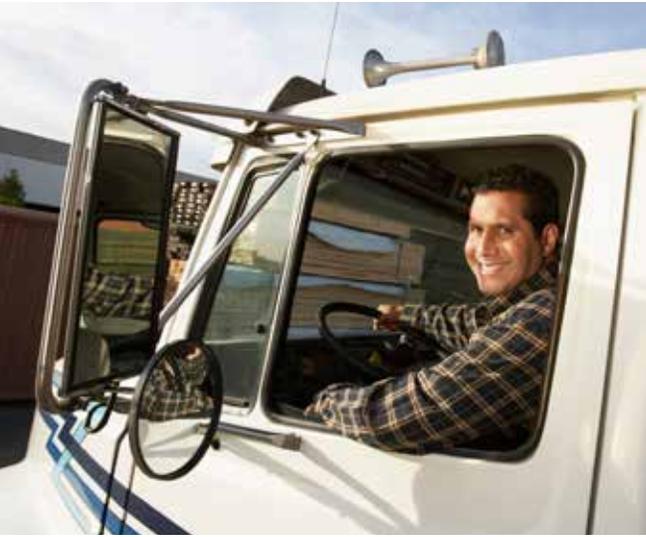


The State of Minority Business Enterprises:

An Overview of the 2007 Survey of Business Owners



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An Overview of the
2007 Survey of Business Owners

**U.S. Department of Commerce,
Minority Business Development Agency**

by

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Forward

The changing demographics and economic landscape are increasingly positioning minority business enterprises (MBEs) as important contributors to the economic growth and productivity of the United States. These businesses are creating jobs and supporting the economic development of their respective communities, while promoting the placement of their goods and services in both domestic and global markets.

This report, *The State of Minority Business Enterprises: An Overview of the 2007 Survey of Business Owners* examines minority businesses operating in 2007 and the growth of these firms since 2002. It does so by analyzing and comparing data from the U.S. Census Bureau's 2002 and 2007 Survey of Business Owners (SBO) and identifies the economic conditions under which MBEs operated as well as economic and business changes that occurred during the interval. We pick up from the Minority Business Development Agency's (MBDA) last report issued in 2006 and look forward to offering even greater insight as we await the upcoming release of the 2012 SBO this year. This report adds to the body of research to ensure that we continue to capture and analyze the data and factors that impact the growth and global competitiveness of MBE's.

Upon careful review of the data, some inspiring elements emerged. More minority-owned businesses were established at every level of the growth spectrum—from small lifestyle enterprises to high-growth companies in technology, manufacturing and other burgeoning industry sectors in 2007. These businesses created millions of jobs nationwide at a faster pace than their nonminority counterparts. According to the report, minority-owned firms generated more than \$1 trillion in annual sales in 2007 and employed over 5.8 million workers during that same period—a 24 percent growth in employment since 2002. Employment by nonminority-owned firms by comparison was flat during the same period. These trends are not surprising given the fact that the 2007 national economy was still relatively robust despite the start of an economic recession.

In addition, larger minority businesses with annual gross receipts of \$500,000 or more represented over 77 percent of all minority-owned firms' gross receipts and 75 percent of all their employment in 2007. These firms provided millions of people with steady income jobs, and contributed to the nation's economic vitality.

Despite the growth in the number of MBEs, entrepreneurial parity was not achieved in 2007. Nonminority businesses still outpaced minority-owned firms in average gross receipts across all industry sectors, with the notable exception of minority-owned firms in the management of companies and enterprises (accounting, administration, operations, and finance). Improved access to capital and new markets continues to be an essential tool for minority-owned businesses to start, expand and reach their full potential.

As seismic national and global demographic shifts unfold, the face of American business is changing. If the U.S. is to remain globally competitive, it has to leverage these new levels of diversity as it gives American businesses a strategic advantage around the world. Engaging minority-owned firms is no longer an ethical imperative; it is also a commercial and economic one. Minority-owned businesses are a vital part of the economic engine of our country. As minority firms continue to grow in size, scale and capacity, we anticipate even greater opportunity for them in the global marketplace.

MBDA is committed to the growth, expansion and support of minority-owned businesses and promoting awareness of the critical importance of these firms to U.S. global competitiveness. At MBDA, we understand the importance of not just capturing data, but the need to analyze and disseminate information to a broad group of stakeholders. We are excited to share this information as we endeavor to shape public policy and to educate local, state and federal decision-makers, while engaging MBEs to grow their businesses in size, scale and impact. We hope that this report proves useful and we look forward to continuing to provide the best information available to empower existing and emerging minority-owned firms.



Alejandra Y. Castillo

National Director

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Executive Summary

This report, *The State of Minority Business Enterprises: An Overview of the 2007 Survey of Business Owners*, provides an overview of minority business enterprises (MBEs) operating in 2007 and the growth of these firms since 2002. The report is part of the research generated by the Minority Business Development Agency (MBDA) to understand factors that impact a firm's performance in order to develop strategies and programs that promote the growth and global competitiveness of MBEs.

The data presented in this report is based on the 2007 Survey of Business Owners (2007 SBO) and the 2002 Survey of Business Owners (2002 SBO) published by the U.S. Census Bureau. Data in this report include statistics for employer firms, those with paid employees; and non-employer firms, those without paid employees.

Trends in the growth of minority-owned firms, both large and small, are presented in this report through comparisons between all U.S. firms and nonminority-owned firms, taking into consideration the market share of the U.S. minority population. This report also assesses the entrepreneurial parity of these firms, measured by the percentage share of minority-owned firms, their gross sales and paid employees, relative to the share of the U.S. minority population ages 18 and older. The data indicates both positive and negative trajectories as the U.S. economy grew, while homes sales and personal wealth were on the decline.

Key Findings

Minority-owned businesses continued to outpace the growth of nonminority firms in the number of firms and gross receipts between 2002 and 2007.

- In 2007, MBEs represented 21.9 percent (5.8 million) of all classifiable firms.¹ MBEs grossed 9.4 percent (\$1 trillion) of all annual gross receipts generated by classifiable firms, and MBEs with employees represented 10.3 percent (5.8 million) of all paid employees of classifiable firms.
- The number of minority-owned firms grew at a pace more than four times that of nonminority firms² from 2002 to 2007. Minority-owned firms increased 45.5 percent, from 4 million in 2002 to 5.8 million in 2007. Nonminority firms increased at a rate of 10.9 percent, rising from 18.5 million firms in 2002 to 20.5 million firms in 2007.
- Between 2002 and 2007, gross receipts of minority-owned firms grew 55 percent (from \$661.1 billion to \$1 trillion), which was more than double that of nonminority firms at 22.2 percent (from \$8.1 trillion to \$9.9 trillion).
- Regardless of size, minority-owned firms also outpaced the growth of nonminority firms in the number of firms, gross receipts and employment among larger firms (with receipts of \$500,000 or more), and smaller firms (under \$500,000 in receipts).
- The number of larger minority firms (with receipts of \$500,000 or more) increased 42.1 percent between 2002 and 2007, while nonminority firms of comparable size grew 9.8 percent.
- Gross receipts of larger minority firms increased 59.2 percent, more than 2.5 times faster than the 22.2 percent growth of all nonminority firms' gross receipts.³
- Larger minority firms increased their number of employees by almost 27 percent, while similarly sized nonminority firms experienced a 7.7 percent reduction.

1 "Classifiable firms" are all U.S. firms less publicly held, foreign-owned, non-profit and other firms whose ownership cannot be classified by race, ethnicity, or gender. Classifiable firms include minority and nonminority owned firms.

2 In this report, "nonminority firms" are defined as all firms less publicly held, not-for-profit or foreign-owned firms, and less minority firms. This definition differs from the U.S. Census definition of "nonminority firms" that excludes firms which are owned equally by minority and nonminority owners. The definition used in this report includes firms owned equally by minority and nonminority owners in the nonminority totals. The definition used in this report is consistent

with definitions for 2002 data used in this and prior MBDA reports.

3 Data for larger nonminority firms were unavailable for comparison. The difference between the growth in gross receipts for larger minority firms and all nonminority firms suggests that the growth in gross receipts of larger minority firms would have outpaced that of larger nonminority firms with sales of \$500,000 or more.

- Compared to the 1997-2002 period, the 2002-2007 performance of minority-owned firms (for both employer and non-employer firms) showed more rapid growth in numbers of firms and gross receipts, than nonminority firms.⁴ The data indicates sustained improvement in the growth and performance of minority-owned firms since 1997.

Average gross receipts of minority-owned businesses remained smaller compared to nonminority firms in 2007.

- Despite the significant growth of minority-owned firms, these firms had smaller average gross receipts (\$178,000) compared to nonminority firms (\$483,000) operating in 2007.
- Average gross receipts of minority-owned firms grew slower than those of nonminority firms, 6.5 percent and 10.2 percent, respectively between 2002 and 2007.

Minority employer firms outpaced the growth in firms, gross receipts and employment – while employment at nonminority employer firms remained flat between 2002 and 2007.

- The number of minority-owned firms with employees (“minority employer firms”) grew at a significantly higher rate, 21.7 percent, than nonminority employer firms, that declined by 2.6 percent between 2002 and 2007.
- Gross receipts of minority employer firms increased by 54.3 percent compared to 22.4 percent for nonminority employer firms.
- Between 2002 and 2007, paid employment grew faster at minority firms (24.4 percent) compared to that of nonminority firms (0.2 percent), all U.S. firms (5.9 percent), and publicly held firms (9.5 percent).

Entrepreneurial parity for minority-owned firms was not reached in 2007 when compared to the size of the U.S. minority population.

Entrepreneurial parity is a measure used to determine the level of minority business participation at a rate comparable to their proportion of the U.S. population. Parity would be reached when the share of the number of minority-owned firms, gross receipts and employment is equivalent to the percentage share of the minority population 18 years old and older.⁵

- In 2007, the adult minority population⁶ represented 31.5 percent of the U.S. population 18 years old and older (71.5 million), up from 29 percent in 2002 (62.5 million).
- Although the minority adult population represented 31.5 percent of the U.S. population in 2007, minority-owned businesses (5.8 million) accounted for only 21.9 percent of all classifiable firms (26.3 million) in 2007, generated 9.4 percent (about \$1 trillion) of classifiable firms’ gross receipts of \$10.9 trillion, and employed 10.3 percent (5.8 million) of all classifiable firms’ paid employees (56.6 million).
- The gap in entrepreneurial parity for minority-owned firms narrowed in terms of number of firms between 2002 and 2007, but widened slightly for paid employees and for gross receipts. Minority-owned firms represented 21.9 percent of all classifiable firms in 2007, up from 17.6 percent in 2002. The difference in share of the number of firms (4.3 percent) between 2002 and 2007 was greater compared to the difference in share of the minority adult population (2.5 percent), for which the parity gap narrowed.
- The share of minority gross receipts increased from 7.6 percent in 2002 to 9.4 percent in 2007, and paid employees from 8.5 percent to 10.3 percent. Parity in gross receipts would have required an additional \$2.4 trillion in 2007, compared to \$1.8 trillion in

4 See U.S. Department of Commerce, Minority Business Development Agency, *The State of Minority Business Enterprises: An Overview of the 2002 Survey of Business Owners*. Washington D.C., August 2006. See more in Appendix A regarding comparisons.

5 U.S. Department of Commerce, Minority Business Development Agency, *The State of Minority Business Enterprises: An Overview of the 2002 Survey of Business Owners* (2006), 12-14.

6 Minority population is calculated from the U.S. Census Bureau population estimates as total population less non-Hispanic white population.

2002. Parity in paid employees would have required 12 million more employees in 2007, compared to 11.4 million in 2002.

- According to the data, no minority-owned firms, despite their general growth, reached parity in gross receipts and employment compared to that of all classifiable firms, except for Asian-owned firms.⁷ These firms exceeded parity in number of firms compared to their adult population share in 2002.

