




**The Grantmaker Webinar Series 2014**  
presents

Asset Building Outcomes from Microenterprise:  
*What do we know, what do we need to learn?*

November 19, 2014  
1:00pm EST – start time

## Webinar Agenda


- I. Welcome and Introduction of Speakers  
Jill Geltmaker, Operations and Grants Manager, Asset Funders Network
- II. Asset Building Outcomes from Microenterprise: What do we know, what do we need to learn?  
Joyce Klein, Director, Aspen Institute Microenterprise Fund for Innovation, Effectiveness, Learning and Dissemination (FIELD)
- III. Moderated Question and Answer Session  
Joyce Klein, Director, Aspen Institute Microenterprise Fund for Innovation, Effectiveness, Learning and Dissemination (FIELD)  
Jill Geltmaker, Operations and Grants Manager, Asset Funders Network
- IV. Closing Remarks



## The Asset Funders Network

AFN is a community of national, regional and community-based foundations and grantmakers who are strategic about using philanthropy to invest in economic opportunity and financial security for all Americans.

Mission	Desired Impact
Increase the capacity of our members to effectively promote economic mobility by supporting efforts that help low- and moderate-income individuals build and protect assets.	Raise the visibility of and funding for activities that expand access to financial opportunities and strengthen communities.



## AFN Steering Committee

**Co-Chairs**  
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K. Sujata, Chicago Foundation for Women  
Carla Thompson, The W.K. Kellogg Foundation  
Angel Zapata, Wells Fargo Foundation



## Introduction of Presenters

**Moderator**

- Jill Geltmaker, Operations and Grants Manager, Asset Funders Network

**Presenter**

- Joyce Klein, Director of the Aspen Institute microenterprise Fund for Innovation, Effectiveness, Learning and Dissemination (FIELD)





Jill Geltmaker      Joyce Klein



## Asset Building Outcomes from Microenterprise

Asset Funders Network  
Webinar  
November 19, 2014



at the Aspen Institute  
*Advancing microenterprise through knowledge and innovation*

## FIELD Mission

To build the effectiveness, scale and impact of microenterprise as an economic opportunity strategy.

FIELD engages deeply with practitioners and funders and provides them with tools – research and evaluation, peer-learning and leadership development programs – that build knowledge and practice.

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## Agenda

- Definition and framework
- Asset-building products and services in MDOs
- What we know about asset-building outcomes – research findings.
- Questions, answers, discussion

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## Your perspectives

Are you a:

1. Funder?
2. Microenterprise/Asset-building practitioner?
3. Advocate/Interested party?

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## Definition and Framework

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## Definition

# Outcomes = Value

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## Microenterprise: A range of roles and outcomes

```

    graph LR
      A["Irregular or Independent Work  
• part time  
• often informal  
• may include patching"] --> B["Self-Employment  
• part time or full time  
• formal  
• No employees"]
      B --> C["Stable Microbusiness  
• 1-4 workers in addition to owner  
• limited/no ambitions for growth"]
      C --> D["Growing from Micro to Small Business  
• From 1-4 to 5 or more workers  
• Ambitions and potential for growth"]
  
```

Income generation → Wealth creation

Financial capability and inclusion → Tangible assets

Individual/household self-sufficiency → Job creation/economic growth

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## Your interests:



What is the interest in microenterprise that drew you to today's webinar?

1. Micro as an income generation/work strategy
2. Micro as a financial capability strategy
3. Micro as a wealth-building strategy
4. Micro as a job creation and economic development strategy

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## The Role of Microenterprise Development Organizations in Building Assets



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## Business ownership and assets

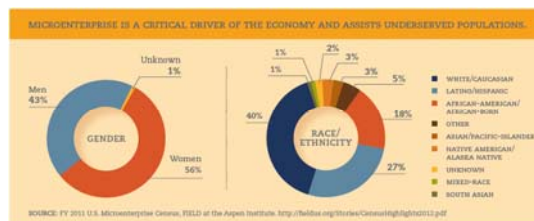


- **BUSINESS EQUITY:** second largest source of non-financial assets.<sup>1</sup>
- **THE MEDIAN NET WORTH** of business owners=2.5X non-business owners.
- **2% OF HHs** with net worth < \$50,000 owned a small business, compared to 6% of HHs w/net worth \$100K -\$249K, and 25% w/net worth \$500K and \$1M.

Sources: Federal Reserve Bulletin, June 2012, Volume 98, No. 2, *Changes in U.S. Family Finances from 2007 to 2010: Evidence from the Survey of Consumer Finances*. [www.federalreserve.gov/pubs/bulletin/2012/pdf/scf12.pdf](http://www.federalreserve.gov/pubs/bulletin/2012/pdf/scf12.pdf); Association for Enterprise Opportunity, *The Power of One in Three*. (Washington, D.C., 2011, p. 2).

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## Who does the industry serve?



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## Asset building strategies in MDOs



### FINANCIAL CAPABILITY PRODUCTS AND SERVICES OFFERED



Data represents the percentage of microenterprise development organizations offering each product or service. SOURCE: FY 2011 U.S. Microenterprise Census, FIELD at the Aspen Institute.

