

Nebraska Department of Economic Development

Report to the Legislature

on the

***Nebraska
Microenterprise Development Act
(LB 327)***

January 2004

Report period: July 2002 through June 2003

This Report is submitted by the Department of Economic Development in compliance with Nebraska Revised Statutes, Section 81-12,104 (LB 327, Sec. 10), which requires the Department to submit to the Governor and Legislature on or before January 1 each year a report on the previous fiscal year's activities under the Microenterprise Development Act.

This Report is prepared by the Department in cooperation with the Nebraska Microenterprise Partnership Fund, a private, non-profit organization. As authorized under the Act, the Partnership Fund serves under contract as the Act's statewide support organization and leverages appropriated funds by providing non-state match.

*Nebraska Microenterprise Partnership Fund
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STATE OF NEBRASKA



Mike Johanns
Governor

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January 22, 2004

The Honorable Mike Johanns
Governor of Nebraska

The Honorable Curt Bromm, Speaker, and
Members of the Nebraska Legislature

Dear Governor Johanns, Speaker Bromm and Members of the Legislature:

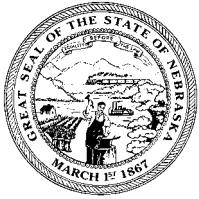
The Nebraska Department of Economic Development (DED) is pleased to present the Sixth Annual Report to the Legislature on the status of the Nebraska Microenterprise Development Act (LB 327). It is the department's mission to provide quality services and leadership to Nebraska's businesses and communities in building strong economies for the future. This report details work with Nebraska's micro business sector.

The Nebraska Microenterprise Partnership Fund annually contracts with DED to disburse Nebraska Microenterprise Development Act funds to programs working with micro businesses (five or fewer employees) across the State. Results from this funding are impressive. Total loans to businesses increased 34% in FY 2002-2003, to reach \$2.9 million. The average loan increased by 26% to \$9,821. This is a result of businesses' needs growing and programs' ability to work with businesses as they grow. In six years since its inception, the Microenterprise Act's total lending is just short of \$4 million.

Programs also helped businesses link to other lending sources and leverage an additional \$807,000. Technical assistance provided by micro programs makes this additional loan capital possible for businesses.

Nearly 3,800 people received training in FY 2002-2003. The total jobs created or retained from businesses receiving training totaled 1,748. Trainees came from 92 of Nebraska's 93 counties, achieving the LB 327 goal of statewide coverage.

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Under LB 327, \$225,000 provided loans and or training to businesses that created or retained 2,412 jobs at a cost of \$93/job. DED continues to strive for the greatest economic return from State dollars spent in economic development. The Nebraska Microenterprise Partnership Fund and its grantee programs reflect this approach by providing high impact results at a low cost to taxpayers.

Sincerely,

Handwritten signature of Richard J. Baier in black ink.

Richard J. Baier
Director

Nebraska Microenterprise Development Act

Report to the Legislature, January 2004

1. Executive Summary

Background: This document is the sixth Annual Report to the Legislature under the Nebraska Microenterprise Partnership Act (LB 327) which became law on July 1, 1997 (Nebraska Revised Statutes, Sections 81-1295 to 81-12,105). The purposes of the Act include:

- To better assure that micro businesses are able to realize their full potential to create jobs and enhance entrepreneurial skills and activity.
- To facilitate the development of a permanent, statewide infrastructure of microlending support organizations;
- To leverage additional non-state funds for the support of microenterprise development.

Leverage: The Act authorizes the Nebraska Department of Economic Development (DED) to contract implementation of the Act to a statewide microlending support organization provided that such an organization provides a 25% match to LB 327 funds. DED has selected the Nebraska Microenterprise Partnership Fund (NMPF) as the contractor. The “first tier” or statewide match is provided by the contractor, and this combined amount is then leveraged a second time by a required “second tier” of 25% matching by the grantee microlending delivery organizations.

NMPF’s first tier match was \$1,036,500 in lending capital from Wells Fargo Bank, the federal Community Development Financial Institutions Fund (US Treasury), and US Bank Community Development Corporation; and \$76,000 in grant funds from the National Fund for Enterprise Development.

Awards: A funding announcement for July 2002 LB 327 funds (FY end, June 2003) was made in September 2002. Twelve organizations received awards:

- Seven of the 12 awardees provide microlending assistance; three provide micro business training assistance only.
- Six of the 12 serve primarily rural areas.
- Six of the 12 serve primarily metropolitan areas (four in Omaha and two in Lincoln.)

A total of \$301,000 was granted to these programs. This is a decrease of \$131,000 from the previous year. This decrease was a direct result of budget cuts in the State Legislature. The following report shows that programs worked hard to continue to increase services, despite substantial cutbacks.

Measurements: NMPF collects data on a number of measurements from each awardee. This data is aggregated and analyzed to facilitate awardee self-learning and to prepare this report.

- **Micro loan #:** The number of active micro loans in LB 327-approved lenders’ portfolios was 297 (up 6% from 2002’s 280 loans).
- **Micro loan \$:** The face value of the approved loans was \$2,916,963 (up 34% from \$2,181,600).
- **New micro loans:** One Hundred Four (104) of those 297 micro loans were made during the fiscal year for a total of \$1,098,523 (a 9% increase in loan # from June 2002 and 31% increase in dollar volume). These numbers are excellent considering there was a major increase in loans and dollars in the 2003 report.
- **Micro loan size:** The average size of active micro loans was \$9,821 (up 26% from the previous fiscal year)
- **Training:** 3,771 micro businesses received self-employment training (up 12%).
- **Counties:** Sixty (60) of Nebraska’s 93 counties had micro loans in the combined portfolios of LB 327 approved microlenders on June 30, 2003 (a 15% increase over 2002); 92 counties (99% of all Nebraska counties) had trainees served during the year.
- **Referral:** LB 327 microlenders also referred 15 loans, leveraging \$807,650, to banks and other lenders.

