. From 2018 onward, the B&I program has shown increased investment in Opportunity Zones. As of 2018, approximately 31.3 million people in the 50 states, not including U.S. territories, lived in areas designated as Opportunity Zones. Figure 5 shows the percentage of total B&I obligations, including COVID-related B&I programs, that have been made in zip codes containing census tracts designated as Qualified Opportunity Zones. A significant proportion of investments have been made in areas that may benefit low-income populations directly via increased employment, or indirectly through increased economic activity.



Overall B&I investment into zip codes containing Qualified Opportunity Zone census tracts have increased 59.29% from 2018 to 2025.

Figure 5: B&I program loans in zip codes containing Opportunity Zones are increasing

Program financials: Allotments, obligations, and subsidy rates

On an annual basis, Congress provides budget authority for USDA RD, which determines how many loans can be made for the budget year. This is often set in appropriation acts or via the authorized amount in the Farm Bill, subject to annual budget decisions. Given that B&I is a guaranteed program, the budget authority primarily covers the credit subsidy amount of the loan guarantees and program administration. The B&I program historically has the largest appropriations and highest utilization rate amongst RD guaranteed programs.

i Usage of total B&I allotments in 2023 and 2024 were 90.83% and 98.24%, the highest on record. Usage of Total B&I allotments increased from 53.99% in 2020 to 98.24% in 2024

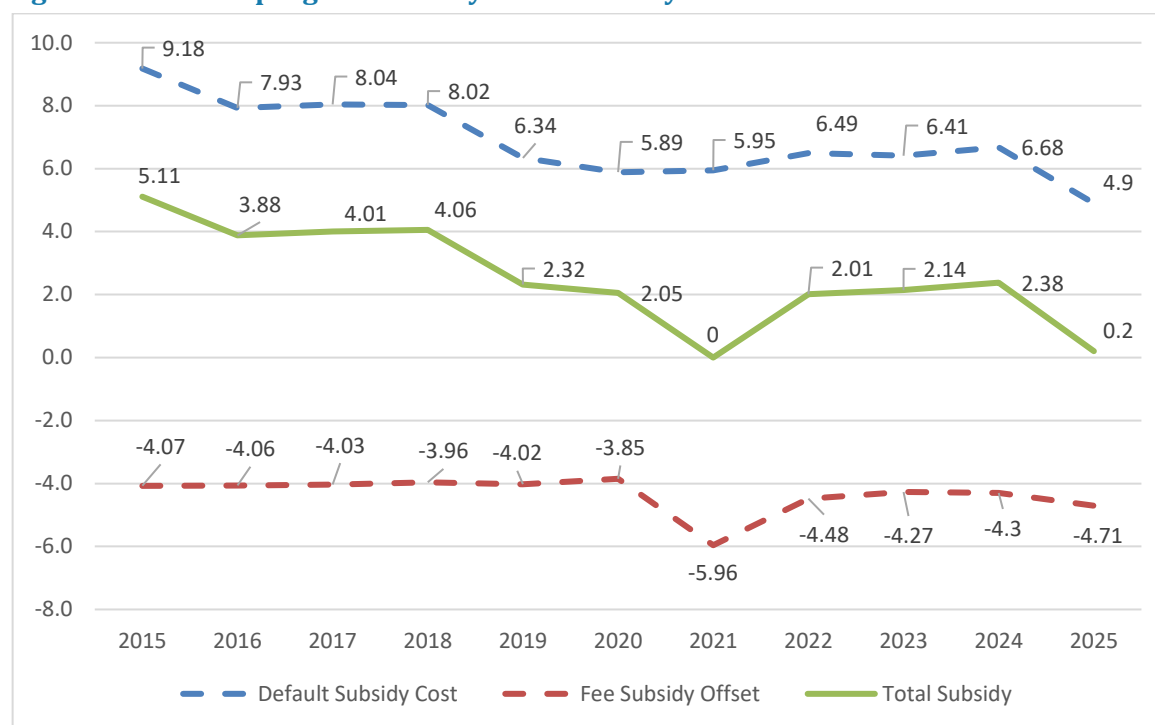
The percentage usage of total B&I allotments increased steadily from 2020 through 2024. In fact, the B&I program would have used 100% of allocations in 2024, if not for the recapture of de-obligated funds at fiscal year-end. The B&I program allotments were \$1.77 billion, \$2.05 billion, and \$1.83 billion for fiscal years 2022, 2023, and 2024, respectively. The program was appropriated \$3.5 billion in fiscal year 2025, the highest ever when adjusted for inflation.

