

Subsidies in Indiana and St. Joseph County: 2010-2015/16

Summary

This report is a database of economic development subsidies and other forms of government financial assistance to businesses in St. Joseph County, Indiana. The data includes federal, state, and local sources over the years 2010-2016.

Two major data sources were used in this report. The first is from the database, “Subsidy Tracker 3.0” developed and maintained by Good Jobs First. The most recent version of Subsidy tracker covers 540,00 award entries in 2,844 parent companies in 974 subsidy programs. This information was supplemented by the Indiana Economic Development Corporation Transparency Portal. The second principal source was the source for federal contracts, grants, loans, and other federal assistance at the website, www.usaspending.gov

For State and Local Programs - Over a six-year period, 2010-2015, there were 5,003 corporate subsidies in Indiana amounting to \$3.68 billion. On average, each program was worth \$735,739. The typical subsidy in Indiana among six types was property tax abatement. Property tax abatement claimed 52.1 percent of total programs and 61.5 percent of dollars subsidized. In St. Joseph County, 47 programs subsidized businesses in the amount of \$88.7 million. Most recipients in the County were in South Bend and most of the money was from State sources.

For federal awards – The types of federal monies spent in States include contracts, grants, loans, and other financial assistance. In St. Joseph County for the years 2010-2016, federal spending amounted to \$65.85 billion. Over 82 percent of that amount went for federal loans and loan guarantees.

- There were 26 different contracting agencies in major departments of the federal government doing business in the County from 200 to 2016. The leading agency was the Department of Defense that accounted for 98.5 percent of the \$4.8 billion in obligated federal dollars. Over \$4.47 billion in federal contracts went to AM General LLC in Mishawaka. Most of that was derived from Department of Defense contracts.
- St. Joseph County received 2,845 federal grants during 2010-2016 worth \$682.2 million. This represented 2.5 percent of all grants and less than 1 percent of the \$69.3 billion in total federal grant funding in the State. The leading recipients for federal grants were typically educational institutions. In St. Joseph County, the University of Notre Dame (UND) garnered two-thirds of the \$682 million in grants.
- For the years 2010-2016 in St. Joseph County, there were 5,687 loans with face loan guarantees of \$54.1 billion. Brown Mackie College, a for-profit college in South Bend, closed in 2016 after having received federal loans in the amount of \$15.5 billion over the 2010-2016 period. Brown Mackie was one of 362 loan recipients but its face loan value accounted for 29 percent of total loan values in the County. Most loans came through the Department of Education.

- “Other Federal Financial Assistance” programs that accounted for over a quarter of all federal programs were for direct payments to individuals (such as Medicare and food stamps), insurance payments (such as, unemployment benefits, flood insurance), and other types of assistance payments (e.g., reimbursements for prescriptions for veterans). St. Joseph County’s \$6.1 billion represented 1.2 percent of the statewide total payments of \$494.6 billion for this category.

Indiana spends a good deal of taxpayer dollars on state subsidy programs – more than \$100 million annually. Several are well-known corporations, including United Airlines, Subaru, Isuzu, Honda, Eli Lilly, Lucas Oil Stadium, and several Wal-Mart locations. St. Joseph County spent considerably less, but unlike the state where half of all programs were local in origin, the County spent two-thirds from local tax credits over 2010-2015 - \$60 million alone in subsidies for a natural gas-fired electricity plant in New Carlisle.

What is missing from this report is a thorough examination of tax abatements granted by City and County governments. Knowing the amount and extent of these abatements is in the spirit of this report in making transparent the amount of tax-payer dollars used to subsidize corporations. We recommend that personal and real property abatements in the County be posted on government web sites.

More importantly, the public needs information on the effects or outcomes of these programs. We need to know how well they work and whether we are getting our money’s worth. We look forward to local governmental agencies disclosing in their Comprehensive Annual Fiscal Reports information required under the new Governmental Standards Accounting Board on tax abatements.

Introduction

Two major data sources are used in this report. The first is from the database, “Subsidy Tracker 3.0” developed by Good Jobs First.¹ According to that organization, Subsidy Tracker “is the first national search engine for economic development subsidies and other forms of government financial assistance to business.” The database boasts of having 525,000 federal, state, and local entries across 2,782 companies and 972 different subsidy programs.

The data sources for Indiana programs are listed below; all are derived from data from the Indiana Economic Development Corporation.

Table 1. Data Sources. Subsidy Tracker 3.0, Indiana, 2005-2016.

Indiana	
Program	Years
Business Development Loan Fund	2005-15 Sep 2013
Community Revitalization Enhancement District Tax Credit	2005-Oct 6, 2016
Economic Development for a Growing Economy	2005-Oct 6, 2016
Headquarters Relocation Tax Credit	2014-Oct 6, 2016
Hoosier Business Investment Tax Credit	2005-Oct 6, 2016
Incentive Payment	2005-15 Sep 2013
Indiana Specific Insurance Related Education	2005-15 Sep 2013
Industrial Development Project Guaranty Fund	2005-Oct 6, 2016
Skills Enhancement Fund	2005-Oct 6, 2016
Technology Enhancement Certification for Hoosiers	2005-15 Sep 2013
Twenty-First Century Research and Technology Fund	Jul 2007-Oct 6, 2016

Data Source: Indiana Economic Development Corporation Transparency Portal.
<https://transparency.iedc.in.gov/Pages/ContractSearch.aspx>

1. **Subsidies by the State of Indiana.** Over the six-years 2010-2015, there were 5,003 corporate subsidies granted to programs among Indiana counties, at a total value of \$3.68 billion. The number of subsidies grew 58.1 percent over those years while the amounts increased 53.4 percent. On average, each subsidized program was worth \$735,739 (Table 2).