States showing the fastest growth in MBE gross receipts in 2007 included Vermont, Washington, Utah, Nevada and Missouri suggesting growth beyond the most concentrated MBE states (California, Texas, Florida, New York and Georgia).

- Minority firms did not approach parity in any state, and the gap was wide for all states, except for Florida.
- In 2007, minority-owned firms were most concentrated in five states: California (1,220,580); Texas (723,057); Florida (680,069); New York (537,544); and Georgia (263,356). These five states represented 59.5 percent of all MBEs in the U.S. and 50.9 percent of the nation’s total minority population.
- States showing the fastest rates of growth in gross receipts were: Vermont with 193.1 percent growth; Washington with 142.5 percent; Utah with 101.5 percent; Nevada with 99.4 percent; and Missouri with 82.7 percent. Only Nevada ranked among the top five states with highest rates of growth in both the number of minority-owned firms and in gross receipts. Twenty-eight of the 50 states also had percentage changes in gross receipts greater than in the number of firms, suggesting improved overall performance of minority firms in these states.

- The number of minority-owned firms also grew fastest in five states: 91.3 percent in Georgia; 87.2 percent in Nevada; 84.5 percent in Alabama; 66.1 percent in North Carolina; and 66 percent in Florida.

Minority-owned firms were widely distributed among all 19 industry sectors in 2007.⁸

- Minority-owned firms were most concentrated in the following industry sectors: health care and social assistance; administrative and support and waste management and remediation services; professional, scientific, and technical services; and other services.⁹
- Average gross receipts of minority-owned firms by industry sector were smaller compared to those of their nonminority counterparts, except for minority-owned firms in the management of companies and enterprises industry sector. Average gross receipts for MBEs in the management of companies and enterprises industry sector were \$2.3 million compared to \$1.8 million for nonminority firms in 2007. The difference between the two groups of firms in this industry increased from that in 2002, when the average gross receipts for nonminority-owned firms was \$1.2 million and for minority firms, \$1.3 million.¹⁰

Conclusion

Minority-owned enterprises grew in number of firms at a much faster pace than their gross receipts, average gross sales, or paid employment between 2002 and 2007. The data also demonstrate that minority-owned firms outperformed the growth of nonminority-owned firms in all four measures during the same period. Despite these gains, however, gross receipts and average sales of minority-owned firms remained lower than those of nonminority firms. While entrepreneurial parity narrowed, in terms of

7 Asian firms do not include firms owned by Native Hawaiians and Other Pacific Islanders. Parity may have not been reached by all ethnic groups within the category of Asian-owned firms.

8 The North American Industry Classification System (NAICS) is the standard used by federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy. The NAICS contains 19 industry sectors at the two-digit code level.

9 The category of “Other Services” includes establishments not provided for elsewhere in the classification system that are engaged in activities such as

equipment and machinery repairing, promoting religious activities, grant-making, advocacy, providing dry-cleaning and laundry services, personal care services, and dating services. It does not include public administration.

10 MBDA utilized a combination of 2002 Survey of Business Owners (SBO) releases for this calculation. The most recent SBO estimate for minority-owned receipts in NAICS 55 is withheld to avoid disclosing data for individual companies. See *Survey of Business Owners (SBO): Company Statistics Series: Statistics for Minority-Owned Firms by State, Selected Metropolitan Statistical Area, and Kind of Business, 2002*.

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the numbers of minority-owned businesses between 2002 and 2007, the gap widened slightly for paid employment and gross receipts. MBEs did not close the parity gap in terms of number of firms, gross receipts and paid employment when compared to their share of the U.S. adult population.

Minority-owned employer firms continued to be an engine of job opportunities between 2002 and 2007, despite the above mentioned disparities in parity. As the data suggest, minority-owned firms contributed to the U.S. economy with positive growth in employment regardless of firm size, while nonminority-owned firms experienced a decline in employment among their larger firms, along with a very modest increase in employees among their smaller firms.

The data in the report indicates that advancing the economic and financial performance of minority-owned

businesses must be a national priority. The state of minority businesses in 2007 suggests this will require expanding opportunities for these firms and convening government, educational institutions and the private sector to develop solutions that effectively enable MBEs to be successful, while addressing barriers to market entry.

The data in this report also surfaces the importance of these strategies for increasing average gross receipts, enabling these firms to hire workers, and, in turn, build more sustainable communities, cities, and states. Moving forward, research that builds upon the state of minority businesses could explore more opportunities to help these firms enhance capacities, increase access to capital and strive towards greater economic parity.

Introduction

This report, *The State of Minority Business Enterprises: An Overview of the 2007 Survey of Business Owners*, provides an overview of minority-owned businesses operating in 2007 and the growth of these firms since 2002. The report is part of the research generated by the Minority Business Development Agency (MBDA) to understand factors that impact a firm's performance in order to develop strategies and programs that promote the growth and survival of minority business enterprises (MBEs). Trends in the growth of minority-owned firms, both in number and gross receipts, are also presented in this report.¹¹ These trends are based on comparisons between all U.S. firms and nonminority-owned firms, taking into consideration the market share of the U.S. minority population. In the end, this report assesses the entrepreneurial parity of these firms, measured by the percentage share of minority-owned firms, their gross sales and paid employees, relative to the share of U.S. minority population age 18 and older.

The findings presented in this report are based on data from the 2007 Survey of Business Owners (2007 SBO) and the 2002 Survey of Business Owners (2002 SBO) published by the U.S. Census Bureau. Data in this report include statistics for employer firms, those with paid employees; and non-employer firms, those without paid employees. A more detailed research methodology is included in Appendix A of the report.

National Picture

In this report, “classifiable firms” refer to all U.S. firms less publicly held, foreign-owned, non-profit and other firms whose ownership cannot be classified in terms of race, ethnicity or gender. In 2007, MBEs in the United States represented 21.9 percent (5.8 million) of all classifiable firms. MBEs grossed 9.4 percent (\$1 trillion) of all annual gross receipts generated by classifiable firms, and MBEs with employees represented 10.3 percent (5.8 million) of all paid employees of classifiable firms. These positive trends for MBEs are significant given the 2007 national economic profile where some businesses managed to flourish in the midst of declining home sales and personal wealth.

Growth in Number of Firms

The number of minority-owned firms grew at a pace more than four times that of nonminority firms from 2002 to 2007.¹² Minority-owned firms increased 45.5 percent, from 4 million in 2002 to 5.8 million in 2007. Nonminority firms increased at a rate of 10.9 percent, rising from 18.5 million firms in 2002 to 20.5 million firms in 2007 (Table 1).

11 In this report, the terms “minority business enterprises” (MBEs) and minority-owned firms will be used interchangeably.

12 In this report, “nonminority firms” are defined as all firms less publicly held, not-for-profit or foreign-owned firms, and less minority firms. This definition differs from the U.S. Census definition of “nonminority firms” that excludes firms

which are owned equally by minority and nonminority owners. The definition used in this report includes firms owned equally by minority and nonminority owners in the nonminority totals. The definition used in this report is consistent with definitions for 2002 data used in this and prior MBDA reports.

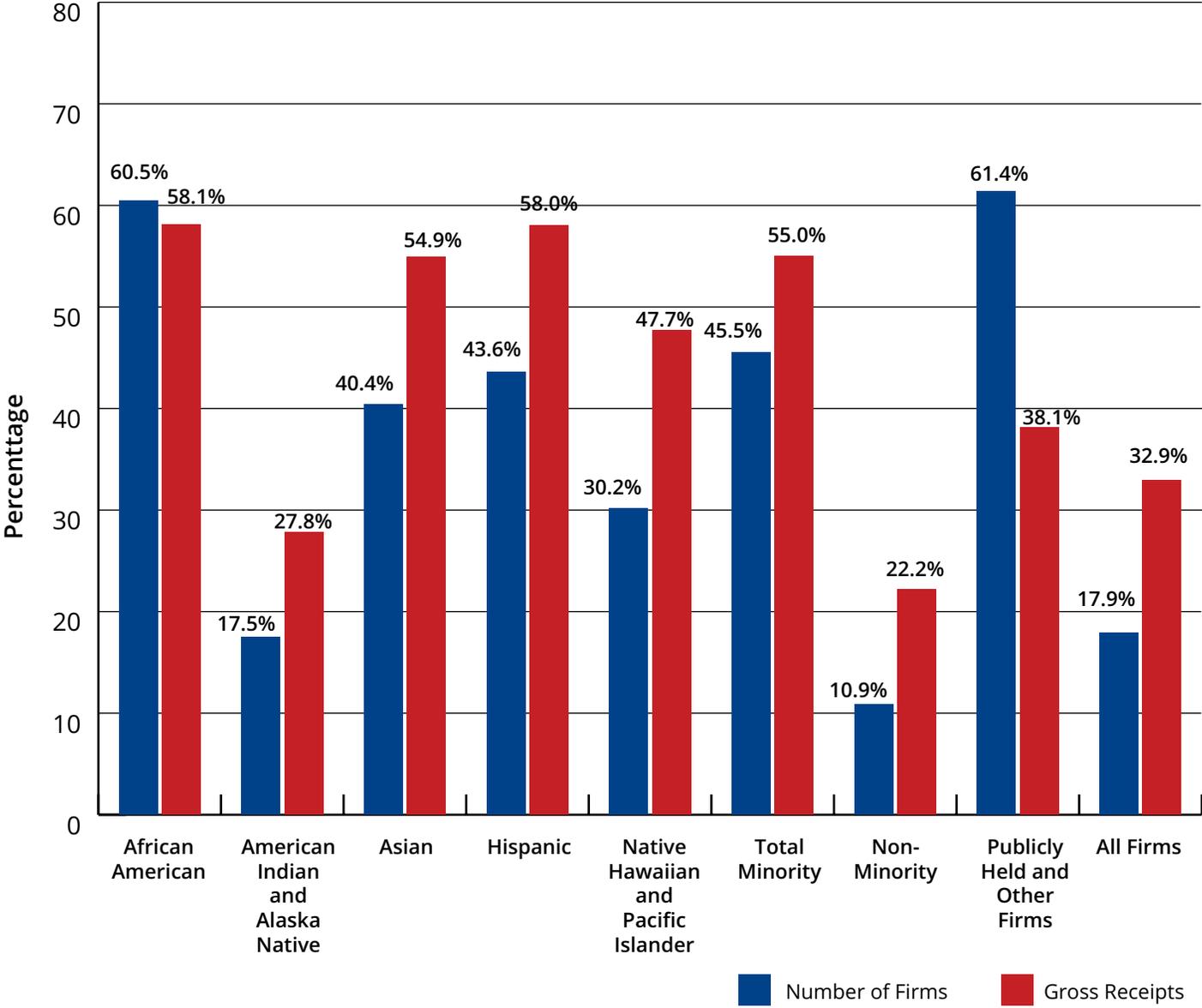
Table 1: Growth in Number of Firms and Receipts for Employer and Non-Employer Firms, 2002-2007

Group	Year	Number of All Firms	Percent Change	Annual Gross Receipts for All Firms (\$1,000s)	Percent Change
African American	2007	1,921,864	60.5%	\$135,739,834	53.1%
	2002	1,197,567		\$88,641,608	
American Indian and Alaska Native	2007	236,691	17.5%	\$34,353,842	27.8%
	2002	201,387		\$26,872,947	
Asian	2007	1,549,559	40.4%	\$506,047,751	54.9%
	2002	1,103,587		\$326,663,445	
Hispanic	2007	2,260,269	43.6%	\$350,661,243	58.0%
	2002	1,573,464		\$221,927,425	
Native Hawaiian and Other Pacific Islander	2007	37,687	30.2%	\$6,319,357	47.7%
	2002	28,948		\$4,279,591	
Total Minority	2007	5,759,209	45.5%	\$1,024,801,958	55.0%
	2002	3,958,610		\$661,148,403	
Nonminority	2007	20,535,651	10.9%	\$9,924,659,916	22.2%
	2002	18,521,646		\$8,122,392,743	
All Classifiable Firms	2007	26,294,860	17.0%	\$10,949,461,874	24.7%
	2002	22,480,256		\$8,783,541,146	
Publicly Held and Other Firms	2007	798,048	61.4%	\$19,082,058,036	38.1%
	2002	494,399		\$13,820,117,758	
All Firms	2007	27,092,908	17.9%	\$30,031,519,910	32.9%
	2002	22,974,655		\$22,603,658,904	

Sources: Survey of Business Owners (SBO); Geographic Area Series: Economy-Wide Estimates of Business Ownership by Gender, Hispanic or Latino Origin, and Race, 2002; Statistics for All U.S. Firms by Industry, Gender, Ethnicity, and Race for the U.S., States, Metro Areas, Counties, and Places, 2007. RSEs are available in Appendix B.

