

U.S. Microenterprise Census Highlights

Size of the Industry: 2011

FIELD estimates that the **U.S. microenterprise industry served 361,460 individuals** and **disbursed 24,708 microloans** in 2011. These estimates are based on extrapolations from survey data collected in the U.S. Microenterprise Census. Additional field-wide estimates are:

- **\$175,450,868 in Microloans Disbursed**
- **\$273,986,203 in Microloans Outstanding**
- **\$366,436,621 in Microloan Capital**

Industry Growth and Change: 2010-2011

Trend data from programs that provided data for both FY2010 and FY2011 point to growth in the numbers of individuals served and loans made. Dollars lent remained level, indicating a decline in the average loan size. All dollar values are provided in 2011 dollars.

The number of individuals assisted increased by 13 percent

The aggregate number of individuals assisted increased from 66,817 to 75,818 (n=93)

The number of microloans disbursed increased by 47 percent

The aggregate number of microloans disbursed during the year increased from 10,460 to 15,348 (n=58)

The dollar amount of microloans disbursed decreased by 1 percent

The aggregate dollar amount of microloans disbursed decreased from \$79,176,025 to \$78,495,473 (n=56)

The dollar amount of microloans outstanding increased by 1 percent

The aggregate dollar amount of microloans outstanding at year end increased from \$68,340,662 to \$69,073,647 (n=44)

Total microloan capital increased by 13 percent

The total microloan capital held by programs increased from \$66,661,344 to \$75,112,544 (n=32).

U.S. Microenterprise Census Description and Methodology

The U.S. Microenterprise Census is conducted annually by FIELD at the Aspen Institute to obtain updated information on the scope and scale of the U.S. microenterprise industry and to track its evolution.

In 2012, FIELD identified 816 microenterprise programs that provide loans, training, technical assistance and other microenterprise services directly to microentrepreneurs.

During the summer and fall of 2012, 207 microenterprise programs (25% of those identified by FIELD) completed surveys detailing information on products and services, individuals served and the size of their organizations in fiscal year 2011. The following highlights are drawn from the 207 detailed survey responses. With the exception of the overall program count of 816, and the industry estimates, these findings should be considered a conservative estimate of the size of the field and its outreach to individuals.

Program Scale

Across the programs that reported to the U.S. Microenterprise Census on their 2011 activities, there were:

- 124,504 individuals assisted (161 programs reporting)
- 58,656 clients assisted (160 programs reporting)
- 31,435 businesses assisted (140 programs reporting)

Because programs serve many individuals who are exploring business feasibility, fewer businesses are assisted than individuals.

Key Terms

- **Individuals** refers to anyone who received any level of service from a microenterprise program in FY2011
- **Clients** are individuals who received a significant level of service during FY2011. A “significant service” is one a program believes can be traced to a client’s business or personal outcome(s) after the client exits the program. More specifically, FIELD defines a client as someone who:
 - had an active, outstanding microloan or other microfinancing product with the program during the fiscal year; and/or
 - received a significant number of hours of business development services (training, technical assistance, coaching, etc.) from the program during the fiscal year (a common rule of thumb is ten hours of service during the fiscal year).

Table 1: Number of People and Businesses Assisted

	Individuals	Clients	Businesses
Median	254	110	78.5
Average (Mean)	773	367	225
Minimum	1	1	1
Maximum	7961	7700	2880
Number Reporting	161	160	140

Costs and Efficiency

- Median cost per individual served: \$1,049
- Median cost per client served: \$2,725

The table below provides descriptive characteristics on the cost data reported to the Census. Median values usually best describe the “typical” program, as extreme outliers sometimes significantly influence the average value. For example, the average cost figures below are heavily influenced by one start-up program that served only one client in its first year.

Key Terms

- **Cost per individual** is calculated by dividing the total microenterprise program operating costs by the total number of individuals assisted over the course of the fiscal year.
- The **cost per client** is calculated by dividing the total microenterprise program operating costs by the number of individuals who received a significant service and are therefore counted as clients.