Table 5: Allotments, obligations, and use rates, 2015–2025

Fiscal Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Allotments (in millions)	\$1,232	\$1,778	\$1,502	\$1,224	\$1,374	\$2,530	\$2,737	\$1,778	\$2,050	\$1,831
Total B&I obligations (in millions)	\$864	\$1,060	\$1,177	\$1,054	\$1,116	\$1,366	\$2,307	\$1,598	\$1,862	\$1,799
Core B&I obligations (in millions)	\$864	\$1,052	\$1,177	\$1,053	\$1,116	\$1,058	\$1,807	\$1,598	\$1,862	\$1,799
Total usage	70.16%	59.60%	78.39%	86.15%	81.26%	53.99%	84.28%	89.89%	90.83%	98.24%
Core B&I usage	70.12%	59.15%	78.33%	86.07%	81.26%	41.82%	66.01%	89.89%	90.83%	98.24%

The subsidy rate is a critical financial aspect of any federal loan guarantee program, as it measures the estimated cost to the government of extending the guarantees. For the B&I program, USDA and the Office of Management and Budget calculate this rate based on the projected long-term losses (defaults net of recoveries) and expenses, minus any fees collected. In formulaic terms, the subsidy cost considers the probability of default on guaranteed loans, the portion of each loan that will be lost given default (after collateral liquidation), the timing of these defaults, the discount rate (interest rate) used to calculate estimate present value costs, and the fee income (initial and annual fees) that the government receives. Recent revision of program fees under OneRD, diligent underwriting processes, and strong portfolio risk management practices have contributed to the reduction of total B&I subsidy rate over time. Figure 6 shows the default subsidy cost, fee subsidy offset, and total subsidy of the B&I program from 2015 through 2025.

i The overall subsidy rate for the B&I loan guarantee program has decreased significantly during the past decade, with the 2025 subsidy rate being the second lowest on record at 0.2%. In other words, It costs the government 20 cents for every \$100 of lending.

Figure 6: B&I loan program subsidy recent history

Between fiscal years 2015 and 2024, the USDA paid approximately \$501.6 million in loan losses under the core B&I program. The bulk of losses are concentrated in loans likely obligated between pre-2012, 2013 and 2015, underscoring the long tail of loss exposure from those cohorts. While obligation year attribution for some older losses is incomplete, the claim data still highlight a general pattern: losses from newer cohorts have steadily declined in recent years, with average annual losses from 2021 to 2024 totaling just under \$30 million, compared to peak years like 2016 and 2018, which each saw over \$70 million in losses. The large share of losses linked to suspected pre-2012 obligations underscores the program's momentum and attention to sound underwriting practices.

i The B&I program was appropriated \$3.5 billion in FY 2025, the highest in program history. Combined with its second lowest subsidy rate, the program is well positioned to benefit rural American businesses.

Overall, the B&I program has seen a significant reduction in program total subsidy rate, driven primarily by reduced default assumptions in the program's annual modeling. The B&I program is well positioned to make a significant impact in rural America with a lower cost of financing to the taxpayer.

MACROECONOMIC SUMMARY STATISTICS

To quantify the economic impact of the B&I program on a macro level, we assessed the impact of B&I investment on employment, earnings, gross domestic product (GDP), and taxes. We find that the USDA B&I Guaranteed Loan Program has had a positive impact on all four key macroeconomic variables and that the impact extends past the year of investment. There are also differential impacts across states and counties; based on certain conditions, the impact grows progressively over time. Based on regression analysis, counties that receive B&I investment saw employment gains of approximately 200,000 in the short run (same year as investment), and approximately 750,000 in the long run (first three years after investment) in our sample. Conditioning on GDP per capita, we find that counties that receive B&I investment also observe a rise in both earnings and GDP. At the state level, we find that a 1% increase in B&I investment increases taxes collected by 0.55% in the long run.

