



RD-Oregon Business Programs FY2011 Annual Report

The following federal rural business development assistance was delivered by USDA Rural Development-Oregon:

Oregon RD Business Programs	FY2009		FY2010		FY2011	
	#	\$	#	\$	#	\$
Business & Industry Guaranteed Loans (B&I)	20	\$ 35,327,116	30	\$ 63,059,617	24	\$ 43,845,108
REAP Guaranteed Loans	1	\$ 2,227,140	1	\$ 81,093	3	\$ 10,850,000
REAP Grants	44	\$ 1,289,720	38	\$ 1,256,736	36	\$ 1,297,852
REAP Feasibility Study	7	\$ 173,000	6	\$ 164,787	1	\$ 27,500
REAP EA/REDA	2	\$ 199,991	2	\$ 200,000	2	\$ 174,209
Rural Energy for America Program (REAP)	54	\$ 3,889,851	47	\$ 1,702,616	42	\$ 13,349,561
\$9005 Advanced Biofuel Payments	4	\$ 111,785	7	\$ 1,825,977	8	\$ 572,876
RBEG - State allocation	23	\$ 314,970	40	\$ 439,000	27	\$ 444,000
RBEG - National reserve	2	\$ 149,999	2	\$ 179,136	1	\$ 80,000
RBEG - Native American	3	\$ 328,900	4	\$ 400,760	4	\$ 343,392
RBEG - Disaster	3	\$ 449,998	n/a		n/a	
RBEG - ARRA	6	\$ 622,802	4	\$ 398,997	n/a	
Rural Business Enterprise Grants (RBEG)	37	\$ 1,866,669	50	\$ 1,417,893	32	\$ 867,392
RBOG - State award	-	\$ -	1	\$ 50,000	1	\$ 50,000
RBOG - Multi-state award	1	\$ 150,000	1	\$ 249,340	1	\$ 58,300
RBOG - Native American	1	\$ 60,000	-	\$ -	-	\$ -
Rural Business Opportunity Grant (RBOG)	2	\$ 210,000	2	\$ 299,340	2	\$ 108,300
Value-Added Producer Grant (VAPG)	n/a		10	\$ 1,664,688	n/a	still pending
RED Loans	-	\$ -	2	\$ 1,100,000	-	\$ -
RED Grants	-	\$ -	-	\$ -	1	\$ 300,000
Rural Economic Development Loan & Grant (REDLG)	-	\$ -	2	\$ 1,100,000	1	\$ 300,000
Intermediary Relending Program (IRP)	2	\$ 1,050,000	-	\$ -	3	\$ 677,000
RMAP Loans	n/a		2	\$ 500,000	-	\$ -
RMAP Lender Grants	n/a		2	\$ 125,000	-	\$ -
RMAP TA-Only Grants	n/a		-	\$ -	-	\$ -
Rural Microentrepreneur Assistance Program (RMAP)	n/a		4	\$ 625,000	-	\$ -
Total Business Programs	119	\$ 42,455,421	152	\$ 71,695,131	112	\$ 59,720,237

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FY2011 Recap

Overall, RD-Oregon's Business Program assistance in FY2011 decreased by 17% from FY2010's Recovery Act-enhanced, all-time record production levels. FY2011 activity was nevertheless in line with the roughly \$60 million per year assistance threshold that Oregon has sustained since FY2007. FY2011 ranks #4 in Oregon history in both \$'s delivered and # of projects funded.

After the Recovery Act-fueled, record year of FY2011, the **B&I** program experienced funding shortages in FY2011; B&I funds were essentially exhausted by late June 2011. As a result, B&I production levels fell nationwide from FY2010's all-time record \$2.94 billion to about \$1.39 billion in FY2011. In keeping with this trend, Oregon's B&I program experienced a \$20 million drop in production. Nevertheless, Oregon's B&I program maintained a leadership position in the nation. Oregon's 24 B&I loans totaling \$43.8 million placed Oregon at #8 in the US in loan \$'s (behind LA, GA, TN, OH, NC, CA, and OK) and #3 in # of loans guaranteed (behind CA and MO). Rural Oregon business lending continues to build in the face of economic pressures, and B&I is playing a part in this. In FY2011, 12 different **lenders** (banks, credit unions, and insurance companies) used the B&I program – second only to the number during the Recovery Act-enriched FY2010 – lead by in #'s by *Old West Federal Credit Union* and *Columbia State Bank* and in \$'s by *Metropolitan Life Insurance*, *Old West Federal Credit Union*, *Columbia State Bank*, and *West Coast Bank*.

Oregon's **B&I portfolio** grew by 14%, ending the year with 122 loans guarantees and a balance of about \$195 million. The portfolio's delinquency rate increased as Oregon businesses struggled against the recession – with 5 borrowers in liquidation and 1 in bankruptcy. We continue to actively and cooperatively work with our lenders and borrowers to find viable solutions when financial problems arise.

Total **Business Program grant** obligations dropped markedly to just under \$1 million combined RBEG and RBOG awards. The absence of special Recovery Act and Disaster funds in FY2011 made this decline inevitable. Nevertheless, Oregon secured both RBEG and RBOG awards from national competitions, including 4 RBEG's from the Native American RBEG fund.

With 3 **REAP guaranteed loans** totaling \$10.85 million, Oregon's REAP guaranteed loan program was #1 in the nation. Meanwhile, the **REAP grant** program held steady in awards for renewable energy and energy efficiency projects, with over \$1.2 million awarded to 36 projects – making Oregon the #17 program in the US. In addition to solar and energy efficiency projects, Oregon for the first time saw awards for anaerobic digesters and small hydro development. Both Oregon State University and Oregon Institute of Technology again received energy audit/renewable energy development assistance REAP's to provide help to farmers and small businesses considering energy projects.

The **VAPG** program got off to a late start in FY2011, with an application deadline of August 29. Consequently, FY2011 VAPG awards are still pending. Nevertheless, Oregon experienced a record level of interest with 42 VAPG applications received, nearly twice the previous record level. Awards will be announced in early 2012.

Revolving loan funds benefited from FY2011 awards, with 3 **IRP** loans approved – two for Oregon intermediaries and one for a tri-state fund that will serve the fishing industries of Oregon, Washington, and Alaska. A fourth RLF was created via a Rural Economic Development Grant (**REDG**) to *Umatilla Electric Coop*; its fund will support the Hermiston Good Shepherd Hospital expansion and later become available for general business lending in the area.

The achievements of FY2011 are tinged with the recognition that rural Oregon continues to struggle against recession, with a state unemployment rate mired at 9.6%, 15th highest in the US. **In the year ahead, FY2012**, it appears that RD's funding levels may decline further, dropping below the levels supported in the FY2011 budget. Regardless, our challenge will be to make the most of the funds available, with quality projects, aggressive participation in national grant competitions, and a commitment to partnership with Oregon business lenders.