



The Net Economic Impact of Payday Lending in the U.S.

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March 2013

About the Insight Center

The Insight Center for Community Economic Development, formerly the National Economic Development and Law Center (NEDLC), is a national research, consulting and legal organization dedicated to building economic health in disenfranchised communities. The Insight Center's multidisciplinary approach utilizes a wide array of community economic development strategies including promoting industry-focused workforce development, building individual and community assets, establishing the link between early care and education and economic development, and advocating for the adoption of the Self-Sufficiency Standard as a measurement of wage adequacy and as an alternative to the Federal Poverty Line.

The Insight Center works to create lending alternatives to payday lending and to create payday lending laws and ordinances at the state and local level that are consistent with community economic development principles.

For more information, visit www.insightcced.org.

Acknowledgements

This study was researched and written by Tim Lohrentz, with advising provided by Gabriela Sandoval and Aimee Chitayat, and production assistance by Esther Polk.

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Introduction

Payday loans are small, short-term, very expensive consumer loans. The principal, which averages about \$375¹, plus the fee—which is typically in excess of 300% APR—is due on the next payday, usually about two weeks later. Borrowers secure the loans with a post-dated check or electronic access to their bank accounts.

Increasingly, states and local governments are moving to eliminate or restrict payday loans because the high fees and short-term lump-sum payment create a debt trap that causes consumer harm. When lawmakers attempt to do so, questions sometimes arise as to the economic impact of payday lending.

This study examines the net impact of payday lending in terms of value added to the national economy and jobs. The Insight Center for Community Economic Development (Insight Center) finds that the payday lending industry had a negative impact of \$774 million in 2011, resulting in the estimated loss of more than 14,000 jobs. U.S. households lost an additional \$169 million as a result of an increase in Chapter 13 bankruptcies linked to payday lending usage, bringing the total loss to nearly \$1 billion.

The \$774 million lost economic growth stems from the economic impact of payday loan interest payments totaling \$3,309,926,773 in 2011. The economic activity generated by payday lending firms receiving interest payments is less than the lost economic activity from reduced household spending. Specifically, each dollar in interest paid subtracts \$1.94 from the economy through reduced household spending² while only adding \$1.70 to the economy through spending³ by payday lending establishments (Figure 1). As a result, for each dollar of payday lending interest paid, an estimated 24 cents is lost to the U.S. economy. For example, a payday loan that carries an interest payment of \$40.00 causes a loss of \$9.60 – nearly one-quarter of the fee – from the economy.

Figure 1
Economic Impact of \$1.00 and \$40.00 in Payday Interest Paid

Scenario	Total Impact from Each Dollar of Interest	Impact from \$40 Payday Interest Payment
Amount of Interest Payment	\$1.00	\$40.00
<i>Scenario 1:</i> Payday Lending Industry Economic Impact Multipliers	\$1.70	\$68.00
<i>Scenario 2:</i> Private Household Economic Impact Multipliers	(\$1.94)	(\$77.60)
Net Impact from the Two Scenarios	(\$0.24)	(\$9.60)

Source: author, based on IMPLAN, an economic modeling application. See <http://implan.com/V4/Index.php>. **MIG, Inc** is the sole-source provider of the IMPLAN®.

The combination of direct, indirect, and induced economic impacts is sometimes called the multiplier effect. Because low- and moderate-income households spend such a high percentage of their income, a dollar added to a household generally will have a greater multiplier effect than a dollar added to a business. In this case, the difference is 24 cents in lost economic activity for every dollar of interest paid.

¹ Bourke, N., Horowitz, A., and Roche, T. "Payday Lending in America: Who Borrows, Where They Borrow, and Why." The Pew Charitable Trusts, July 2012.

² In addition to reduced household spending, each dollar of interest paid by the household is a loss to the household itself (the "direct impact").

³ In addition to spending by payday lending establishments, also included in the \$1.70 figure are spending by payday lending employees, employee compensation, owner income, and profit.

