

July 14, 2017

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 Reports (PAR), performance measures, and other measures that show the impact and outcome of RBS programs. The UL is a continued effort by RBS to stress the importance of reporting data accurately and consistently into the Guaranteed Loan System (GLS). This UL is wholly similar to the previous guidance, only adding clarification and links to mapping Web sites to aide in identifying projects that meet the requirements for Special Initiatives. This UL replaces previous guidance issued on February 29, 2016.

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 that are tracked by the Secretary's Office pertaining to economic development are further defined. 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.

EXPIRATION DATE:
July 31, 2018

FILING INSTRUCTIONS:
Community/Business Program

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 numbers of cooperatives, of groups assisted, and of plans completed, including energy audits and assessments. Program specific performance measures must be completed before the loan or grant is obligated. The addendum specifies which performance measures apply to each of the RBS programs.

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 GLS. However, there may be situations where the secondary measures are larger than the business assisted (see Addendum).

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](#).

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 (see Addendum).

Energy Generation or Savings. RBS programs that involve the installation or retrofitting of renewable energy systems or making energy efficiency improvements should have energy information entered into GLS. RBS programs, including but not limited to the Rural Energy for America (REAP), Business & Industry (B&I), Rural Economic Development Loan and Grant Programs (REDLG), and the Intermediary Relending Program (IRP), requires that projects receiving support for renewable energy system or energy efficiency improvements have GLS populated with the amount of energy that is projected to be generated or saved each year.

Energy projections will be input into GLS prior to obligation and should be verified with information contained in the energy audit, energy assessment, technical report, feasibility study, or other relevant documents that were submitted with the application. It is imperative that information be verified and then accurately entered into GLS prior to obligation. Energy coordinators can assist with determining the correct information to be entered into GLS.

For REAP projects scored as replacement, enter the total amount generated. For REAP projects that have residences associated with them prorate the residential portion out and enter only the project eligible amount of projected energy savings or projected energy generation into GLS. Most applications for renewable energy systems should include the projected amount of energy to be generated each year, and most applications for energy efficiency improvements should include the projected amount of annual energy savings. Applications (renewable energy systems or energy efficiency improvements) that provide energy audits or assessments supporting energy savings will be entered as energy efficiency with the projected amount of energy savings entered into GLS. For example, a solar thermal project that is submitted with documentation from an energy audit or assessment that indicates the projected energy savings will be entered as an energy efficiency project in GLS.

For projects that involve the production of liquid or gaseous biofuels, the amount produced should be entered into GLS as the number of gallons or cubic ft. projected to be produced annually. For all other types of projects involving energy savings or generation the amount of energy should be entered in GLS as kilowatt hours (kWh). Please ensure proper energy conversions are made if aggregating multiple fuel types.

Special Initiatives. A project may be categorized under a variety of special initiatives. Please continue to include any categorization until further guidance is given from the current Administration.

Verifying Performance Measures. Lenders, intermediaries, and grantees will verify and report performance measures for their borrowers, recipients, or project to the Agency as outlined in attachment: 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 in addendum. Correct data entry in GLS is important as the Performance Measure fields are locked upon obligation. These fields cannot be changed after obligation by field employees.

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.

CHAD PARKER
Acting Administrator
Rural Business-Cooperative Service

Attachments

Businesses Assisted

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 recipients’ 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.

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 America Program (REAP) renewable energy system and energy efficiency improvement grants and Value Added Producer Grant (VAPG) planning or working capital grants.
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 Web site 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.

Below are a few examples of exceptions where the secondary measures are larger than the business 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.

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 number 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.
2. *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.
3. *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. *Technical Assistance Programs* – RBS will verify performance measures as reported through the grantees' 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 counted 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.

Special Initiatives	Select	▼
	Select	▼
	Select	▼
	Select	▼
	Select	▼
EZ/EC/CC Code	Select	▼
Population	<input type="text"/>	
Median Income	<input type="text"/>	
Number Assisted --		
Farmers/Ranchers	<input type="text"/>	(Energy)
Businesses	<input type="text"/>	(B&I / RBEG / REDLG / Energy / RCDG)
Small Businesses	<input type="text"/>	(IRP / RBEG/ RBOG/ REDLG / Energy)
Individuals	<input type="text"/>	(RBOG)
Groups	<input type="text"/>	(RCDG)
Coops	<input type="text"/>	(RCDG)
Business Incorporated	<input type="text"/>	(RCDG)
Coops Incorporated	<input type="text"/>	(RCDG)
Plans to be Accomplished	<input type="text"/>	(RBOG)