

The Economic and Community Impact of ACCION Texas Lending

prepared for

ACCION Texas/Annie E. Casey Foundation

February 9, 2004



txp.com
512-328-8300

Key Findings

Overview and Background

- Microenterprise is a strategy that both helps to alleviate poverty and promotes economic development. This is in contrast to traditional welfare policy, which focused on transfer payments, but systematically failed to lift families out of poverty. In that context, microenterprise works to assist people with leaving public assistance, rebuilds inner city neighborhoods, and creates jobs and a return on investment that extend well beyond the recipient of the initial loan.

History of Microenterprise and ACCION

In developing countries around the world (Asia, Africa, and Latin America), it is common for poor, underemployed people to engage in self-employment to supplement their income. ACCION International was founded in the early 1960's to address the desperate poverty of Latin American cities. With the success of the programs in Latin America, ACCION brought their microlending model to the US in 1991. In 1994, ACCION Texas was established as a non profit 501(c)3 organization. It is an independent member of the ACCION USA network. Other ACCION USA network members include ACCION Chicago, ACCION New York, ACCION San Diego and ACCION New Mexico. ACCION USA has offices in Florida, Georgia, and Massachusetts.

- ACCION Texas was formed in 1994 as an independent non profit organization in San Antonio and now has satellite offices in Austin, Brownsville, Dallas/Fort Worth, El Paso, Harlingen, Houston, and McAllen. The organization grew from disbursing \$610,000 in 1995 to over \$5.5 million in 2002, with more than \$22 million lent since inception. The average loan over the same period increased from \$3,000 to over \$5,300.

Economic Impact Analysis

- ACCION lending throughout Texas creates additional economic effects, as capital invested increases overall economic activity. The \$22.2 million in total loans since inception translates into \$35.5 million in total economic activity, \$13.5 million in labor compensation, 604 permanent new jobs, and \$2.4 million in total new state and local tax revenue. The following table summarizes the impacts.

The Impact of ACCION Texas Lending

Individual City Totals	Direct Lending	Total Economic Activity	Total New Income	Total New Jobs	Total New Public Sector Revenue
Austin	\$1,533,376	\$2,466,899	\$927,524	41	\$143,542
Corpus Christi	\$214,026	\$346,075	\$139,846	5	\$24,358
Dallas/Ft. Worth	\$2,022,670	\$3,255,994	\$1,316,797	59	\$219,910
El Paso	\$2,548,934	\$4,051,036	\$1,525,437	66	\$280,623
Houston	\$1,962,220	\$3,173,163	\$1,233,017	56	\$213,716
Laredo/Del Rio	\$496,993	\$773,349	\$284,659	11	\$49,362
Rio Grande Valley	\$2,711,762	\$4,278,060	\$1,656,919	73	\$316,390
San Antonio	\$8,687,558	\$13,931,428	\$5,217,115	238	\$916,385
Rest of TX	\$1,977,777	\$3,204,144	\$1,198,427	55	\$201,062
TOTALS	\$22,155,316	\$35,480,148	\$13,499,741	604	\$2,365,367

Other Impacts

- Participation in microenterprise programs helps avoid social costs such as welfare and food stamps. Although exact numbers are not available, participants in a federal government-sponsored program in the late 1980's that targeted social assistance recipients for microenterprise development reduced their dependence on welfare by 52% and receipt of food stamps by 43%.
- A study conducted by ACCION US in 1998 showed that microentrepreneurs drew over half of their household income from their businesses, and 40% felt that without their businesses they would probably rely on welfare, disability, retirement, or minimum wage work for income. For many immigrants with limited English language skills, microenterprise was perceived as the only option for employment.

Qualitative Benefits

- Over 2/3 of ACCION participants in the 1998 study believed the program offered professional benefits not easily quantified, such as the ability to obtain credit, a sense of confidence in themselves as business people, independence, security from knowing they had a reliable source of financing, and networking with other ACCION businesses.
- Personally, ACCION study participants felt proud of their accomplishments and gratified that their hard work paid off. They liked the control over their time and activities that owning their own business provided, and felt they were realizing their own potential by starting and working in their own businesses.
- Participants felt the program had a positive effect on their families. The income they received enabled their families to achieve a standard of living not available otherwise. Flexible scheduling allowed them to spend more time with their children and/or meet family obligations more easily. Participants also felt their businesses had a positive

The Impact of ACCION Texas Lending

effect on the community. Close to a third of the business owners had employees besides themselves, and they usually received training and were paid more than the minimum wage. The businesses provided a needed service to the community and kept them more involved in their neighborhoods.

Effect on Minority Communities

- The vast majority of ACCION Texas clients are from the minority community. This is in part due to the difficulty of immigrants with limited education and English language skills in obtaining good-paying jobs. Also, many Latin American countries have flourishing informal sectors of the economy, and immigrants use existing skills to start their own businesses.
- Investment in a business builds additional connections to the community; if your market is the neighborhood, then you have a stake in its overall level of health.
- With access to Spanish speaking personnel in all of the ACCION Texas offices, clients can obtain small business credit in a Spanish-speaking setting. This alleviates some of the fear or discomfort clients may feel when approaching a traditional lending institution.

Second and Third Order Outcomes

- In addition to traditional economic development indicators, other important long-term outcomes of microenterprise development include the formation of social and human capital, the spread of economic literacy, and the transformation of disenfranchised people into economic actors.
- Another important benefit is the effect on future generations. Intergenerational cycles of welfare can be broken, and the psychological benefit of children seeing their parents succeed in their own businesses can profoundly affect their future choices.

Conclusions

- The impact of ACCION and its lending programs on the Texas economy and individual communities is clear, as the capital and knowledge that ACCION provides translates into economic activity, income, jobs, and tax revenues for both the state and local governments. Beyond the economic impacts, ACCION programs help individuals escape poverty, avoid other social problems, build self-esteem, and secure the economic future for their families.
- Given the human focus of ACCION programs and the recurring annual nature of wages and proprietor's incomes, it makes sense to use labor compensation as the basis of calculating a social return on the capital lent. While this may seem at odds with traditional calculations of the capital effectiveness, which are based on profits as a function of invested capital, it actually is consistent with the underlying focus on gains to

The Impact of ACCION Texas Lending

the stakeholders in the enterprise. In a publicly-traded corporation, the primary stakeholders are the shareholders, whose return will either come through dividends or capital appreciation. In small businesses, however, the main stakeholder is normally the proprietor, whose income may come in the form of wages or profits, each of which falls under the broad heading of labor compensation. At the same time, microenterprise is focused on economic development as a means of alleviating poverty and avoiding social costs, which makes labor income a gain to a second stakeholder in the equation, the community at large.

- Taken together, the \$13.5 million in total annual labor compensation yielded from the aggregate investment of \$22.2 million is equivalent to a 61 percent social return - every dollar lent creates an average of just under 61 cents annually in total income. Seen in this light, ACCION lending represents a huge “dividend” to the individuals and communities who participate.

Overview

With changes in the social and political climate of the United States over the last thirty years, policymakers have struggled to replace traditional antipoverty measures with newer, more innovative solutions. Traditional welfare policy has focused on transfer payments, providing income to the poor, but systematically failing to lift families out of poverty. While welfare reform has been a part of the political landscape for many years, policymakers still have much to learn about the complex process of moving from welfare dependency to economic self-sufficiency.

One strategy that responds to this need to both alleviate poverty and promote economic development goals is microenterprise development. In microenterprise programs, small loans are made to entrepreneurs who need the working capital to grow their businesses. The loans they need are typically too small for the average lending institution to justify the time and expense to administer them, and oftentimes these entrepreneurs lack the credit history necessary to qualify for a standard commercial loan. As a result, microenterprise lenders serve a dual function through both the provision of capital and technical assistance with business development.

Goals of Microenterprise

Are microenterprise programs economic development or social welfare? As Lisa Servon noted in her book [Bootstrap Capital](#), the answer is both. From an economic development perspective, microenterprise strategies respond well to the changing forces of the U.S. economy. No longer does a person train for a career, keep it for thirty or forty years, and retire with a pension. For many, self-employment is their best available option. As Servon notes about microenterprise development programs:

“Instead of trying to channel poor people into a mainstream economy that is no longer a reality, they teach those with an interest in and inclination for self-employment how to strengthen their entrepreneurial skills and stabilize their businesses.”

From a social welfare perspective, participation in microenterprise programs allows a segment of the welfare population to leave poverty through self-employment and provides income to entrepreneurs who have trouble achieving economic security with low-paying jobs.

Microentrepreneurs often engage in self-employment in combination with other wage or salary jobs, or a second self-employment job. Self-employment can mean the difference between poverty and self-sufficiency.

Microenterprise programs such as ACCION Texas are dedicated to providing long-term income and employment opportunities by providing credit and other support services to low- and moderate-income small business entrepreneurs who are unable to obtain credit through traditional channels. By any reasonable account, microlending is a smart social strategy – it helps people leave welfare, rebuilds inner city neighborhoods, provides a valuable alternative to those left behind by factory closings and corporate downsizing, and ultimately can create jobs and a return on investment that extends well beyond the recipient of the initial loan.