2. Background

The Nebraska Microenterprise Partnership Act (LB 327) became law on July 1, 1997 (Nebraska Revised Statutes, Sections 81-1295 to 81-12,105). This is the sixth Annual Report to the Legislature and, as stipulated in the statute, covers program funding, measurements and analysis for the 12 months ending June 30, 2003. Additional copies of this report are available either from the Nebraska Department of Economic Development (P.O. Box 94666; Lincoln, NE 68509-4666) or from the Nebraska Microenterprise Partnership Fund (P.O. Box 99; Walthill, NE 68067).

Significant amendments to this law and its appropriations have been made since the original passage. The appropriation was raised from \$250,000 to \$500,000 in the 2000 legislative session, and the matching amounts in the “two-tiered” matching system (see Section 5) were reduced to 25%. These changes were effective in July 2001 for the current report year (ending June 2002).

In a special legislative session, the 2002 appropriation was reduced 4% from \$500,000 to \$480,000, as a result of serious shortfalls in state tax revenues. Of this amount, \$432,000 was available for distribution to microenterprise programs serving small and micro businesses. For FY 2002-2003 (starting July 2002), the appropriation was subsequently reduced to \$250,000 with \$225,000 available for distribution to microenterprise programs.

3. Purposes.

The stated purposes of the Act include [Sec. 81-1297]:

- To better assure that micro businesses are able to realize their full potential to create jobs, enhance entrepreneurial skills and activity, and increase low-income households’ capacity to become self-sufficient;
- To facilitate the development of a permanent, statewide infrastructure of microlending support organizations;
- To leverage additional nonstate funds for the support of microenterprise development.
- To establish the Nebraska Department of Economic Development as the coordinating office for facilitating microlending and microenterprise development.

4. Funding.

Appropriations for the Act, through the fiscal year ending June 2003, were set at \$250,000 and included the following arrangements:

- A two-tier matching system significantly leverages the amount appropriated by the Legislature. (See Section 5, below)
- 10% of the appropriated \$250,000, or \$25,000, is allowed for the administration of the Act [Sec. 81-12,103 (3)].

5. Awards.

A funding announcement for July 2002 LB 327 funds (FY end, June 2003) was announced in September 2002. The selection process included two steps: recommendation by an investment committee and review of recommendations and approval by the Partnership Fund Board of Directors. The investment committee met in December 2002, made twelve recommendations which were reviewed and approved by the Partnership Fund’s Board on December 2002. Members of the Investment Committee included representatives from federal and state agencies, banks, and non-profits.

Twelve organizations received awards. These recipients deliver microlending and business training in different ways to different target populations across urban and rural Nebraska. The approved awards are shown in Chart 1 (*Appendix*). This chart also shows new loans originated (#, \$) and trainees served for the 12 months ending June 30, 2003.

- Seven of the 12 awardees provide microlending assistance; three provide micro business training assistance only.

Key Definitions:

The Act’s definitions include:

1. *Microenterprise* means any business . . . with five or fewer employees.

2. *Microloan* means any business loan up to \$25,000.

3. *Microloan delivery organization* means any community-based or nonprofit program which has developed a viable plan for providing training, access to financing, and technical assistance for microenterprises . . .

4. *Statewide microlending support organization* means any . . . nonprofit organization which has a demonstrated capacity and a plan for providing and administering grants or loans to micro loan delivery organizations.

- Six of the 12 serve primarily rural areas.
- Six of the 12 serve primarily metropolitan areas (four in Omaha and two in Lincoln.)
- Awards, were obligated in December 2002 and became available to the awardees in January 2003. Some programs chose to begin receiving their awards in April 2003. All awards are distributed in performance-based quarterly installments, which means that actual distribution of funds lags behind the date of obligation of funds.

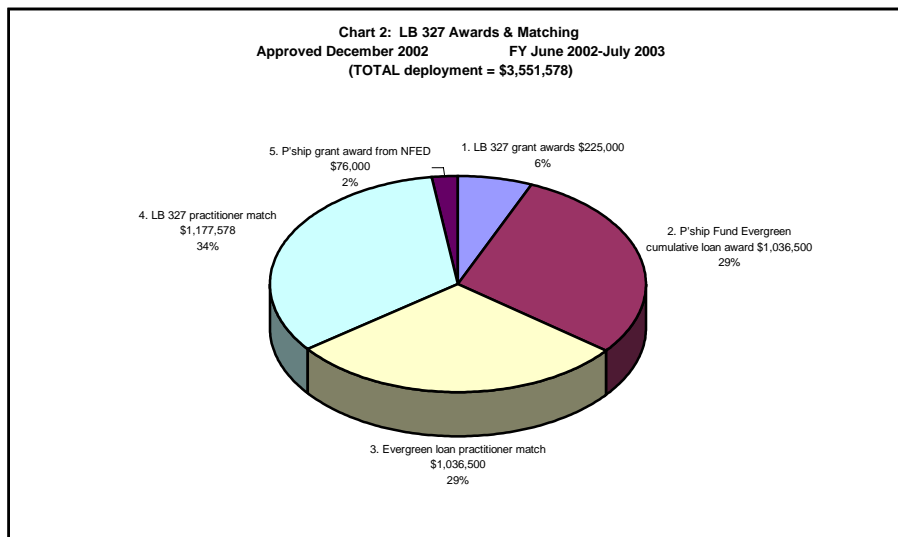
6. Leverage

The Act authorizes DED to contract implementation of the Act to a statewide microlending support organization provided that such an organization provides a 25% match of LB 327 funds available for granting to microenterprise delivery programs. The minimum required statewide 25% match for FY 2002-2003 funds was, accordingly, \$56,250 (25% of \$225,000). This first “tier” or statewide match is then leveraged a second time by a required second tier of matching in which grantee microlending delivery organizations matches 25% of the combined total of LB 327 funds plus the first tier statewide match.

The Partnership Funds’ first tier match was \$1,036,500 in lending capital which combined funds raised from the federal Community Development Financial Institutions Fund (US Treasury), US Bank Community Development Corporation, and Wells Fargo and grant funds in the amount of \$76,000 received from the National Fund for Enterprise Development.

