

February 29, 2016

TO: State Directors  
Rural Development

ATTN: Business Programs Directors

SUBJECT: Rural Business and Cooperative Programs  
Performance and Accountability Report Performance Measures

**Purpose:**

The purpose of this Unnumbered Letter (UL) is to provide guidance regarding recording and verifying Rural Business-Cooperative Service (RBS) Performance and Accountability Report (PAR) performance measures and other measures that show the impacts and outcomes of RBS programs. The UL is a continued effort for RBS to stress the importance of reporting data accurately and consistently into GLS. This UL is wholly similar to the previous guidance, only adding clarification and links to mapping websites to aide in identifying projects that meet the requirements for Special Initiatives. This UL replaces previous guidance issued on November 13, 2014.

**Background:**

RBS's performance is measured primarily through businesses assisted, jobs created and saved, and energy generated and saved.

Businesses assisted, jobs created or saved, and energy generated or saved, are key performance measures when reporting economic development impacts. In addition to the performance measures, five initiatives are tracked by the Secretary's Office. The performance measures are reported to Congress, the Office of Management and Budget, and the general public. It is essential that the data being reported is accurate, consistent, and verifiable.

**Implementation:**

The program performance measures addressed in this UL include the number of jobs created or saved, the number and types of businesses assisted, the amount of energy generated or saved, the number of cooperatives, the number of groups assisted, and the number of plans completed, including energy audits and assessments. Program specific performance measures must be completed before the loan or grant is obligated. Addendum 2 specifies which performance measures apply to each of the RBS programs.

EXPIRATION DATE:  
February 29, 2017

FILING INSTRUCTIONS:  
Community/Business Program

**Businesses Assisted.** The number of businesses assisted will be estimated by the applicant in the application and verified by the Agency after the project is in operation. The number of businesses assisted is a tally of the business enterprises and entrepreneurs which are directly benefiting from or receiving assistance from the project funded or financed by RBS programs. The Agency will only record businesses that have been estimated, and which can be identified and verified after project completion. Construction contractors on development projects, third-party suppliers, service contracts, and third-party marketing and distribution enterprises are not considered businesses assisted.

The term “businesses” is a primary measure and will be used as a common term to describe all sizes and types of business entities, enterprises, organizations, and individual entrepreneurs. This general definition of the term “businesses” will be applied consistently across all RBS programs. The terms “farmers or ranchers”, “small businesses”, “individuals”, and “cooperatives” will be used to further describe the “businesses” and will be used as a secondary measure. Generally the number of businesses assisted will not be less than the total number of secondary measures when recording the data into the Guaranteed Loan System (GLS). However, there may be situations where the secondary measures are larger than the business assisted. Please see Addendum 2.

**Small Businesses Assisted.** To determine if the businesses assisted are small businesses, they must meet the Small Business Administration (SBA) definition of a small business. SBA defines a small business as one that is independently owned and operated, organized for profit, and not dominant in its field. Depending on the industry, size standard eligibility is based on the average number of employees for the preceding 12 months or on sales volume averaged over a 3-year period. Please review the North American Industrial Classification System code provided by the borrower to ensure that it is correct before making the determination. Please note the following link will access to the SBA webpage: [SBA webpage](#) Please see Addendum 2.

**Jobs Created or Saved.** Once the business or businesses assisted have been identified, then the number of jobs created or saved by each business can be determined. The estimated number of jobs to be created or saved should be based on a typical year after the project is completed, or the business is fully ramped up or the renewable energy system or energy efficiency system is stabilized. Generally, jobs are located at the project site; however, the jobs may be located off-site if they are employed by the “business assisted” and are directly related to the project. Do not include jobs located outside of the United States.

Existing jobs can only be counted as jobs saved, if the recipient can document that the jobs would have been lost without the RBS financing or funding. Please see Addendum 2.

**Energy Generation or Savings.** RBS programs that involve the installation or retrofitting of renewable energy systems or making energy efficiency improvements need to have energy information entered into GLS. The Rural Energy for American Program (REAP) is not the only program that can report on energy generating or energy saving. Other programs, including but not limited to Business & Industry (B&I) the Rural Economic Development Loan and Grant Programs, and the Intermediary Relending Program may finance a project that generates or saves energy.