Results Contradict Previous Industry-Sponsored Study

This study attempts to provide a more complete picture than the payday lending industry-sponsored 2009 study by IHS Global Insight (GI), which only looked at the gains to the economy from the interest paid to payday lenders.⁴ It did not examine any potential loss to the economy – and to the community – resulting from reduced household spending. This study considers both sides of the equation and finds that payday lending drains money from the economy.

Methodology

This study considers the net economic impacts of the interest associated with payday loans. It does not consider the impact of the credit extended to payday borrowers because the amount of a loan is not considered in value-added modeling.⁵ In addition, the typical two-week repayment terms mean that the credit itself, without considering the interest paid, is essentially a zero sum arrangement: the principal lent is due back just two weeks later, so the net impact of the principal on the economy is virtually zero.

In most cases, this study utilizes interest data provided by state regulators. Where necessary, the Center for Responsible Lending provided further analysis. The data include both non-bank payday loans and, where data were available, high-cost payday installment loans.⁶ In 16 of the 33 states with payday lending or high-cost payday installment loans, state regulators provided complete data, including the total amount of interest charged. In five additional states, the regulators provided the total volume, and the study assumed that the maximum allowed interest rate was charged in order to estimate the total interest paid.⁷ In eight additional states, the regulators provided the total number of stores. We estimated the interest using the average number of loans per store and the median interest rate based on a review of payday lending establishments in the state. In four additional states where there are no regulatory data on the number of stores, the median annual rate of change in total interest for the 22 payday-only states without substantial policy changes since 2007 was used to extrapolate 2011 estimates from the 2007 GI figures. For those states with 2010 or 2012 data, the annual rate of change from 2007⁸ to the year of the data was used to extrapolate 2011 data. Once 2011 data for the 33 states was obtained or estimated, a national total was created. Overall, we estimate that households paid \$3,309,926,773 in payday lending interest in 2011.⁹

We used the national total interest payments to create and compare two economic modeling scenarios using IMPLAN.¹⁰ The first scenario estimated the economic activity generated by the payday lending

⁴ IHS Global Insight, May 2009. “Economic Impact of the Payday Lending Industry.” Prepared for Community Financial Services Association of America. See Figure 5 in the Appendix.

⁵ The 2009 GI study did not look at the credit extended either, so in this way our analysis are consistent.

⁶ There are five states in which payday lenders’ primarily provide triple-digit-APR installment loans because of recent changes in state laws: Colorado, Illinois, New Mexico, South Carolina, and Wisconsin. Only Colorado and Illinois regulators provide any installment loan data. For the other three states no installment loan data are included.

⁷ Payday lenders usually charge the maximum legally allowed,. See generally, Flannery & Samolyk, *Payday Lending: Do the Costs Justify the Price?*, June 2005, http://www.fdic.gov/bank/analytical/cfr/2005/wp2005/CFRWP_2005-09_Flannery_Samolyk.pdf (noting that payday lenders “tend to charge an effective APR near the applicable statutory limit.”)

⁸ 2007 figures from the IHS Global Insight study.

⁹ The Global Insight, industry-sponsored study, based their analysis on an estimate of payday interest payments in 2007. This estimate was considerably higher than the amount we estimate was paid in 2011. A number of factors explain this decrease including a reduction in payday lending overall between 2007 and 2011.

¹⁰ See <http://implan.com/V4/Index.php>. **MIG, Inc** is the sole-source provider of the IMPLAN® (**IM**portant analysis for **PLAN**ning) economic impact modeling system. IMPLAN is used to create complete, extremely detailed multi-regional Social Accounting Matrices (SAMs) and Multiplier Models of economies ranging from national to state, county or ZIP-Code levels.

industry due to the over \$3.3 billion in interest in 2011. We used IMPLAN to estimate the value added¹¹ to the economy through direct economic activity (i.e., profit, owner income, employee compensation, taxes), indirect economic activity (i.e., spending by payday lending establishments), and induced economic activity (i.e., spending by employees of payday lending establishments).