The Impact of ACCION Texas Lending

History of Microenterprise

The value of supporting self-employment as an economic development strategy was first publicized in a 1972 study undertaken in Kenya. The study, described by Salome Raheim in a 1996 article, was primarily concerned with underemployment among low-income urban dwellers in developing countries. It was discovered that millions of urban dwellers, while not employed in formal jobs, were engaged in productive self-employment. This “informal sector” of the economy proved that self-employment was a viable means to make a living.

Around the same time, ACCION International was working in Latin America to identify and help address pressing community needs such as building schools, installing electricity and sewer lines, and implementing training and nutritional programs. The organization’s leaders began to realize, however, that these programs, while helpful, did not have the long-term effect of increasing the community’s resources. Lack of economic opportunity was the crux of the problem; rural migrants to the cities had trouble finding work and many jobs did not pay a living wage. In response, many of them started their own small businesses. Growing a business was problematic, though, because buying supplies was difficult without resorting to borrowing from local loan sharks at exorbitant interest rates. Noticing the prevalence of these informal businesses, ACCION staff in Brazil coined the term “microenterprise” and began issuing small loans. These loans were the first in the field of microlending, and proved to be a big success. Since then, a great deal of research has been undertaken into the informal sector and how it can play an important role in economic development.

In another part of the world, an economics professor in Bangladesh named Mohammed Yunus formed the Grameen Bank in 1979 to help the landless poor start businesses without having to resort to usurious moneylenders. In Yunus’s peer microlending model, four to ten entrepreneurs form a group, receive training together, and decide who will receive the first loan. Subsequent loans to the remaining members are given only if all members maintain current payments. The model proved successful; today, the Grameen Bank has disbursed more than \$1 billion to over 2 million customers, and has a repayment rate of 97 percent.

The United States government has actively pursued microenterprise development as a strategy for alleviating poverty and building communities for over 25 years, starting in the late 1970s with sponsorship of the Program for Investment in the Small Capital Enterprise Sector (PISCES) in 16 different countries in Africa, Asia, and Latin America. PISCES researched the factors that contributed to the success or failure of microenterprises by the urban poor in these countries. The research revealed that microenterprises were an important employment alternative for low-income people, particularly for women, and for many was their only employment option. The businesses were usually small scale, labor intensive versus capital intensive, and relied extensively on local markets. Furthermore, the most successful businesses were those where the clients implemented their own plans rather than adopted the preconceived plans of the project staff. When these principals were followed, PISCES concluded that microenterprise development offered significant social welfare and economic development benefits.

Microenterprise development within the U.S. was inspired by lessons learned through these self-employment initiatives in developing countries, as well as those in Europe. Funding for

The Impact of ACCION Texas Lending

U.S.-based self-employment programs has over the years come from different types of agencies using funding from diverse sources. For example, community action agencies in New York and Vermont began operating self-employment programs in 1986 with funding from the U.S. Department of Health and Human Services. And, some Community Development Corporations (CDCs) have developed small enterprise programs for low-income citizens as an extension of their traditional focus on housing and the physical development of inner city impoverished neighborhoods. Some women's organizations also began providing access to credit, business training, and technical assistance to female business owners.

The Role of ACCION

International and Domestic History

ACCION International was founded in 1961 by American Joseph Blatchford after witnessing the crushing poverty of Latin American cities. For the first 12 years, the focus was largely on improving community resources such as schools, electricity, sewer lines, etc. In 1973, ACCION staff noticed the prevalence of informal businesses among their poor clientele and identified access to credit as the biggest obstacle these microentrepreneurs had in growing their businesses and pulling themselves out of poverty. Over the next decade, ACCION helped start microlending programs in 14 Latin American countries that addressed the specific needs of their clients. In addition to proving that the poor were not bad credit risks, the ACCION programs also proved that microlending was more than charity – the programs paid for themselves. This discovery reinforced the power of access to financial markets, and led to increasingly large capital commitments.

With the success of the programs in Latin America, ACCION brought their microlending model to the US in 1991. In 1994, ACCION Texas was established as a non profit 501(c)3 organization. It is an independent member of the ACCION USA network. Other ACCION USA network members include ACCION Chicago, ACCION New York, ACCION San Diego and ACCION New Mexico. ACCION USA has offices in Florida, Georgia, and Massachusetts.

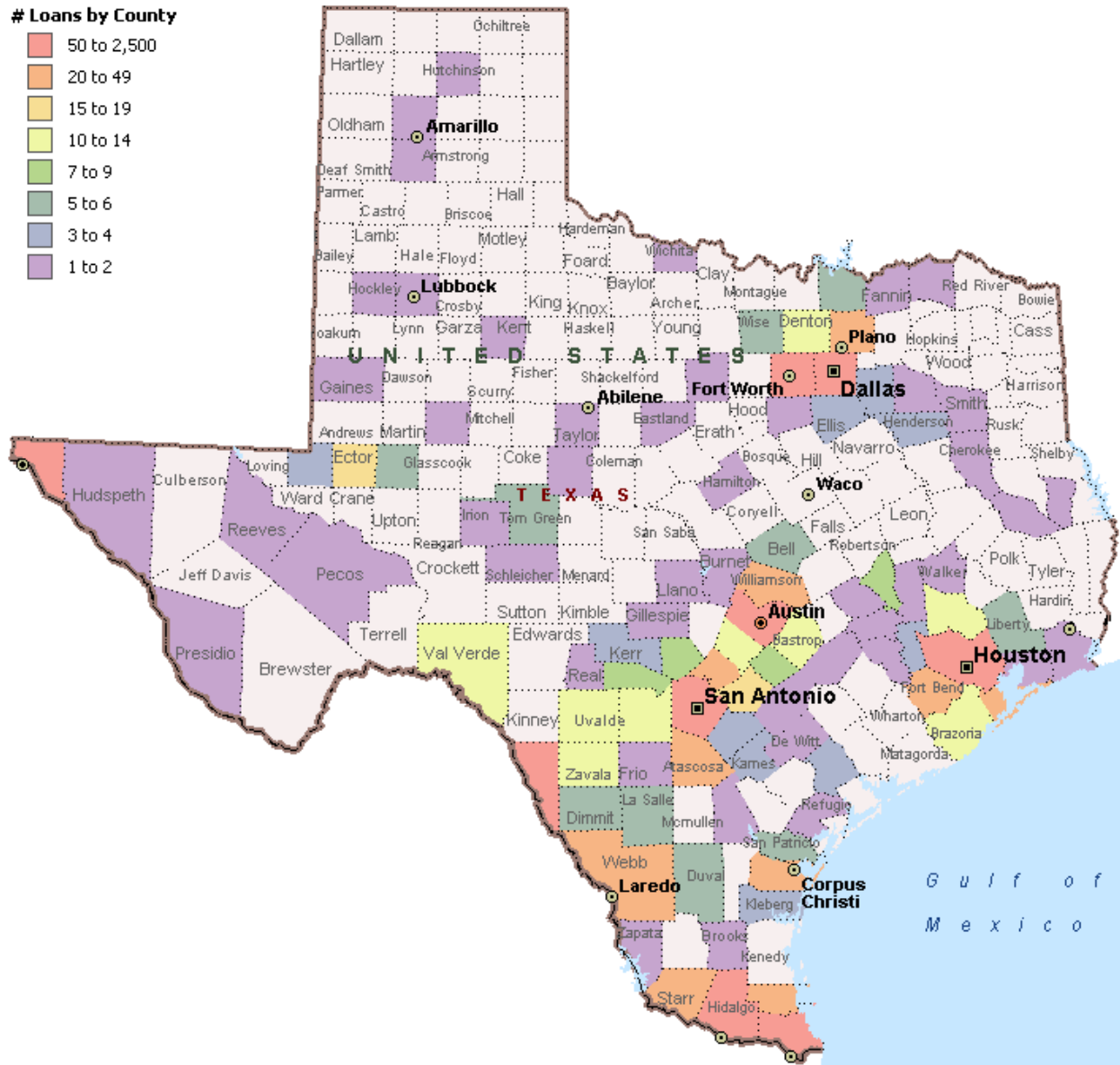
ACCION Texas

ACCION Texas is based in San Antonio with satellite offices in Austin, Brownsville, Dallas/Fort Worth, El Paso, Harlingen, Houston, and McAllen. ACCION Texas provides entrepreneurs from these and other communities throughout the state access to credit and business support services not available from the commercial banking sector. Offices are staffed with loan officers and outreach personnel who market the program and provide information sessions to prospective clients, establish local community relationships, assist borrowers with loan applications, and conduct follow-up visits. As of year-end 2002, there were 23 staff members in the San Antonio office, and 15 additional staff in the satellite offices.

As the largest of the ACCION USA affiliates, ACCION Texas grew from disbursing \$610,000 in 1995 to over \$5.5 million in 2002, with more than \$22 million disbursed since inception. The average loan over the same period increased from \$3,000 to over \$5,300. There are currently over 1,300 active clients using ACCION Texas's services. The following map provides detail on ACCION Texas operations.