Between 2002 and 2007, the data reveal that the number of African American firms grew the fastest at 60.5 percent, followed by Hispanic firms at 43.6 percent, and Asian firms at 40.4 percent. The growth in number of Native Hawaiian and Other Pacific Islander firms and American Indian and Alaska Native firms, was 30.2 percent and 17.5 percent, respectively (Figure 1).

Figure 1: Change in Number of Firms and Gross Receipts for Employer and Non-Employer Firms, 2002-2007



Source: Statistics for All U.S. Firms by Industry, Gender, Ethnicity, and Race for the U.S., States, Metro Areas, Counties, and Places, 2007.

Growth in Gross Receipts for All Firms, Employer and Non-Employer

A key indicator of minority business growth can be found in the assessment of firms' gross receipts. MBEs experienced a 55 percent increase in gross receipts between 2002 and 2007, which was more than double that of nonminority firms at 22.2 percent. In 2002, gross receipts of minority firms were \$661.1 billion and \$1 trillion in 2007. During this same time period, nonminority firms had sales of \$8.1 trillion in 2002 and \$9.9 trillion in 2007.

Compared to the 1997-2002 period, the data demonstrate an increase in the number of firms and gross receipts between 2002 and 2007. During the latter period, the rise in the number of minority-owned firms (both employer and non-employer) was significant, 45.5 percent compared to 35 percent between 1997 and 2002. Moreover, gross receipts for minority businesses increased by 55 percent during the same period, much higher than the 13 percent growth of the previous five-year period.¹³

Among minority firms, the gross receipts of Hispanic firms grew the fastest at 58 percent, followed by Asian firms at 54.9 percent, and African American firms at 53.1 percent between 2002 and 2007.¹⁴ In 2002, Asian firms generated \$326.7 billion compared to \$506 billion in 2007. Hispanic firms had gross receipts of \$221.9 billion in 2002 and \$350.7

billion in 2007. African American firms were at \$88.6 billion and \$135.7 billion in 2002 and 2007 respectively. While gross receipts of Native Hawaiian and Other Pacific Islander firms and American Indian and Alaska Native firms grew at a slower pace between 2002 and 2007, at 47.7 percent and 27.8 percent, respectively, their pace of growth was still higher than that of nonminority firms during the same period.¹⁵

Growth in Numbers of Firms, Gross Receipts and Employment for Employer Firms

The number of minority-owned firms with employees also experienced an increase in gross receipts and paid employment compared to those of nonminority-owned employer firms. Minority employer firms grew at a significantly higher rate, 21.7 percent, than nonminority employer firms, which declined by 2.6 percent between 2002 and 2007. This rapid growth aligned with the increase in number of employees in minority firms, 24.4 percent. Nonminority firms during the same period only increased their paid employees by 0.2 percent (Table 2).

13 U.S. Department of Commerce, Minority Business Development Agency, *The State of Minority Business Enterprises: An Overview of the 2002 Survey of Business Owners*. Washington D.C., August 2006. Please note that the numbers in Table 1 are not completely comparable due to differences in the 2002 Survey of Business Owners and 2007 Survey of Business Owners. See more in Appendix A regarding comparisons.

14 The growth rates for Hispanics, Asians, and African Americans were not significantly different at the 90 percent confidence interval.

15 The growth rate for Native Hawaiians and Other Pacific Islanders was not significantly different from the rates for African Americans, Asians or Hispanics at the 90 percent confidence interval.

Table 2: Growth in Number of Firms, Receipts and Employees for Employer Firms, 2002-2007

Group	Year	Number of Employer Firms	Percent Change	Annual Gross Receipts (\$1,000s)	Percent Change	Number of Employees of Employer Firms	Percent Change
African American	2007	106,566	12.7%	\$97,144,898	47.6%	909,552	20.6%
	2002	94,518		\$65,799,425		753,978	
American Indian and Alaska Native	2007	23,662	-3.4%	\$27,494,075	25.0%	185,037	-3.3%
	2002	24,498		\$21,986,696		191,270	
Asian	2007	397,426	24.4%	\$453,574,194	55.8%	2,807,771	26.8%
	2002	319,468		\$291,162,771		2,213,948	
Hispanic	2007	248,852	24.7%	\$279,920,707	55.9%	1,908,161	24.2%
	2002	199,542		\$179,507,959		1,536,795	
Native Hawaiian and Other Pacific Islander	2007	4,151	**12.4%	\$5,250,301	49.9%	37,801	28.9%
	2002	3,693		\$3,502,157		29,319	
Total Minority	2007	766,533	21.7%	\$860,492,119	54.3%	5,816,114	24.4%
	2002	629,831		\$557,774,029		4,675,382	
Nonminority	2007	4,423,435	-2.6%	\$9,154,650,843	22.4%	50,810,440	0.2%
	2002	4,542,233		\$7,481,478,680		50,692,834	
All Classifiable Firms	2007	5,189,968	0.4%	\$10,015,142,962	24.6%	56,626,554	2.3%
	2002	5,172,064		\$8,039,252,709		55,368,216	
Publicly Held and Other Firms	2007	545,594	54.7%	\$19,043,685,514	38.0%	60,683,564	9.5%
	2002	352,720		\$13,796,996,645		55,398,389	
All Firms	2007	5,735,562	3.8%	\$29,058,828,476	33.1%	117,310,118	5.9%
	2002	5,524,784		\$21,836,249,354		110,766,605	

Sources: Survey of Business Owners (SBO): Geographic Area Series: Economy-Wide Estimates of Business Ownership by Gender, Hispanic or Latino Origin, and Race, 2002; Statistics for All U.S. Firms by Industry, Gender, Ethnicity, and Race for the U.S., States, Metro Areas, Counties, and Places, 2007. Note: The ** denotes that the value is not significantly different from zero at the 90 percent confidence interval. RSEs are available in Appendix B.

As shown in Table 2, the growth rate of gross receipts of minority employer firms was more than double that of nonminority employer firms, at 54.3 percent and 22.4 percent, respectively. Hispanic and Asian firms grew the fastest by 24.7 percent and 24.4 percent, respectively, during the same period.¹⁶ Growth of other minority firms was slower with African American firms only growing at a rate of 12.7 percent, and American Indian and Alaska Native firms declining 3.4 percent during the same period.

¹⁶ The growth rates for Hispanic and Asian firms are not significantly different from each other at the 90 percent confidence interval.

Hispanic and Asian employer firms grew faster than all other racial/ethnic firms in gross receipts at 55.9 percent and 55.8 percent respectively between 2002 and 2007.¹⁷ Gross receipts of Hispanic firms were \$179.5 billion in 2002 and \$279.9 billion in 2007. Asian firms grew from \$291.2 billion in 2002, to \$453.6 billion in 2007. Gross receipts of Native Hawaiian and Other Pacific Islander firms increased by 49.9 percent, and African American firms grew by 47.6 percent during the same period.¹⁸ The growth in gross receipts of American Indian and Alaska Native firms was 25 percent, despite the decline in their number of firms, from 24,498 to 23,622.

Between 2002 and 2007, the rate of hiring of minority employer firms outpaced that of nonminority firms. The percentage increase in employees of minority-owned firms was 24.4 percent, while that of nonminority firms was only 0.2 percent and that for all U.S. firms, 5.9 percent. Paid employment increased at Native Hawaiian and Other Pacific Islander firms from 29.3 thousand in 2002 to 37.8 thousand in 2007, or 28.9 percent.¹⁹ The growth rate in employment for Asian firms was 26.8 percent, from 2.2 million to 2.8 million in 2007, followed closely by Hispanic firms at 24.2 percent, from 1.5 million to 1.9 million in 2007. African American firms increased employment by 20.6 percent. American Indian and Alaska Native firms showed a decline in employees of 3.3 percent, reflecting a decrease in the number of firms over this period.

Although minority-owned firms average smaller gross receipts and employment compared to nonminority firms, the findings indicate that minority-owned firms employ a greater number of workers per dollar of sales generated by their firms compared to nonminority and all U.S. firms. While gross receipts generated by minority-owned firms represented about 8.6 percent of all classifiable firms' gross receipts and three percent of the receipts generated by all U.S. firms, the number of employees at minority-owned firms represented 10.4 percent of all workers employed by classifiable firms, and five percent of all employees at U.S. firms in general.

Average Gross Receipts

Average gross receipts of minority-owned firms grew at a slower pace compared to that of nonminority-owned firms between 2002 and 2007 (6.5 percent versus 10.2 percent). These disparities could be due to the differences in relative size of gross receipts and number of firms. Gross receipts of nonminority firms were much greater, almost 10 times larger than those of minority firms, while the number of nonminority firms was four times larger than the number of minority firms. Although the pace of growth of gross receipts (55 percent) and number (45.5 percent) of minority-owned firms was considerably higher than those of nonminority firms (22.2 percent and 10.9 percent, respectively), minority-owned firms would still need to grow at a faster rate to reach the average size of their nonminority counterparts. Moreover, comparisons in size of firms are heavily influenced by their industry sector that is analyzed later in the report.

Among minority-owned firms, average gross receipts of Native Hawaiian and Other Pacific Islander firms grew the fastest (13.4 percent), followed by Asian firms (10.3 percent), and Hispanic firms (10 percent). African American-owned firms were the only ones to register negative growth of average gross receipts between survey periods. The average gross receipts of African American firms declined 4.6 percent between 2002 and 2007 as did publicly held firms whose average receipts declined 14.5 percent.

The decline in average gross receipts for African American firms can be largely attributed to the challenges in accessing adequate capital to grow in size and scale (Table 3). Moreover, African American and Hispanic households continue to have much lower household net worth compared to nonminority and Asian households.²⁰ As one of several characteristics for MBEs, low net worth is one of the barriers that curtail the ability of these firms to access capital from traditional sources such as bank loans, which often require large amounts of collateral for loan approvals or guarantees of personal credit.

17 Hispanic and Asian firms' gross receipts growth rates are not significantly different at the 90 percent confidence level.

18 African American and Native Hawaiians and Other Pacific Islander firms' gross receipts growth rates are not significantly different at the 90 percent confidence level.

19 African American and Native Hawaiian and Other Pacific Islander firms' paid employment growth rates are not significantly different at the 90 percent confidence level.

20 See Robert Fairlie and Alicia Robb, *Disparities in Capital Access between Minority and Nonminority-Owned Businesses: The Troubling Reality of Capital Limitations Faced by MBEs*, U.S. Department of Commerce, Minority Business Development Agency, Washington, D.C., 2010; See also, Robert Fairlie and Alicia Robb, *Race and Entrepreneurial Success: Black-, Asian-, and White-Owned Businesses in the United States*. Cambridge: MIT Press, 2008.

