

**Supporting Statement for the
Survey of Small Business and Farm Lending
(FR 2028; OMB No. 7100-0061)**

Summary

The Board of Governors of the Federal Reserve System (Board), under authority delegated by the Office of Management and Budget (OMB), proposes to extend for three years, with revision, the Survey of Small Business and Farm Lending (SSBFL) (FR 2028; OMB No. 7100-0061). This information collection comprises the following three reports:

- Survey of Terms of Bank Lending to Farmers (FR 2028B),
- Prime Rate Supplement of Survey of Terms of Lending (FR 2028S), and
- Small Business Lending Survey (FR 2028D).

The SSBFL collects unique information concerning price and certain nonprice terms of loans made to businesses and farmers each quarter from a sample of banks. The FR 2028B collects detailed data on individual farm loans funded during the first full business week of the mid-month of each quarter (February, May, August, and November) and the FR 2028S collects the prime interest rate for each day of the survey week. From these sample farm loan data, estimates of the terms of farm loans extended are constructed and published in the Federal Reserve Bank of Kansas City's quarterly release, *National Survey of Terms of Lending to Farmers*. The FR 2028D provides focused and enhanced information on nonfarm small business lending including rates, terms, credit availability, and reasons for their changes. The FR 2028D collects quarterly average quantitative data on terms of small business loans and qualitative information on changes and the reasons for changes in the terms of lending. Aggregate data for small business loans are published in the Federal Reserve Bank of Kansas City's quarterly release, *Small Business Lending Survey*.

The Federal Reserve proposes to revise the FR 2028B form and instructions. The proposed revisions consist of combining the two separate report forms (FR 2028B and FR 2028S) into a single report form and instructions (FR 2028B). In addition, an email address field would be added to the respondent contact information section and a "no loans to report" indicator field would be added to the combined report. The Federal Reserve proposes these revisions in an effort to simplify the submission of these report forms. The revisions would be effective for the August 3, 2026, as of date, with the transmission period beginning on August 10, 2026, based on loan activity during the first week of August 2026.

The Federal Reserve proposes to revise the FR 2028D instructions. The proposed revisions consist of modifying or clarifying instructions of existing data items. The Federal Reserve proposes these revisions in an effort to clarify the expectations and intent of reporting instructions and requirements and to improve data quality. The revisions would be effective for the September 30, 2026, as of date, with the transmission period beginning on October 1, 2026, based on loan activity over the third quarter of 2026.

The current estimated total annual burden for the FR 2028 is 5,828 hours, and would remain unchanged with the proposed revisions. The forms and instructions are available on the Board's public website at <https://www.federalreserve.gov/apps/reportingforms>.

Background and Justification

Analyses of the SSBFL data provide estimates of the cost of important segments of nonfarm small business and agricultural credit at banks that are representative of banking institutions nationwide. Currently, it is the Federal Reserve's only available source of data on bank loan pricing for individual loans of all sizes to nonfarm businesses and farmers. Since its inception in February 1977, the SSBFL has been periodically revised to accommodate changes in lending practices.

Survey of Terms of Bank Lending to Farmers (FR 2028B)

The FR 2028B collects information on farm financial developments that is used by the Federal Reserve to monitor financial developments in the agricultural sector of the economy. The information is also frequently used in congressional testimony, meetings with legislators, and discussions with farm groups, as well as in response to information requests from Congress, other government agencies, the media, and academics. These data were invaluable during the period of financial stress for many farmers and farm lenders that began early in the 1980s. When that stress began to ease, the severe drought that developed in mid-1988 renewed concerns about the financial health of the farm sector. The FR 2028B provided a timely indicator of the possible effects of the drought on the terms of loans for various purposes. More recently, the FR 2028B has been able to identify turning points in agricultural lending activity. For example, agricultural loan demand strengthened in 2011 when farm input prices rose, and again in 2014 when a steep drop in crop commodity prices boosted the need for short-term financing for operating expenses and record high feeder livestock prices drove a sharp rise in the volume of loans made to the livestock sector.