Table 2: Cost of Entrepreneurs Assisted

	Cost per Individual	Cost per Client
Median	\$ 1,049	\$ 2,725
Average (Mean)	\$ 4,330	\$ 7,050
Minimum	\$ 42	\$ 99
Maximum	\$ 270,000	\$ 270,000
Number Reporting	102	100

A basic microenterprise program efficiency measure is the number of entrepreneurs assisted relative to the size of the microenterprise staff. There are two key ratios that relate to this measure of efficiency.

- Median clients per FTE: 30
- Median clients per DSP: 44

- **Individuals/Clients per FTE:** the number of individuals and clients spread across the number of microenterprise program full-time equivalent (FTE) staff. This provides information on the number of entrepreneurs supported by the entire microenterprise program.
- **Individuals/Clients per DSP:** the number of individuals and clients supported direct service providers (DSP) -- those staff that interact directly with entrepreneurs. This provides information on the caseload being managed by entrepreneur-facing staff.

Table 3: Program Efficiency, Entrepreneurs Assisted

	Individuals per FTE	Clients per FTE	Individuals per DSP	Clients per DSP
Median	82	30	122	44
Average (Mean)	194	89	181	71
Minimum	1	1	5	3
Maximum	2,158	1,526	1,549	373
Number Reporting	119	116	80	79

Entrepreneur Characteristics

Microenterprise programs typically serve individuals from groups considered disadvantaged in terms of their access to capital and mainstream business services. In FY2011, of the entrepreneurs assisted by microenterprise programs:

- 56 percent were women (n=129);
- 58 percent were people of color or members of traditionally disadvantaged racial or ethnic groups (n=104);
- 5 percent had a mental or physical disability (n=64);
- 58 percent had household incomes at or below 150 percent of the HHS poverty guidelines for the United States (n=28); and
- 71 percent had household incomes at or below 80 percent of the HUD median for their location (n=53).

The gender and racial and ethnic compositions of entrepreneurs served by microenterprise programs have not varied greatly over the past four years of U.S. Microenterprise Census data. The percent of clients reported to be at or below the various low-income thresholds has varied somewhat; this may be largely due to change in the method used by the Census to calculate its low-income indicators.¹