¹ <http://www.goodjobsfirst.org/subsidy-tracker#>

Table 2. Number and Value of Subsidies by Year. Indiana, 2010-2015

Year	Number of Programs	Subsidy Value
2010	670	517,167,259
2011	636	411,113,339
2012	820	492,573,365
2013	865	699,928,044
2014	953	766,867,819
2015	1,059	793,250,810
ALL	5,003	\$3,680,900,636
Average	833.8	\$613,483,439.3
Per Program		\$735,739

Source: <http://subsidytracker.goodjobsfirst.org/prog.php?statesum=IN>;
 Accessed May 2017.

In any one year among those 2010-2015, there were at most 673 different companies receiving subsidies of some form. Over the six-year period, on average, 556.3 companies received 833.8 subsidies, with each receiving 1.5 different program subsidies.

Table 3. Number of Companies Receiving Subsidies, Number of Subsidies, and Amount of Subsidy. Indiana, 2010 – 2015.

Year	Number of Companies (a)	Number of Subsidies (b)	Subsidy/Company (c) = (b)/(a)	Subsidy Amount (d)	Amount/Company (e) = (d)/(a)	Amount/Subsidy (f) = (d)/(b)
2010	443	670	1.5	517,167,259	\$1,167,420	\$771,891
2011	445	636	1.4	411,113,339	\$923,850	\$646,405
2012	605	820	1.4	492,573,365	\$814,171	\$600,699
2013	541	865	1.6	699,928,044	\$1,293,767	\$809,165
2014	631	953	1.5	766,867,819	\$1,215,321	\$804,688
2015	673	1059	1.6	793,250,810	\$1,178,679	\$749,056
ALL	3,338	5,003	1.5	\$3,680,900,636	\$1,102,726	\$735,739

Types of Subsidies.

The Good Jobs First study divided the various subsidy programs into 19 categories, 14 for state and local programs and 5 for federal programs. Among the 5,003 state and local programs in 2010-2015, there were 2,660 or 53 percent local and the remaining 2,343 were state sourced.

Six program types are listed:

- **Grants** are specific amounts of money awarded corporations in connection with meeting job performance or other goals.
- **Loan or Bond Financing** provide funding that needs to be repaid.
- **MEGADEALS** are those subsidy packages worth \$50 million or more.
- **Property tax abatement** are reductions on real and business personal property taxes.
- **Tax credit/rebate** include corporate income tax credits, sales tax exemptions, and other programs involving either a reduction in tax obligation or rebating taxes previously paid.
- **Training reimbursement** programs pay for or reimburse companies for the cost of training new or existing workers.

Table 4 illustrates the breakdown for six types of state and local subsidy types and indicates that the majority subsidy types were for property tax abatements (52.1%). Table 5 shows the amounts of subsidies across these same dimensions and indicates that local programs provided a greater proportion of support with property tax abatements constituting nearly two-thirds of amounts subsidized.

Table 4. Number by Type of Subsidy for Local and State programs. Indiana, 2010-2015

Type of Subsidy	Scope of Subsidy			Percent
	local	state	Grand Total	
Grant	6	133	139	2.8
Loan or bond financing		1	1	0.0
MEGADEAL	2		2	0.0
Property tax abatement	2,606		2,606	52.1
Tax credit/rebate	46	1,327	1,373	27.4
Training reimbursement		882	882	17.6
Grand Total	2,660	2,343	5,003	100.0
Percent	53.2	46.8	100.0	

Table 5. Dollar Amount of Subsidy by Type for Local and State Programs. Indiana, 2010-2015

Type of Subsidy	Scope of Subsidy			Percent
	local	state	Grand Total	
Grant	15,000	48,855,278	48,870,278	1.3
Loan or bond financing				
MEGADEAL	110,000,000		110,000,000	3.0
Property tax abatement	2,265,094,685		2,265,094,685	61.5
Tax credit/rebate	1,419,881	1,166,397,485	1,167,817,366	31.7
Training reimbursement		89,118,307	89,118,307	2.4
Grand Total	2,376,529,566	1,304,371,070	3,680,900,636	100.0
Percent	64.6	35.4	100.0	0.0

- St. Joseph County.** Over 2010-2015, there were 47 subsidy programs for businesses in St. Joseph County that received a combined \$88.69 million, or \$1.88 million per program. Most businesses (68%) were in South Bend, and those programs received \$25.2 million combined, or over \$789,000 per program. Accordingly, a few county programs received a larger portion than the others in St. Joseph County. For example, in 2015, St. Joseph Energy Partners, a division of Ares Management – a publicly traded, leading global alternative asset manager – received \$60 million in subsidies for a natural gas-fired electricity plant in New Carlisle, Indiana, an amount that was over 90 percent of all subsidies for the County in 2015.

Table 6. Number and Amount of Subsidies by Year. St. Joseph County, 2010-2015

Year	Number	Subsidy Value
2010	6	464,000
2011	4	420,000
2012	6	1,830,000
2013	8	2,915,000
2014	11	16,655,101
2015	12	66,409,825
ALL	47	\$88,693,926
Average	8.0	\$14,782,321
Median		\$322,500

Table 7. Number and Amount of Subsidies by Year. South Bend, 2010-2015

Year	Number	Subsidy
2011	4	420,000
2012	5	1,580,000
2013	8	2,915,000
2014	7	15,370,101
2015	8	4,974,825
ALL	32	\$25,259,926
Average	6	\$5,051,985
Median		\$380,000

The total amount of government subsidy in St. Joseph County amounted to 2.4 percent of the State total. By way of comparison, the County’s population in 2015 was (268,441/6,619,680 =) 4.0 percent of the State’s.

- 3. Source of Subsidy. Local or State.** For the State as a whole, about half (53%) of all programs were local in origin with two-thirds of all funding being locally derived. For St. Joseph County, nearly all were state sourced (Table 8).