Data from the FR 2028B have been very useful in monitoring the ongoing adjustment of rural banks to the more volatile supply of, and demand for, loan funds in recent years. In 1978, bank regulators removed fixed ceilings on interest rates paid on certain retail deposits, which were most prevalent at rural banks, leading these small banks to compete more vigorously for deposits. Since that time, the agricultural sector has experienced large swings in farm income, asset values, and rates of resource utilization. Data from the FR 2028B on the level and distribution of loan maturities and loan rates among smaller banks have provided a useful indicator of the degree to which these additional sources of risk have been passed through to rural borrowers.

The availability of a historical series on farm lending also frequently proves useful in addressing new questions that arise. For example, the data have been quite useful in providing a scale to measure the amount of government subsidy that is provided to farmers through governmental or quasi-governmental agencies. Legislation passed in 1987 to assist the Farm Credit System (FCS) forbade the FCS from offering unusually low rates of interest by basing the interest rate it charged on farm loans on its average cost of funds rather than its marginal cost.

Aggregated estimates from the FR 2028B data provided a useful benchmark in a General Accounting Office study of the FCS's performance in this regard (GAO-94-39, March 1994). The aggregate FR 2028B data also have been used in recent years by analysts at the Department of Agriculture to monitor compliance with the United States-Mexico-Canada Agreement by estimating the magnitude of farm subsidies arising from loans to U.S. farmers from the FCS and the Farmers' Home Administration. In addition, the Federal Reserve has used the information on farm lending terms and the risk ratings for individual loans to examine the degree to which commercial banks price the riskiness of agricultural loans. This study found that only about half of the reporters for the FR 2028B used a risk rating system, but most of the banks that did not were quite small, and so roughly four-fifths of the survey loans carried an informative risk rating. Furthermore, after controlling for the size and performance of the bank and as many nonprice terms of the loan as possible, banks consistently charged higher rates of interest for farm loans that they characterized as riskier.¹ The FR 2028B data have also been used to analyze recent farm debt trends in relation to historical agricultural boom and bust cycles.²

Prime Rate Supplement to Survey of Terms of Lending (FR 2028S)

The FR 2028S collects quarterly data on prime interest rates as a supplement to the FR 2028B. The prime rate, an administered rate, remains the base rate banks use to price a significant portion of the loans covered on the FR 2028B.³ The prime rate is by far the most common base rate used to price variable rate business and farm loans at small and medium-sized banks. Even for large borrowers and the largest banks, the prime rate is a pricing option frequently available along with market-related rates. The FR 2028S imposes relatively little burden and the information it provides is useful in interpreting movements in rates charged on business and farm loans, especially for small loans and for loans at smaller banks. It also provides valuable information about variations in the prime-lending rate across banks, which can be considerable.

Small Business Lending Survey (FR 2028D)

The FR 2028D collects quantitative and qualitative information that the Federal Reserve uses to monitor developments in the availability of credit to small businesses. The survey is timed to make reports on developments in small business lending available for the second Federal Open Market Committee meeting of each quarter. The data is also available for Federal Reserve System economists and other staff to use for research purposes.

The FR 2028D improves the ability to assess and analyze developments in nonfarm small business credit markets and to answer policy questions in a timely manner. The information collected is not available from existing or planned surveys conducted by either the private or public sectors. Bank lending to small businesses is critical for employment and economic growth

¹ Nick Walraven and Peter Barry (2004) "Bank Risk Ratings and the Pricing of Agricultural Loans." *Agricultural Finance Review*, Vol. 64, No. 2, pp. 107-118.

² Jason Henderson and Nathan Kauffman (2013) "Farm Investment and Leverage Cycles: Will This Time Be Different?" Federal Reserve Bank of Kansas City *Economic Review*, Second Quarter, pp. 89-114.

³ The FR 2028B defines the prime rate to be "the administered rate used [by the bank] for pricing business and other credit, which [is adjusted] from time to time in response to changes in market conditions. [The] institution may set this rate internally or may adopt as its own a published rate."

at the local, regional, and national levels because it is a primary source of funding for these businesses. The FR 2028D was created to provide more information regarding small business credit during the 2008 financial crisis and subsequent recovery. It also contributes to a better understanding of the role of community banks in providing loans to small businesses and on small business access to credit in local communities.