The pie chart (*Chart 2*) shows the cumulative distribution of funds under this two-tiered matching scheme. The first “pie piece” is the LB 327 FY 2002-2003 investment (\$225,000) available for redistribution to microenterprise programs. Piece 2 (\$1,036,500) shows the total cumulative Partnership Fund revolving match with piece 3 showing the micro lenders current lending capital 100% match. Piece 4 (\$1,177,578) shows the additional funds contributed by the grantees from other non-state sources which support their training & technical assistance as well as marketing, administrative and other costs. Piece 5 is \$76,000 in additional grant funds raised by the Nebraska Microenterprise Partnership Fund from the National Fund for Enterprise Development.

Loans made by the Partnership Fund to microlending programs are called “evergreen” loans since, as interest-only loans, the principle is continually available. These evergreen loans are renewable as long as the microlending program is performing satisfactorily under their grant and loan agreements. While no LB 327 funds are used for evergreen loans, the Partnership Fund has recently been able to match LB 327 funds (for the required “first tier” match) through local statewide commercial lenders. Two of these bank contributions are made in the form of so-called “equity equivalent investments” which are basically long-term interest-only (typically 2%) loans made to the Partnership Fund. The Partnership Fund re-lends these funds to the micro lending programs at 4%.



Based on the results of this funding round, a total of \$3.5 million has now been made available for micro lending and self-employment training and technical assistance. Forty-two percent (42%) of this is used for training and technical assistance (Chart 2, pie pieces 1+4+5). The remaining is lending capital made available as the

Partnership Fund’s match (piece 2) plus the individual programs match (piece 3). It is important to note that \$102,100 of “other state funds” used to support micro programs during this year (as reported in grant applications) is not included in this total.

7. Measurements

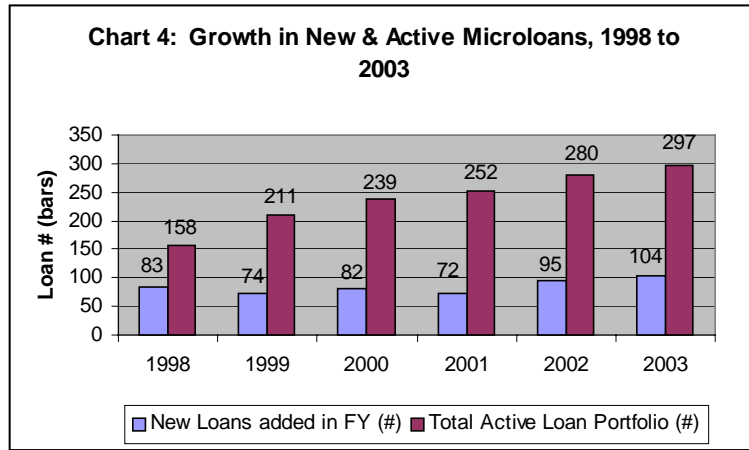
Recipients of LB 327 funding submit quarterly reports on which they record selected measurements. These measurements are summarized in Chart 3 (*Appendix*) which includes reports through June 2003. Since we now have collected data for six years, it is now possible to compare data and begin to identify certain trends.

Most of the numbers below also appear in Chart 3 (*Appendix*) (“LB 327 Measurements, June 2003”)

a. Microloans, clients served, and jobs created/retained.

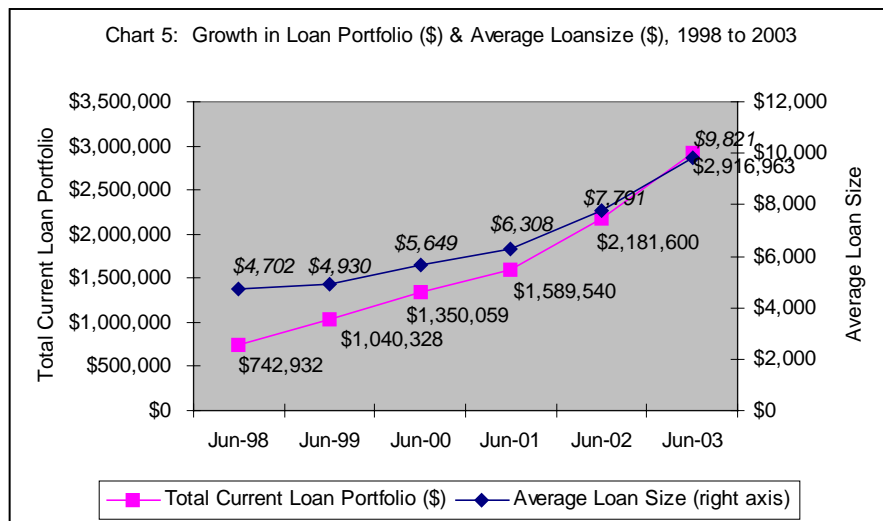
- Micro loan # (from Chart 3, line 3): The number of active micro loans (“on books” during 12 months ending June 2003) made by LB 327 recipients continued their increase from the previous five years:

June 1998:	158 micro loans
June 1999:	211 (34% increase)
June 2000:	239 (13 % increase)
June 2001:	252 (5% increase)
June 2002:	280 (11% increase)
June 2003:	297 (6% increase) (<i>see Chart 4</i>)



- Micro loan \$ (from Chart 3, line 4): The face value of those loans has steadily increased during this period:

June 1998:	\$472,932
June 1999:	\$1,040,328 (40% increase)
June 2000:	\$1,350,059 (30% increase)
June 2001:	\$1,589,540 (18% increase)
June 2002:	\$2,181,600 (37% increase)
June 2003:	\$2,916,963 (34% increase) (<i>See Chart 5</i>)



- New FY micro loans (from Chart 3, line 17-18): Since “active” micro loans may be on the books for up to five years, the Partnership Fund tracks “new” loans (originated during the 12-month fiscal year) as an indication of year to year changes. It also provides the basis for gauging annual “current demand” and projecting future demand (see Section 8). In the 12 month period ending June 2003, there were 104 new micro loans made for a total of \$1,098,523. This is a 9% increase in loan #'s from June 2002 and a 31% increase in loan volume (line 17).
- Micro loan size (from Chart 3, line 5): The average size of active micro loans has been going up:

June 1998:	\$4,702
June 1999:	\$4,930 (5% increase)
June 2000:	\$5,649 (15% increase)
June 2001:	\$6,308 (12% increase)
June 2002:	\$7,791 (24% increase)
June 2003:	\$9,821 (26% increase) (See Chart 5)
- Loan participation and referral (Chart 3, lines 23-24): LB 327-approved lenders were asked to provide data on loans in which they participated or provided key linkages. The programs reported 15 loans for \$807,650. That data shows that the statewide system of LB 327-approved lenders are playing a critical referral role which has previously been unmeasured.