Table 3: Change in Average Gross Receipts for Employer and Non-Employer Firms by Minority Group, 2002-2007

Group	Average Gross	Receipts per Firm	Percent Change
	2002	2007	
African American	\$74,018	\$70,629	-4.6%
American Indian and Alaska Native	\$133,439	\$145,142	8.8%
Asian	\$296,002	\$326,575	10.3%
Hispanic	\$141,044	\$155,141	10.0%
Native Hawaiian and Other Pacific Islander	\$147,837	\$167,680	13.4%
Total Minority	\$167,015	\$177,941	6.5%
Nonminority	\$438,535	\$483,289	10.2%
Publicly Held and Other Firms	\$27,953,369	\$23,910,915	-14.5%
All Firms*	\$983,852	\$1,108,464	12.7%

Sources: Survey of Business Owners (SBO): Geographic Area Series: Economy-Wide Estimates of Business Ownership by Gender, Hispanic or Latino Origin, and Race, 2002; Statistics for All U.S. Firms by Industry, Gender, Ethnicity, and Race for the U.S., States, Metro Areas, Counties, and Places, 2007. *Note:* The values are calculated from U.S. Census data and statistical significance could not be tested. The * denotes the average for all firms.

Entrepreneurial Parity

In this report, entrepreneurial parity is an aspirational benchmark for the economic potential of MBEs and defined as a rate comparable to the percentage of minorities in the U.S. population. Parity would therefore be reached when the performance of minority-owned firms approaches the percentage share of the minority population 18 years old and over.²¹ The measures examined here for exploring entrepreneurial parity include: number of minority-owned firms, total receipts and paid employees.²²

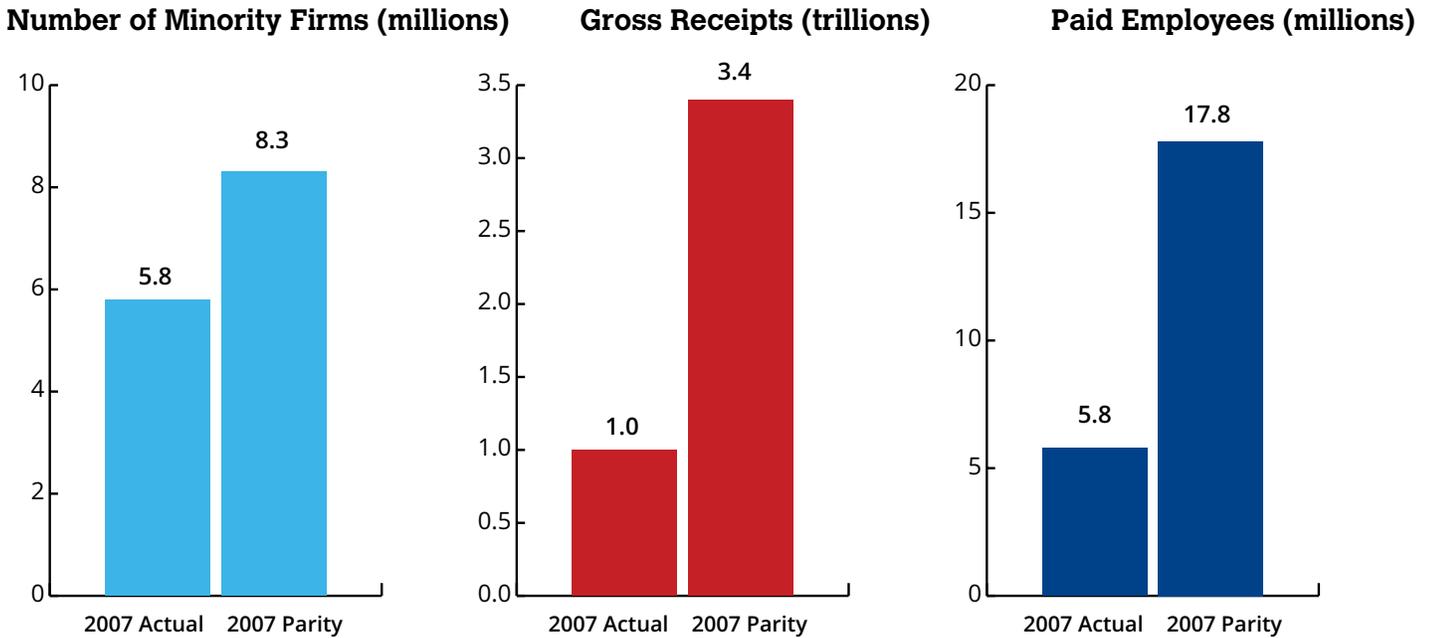
In 2007, the 18 and older minority population represented 31.5 percent of the total U.S. population, or an estimated population of 71.5 million. Minority-owned businesses (5.8 million) accounted for 21.9 percent of all classifiable firms (26.3 million) in 2007, an increase of four percent since 2002. Minority firms also represented 9.4 percent (about \$1 trillion) of all classifiable firms' gross receipts of \$10.9 trillion, and employed 10.3 percent (5.8 million) of all classifiable firms' paid employees. Figures 2 and 3 provide more detail.

Although minority-owned firms did not reach parity with all classifiable firms in 2007, their gross receipts and number of firms increased since 2002. Compared to 2002, the number of minority-owned firms grew four percent, from 18 percent in 2002 to 21.9 percent in 2007. Gross receipts from minority firms also increased by almost two percent, from 7.6 percent to 9.4 percent, and employment, by almost two percent, from 8.5 percent to 10.3 percent. (See Table 1)²³

²¹ Individuals under the age of 18 in the U.S. were excluded due to their unlikelihood of being business owners and to more accurately reflect entrepreneurial parity. The minority population is also calculated from the U.S. Census Bureau Population estimates as total population less non-Hispanic, white population. *See also* Robert Fairlie and Alicia Robb, *op. cit.*, p. 12.

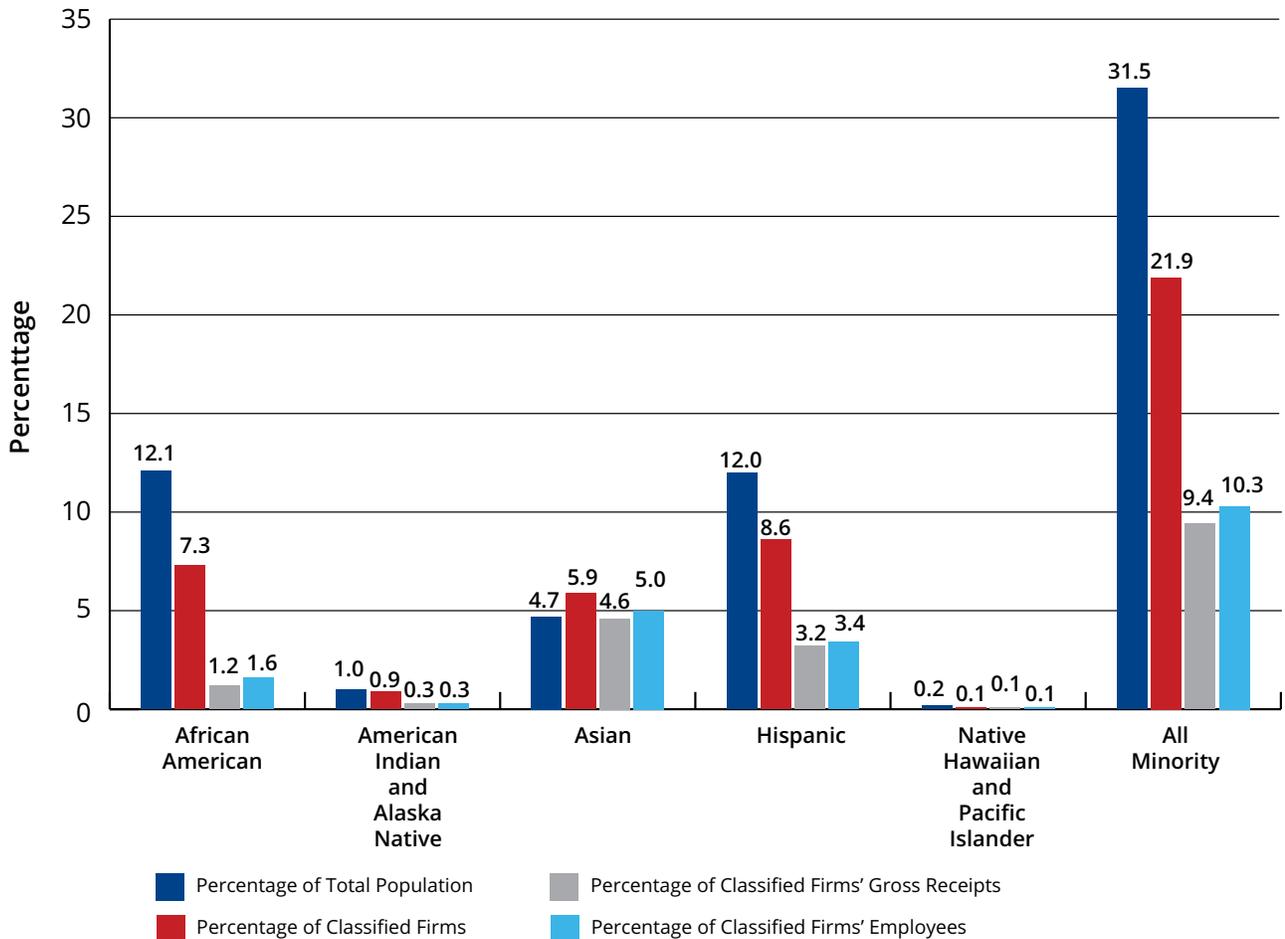
²² *Ibid.*, p. 12.

Figure 2: Number of Minority Firms (millions), Total Receipts (trillions), and Paid Employment (millions) Compared to Parity Estimates, 2007



Source: U.S. Census Bureau National Intercensal Estimates, Statistics for All U.S. Firms by Industry, Gender, Ethnicity, and Race for the U.S., States, Metro Areas, Counties, and Places, 2007. *Note:* Data for number of firms and receipts are for employer and non-employer firms. Data for employment is for employer firms. Parity is equal to the percentage share of the minority population 18 and over applied to the number of firms, gross receipts and number of paid employees of classifiable firms.

Figure 3: Percentage of Minority Population, Number of Employer and Non-Employer Firms and Gross Receipts by Minority Group, 2007



Source: U.S. Census Bureau National Intercensal Estimates, Statistics for All U.S. Firms by Industry, Gender, Ethnicity, and Race for the U.S., States, Metro Areas, Counties, and Places, 2007. Data for firms are for all minority firms, employer and non-employer.

Despite their general growth, no minority group reached parity in gross receipts and employment compared to that of all classifiable firms, except for Asian firms which exceeded parity in the number of firms compared to their adult population share in 2002.²⁴ For minority-owned firms, three factors can be correlated with their survival rates - educational attainment, level of capital at establishment, and length of business experience. Among Asian firms, these variables were higher compared to other minority groups. American Indian and Alaska Native firms

approached parity, representing one percent of the U.S. population 18 years and older and owned 0.9 percent of classifiable U.S. businesses (Figure 3).

The gap in entrepreneurial parity narrowed in terms of number of firms between 2002 and 2007, but widened slightly for paid employees and gross receipts. The same number of firms – 2.5 million – would have been required in 2007 as in 2002 to reach parity. More importantly, parity in gross receipts would have required an additional \$2.4

23 U.S. Department of Commerce, Minority Business Development Agency, *The State of Minority Business Enterprises: An Overview of the 2002 Survey of Business Owners*. Washington D.C., August 2006, p. 13 (See Chart 3).