 Counties that received USDA B&I investment experienced employment growth over several years. It cost the federal government an estimated \$438 per job created by the B&I program from 2012 to 2022.

We use a variety of econometric and statistical techniques to quantify the economic impact of the USDA B&I Guaranteed Loan Program. For employment, we want to highlight the short-run and long-run implications over a 3-year period of the program, and we use regression techniques to quantify these effects. For earnings and GDP, mapping counties that receive B&I investment with counties with similar GDP per capita that did not receive B&I investment allows us to determine how earnings and GDP for counties that receive B&I investment have risen over time. Finally, to quantify the impact on tax revenue, we perform econometric analysis at the state level (as opposed to county level), as this is the lowest level of aggregation for which comparable sales tax data is available for the United States.

Employment rises in both the short run and long run

We obtained county-level annual employment data for 2001 through 2022 from the U.S. Bureau of Economic Analysis¹ (BEA) and loan-level B&I investment data for 2012 through 2022 from the USDA Rural Data Gateway portal.² Loan amounts are aggregated to obtain the total amount invested into each county for each year. This is merged with employment data at the county level, and employment growth rates are annualized. The data are filtered to include only counties that received investment at least once between 2012 and 2022.

We then estimate an ordinary least squares regression with annual employment growth as the dependent variable and the investment amount in the current year, the previous year, and 2 years prior as the key independent variables. We include time-fixed effects to account for year-specific factors that could affect employment growth independent of investment; events in 2019 related to the Taper Tantrum, for example, would be captured by the 2019-specific time-fixed effect, and the time-fixed effects as a group would capture business cycle dynamics throughout the estimation horizon. The results of this regression allow us to see both the short-run and long-run impacts of investment on annual employment growth at the county level. While the short run measures the contemporaneous

¹ <https://www.bea.gov/itable>

² <https://www.rd.usda.gov/rural-data-gateway>

(same-year) impact of B&I investment, the long-run impact looks at employment growth over a 3-year period after investment. In what follows, we focus on the long-run implications for employment as the macroeconomic effects of investment tend to have persistent effects on the macroeconomy.



An estimated 750,000 jobs were created from the B&I investment made between 2012 and 2022.

Table 6 illustrates the long-run impact of B&I investment on county employment growth. The long-run impact is estimated to be a 0.0917 percentage point increase in annual employment growth for every million dollars invested. This aggregates the

estimated impact of investment on employment growth over a 3-year period.³ The dependent variable is employment growth: to convert this number into an estimate for jobs created, one needs a base level on which to apply this growth. The base level is the average numbers of jobs per county. Given the average number of jobs per county, we can then compute the jobs that would be created from 1% of jobs growth, e.g., 1% growth of the 73,560 jobs in 2014 would be 735.6 jobs. Multiplying the long-run impact (0.0917 percentage points of growth per million invested) by the number of millions of investment dollars for each year then yields the expected number of percentage points increase in annual jobs growth. Multiplying this by the number of jobs produced for a 1% increase in annual jobs growth will then give us the estimated number of jobs created specifically by the B&I investment that year. Summing across the years included in our dataset, we find that the B&I program produced 757,800 jobs from 2014 to 2022.

Table 6: Estimated number of jobs created

Year	Total investment (in millions) ⁴	Average number of jobs per county	Jobs for 1% growth	Change in employment growth for \$1 Million of investment	Estimated jobs created by investment
2014	\$874	73,560	736	.0917	58,914
2015	\$846	75,226	752	.0917	58,348
2016	\$1,032	76,476	765	.0917	72,327
2017	\$1,152	77,849	778	.0917	82,166
2018	\$1,044	79,547	795	.0917	76,090
2019	\$1,097	80,237	802	.0917	80,692
2020	\$1,046	78,102	781	.0917	74,865
2021	\$1,765	81,306	813	.0917	131,553
2022	\$1,573	85,209	852	.0917	122,845
Total	\$10,429				757,800

Table 7: Summary of jobs created

Topic	Value
Total amount invested (in millions)	\$10,429
Estimated number of jobs created	757,800

³ Please see the appendix for the justification of this calculation.