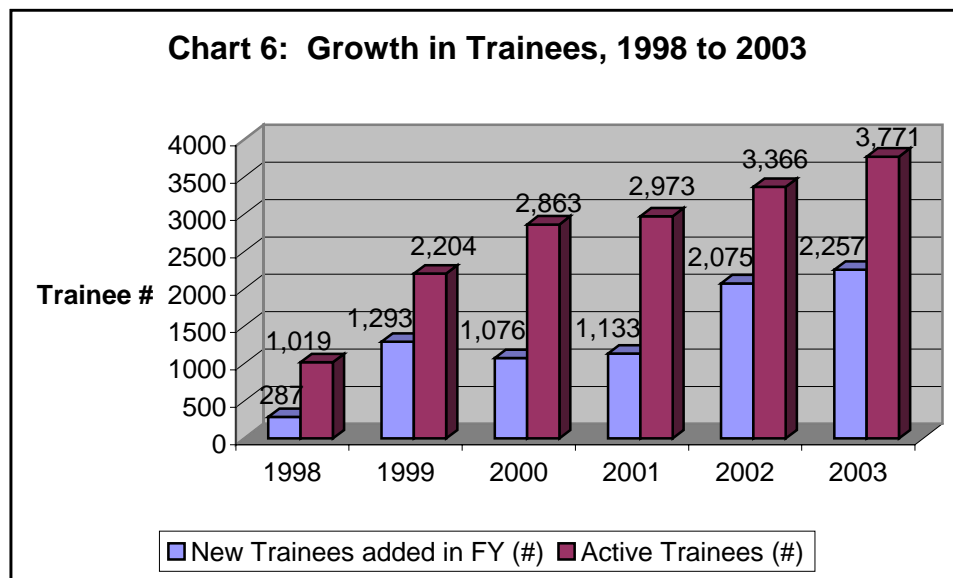
The new Microenterprise Information Referral System (MIRS) that started in 2003 saw the beginning of micro programs documenting referral activity on a broader level. A total of 121 referrals from micro programs to other micro programs, other organizations and other lenders were documented. A total of 126 referrals were received by micro programs.
- Jobs (Chart 3, line 6): Jobs created and retained¹ attributed to active loans has also increased. The jobs c/r per micro loan ratio (line 7) for June 2003 is 2.23 jobs/loan, an increase from June 2002.

June 1998:	273 jobs created or retained
June 1999:	391 (43% increase)
June 2000:	447 (14% increase)
June 2001:	483 (8% increase)
June 2002:	552 (14% increase)
June 2003:	664 (13% increase)
- Training (Chart 3, line 11): There has been a steady increase in the number of micro business receiving self-employment training² over the six year period: (See also Chart 6)

June 1998:	1,019 trainings
June 1999:	2,204 (116% increase)
June 2000:	2,863 (30% increase)
June 2001:	2,973 (4% increase)
June 2002:	3,366 (13% increase)
June 2003:	3,771 (12% increase)
- Loans-to-trainee ratio (from Chart 3, line 15): LB 327 funds may be used for micro lending and related business training and technical assistance. For 2003, the number of outstanding micro loans was 7.9% of the number of people trained. Or stated another way, for every one micro loan, there were 12.7 trainings. While there is no exact correlation between those receiving training and those who borrow, we believe that self-employment trainees represent a “pipeline” from which borrowers are drawn, and that the relationship between trainings and lending is real. (See Appendix Chart 3, line 22).

¹ Job creation and retention is difficult to apply to micro businesses where the “job” is usually the result of self-employment and often starts as part-time. The Partnership Fund asks all awardees to either use criteria required by another recognized funding source, or estimate the full-time equivalency (FTE) of individuals who either receive sole proprietor income (the micro business owner-operator) or are hired by that micro business owner. In gauging FTEs, they are to include appropriate fractional amounts of seasonal or part-time workers. If they have no basis for estimating FTEs, they are instructed not to answer.

² "Trainee" means a participant in a classroom training, one-on-one counseling, or membership organization that provides regular training. A single individual could have participated in more than one training during this period though this would be the exception.



b. Program costs.

Program costs compare very favorably with other types of entrepreneurial training, job development and labor force training costs. Programs deliver microlending or self-employment training in different ways and to different target populations; consequently, the ratios of cost-per-loan or cost-per-trainee vary.

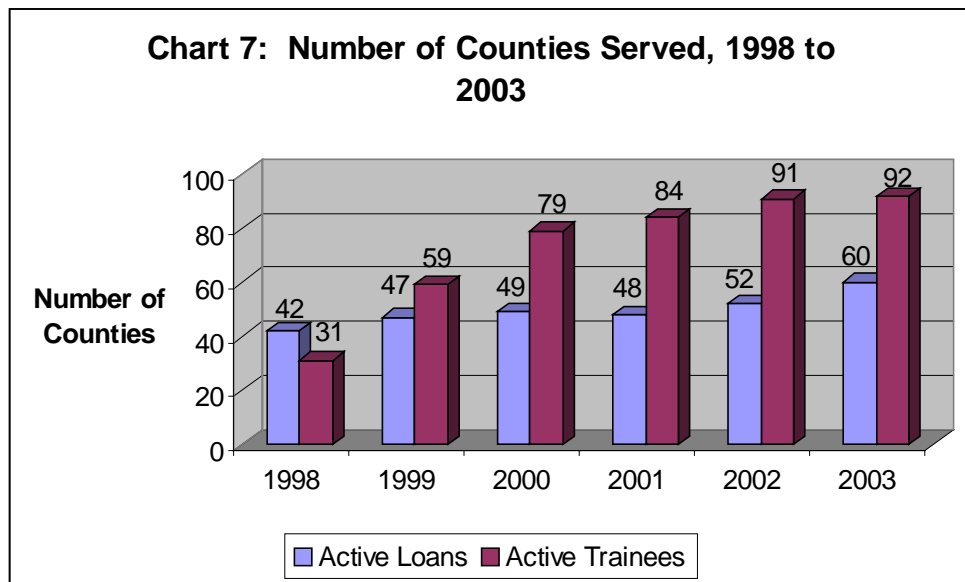
- Total delivery costs: During the 12-month period (ending June 2003) \$225,000 in LB 327 funds were distributed to 12 awardees which used them for providing self-employment training and technical assistance and supporting micro lending programs. This LB 327 amount combined with an additional \$1.17 million in practitioner funds and \$76,000 in grant funds from other sources for a total 12-month operational cost of \$1.48 million. (See Chart 2, “pie pieces” 1, 4, and 5).
- Loan delivery costs: Based on information provided by awardees, the Partnership Fund estimates that, on average, 26% of the total operational budgets costs (or \$510,241) were used to deliver lending services.
 - ✓ This means that the cost per outstanding loan (297) was, on average, \$1,718.
 - ✓ This yields a cost per job (created/retained) of \$770/job (\$1,718 divided by 2.23 jobs/micro loan)
- Training delivery costs: For the 12-month period ending June 30, 2003, total costs attributed to training delivery were \$1.39 million. Costs per active trainee were \$369 (\$1.39 million divided by 3,771 trainees).