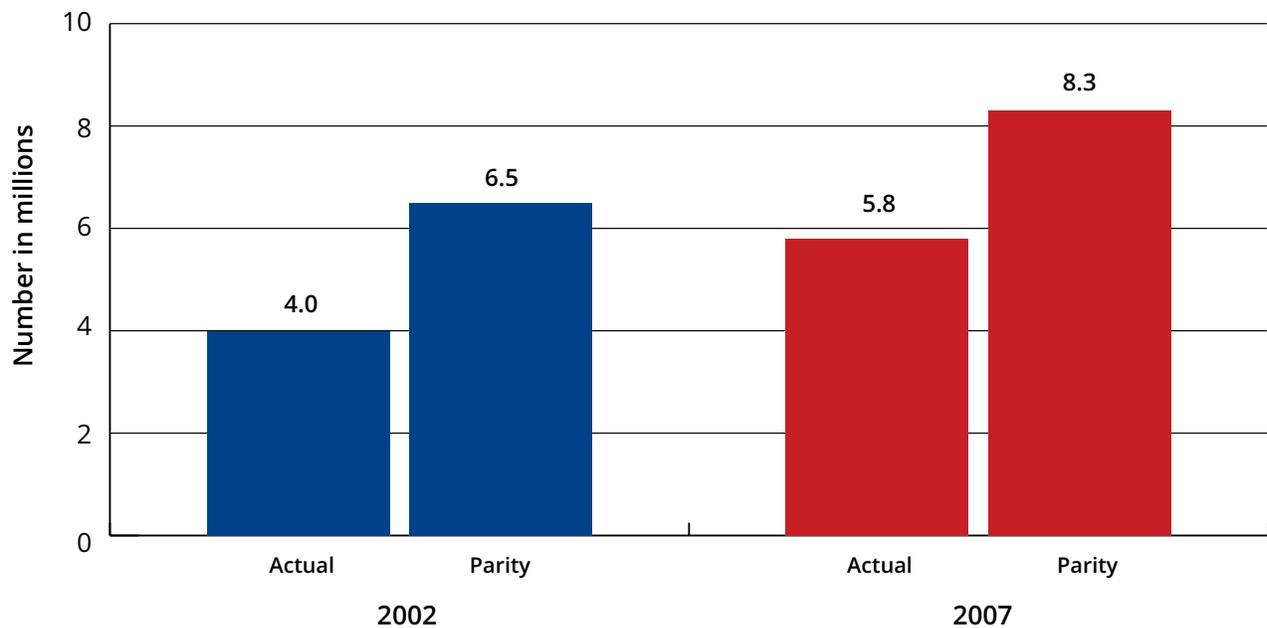
24 According to Fairlie and Robb (2010), the Asian population 18 years and older comprised 4.7 percent of the U.S. population in this age group, and Asian firms owned 5.9 percent of classifiable businesses..

trillion in 2007, compared to \$1.8 trillion in 2002. Twelve million more workers would have also been required in 2007, compared to 11.4 million in 2002, to reach entrepreneurial parity between minority and nonminority firms. Thus, despite gains in the number of surviving firms, minority businesses faced greater hurdles in increasing gross receipts and employment (See Figures 4, 5 and 6).

Further analysis is needed to identify reasons why minority-owned firms have not reached parity in gross receipts, numbers of firms, and paid employees. More specifically, research is needed to understand why the rapid growth in numbers of MBEs has not been accompanied

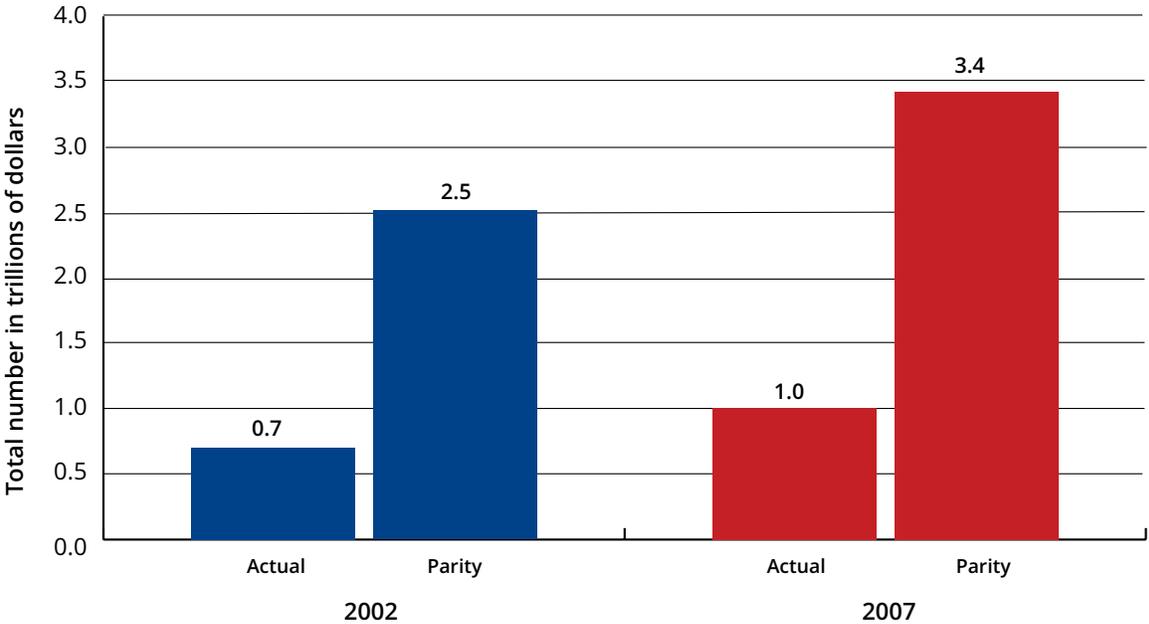
by corresponding increases in their gross receipts and/or employment. Factors that include size of minority-owned firms, limitations to accessing capital (especially in the early years of operations), industries in which minority firms operated, the role of technology in advancing growth in some industries and not others, and other competitive hurdles, such as education and training, as well as the national and international economic conditions that may disproportionately affect minority businesses, could be further explored in additional research. An assessment of this type would also have to weigh the importance of each factor and outline what measures would be the most likely to facilitate the path to parity.

Figure 4: Parity Comparison for Number of Minority Firms (Employer and Non-Employer), 2002 and 2007 (in millions)



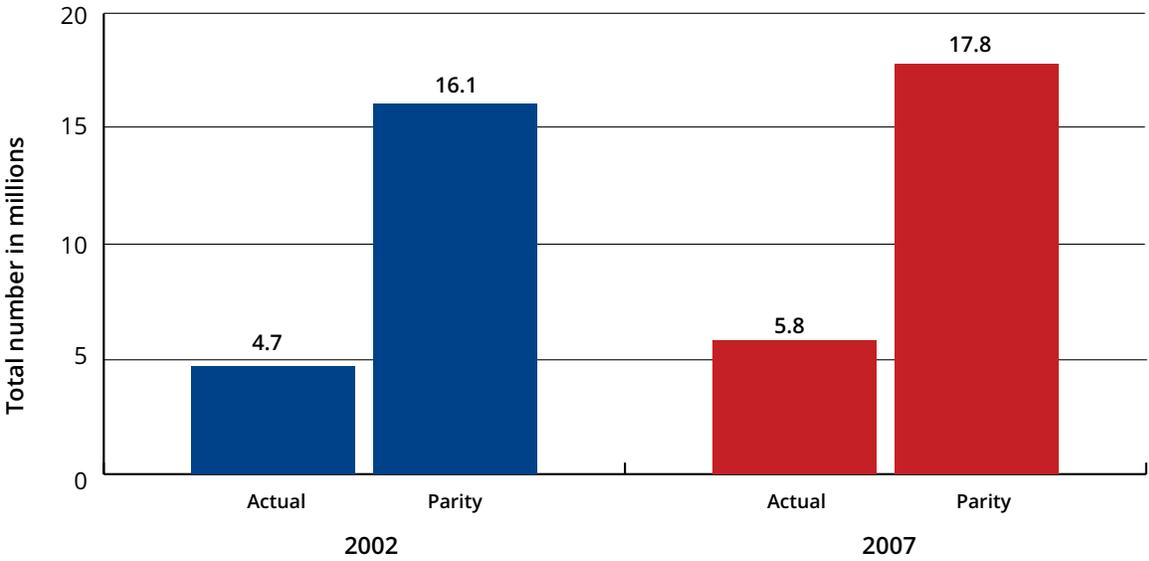
Sources: Survey of Business Owners (SBO): Geographic Area Series: Economy-Wide Estimates of Business Ownership by Gender, Hispanic or Latino Origin, and Race, 2002; Statistics for All U.S. Firms by Industry, Gender, Ethnicity, and Race for the U.S., States, Metro Areas, Counties, and Places, 2007. *Note:* Data are for all firms, employer and non-employer.

Figure 5: Parity Comparison for Total Receipts of Minority Firms (Employer and Non-Employer), 2002 and 2007 (in trillions)



Sources: Survey of Business Owners (SBO): Geographic Area Series: Economy-Wide Estimates of Business Ownership by Gender, Hispanic or Latino Origin, and Race, 2002; Statistics for All U.S. Firms by Industry, Gender, Ethnicity, and Race for the U.S., States, Metro Areas, Counties, and Places, 2007. *Note:* Data are for all firms, employer and non-employer.

Figure 6: Parity Comparison for Paid Employees for Employer Minority Firms (in millions), 2002 and 2007



Sources: Survey of Business Owners (SBO): Geographic Area Series: Economy-Wide Estimates of Business Ownership by Gender, Hispanic or Latino Origin, and Race, 2002; Statistics for All U.S. Firms by Industry, Gender, Ethnicity, and Race for the U.S., States, Metro Areas, Counties, and Places, 2007. *Note:* Data are for employer firms only.

GEOGRAPHIC PICTURE

This next section examines data on the concentration of MBEs across the U.S., exploring states and regions (i.e., combined statistical areas or CSAs), that have the largest numbers of minority-owned firms.

Analysis by States

All 50 states and the District of Columbia have minority business enterprises. In 2007, the largest MBEs were in five states: *California* (1,220,580); *Texas* (723,057); *Florida* (680,069); *New York* (537,544); and *Georgia* (263,356). These five states represented 59.5 percent of all MBEs in the U.S. (Table 4) and 50.9 percent of the nation's total minority population in 2007. All five minority classifications had the highest concentrations in four of the five states where minority-owned businesses were most concentrated:

California, Texas, Florida, and New York. New Jersey was also included in the top five states in which Asian and Hispanic firms were located. Oklahoma had a high concentration of Native American firms. Native Hawaiian and Other Pacific Islander firms included Hawaii in the top five states in which their firms were located.

Compared to the states achieving parity for minorities overall, specific minority firms did not approach parity in any state, and the gap was large for all states, except for Florida. In Florida, the percent of minority firms was 34.9 percent, and the share of the minority population was 39.2 percent (Tables 5 and 6).

Table 4: Top Five States for Minority Firms (Employer and Non-Employer) by Minority Group, 2007

State Ranking	State	Number of Firms	Percentage of Firms in Minority Group
All Minority			
1	California	1,220,581	21.2%
2	Texas	723,057	12.6%
3	Florida	680,069	11.8%
4	New York	537,544	9.3%
5	Georgia	263,356	4.6%
	Total	3,424,607	59.5%
African American			
1	New York	537,544	10.6%
2	Georgia	263,356	9.6%
3	Florida	680,069	9.4%
4	Texas	723,057	8.0%
5	California	1,220,581	7.2%
	Total	3,424,607	44.8%
American Indian and Alaska Native			
1	California	1,220,581	19.3%
2	Oklahoma	44,941	9.0%
3	Texas	723,057	8.0%
4	New York	537,544	5.5%
5	Florida	680,069	4.1%
	Total	3,206,192	45.9%
Asian			
1	California	1,220,581	32.8%
2	New York	537,544	12.7%
3	Texas	723,057	7.4%
4	New Jersey	182,489	4.4%
5	Florida	680,069	4.2%
	Total	3,343,740	61.5%
Hispanic			
1	California	1,220,581	25.1%
2	Florida	680,069	19.9%
3	Texas	723,057	19.8%
4	New York	537,544	8.5%
5	New Jersey	182,489	3.0%
	Total	3,343,740	76.4%
Native Hawaiian and Other Pacific Islander			
1	Hawaii	68,542	30.3%
2	California	1,220,581	24.3%
3	New York	537,544	4.9%
4	Florida	680,069	4.7%
5	Washington	71,465	3.2%
	Total	2,578,201	67.4%

Source: Statistics for All U.S. Firms by Industry, Gender, Ethnicity, and Race for the U.S., States, Metro Areas, Counties, and Places, 2007. RSEs are in Appendix B.

