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EXECUTIVE SUMMARY

The Center for Rural Studies (CRS) at the University of Vermont is the third-party evaluator of the Community Capital of Vermont (CCV) project under contract with Central Vermont Community Action Council (CVCAC), the grantee of the Office of Community Services. This is the evaluation report for the first fiscal year of the project from October 1, 2005 to September 30, 2006. This evaluation report focuses on client outcome data collected through telephone surveys of clients who 1) only made an inquiry about a loan and never applied (N=24) and 2) clients who applied for a loan that either closed or was denied or withdrawn (N=11). The following summary highlights the outcomes of clients who applied for a loan with CCV.

Evaluation highlights

Eight of the eleven clients who were surveyed six months post loan application received a loan through CCV. Three quarters of clients surveyed worked with a private consultant from CCV after they received their loan and 37% used the tuition reimbursement program. Clients were satisfied with both services and found them useful to their business development. The data suggests that access to capital has important immediate impacts on business development and success through self-employment. After gaining access to capital through CCV, four clients started a business, six retained an established business, and one remained in the planning process. In addition, all of the clients who received a loan reported an increase in their business revenue since receiving their loan and 40% stated that their business has a positive net worth. Business revenue is an extremely important source of income, as self-employment is the primary source of income for sixty percent of those surveyed. At the time of the survey, none of the respondents were receiving TANF as part of their income. However, five clients indicated that they have at one point relied on public assistance. Four of these clients reported that their reliance on public assistance has decreased since they received a loan because of ineligibility due to income.

CCV services also helped clients to learn new skills, such as marketing and sales, technology, and improved business operations and efficiencies. Clients also reported experiencing changes in attitude such as increased self-esteem and confidence, being more motivated and encouraged, and improved personal outlook. Clients surveyed made gains in social capital, which researchers in several fields show is an important foundation for clients to be successful in starting a business and working toward economic self-sufficiency.

Access to capital not only improves a person's business, revenue, and income, but this situation positions a business owner to be able to hire other employees. Four of the CCV clients surveyed employ twenty-nine part-time workers at an average rate of \$8.71/hr. The same four CCV clients employ eight full-time workers paying an average of \$13.80/hr. A total of 21.16 full time equivalent (FTE) jobs (based on 40 hours per week) are supported by CCV clients and 8.6 FTE jobs were created after the clients received their loans from CCV. Overall, the data suggests that CCV is on the right path to meeting the grant's first three goals of providing low-income Vermonters access to capital to start and grow their business, integrating microcredit into other microenterprise development services, and improving the economic well-being of the self-employed and their employees.

Suggestions to improve CCV lending process

Based on the data from this evaluation report, CCV should continue on its path of providing eligible clients with access to capital as well as non-financial services. The data show that clients are very satisfied with CCV services received and many found CCV's non-financial services useful in their business development. In addition, most clients surveyed spoke favorably of CCV staff, saying that they are positive, affirming, and knowledgeable. Several clients made suggestions on ways the program can improve the loan process and services.

Loan process

- € Have a more competitive interest rate
- € Streamline and centralize the application process
- € Speed up the time to process a loan
- € Provide assistance with paperwork
- € Provide credit repair services
- € Offer individualized follow-up with clients
- € Give clients a to-do list or step-by-step guide for the applications process
- € Ensure clients understand the requirements for the loan process

Services

- € Offer a course on bookkeeping and managing financial records
- € Provide assistance with developing a forecast model to maximize the use of funds.
- € Increase the number of women loan officers at CCV
- € Increase the tuition reimbursement fund
- € Provide clients who receive a loan with financial planning options for future loans

Future evaluation activities

The number of evaluation activities for the CCV grant will increase over the second and third year of the grant funding. For FY II, staff focus groups will be held in March and September 2007 to document project process and determine mid-course corrections. Client focus groups will also be held in 2007 to gather detailed information for client case I0003a