The Impact of ACCION Texas Lending

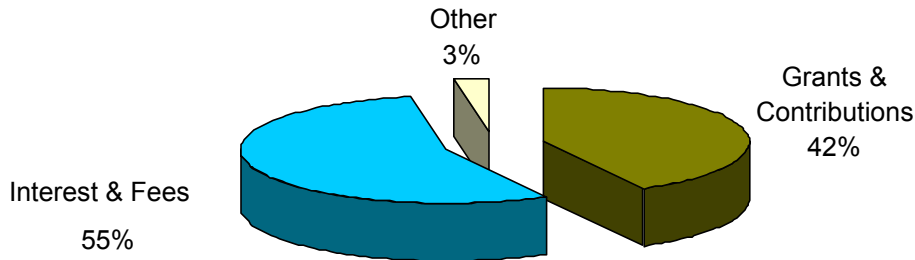
Figure 1: Breakdown of ACCION Texas' Lending



ACCION Texas receives income from two primary sources: grants and contributions and interest and fee income. As shown in Chart 1, ACCION Texas received \$1,290,036 during 2002 in interest and fee income, and \$975,360 in grants and contributions, for a total of \$2,327,476. The bulk of ACCION Texas's expenses for 2002 were allocated to program services (\$2,475,164), with the balance spent on support services such as fundraising, and grant administration, for total expenses of \$2,649,412.

Chart 1: Breakdown of ACCION Texas' Sources of Funding

The Impact of ACCION Texas Lending

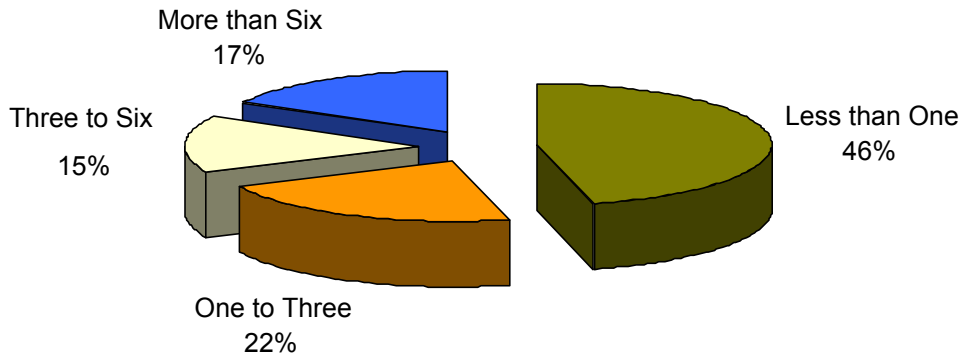


Client Profile

Although generally representing the middle to lower socioeconomic segment of society, ACCION Texas clients nevertheless are diverse in their backgrounds. In terms of gender, males account for 54% and females 46% of clients. Sixty-six percent of clients identify themselves as Hispanic, with 17% African-American and 15% Anglo-American. Although just under half of clients (46%) have had their business for under one year, close to a third (32%) have been in business 3 years or longer.

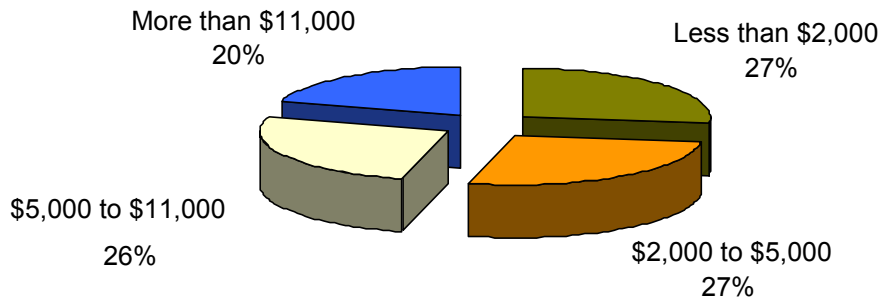
With regard to lending activity, the majority of clients (70%) borrow from ACCION Texas one time only, with 17% borrowing twice, and 13% borrowing three or more times. The average client borrows approximately \$7,500; over half borrow less than \$5,000, with another one-fourth borrowing from \$5,000 to \$11,000.

Chart 2: Years in Business of ACCION clients



The Impact of ACCION Texas Lending

Chart 3: Average ACCION loan amount



Economic Impact Analysis of ACCION Texas Lending

The economic impacts of ACCION Texas’s lending are far-reaching and dynamic, as the provision of over \$22 million in working capital touches the economy in a number of ways. Many of these benefits, however, occur over a number of years as businesses grow, add employees, and increase payrolls. It is challenging to forecast the success of each firm over the next few years. Some will go out of business, while others will flourish for years to come. While the long-term economic benefits are difficult to quantify, access to capital does have an immediate impact on a local economy. Businesses use their new funds to purchase equipment, lease office space, and hire employees. Typically, small businesses purchase goods and services from local suppliers. Independent of the long-term benefits, recipients of small business loans immediately inject new funds into the local economy.

For this analysis, lending data provided by ACCION Texas was reviewed. After analyzing the data, the loans were categorized by business type and geographic region. The results of this assessment enable an estimate of the immediate economic impacts of small business loans by geographic region. The following table summarizes the total amount of loans by industry sector. This information was then used as inputs into the economic impact model.

Table 1: The Impact of ACCION Texas Lending – Direct Loans by Sector

	Total Texas Loans
Agriculture/Mining	\$442,376
Construction	\$115,019
Manufacturing	\$2,076,248
Transportation & Utilities	N.A.
Wholesale Trade	\$288,355
Retail Trade	\$7,917,318
Finance & Real Estate	\$229,921
Services	\$11,086,079
TOTAL	\$22,155,316

The Impact of ACCION Texas Lending

Table 2: The Impact of ACCION Texas Lending – Direct Loans by Region

	Total Texas Loans
Austin	\$1,533,376
Corpus Christi	\$214,026
Dallas/Ft. Worth	\$2,022,670
El Paso	\$2,548,934
Houston	\$1,962,220
Laredo/Del Rio	\$496,993
Rio Grande Valley	\$2,711,762
San Antonio	\$8,687,558
Rest of Texas	\$1,977,777
TOTAL	\$22,155,316

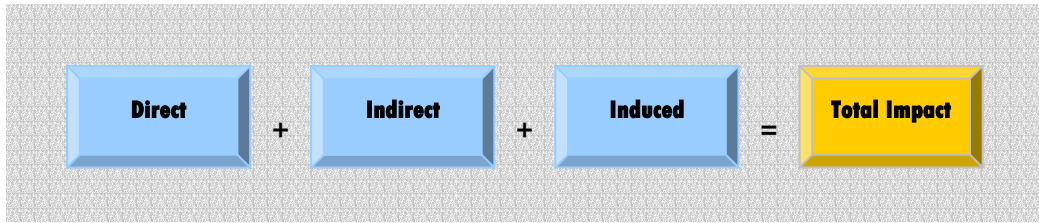
Economic Impact Methodology

In an input-output analysis of new economic activity, it is useful to distinguish three types of expenditure effects: 1) Direct; 2) Indirect; and 3) Induced.

- 1) Direct effects are production changes associated with the immediate effects or final demand changes. The payment made by an out-of-town visitor to a hotel operator is an example of a direct effect, as would be the taxi fare that visitor paid to be transported into town from the airport.
- 2) Indirect effects are production changes in backward-linked industries caused by the changing input needs of directly affected industries – typically, additional purchases to produce additional output due to the increased investment. Satisfying the demand for an overnight stay will require the hotel operator to purchase additional cleaning supplies and services, for example, and the taxi driver will have to replace the gasoline consumed during the trip from the airport. These downstream purchases affect the economic status of other local merchants and workers.
- 3) Induced effects are the changes in regional household spending patterns caused by changes in household income generated from the direct and indirect effects. Both the hotel operator and taxi driver experience increased income from the visitor's stay, for example, as do the cleaning supplies outlet and the gas station proprietor. Induced effects capture the way in which this increased income is in turn spent by them in the local economy.

The Impact of ACCION Texas Lending

Figure 2: The Effects of an Initial Change in Economic Activity



An economy can be measured in a number of ways. Three of the most common are “Output,” which describes total economic activity, and is equivalent to a firm’s gross sales, “Labor Compensation,” which includes the value of all compensation received by employees, and “Employment,” which refers to permanent jobs that have been created in the local economy. In order to provide an accurate basis of comparison, all dollar-denominated results are expressed in constant 2003 figures. The interdependence between different sectors of the economy is reflected in the concept of a “multiplier.” An output multiplier, for example, divides the total (direct, indirect and induced) effects of an initial spending injection by the value of that injection – i.e., the direct effect. The higher the multiplier, the greater the interdependence among different sectors of the economy. An output multiplier of 1.4, for example, means that for every \$1,000 injected into the economy, another \$400 in output is produced in all sectors.

For the purposes of this study, it is assumed that the capital provided by ACCION is spent by its recipients in a manner consistent with their overall spending patterns, and the \$22.2 million in total loans represents an injection into the economy that is equivalent to an increase in output.