The second scenario estimated what economic activity would have been generated by private households if they had not paid the over \$3.3 billion in payday lending interest payments and instead had the money to spend or save as they saw fit. We used IMPLAN to estimate the value added to the economy through direct and induced impacts. There are no indirect impacts, since by definition indirect impacts refer to business spending. This scenario essentially highlights the opportunity cost to the economy of payday lending—money that is lost to households and through reduced household spending resulting when households instead have to make interest payments to payday lenders.

The multipliers for the two sub-sectors (payday lending and private households) are presented in Figure 2, which shows that private household spending leads to greater total economic activity than that generated by payday lending stores. This may indicate that private households are more likely to spend money directly in the community, thereby creating more economic activity. To find the overall economic impact of payday lending activity, we subtracted the household impacts (scenario 2) from the payday lending impacts (scenario 1) to determine the net effect.

Figure 2
Private Household Spending Generates More Total Economic Activity than Payday Lender Spending: 2011 Value Added Multipliers.

Scenario	Direct Impact	Indirect Impact	Induced Impact	Total Impact
<i>Scenario 1: Payday Lending Industry</i> Economic Impact Multipliers (Sector 355, “Nondepository Credit Intermediation and Related Activities”)	0.59	0.38	0.73	1.70
<i>Scenario 2: Private Household Economic</i> Impact Multipliers (Sector 426, “Private Household Operations”)	1.00	0.00	0.94	1.94
<i>Difference (Scenario 1 - Scenario 2)</i>	-0.41	+0.38	-0.21	-0.24

Source: author, based on IMPLAN. See the Appendix for a more detailed discussion of IMPLAN Sector 355 and IMPLAN Sector 426.

Results

The payday lending industry caused a *net loss* in economic activity, as measured by value added to the economy, of \$774 million in 2011. This resulted in a *net loss* of 14,094 jobs.

On one side of the equation, in scenario 1, the \$3.3 billion in interest payments to payday lending shops added \$5.56 billion to the economy, including a direct impact of \$1.9 billion, indirect impact through purchasing done by payday establishments of \$1.2 billion, and an induced impact from spending by payday employees of \$2.4 billion in 2011. (See Figure 3.) This created slightly more than 65,000 jobs in 2011.

¹¹ Value added is a measure of the contribution of an industry or an activity to the Gross Domestic Product. It consists of employee compensation, taxes contributed, and gross operating surplus (i.e. proprietor income and corporate profit). For a household “employee compensation” is basically equivalent to household operations, which in some cases consists of a person who is a homemaker (similar to an employee of the household).

On the other side of the equation, in scenario 2, if private households had an addition \$3.3 billion rather than paying it in interest, they would have generated a total of \$6.34 billion in economic activity, including \$3.3 billion directly to U.S. households and \$3.1 billion because of the spending by those households. (See Figure 3) This would have created 79,000 jobs.

Figure 3
Summary of the Economic Impact of the Payday Lending Industry in the U.S. in 2011

<i>Scenario 1: Economic Activity Created by Payday Lenders From \$3,309,926,773 in Interest Collected</i>				
	Direct (employee compensation, taxes, owner income, profit)	Indirect (purchasing done by payday establishment)	Induced (spending by payday employees)	Total
Value Added to the Economy from \$3.3 Billion in Payday Lending Interest	\$1,943,882,190	\$1,245,174,615	\$2,373,732,197	\$5,562,789,002
Jobs Gained from \$3.3 Billion in Payday Lending Interest	22,419	13,907	28,795	65,122
<i>Scenario 2 - Economic Activity Private Households Would Have Generated if They Had Not Paid \$3,309,926,773 in Payday Lending Interest</i>				
	Direct (household income)	Indirect (none, not a business)	Induced (spending by household)	Total
Value Added to the Economy if Households Had Not Paid \$3.3 Billion in Payday Lending Interest	\$3,270,139,046	\$0	\$3,066,540,508	\$6,336,679,555
Jobs Gained if Households Had Not Paid \$3.3 Billion in Payday Lending Interest	42,065	0	37,151	79,216
<i>Net Impact on Economic Activity of Payday Lending (Scenario 1 - Scenario 2)</i>				
	Direct	Indirect	Induced	Total
Net Value Added to or Subtracted from the Economy	(\$1,326,256,856)	\$1,245,174,615	(\$692,808,311)	(\$773,890,553)
Net Jobs Gained or Lost	(19,645)	13,907	(8,356)	(14,094)