Table 8. Source of Subsidies. Indiana and St. Joseph County, 2010-2015.

Source	Indiana		St. Joseph County	
	Number	Subsidy	Number	Subsidy
local	2,660	2,376,529,566	1	60,000,000
state	2,343	1,304,371,070	46	28,693,926
TOTAL	5,003	3,680,900,636	47	88,693,926

- 4. Type of Subsidy.** Various subsidy programs were divided into 19 broad categories, 14 for state/local and 5 for federal. For Indiana, only six categories were used for State/Local subsidies.

State or Local types include:

- Grant programs – include a variety of programs in which corporations are awarded a specific amount of money outright in connection with meeting job performance or other goals.
- Loan or bond financing – programs that provides companies with financing that needs to be repaid.
- Megadeals – Subsidy packages worth \$50 million or more each.
- Property Tax Abatement – reductions on real property and business personal property.

- Tax Credit/Rebate – May include corporate income tax credits, sales tax exemptions, and other programs in which a company’s tax obligation is reduced or the firm is rebated taxes previously paid.
- Training Reimbursement – Programs that pay for or reimburse companies for the cost of training new or existing workers.

Nearly half (52%) of subsidy types in Indiana were in the form of tax abatements while St. Joseph County showed nearly two-thirds in tax credits (Table 9).

Table 9. Number of Subsidies by Type. Indiana and St. Joseph County, 2010-2015

Type of Subsidy	Indiana			St. Joseph County		
	Local	State	Total	Local	State	Total
Grant	6	133	139			
Loan/Bond Financing		1	1			
Megadeal	2		2	1		1
Prop tax abatement	2,606		2,606			
Tax Credit/Rebate	46	1,327	1,373		31	31
Training Reimbursement		882	882		15	15
TOTAL	2,660	2,343	5,003	1	46	47

Federal Awards

Types of federal monies spent in States include contracts, grants, loans, and other financial assistance.

Federal Contracts are agreements between any contracting agency of the federal government and any person for the purchase, sale or use of personal property or non-personal services.

Grants include a variety of programs in which corporations are awarded a specific amount of money outright or in connection with meeting job performance or other goals.

Loans or loan guarantees are monies that derive from programs that provide companies with financing that needs to be repaid. Grants and loans may be combined into hybrid programs that contain features of both, e.g., forgivable loans in which companies may not have to pay back the money if certain goals are met.

Other Financial Assistance includes direct payments to individuals (such as Medicare and food stamps), insurance payments (such as, unemployment benefits, flood insurance), and other types of assistance payments (such as, reimbursements for prescriptions for veterans).

In Indiana, and just in FY2016, Table 10 shows that of \$191.7 billion in federal dollars, 2.1 percent went for contracts, 6.8 percent for grants, one-third (33.1%) for loans and loan guarantees, and the remainder, 58 percent for “other financial assistance.” Other financial assistance claimed the lion’s share of federal subsidies. The data source for federal spending is USAspending.gov website and includes all grant, loan, and other financial assistance transactions of more than \$25,000.²

² See: <https://www.usaspending.gov/about/Pages/TheData.aspx> Accessed May 2017.

Table 10. Federal Subsidies by Type. St. Joseph County and Indiana, FY2010-2016

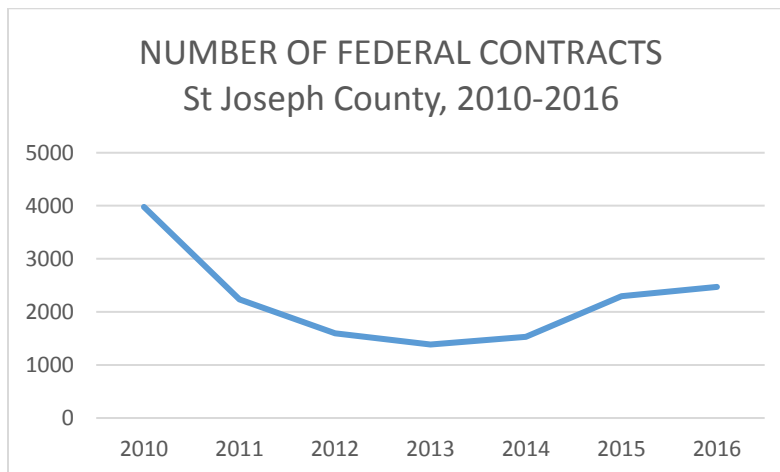
St. Joseph County, 2010-2016			
Federal Type	Number	Amount	Percent
Contract	15,484	4,884,059,121	7.4
Grant	2,845	682,226,189	1.0
Loan	5,642	54,138,367,489	82.2
Other Financial	9,112	6,142,964,827	9.3
TOTAL	33,083	\$65,847,617,626	100.0
Source: USAspending.gov			

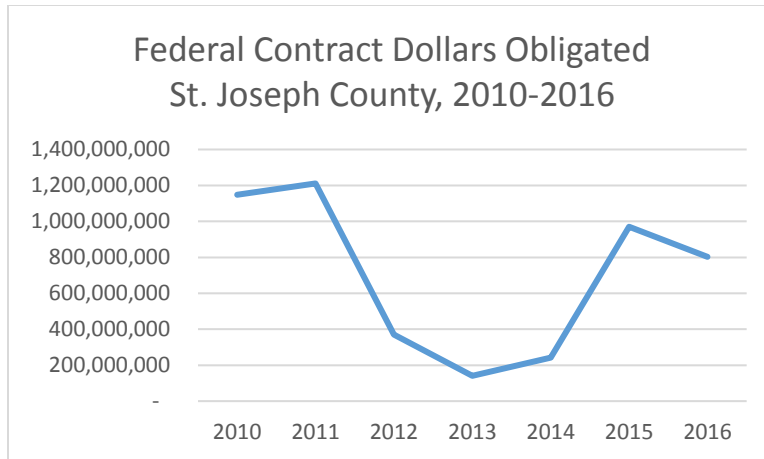
Federal Contracts

Both the number and federal contract dollar amounts trended downward in St. Joseph County from 2010 to 2016 compared with the State as a whole. Indiana showed an increase of 28 percent in the total number of federal contracts while the County showed a 38 percent decline. The State’s decline in federal dollars obligated under contract was 17 percent compared with the County’s 30 percent. Over the seven-years, the County saw \$4.88 billion federal contracts obligated to County recipients across 15,484 contracts (Table 11).