Figure 1: Gender of Entrepreneurs

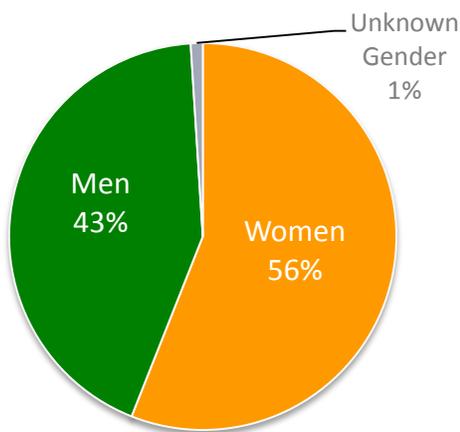
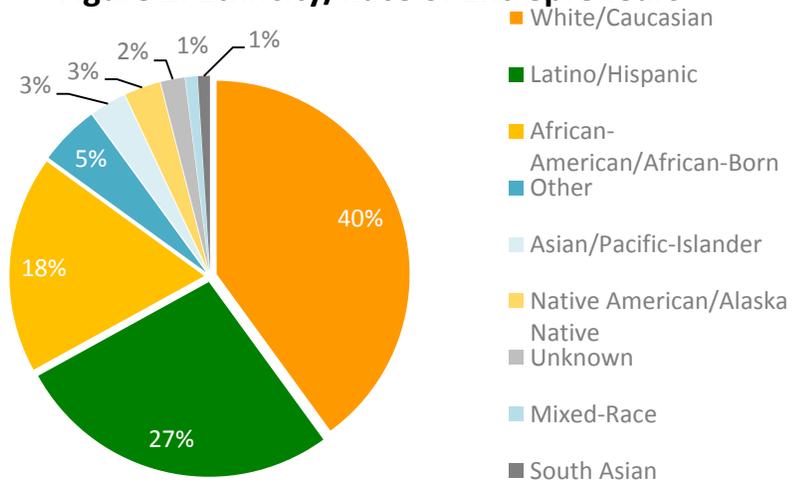
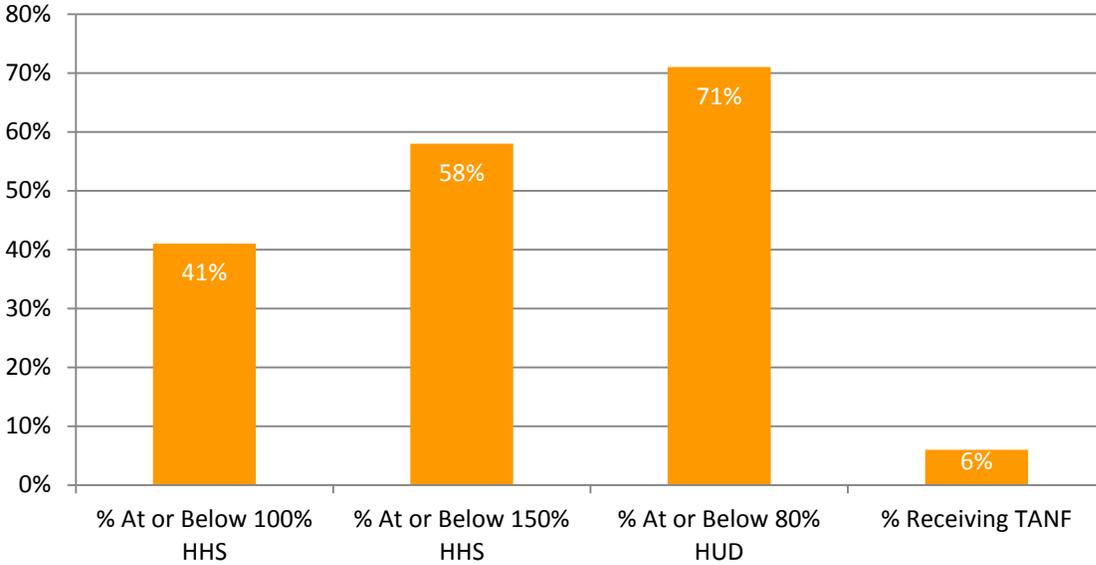


Figure 2: Ethnicity/Race of Entrepreneurs



¹In past years, if a program provided income data on any of its entrepreneurs, its data was included in the calculation of the percent of entrepreneurs at or below the various low-income thresholds. Beginning in FY2011, if 10 percent or more of a program's entrepreneurs were missing income data, the program's data was excluded from aggregate calculations. This adjustment was made to more accurately represent the low-income status of entrepreneurs served by microenterprise programs.

Figure 3: Low-Income Status of Entrepreneurs at Intake



Slightly more than half of the entrepreneurs assisted by microenterprise programs were already operating a business when they first came to a microenterprise program. Of those with businesses at intake, almost three-quarters were at least one year old.

Figure 4: Operating a Business at Intake

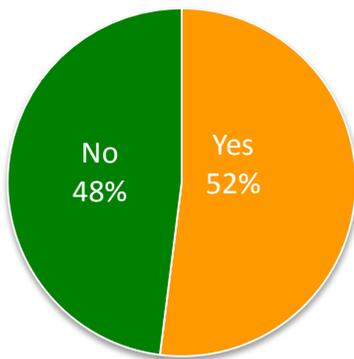
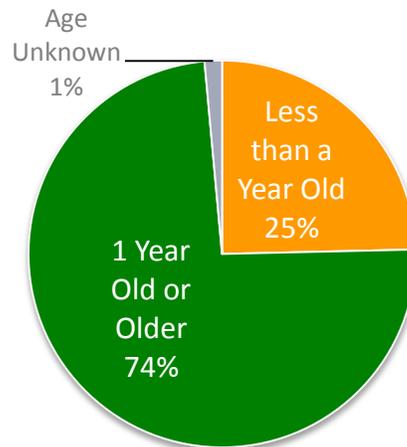