The statewide results of running the increased spending levels through the IMPLAN model are delineated in the following tables, with detailed information for each region provided in the Appendix. The statewide data in each table is divided into four main categories:

- **ACCION Loans (Direct Effects)** – total loan amounts to small businesses
- **Increased Regional Business Activity (Indirect Effects)** – amount of new sales generated by regional business to support ACCION Texas loan recipients
- **Induced Effects** – Increased spending by regional households
- **Total Impact** – Aggregate impact on the region

A summary table of the impacts by individual community is also included, with more detailed community-specific results provided in the Appendix.

The Impact of ACCION Texas Lending

Table 3: The Economic Impact of ACCION Lending – Total Economic Activity by Sector

Texas Total	ACCION Loans	Indirect Effect	Induced Effect	Total Impact
Agriculture/Mining	\$442,376	\$103,335	\$74,022	\$619,740
Construction	\$115,019	\$211,218	\$157,632	\$483,867
Manufacturing	\$2,076,248	\$811,718	\$395,466	\$3,283,495
Transportation & Utilities	N.A.	\$932,714	\$431,980	\$1,364,696
Wholesale Trade	\$288,355	\$624,825	\$383,279	\$1,296,458
Retail Trade	\$7,917,318	\$135,262	\$1,203,878	\$9,256,453
Finance & Real Estate	\$229,921	\$1,148,506	\$1,609,802	\$2,988,236
Services	\$11,086,079	\$2,660,904	\$1,856,542	\$15,603,521
Government/Miscellaneous	N.A.	\$305,893	\$277,785	\$583,682
TOTAL	\$22,155,316	\$6,934,375	\$6,390,386	\$35,480,148

Table 4: The Economic Impact of ACCION Lending – Total Labor Compensation by Sector

Texas Total	ACCION Loans	Indirect Effect	Induced Effect	Total Impact
Agriculture/Mining	\$185,983	\$38,425	\$22,464	\$246,874
Construction	\$28,386	\$101,936	\$57,915	\$188,238
Manufacturing	\$595,144	\$194,605	\$76,126	\$865,914
Transportation & Utilities	N.A.	\$277,983	\$122,376	\$400,365
Wholesale Trade	\$119,072	\$258,012	\$158,267	\$535,350
Retail Trade	\$3,362,707	\$58,398	\$562,031	\$3,983,133
Finance & Real Estate	\$30,868	\$249,287	\$257,454	\$537,606
Services	\$4,162,274	\$1,395,965	\$967,523	\$6,525,777
Government/Miscellaneous	N.A.	\$130,419	\$86,062	\$216,484
TOTAL	\$8,484,434	\$2,705,030	\$2,310,218	\$13,499,741

Table 5: The Economic Impact of ACCION Lending – Total Employment by Sector

Texas Total	ACCION Loans	Indirect Effect	Induced Effect	Total Impact
Agriculture/Mining	15	1	1	17
Construction	N.A.	2	4	6
Manufacturing	28	1	3	32
Transportation & Utilities	N.A.	6	3	9
Wholesale Trade	4	8	1	13
Retail Trade	199	3	28	230
Finance & Real Estate	N.A.	9	8	17
Services	191	46	37	274
Government/Miscellaneous	N.A.	2	5	7
TOTAL	436	78	90	604

The Impact of ACCION Texas Lending

Table 6: The Economic Impact of ACCION Lending – By Region

Individual City Totals	Direct Loans	Total New Economic Activity	Total New Income	Total New Jobs
Austin	\$1,533,376	\$2,466,899	\$927,524	41
Corpus Christi	\$214,026	\$346,075	\$139,846	5
Dallas/Ft. Worth	\$2,022,670	\$3,255,994	\$1,316,797	59
El Paso	\$2,548,934	\$4,051,036	\$1,525,437	66
Houston	\$1,962,220	\$3,173,163	\$1,233,017	56
Laredo/Del Rio	\$496,993	\$773,349	\$284,659	11
Rio Grande Valley	\$2,711,762	\$4,278,060	\$1,656,919	73
San Antonio	\$8,687,558	\$13,931,428	\$5,217,115	238
Rest of TX	\$1,977,777	\$3,204,144	\$1,198,427	55
TOTALS	\$22,155,316	\$35,480,148	\$13,499,741	604

Fiscal Impacts

Increased economic activity in turn creates fiscal impacts, as a growing economy means more tax revenue for state and local government. As with the economic impacts, increased public sector revenue is generated from both the activity of business and the income paid to workers. The following table details impact for the state as a whole and for individual communities.

Table 7: The Fiscal Impact of ACCION Lending – By Region and Total

State and Local Tax Revenue	Indirect Business Tax Revenue	Household-Related Tax Revenue	Total New Tax Revenue
Austin	\$99,220	\$44,322	\$143,542
Corpus Christi	\$17,675	\$6,683	\$24,358
Dallas/Ft. Worth	\$156,987	\$62,923	\$219,910
El Paso	\$207,730	\$72,893	\$280,623
Houston	\$154,796	\$58,920	\$213,716
Laredo/Del Rio	\$35,760	\$13,602	\$49,362
Rio Grande Valley	\$237,214	\$79,176	\$316,390
San Antonio	\$667,085	\$249,300	\$916,385
Rest of TX	\$143,795	\$57,267	\$201,062
TOTALS	\$1,720,282	\$645,085	\$2,365,367

Other Impacts

In addition to the economic and fiscal impacts reviewed above, microenterprise programs such as ACCION Texas often provide income to people that otherwise would be receiving social assistance benefits such as welfare and/or food stamps. Although exact numbers are not

The Impact of ACCION Texas Lending

available to measure the full impact, several studies allude to the importance of microenterprise in avoiding these social costs.

The Self-Employment Investment Demonstration (SEID)

The Self-Employment Investment Demonstration (SEID) program was implemented in 1986 and targeted social assistance recipients in five states (Iowa, Maryland, Michigan, Minnesota, and Mississippi) for microenterprise development activities. SEID was sponsored by the federal government, but was managed by the Corporation for Economic Development (CFED), a non-profit, economic development policy research and consulting organization. The purpose of the project was twofold: to determine whether self-employment could help AFDC recipients become economically independent, and to identify policy barriers which might exist to economic self-sufficiency for this population.

Participants in the SEID program received training that included business plan preparation, business management, self-esteem training, and personal financial management. Staff did not choose or recommend business ventures for participants, but supported them in researching and formulating their own agenda, thereby respecting the knowledge and skills that the participants already possessed. An important feature of the project was the waiver of AFDC rules to allow program participants to keep their business income without jeopardizing their AFDC grants for the first year of the operation of their businesses.

A follow-up evaluation of the project was conducted with a random sample of 120 SEID participants who started businesses. Ninety-seven percent of the sample participants were receiving Aid to Families with Dependent Children (AFDC) or general social assistance payments from their state governments when they enrolled in SEID. Others were receiving food stamps or medical assistance, or had incomes below 125 percent of the federal poverty level. At the time of enrollment, sample participants had been receiving AFDC for an average of 3.7 years (44 months). After enrolling in SEID, 79 percent of those receiving AFDC were granted waivers ensuring continued AFDC payments while in the program even though they had business income and assets. It should be noted that 69 percent said they could not have started their business without the waiver, suggesting that low-income social welfare recipients must be able to have income security and build assets while initially pursuing microenterprise activities.

The study found that participation in SEID significantly reduced the dependence of the participants on social assistance. AFDC dependence was decreased by 52 percent, and receipt of food stamps decreased by 43 percent. Of the 57 families who continued to receive welfare payments at the time of the evaluation, 37 were also generating income from self-employment.

ACCION U.S. Study

A study was conducted in 1998 by Christina Himes of ACCION and Professor Lisa Servon of Rutgers University to gain a better understanding of the impact of the ACCION associate microlending programs in the U.S. on microentrepreneurs and their businesses. The study, which reported results for clients served through June of 1997, showed that microentrepreneurs

The Impact of ACCION Texas Lending

who receive small amounts of credit from the ACCION programs show important financial growth in their businesses in terms of business profits, equity, and take-home income for their households. On average, participants drew over half (55% to 60%) of their household income from their businesses. Low-income participants were even more dependent on their businesses for income; 62% to 70% of their household income came from their microenterprise businesses.

It is clear from the study that clients' microenterprises were crucial for maintaining their households. Although it is difficult to determine what clients would be earning if they were not self-employed, in the absence of earnings from their microenterprises low-income clients would have incomes well below poverty levels. The study also asked participants what income options they would have if they were not self-employed. About 40% of the clients reported that they felt they had few options for earning what they made from their businesses. The only alternatives these clients perceived were welfare, disability, minimum wage work, or retirement. Immigrants in particular cited either lack of education or English language skills as barriers to well paying jobs. For these business owners, microenterprise was perceived as the only option for employment.

Qualitative Benefits

Participation in a microenterprise program confers benefits on participants that far exceed measurable economic or financial gain. As participants in the ACCION U.S. study noted, the program benefited clients both professionally and personally beyond the direct financial investment: "The ACCION programs' clients see self-employment as an opportunity to fulfill not only their earning potential, but also their human potential as productive and active members of families and communities." These advantages are detailed below.