The FR 2028D also improves upon current information on outstanding loans collected on the Report of Condition and Income (Call Reports) (FFIEC 031, FFIEC 041, and FFIEC 051; OMB No. 7100-0036), which collects data on loans less than a certain dollar amount rather than on loans to small businesses. The Call Report data may result in information distortions about the availability of credit to small businesses because not all small loans are made to small businesses. The FR 2028D data collection addresses the gaps in existing and planned new surveys on small business lending. In addition, other Federal Reserve reports that have been developed in recent years provide information on large nonfarm business loans. As a result, the information used for assessing and analyzing developments in nonfarm business credit markets is improved by combining the FR 2028D data collection on the terms of small business loans with the existing reports on large and small business loans.

Description of Information Collection

Survey of Terms of Bank Lending to Farmers (FR 2028B)

The FR 2028B collects unique information from a stratified sample of up to 250 banking institutions on lending terms for farm borrowers including interest rates for loans of \$3,000 or more, the date the loans were made, their interest rate, primary purpose, maturity, commitment, security, and syndication statuses, risk rating, and the location of the borrower. Identifying information on the respondent is also collected.

Prime Rate Supplement to Survey of Terms of Lending (FR 2028S)

The FR 2028S collects the prime interest rate for loans for each day of the survey week from FR 2028B respondents and serves as a supplement to the data collected in the FR 2028B.

Small Business Lending Survey (FR 2028D)

The FR 2028D collects information on loans to small businesses from a stratified sample of up to 398 banking institutions. The survey is administered at a quarterly frequency and distributed during the first month of each quarter. Survey responses are based on loan activity over the previous quarter. Information collected generally concerns information about the respondent, the respondent's small business definition, loan volumes and terms for outstanding and new loans, including term loans and loans made under commitment, credit line usage, loan demand and applications, credit standards and terms, credit quality of applicants, and the answers to special, ad hoc questions subject to periodic change.

Quantitative information collected includes, for outstanding and new term loans, their aggregate number and dollar amount, average interest rate, average and maximum maturity, and

the number, dollar amount, and average interest rate of those with an interest rate floor. For loans made under commitment, quantitative information collected includes their aggregate number; aggregate commitment dollar amount, aggregate outstanding dollar amount, average interest rate, and the number, dollar amount, and average interest rate for those with an interest rate floor. For both term loans and loans made under commitment, these quantitative data are generally separated by whether they are fixed rate or variable rate.

Qualitative information collected by the FR 2028D includes information on the respondent's small business definition and answers to questions that seek to gauge changes in lending terms, loan demand, and credit standards for small business loans during the survey period.⁴ For example, respondents are asked to identify possible reasons for indicated changes in lending terms or credit standards. The survey also includes qualitative questions on the demand for small business loans, changes in credit line usage, and changes in the credit quality of small business loan applicants. Respondents are asked to identify potential factors underlying a reported change in applicant credit quality (e.g., credit scores, quality of collateral) and to identify top reasons for denying small business loans during the survey quarter. Respondents are asked ad hoc questions in the Special Questions section of the form. These questions may periodically change to address relevant current events, answer specific inquiries from Board and/or local economists or other stakeholders, or to glean useful insights for the Federal Reserve Bank of Kansas City's quarterly release of the *Small Business Lending Survey*.

Respondent Panel

The FR 2028B panel has an authorized size of 250 domestically chartered commercial banks. The panel of banks has been drawn from a random sample of banks stratified according to farm loan volumes since 1989. Since that time, the authorized size of the panel has been 250 banks, with 175 banks currently reporting. The number of respondents is less than the authorized size due to mergers among reporters and loss of respondents due to the voluntary nature of the panel. Table 1 presents the number of reporters disaggregated by Federal Reserve District and by bank-size group for the current panel. If the authorized size of the panel is reduced to 175, the standard errors for the data items would increase 23 percentage points. Moreover, the standard errors on the regional estimates, which are based on smaller samples, likely would be greatly increased. In addition, the Federal Reserve has implemented an on-going effort to recruit new reporting banks and expand the panel to the authorized size of 250. Consequently, the recommendation is not to change the authorized number of banks.