c. Statewide coverage.

Maps 1 and 2 provide detailed information about each county covered by an LB 327 awardee. Note that the numbers used in both maps represent the total of active loans and trainings from July 2002 through June 2003. Chart 7 provides a summary of the growth in statewide county coverage over the six years of LB 327 reports.

- The number of counties served by current micro loans has increased significantly over the six year period from a 1998 base of 42 counties to the 60 counties of 2003:

June 1998:	42
June 1999:	47 (12% increase)
June 2000:	49 (4% increase)
June 2001:	48 (2% decrease)
June 2002:	52 (8% increase)
June 2003:	60 (15% increase) (See Appendix Chart 3, Line 8)



- The number of counties served by active self-employment trainings has increased more dramatically over the six year period:
 - June 1998: 31
 - June 1999: 59 (90% increase)
 - June 2000: 77 (31% increase)
 - June 2001: 84 (9% increase).
 - June 2002: 91 (8% increase)
 - June 2003: 92 (1% increase) (*See Appendix Chart 3, Line 14*)
- While metropolitan counties have higher numbers of both loans and trainings, selected rural counties continue to have much higher per capita results. (*See Section 7.*)
- *Micro programs have reached 99% of Nebraska counties with training services and 65% of the counties with loans in the six year history of the Microenterprise Development Act*

8. Statewide Microloan Projections.

Microenterprise development is a new field, and we are all still learning. The LB 327 reporting system is now six years old, and we learn more with each year’s data. Statewide microloan projections are necessarily risky and involve making assumptions. The Partnership Fund makes projections using the average of from the “Top 10” counties’ per-capita results in “new loans” (loans originated during 12 months ending each fiscal year). Use of “new loans” originated during the last 12-month period allows us to calculate an approximate annual demand

Micro Loan Projections:

- Top 10 result: Actual annual new loan demand (per capita) of the Top 10 counties was .44 loans per 1,000 population. This means there is 1 loan (averaging \$13,608 for these 10 counties) for every 2,272 persons residing in these 10 counties. The top 10 counties for this reporting period (12 months ending June 30, 2003) were: Garfield, Rock, Sherman, Boyd, Holt, Brown, Dixon, Cedar, Gage, and Saunders.
- Statewide projection – loan #: If this 12-month “new loan demand” from the top 10 counties is projected to the entire state, it results in a projected annual demand of 729 loans.
- Statewide projection – loans \$: At the average loan rate of \$13,608 (again, for the top 10 counties) is applied to the entire state, it represents a total annual new loan demand of \$9.9 million (729 microloans x \$13,608).
- Statewide projection - jobs c/r: Given actual reported results of 2.23 jobs created or retained per new micro loan (*Appendix Chart 3, line 7*), these 729 statewide loans would result in 1,626 jobs/year.

- Cost: Based on June loan total delivery costs of \$1,718 per loan (excludes lending capital), the total delivery cost of a full statewide delivery effort would be approximately \$1.2 million (\$1,718 per loan x projected annual loan demand of 729).
- Return on investment: The Institute for Social & Economic Development (ISED) has studied microenterprise programs across the country in an attempt to determine a way to calculate the return on investment. The results of this national study indicate that for every dollar invested in microenterprise development, there is a \$2.72 return through increased taxes, jobs created and welfare savings. This methodology is new, but represents the best available cost benefit analysis and means that the legislature's \$225,000 investment for this reporting period resulted in a \$612,000 return.

Business Snapshots –

Micro programs receiving funding under the Microenterprise Development Act serve businesses across the state. These businesses are found in urban and rural areas; they are home-based and store fronts, and start-up and existing businesses. The following are but a few of the many businesses benefiting from micro program services:

- Judith Ogden has opened a store front business, The Village Piemaker, in Eustis. She started her business in 2002 by converting her son's bedroom into a second kitchen where she could bake pies for farmer's markets and local families. She now has a full-time sales representative marketing her pies throughout Nebraska. Her goal is to refine her shipping process so she can ship anywhere. She has already had people traveling through the state buy pies to take home to distant locations. Judith received technical assistance with packaging, labeling and market development from GROW Nebraska.
- Jim Marshall started Marshall Custom Hats in Arthur after his back was broken by an angry bull while he sorted stock at a rodeo. Marshall's cowboy hats are one of a kind, with a perfect fit. He has made hats for individuals in several states and currently has a backlog of hat restorations and custom orders. One hat went to Governor Jeb Bush of Florida. Jim received training from the Enhancing, Developing and Growing Entrepreneurs – EDGE – class offered by University of Nebraska CARI. This class made it possible for him to develop a business plan for the business.
- Tony Gomez started a pallet repair business in 1985 after working for 22 years in the packing plant business. From his current site at Jackson, Tony now handles more than 5,000 pallets a week (repair and new) and employs 15 people. He participated in the Rural Enterprise Assistance Project business plan training and found the information very helpful in fine tuning his management skills and business activities. He is an active supporter of REAP, helping other businesses tap these services.
- A new storefront opened in Omaha's Cathedral area this last year. Sweet Magnolias Bake Shop, owned by Andrea and Kyle Tonniges, is producing rolls, pies, cakes, cheesecakes, cupcakes, cookies, bars, tarts, brownies, and more. People drive from all corners of Omaha to buy at Sweet Magnolias. These sweets come from recipes handed down over several generations. The Tonniges have tapped several business development services at New Community Development Corporation to help in the planning and management of their business.