Figure 5: Age of Business at Intake

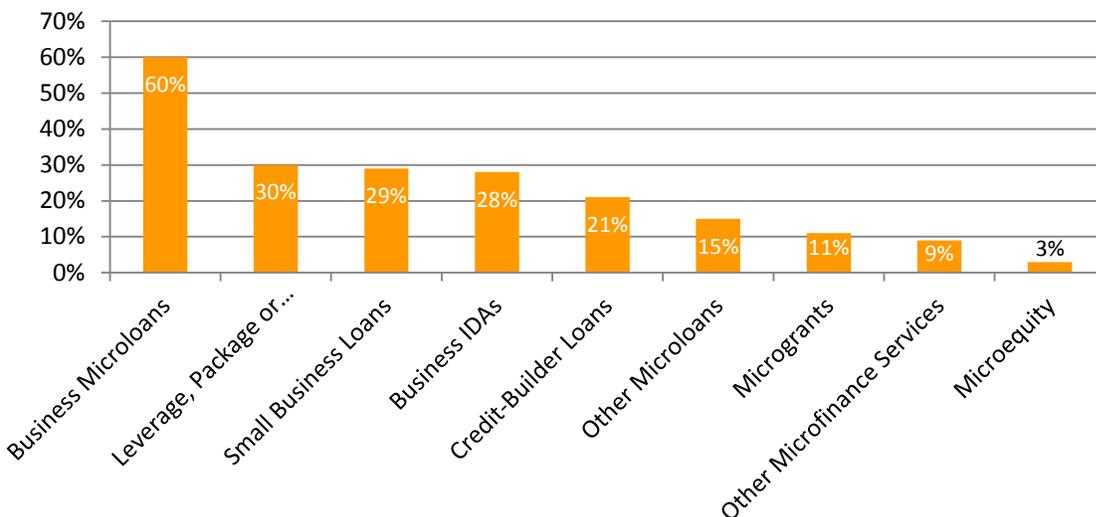


Microfinance in 2011

Microfinance Products

- 91 percent (189 microenterprise programs) provided a microfinancing product
- 60 percent provided microenterprise loans of \$50,000 or less (n=122)
- The average interest rate charged by microenterprise programs is 8 percent (n=87)
- Among the 189 organizations that offered microfinance products:
 - 21 percent offered credit-builder loans (n=40)
 - 28 percent offered business Individual Development Accounts (IDAs) (n=54)
 - 3 percent offered microequity (n=5)
 - 11 percent provided microgrants (n=22)
 - 9 percent offered other microfinance products or services (n=18).

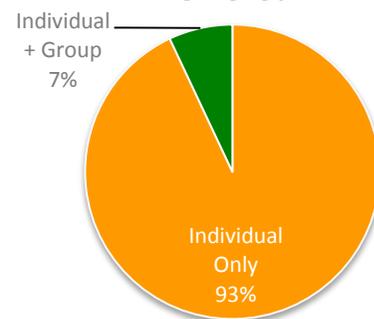
Figure 6: Micro- and Small-Business Products Offered



U.S. microlenders predominantly use an individual-lending approach, rather than the peer- or group-lending models often used by microfinance institutions in developing countries. Of the lenders surveyed, 121 indicated the type of loans they made. (Figure 7)

In addition to the microfinance products lenders offer to the entrepreneurs they assist, some microenterprise programs work to build the credit profiles of their customers by tracking and/or reporting their credit scores:

Figure 7: Types of Microloans Offered



- 58 percent of lenders report tracking the credit scores of their borrowers (n=193).
- 34 percent report their borrowers' credit performance to credit bureaus, either directly or through another organization (n=193).

Microfinance Volume in 2011

Programs responding to the U.S. Microenterprise Census reported the following lending activity in 2011:

- 16,217 microloans disbursed (n=95)
- \$87 million in microloans disbursed (n=92)
- \$120 million in microloans outstanding (n=77)

Table 4: Microloans Disbursed and Outstanding in FY2011

	# Microloans Disbursed	\$ Microloans Disbursed	# Microloans Outstanding	\$ Microloans Outstanding	Average Size of Microloans Disbursed
Median	21	\$264,054	65	\$774,677	\$13,955
Average (Mean)	171	\$946,640	191	\$1,556,660	\$15,832
Minimum	1	\$1,000	1	\$1,000	\$300
Maximum	10128	\$18,682,446	3564	\$23,739,602	\$50,000
Number Reporting	95	92	83	77	92

Microfinance Performance, Cost and Efficiency

- 62 percent of total microloan capital was deployed or outstanding to borrowers
- 8 percent of all outstanding microloans had been restructured
- 38 percent of all microloans outstanding were made to start-up businesses
- 9 percent of all outstanding microloan dollars were at risk
- 7 percent of all outstanding microloan dollars were written off in FY2011.