⁴ For regression analysis, investment into US territories is not considered

From the information above, we can estimate how much investment is needed in the average county to create one additional job. The total amount invested is not what it costs the government to create these jobs; rather it is actual losses which depend on delinquencies and defaults. If the loans are paid back in full, there is no cost to the government; the government only incurs a cost when loans are not repaid, and this is reflected in the credit subsidy or delinquency rate. Therefore, the cost to the government is the product of the subsidy rate with the total investment amount. Given that the subsidy rate has changed over time, we can multiply the subsidy rate with the total investment amount by year to get the annual cost to the government. We then sum across years to get the total cost to the government of \$331,552,052 for the period from 2014 to 2022. Given that 757,800 jobs were created during this period, this translates to the cost per job in the long run of \$438.

Table 8: Job created: cost to the government

Year	Total investment (in millions) ⁵	Jobs created by investment	Subsidy rate	Cost to the government (in millions)
2014	\$874	58,914	6.99%	\$61
2015	\$846	58,348	5.11%	\$43
2016	\$1,032	72,327	3.88%	\$40
2017	\$1,152	82,166	4.01%	\$46
2018	\$1,044	76,090	4.06%	\$42
2019	\$1,097	80,692	2.32%	\$25
2020	\$1,046	74,865	2.05%	\$21
2021	\$1,765	131,553	1.14%	\$20
2022	\$1,573	122,845	2.01%	\$32
Total	\$10,429	757,800		\$332

Table 9: Summary of cost to the government

Cost category	Value
Total Amount Invested	\$10,428,680,246
Total Estimated Jobs Created	757,800
Total Cost to Government	\$331,552,052
Cost to Government per Job Created	\$438

Counties that receive investment see a positive effect on earnings

To evaluate the impact that investment had on earnings, we looked at county pairs; counties that received investment were paired with the most similar county that did not receive investment in terms of earnings per worker in the year of investment. This was done for all counties that first received investment between 2013 and 2021. The earnings data were obtained from BEA, which, combined with the employment data mentioned above, produces earnings per worker variable that we examine. By averaging the earnings per worker each year for these two sets of counties (those with investment and

⁵ For regression analysis, investment into US territories is not considered

their counterparts without investment), we can see the positive impact investment has on earnings over time.