Professional Benefits

Over two-thirds of the participants in the ACCION study found that the program offered professional benefits not easily quantified. For most microentrepreneurs, obtaining credit either through their business, or even personally, was difficult, if not impossible. Many lack the business sophistication or the language skills necessary to obtain a bank loan or a loan through the Small Business Administration (SBA); for those who tried, they were either daunted by the requirements, or received a negative response. Thus, the ACCION program represented an opportunity that did not exist anywhere else. Clients viewed the program as giving them choices about how they conducted their lives.

The program also gave participants a sense of confidence in themselves as business people and the ability to become independent. Several mentioned the sense of security they obtained from knowing they had a reliable source of financing. The loan process itself taught many clients how to manage their cash flow better, and the ACCION program in general helped many to run their businesses more professionally. Networking was also named as an unexpected benefit of participating in ACCION; participants used the ACCION network to market to each other, and "microentrepreneurs felt less isolated and gained confidence when they met other individuals facing the (same) challenges of self-employment."

The Impact of ACCION Texas Lending

Personal Benefits

Microenterprise participants viewed self-employment as personally benefiting them on three levels: 1) individual; 2) family; and 3) community.

- 1) On an individual level, microentrepreneurs feel pride in their accomplishments, especially because many of these businesses succeeded against all odds. They felt gratified that their hard work and dedication paid off and provided a secure source of income for their families. Control over their time and activities was another factor cited by participants. Being able to set their own schedules and work how and when they needed to (although most worked very long hours) gave them a sense of self-determination. Lastly, microentrepreneurs felt that they were realizing their own potential by starting and working in their own businesses, particularly those who overcame obstacles such as lack of formal education and language barriers.
- 2) Microentrepreneurs found that their self-employment also had a positive effect on their family relationships. First, self-employment provided income that enabled their families to achieve a standard of living not available otherwise. Thirty percent of clients in the ACCION program rely on their businesses for the sole source of income, and most of the rest could not pay all their families' living expenses without the income.

Flexible scheduling was another benefit cited by microentrepreneurs. Being self-employed allowed them to spend time with their children or meet family obligations. Women entrepreneurs in particular were appreciative of this flexibility – for example, the ability to stay home with a sick child without feeling pressured by a boss. The final benefit to families was the family unity that developed as their businesses were getting off the ground. Many claimed that their business venture provided the opportunity for their family to work together toward a common goal and cited their family's support as key to the success of their businesses.

- 3) The final benefit of microenterprises is the effect on the community. Although most microentrepreneurs can't afford to hire employees, a significant minority (31%) do employ between 1 and 19 people besides themselves. Employees were most often paid more than the minimum wage, and many employers provided training for their workers. In addition to employment, many microentrepreneurs felt their businesses provided a needed service to their community and kept them more actively involved in their neighborhoods. This active participation helped them feel more connected to the people around them and benefited their businesses as well.

Effect on Minority Communities

Sixty-seven percent of ACCION Texas clients are Hispanic, and in fact the vast majority of the men and women microentrepreneurs who participate in microlending with ACCION are from the minority community.

Why is a disproportionate share of ACCION Texas clients from minority communities? In addition to the fact that the disadvantaged community is disproportionately minority, an additional factor may be that immigrants to this country often have a difficult time obtaining well

The Impact of ACCION Texas Lending

paying jobs due to lack of formal education or limited English language skills. Job options in this country are extremely limited without speaking fluent English. Thus, opening a business in a Latino neighborhood may be an attractive option for an immigrant who primarily speaks Spanish as opposed to working at a low paying factory job with long hours and no benefits.

Immigrants from Latin American countries in particular may be quite comfortable with the idea of microenterprise, as many of these countries have flourishing informal sectors. There is no welfare system throughout most of Latin America, so self-employment is either a means to survive and/or acts as a safety net for the family. It is natural upon immigrating to this country for microentrepreneurs to help make ends meet by starting a business based on a skill set already in place.

Furthermore, clients of ACCION Texas have access to Spanish-speaking personnel in all of the offices. Offering small business credit in a Spanish-speaking setting helps overcome some of the fear or discomfort some microentrepreneurs may feel when approaching a traditional credit institution.

Second and Third Order Outcomes

The benefits of microenterprise programs extend beyond traditional economic development indicators such as income generated and jobs created. Indeed, some second or third order outcomes may in fact be more important in the long term. Servon points out that,

These include the formation of social and human capital, the spread of economic literacy, and the transformation of disenfranchised people into economic actors. Blurring the boundaries [between economic development and social welfare] allows investment in social capital to help people become self-sufficient in the long run rather than maintain them in the short run. And the benefits of investment, by definition, take some time to accrue.

Another important benefit to point out is the effect on future generations. If a girl witnesses her mother starting her own business and giving up social assistance, for example, the cycle of intergenerational welfare families is broken. The psychological benefits to children of seeing their parents as independent business people working hard to change the course of their lives can profoundly affect the choices they make in the future.

Throughout this section, we have shown that microenterprise development has benefits that are important, yet difficult to quantify. As noted by Servon,

In addition to helping people start and stabilize businesses rather than preparing them for dead-end or nonexistent jobs, microenterprise programs help prove to people that with access to the right resources they can do something useful that also engages them. Making this connection is the first step toward the goal of participating fully in society: economically, politically, and socially.

Sample Clients

Alfred H. Menchaca, *Records Imaging Services (San Antonio)*

After being a manager for a microfilming company for eight years, Alfred Menchaca decided it was time to venture out for himself. Mr. Menchaca possessed what it took to be a successful entrepreneur – industry knowledge, experience, enthusiasm, and determination – but his one big obstacle was money. After unsuccessfully trying several banks, Mr. Menchaca came to ACCION Texas and obtained a small loan, enabling him to market to potential clients. Today, he has an extensive client list, which includes hospitals, doctor's offices, and schools. The corporate office is in San Antonio, with branch offices in eleven other communities in South Texas. Since 1997, Records Imaging Services' sales volume increased over 300%.

Mr. Menchaca attributes his success to having two tremendous business partners, and to having one-on-one contact with his customers. His future goals are to continue to grow his company and to help young entrepreneurs realize their dreams. When asked what three pieces of advice he would offer a young person starting a business, he said, "First, think positive, this includes making a positive first impression; secondly, always think ahead of the customer's needs, given them more than they expect; and most importantly, set your goals and be persistent – never give up."

Alfredo Contreras, *The 24 Hour Tax Refund (Harlingen)*

When the construction company he worked for went bankrupt, Alfredo Contreras realized it was time to get more serious about his dreams of becoming fully self-employed. Having spent the previous 12 years doing tax preparation on the side, Mr. Contreras decided to finally turn his tax services into a full-fledged business.

With a loan from ACCION Texas, Mr. Contreras and his partner Pablo Vargas opened up the 24-Hour Tax Refund. The money enabled them to rent a location and purchase the software necessary to provide electronic rapid refund services to their clients.

To account for the seasonal nature of tax preparation, Mr. Contreras has several year-round bookkeeping clients. And, as their client base grows, Mr. Contreras and his partner are looking into providing other services such as insurance.

After tax preparation season ends, he also plans to return to construction-related projects – from small remodeling projects to air conditioning installation, and eventually new home construction. Invincible determination, combined with a strong work ethic, position Mr. Contreras for continued success in the future.

Diana Reyes, *Reyes Catering (Dallas)*

For ten years, Diana Reyes was a successful executive recruiter in Dallas. When the economy faltered, there were fewer job positions to fill, so Ms. Reyes found herself hunting for work. The combination of her exposure to corporate entertaining and her love of cooking led her to the idea of turning her skills and passion into a business. She used her networking skills to line up some catering jobs, and soon was hired for some large events.

The Impact of ACCION Texas Lending

After meeting a loan officer from ACCION Texas while catering a luncheon for the City of Dallas, Ms. Reyes applied for, and received, a loan to buy equipment for her growing business. Reyes Catering now handles up to three events per day, and Ms. Reyes is busier and more fulfilled than she ever was in her corporate job.

Ms. Reyes views ACCION Texas not only as a loan source, but as a resource for information, support, and contacts. When one of the jobs Reyes Catering was doing required some printing, her ACCION loan officer introduced her to another ACCION client who provided the service. Ms. Reyes loves to tell other business owners about ACCION Texas because she knows they will be treated like family.

Mark Lynch, *Lynch's Finest* (Houston)

Mark Lynch started selling candy, drinks, and sandwiches in busy downtown Houston in 1996. Although a disability left him without the use of his right arm, he pushed his food cart two miles every day. Within the year, he had hired an employee – a homeless man from the local shelter.

But licensing fees, food, and maintenance to his pushcart were expensive. He also wanted to purchase a new cart that would allow him to sell hotdogs. Mr. Lynch did not have the capital for these expenses until a friend told him about ACCION Texas. With a \$10,000 ACCION loan in April 2000, Mr. Lynch bought a new pushcart and a golf cart to tow it. Now that he can sell hotdogs and other hot food, his business has grown more than 40%.