The County captured 24 percent of total dollar value of federal contracts in 2010 (just behind Marion County’s 37 percent) while claiming 11 percent of the total number of federal contracts. That dollar amount dropped to 7 percent in 2014 and then rose to 20 percent by 2016.

Exhibits A & B. Number of Federal Contracts and Dollars Obligated. St. Joseph County, 2010-2016.





There were 26 different contracting agencies in major departments of the federal government doing business in the County over the seven-years. The leading agency was the Department of Defense that accounted for 98.5 percent of the \$4.8 billion in obligated federal dollars (Table 11). Over \$4.47 billion in federal contracts went to AM General LLC in Mishawaka. Most of that was derived from Department of Defense contracts. Table 12 shows the top 10 vendors in in the seven-year period in declining contract amounts that accounted for 99.3 percent of total federal obligated dollars.

Table 11. Number and Dollars Obligated for Federal Contracts in St. Joseph County by Agency. 2010-2016*

AGENCY	Contracts	Amounts	Avg Amts
9700: DEPARTMENT OF DEFENSE	12,388	4,811,504,225	388,400
3600: VETERANS AFFAIRS, DEPARTMENT OF	840	38,933,968	46,350
7500: HEALTH AND HUMAN SERVICES, DEPARTMENT OF	111	10,584,275	95,354
1400: INTERIOR, DEPARTMENT OF THE	291	6,074,770	20,875
4700: GENERAL SERVICES ADMINISTRATION	1,261	4,207,417	3,337
8000: NATIONAL AERONAUTICS AND SPACE ADMINISTRATION	88	3,713,934	42,204
6800: ENVIRONMENTAL PROTECTION AGENCY	42	3,140,196	74,767
2800: SOCIAL SECURITY ADMINISTRATION	30	705,927	23,531
6900: TRANSPORTATION, DEPARTMENT OF	22	666,150	30,280
1500: JUSTICE, DEPARTMENT OF	97	658,966	6,793
9543: MILLENIUM CHALLENGE CORPORATION	8	479,969	59,996
1200: AGRICULTURE, DEPARTMENT OF	55	471,357	8,570
4500: EQUAL EMPLOYMENT OPPORTUNITY COMMISSION	43	425,880	9,904
1900: STATE, DEPARTMENT OF	70	402,975	5,757
7000: HOMELAND SECURITY, DEPARTMENT OF	53	379,801	7,166
9507: COMMODITY FUTURES TRADING COMMISSION	18	232,665	12,926
1665: PENSION BENEFIT GUARANTY CORPORATION	16	142,314	8,895
1300: COMMERCE, DEPARTMENT OF	7	136,112	19,445
9524: NATIONAL MEDIATION BOARD	7	58,334	8,333
9508: NATIONAL TRANSPORTATION SAFETY BOARD	1	54,166	54,166
6100: CONSUMER PRODUCT SAFETY COMMISSION	1	17,923	17,923
9568: BROADCASTING BOARD OF GOVERNORS	3	8,200	2,733
7200: AGENCY FOR INTERNATIONAL DEVELOPMENT	3	3,389	1,130
9100: EDUCATION, DEPARTMENT OF	1	1,800	1,800
2000: TREASURY, DEPARTMENT OF THE	4	-3,947	-987
5000: SECURITIES AND EXCHANGE COMMISSION*	5	-35,657	-7,131
Grand Total	15,484	\$4,884,059,121	\$315,426
* Negative amounts indicate a decrease in funding or a 'de-obligation.'			

Table 12. Number and Dollar Obligated Amounts of Federal Contracts by Top Vendors. St. Joseph County, 2010-2016

Vendor	Number	Dollar Obligation	AVG AMT
AM GENERAL LLC	8,951	4,473,973,333	499,829
HONEYWELL INTERNATIONAL INC	2,411	195,367,842	81,032
GTA CONTAINERS, INC.	141	67,315,766	477,417
G T A DRUM INC	36	29,454,787	818,189
UNIVERSITY OF NOTRE DAME DU LAC	183	27,021,175	147,657
PRESS GANEY ASSOCIATES INC	300	22,091,962	73,640
BAYER HEALTHCARE LLC	416	11,486,646	27,612
HOLY CROSS COLLEGE INC	13	11,170,543	859,273
DURAMOLD CASTINGS INC	12	8,278,466	689,872
D J CASE & ASSOCIATES, INC	112	3,045,462	27,192
REMAINDER	2,909	34,853,129	11,981
TOTAL	15,484	\$4,884,059,121	\$315,426