Projected energy generated or saved will be input into GLS prior to obligation, based on the information contained in the energy audit, energy assessment, technical report, feasibility study, or other documents submitted with the application. It is important that information entered prior to obligation is accurate. Energy coordinators can assist with determining the correct information to be entered into GLS.

Renewable energy systems will be reported as energy generated. The energy generated should be the annual energy generation projected by the installation of the project.

Energy efficiency improvements will be reported as energy saved. The energy savings should be the annual energy savings projected by making the improvement.

The amount of liquid biofuels produced should be entered into GLS as the number of gallons produced annually. The amount of energy savings for all other types of energy projects should be entered in GLS as the number of kilowatt hours (KWH) generated or saved annually.

**Special Initiatives.** This UL specifically addresses five special initiatives: Local Foods, Strike Force, Empowerment Zones, Persistent Poverty, and Investing Manufacturing Community Partnership. Additional Secretary initiatives (i.e. biobased, outmigration) are also tracked in GLS and utilized in the Agency's annual performance. Thus, it is also important to enter data on additional initiatives into GLS accurately.

**Verifying Performance Measures.** Lenders, intermediaries, and grantees will verify and report performance measures for their borrowers, recipients, or project to the Agency as outlined below: The initial verification should be recorded in GLS at the time the Loan Note Guarantee, the Promissory Note, or Grant Agreement are executed and annually thereafter for the term indicated below. Correct data entry in GLS is important as the Performance Measures fields are locked upon obligation. These fields cannot be changed after obligation.

Please contact, Specialty Programs Division at (202) 720-1400, if you have any questions regarding the guidance addressed in the RBS performance measures. Please direct questions regarding a specific program or project to the appropriate Division or program area. If you have any questions regarding GLS, please contact your State GLS point-of-contact.

/s/ ***SAMUEL H. RIKKERS***

SAMUEL H. RIKKERS  
Administrator  
Rural Business-Cooperative Service

Attachments

## Businesses Assisted

1. *Energy Program* – There may be times when the secondary measures are higher than the number of businesses assisted; for example, if three farmers own a Limited Liability Company (LLC) and construct an anaerobic digester, the LLC is counted as the business. However, due to the need to report how many farmers are assisted, three would be completed in the farmer or rancher field resulting in a larger secondary number than the businesses assisted. The same could be applied to a group of farmers owning a wind farm as a corporation.
2. *Local Foods Initiative* – If the project meets the local foods initiative, the secondary measure of farmers or ranchers must be completed. For example, a Business and Industry (B&I) loan is to “Come and Get It” corporation and meets the definition of helping out local foods. The local foods initiative involves farmers who provide the food product. The application should have the number of farmers who are supplying the food product which must be completed in GLS.

## Small Business Assisted

1. *Direct Assistance Programs* – Direct assistance includes, but is not limited to, borrowers of B&I and Energy Guaranteed Loans, tenants of B&I borrowers meeting certain conditions, and the grantees for Rural Energy for American Program (REAP) renewable energy system and energy efficiency improvement grants and Value Added Producer Grant (VAPG) planning or working capital grants.

Each borrower or grantee will be recorded in GLS as a “business assisted” and further described as “farmers or ranchers,” “small businesses,” “individuals,” or “cooperatives” as appropriate. The number of businesses assisted will always be one, except in cases where the recipient’s facility houses more than one business. An example is a real estate holding company that leases its facility to third-party entities. In this example the real estate holding company develops a strip mall and five tenants (businesses) have a lease in place at the time of application to occupy space in the mall. In this case, the total number of businesses assisted that should be entered into GLS would be six. If applicable, these businesses should also be further described as “farmers or ranchers,” “small businesses,” “individuals,” or “cooperatives” as appropriate.

2. *Technical Assistance Programs* – Technical assistance programs provide funding to a grantee to conduct training, energy audits, renewable energy development assistance, marketing assistance, or planning assistance and the business, cooperative, or individual recipient of the assistance can be identified and verified. Each grantee will be recorded in GLS as a “business assisted” and any business they assist will also be counted as “businesses assisted.” The grantee and the recipients should be further

described as “farmers or ranchers,” “small businesses,” “individuals,” or “cooperatives,” as appropriate. Training to aspiring entrepreneurs, such as basic business management, financial management, marketing, and business planning might provide essential skills but will not directly result in the start-up of a business; therefore the business would not be counted for technical assistance programs.