Key Terms

- **Deployment Rate:** Total outstanding microloan dollars at year-end 2011, divided by total microloan capital. This measure gives a sense of how much capital is "on the street."
- **% Restructured:** The dollar amount of outstanding microloans that had been restructured (i.e., the terms of the loan had been adjusted in response to difficulties a borrower experienced in meeting his or her obligations), divided by the total microloan dollars outstanding. Restructured loan rate is a measure of portfolio risk.
- **% Outstanding to Start-ups:** The dollar amount of microloans outstanding lent to businesses that were less than one year old at the time of loan closing, divided by total microloan dollars outstanding.
- **Total Portfolio at Risk (PAR) %:** The total dollar amount of microloans with a payment 31 days or more past due, divided by total microloan dollars outstanding.
- **Loan Loss Rate:** The total amount of microloan dollars written off (net of recoveries), divided by the average microloan dollars outstanding during the fiscal year.

Table 5: Microloan Portfolio Performance

	Deployment Rate	% Restructured	% Outstanding to Start-Ups	Total PAR %	Loan Loss Rate
Industry Percent²	62%	8%	38%	9%	7%
Median	60%	8%	41%	7%	2%
Average (Mean)	60%	9%	41%	15%	4%
Minimum	2%	0%	0%	0%	0%
Maximum	100%	51%	100%	100%	100%
Number Reporting	60	53	39	65	55

- The median number of microloans disbursed by one full-time equivalent (FTE) loan officer was 13
- One FTE loan officer managed a median of 37 outstanding microloans during the year
- The median cost per microloan was \$9,912
- The median operational cost rate (OCR) was \$0.29. That means on a median basis it cost programs 29 cents to make and manage each dollar in outstanding microloans.

Key Terms

- **Cost per Microloan:** The operating costs of the lending program, divided by the number of microloans disbursed during the year.
- **Operational Cost Rate (OCR):** The cost to make and manage each dollar outstanding in the microloan portfolio. Calculated by dividing the operating costs of the lending program by the average dollar value of microloans outstanding during the fiscal year.

Table 6: Microloan Portfolio Efficiency

	Loans Disbursed per FTE Loan Officer	Loans Outstanding per FTE Loan Officer	Cost per Microloan	Operational Cost Rate
Median	13	37	\$9,912	.29
Average (Mean)	24	53	\$12,597	.69
Minimum	1	1	\$1,250	.03
Maximum	203	217	\$37,798	3.6
Number Reporting	77	71	16	16

² Industry Percent is calculated by dividing the sums for the appropriate variable. For example, the industry percent for deployment is calculated by dividing the sum of all dollars outstanding for all reporting programs by the sum of total microloan dollars for all reporting programs.