Source: Author, based on IMPLAN and Center for Responsible Lending. See Methodological Notes in Appendix.

The net impact — subtracting the private household economic impact (scenario 2) from the payday lending store economic impact (scenario 1) — is a loss of \$774 million to the economy and an estimated 14,094 jobs. In general, the net loss to the economy is concentrated in those industry sectors, such as health care, education, and retail trade, in which household spending outweighs business spending.¹²

The impact to each state is relative to the total payday lending interest charged. The five states with the greatest amount of interest charged, each of which lost over 800 jobs in 2011 because of payday lending, are California, Texas, Florida, Mississippi, and Illinois.¹³ The economic loss to these five states in 2011 ranged from \$135 million in California to \$55 million in Illinois.

¹² See Figure 5 in Appendix. For example, out of every \$100 spent by a typical household more would be spent on health care, education, and retail trade than a typical business would spend out of \$100 of business spending.

¹³ See Figure 7 in Appendix.

In addition to the direct, indirect, and induced economic impacts, this study examined other possible economic impacts, including closure of bank accounts and bankruptcies. Campbell, Jerez, and Tufano found that bank account closures are associated with payday lending.¹⁴ However, we did not find it possible to quantify the cost of the increased bank closures resulting from payday lending.

A number of studies look at the impact of payday lending on bankruptcies, but only one uses borrower-level data as the unit of analysis. In that study, Skiba and Tobacman examined payday lending applications and bankruptcy applications in Texas and found a correlation between approved payday lending applications and Chapter 13 bankruptcies.¹⁵ Overall, they found that payday borrowers were five times more likely to file for bankruptcy than the general population. In addition, they found that first-time payday lending application approval increases Chapter 13 bankruptcies by 1.587 percentage points over one year, more than doubling the 1.44% baseline rate relative to people who applied for but were denied a payday loan.¹⁶ We quantify this increased rate of bankruptcies in 2011 to compare it with the economic impact already calculated. (See Figure 4.) We estimate that each year \$169 million is lost from U.S. households because of bankruptcies brought on by payday lending.

Figure 4
Economic Impact of Increased Bankruptcies Resulting From Payday Lending, 2011

Explanation	Amount or Rate
Total number of payday loans in the U.S. ¹⁷	96,000,000
Estimated percentage of payday loans made to first-time borrowers compared to total payday loans ¹⁸	3.7%
Estimated number of first-time payday customers, U.S.	3,545,000
Percentage point increase in the occurrence of Ch. 13 bankruptcies in one year ¹⁹	1.587%
Additional Chapter 13 bankruptcies due to payday lending	56,250
Average cost of a Chapter 13 bankruptcy ²⁰	\$3,000
Total economic cost due to increased bankruptcies	\$169,000,000

Source: author, based on sources listed in the footnotes.

When the \$169 million loss is combined with the \$774 million loss in value added to the economy, the total economic loss resulting from payday lending in 2011 comes to \$943 million. This nearly \$1 billion loss in economic activity should serve as a strong signal that, in addition to the well-documented harm to the families directly receiving payday loans, payday lending harms local community economies and the overall economy. Payday lending drains over \$2.5 million from the economy each day. In addition, we estimate that more than 38 people lose their jobs each day due to the economic drain of payday lending. Far from creating opportunity, payday lending creates impoverished households and endangers local economies.