3. *Revolving Loan Fund (RLF) Programs* – RLFs include programs where RBS provides funds to an intermediary that establishes a RLF. The intermediary lends the funds to ultimate recipients for use in their businesses. Each ultimate recipient will be recorded in GLS as a “business assisted” and further described as “farmers or ranchers,” “small businesses,” “individuals,” or “cooperatives,” as appropriate. In GLS on the add project screen in the RLF system, the intermediary needs to check the box next to this field if the project is considered a small business in accordance with the Small Business Administration (SBA). The user may click on the “SBA Eligibility Criteria” link which will flow to the SBA website to make the eligibility determination of the business.
4. *Business Incubators, Farmers Markets, and Infrastructure Projects* – Each borrower or grantee will be recorded in GLS as a “business assisted” and further described as “farmers or ranchers,” “small businesses,” “individuals,” or “cooperatives” as appropriate. The businesses assisted should also include the individual businesses where the borrower or grantee has a written commitment to occupy the space.

## Special Initiatives

1. *Strike Force* – United States Department of Agriculture’s (USDA) Strike Force for Rural Growth and Opportunity Initiative works to address the unique set of challenges faced by many of America’s rural communities. Through Strike Force, USDA is leveraging resources and collaborating with partners and stakeholders to improve economic opportunities and quality of life in these areas. Strike Force now operates in over 990 rural counties, parishes, boroughs, tribal reservations, and Colonias. [StrikeForce updated listings](#)
2. *Promise Zones* – The President is committed to partnering with local leaders to give them proven tools to rebuild and put people back to work. This is a collaborative effort between private business and Federal, State and local officials; faith based and nonprofit organizations; each Promise Zone will be asked to identify a set of outcomes, and realign resources accordingly. [Promise Zones overview](#)
3. *Persistent Poverty* – Persistent Poverty county as determined by USDA’s Economic Research Serviced (ERS). ERS has defined counties as being persistently poor if 20 percent or more of their populations were living in poverty over the last 30 years (measured by the 1980, 1990, and 2000 decennial censuses and 2007-2011 American Community Survey 5 year estimate). Persistent poverty also demonstrates a strong regional pattern, with nearly 84 percent of persistent - poverty counties in the South,

comprised of more than 20 percent of all counties in the region. [Persistent Poverty updated listings](#)

4. *Local Foods* – Develop strong and resilient local and regional food systems. By leveraging public-private partnerships to finance scale-appropriate food distribution and processing infrastructure, Rural Development (RD) will provide the capital and technical assistance for local food enterprises to start or expand their business operations. Local food enterprises, like food hubs and farmer cooperatives, close the gap between producers and consumers by providing aggregation, distribution, processing, and marketing services that allow America’s farmers to take advantage of the significant market demand for locally and regionally grown food. RD’s financial investments coupled with targeted technical assistance to local and regional food enterprises will result in increased jobs in this sector, increased sales revenue for America’s farmers, and increased access to fresh, healthy, local food for consumers.
5. *Investing in Manufacturing Communities Partnership (IMCP)* – IMCP is designed to accelerate the resurgence of manufacturing in communities nationwide. The Commerce Department’s Economic Development Administration (EDA) is seeking to designate up to 12 additional communities as “manufacturing communities” under the IMCP initiative. Specifically, the program aligns Federal economic development investments behind long-term economic development strategies that help communities attract and expand private investment in the manufacturing sector and increase international trade and exports.