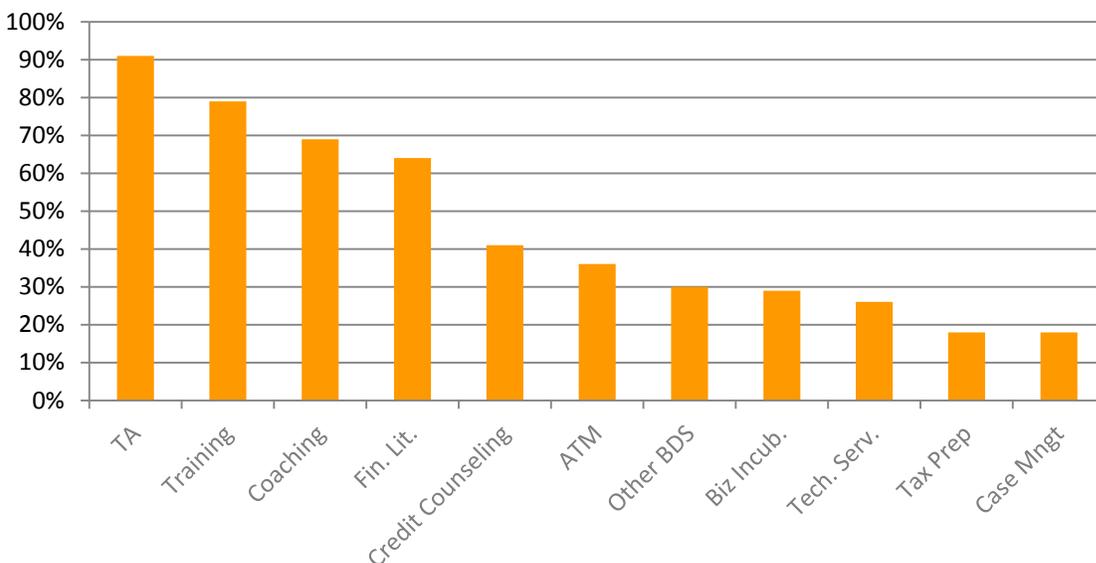
Business Development Services in 2011

Business Development Services

Business development services (BDS) include a wide array of non-financial services designed to help entrepreneurs to start and grow their businesses. These include business training and technical assistance (TA), access to markets services (ATM), technology services, credit and tax services, and others.

- In 2011, 97 percent (199 programs) provided some type of business development services.

Figure 8: Business Development Services Offered



Scale of Business Development Services

- 78 percent of individuals assisted by microenterprise programs received some type of business development service (n=123)
- 72,354 individuals received BDS (n=123)
- 49 percent received one-on-one technical assistance (n=86)
- 62 percent participated in group-based training (n=66)

Table 7: Business Development Services Volume

	# of BDS Individuals	# Receiving TA	Avg. TA Hours	# Participating in Training
Median	254	161	5	80
Average (Mean)	588	300	9	338
Minimum	2	0	0.35	2
Maximum	7259	1828	56.92	8425
Number Reporting	123	86	67	66

Business Development Services Efficiency

- For those individuals enrolled in a training program with a graduation or completion program, 90 percent completed training requirements.
- Many programs offer assistance to entrepreneurs in preparing formal and/or informal business plans. Formal business plans describe a business's products/services, operations, marketing strategies, and financial status and plan and are ready for use in raising capital and guiding business development with a broad external audience that can include customers, partners, investors, or the public. Informal business plans are internal documents that typically include worksheets or assignments entrepreneurs complete during or after workshops, classes or one-on-one technical assistance sessions. Business plan completion rates indicate the percent of entrepreneurs that completed a business plan through a training or technical assistance program.

Table 8: BDS Performance

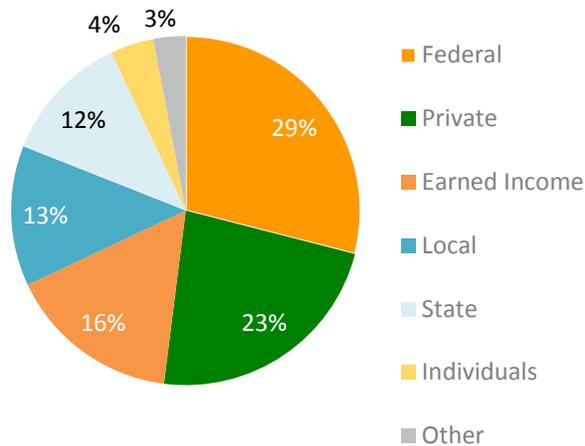
	Training Completion Rate	Informal Biz Plan Completion Rate	Formal Biz Plan Completion Rate
Industry Percent	90%	82%	70%
Median	91%	85%	84%
Minimum	10%	0%	0%
Maximum	100%	100%	100%
Number Reporting	50	33	52

Financial Sustainability

In 2011, median microenterprise program operating expenses were \$456,141 and the mean was \$850,499 (n=113).

