

SUMMARY FINDINGS

USDA B&I Guaranteed Loan Program: 2025 Economic Assessment

BACKGROUND

- 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.
- The team 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.

THESIS

- While the government's subsidy cost is known, NRLA aimed to **define the program's economic benefits** and establish return on investment:
 - What are the success stories and economic metrics we want to capture to help prove the benefit of the program?
 - How could the B&I program eventually pay for itself via program growth?
 - For every B&I dollar invested or spent, what is the return on that investment for rural communities?
- 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 STUDY FINDINGS

- We highlighted four projects across the country and in different asset classes that contain tried-and-true results before and after loan origination.
- 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 outside impacts on rural America.
- "Tombstone data," or credit memo intentions, are proven out in post-loan economic measures such as jobs, wages, and companies' financial growth.

MACROECONOMIC SUMMARY STATISTICS

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

PROGRAMMATIC STATISTICS

- Total core B&I obligations increased from 2015 to 2024 by 108%. The four highest core B&I obligation amounts in program history — \$1.81 billion, \$1.60 billion, \$1.86 billion, and \$1.80 billion — were made in 2021, 2022, 2023, and 2024, respectively.
- 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.
- B&I loans have been obligated across **21 NAICS sectors and 90 unique subsectors**, highlighting the program's broad industry reach.
- 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.
- Overall B&I investment into zip codes containing Qualified Opportunity Zone census tracts has **increased 59.29%** from 2018 to 2025.
- Use of total B&I allotments in 2023 and 2024 was 90.83% and 98.24%, the highest on record.
- 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**.
- 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.