**MICROENTERPRISE PROGRAMS** have found that building financial capability is essential in developing business skills and accessing credit.

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## Asset building strategies in MDOs



### CREDIT-BUILDING ACTIVITIES AMONG MICROENTERPRISE DEVELOPMENT PROGRAMS, 2008-2012

	ALL REPORTING PROGRAMS		PROGRAMS ENGAGED IN DIRECT LENDING	
	2008	2011	2008	2011
TRACK CREDIT SCORES	32%	54%	51%	80%
REPORT CREDIT PERFORMANCE	17%	22%	27%	51%
MAKE CREDIT-BUILDER LOANS	6%	19%	9%	30%

1. Data from FY2008 and FY2011 U.S. Microenterprise Census, FIELD at the Aspen Institute. In FY 2008, 389 microenterprise development organizations completed the Census; 229 were direct lenders. In FY 2011, 287 organizations completed the Census; 122 were direct lenders.

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## Research Findings

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## MDO clients and assets

**Women's Initiative core training clients:**

- > than tripled HH household wealth and increased business equity 6X
- \$2 HH wealth for every \$1 business equity
- Biz owners had 40% > avg HH income and 48% > HH net worth.
- Greatest growth for African-American women and Latinas

SOURCE: Jagger, Karuna and Elizabeth DeRenzy, Closing the Wealth Gap through Self-Employment, (San Francisco: Women's Initiative, July 2008).

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## MDO clients and assets

**FIELD study of TANF recipients who received microenterprise assistance:**

- Participants had an average business net worth of \$4,000
- Homeownership increased from 14% to 22%.

SOURCE: Klein, Joyce A., Ilgar Alisultanov and Amy Kays Blair, Microenterprise as a Welfare to Work Strategy: Two

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## Credit Building outcomes


publication



infographic

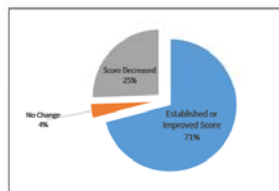


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## Score Changes at 12 months


**All Pilot Participants with Score Data at 12 months**



N=223


Among those with **no scores** at intake, **92% had a score at 12 months**

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## Score Changes at 12 months

	Mean	Median	N
<b>Clients with existing score at intake (all)</b>	13	12	148
<b>Clients with existing score at intake (increased scores only)</b>	48	40	89



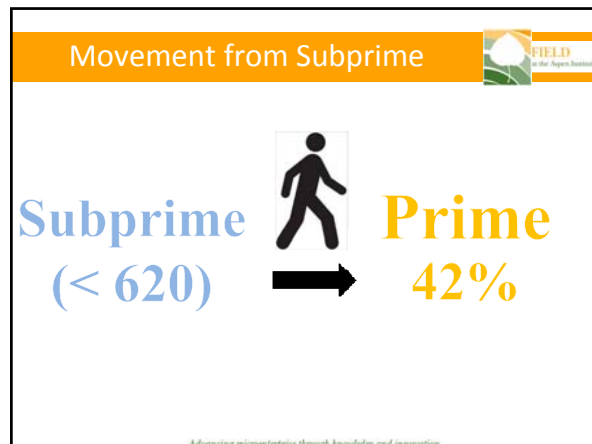
60% of existing scores increased

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### Scores at 12 months

	Mean	Median	N
No score at intake	665	677	69
Existing score at intake (all)	598	597	148
Existing score at intake (increased scores only)	632	633	89

Average baseline FICO score was 584



- ### What more do we need to know?
- Credit score impact/improvements from core loan products (term loans).
  - Asset-building effects (business, personal) of microlending services.
  - Effective tools/strategies to promote savings.

### For more information

FIELD Web site: [www.fieldus.org](http://www.fieldus.org)

Email us: [fieldus@aspeninstitute.org](mailto:fieldus@aspeninstitute.org)

### Question and Answer Session

Asset Building Outcomes from Microenterprise:  
*What do we know, what do we need to learn?*

Jill Geltmaker      Joyce Klein

Please open the question box in your control panel to submit questions.

Note, due to time and topic constraints, all questions may not be addressed, but we endeavor to address each question.

### What's next?

Asset Funders Network provides a unique and vital space where funders gather in-person or virtually to share ideas, best practices, and gather input to maximize our resources and share progress.

Visit our website to learn more about in-person convenings, webinars, and resources. Asset Funders Network seeks to increase the capacity of grantmaker members to effectively promote economic security by supporting efforts that help low and moderate income households build and protect assets.

For more information, please contact [jullemorris@assetfunders.org](mailto:jullemorris@assetfunders.org), or reply to the follow up email, sent your way this afternoon.

To learn more about the Asset Funders Network, please visit [assetfunders.org](http://assetfunders.org)



Thank you for attending today's webinar.

The Webinar is now concluded.

Please send any follow-up questions to:

Joyce Klein, FIELD at the Aspen Institute

[fieldus@aspeninstitute.org](mailto:fieldus@aspeninstitute.org)