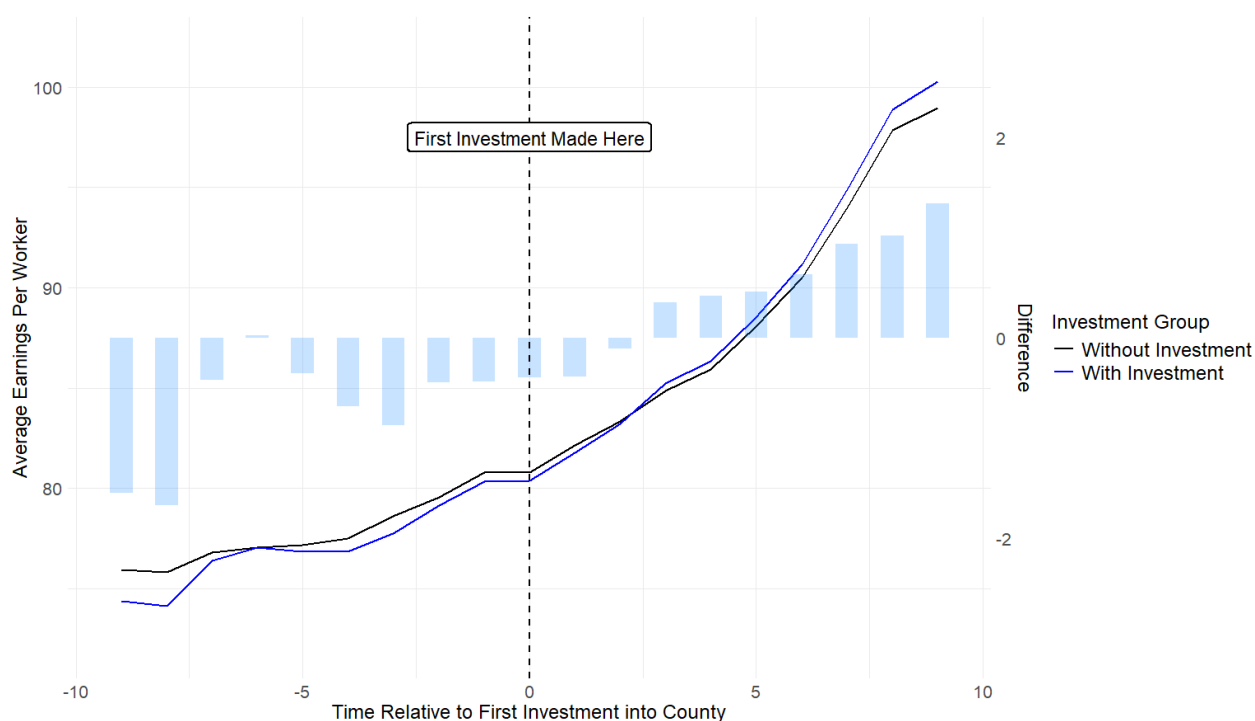


Counties that received B&I investment saw a higher increase in their average earnings per worker for 9 consecutive years after initial investment than similar counties that did not receive investment.

Figure 7 shows average earnings per worker for counties that received investment (blue line) and the matched counties that did not (black line). The x-axis shows years relative to the first investment (time = 0), with up to 9 years before investment (time = -9 for counties with first investment in 2021) and up to 9 years after (time = 9 for counties with first investment in 2013). The blue bars illustrate the difference between the average earnings per worker of the counties that received investment versus the matched counties that did not (blue minus black).

counties with first investment in 2013). The blue bars illustrate the difference between the average earnings per worker of the counties that received investment versus the matched counties that did not (blue minus black).

Figure 7: Average earnings per worker for counties that received investment and matched counties that did not receive investment



Before initial investment (i.e., to the left of zero on the graph), counties that received investment had lower earnings for worker on average when compared with counties that did not receive investment. A few years post-investment, however, there is an inflection point where earnings per worker for counties that receive investment start to outpace earnings per worker for counties that did not receive investment. This suggests that counties that receive B&I investment earn more per worker than counties that do not, and that this difference grows over time: B&I investment is thus directly correlated with a persistently positive impact on earnings per worker at the county level.

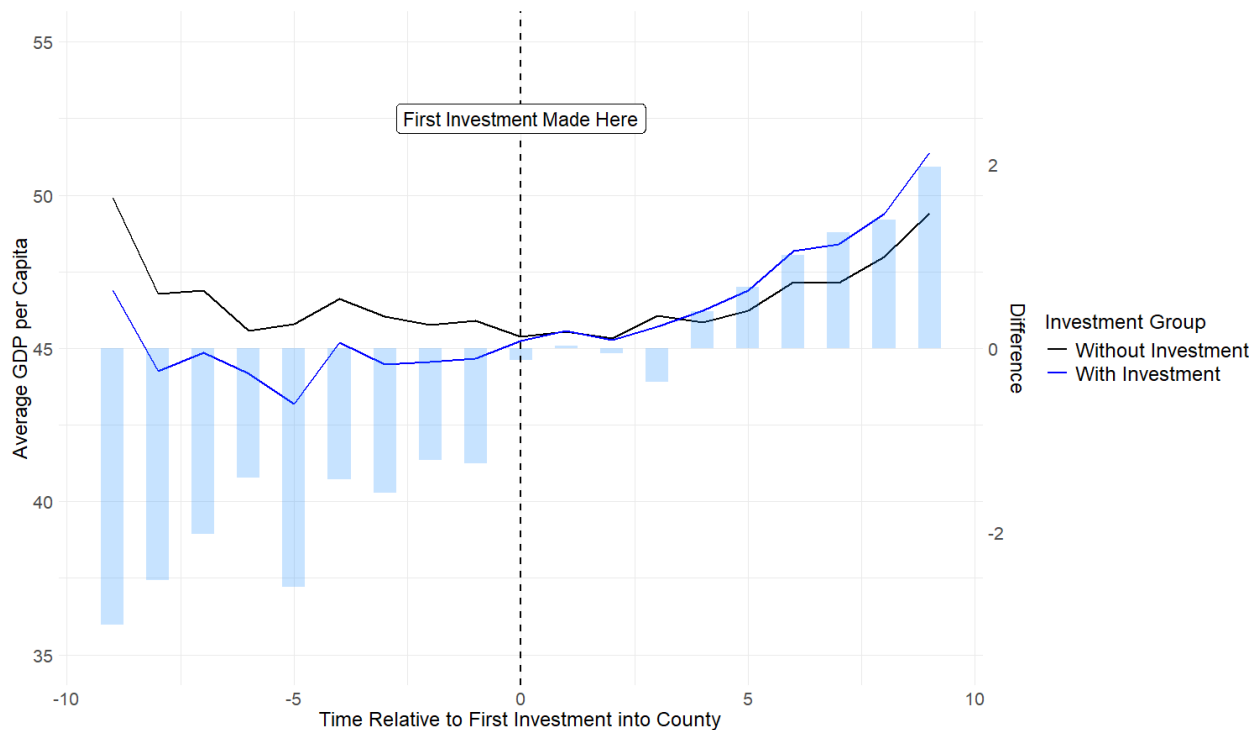
Counties that receive investment see a positive effect on GDP