### **Jobs Created and Saved**

1. *Direct Assistance Programs* – All jobs created must be directly related to the project funded or financed by RBS programs. It is imperative that when reviewing the estimated numbers of jobs, the jobs are not indirect jobs created or saved and can be verified.
2. *Technical Assistance Programs* – Technical assistance, including training and planning projects, might not create or save jobs. Technical assistance or training to a business or entrepreneur to implement business start-up will directly assist in creating jobs and should be counted. Training to aspiring entrepreneurs, such as basic business management, financial management, marketing, and business planning, might provide essential skills but will not directly result in start-up of a business and creation of jobs, therefore the jobs would not be counted. Grants to provide energy audits and renewable energy development assistance to businesses may provide valuable information on how to save energy or incorporate renewable energy systems into their operations, but may not create or save any jobs for the business and should not be counted. Jobs created by the grantee to deliver technical assistance may be included in the job count if the new position is an employee of the grantee.
3. *Revolving Loan Fund Programs* – The jobs created or saved by ultimate recipients for their business must be directly related to the project funded or financed by the RLF

over the life of the RLF. It is imperative that when reviewing the estimated numbers of jobs that they are not indirect jobs created and/or saved. The preliminary number of jobs created or saved by the RLF are the estimated numbers provided by the intermediary in their application.

4. *Business Incubators, Farmers Markets, and Infrastructure Projects* – The jobs created or saved must be directly related to the project or financial assistance. If the borrower or grantee creates a job to manage the project, that job would be included in the jobs created and/or saved by the businesses occupying the space.

### **Verifying Performance Measures**

1. *Direct Assistance Programs* – Grantees and lenders will verify and report the performance measures as required by the specific program (see Addendum 2).
2. *Technical Assistance Programs* – RBS will verify performance measures as reported through the grantee's quarterly or semi-annual project performance report.
3. *Revolving Loan Fund Programs* – RBS staff will verify and record the cumulative number of jobs created and saved over the life of the RLF at the facility or project level. The number of verified jobs created and saved and the jobs count are the cumulative total number of jobs created or saved by the RLF over the life of the fund, annually tally the number of projected jobs from the new ultimate recipient loans after the ultimate recipient project is completed and at full employment. Add the jobs to the existing job data in the "Facility Job Tracking" section of the GLS "BP Routine Servicing Action Information" screen. Add the jobs of each ultimate recipient loan once. Do not deduct decreases in jobs due to down-sizing and business closures by the ultimate recipient, or paid-in-full ultimate recipient loans, or other inactive ultimate recipient loans. Continue a cumulative number of jobs annually.
4. *Business Incubators, Farmers Markets and Infrastructure Projects* – RBS staff will verify and record the cumulative number of jobs created and saved until the borrower or grantee no longer operates the project. Any new business occupying the space will be added to the current number of jobs created and saved.