¹⁴ Campbell, D., A. Martínez Jerez, P. Tufano. "Bouncing Out of the Banking System: An Empirical Analysis of Involuntary Bank Account Closures" Harvard Business School, June 2008.

¹⁵ Skiba, P.M., and Tobacman, J. "Do Payday Loans Cause Bankruptcy?" February 2011.

¹⁶ The two year increase in bankruptcies was 2.003 percentage points.

¹⁷ Bourke, N., Horowitz, A., and Roche, T. "Payday Lending in America: Who Borrows, Where They Borrow, and Why." The Pew Charitable Trusts, July 2012.

¹⁸ Author's estimate. See "Additional Methodological Notes" in Appendix for details on how the estimate was made.

¹⁹ Skiba, P.M., and Tobacman, J., 2011.

²⁰ O'Connor, J. "How Much Does it Cost to File Bankruptcy". National Bankruptcy Forum.

<http://www.nationalbankruptcyforum.com/bankruptcy-myths/how-much-does-it-cost-to-file-bankruptcy/>, accessed February 11, 2013.

APPENDIX

Additional Methodology Notes

Industry Sector 355: For the economic modeling, we considered payday lenders to be part of the industry “Nondepository Credit Intermediation and Related Activities.” Sector 355 (a classification defined and used primarily for IMPLAN) includes payday lenders as well as mortgage companies and pawn brokers – any institution that provides credit without receiving deposits.

Industry Sector 426: “Private Households.” This sector measures how private households contribute to the economy, i.e. by measuring the effect of increased private household income on the economy. The effects are either direct (change in income to the household) or induced (the impact of increased or decreased household spending as well as taxes). By definition indirect effects are caused by changes in the spending of businesses; therefore there are no indirect effects of private households. The impact of household spending is captured completely by the induced effect.

For the four states with insufficient data to estimate 2011 levels of payday lending, the median annual rate of change for the 22 states with no or insubstantial policy change was used.

Jobs Lost: The IMPLAN model assumes that jobs are lost due to a loss in household income, such as that caused by payday interest payments. The logic of the economic model is that there while there might not be a formal job lost directly to a household as a result of interest payments made to payday lenders; the household does have less income. The loss in income could mean that in some households a household member will add some hours on a first or second job in order to make up the difference of losing income as a result of interest payments made to payday lenders. This means that this household member has less time available to take care of household tasks. This is the equivalent of losing a portion of a household job, which means a lowering of quality of life.

The IMPLAN model does quantify the value of each household job at \$10,267. We assessed this figure as devaluing a household job which would in turn cause a major over-estimation in the number of household jobs lost due to payday interest payments. We determined to set a more realistic valuation of a household job. In order to quantify this loss of “household jobs,” we first determined the replacement value of a homemaker²¹ and added the estimated household costs in order to determine the full “cost” of one person who works at home.

We found eight studies that estimated the annual value of a person working at home. We standardized each to 2011, using the Consumer Price Index (CPI), and to an 8-hour workday. The range for the 2011 values was \$17,127 to \$115,337, with a median of \$33,816. We used this median and then assumed one hour of overtime to account for commuting time (which averages slightly less than 30 minutes each way). One daily hour of overtime translates to \$3,869.35 over the course of a year (one-eighth of \$33,816), providing a total annual replacement cost of \$37,686.

But the money that payday lending interest payments take out of households does not only take away from person-hours at home; it also takes away from the ability to pay for household expenses like rent, transportation, health care, food, etc. In order to determine the average household costs associated with one household, we used a measure of household self-sufficiency, specifically the Basic Economic Security Table (BEST).²² The BEST is a national measure that looks at costs for different household configurations.

²¹ For example, see Sharpe D.L. and Abdel-Ghany, M, “Measurement of the value of homemaker’s time: an empirical test of the alternative methods of the opportunity cost approach” *Journal of Economic and Social Measurement*, 1997.