Similarly, to evaluate GDP, counties with investment were again matched to the most similar counties without investment by GDP per capita (Figure 8) and GDP (Figure 9). The GDP and population data are obtained from BEA. By aggregating over these two sets of counties (those with investment and their counterparts without investment), we can see the positive impact investment had on GDP per capita and GDP over time.

Figure 8 below shows the average GDP per capita for counties that received investment (blue) and the matched counties that did not (black). Data from 2012 through 2022 are used. The x-axis shows years relative to the first investment (time = 0), with up to 9 years before investment (time = -9 for counties with first investment in 2021) and up to 9 years after (time = 9 for counties with first investment in 2013). The blue bars illustrate the difference between the average GDP per capita of the counties that received investment versus the matched counties that did not (blue minus black).

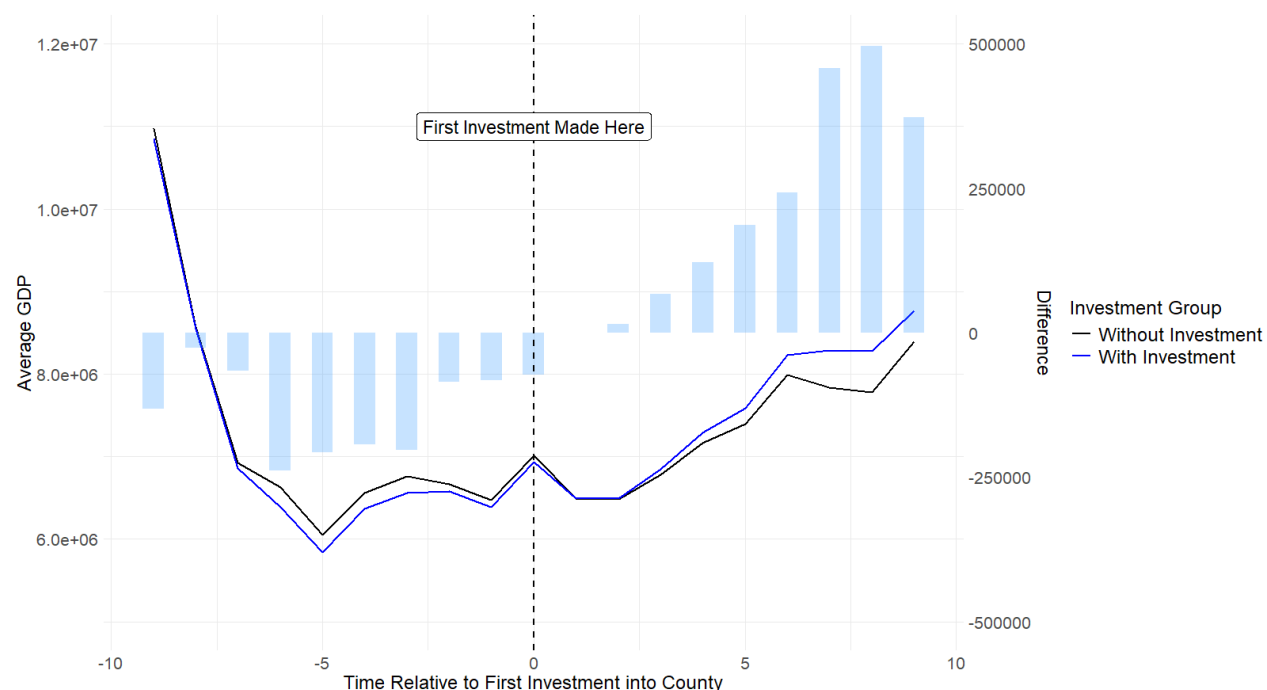
i On average, in the years following initial investment, counties that received B&I investment had higher GDP per capita and GDP than similar counties that did not receive investment.