Maps & Charts

Map 1: Microloan Coverage through June 2003 (Appendix)
Number of Loans / Total Loan Amount, by County.

Map 2: Microbusiness Training through June 2003 (Appendix)
Number of Self-Employed Trainees, by County.

Chart 1: LB 327 Awardees, 2003 (Appendix)

Chart 2: LB 327 Awards & Matching, 2003 (text)
Pie chart showing source of funding for LB 327 delivery.

Chart 3: Measurements, June 2003 (Appendix)
June 1998, 1999, 2000, 2001, 2002, 2003 data on:
All Active Loans & Trainees
New Loans in Fiscal Year
New Trainees in Fiscal Year

Chart 4: Growth in New & Active Microloans, 1998 to 2003 (text)

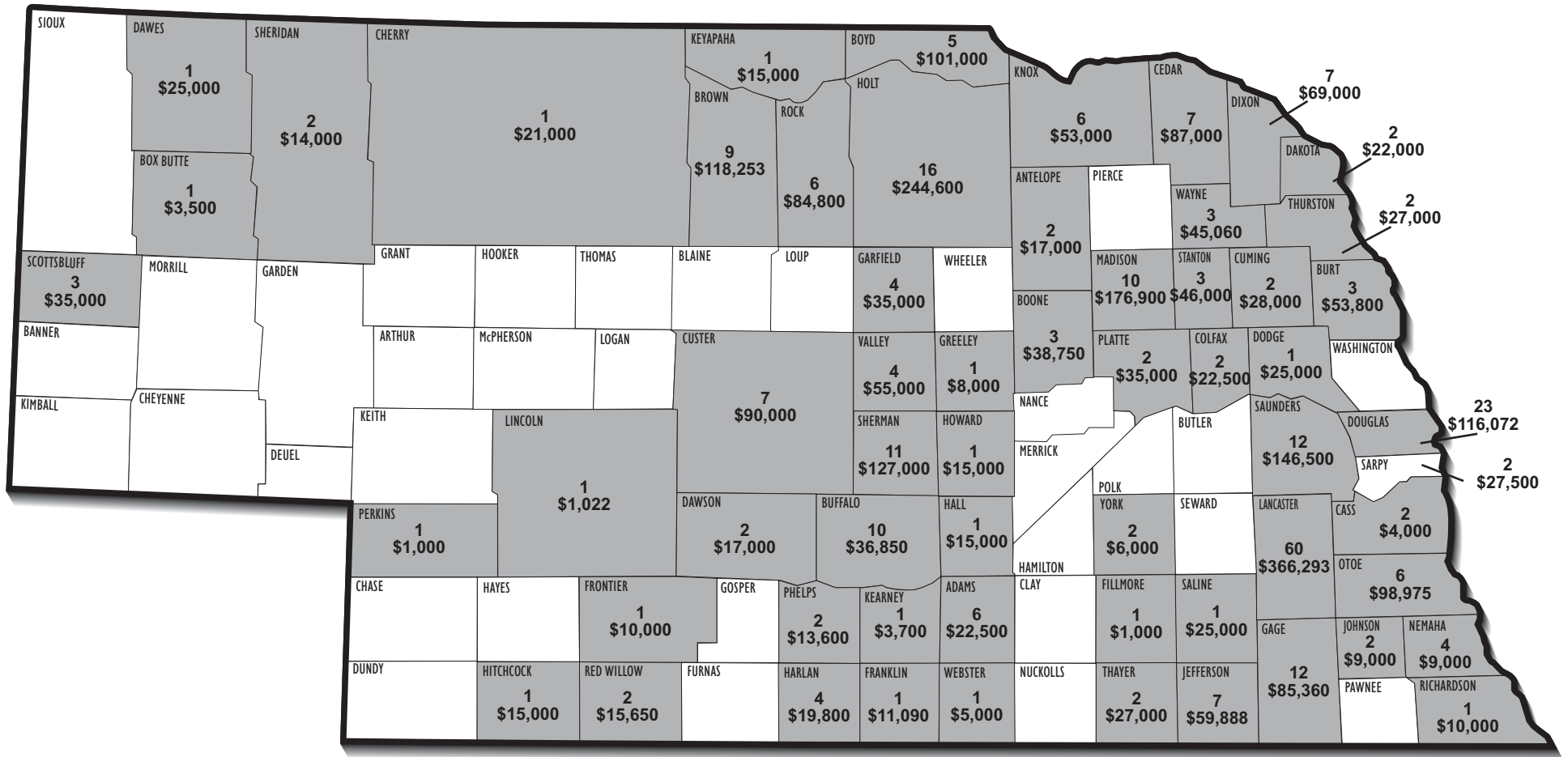
Chart 5: Growth in Loan Portfolio (\$) & Average Loan Size (\$), 1998 to 2003 (text)

Chart 6: Growth in Trainees, 1998 to 2003 (text)

Chart 7: Growth in County Coverage, 1998 to 2003 (text)