Federal Grants

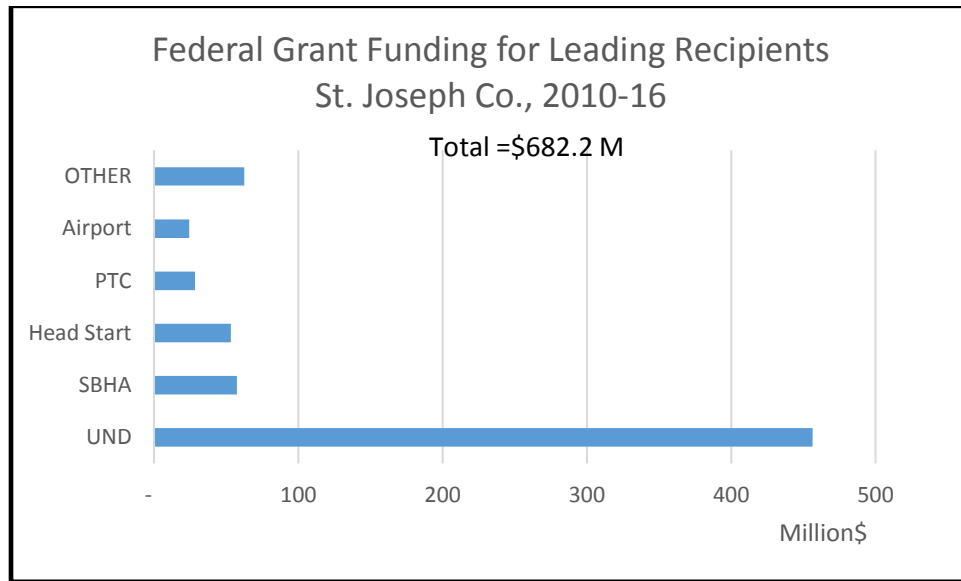
St. Joseph County received 2,845 federal grants during 2010-2016 worth \$682.2 million. This represented 2.5 percent of all grants and less than 1 percent of the \$69.3 billion in total federal grant funding in the State (Table 13)

Table 13. Number and Federal Funding of Federal Grants for Top 10 Counties. Indiana, 2010-2016

COUNTY	No	Fed Funding	Percent of . . .	
			No.	Funding
MARION	82,695	62,136,225,285	73.7	89.6
MONROE	7,126	1,773,619,585	6.4	2.6
TIPPECANOE	6,595	1,683,077,049	5.9	2.4
ST JOSEPH	2,845	682,226,189	2.5	1.0
LAKE	1,262	515,687,366	1.1	0.7
ALLEN	794	279,293,483	0.7	0.4
PORTER	432	258,215,535	0.4	0.4
VANDEBURGH	622	222,736,364	0.6	0.3
BARTHOLOMEW	213	184,201,048	0.2	0.3
DELAWARE	709	163,375,063	0.6	0.2
Remainder	8,844	1,455,094,024	7.9	2.1
TOTAL	112,137	\$69,353,750,991	100.0	100.0

The leading recipients for federal grants were typically educational institutions. In St. Joseph County, the University Of Notre Dame (UND) garnered two-thirds of the \$682 million in grants. This was followed in order by the South Bend Housing Authority (SBHA), Elkhart and St. Joseph County Head Start, the Public Transportation Corporation (PTC) and the South Bend Airport Authority.

Exhibit D. Leading Grant Recipients. St. Joseph County, 2010-2016

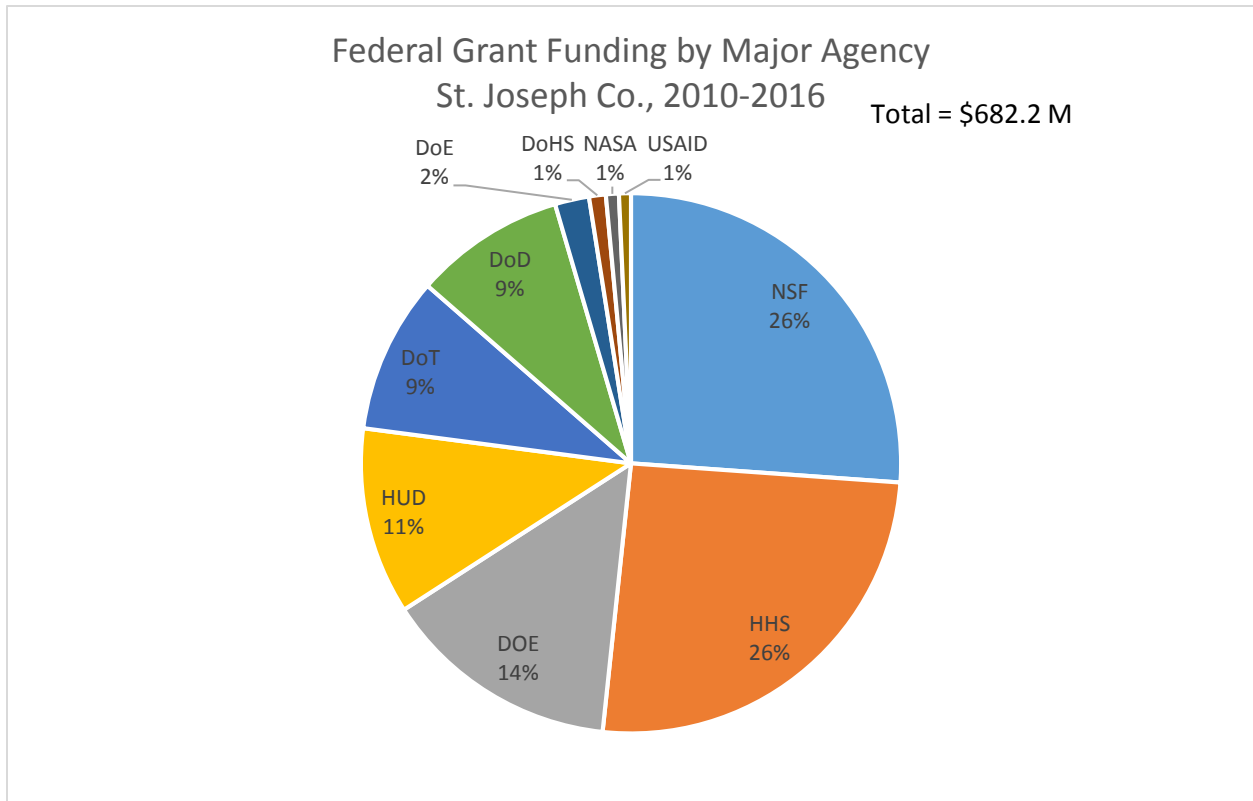


Grants by funding agency illustrate the nature of the recipients. In the County, the leading funding agency was the National Science Foundation at slightly over one-quarter of grant funding.