⁴ The inclusion of qualitative questions, which are the same as those in the Senior Loan Officer Opinion Survey on Bank Lending Practices (FR 2018; OMB No. 7100-0058), is meant to supplement the existing FR 2018 data to get a more comprehensive view of the availability of credit to businesses. Importantly, the definitions of a small business are different in the FR 2018 and the FR 2028D. The FR 2018 covers lending to both small and large firms and defines small firms as those with annual sales of less than \$50 million, which is significantly larger than the \$5 million threshold in the FR 2028D. Furthermore, the FR 2018 panel only includes large institutions while the FR 2028D panel is a stratified sample of up to 398 domestic banks and includes institutions of all sizes. Therefore, there is not extensive overlap in the panels for the two data collections.

Table 1
Number of Reporters on FR 2028B and FR 2028S

District	Number of Small FR 2028B and FR 2028S Respondents ⁵	Number of Large FR 2028B and FR 2028S Respondents ⁶
1	0	0
2	1	3
3	1	2
4	10	14
5	5	3
6	4	4
7	25	3
8	18	8
9	10	1
10	31	8
11	10	8
12	2	4
TOTAL	117	58

The authorized panel for the FR 2028D panel is 398 domestically chartered commercial banks, with 181 banks currently reporting. The size is based on obtaining survey results with a 95% confidence level and 5% standard error, allowing for a 10% nonresponse rate. The panel of banks is a random sample of banks stratified according to the dollar volumes of commercial and industrial loans with original amounts of \$1,000,000 or less. Table 2 presents the current number of reporters disaggregated by district and by bank size group for the panel.

The number of respondents is less than the authorized panel size due primarily to the voluntary nature of the report, recruiting challenges, and because it is a relatively new survey. No changes to the authorized panel size are recommended.

⁵ Institutions with total consolidated assets less than \$850 million.

⁶ Institutions with total consolidated assets of \$850 million or more.

Table 2
Number of Reporters on FR 2028D Panel

District	Number of Small FR 2028D Respondents ⁷	Number of Large FR 2028D Respondents ⁸
1	0	6
2	2	9
3	0	13
4	7	14
5	1	12
6	7	11
7	8	11
8	2	8
9	5	4
10	11	22
11	3	13
12	4	8
TOTAL	50	131

Frequency and Time Schedule

The FR 2028B, FR 2028S, and FR 2028D are submitted quarterly. The FR 2028B and FR 2028S are filed every mid-quarter as of the first full week of February, May, August, and November. The FR 2028D transmission period begins the day following the last day of each calendar quarter (March, June, September and December) and concludes 14 days after the first business day in the second month of each quarter.

Proposed Revisions to the FR 2028

The Federal Reserve proposes to revise the FR 2028B form and instructions. The proposed revisions consist of combining the two separate report forms (FR 2028B and FR 2028S) into a single report form and instructions (FR 2028B). In addition, an email address field would be added to the respondent contact information section and a “no loans to report” indicator field would be added to the combined report. The Federal Reserve proposes these revisions in efforts to simplify the submission of these reporting series. The revisions would be effective for the August 3, 2026, as of date, with the transmission period beginning on August 10, 2026, based on loan activity during the first week of August 2026.

FR 2028B Additions

Additions to the FR 2028B form include the integration of the FR 2028S line items into the report. Two additional line items would be added to the FR 2028B report in an effort to

⁷ Institutions with total consolidated assets less than \$850 million.

⁸ Institutions with total consolidated assets of \$850 million or more.

reduce administrative and respondent burden. An email field would be added to the respondent contact information section and a “no loans to report” indicator field would be added to reduce respondent burden from current outreach procedures in efforts to reduce redundant communication.

FR 2028S Deletions

The FR 2028S report would be discontinued and integrated into the FR 2028B report. The combination of reports is aimed at reducing burden for respondents.

FR 2028D Clarifications

The Federal Reserve proposes to revise the FR 2028D instructions, effective for the September 30, 2026, as of date with the transmission period beginning on October 1, 2026, based on loan activity over the third quarter 2026. The revisions would add clarity in reporting instructions and requirements, and improve data quality. These proposed revisions include clarifying the instructions for items 5e and 7e, with respect to the meaning of “maximum maturity” and for items 6 and 8, with respect to the meaning of “commitment.” These wording changes are proposed to the instructions to add clarity to respondents as they complete the survey and improve data quality in response to feedback from respondents.