Figure 8: Average GDP per capita for counties that received investment and matched counties that did not receive investment



The same graph is produced for GDP, and we see similar trends and results in Figure 9.

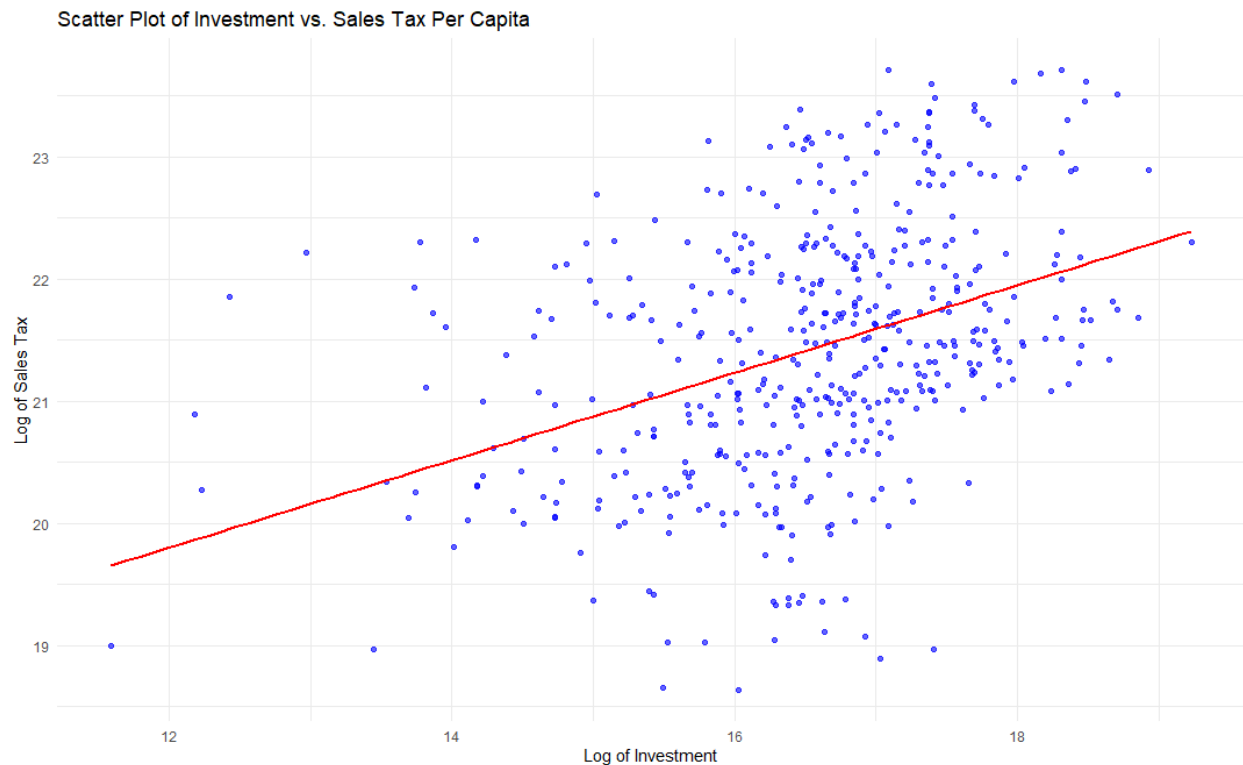
Figure 9: Average GDP for counties that received investment and matched counties that did not receive investment



Both graphs show a similar trend with counties that received investment having higher GDP per capita and GDP than those without investment. Furthermore, the difference between the two series tends to increase over time. B&I investment is thus directly correlated with a persistently positive impact on GDP and GDP per capita at the county level.