| Program                           | Projected Performance Measures                                      |                |                       |                    |               |                |   |                 |                         |                              |                           |                         |                           |                            |                               |                                    | Verification of Performance Measures              |
|-----------------------------------|---|----------------|-----------------------|--------------------|---------------|----------------|---|-----------------|-------------------------|------------------------------|---------------------------|-------------------------|---------------------------|----------------------------|-------------------------------|------------------------------------|---|
|                                   | Business Assisted   |                |                       |                    |               |                | # Jobs Created or saved<br># Farmers or Ranchers<br>Participating or Benefiting | # Groups        | # of plans accomplished | Increase in Business Revenue | Increase in Customer Base | Businesses Incorporated | Cooperatives Incorporated | Energy Savings & Generated | Verify all Projected Measures | Frequency and Term of Verification |   |
|                                   | #Businesses Assisted:<br>#Borrower/Grantee<br># Businesses Includes | Recipients     | Which are;            |                    |               |                |   |                 |                         |                              |                           |                         |                           |                            |                               |                                    |   |
|                                   |   |                | # Farmers or Ranchers | # Small Businesses | # Individuals | # Cooperatives |   |                 |                         |                              |                           |                         |                           |                            |                               |                                    |   |
| B&I Guarantee Loan                | Y   | Y <sup>i</sup> |                       | Y                  | Y             | Y              | Y   | Y <sup>ii</sup> |                         |                              |                           |                         |                           |                            | Y <sup>ii</sup> <sub>i</sub>  | Y                                  | Annually, 3 full years from full ramp-up          |
| 9003 Guaranteed Loan              | Y   |                | Y                     | Y                  |               |                | Y   |                 |                         |                              |                           |                         |                           |                            | Y                             | Y                                  | Annually, 3 full years from stabilization         |
| REAP RES Loans/Grants             | Y   |                | Y                     | Y                  |               |                | Y   |                 |                         |                              |                           |                         |                           |                            | Y                             | Y                                  | Annually, 3 full years from stabilization         |
| REAP EEI Loans/Grants             | Y   |                | Y                     | Y                  |               |                | Y   |                 |                         |                              |                           |                         |                           |                            | Y                             | Y                                  | Annually, 2 full years from completion            |
| REAP EA/REDA                      | Y <sub>iv</sub>   | Y              | Y                     | Y                  |               |                | Y <sup>v</sup>  |                 |                         | Y                            |                           |                         |                           |                            |                               | Y                                  | Semi-annual and final perform report              |
| Biofuel Pmt Program (9005)        |   |                |                       |                    |               |                |   |                 |                         |                              |                           |                         |                           |                            | Y                             |                                    | None--actual used in process of pmt               |
| RLF Projects <sup>vi</sup>        |   | Y              |                       | Y                  | Y             | Y              | Y   | Y <sup>ii</sup> |                         |                              |                           |                         |                           |                            | Y <sup>ii</sup> <sub>i</sub>  | Y                                  | Annually, each UR loan for 3 years <sup>vii</sup> |
| REDLG Loans                       |   | Y              |                       | Y                  | Y             | Y              | Y   | Y <sup>ii</sup> |                         |                              |                           |                         |                           |                            | Y <sup>ii</sup> <sub>i</sub>  | Y                                  | Annually, 3 full years from full ramp-up          |
| REDLG Grants                      |   | Y              |                       | Y                  | Y             | Y              | Y   | Y <sup>ii</sup> |                         |                              |                           |                         |                           |                            | Y <sup>ii</sup> <sub>i</sub>  | Y                                  | Annually, 3 full years from full ramp-up          |
| RBEG Equip or R/E                 |   | Y              |                       | Y                  | Y             | Y              | Y   | Y <sup>ii</sup> |                         |                              |                           |                         |                           |                            | Y <sup>ii</sup> <sub>i</sub>  | Y                                  | Annually, 3 full years from full ramp-up          |
| RMAP & RBEG Other <sup>viii</sup> | Y <sup>i</sup> <sub>v</sub>   | Y              | Y                     | Y                  | Y             | Y              | Y   |                 |                         |                              |                           |                         |                           |                            |                               | Y                                  | Semi-annually, final w/final performance Report   |
| VAPG                              | Y   |                | Y                     | Y                  | Y             | Y              | Y   | Y               |                         |                              | Y                         | Y                       |                           |                            | Y <sup>ix</sup>               | Y                                  | Semi-annually, final w/final performance Report   |
| SSDPG                             | Y <sup>i</sup> <sub>v</sub>   | Y              |                       | Y                  |               | Y              | Y <sup>v</sup>  | Y <sup>x</sup>  |                         |                              |                           |                         | -                         | -                          |                               | Y                                  | Semi-annually, final w/final performance Report   |
| RCDG                              | Y <sup>i</sup> <sub>v</sub>   | Y              |                       | Y                  |               | Y              | Y <sup>v</sup>  |                 | Y                       |                              |                           |                         | Y                         | Y                          |                               | Y                                  | Semi-annually, final w/final performance Report   |

<sup>i</sup> Tenants may be included in certain conditions

<sup>ii</sup> Participants or beneficiaries of Local/Regional Foods projects and Renewable Energy projects

<sup>iii</sup> Renewable Energy Projects

<sup>iv</sup> Include the grantee if the grantee will employ staff to carry out the scope of work

<sup>v</sup> Include jobs created if the grantee will employ additional staff to carry out the scope of work

<sup>vi</sup> IRP Loans, RMAP Loans, RBEG RLF and REDLG Grants. Excludes RMAP Grants and REDLG Loans

<sup>vii</sup> The Intermediary will verify each Ultimate Recipient loan for 3 years. The Agency will verify the intermediary's lending activity (new UR loans) for the life of the fund.

<sup>viii</sup> RBEG 'other' includes technical assistance, training, planning etc. It does not include RLF, and grant funds used for buildings, equipment, real estate or other property.

<sup>ix</sup> VAPG working capital grants only

<sup>x</sup> Should be the number of small, socially disadvantaged producers assisted for SSDPG.

<sup>xi</sup> Record the number of energy assessments and audits completed in the field "Plans to be Accomplished" on the Project Screen in GLS.