Public Availability of Data

The Federal Reserve Bank of Kansas City publishes aggregated data for the FR 2028B and FR 2028D in separate quarterly statistical releases on its public website at <https://www.kansascityfed.org/research/>. Aggregate information on farm loans from the FR 2028B is also published in the quarterly statistical release, *National Survey of Terms of Lending to Farmers*, <https://www.kansascityfed.org/agriculture/agfinance-updates/>. The aggregate survey results are also included in statistical compilations published both within and outside the Federal Reserve. Aggregate information on small business loans from the FR 2028D is published in a quarterly statistical release approximately ten weeks after the transmission period begins on the Federal Reserve Bank of Kansas City’s public website, <https://www.kansascityfed.org/surveys/small-business-lending-survey/>, and on the Board’s website, <https://www.federalreserve.gov/data.htm>.

Legal Status

The FR 2028 is authorized by section 11(a)(2) of the Federal Reserve Act (12 U.S.C. § 248(a)(2)), which authorizes the Board to require any depository institution to make such reports of its assets and liabilities as the Board may determine to be necessary or desirable to enable the Board to discharge its responsibilities to monitor and control monetary and credit aggregates. Survey submissions are voluntary.

Individual respondents may request that information submitted to the Board through a survey under FR 2028 be kept confidential. If a respondent requests confidential treatment, the Board will determine whether the information is entitled to confidential treatment on a case-by-

case basis. Information collected through these surveys may be exempt from disclosure pursuant to an exemption under the Freedom of Information Act (FOIA) (5 U.S.C. § 552), such as exemption 4 of FOIA (5 U.S.C. § 552(b)(4)), which exempts information from disclosure if it is nonpublic commercial or financial information which is both customarily and actually treated as private by the respondent.

Consultation Outside the Agency

There has been no consultation outside the Federal Reserve System.

Public Comments

On April 10, 2026, the Board published an initial notice in the *Federal Register* (91 FR 18460) requesting public comment for 60 days on the extension, with revision, of the FR 2028. The comment period for this notice expires on June 9, 2026.

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR 2028 surveys is 5,828 hours, and would remain unchanged with the proposed revisions. The burden estimate was adjusted down using the standard Board burden calculation methodology. These reporting requirements represent less than 1 percent of the Board’s total paperwork burden.

FR 2028	<i>Estimated number of respondents⁹</i>	<i>Estimated annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
Current				
FR 2028B	250	4	1.17	1,170
FR 2028S	250	4	0.28	280
FR 2028D	398	4	2.75	<u>4,378</u>
	<i>Current Total</i>			5,828
Proposed				
FR 2028B	250	4	1.45	1,450
FR 2028D	398	4	2.75	<u>4,378</u>
	<i>Proposed Total</i>			5,828

⁹ Of the actual respondents, 117 for the FR 2028B and FR 2028S and 50 for the FR 2028D are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$850 million in total assets), <https://www.sba.gov/document/support-table-size-standards>. There are no special accommodations given to mitigate the burden on small institutions.

The estimated total annual cost to the public for the FR 2028 surveys is \$420,490, and would remain unchanged with the proposed revisions.¹⁰

Sensitive Questions

This information collection contains no questions of a sensitive nature, as defined by OMB guidelines.

Estimate of Cost to the Federal Reserve System

The estimated cost to the Federal Reserve System for collecting and processing the FR 2028 surveys is \$220,900.

¹⁰ Total cost to the responding public is estimated using the following formula: total burden hours, multiplied by the cost of staffing, where the cost of staffing is calculated as a percent of time for each occupational group multiplied by the group's hourly rate and then summed (30% Office & Administrative Support at \$24, 45% Financial Managers at \$87, 15% Lawyers at \$88, and 10% Chief Executives at \$126). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor Statistics (BLS), *Occupational Employment and Wages, May 2024*, published April 2, 2025, <https://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Standard Occupational Classification System, <https://www.bls.gov/soc/>.