Table 5: Share of Minority Firms (Employer and Non-Employer) and Minority Population by State, 2007

State	Minority Firms	Minority as a Percent of all Classifiable Firms in State	Minority Population	State Share
Alabama	70,538	19.0%	1,452,100	31.4%
Alaska	11,746	17.7%	231,765	33.9%
Arizona	85,227	18.0%	2,595,390	40.9%
Arkansas	23,637	10.3%	680,985	24.0%
California	1,220,581	36.7%	20,929,573	57.3%
Colorado	59,647	11.3%	1,393,151	28.7%
Connecticut	39,832	12.5%	897,960	25.6%
Delaware	11,349	16.3%	270,315	31.3%
District of Columbia	22,505	43.8%	396,829	67.5%
Florida	680,069	34.9%	7,152,463	39.2%
Georgia	263,356	30.1%	3,961,161	41.5%
Hawaii	68,542	59.4%	966,822	75.3%
Idaho	6,815	4.7%	216,025	14.4%
Illinois	223,007	20.6%	4,499,726	35.0%
Indiana	40,706	8.7%	1,044,751	16.5%
Iowa	8,129	3.3%	279,783	9.4%
Kansas	18,249	8.0%	535,943	19.3%
Kentucky	20,221	6.2%	509,254	12.0%
Louisiana	83,279	22.9%	1,619,485	37.7%
Maine	3,392	2.3%	59,817	4.5%
Maryland	164,130	32.2%	2,355,763	41.9%
Massachusetts	64,998	11.3%	1,307,532	20.3%
Michigan	108,932	13.8%	2,259,016	22.4%
Minnesota	31,074	6.5%	741,771	14.3%
Mississippi	46,791	21.3%	1,199,955	41.1%
Missouri	42,744	8.9%	1,039,240	17.7%
Montana	4,287	3.9%	112,835	11.8%
Nebraska	8,814	5.8%	274,191	15.5%
Nevada	45,533	21.6%	1,078,395	42.0%
New Hampshire	4,837	3.6%	87,393	6.6%
New Jersey	182,489	24.2%	3,285,966	37.8%
New Mexico	48,976	32.3%	1,135,982	57.7%
New York	537,544	28.4%	7,664,298	39.7%
North Carolina	131,728	17.0%	2,940,320	32.5%
North Dakota	1,773	3.0%	64,304	10.1%
Ohio	82,387	9.5%	1,983,616	17.3%
Oklahoma	44,941	13.9%	1,019,398	28.2%
Oregon	31,659	9.4%	731,833	19.5%
Pennsylvania	96,208	10.1%	2,264,554	18.2%
Rhode Island	9,823	10.6%	218,956	20.7%
South Carolina	57,557	16.5%	1,530,152	34.7%
South Dakota	2,882	3.9%	108,076	13.6%
Tennessee	68,218	12.8%	1,401,255	22.8%
Texas	723,057	34.2%	12,460,762	52.1%
Utah	16,042	6.8%	468,024	17.7%
Vermont	1,794	2.4%	29,281	4.7%
Virginia	138,256	22.4%	2,525,365	32.7%
Washington	71,465	13.5%	1,548,537	23.9%
West Virginia	4,433	3.8%	115,265	6.4%
Wisconsin	26,030	6.2%	817,994	14.6%
Wyoming	2,655	4.6%	66,263	12.7%
Total U.S.	5,759,209	28.0%	102,529,590	34.0%

Sources: Population Division, U.S. Census Bureau, Table 4: Estimates of the Population by Race and Hispanic Origin for the United States and States: July 1, 2007 (SC-EST2007-04); Census Survey of Business Owners Statistics for All U.S. Firms by Industry, Gender, Ethnicity, and Race for the U.S., States, Metro Areas, Counties, and Places, 2007. RSEs are in Appendix B.

Table 6: Minority Firms (Employer and Non-Employer) by State and Minority Group, 2007

State	Total Minority	African American	American Indian and Alaska Native	Asian	Hispanic	Native Hawaiian and Other Pacific Islander
Alabama	70,538	56,712	3,068	6,908	4,439	254
Alaska	11,746	1,048	6,852	2,148	S	186
Arizona	85,227	10,039	9,106	16,333	52,667	S
Arkansas	23,637	13,239	2,653	3,322	5,436	92
California	1,220,581	137,891	45,569	508,969	566,573	9,174
Colorado	59,647	9,174	4,619	14,482	33,762	633
Connecticut	39,832	14,787	1,626	11,081	14,081	104
Delaware	11,349	6,507	S	2,989	1,533	36
District of Columbia	22,505	15,764	507	3,278	3,428	S
Florida	680,069	181,496	9,747	64,931	450,137	1,772
Georgia	263,356	183,864	5,975	46,222	32,574	1,145
Hawaii	68,542	1,067	1,548	56,872	4,374	11,403
Idaho	6,815	358	1,367	1,269	3,875	S
Illinois	223,007	106,626	5,391	59,367	56,567	569
Indiana	40,706	22,127	2,207	8,756	8,558	177
Iowa	8,129	2,190	604	2,834	2,455	178
Kansas	18,249	5,643	2,227	4,833	5,763	S
Kentucky	20,221	10,402	1,014	5,559	3,663	85
Louisiana	83,279	59,909	2,682	10,365	11,068	125
Maine	3,392	743	714	1,107	979	51
Maryland	164,130	102,173	3,301	35,881	25,774	294
Massachusetts	64,998	20,542	2,294	26,578	19,410	260
Michigan	108,932	72,554	6,079	21,589	10,770	487
Minnesota	31,074	12,454	2,890	11,371	5,002	S
Mississippi	46,791	40,615	727	4,002	1,828	72
Missouri	42,744	24,685	2,895	9,752	6,178	323
Montana	4,287	231	2,343	646	1,131	S
Nebraska	8,814	2,856	690	2,277	3,063	17
Nevada	45,533	8,658	1,775	17,542	18,035	582
New Hampshire	4,837	750	S	2,211	1,441	47
New Jersey	182,489	60,340	2,883	67,755	68,374	453
New Mexico	48,976	1,943	8,313	3,321	37,195	134
New York	537,544	204,004	13,071	196,825	193,183	1,852
North Carolina	131,728	83,919	8,024	20,157	21,301	451
North Dakota	1,773	163	988	412	287	25
Ohio	82,387	52,136	2,989	18,198	9,722	S
Oklahoma	44,941	10,449	21,212	6,736	7,663	150
Oregon	31,659	4,041	4,263	12,647	11,338	636
Pennsylvania	96,208	44,664	2,858	31,313	22,777	410
Rhode Island	9,823	3,217	395	1,999	5,765	34
South Carolina	57,557	43,812	1,648	6,658	5,971	213
South Dakota	2,882	207	1,729	452	595	8
Tennessee	68,218	45,726	2,708	11,178	8,700	415
Texas	723,057	154,283	18,997	114,297	447,589	1,196
Utah	16,042	1,144	1,462	4,646	9,238	691
Vermont	1,794	S	410	649	470	S
Virginia	138,256	63,363	3,353	44,576	28,579	405
Washington	71,465	S	6,526	37,373	17,795	1,197
West Virginia	4,433	S	S	1,526	899	9
Wisconsin	26,030	11,276	2,641	6,785	5,619	S
Wyoming	2,655	124	469	398	1,728	9
Total U.S.	5,759,209	1,921,864	236,691	1,549,559	2,260,269	37,687

Source: Statistics for All U.S. Firms by Industry, Gender, Ethnicity, and Race for the U.S., States, Metro Areas, Counties, and Places, 2007.

Note: "S" denotes suppressed data. RSEs are in Appendix B.

Growth in Number of Firms

As previously stated, minority-owned firms grew faster than all nonminority firms between 2002 and 2007 (45.5 percent versus 10.9 percent respectively). In each of the 50 states and the District of Columbia, the growth in the number of minority-owned firms exceeded the 10.9 percent national growth rate of nonminority firms. The growth rates were at least double or higher for all states, except in Wyoming where there was a growth rate of 11.3 percent (Table 7).

The number of minority-owned firms also grew fastest in five states: 91.3 percent in Georgia; 87.2 percent in Nevada; 84.5 percent in Alabama; 66.1 percent in North Carolina; and 66 percent in Florida. The growth in minority population in these states was much slower than the growth in the numbers of minority businesses, and closer to the 12 percent growth for the country. The growth in minority population was 22 percent in Georgia, 7.1 percent in Alabama, 15.5 percent in North Carolina, and 18.2 percent in Florida. The state of Nevada was much higher at 38.6 percent.

Growth in Gross Receipts

Between 2002 and 2007, gross receipts of minority-owned firms grew at a faster pace, 55 percent,²⁵ than all U.S. firms, (33 percent) and faster than the growth of receipts for nonminority-owned firms at 22.2 percent. In fact, gross receipts for minority-owned firms grew faster than gross receipts for nonminority-owned firms in all states but two: Wyoming (14.4%) and Alaska (-45.1%).

States showing the fastest rates of growth in gross receipts were: Vermont, with 193.1 percent growth; Washington, with 142.5 percent; Utah with 101.5 percent; Nevada with 99.4 percent; and Missouri with 82.7 percent. Only Nevada ranked among the top five states with highest rates of growth in number of minority-owned firms and in gross receipts. Twenty-eight of the 50 states had percentage changes in gross receipts greater than in the number of firms, suggesting improved overall performance of minority firms in these states (See Table 7). Data on minority-owned businesses by state is also in Appendix C.

²⁵ Data on gross receipts were suppressed for seven states (Delaware, Kentucky, Maryland, Nebraska, New Hampshire, North Dakota, South Dakota, West Virginia), and the District of Columbia, for disclosure reasons. Conclusions about rankings of growth in gross receipts among states should take the missing data into account.