Map 1

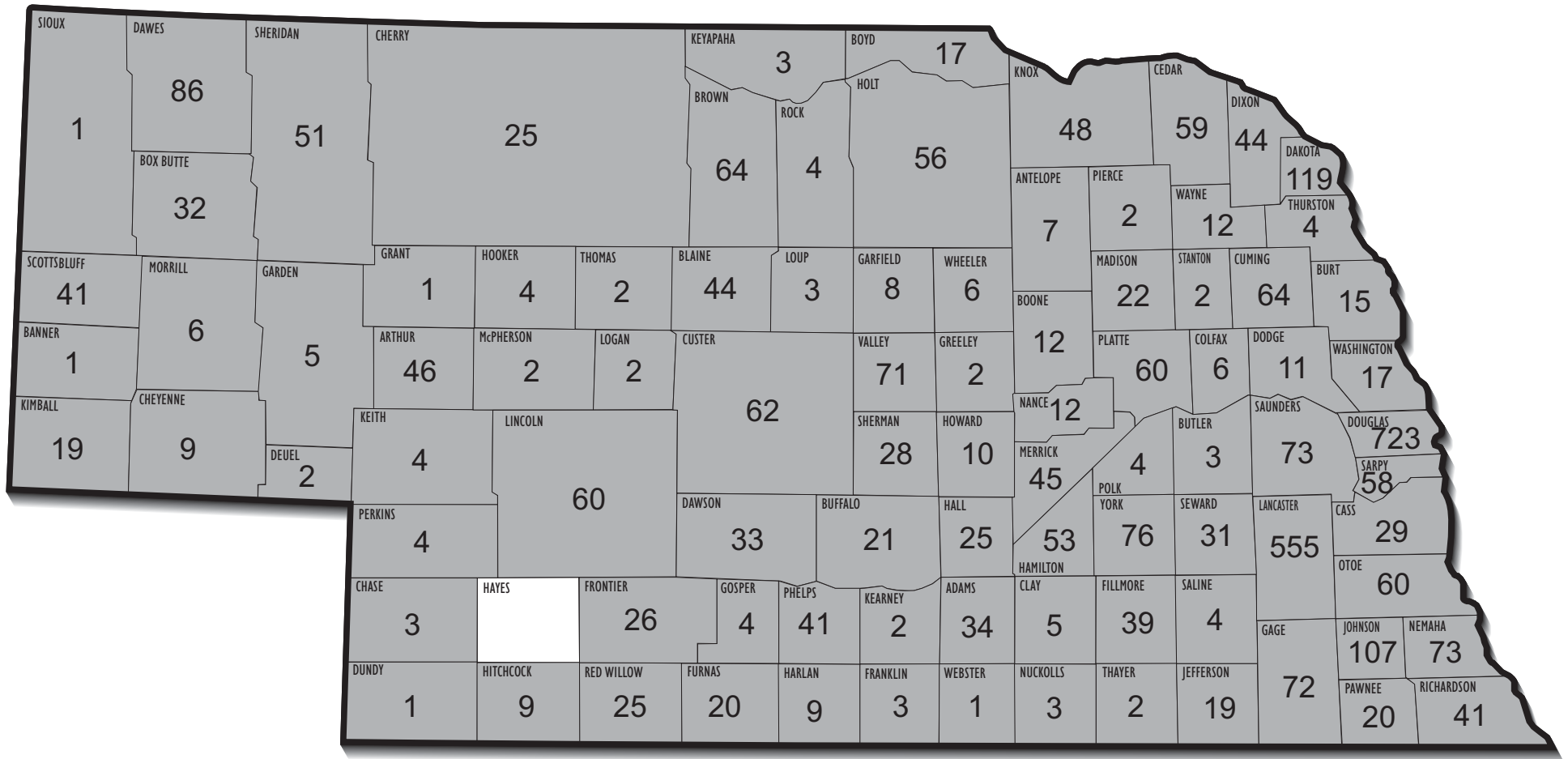
LB327 Microenterprise Network — Microloan Coverage From July 2002 through June 2003 Number of Loans/Total Loan Amount



Counties served = 60 (65%) • Jobs Created/Retained = 664 • Loans Issued = \$2,916,963
Total Microloans = 297 • Default Rate = 3.81%

Map2

LB327 Microenterprise Network — Microbusiness Training from July 2002 through June 2003 Number of Self-Employed Trainees



Counties served = 92 (99%) • Total Trainees = 3771 • Jobs Created/Retained = 1748

NOTE: "Trainee" means a participant in a classroom training, counseling, training or marketing membership organization. A single individual could have participated in more than one training though this would be the exception. A county was not designated for 133 trainees.

Chart 1: LB 327 Awardees, Approved December 2002(revised 12-03)

	Awardees	Office Location	Service Area & Type	Approved Grant	Lending Capital Awards (cumulative)	Contact Person	Phone Number
1	CC-Juan Diego Center	Omaha	Douglas and Sarpy Counties, with emphasis on S. Omaha, Hispanic, Sudanese communities. Micro lending & self-employment training.	\$30,000	\$7,500	Marialy M. Negron	402-731-5413
2	Central Nebraska Com'ty Serv.	Loup City	Blaine, Boyd, Brown, Colfax, Custer, Garfield, Greeley, Hall, Hamilton, Howard, Holt, Keya Paha, Loup, Merrick, Nance, Platte, Rock, Sherman, Valley, Wheeler. Micro lending & self-employment training.	\$6,000	\$59,000	Trine McBride	308-745-0780
3	Community Action Partnership for Mid-Nebraska	Kearney	Grant, Hooker, Thomas, Arthur, McPherson, Logan, Keith, Lincoln, Perkins, Dawson, Buffalo, Chase, Hayes, Frontier, Gosper, Phelps, Kearney, Adams, Clay, Nuckolls, Webster, Franklin, Harlan, Furnas, Red Willow, Hitchcock, Dundy. Micro lending & self-employment training.	\$6,000		Robert Hobbs	308-865-5675
4	EDGE-Ctr for Applied Rural Innovation	Lincoln	Statewide. Self-employment training only.	\$28,000		Marilyn Schlake	800-328-2851
5	GROW-Cent. Plains Tech & Bsn Dev Ctr.	Holbrook	Statewide. Self-employment training and loan-link program with REAP.	\$20,680		Janell Anderson-Ehrke	888-476-9632
6	ISED-Nebraska	Omaha	Douglas, Sarpy. Micro lending & self-employment training.	\$5,000		Paula McKenna	319-338-2331
7	Lincoln Action Program	Lincoln	Lancaster and Saunders Counties. Micro lending & self-employment trng.	\$14,000	\$20,000	Cory Smathers	402-471-4515
8	Midwest Child Care Assn.	Omaha	Douglas, Sarpy, Washington, Dakota Counties. Self-employment training.	\$5,000		Janet Phelan	402-551-2379
9	New Community Development Ctr.	Omaha	Omaha-North, Douglas and Sarpy Counties; Enterprise Zone areas. Micro lending & self-employment training.	\$41,000	\$50,000	Tamara Westbrook	402-451-2939
10	Northeast Neb. Econ. Dev. Dist. Renamed in early 2003 to Northeast Economic Development, Inc.	Norfolk	Antelope, Boone, Boyd, Brown, Burt, Cedar, Cherry, Colfax, Cuming, Dixon, Dodge, Holt, Keya Paha, Knox, Madison, Nance, Pierce, Platte, Rock, Stanton, Thurston and Wayne Counties. Micro lending & self-employment training.	\$16,000	\$300,000	Kendall Scheer	402-379-1150
11	Center for Rural Affairs/REAP	Lyons	Statewide-rural areas. Micro lending & self-employment training.	\$84,000 & \$12,000	\$400,000	Jeff Reynolds	402-687-2100
12	Self Employment Loan Fund Renamed Community Development Resources 10-03	Lincoln	City of Lincoln, Lancaster County. Micro lending & self-employment training.	\$35,000 & \$4,000	\$250,000	Rick Wallace	402-436-2386
				Totals	\$306,680*	\$1,086,500	