“There are a lot of challenges to running a small business,” says Mr. Lynch. “But with persistence – and help from organizations like ACCION – you can overcome whatever hurdles are put in front of you.”

Petra Rosales, *Pensamientos de Mi Tierra* (El Paso)

Petra Rosales acquired her passion for preserving Mexican heritage from her father, a native of Zacatecas who immigrated to Texas with a head full of rich stories about the culture he experienced as a child. Years later, Ms. Rosales became interested in traditional Mexican costumes while her sons were involved in folklorico dancing. She began making dolls as a hobby, and quickly learned how to make them come alive with her special touch.

As word spread, she began making more dolls and selling them to friends. When she decided to turn her hobby into a business venture, she studied each region of Mexico to learn how to best reproduce its traditional dress. It wasn't long before orders started pouring in. A loan from ACCION Texas allowed Ms. Rosales to keep up with the demand. Ms. Rosales's husband quit his job as a mechanic to help with the doll making, and now they both work full-time in the business. Ms. Rosales design the costumes and paints the delicate features of the faces, and Mr. Rosales hand paints designs on the dresses.

Ms. Rosales's dolls have become sought after by serious collectors, and they have been displayed at exhibitions, festivals, galleries, and museums. Actor Edward James Olmos is one of her fans and has helped to promote her work. No two dolls are alike – each reflects Ms. Rosales's love of Mexican culture and careful investigative work and has an unmistakable air of authenticity.

Conclusion

The impact of ACCION and its lending programs on the Texas economy and individual communities is clear, as the capital and knowledge that ACCION provides translates into economic activity, income, jobs, and tax revenues for both the state and local governments. Beyond the economic impacts, ACCION programs help individuals escape poverty, avoid other social problems, build self-esteem, and secure the economic future for their families.

One of the ways of evaluating the impact of ACCION is to measure the implied return associated with its lending. Recall that an initial capital investment creates ongoing economic activity, which translates into sales, labor compensation, and tax revenue. This relationship is not perfect – some of the capital expended will not bear fruit, while the economic activity associated with other investments actually will exceed the impact estimated through the modeling process. On balance, the modeling effort likely provides an order-of-magnitude estimate that is accurate, meaning that the commitment of just over \$22 million in lending capital has created economic activity of approximately \$35.5 million, labor compensation of \$13.5 million, state and local tax revenue of \$2.4 million, and created approximately 600 permanent jobs.

Given the human focus of ACCION programs and the recurring annual nature of wages and proprietor's incomes, it makes sense to use labor compensation as the basis of calculating a social return on the capital lent. While this may seem at odds with traditional calculations of the capital effectiveness, which are based on profits as a function of invested capital, it actually is consistent with the underlying focus on gains to the stakeholders in the enterprise. In a publicly-traded corporation, the primary stakeholders are the shareholders, whose return will either come through dividends or capital appreciation. In small businesses, however, the main stakeholder is normally the proprietor, whose income may come in the form of wages or profits, each of which falls under the broad heading of labor compensation. At the same time, microenterprise is focused on economic development as a means of alleviating poverty and avoiding social costs, which makes labor income a gain to a second stakeholder in the equation, the community at large.

Taken together, the \$13.5 million in total annual labor compensation yielded from the aggregate investment of \$22.2 million is equivalent to a 61 percent social return - every dollar lent creates an average of just under 61 cents annually in income. Seen in this light, ACCION lending represents a huge "dividend" to the individuals and communities who participate.

The Impact of ACCION Texas Lending

Detailed Economic Impact Results: Austin

Output Impact of Austin Region				
	ACCION Loans	Indirect Effect	Induced Effect	Total Impact
Agriculture/Mining	\$46,755	\$8,485	\$5,083	\$60,328
Construction	\$2,060	\$15,677	\$10,829	\$28,566
Manufacturing	\$151,367	\$58,494	\$27,162	\$237,037
Transp. & Utilities	N.A.	\$65,978	\$29,677	\$95,655
Wholesale Trade	\$14,431	\$41,416	\$26,332	\$82,179
Retail Trade	\$325,127	\$9,098	\$82,708	\$416,932
Finance & Real Estate	\$14,456	\$85,657	\$110,592	\$210,706
Services	\$979,180	\$187,703	\$127,545	\$1,294,428
Government/Misc.	N.A.	\$21,984	\$19,083	\$41,068
TOTAL	\$1,533,376	\$494,492	\$439,011	\$2,466,899

Income Impact of Austin Region				
	ACCION Loans	Indirect Effect	Induced Effect	Total Impact
Agriculture/Mining	\$19,657	\$3,337	\$1,545	\$24,543
Construction	\$508	\$7,620	\$3,979	\$12,108
Manufacturing	\$54,426	\$14,021	\$5,227	\$73,678
Transp. & Utilities	N.A.	\$19,562	\$8,407	\$27,972
Wholesale Trade	\$5,959	\$17,102	\$10,873	\$33,934
Retail Trade	\$135,634	\$3,934	\$38,611	\$178,179
Finance & Real Estate	\$1,941	\$18,992	\$17,687	\$38,619
Services	\$356,280	\$99,872	\$66,472	\$522,625
Government/Misc.	N.A.	\$9,953	\$5,913	\$15,866
TOTAL	\$574,405	\$194,393	\$158,714	\$927,524

The Impact of ACCION Texas Lending

Employment Impact of Austin Region				
	ACCION Loans	Indirect Effect	Induced Effect	Total Impact
Agriculture/Mining	1	0	0	2
Construction	0	0	0	0
Manufacturing	2	0	0	2
Transp. & Utilities	0	0	0	1
Wholesale Trade	0	0	0	1
Retail Trade	9	0	2	10
Finance & Real Estate	0	1	0	1
Services	17	3	2	22
Government/Misc.	0	0	0	0
TOTAL	29	5	5	39

Detailed Economic Impact Results: Corpus Christi

Output Impact in Corpus Christi Region				
	ACCION Loans	Indirect Effect	Induced Effect	Total Impact
Agriculture/Mining	\$8,009	\$1,170	\$766	\$9,944
Construction	N.A.	\$1,668	\$1,634	\$3,301
Manufacturing	\$16,263	\$6,469	\$4,095	\$26,833
Transp. & Utilities	N.A.	\$8,776	\$4,478	\$13,254
Wholesale Trade	N.A.	\$4,584	\$3,973	\$8,557
Retail Trade	\$88,025	\$1,130	\$12,480	\$101,633
Finance & Real Estate	N.A.	\$10,412	\$16,689	\$27,100
Services	\$101,729	\$28,725	\$19,244	\$149,704
Government/Misc.	N.A.	\$2,870	\$2,878	\$5,749
TOTAL	\$214,026	\$65,804	\$66,237	\$346,075

The Impact of ACCION Texas Lending

Income Impact in Corpus Christi Region				
	ACCION Loans	Indirect Effect	Induced Effect	Total Impact
Agriculture/Mining	\$3,367	\$481	\$231	\$4,081
Construction	N.A.	\$825	\$600	\$1,425
Manufacturing	\$4,929	\$1,660	\$781	\$7,379
Transp. & Utilities	N.A.	\$2,647	\$1,269	\$3,916
Wholesale Trade	N.A.	\$1,893	\$1,640	\$3,534
Retail Trade	\$40,405	\$480	\$5,825	\$46,711
Finance & Real Estate	N.A.	\$2,285	\$2,668	\$4,954
Services	\$40,953	\$14,692	\$10,027	\$65,679
Government/Misc.	N.A.	\$1,274	\$891	\$2,167
TOTAL	\$89,654	\$26,237	\$23,932	\$139,846

Employment Impact in Corpus Christi Region				
	ACCION Loans	Indirect Effect	Induced Effect	Total Impact
Agriculture/Mining	0	0	0	0
Construction	0	0	0	0
Manufacturing	0	0	0	0
Transp. & Utilities	0	0	0	0
Wholesale Trade	0	0	0	0
Retail Trade	2	0	0	2
Finance & Real Estate	0	0	0	0
Services	2	0	1	3
Government/Misc.	0	0	0	0
TOTAL	4	0	1	5

The Impact of ACCION Texas Lending

Detailed Economic Impact Results: Dallas/Ft. Worth

Output Impact in Dallas/Ft. Worth Region				
	ACCION Loans	Indirect Effect	Induced Effect	Total Impact
Agriculture/Mining	\$44,744	\$9,421	\$7,225	\$61,392
Construction	\$49,106	\$17,952	\$15,394	\$82,452
Manufacturing	\$172,112	\$69,723	\$38,608	\$280,448
Transp. & Utilities	N.A.	\$79,522	\$42,174	\$121,698
Wholesale Trade	\$15,819	\$49,942	\$37,416	\$103,177
Retail Trade	\$715,803	\$13,977	\$117,533	\$847,315
Finance & Real Estate	\$11,010	\$102,964	\$157,195	\$271,171
Services	\$1,014,076	\$239,078	\$181,271	\$1,434,423
Government/Misc.	N.A.	\$26,803	\$27,117	\$53,918
TOTAL	\$2,022,670	\$609,382	\$623,933	\$3,255,994