²² Wider Opportunities for Women. <http://www.wowonline.org/usbest/>. Accessed February 7, 2013.

We used four typical household types: one person alone, one person with a preschool child, two adults alone, and two adults with an infant and a school-aged child. We subtracted the child-care costs, since those would be covered by the person working at home. For each household type we consider those with and those without health insurance. Using the national tables, the medians were \$43,854 for households without health insurance and \$39,465 for households with health insurance. We then took a weighted average of 65% of the median for health insurance households and 35% of the median for non-insured households, since most households have health insurance. This resulted in a \$41,001 estimate of the average household costs, not counting childcare. Adding the previous amount of \$37,686 for the replacement cost of a person working from home gives us \$78,687 per job lost resulting from a loss of household income from payday lending interest. This is nine percent less than the \$86,706 per job that IMPLAN estimates as the direct cost per job in the payday lending subsector. Although payday lending probably does not cause any one person to give up being a homemaker, we quantified the sum of all the changes in a few hours here and there caused by payday lending interest.

Bankruptcies: To determine the cost of any bankruptcies caused by payday lending, we performed a calculation based on the 2011 Skiba and Tobacman study²³ that found that among first-time borrowers of payday lending, Chapter 13 bankruptcies increase by 1.587 percentage points or 15.87 per 1,000 borrowers. There was no impact on Chapter 7 bankruptcies. In order to determine the number of first-time borrowers, we used the 2009 Parrish and King study,²⁴ which established that 2% of payday loans are made to one-time borrowers and that 11% of payday loans are first loans to borrowers who take additional payday loans during the year. It is not possible to know how many of either group of borrowers had taken payday loans in prior years. But we estimated in the following fashion:

- We assumed that all of the 2% of one-time payday customers were also first-time payday customers.
- Using the ratios of two and 11, we assumed two out of every 13 of the first-time repeat payday customers were first-time over the lifetime while 11 out of 13 had taken payday loans in prior years. Two of 13 is equivalent to 1.7%. Added to the other 2%, we have a total of 3.7% of all loans made to first-time payday borrowers.

State-by-State Totals: We assumed a linear relationship between the national impact of payday lending and the state impacts. We did not configure the IMPLAN model for each state, as that was not the purpose of the study. Nevertheless, we believe that the multipliers for each state will not be substantially different from the national multipliers and are therefore comfortable presenting impact estimates for each of the 33 states with payday lending or high-cost installment lending. See Figure 7 in this Appendix.

²³ Skiba, P.M., and Tobacman, J., 2011.

²⁴ Parrish, L., and King, U. "Phantom Demand: Short-term due date generates need for repeat payday loans, accounting for 76% of total volume". Center for Responsible Lending, July 2009.

Additional Data Tables

Figure 5
Sub-Sectors Most Negatively Affected by Payday Lending in the U.S. in 2011

Sub-Sector	Description	Purchasing generated by payday lending operations	Household Spending if no payday lending	Net Value Added or (Lost) of Payday Lending
394	Offices of physicians, dentists, and other health practitioners	\$ 101,214,904	\$ 131,244,919	\$ (30,030,015)
397	Private hospitals	\$ 87,795,010	\$ 113,938,060	\$ (26,143,050)
319	Wholesale trade businesses	\$ 134,691,243	\$ 157,895,756	\$ (23,204,514)
357	Insurance carriers	\$ 94,150,661	\$ 107,670,213	\$ (13,519,553)
398	Nursing and residential care facilities	\$ 32,126,273	\$ 41,490,765	\$ (9,364,492)
329	Retail Stores - General merchandise	\$ 33,858,312	\$ 42,844,711	\$ (8,986,399)
324	Retail Stores - Food and beverage	\$ 33,831,905	\$ 42,807,311	\$ (8,975,406)
396	Medical and diagnostic labs; outpatient/other ambulatory care services	\$ 26,776,920	\$ 34,616,643	\$ (7,839,722)
320	Retail Stores - Motor vehicle and parts	\$ 27,822,840	\$ 34,881,053	\$ (7,058,213)
133	Pharmaceutical preparation manufacturing	\$ 20,675,368	\$ 27,170,213	\$ (6,494,845)
392	Private junior colleges, colleges, universities, and professional schools	\$ 19,328,425	\$ 24,574,784	\$ (5,246,359)

Source: author, based on IMPLAN.