* This total includes \$5,680 carried over from the previous funding round.

Chart 3: LB 327 Measurements June 2003
Nebraska Microenterprise Development Act (LB 327)

Report prepared by: the Nebraska Microenterprise Partnership Fund (Dec. 2003)

<i>Micro loans and self-employment training*:</i>	June 1998	June 1999	June 2000	June 2001	June 2002	June 2003					
<u>ALL ACTIVE LOANS & TRAINEES: **</u>											
1 Active loans and trainees	1,177	2,415	105%	3,102	28%	3,225	4%	3,646	13%	4,068	12%
2 Jobs created/retained (all loans & trainees)	328.5	889	171%	1,116	26%	1,421	27%	2,135	50%	2,412	13%
3 Loans on books (#)	158	211	34%	239	13%	252	5%	280	11%	297	6%
4 Loans on books (\$)	\$742,932	\$1,040,328	40%	\$1,350,059	30%	\$1,589,540	18%	\$2,181,600	37%	\$2,916,963	34%
5 Average loan size	\$4,702	\$4,930	5%	\$5,649	15%	\$6,308	12%	\$7,791	24%	\$9,821	26%
6 Jobs created/retained (loans only)	273	391	43%	447.5	14%	483	8%	552	14%	664	20%
7 Jobs c/r per loan	1.73	1.85	7%	1.87	1%	1.92	2%	1.97	3%	2.23	13%
8 Counties with loans	42	47	12%	49	4%	48	-2%	52	8%	60	15%
9 Amount in charged off:	\$26,904	\$32,098	19%	\$47,365	48%	\$63,458	34%	\$20,368	-68%	\$111,269	540%
10 Loan default rate:	3.62%	3.09%		3.51%		3.99%		0.93%		3.81%	
11 All trainees (no borrowers)	1,019	2,204	116%	2,863	30%	2,973	4%	3,366	13%	3,771	12%
12 Jobs created/retained (no borrowers)	55.5	498	797%	668.5	34%	937.5	40%	1,582	69%	1,748	10%
13 Jobs c/r per training	0.05	0.23	315%	0.23	3%	0.32	35%	0.47	49%	0.46	-1%
14 Counties with training (no borrowers)	31	59	90%	77	31%	84	9%	91	8%	92	1%
15 Loans as % of trainees:	15.5%	9.6%		8.3%		8.5%		8.3%		7.9%	
Trainees to loan ratio	6.4	10.4		12.0		11.8		12.0		12.7	
<u>NEW LOANS OBLIGATED IN FY: ***</u>											
16 New micro loans # originated in FY:	83	74	-11%	82	11%	72	-12%	95	32%	104	9%
17 New micro loans \$ originated in FY:	\$321,782	\$328,406	2%	\$426,036	30%	\$447,809	5%	\$835,838	87%	\$1,098,523	31%
18 Avg of new micro loans in FY:	\$3,877	\$4,438	14%	\$5,196	17%	\$6,220	20%	\$8,798	29%	\$10,563	17%
19 Jobs creat/retain'd by new micro loans:	121.5	138.5	14%	151	9%	144	-5%	188	30%	238.5	27%
20 Jobs c/r per new micro loan:	1.46	1.87		1.84		2.00		1.97		2.29	
21 Counties served by new micro loans:	36	25	-31%	29	16%	22	-24%	34	55%	39	15%
22 New loans as % of new trainees:	28.9%	5.7%		7.6%		6.4%		4.6%		4.6%	
23 No. of clients linked to other lenders in FY:								8		15	
24 Amount of loans from those links:								\$917,900		807,650	
<u>NEW TRAINEES ENTERING IN FY: ***</u>											
25 New trainees (no borrowers) started in FY:	287	1,293	351%	1,076	-17%	1133	5%	2,075	83%	2,257	9%
26 New trainees: (no borrowers) jobs c/r:	33.5	452	1249%	422	-7%	551	30%	853	55%	965	13%
27 Counties served by new trainees:	17	54	218%	59	9%	71	20%	86	21%	83	-4%
<u>ALL CLIENTS SINCE LB 327 START: ***</u>											
28 All loans and trainees (since start) (#):					5,214		7,342	41%		9,710	32%
29 All loans (since start) (#):					388		481	24%		584	21%
30 All loans (since start) (\$):					\$1,932,741		\$2,768,041	43%		\$3,855,474	39%
31 All write-offs (since start) (\$):					\$77,792		\$119,095	53%		235,314	96%
32 All trainees (since start) (#):					4,826		6,861	42%		9,126	33%
33 Counties (#) served by all clients (start):					89		91	2%		92	1%

* "Trainee" means a participant in a classroom training, counselling, training or membership organization. A single individual could have participated in more than one training though this would be the exception.

** "Active loans" includes loans originated in a FY plus other loans still current during the period. Similarly, "active trainees" includes trainees who entered a program for the first time during the FY plus earlier, still active trainees.

*** "New loans" includes only those loans which were originated in that FY. Similarly, "new trainees" includes trainees which first entered training during that FY.