Table 9: Financial Sustainability				
	Total Expenses	Total Income	Training Program Cost Recovery	Lending Program Operational Self-Sufficiency
Industry Percent			4%	20%
Median	\$456,141	\$400,526	7%	22%
Average (Mean)	\$850,499	\$1,035,386	6%	24%
Minimum	\$1,522	\$80	0%	3%
Maximum	\$9,693,630	\$18,000,000	14%	69%
Number Reporting	113	111	13	14

Figure 9: Operating Income Sources



Among the reporting programs, federal funds were the largest source of operating revenues, followed by private funds and earned income.

Microenterprise Development Program Characteristics

Microenterprise development programs vary in institutional form, from those solely focused on providing assistance to microentrepreneurs to those that are embedded in organizations with broader missions. The latter include community development financial institutions that provide financing and technical assistance for multiple purposes, educational and human services organizations, place-based community development corporations, and others.

Figure 10: Program Focus

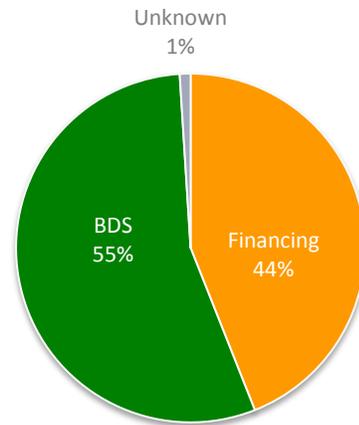
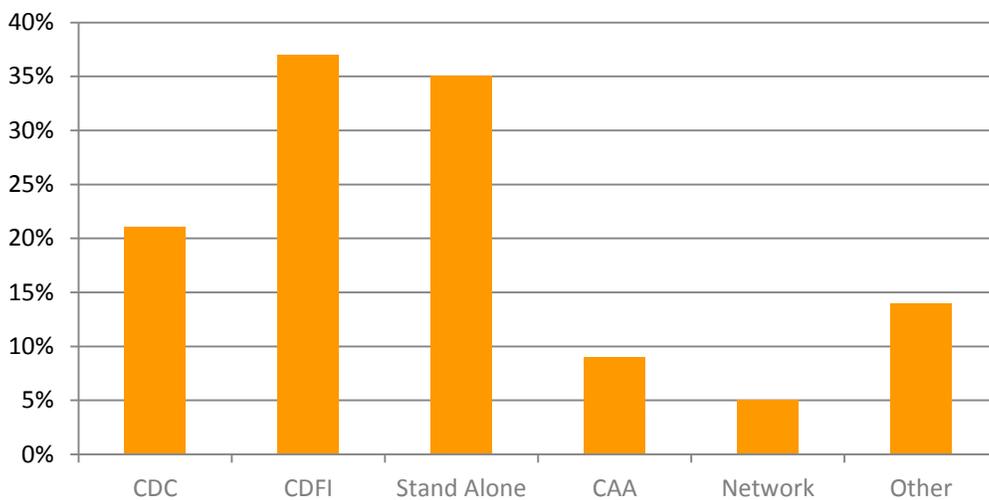


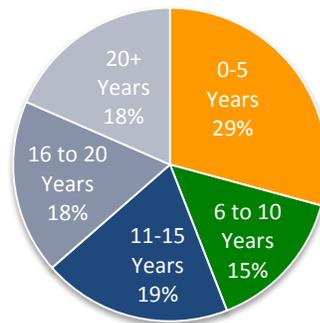
Figure 11: Organizational Type



Microenterprise programs also vary in their age and the geography in which they operate.

- 73 percent served urban markets
- 59 percent served rural markets
- 24 percent operated statewide
- 15 percent operated in multiple states.

Figure 12: Program Age



There are organizations with sizable staff. However 70 percent of the organizations in the industry had six or fewer full-time equivalent staff.

Table 10: Staff Size

	# of FTE	# of DSP	# of FTE Loan Officers
Median	4	3	2
Average (Mean)	7	6	3
Minimum	.5	1	1
Maximum	87	50	50
Number Reporting	134	91	82

For More Information

Data from the U.S. Microenterprise Census is housed at www.microTracker.org. Aggregate data from the census is available on the site as well as the ability to explore data for sub-groups such as credit-focused vs. training-focused programs, those focusing on particular geographies, providing a certain volume or service, programs of a certain age or budget size, and many other program characteristics.