



## Small Business Administration Microloan Program

*Small loans making a **big** difference!*

The Small Business Administration (SBA) Microloan Program is the largest federal program exclusively targeted to supporting the credit needs of very small businesses and sole-proprietorships. Through a network of community-based, nonprofit Intermediaries, the SBA Microloan program provides small-dollar loans and technical assistance to small businesses that cannot secure credit from conventional lenders or other SBA guaranteed loans, including many women, low-income, veteran, and minority entrepreneurs.

### How SBA Microloans Work

- Under the program, the SBA provides low-cost loans to nonprofit Intermediaries with experience in lending, management, and technical assistance. The Intermediaries then leverage these funds with state, local, and private resources to provide microloans and other business development resources to small businesses.
- The program serves small businesses that are considered “un-bankable” because they cannot access affordable credit from conventional lenders. By serving entrepreneurs that operate start-up and new businesses, lack sufficient collateral, or have limited or poor credit histories, the SBA Microloan program fills a gap in the private market.
- Intermediaries serve the smallest of small businesses. While the program allows intermediaries to make loans up to \$50,000, the average SBA Microloan was \$14,435 in FY 2020.<sup>1</sup>
- Despite intermediaries serving “at risk” small businesses, the Microloan program historically touts a low loss rate of approximately 2 percent to SBA.

### Impacts In American Communities

- There are 144 active Microloan intermediaries, serving 49 states, the District of Columbia, and Puerto Rico.<sup>2</sup> Historically, the program has brought more than \$260 million to support rural businesses and more than \$465.7 million to minority entrepreneurs.
- Intermediary lenders used SBA Microloan funds to originate more than \$1 billion in loans to small businesses that have created or retained 313,900 jobs since the program’s inception.<sup>1</sup> In FY 2020, intermediaries made 5,888 loans, totaling more than \$85 million, to small businesses supporting 21,237 jobs.<sup>3</sup>

### Why Microloans Are Important

- Conventional banks—and even other SBA programs—cannot serve this profile of small businesses. Making a small business loan is time-intensive and expensive to underwrite and service, especially for microloans. Moreover, banks and other programs are unable to provide the personalized, ongoing technical assistance needed to help underserved entrepreneurs succeed at every step of their business’s development.
- The SBA Microloan program is an important tool to ensure that the full spectrum of small businesses and entrepreneurs have access to the capital and technical assistance needed for business survival and growth. Historically, it has cost \$1,700 per job supported by the program.

<sup>1</sup> SBA, Fiscal Year 2021 Congressional Budget Justification and FY2019 Annual Performance Report, pp. 36, 165, at <https://www.sba.gov/document/report-congressional-budget-justification-annual-performance-report>

<sup>2</sup> Data provided by the SBA on March 5, 2020.

<sup>3</sup> SBA, “Fiscal Year 2020 Congressional Budget Justification and FY2018 Annual Performance Report,” p. 38, at [https://www.sba.gov/sites/default/files/2019-03/SBA%20FY%202020%20Congressional%20Justification\\_V2\\_15Mar19\\_508Statement\\_0.pdf](https://www.sba.gov/sites/default/files/2019-03/SBA%20FY%202020%20Congressional%20Justification_V2_15Mar19_508Statement_0.pdf)

# 2020 Microloan Data Snapshot

## By The Numbers Source: SBA Nationwide Loan Report for 10/1/19 through 9/30/2020

### Microlending with a Focus on Underserved Communities

#### Highlights from 2020 Community Impact

The SBA Microloan program made nearly 5,900 microloans in FY 2020 and loaned more than \$40.3 million to minority entrepreneurs. Existing businesses accounted for 70% of the loans made, and \$60.9 million in loans went to these businesses. More than 4,700 businesses spent loan funds on working capital. Overall, the microloans supported 24,594 jobs, with 4,774 loans within urban areas and 1,114 loans within rural areas. Since the program's creation in 1992, it has supported 313,946 jobs and averages a loan amount of \$12,781, with a loan total of \$1.039 billion, of which at least \$465.7 million went to minority entrepreneurs.

### 2020 Microloan Facts

**\$50,000** Maximum loan amount under the SBA Microloan Program.

**\$14,435** The average size of an SBA Microloan.

**5,888** Number of SBA Microloans made.

#### Inventory (133)

**Equipment**  
(1,216)

**Supplies** (216)

**Materials**  
(709)

**Working Capital**  
(4,728)

**\$85.0 M** Total amount of SBA Microloans.

**\$20.8 M** Total loaned to rural entrepreneurs.

**\$40.3 M** Total loaned to minority entrepreneurs.

**3,521** Number of SBA Microloans to minority entrepreneurs.

**\$32.3 M** Total loaned to majority woman-owned businesses.

**2,747** Number of SBA Microloans to woman-owned businesses.

**\$3.6 M** Amount of SBA Microloans to veteran entrepreneurs.

**Jobs Created**  
7,846

**Jobs Retained**  
16,748

**Loan Purposes**

### Historical Data

**\$1.039 B** Total loaned since 1992 in SBA Microloans.

**\$12,781** The average size of an SBA Microloan.

**85,587** Number of SBA Microloans made.

**\$260.0 M** Total loaned to rural entrepreneurs.

**\$465.7 M** Total loaned to minority entrepreneurs.

**47,162** Number of SBA Microloans to minority entrepreneurs.

**\$435.6 M** Total lent to majority woman-owned businesses

**41,259** Number of SBA Microloans to majority woman-owned businesses.

**\$61.4 M** Amount of SBA Microloans issued to veteran entrepreneurs.

**Inventory**  
(17,710)

**Equipment**  
(29,255)

**Supplies**  
(9,176)

**Materials**  
(7,024)

**Working Capital**  
(59,081)

**Jobs Created**  
123,095

**Jobs Retained**  
190,851

**Loan Purposes**