Income Impact in Dallas/Ft. Worth Region				
	ACCION Loans	Indirect Effect	Induced Effect	Total Impact
Agriculture/Mining	\$18,811	\$3,626	\$2,193	\$24,624
Construction	\$12,119	\$8,753	\$5,655	\$26,528
Manufacturing	\$54,961	\$17,297	\$7,431	\$79,690
Transpor. & Utilities	N.A.	\$23,698	\$11,949	\$35,646
Wholesale Trade	\$6,532	\$20,623	\$15,450	\$42,605
Retail Trade	\$309,513	\$6,168	\$54,867	\$370,551
Finance & Real Estate	\$1,478	\$22,237	\$25,135	\$48,849
Services	\$448,337	\$125,600	\$94,460	\$668,396
Government/Misc.	N.A.	\$11,506	\$8,403	\$19,908
TOTAL	\$851,751	\$239,508	\$225,543	\$1,316,797

The Impact of ACCION Texas Lending

Employment Impact in Dallas/Ft. Worth Region				
	ACCION Loans	Indirect Effect	Induced Effect	Total Impact
Agriculture/Mining	1	0	1	2
Construction	0	0	1	1
Manufacturing	2	0	1	3
Transp. & Utilities	0	1	0	1
Wholesale Trade	0	1	0	1
Retail Trade	18	0	3	21
Finance & Real Estate	0	1	1	2
Services	19	4	3	27
Government/Misc.	0	0	0	1
TOTAL	42	7	7	57

Detailed Economic Impact Results: El Paso

Output Impact in El Paso Region				
	ACCION Loans	Indirect Effect	Induced Effect	Total Impact
Agriculture/Mining	\$28,759	\$9,951	\$8,355	\$47,070
Construction	\$6,631	\$23,105	\$17,788	\$47,524
Manufacturing	\$268,235	\$90,988	\$44,658	\$403,878
Transp. & Utilities	N.A.	\$107,205	\$48,763	\$155,967
Wholesale Trade	\$94,511	\$70,248	\$43,270	\$208,029
Retail Trade	\$896,628	\$14,690	\$135,899	\$1,047,216
Finance & Real Estate	\$13,535	\$131,741	\$181,681	\$326,956
Services	\$1,240,635	\$297,355	\$209,554	\$1,747,543
Government/Misc.	N.A.	\$35,489	\$31,363	\$66,853
TOTAL	\$2,548,934	\$780,772	\$721,331	\$4,051,036

The Impact of ACCION Texas Lending

Income Impact in El Paso Region				
	ACCION Loans	Indirect Effect	Induced Effect	Total Impact
Agriculture/Mining	\$12,091	\$3,444	\$2,535	\$18,071
Construction	\$1,637	\$11,297	\$6,536	\$19,470
Manufacturing	\$76,064	\$22,113	\$8,597	\$106,778
Transpor. & Utilities	N.A.	\$31,999	\$13,811	\$45,810
Wholesale Trade	\$39,027	\$29,008	\$17,867	\$85,902
Retail Trade	\$384,562	\$6,357	\$63,446	\$454,365
Finance & Real Estate	\$1,817	\$28,504	\$29,064	\$59,383
Services	\$446,636	\$154,801	\$109,218	\$710,652
Government/Misc.	N.A.	\$15,293	\$9,714	\$25,006
TOTAL	\$961,834	\$302,816	\$260,788	\$1,525,437

Employment Impact in El Paso Region				
	ACCION Loans	Indirect Effect	Induced Effect	Total Impact
Agriculture/Mining	1	0	0	1
Construction	0	0	0	1
Manufacturing	3	0	0	3
Transp. & Utilities	0	1	0	1
Wholesale Trade	1	1	0	2
Retail Trade	21	0	3	25
Finance & Real Estate	0	1	1	2
Services	20	5	4	30
Government/Misc.	0	0	0	1
TOTAL	47	9	9	65

The Impact of ACCION Texas Lending

Detailed Economic Impact Results: Houston

Output Impact in Houston Region				
	ACCION Loans	Indirect Effect	Induced Effect	Total Impact
Agriculture/Mining	\$20,965	\$8,011	\$6,773	\$35,747
Construction	\$17,606	\$23,984	\$14,438	\$56,027
Manufacturing	\$49,900	\$60,761	\$36,177	\$146,851
Transp. & Utilities	N.A.	\$83,099	\$39,542	\$122,640
Wholesale Trade	\$48,040	\$45,066	\$35,075	\$128,180
Retail Trade	\$565,244	\$12,468	\$110,188	\$687,903
Finance & Real Estate	\$87,184	\$111,547	\$147,414	\$346,145
Services	\$1,173,281	\$252,343	\$169,963	\$1,595,586
Government/Misc.	N.A.	\$28,666	\$25,415	\$54,084
TOTAL	\$1,962,220	\$625,945	\$584,985	\$3,173,163

Income Impact in Houston Region				
	ACCION Loans	Indirect Effect	Induced Effect	Total Impact
Agriculture/Mining	\$8,814	\$2,794	\$2,056	\$13,665
Construction	\$4,345	\$10,575	\$5,303	\$20,224
Manufacturing	\$14,009	\$14,918	\$6,964	\$35,897
Transp. & Utilities	N.A.	\$24,635	\$11,205	\$35,840
Wholesale Trade	\$19,837	\$18,609	\$14,484	\$52,930
Retail Trade	\$244,170	\$5,454	\$51,441	\$301,064
Finance & Real Estate	\$11,705	\$23,838	\$23,564	\$59,106
Services	\$472,341	\$133,038	\$88,556	\$693,937
Government/Misc.	N.A.	\$12,475	\$7,877	\$20,354
TOTAL	\$775,221	\$246,336	\$211,450	\$1,233,017

The Impact of ACCION Texas Lending

Employment Impact in Houston Region				
	ACCION Loans	Indirect Effect	Induced Effect	Total Impact
Agriculture/Mining	1	0	0	1
Construction	0	0	0	1
Manufacturing	1	0	0	1
Transp. & Utilities	0	0	0	1
Wholesale Trade	1	0	0	1
Retail Trade	14	0	3	17
Finance & Real Estate	0	1	1	2
Services	24	5	3	32
Government/Misc.	0	0	0	1
TOTAL	40	7	7	56

Detailed Economic Impact Results: Laredo/Del Rio

Output Impact in Laredo/Del Rio Region				
	ACCION Loans	Indirect Effect	Induced Effect	Total Impact
Agriculture/Mining	\$15,443	\$2,552	\$1,560	\$19,555
Construction	N.A.	\$3,927	\$3,319	\$7,247
Manufacturing	\$92,280	\$21,001	\$8,329	\$121,611
Transp. & Utilities	N.A.	\$19,455	\$9,098	\$28,555
Wholesale Trade	\$3,743	\$16,164	\$8,074	\$27,981
Retail Trade	\$164,341	\$2,639	\$25,357	\$192,337
Finance & Real Estate	N.A.	\$22,333	\$33,897	\$56,231
Services	\$221,186	\$47,479	\$39,100	\$307,768
Government/Misc.	N.A.	\$6,212	\$5,852	\$12,064
TOTAL	\$496,993	\$141,762	\$134,586	\$773,349

The Impact of ACCION Texas Lending

Income Impact in Laredo/Del Rio Region				
	ACCION Loans	Indirect Effect	Induced Effect	Total Impact
Agriculture/Mining	\$6,492	\$1,016	\$472	\$7,980
Construction	N.A.	\$1,971	\$1,220	\$3,190
Manufacturing	\$27,692	\$4,955	\$1,595	\$34,250
Transp. & Utilities	N.A.	\$5,813	\$2,576	\$8,391
Wholesale Trade	\$1,546	\$6,675	\$3,334	\$11,554
Retail Trade	\$69,850	\$1,138	\$11,838	\$82,824
Finance & Real Estate	N.A.	\$4,920	\$5,423	\$10,343
Services	\$76,633	\$24,725	\$20,376	\$121,738
Government/Misc.	N.A.	\$2,575	\$1,812	\$4,389
TOTAL	\$182,213	\$53,788	\$48,646	\$284,659

Employment Impact in Laredo/Del Rio Region				
	ACCION Loans	Indirect Effect	Induced Effect	Total Impact
Agriculture/Mining	1	0	0	1
Construction	0	0	0	0
Manufacturing	1	0	0	1
Transp. & Utilities	0	0	0	0
Wholesale Trade	0	0	0	0
Retail Trade	4	0	1	5
Finance & Real Estate	0	0	0	0
Services	3	1	0	4
Government/Misc.	0	0	0	0
TOTAL	9	1	1	11