Table 7: Percentage Change in Employer and Non-Employer Minority Firms and Gross Receipts for all Firms and Population, 2002-2007

State	Change in Number of Firms	Change in Gross Receipts	Change in Minority Population
Alabama	84.5%	50.3%	7.1%
Alaska	31.0%	-45.1%	10.9%
Arizona	52.7%	83.1%	25.6%
Arkansas	56.4%	68.0%	13.7%
California	33.3%	45.2%	9.7%
Colorado	34.9%	34.7%	16.3%
Connecticut	46.7%	71.1%	12.0%
Delaware	58.5%	S	20.0%
District of Columbia	33.8%	S	-3.8%
Florida	66.0%	74.4%	18.2%
Georgia	91.3%	66.7%	22.0%
Hawaii	28.1%	46.0%	1.5%
Idaho	30.1%	54.0%	28.5%
Illinois	45.5%	S	7.9%
Indiana	50.0%	48.6%	16.5%
Iowa	48.1%	38.6%	20.9%
Kansas	33.7%	59.9%	11.5%
Kentucky	44.8%	S	12.8%
Louisiana	45.1%	46.7%	-4.5%
Maine	32.8%	37.3%	28.8%
Maryland	48.6%	S	12.7%
Massachusetts	38.3%	35.0%	10.7%
Michigan	47.8%	31.1%	4.3%
Minnesota	43.0%	72.0%	18.9%
Mississippi	57.2%	28.1%	4.9%
Missouri	43.9%	82.7%	10.8%
Montana	21.6%	80.6%	15.6%
Nebraska	53.2%	S	18.4%
Nevada	87.2%	99.4%	38.6%
New Hampshire	42.3%	S	34.5%
New Jersey	34.1%	52.2%	9.6%
New Mexico	24.4%	46.0%	9.5%
New York	27.1%	57.2%	2.7%
North Carolina	66.1%	72.0%	15.5%
North Dakota	25.0%	S	18.7%
Ohio	40.6%	37.5%	7.1%
Oklahoma	32.1%	71.0%	10.6%
Oregon	55.3%	42.0%	20.6%
Pennsylvania	62.9%	71.2%	12.9%
Rhode Island	49.6%	51.4%	13.2%
South Carolina	55.3%	56.2%	8.1%
South Dakota	39.4%	S	15.1%
Tennessee	65.3%	63.8%	13.9%
Texas	47.3%	60.0%	17.0%
Utah	62.7%	101.5%	30.2%
Vermont	31.3%	193.1%	21.8%
Virginia	51.3%	65.4%	13.5%
Washington	45.0%	142.5%	17.8%
West Virginia	20.3%	S	15.8%
Wisconsin	47.5%	77.5%	13.6%
Wyoming	11.3%	14.4%	17.0%
United States	45.5%	55.0%	12.0%

Sources: Population Division, U.S. Census Bureau, Table 4: Estimates of the Population by Race and Hispanic Origin for the United States and States: July 1, 2007 (SC-EST2007-04), Census Survey of Business Owners Statistics for All U.S. Firms by Industry, Gender, Ethnicity, and Race for the U.S., States, Metro Areas, Counties, and Places, 2007. Note: "S" indicates data was suppressed by U.S. Census. RSEs are in Appendix B.

Combined Statistical Areas²⁶

Combined statistical areas (CSAs) provide another picture of concentration of minority-owned firms.²⁷ Five CSAs had the largest number of minority-owned firms: Los Angeles-Long Beach-Riverside, CA CSA; New York-Newark-Bridgeport, NY-NJ-CT-PA CSA; Miami-Fort Lauderdale-Pompano Beach, FL Metro Area; Washington-Baltimore-Northern Virginia, DC-MD-VA-WV CSA; and San Jose-San Francisco-Oakland, CA CSA. Together, these regions had 2,344,399 minority-owned businesses, representing 40.7 percent of all minority firms in the United States (Table 8).

The data also suggest that:

- Hispanic firms were concentrated in the Miami-Fort Lauderdale-Pompano Beach, FL Metro area (28.3 percent), the Los Angeles-Long Beach-Riverside, CA CSA (15.9 percent), and New York-Newark-Bridgeport, NY-NJ-CT-PA CSA (11.4 percent).
- Asian firms were concentrated in the Los Angeles-Long Beach-Riverside, CA CSA (18.2 percent), the New York-Newark-Bridgeport, NY-NJ-CT-PA CSA (16.3 percent), and the San Jose-San Francisco-Oakland, CA CSA (9.2 percent).

- African American firms were concentrated in the New York-Newark-Bridgeport, NY-NJ-CT-PA CSA (13 percent), Washington-Baltimore-Northern Virginia, DC-MD-VA-WV CSA (7.1 percent), and Atlanta-Sandy Springs-Gainesville, GA-AL CSA (6.8 percent).
- The largest number of American Indian and Alaska Native firms was in the Los Angeles-Long Beach-Riverside, CA CSA (10.4 percent), the New York-Newark-Bridgeport, NY-NJ-CT-PA CSA (6.2 percent), and the San Jose-San Francisco-Oakland, CA CSA (3.1 percent).
- Native Hawaiian and Other Pacific Islander firms were concentrated in the Honolulu, HI Metro Area CSA (17.8 percent), the Los Angeles-Long Beach-Riverside, CA CSA (12.4 percent), and the San Jose-San Francisco-Oakland, CA CSA (6.4 percent).

According to the data in Table 8, Asian and Hispanic firms were heavily represented in their respective top five CSAs. For Hispanic firms, the Dallas-Fort Worth, Texas CSA replaced San Jose-San Francisco-Oakland, CA CSA among the top five CSAs for firms operating in 2007 compared to those operating in 2002.

26 Combined Statistical Areas are combinations of adjacent Metropolitan and/or Micropolitan Statistical Areas that retain their own designations as Metropolitan or Micropolitan Statistical Areas within the larger area. For a more complete description of CSAs and MSAs, see http://www.census.gov/geo/reference/gtc/gtc_cbsa.html.

27 Miami-Fort Lauderdale-Pompano Beach, FL and Honolulu, HI are Metropolitan Statistical Areas (MSA), not CSAs. Due to the number of firms in these MSAs, we can assume that they would have been ranked at, or near, the top of the CSAs, based on combining.

Table 8: Top Five Combined Statistical Areas (CSA) for Minority Firm (Employer and Non-Employer) Concentration, 2007

CSA Ranking	CSA	Number of Firms	Percentage of Firms in Minority Group
All Minority			
1	Los Angeles-Long Beach-Riverside, CA CSA	727,374	12.6%
2	New York-Newark-Bridgeport, NY-NJ-CT-PA CSA	690,970	12.0%
3	Miami-Fort Lauderdale-Pompano Beach, FL Metro Area	428,457	7.4%
4	Washington-Baltimore-Northern Virginia, DC-MD-VA-WV CSA	257,137	4.5%
5	San Jose-San Francisco-Oakland, CA CSA	240,461	4.2%
	Total	2,344,399	40.7%
African American			
1	New York-Newark-Bridgeport, NY-NJ-CT-PA CSA	249,796	13.0%
2	Washington-Baltimore-Northern Virginia, DC-MD-VA-WV CSA	135,684	7.1%
3	Atlanta-Sandy Springs-Gainesville, GA-AL CSA	130,940	6.8%
4	Chicago-Naperville-Michigan City, IL-IN-WI CSA	102,722	5.3%
5	Miami-Fort Lauderdale-Pompano Beach, FL Metro Area	99,595	5.2%
	Total	718,737	37.4%
American Indian and Alaska Native			
1	Los Angeles-Long Beach-Riverside, CA CSA	24,500	10.4%
2	New York-Newark-Bridgeport, NY-NJ-CT-PA CSA	14,626	6.2%
3	San Jose-San Francisco-Oakland, CA CSA	7,348	3.1%
4	Tulsa-Bartlesville, OK CSA	6,364	2.7%
5	Oklahoma City-Shawnee, OK CSA	5,375	2.3%
	Total	58,213	24.6%
Asian			
1	Los Angeles-Long Beach-Riverside, CA CSA	282,467	18.2%
2	New York-Newark-Bridgeport, NY-NJ-CT-PA CSA	252,394	16.3%
3	San Jose-San Francisco-Oakland, CA CSA	142,838	9.2%
4	Washington-Baltimore-Northern Virginia, DC-MD-VA-WV CSA	70,273	4.5%
5	Chicago-Naperville-Michigan City, IL-IN-WI CSA	54,940	3.5%
	Total	802,912	51.8%
Hispanic			
1	Miami-Fort Lauderdale-Pompano Beach, FL Metro Area	320,083	28.3%
2	Los Angeles-Long Beach-Riverside, CA CSA	359,773	15.9%
3	New York-Newark-Bridgeport, NY-NJ-CT-PA CSA	258,430	11.4%
4	Houston-Baytown-Huntsville, TX CSA	105,064	4.6%
5	Dallas-Fort Worth, TX CSA	71,055	3.1%
	Total	1,114,405	63.5%
Native Hawaiian and Other Pacific Islander			
1	Honolulu, HI Metro Area	6,721	17.8%
2	Los Angeles-Long Beach-Riverside, CA CSA	4,672	12.4%
3	San Jose-San Francisco-Oakland, CA CSA	2,311	6.1%
4	New York-Newark-Bridgeport, NY-NJ-CT-PA CSA	2,068	5.5%
5	Seattle-Tacoma-Olympia, WA CSA	998	2.6%
	Total	16,770	44.5%

Source: Statistics for All U.S. Firms by Industry, Gender, Ethnicity, and Race for the U.S., States, Metro Areas, Counties, and Places, 2007.

INDUSTRY PICTURE

The 2007 SBO data also showed that minority-owned firms are represented in all 19 industry sectors designated by the North American Classification System (NACS) (Table 9). The industry sectors in which minority-owned firms were most concentrated, however, differed from those of nonminority firms.

In 2007, minority-owned firms were most heavily concentrated in the category of “other services”²⁸ that combines a series of industries not necessarily related to one another: health care and social assistance. Most minority-owned firms were distributed in the following industry sectors: other services (16.9 percent); health care and social assistance (13.1 percent); administrative and support and waste management and remediation services (10.5 percent); professional, scientific, and technical services (10 percent); and construction (9.6 percent).

The rankings of concentration in nonminority firms differed from those of minorities. Nonminority firms were most heavily concentrated in: professional, scientific, and technical services (14.1 percent); construction (12.8 percent); other services (11.7 percent); retail trade (10 percent); and real estate and rental and leasing (9.3 percent) (See Figure 8).

Among minority groups, five industry sectors were most represented, but the rankings differed among minority sub-groups (See Table 9).

- African American firms had the highest concentration in health care and social assistance (19 percent); followed by other services (18.7 percent); administrative and support and waste management and remediation services (11.3 percent); transportation and warehousing (8.8 percent); and professional, scientific, and technical services (8.5 percent). Transportation and warehousing ranked fourth in 2007, replacing the 2002 fourth ranked industry, retail trade.

- For American Indian and Alaska Native firms, most firms were in construction (15.9 percent); followed by other services (14.6 percent); health care and social assistance (10.6 percent); professional, scientific, and technical services (10.1 percent); administrative and support; waste management and remediation services (9.6 percent). In 2007, administrative and support and waste management and remediation services (10.5 percent) replaced retail trade which ranked fifth in 2002.
- Asian firms were concentrated in other services (18.6 percent); professional, scientific, and technical services (13.8 percent); retail trade (12.3 percent); health care and social assistance (10.6 percent); and accommodation and food services (8.6 percent). The 2007 rankings remained the same as those in 2002.
- Hispanic firms had their highest concentrations in construction (15.1 percent) and other services (14.9 percent). These industries were followed by administrative and support and waste management and remediation services (13.9 percent); health care and social assistance (10.4 percent); and transportation and warehousing (8.9 percent). Fifth ranked transportation and warehousing replaced retail trade which was fifth in 2002.
- For Native Hawaiian and Other Pacific Islander firms, the concentration of firms was highest in other services (14 percent) and construction (13.2 percent). These industry sectors were followed by: retail trade (10.3 percent); health care and social assistance (9.9 percent); and professional, scientific, and technical services (9.6 percent). Compared to 2002, administrative support real estate, and rental and leasing dropped out of the top five, and were replaced in 2007 by other services and health care and social assistance.

Figures 7 and 8 illustrate the breakdown and distribution of MBEs by industry sector.

²⁸ The category “other services” includes establishments not provided for elsewhere in the classification system that are engaged in activities such as equipment and machinery repairing, promoting religious activities, grant-making, advocacy, providing dry-cleaning and laundry services, personal care services, and dating services. It does not include public administration.