Table 14. Grant Funding by Funding Agency. St. Joseph County, 2010-2016

FUNDING AGENCY	NO.	FUNDING	PERCENT	CUMULATIVE
4900: NATIONAL SCIENCE FOUNDATION	7	171,959,456	25.19	25.19
8900: ENERGY, DEPARTMENT OF	7	93,468,355	13.69	38.89
7529: NATIONAL INSTITUTES OF HEALTH	4	62,726,617	9.19	48.08
7529: DEPARTMENT OF HEALTH AND HUMAN SERVICES	3	45,508,202	6.67	54.75
6955: FEDERAL TRANSIT ADMINISTRATION	7	37,148,750	5.44	60.19
9700: DEPARTMENT OF DEFENSE	8	35,861,867	5.25	65.44
8620: ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT	6	29,506,574	4.32	69.77
7590: ADMINISTRATION FOR CHILDREN AND FAMILIES	5	28,851,414	4.23	74.00
8635: ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING	6	28,229,099	4.14	78.13
7590: DEPARTMENT OF HEALTH AND HUMAN SERVICES	3	27,823,103	4.08	82.21
6920: FEDERAL AVIATION ADMINISTRATION	7	23,868,702	3.50	85.70
9100: EDUCATION, DEPARTMENT OF	8	11,881,263	1.74	87.45
1700: DEPT OF THE NAVY	3	9,811,842	1.44	88.88
8620: DEPT OF HOUSING AND URBAN DEV	2	8,603,613	1.26	90.14

Exhibit E. Federal Grants by Major Governmental Agency. St. Joseph County, 2010-2016



Federal Loans

Unlike grants, loans are encumbered as debt and need to be repaid. However, to achieve policy goals and as incentives for certain sectors of the economy, the government may increase the availability of federal loans by guaranteeing private loans or making loans directly. Loans to borrowers are sometimes made attractive by more favorable rates and conditions than would be obtainable by standard borrowing. But this comes at a cost to the government.³

According to the Congressional Budget Office,

“The U.S. government uses federal credit to allocate financial capital to a range of areas, including home ownership, student loans, small business, agriculture, and energy. A direct loan is a disbursement of funds by the government to a nonfederal borrower under a contract that requires the repayment of such funds with or without interest. A loan guarantee is a pledge by the federal government to repay all or part of the principal or interest on any debt obligation of

³ The Congress of the United States, Congressional Budget Office. “Estimating the Value of Subsidies for Federal Loans and Loan Guarantees.” August 2004.

<https://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/57xx/doc5751/08-19-creditsubsidies.pdf>

a non-federal borrower to a non-federal lender. At the end of FY2011, outstanding federal direct loans totaled \$838 billion and outstanding guaranteed loans totaled \$2,017 billion.”⁴

Various methods have been used to determine the cost to the government for direct loans or loan guarantees. It is not only a function of the method (e.g., cost to the government vs. fair value cost) but the kind of program and its market risks (e.g. student loans vs. small business loans). Here’s the dollar bottom line for student loans, for example.

“CBO [Congressional Budget Office] produces two estimates of the cost of the student loan program—the standard estimate, with low discount rates, and the other with “fair-value” discount rates that reflect market risk. Under the low-discount-rate scenario, the government will make a profit of \$37 billion on the student loan program between 2017 and 2026. However, under the more accurate fair-value estimate, Uncle Sam will lose \$170 billion.”⁵

We will not enter this debate except to say that the government’s estimates of its subsidy costs for direct loans and loan guarantees are quite modest. For instance, in 2003, the rate for direct loans in 2003 was \$1.83 or 1.83 percent per \$100 lent. The subsidy rate for new guarantee loans was \$1.15. But these are incomplete subsidy rates since they exclude administrative expenses and the costs of market risk.

In the following tables, the number of loans and the face values of the loans are expressed for St. Joseph County by type of loan, recipient, responsible agency, and loan year. The face value of a loan refers to the principal of the loan, which is the original amount of the loan as detailed in the loan contract. Depending on the type of loan, the face value may or may not be the amount of money received after signing the loan contract. There was no calculation to include the ‘true’ cost of these federal loans.

For the years 2010-2016 and within the State, there were 112,352 loans with face loan guaranteed amounts of \$1.54 billion. About 5 percent of those loans were to recipients in St. Joseph County comprising 3.5 percent of the total loan value for those seven years. The County’s highest number of loans was in 2011 at 2,404 and its lowest was in 2013 at 370. The average 2010-2016 loan value was \$9.6 million.

A few recipients had large loans that skewed averages. For instance, Brown Mackie College, a for-profit college in South Bend, closed in 2016 after having received federal loans in the amount of \$15.5 billion over the 2010-2016 period. Brown Mackie was one of 362 loan recipients but its face loan value accounted for 29 percent of total loan values in the County. Table 16 lists the leading loan recipients (99.4%) by loan guarantee face value for the seven years in St. Joseph County.

Loans were derived from four major federal agencies. The loans values were mostly from the Department of Education for student loans (Table 17). Most loans were direct rather than guaranteed or insured. Over the seven-year period, 86 percent were direct loans with the majority of those going to profit organizations or businesses (Tables 18).