The Impact of ACCION Texas Lending

Detailed Economic Impact Results: Rio Grande Valley

Output Impact in Rio Grande Valley Region				
	ACCION Loans	Indirect Effect	Induced Effect	Total Impact
Agriculture/Mining	\$96,406	\$15,229	\$9,091	\$120,726
Construction	\$6,436	\$23,303	\$19,364	\$49,103
Manufacturing	\$273,055	\$87,883	\$48,569	\$409,515
Transp. & Utilities	N.A.	\$108,073	\$53,056	\$161,127
Wholesale Trade	\$61,779	\$71,261	\$47,070	\$180,110
Retail Trade	\$1,069,253	\$14,611	\$147,855	\$1,231,719
Finance & Real Estate	N.A.	\$133,563	\$197,740	\$331,304
Services	\$1,204,833	\$292,815	\$228,028	\$1,725,671
Government/Misc.	N.A.	\$34,671	\$34,114	\$68,785
TOTAL	\$2,711,762	\$781,409	\$784,887	\$4,278,060

Income Impact in Rio Grande Valley Region				
	ACCION Loans	Indirect Effect	Induced Effect	Total Impact
Agriculture/Mining	\$40,531	\$6,142	\$2,757	\$49,432
Construction	\$1,588	\$11,662	\$7,114	\$20,364
Manufacturing	\$74,082	\$21,183	\$9,359	\$104,610
Transp. & Utilities	N.A.	\$32,369	\$15,033	\$47,400
Wholesale Trade	\$25,511	\$29,426	\$19,437	\$74,373
Retail Trade	\$477,023	\$6,313	\$69,027	\$552,361
Finance & Real Estate	N.A.	\$28,775	\$31,618	\$60,394
Services	\$451,825	\$152,519	\$118,832	\$723,177
Government/Misc.	N.A.	\$14,236	\$10,571	\$24,808
TOTAL	\$1,070,560	\$302,625	\$283,748	\$1,656,919

The Impact of ACCION Texas Lending

Employment Impact in Rio Grande Valley Region				
	ACCION Loans	Indirect Effect	Induced Effect	Total Impact
Agriculture/Mining	3	0	0	3
Construction	0	0	0	1
Manufacturing	3	0	0	4
Transp. & Utilities	0	1	0	1
Wholesale Trade	1	1	0	2
Retail Trade	27	0	3	31
Finance & Real Estate	0	1	1	2
Services	21	5	4	31
Government/Misc.	0	0	0	1
TOTAL	56	9	9	74

Detailed Economic Impact Results: San Antonio

Output Impact in San Antonio Region				
	ACCION Loans	Indirect Effect	Induced Effect	Total Impact
Agriculture/Mining	\$131,474	\$38,192	\$28,598	\$198,263
Construction	\$10,814	\$82,412	\$60,877	\$154,103
Manufacturing	\$884,872	\$340,349	\$152,774	\$1,378,012
Transp. & Utilities	N.A.	\$370,976	\$166,854	\$537,831
Wholesale Trade	\$36,544	\$265,779	\$148,053	\$450,376
Retail Trade	\$3,439,731	\$53,151	\$465,015	\$3,957,894
Finance & Real Estate	\$92,362	\$441,258	\$621,736	\$1,155,357
Services	\$4,091,761	\$1,063,497	\$717,077	\$5,872,333
Government/Misc.	N.A.	\$119,950	\$107,308	\$227,259
TOTAL	\$8,687,558	\$2,775,564	\$2,468,292	\$13,931,428

The Impact of ACCION Texas Lending

Income Impact in San Antonio Region				
	ACCION Loans	Indirect Effect	Induced Effect	Total Impact
Agriculture/Mining	\$55,274	\$13,642	\$8,679	\$77,598
Construction	\$2,669	\$39,822	\$22,368	\$64,858
Manufacturing	\$243,202	\$79,816	\$29,418	\$352,451
Transp. & Utilities	N.A.	\$110,657	\$47,267	\$157,925
Wholesale Trade	\$15,090	\$109,749	\$61,136	\$185,975
Retail Trade	\$1,421,270	\$22,687	\$217,096	\$1,661,051
Finance & Real Estate	\$12,400	\$95,680	\$99,446	\$207,527
Services	\$1,495,205	\$557,675	\$373,718	\$2,426,595
Government/Misc.	N.A.	\$49,893	\$33,242	\$83,135
TOTAL	\$3,245,110	\$1,079,621	\$892,370	\$5,217,115

Employment Impact in San Antonio Region				
	ACCION Loans	Indirect Effect	Induced Effect	Total Impact
Agriculture/Mining	4	1	0	5
Construction	0	1	1	2
Manufacturing	14	1	1	16
Transp. & Utilities	0	2	1	3
Wholesale Trade	0	3	1	4
Retail Trade	87	1	11	99
Finance & Real Estate	0	3	3	6
Services	68	19	14	100
Government/Misc.	0	1	1	2
TOTAL	174	32	32	238

The Impact of ACCION Texas Lending

Output Impact in San Antonio – West Side				
	ACCION Loans	Indirect Effect	Induced Effect	Total Impact
Agriculture/Mining	NA	\$2,860	\$4,771	\$7,632
Construction	NA	\$6,172	\$10,157	\$16,329
Manufacturing	\$6,838	\$25,491	\$25,489	\$57,818
Transp. & Utilities	NA	\$27,785	\$27,838	\$55,623
Wholesale Trade	\$1,658	\$19,906	\$24,702	\$46,265
Retail Trade	\$832,599	\$3,981	\$77,585	\$914,164
Finance & Real Estate	\$5,250	\$33,048	\$103,733	\$142,031
Services	\$603,117	\$79,652	\$119,640	\$802,408
Government/Misc.	NA	\$8,984	\$17,904	\$26,887
TOTAL	\$1,449,462	\$207,879	\$411,818	\$2,069,159

Income Impact in San Antonio – West Side				
	ACCION Loans	Indirect Effect	Induced Effect	Total Impact
Agriculture/Mining	NA	\$1,022	\$1,448	\$2,987
Construction	NA	\$2,983	\$3,732	\$6,873
Manufacturing	\$1,879	\$5,978	\$4,908	\$14,788
Transp. & Utilities	NA	\$8,288	\$7,886	\$16,333
Wholesale Trade	\$685	\$8,220	\$10,200	\$19,105
Retail Trade	\$344,023	\$1,699	\$36,221	\$383,657
Finance & Real Estate	\$705	\$7,166	\$16,592	\$25,512
Services	\$220,390	\$41,768	\$62,352	\$331,575
Government/Misc.	NA	\$3,737	\$5,546	\$9,836
TOTAL	\$541,425	\$80,859	\$148,886	\$774,870

The Impact of ACCION Texas Lending

Employment Impact in San Antonio – West Side				
	ACCION Loans	Indirect Effect	Induced Effect	Total Impact
Agriculture/Mining	NA	0	0	0
Construction	NA	0	0	0
Manufacturing	NA	0	0	0
Transp. & Utilities	NA	0	0	0
Wholesale Trade	NA	0	0	0
Retail Trade	21	0	2	23
Finance & Real Estate	NA	0	1	1
Services	10	1	2	13
Government/Misc.	NA	0	0	0
TOTAL	31	1	5	37

Detailed Economic Impact Results: Rest of Texas

Output Impact in Rest of Texas				
	ACCION Loans	Indirect Effect	Induced Effect	Total Impact
Agriculture/Mining	\$49,821	\$10,324	\$6,571	\$66,715
Construction	\$22,366	\$19,190	\$13,989	\$55,544
Manufacturing	\$168,164	\$76,050	\$35,094	\$279,310
Transp. & Utilities	N.A.	\$89,630	\$38,338	\$127,969
Wholesale Trade	\$13,488	\$60,365	\$34,016	\$107,869
Retail Trade	\$653,166	\$13,498	\$106,843	\$773,504
Finance & Real Estate	\$11,374	\$109,031	\$142,858	\$263,266
Services	\$1,059,398	\$251,909	\$164,760	\$1,476,065
Government/Misc.	N.A.	\$29,248	\$24,655	\$53,902
TOTAL	\$1,977,777	\$659,245	\$567,124	\$3,204,144

The Impact of ACCION Texas Lending

Income Impact in Rest of Texas				
	ACCION Loans	Indirect Effect	Induced Effect	Total Impact
Agriculture/Mining	\$20,946	\$3,943	\$1,996	\$26,880
Construction	\$5,520	\$9,411	\$5,140	\$20,071
Manufacturing	\$45,779	\$18,642	\$6,754	\$71,181
Transp. & Utilities	N.A.	\$26,603	\$10,859	\$37,465
Wholesale Trade	\$5,570	\$24,927	\$14,046	\$44,543
Retail Trade	\$280,280	\$5,867	\$49,880	\$336,027
Finance & Real Estate	\$1,527	\$24,056	\$22,849	\$48,431
Services	\$374,064	\$133,043	\$85,864	\$592,978
Government/Misc.	N.A.	\$13,214	\$7,639	\$20,851
TOTAL	\$733,686	\$259,706	\$205,027	\$1,198,427

Employment Impact in Rest of Texas				
	ACCION Loans	Indirect Effect	Induced Effect	Total Impact
Agriculture/Mining	2	0	0	2
Construction	0	0	0	1
Manufacturing	2	0	0	2
Transp. & Utilities	0	1	0	1
Wholesale Trade	0	1	0	1
Retail Trade	17	0	2	20
Finance & Real Estate	0	1	0	2
Services	17	4	3	25
Government/Misc.	0	0	0	1
TOTAL	37	7	6	53