Figure 6

Total Payday Lending Interest by State, 2007 and 2011

State	2007 Total Payday Lending Interest Payments	2011 Total Payday Lending Fees Interest Payments	2011 Reported by State Regulator or Estimated by Author
Alabama	\$335,500,000	\$204,063,336	Estimated
Alaska	\$ 8,900,000	\$5,668,403	Estimated
Arizona	\$211,900,000		
Arkansas	\$64,800,000		
California	\$692,000,000	\$578,325,106	Estimated
Colorado	\$184,600,000	\$54,000,000	Regulator
Delaware	\$ 27,400,000	\$13,319,762	Estimated
District of Columbia	\$9,800,000		
Florida	\$423,000,000	\$327,108,771	Regulator
Hawaii	\$ 2,900,000	\$1,409,756	Estimated
Idaho	\$ 60,800,000	\$32,880,009	Regulator
Illinois	\$218,900,000	\$237,090,288	Regulator, 11 months. 12 th month imputed
Indiana	\$141,400,000	\$70,557,000	Regulator
Iowa	\$ 90,700,000	\$37,267,944	Estimated
Kansas	\$ 99,600,000	\$64,434,058	Estimated
Kentucky	\$231,800,000	\$112,800,000	Regulator
Louisiana	\$285,400,000	\$196,394,987	Estimated
Michigan	\$223,700,000	\$108,271,564	Estimated
Minnesota	\$ 15,600,000	\$9,048,734	Regulator
Mississippi	\$302,700,000	\$259,695,098	Estimated
Missouri	\$366,300,000	\$76,664,152	Regulator
Montana	\$32,500,000		
Nebraska	\$ 62,800,000	\$25,531,761	Regulator
Nevada	\$112,600,000	\$54,737,416	Estimated
New Hampshire	\$13,000,000		
New Mexico	\$ 72,900,000	\$4,700,000	Regulator
North Dakota	\$ 21,900,000	\$6,900,000	Regulator
Ohio	\$379,200,000		
Oklahoma	\$112,000,000	\$52,742,368	Regulator
Oregon	\$1,400,000		
Rhode Island	\$ 3,700,000	\$7,054,999	Estimated
South Carolina	\$302,700,000	\$62,500,000	Regulator
South Dakota	\$ 36,000,000	\$17,500,417	Estimated
Tennessee	\$429,400,000	\$133,296,149	Estimated
Texas	\$503,900,000	\$407,986,012	Regulator, 6 months. 12 month total imputed
Utah	\$112,300,000	\$26,188,539	Estimated
Virginia	\$230,900,000	\$42,047,046	Estimated
Washington	\$203,300,000	\$46,666,858	Regulator
Wisconsin	\$148,600,000	\$22,459,265	Regulator
Wyoming	\$ 23,300,000	\$10,616,975	Estimated
Total	\$6,800,100,000	\$3,309,926,773	

Note: States not listed did not have payday lending in 2007 or 2011.

Source: author, based on HIS Global Insight, May 2009, "Economic Impact of the Payday Lending Industry" for 2007 figures, state regulators, and Center for Responsible Lending.