⁴ Bickley, J. “Subsidy Cost of Federal Credit: Cost to the Government or Fair Value Cost,” Congressional Research Service, April 25, 2012. Available at: <https://fas.org/sgp/crs/misc/R42503.pdf>

⁵ Cooper, P. “Federal Student Loans Will Cost Taxpayers \$170 Billion,” *Forbes*, April 10, 2016.

Table 15. Number of loan recipients, number of loans, and loan face values by year. St. Joseph County, 2010-2016

Year	Recipients	Loans	Face Value	Loans/Recip.	Value/Loan
2010	68	1,184	5,692,092,764	17.4	4,807,511
2011	63	2,404	42,175,999,486	38.2	17,544,093
2012	70	434	1,792,031,524	6.2	4,129,105
2013	75	370	989,549,967	4.9	2,674,459
2014	85	412	1,263,218,069	4.8	3,066,063
2015	74	408	821,980,181	5.5	2,014,657
2016	68	430	1,403,495,498	6.3	3,263,943
TOTAL	503	5,642	54,138,367,489	11.2	9,595,599
Average	71.9	806	7,734,052,498		

Table 16. Number of Loans and Loan Values of Leading Recipients. St. Joseph County, 2010-2016

Recipient	No Loans	Face Loan Guarantee
BROWN MACKIE COLLEGE - SOUTH BEND	2,762	15,537,711,049
UNIVERSITY OF NOTRE DAME DU LAC	220	13,098,938,979
TRUSTEES INDIANA UNIVERSITY	284	10,464,561,899
IVY TECH COMMUNITY COLLEGE OF INDIANA	478	9,053,443,818
BETHEL COLLEGE INC	612	4,264,628,439
CORPORATION OF ST MARY'S COLLEGE NOTRE DAME	114	1,090,549,144
HOLY CROSS COLLEGE, INC	184	304,246,785
REMAINDER	1,033	324,287,376
TOTAL	5,687	54,138,367,489

Table 17. Number and Value of Federal Loans by Major Category. St. Joseph County, 2010-2016

Major Category	No.	Face Loan
1200: Department of Agriculture	---	51,309,377
3600: Department of Veterans Affairs	70	60,979,851
7300: Small Business Administration	600	92,259,902
9100: Department of Education	4,726	53,933,818,359
Grand Total		\$ 54,138,367,489

Table 18. Number and Amount of Loans by Recipient. St. Joseph County, 2010-2016

07: Direct loan	4,869	53,963,268,654
02: City or township government	3	2,742,000
06: State controlled institution of higher education	762	19,518,005,717
20: Private higher education	1,130	18,758,363,347
21: Individual	120	25,238,273
22: Profit organization	2,854	15,658,919,317
08: Guaranteed or insured loan	773	175,098,835
21: Individual	162	82,543,933
23: Small business	611	92,554,902
Grand Total	5,642	54,138,367,489

No description was forthcoming for about 85 percent of the number of loan projects and 99 percent of the loan values in the County in 2010-2016 (Table 19).

Table 19. Project Descriptions for Federal Loans to Businesses in St. Joseph County. 2010-2016

Project Description	No.	Amt.
NO DESCRIPTION	4,842	53,999,460,480
TO AID SMALL BUSINESSES WHICH ARE UNABLE TO OBTAIN FINANCING IN THE PRIVATE CREDIT MARKETPLACE	509	72,521,386
Commodity Loans-Loan Deficiency Pymts: To improve & stabilize farm income, assist with a better balance between supply and demand of the commodities	49	19,183,131
TO ASSIST SMALL BUSINESS CONCERNS BY PROVIDING LONG TERM FINANCING THROUGH THE SALE OF DEBENTURES TO THE PRIVATE SECTOR	72	17,586,000
VERY LOW ANO DESCRIPTION LOW INCOME HOUSING LOANS	54	12,521,162
VERY LOW ANO DESCRIPTION LOW INCOME HOUSING	26	4,743,239
GUARANTEED FARM OWNERSHIP LOAN	9	4,157,168
Direct Waste Disposal Loans - Regular - Public Body	1	2,742,000
DIRECT FARM OWNERSHIP LOAN	11	1,806,250
PATRIOT EXPRESS	16	986,900
7(A) EXPORT LOAN GUARANTEES	2	856,000
GUARANTEED OPERATING LOAN	3	480,000
Single Family Housing Guaranteed Loans - ARRA	4	343,722
SECTION 502 SINGLE FAMILY HSNQ DIRECT LN - 2009 ARRA	18	336,700
Farm Storage Facility Loans: To aid in the construction of farm strg capacity prod & help farmers adapt to reqs for genetically enhanced production	3	233,580
ARC GUAR LOANS	8	154,816
RURAL LENO DESCRIPTIONER ADVANTAGE	1	132,000
VERY LOW INCOME HOUSING REPAIR LOANS ANO DESCRIPTION	10	50,155
DIRECT OPERATING LOAN	1	50,000
TO PROVIDE LOANS TO RESTORE AS NEARLY AS POSSIBLE THE VICTIMS OF HURRICANE SANO DESCRIPTIONY DISASTERS TO PRE-DISASTER CONO DESCRIPTIONITIONS	1	22,800
Direct Community Facility Loans	2	-
Grand Total	5,642	54,138,367,489