State-level analysis: Positive impact of B&I on sales and taxes

Finally, we investigated the impact B&I investment had on the amount of sales tax each state collected. State tax data are obtained from the U.S. Census Bureau, which conducts an Annual Survey of State Government Tax Collections. To evaluate the impact of the B&I program on taxes at the state level, we start by aggregating B&I investments between 2012 and 2022. When performing regression analysis, tax revenue should be modeled differently than the employment data. Unlike employment data, tax revenue from 2014 should not be treated the same as tax revenue from 2022. This is due to inflation over time (as taxes are a nominal quality) and because taxes are inherently more volatile than employment data. For these reasons, we focus on the impact of B&I investment on the percentage of state taxes as opposed to the level, given that percentages are unitless (and hence time-invariant). To determine the expected percent change of sales tax collected based on a 1% increase in B&I investment made to that state, we estimate a log-log ordinary least squares model; the logarithms on both sides of the regression ensure that the units are in percentages when interpreting the results from the model. Figure 10 shows a scatterplot of log of B&I investment against the log of sales tax collected for all 50 states from 2012 to 2022 (when investment was not equal to 0). There is a strong positive correlation between these two transformed variables.

Figure 10: Log of state sales income tax collected plotted against log of B&I investment

To determine the long-run impact of investment, we then estimate a regression model where the logarithm of state sales tax is the dependent variable, and the independent variable is the logarithm of the aggregated investment amount of the current year and the two previous years. This model also controls for the year the investment was made. The dataset thus includes observations from all 50 states with nonzero investment for 3 consecutive years in which the last of the 3 years was between 2014 and 2022. The results indicate that for every 1% increase in B&I investment into a state, we expect to see a 0.55% increase in state sales tax collected over a 3-year period.

i A 1% increase in B&I investment results in a 0.55% increase in sales tax revenue for the average state in the long run.

ASSESSMENT METHODOLOGY: BRIEF OVERVIEW

For more information on this study, contact us at contracts@summitllc.us.

Table 10: Overview of assessment methodologies

Methodology description	
Case studies	
- Loan selection: Identified B&I programmatic loans for potential inclusion, based on the following characteristics of interest: - Project started around the time of OneRD (2021) - Geographic diversity - Industry diversity - Funded project at or near completion, to capture loan impacts - Interviews: Conducted 45-60 minute interviews with lenders and borrowers to gather data on loan details, how the loan helped their business grow, and challenges faced before obtaining the loan. - Data analysis and summarization: Identified key themes in each case study and developed a one-page infographic for each.	
B&I programmatic data	
- Submitted a comprehensive FOIA data request to the USDA Rural Development Innovation Center covering the B&I Guaranteed Loan Program from FY 2000 through FY 2024. - Data included annual program allotments, obligated amounts, and full loan-level details such as borrower type, industry codes, lender names, and project-specific funding indicators. - Included identifiers geographic (e.g., county, ZIP code, congressional district), loan performance metrics (e.g., delinquencies, losses), and program structure indicators (e.g., OneRD vs. Pre-OneRD, ARRA vs. Non-ARRA). - Loan-level data received was validated against publicly available records from USDA's Rural Data Gateway to ensure consistency and completeness.	
Macroeconomics summary statistics	
- Econometric analysis of employment, earnings, GDP and tax data. - Employment, earnings, and GDP analysis are at county level, tax analysis at state level. - Regression techniques allow for estimation of short-term and long-term impacts. - Matching allows for identification of macroeconomic effects of the RD program by grouping observations with similar characteristics and probability of receiving an investment.	
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