Figure 7

Payday Lending Interest Payments, Total Value Added, Net Value Added, and Estimated Jobs Lost, by State, 2011

State	Total Payday Lending Interest Payments (estimated) ²⁵	Scenario 1: Total Value Added from Payday Lending Industry	Scenario 2: Total Value Added from Household Spending with No Payday Lending Interest Payments	Net Value Added (or Lost) (Scenario 1 - Scenario 2)	Estimated Jobs Gained (or Lost)
Alabama	\$204,063,336	\$342,956,615	\$390,668,452	\$(47,711,837)	(697)
Alaska	\$5,668,403	\$9,526,533	\$10,851,857	\$(1,325,323)	(19)
California	\$578,325,106	\$971,955,201	\$1,107,172,795	\$(135,217,595)	(1,975)
Colorado	\$54,000,000	\$90,754,457	\$103,380,141	\$(12,625,684)	(184)
Delaware	\$13,319,762	\$22,385,699	\$25,499,979	\$(3,114,280)	(45)
Florida	\$327,108,771	\$549,751,460	\$626,232,423	\$(76,480,963)	(1,117)
Hawaii	\$1,409,756	\$2,369,289	\$2,698,903	\$(329,614)	(5)
Idaho	\$32,880,009	\$55,259,395	\$62,947,036	\$(7,687,641)	(112)
Illinois	\$237,090,288	\$398,462,969	\$453,896,804	\$(55,433,835)	(810)
Indiana	\$70,557,000	\$118,580,782	\$135,077,641	\$(16,496,859)	(241)
Iowa	\$37,267,944	\$62,633,926	\$71,347,505	\$(8,713,579)	(127)
Kansas	\$64,434,058	\$108,290,331	\$123,355,592	\$(15,065,260)	(220)
Kentucky	\$112,800,000	\$189,575,976	\$215,949,628	\$(26,373,651)	(385)
Louisiana	\$196,394,987	\$330,068,895	\$375,987,804	\$(45,918,909)	(671)
Michigan	\$108,271,564	\$181,965,314	\$207,280,176	\$(25,314,862)	(370)
Minnesota	\$9,048,734	\$15,207,647	\$17,323,322	\$(2,115,675)	(31)
Mississippi	\$259,695,098	\$436,453,473	\$497,172,515	\$(60,719,042)	(887)
Missouri	\$76,664,152	\$128,844,693	\$146,769,459	\$(17,924,766)	(262)
Nebraska	\$25,531,761	\$42,909,650	\$48,879,205	\$(5,969,555)	(87)
Nevada	\$54,737,416	\$91,993,786	\$104,791,885	\$(12,798,099)	(187)
New Mexico	\$4,700,000	\$7,898,999	\$8,997,901	\$(1,098,902)	(16)
North Dakota	\$6,900,000	\$11,596,403	\$13,209,685	\$(1,613,282)	(24)
Oklahoma	\$52,742,368	\$88,640,833	\$100,972,472	\$(12,331,639)	(180)
Rhode Island	\$7,054,999	\$11,856,899	\$13,506,421	\$(1,649,522)	(24)
South Carolina	\$62,500,000	\$105,039,880	\$119,652,941	\$(14,613,060)	(213)
South Dakota	\$17,500,417	\$29,411,868	\$33,503,622	\$(4,091,754)	(60)
Tennessee	\$133,296,149	\$224,022,585	\$255,188,420	\$(31,165,835)	(455)
Texas	\$407,986,012	\$685,676,831	\$781,067,618	\$(95,390,787)	(1,393)
Utah	\$26,188,539	\$44,013,457	\$50,136,572	\$(6,123,115)	(89)
Virginia	\$42,047,046	\$70,665,867	\$80,496,843	\$(9,830,976)	(144)
Washington	\$46,666,858	\$78,430,099	\$89,341,229	\$(10,911,130)	(159)
Wisconsin	\$22,459,265	\$37,745,896	\$42,997,073	\$(5,251,177)	(77)
Wyoming	\$10,616,975	\$17,843,293	\$20,325,637	\$(2,482,344)	(36)
Total	\$3,309,926,773	\$5,562,789,003	\$6,336,679,556	\$(773,890,553)	(11,303)

Source: Author, based on IMPLAN and Center for Responsible Lending.

²⁵ Includes high cost installment loans in Colorado and Illinois.