Exhibit F. Federal Loan Amounts in St Joseph County, 2010-16

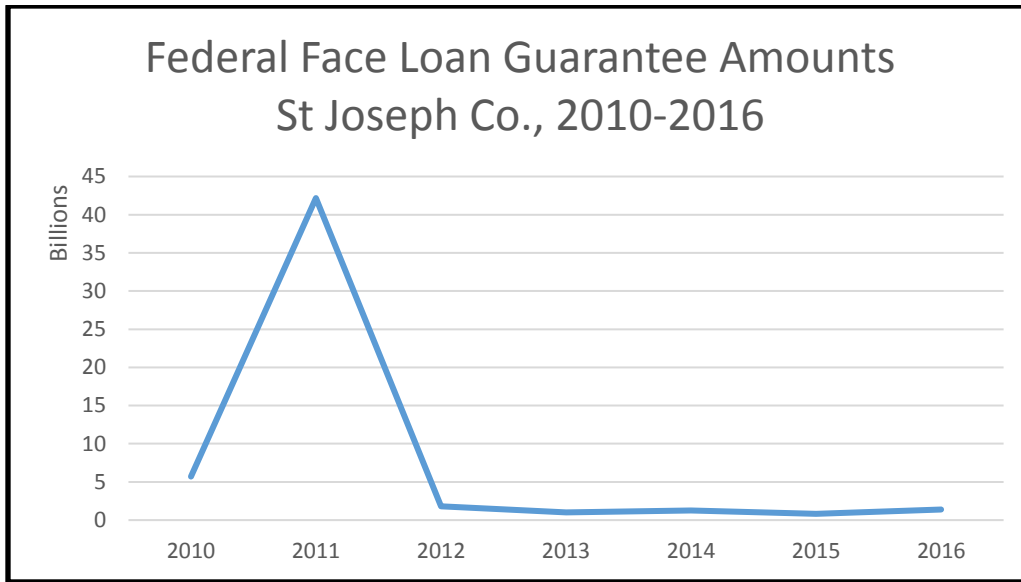
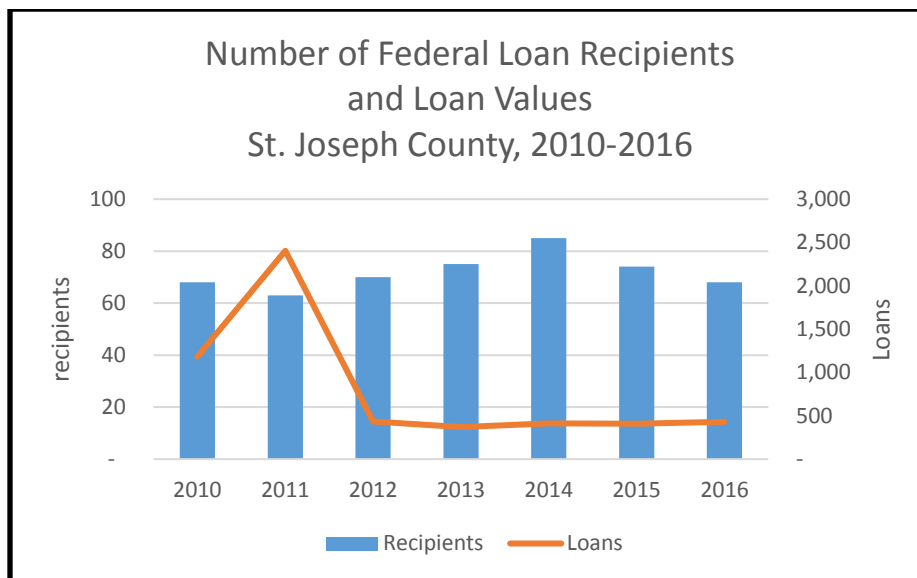


Exhibit G. Number of Loan Recipients and Loan Amounts. St. Joseph County., 2010-16



Federal Other Financial Assistance

Slightly over a quarter (26.2%) of payments from “other federal financial assistance” in St. Joseph County over 2010-2016 were for direct payments to individuals (such as Medicare and food stamps), insurance payments (such as, unemployment benefits, flood insurance), and other types of assistance payments (e.g., reimbursements for prescriptions for veterans). Those individual payments - \$5.5 billion - accounted for nearly 90 percent of the total of \$6.1 billion over the seven years (Table 20).

Table 20. Number and Amounts of Other Financial Assistance. St. Joseph County, 2010-2016

Recipient Type	Number	Federal Other
00: State government	27	212,346,254
01: County government	8	342,743
02: City or township government	108	22,434,832
04: Special district government	6	1,415,899
05: Independent school district	1	6,738
06: State controlled institution of higher education	1,106	80,558,949
12: Other nonprofit	40	2,567,680
20: Private higher education	1,428	78,476,645
21: Individual	2,386	5,521,270,030
22: Profit organization	3,732	100,205,834
23: Small business	53	122,904,528
25: All other	217	164,695
Grand Total	9,112	6,142,694,827

St. Joseph County’s \$6.1 billion represented 1.2 percent of the statewide total payments of \$494.6 billion for this category. Over the years, this amount has remained fairly flat, although the proportion for the County of total state dollars has declined. Most (77%) individual payments originated from Social Security.

Major agencies distributing these funds are listed in Table 21.

Table 21. Other Federal Financial Assistance by Major Categories. St. Joseph County, 2010-2016

1200: AGRICULTURE, DEPARTMENT OF	3,412	660,356,933
1600: LABOR, DEPARTMENT OF	7	466,018
2800: SOCIAL SECURITY ADMINISTRATION	379	4,250,229,536
3600: VETERANS AFFAIRS, DEPARTMENT OF	1,446	422,788,910
6000: RAILROAD RETIREMENT BOARD	135	45,663,338
7000: HOMELAND SECURITY, DEPARTMENT OF	29	179,791,095
7300: SMALL BUSINESS ADMINISTRATION	8	4,936,559
7500: HEALTH AND HUMAN SERVICES, DEPARTMENT OF	18	195,397,237
8300: EXPORT-IMPORT BANK OF THE U.S.	4	85,250,000
8600: HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	414	63,771,579
9100: EDUCATION, DEPARTMENT OF	3,260	234,043,622
Grand Total	9,112	6,142,694,827