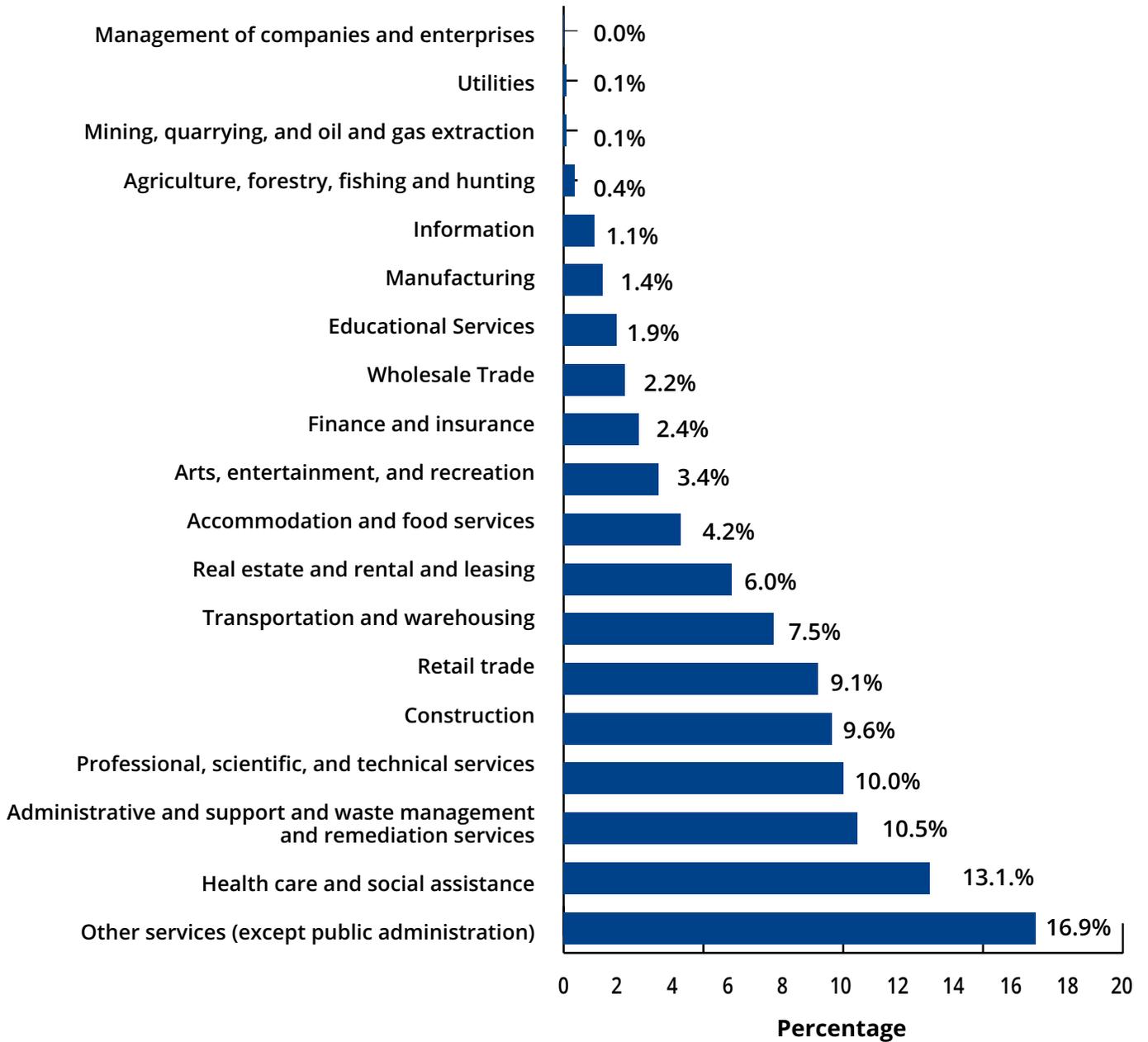
Table 9: Top Five Industry Sectors for Minority Firm (Employer and Non-Employer) Concentration, 2007

Industry Sector Ranking	Industry Sector	Number of Firms	Percentage of Firms in Minority Group
All Minority			
1	Other services (except public administration)#	972,980	16.9%
2	Health care and social assistance	754,919	13.1%
3	Administrative and support and waste management and remediation services	606,667	10.5%
4	Professional, scientific, and technical services	575,857	10.0%
5	Construction	551,209	9.6%
	Total	3,461,632	60.1%
African American			
1	Health care and social assistance	365,140	19.0%
2	Other services (except public administration)#	358,443	18.7%
3	Administrative and support and waste management and remediation services	216,763	11.3%
4	Transportation and warehousing	168,386	8.8%
5	Professional, scientific, and technical services	163,761	8.5%
	Total	1,272,493	66.2%
American Indian and Alaska Native			
1	Construction	37,693	15.9%
2	Other services (except public administration)#	34,545	14.6%
3	Health care and social assistance	25,112	10.6%
4	Professional, scientific, and technical services	23,886	10.1%
5	Administrative and support and waste management and remediation services	22,714	9.6%
	Total	143,950	60.8%
Asian			
1	Other services (except public administration)#	287,831	18.6%
2	Professional, scientific, and technical services	213,705	13.8%
3	Retail trade	190,830	12.3%
4	Health care and social assistance	164,224	10.6%
5	Accommodation and food services	133,729	8.6%
	Total	990,319	63.9%
Hispanic			
1	Construction	340,770	15.1%
2	Other services (except public administration)#	337,637	14.9%
3	Administrative and support and waste management and remediation services	313,313	13.9%
4	Health care and social assistance	234,824	10.4%
5	Transportation and warehousing	200,567	8.9%
	Total	1,427,111	63.1%
Native Hawaiian and Other Pacific Islander			
1	Other services (except public administration)#	5,264	14.0%
2	Construction	4,991	13.2%
3	Retail trade	3,880	10.3%
4	Health care and social assistance	3,723	9.9%
5	Professional, scientific, and technical services	3,619	9.6%
	Total	21,477	57.0%

Source: Statistics for All U.S. Firms by Industry, Gender, Ethnicity, and Race for the U.S., States, Metro Areas, Counties, and Places, 2007.

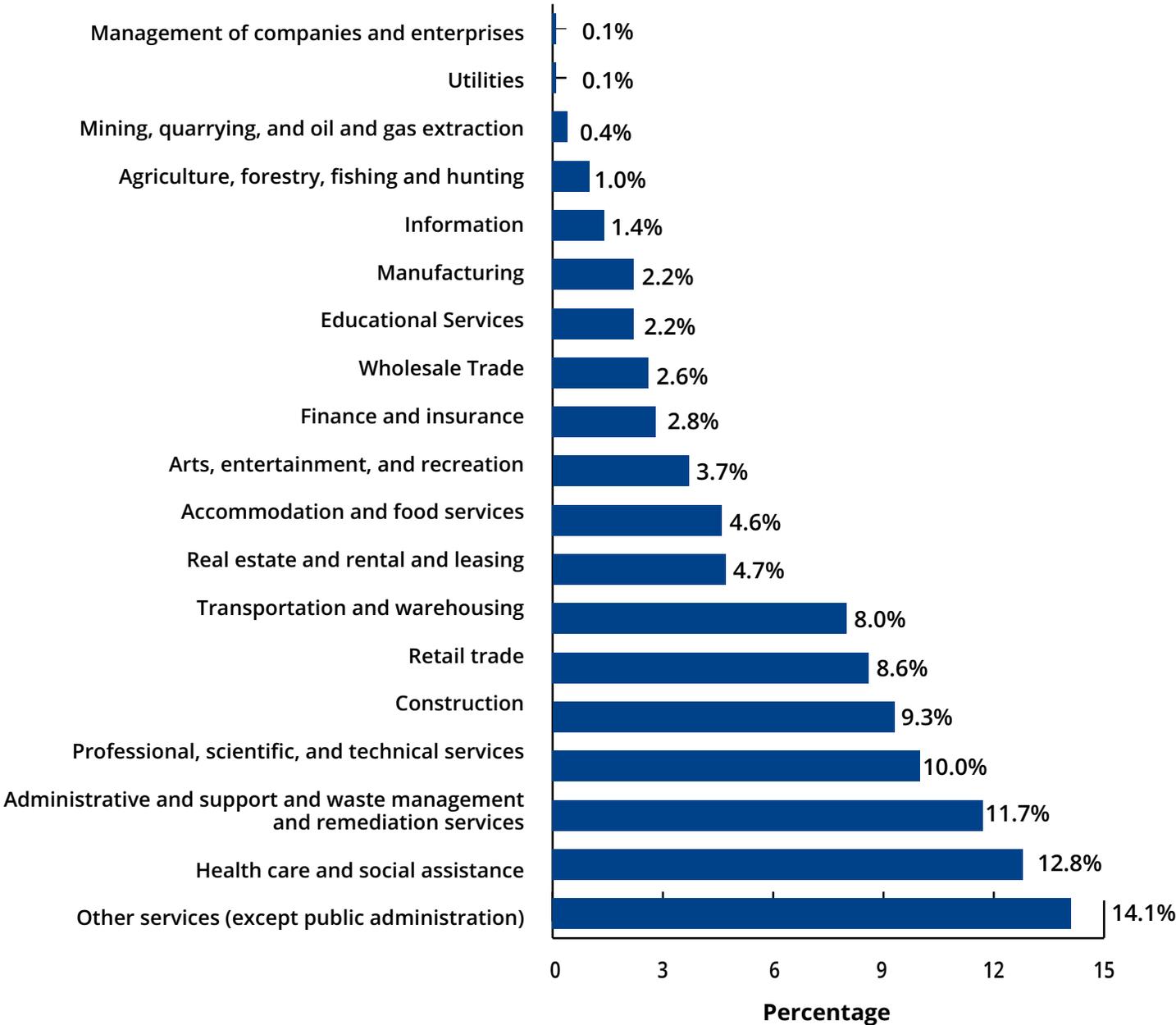
Note: # "Other Services" includes establishments not provided for elsewhere in the classification system that are engaged in activities such as equipment and machinery repairing, promoting religious activities, grant-making, advocacy, providing dry-cleaning and laundry services, personal care services, and dating services. It does not include public administration.

Figure 7: Distribution for Minority-Owned Firms (Employer and Non-Employer) by Industry, 2007



Sources: U.S. Census Bureau Survey of Business Owners (SBO): Geographic Area Series: Economy-Wide Estimates of Business Ownership by Gender, Hispanic or Latino Origin, and Race, 2002; Statistics for All U.S. Firms by Industry, Gender, Ethnicity, and Race for the U.S., States, Metro Areas, Counties, and Places, 2007. RSEs are in Appendix B.

Figure 8: Distribution of Nonminority Firms (Employer and Non-Employer) by Industry, 2007



Sources: U.S. Census Bureau Survey of Business Owners (SBO): Geographic Area Series: Economy-Wide Estimates of Business Ownership by Gender, Hispanic or Latino Origin, and Race, 2002; Statistics for All U.S. Firms by Industry, Gender, Ethnicity, and Race for the U.S., States, Metro Areas, Counties, and Places, 2007. RSEs are in Appendix B.

The State of Minority Business Enterprises

Besides the top five industry sectors in which most minority-owned firms are concentrated, several other industry sectors ranked among the top five for some minority groups as discussed above. African American and Hispanic firms were heavily engaged in transportation and warehousing, while retail trade was ranked high for Asian firms and Native Hawaiian and Other Pacific Islander firms. Asian-owned firms also leaned more towards accommodation and food services industries (8.6 percent). Tables 10 and 11 illustrate how minority-owned firms fared by industry sector in the number and distribution.

Table 10: Number of Firms (Employer and Non-Employer) by Industry Sector, 2007

Industry	Non-minority	Minority	African American	American Indian and Alaska Native	Asian	Hispanic	Native Hawaiian and Other Pacific Islander
Total for all sectors	20,535,651	5,759,209	1,921,864	236,691	1,549,559	2,260,269	37,687
Agriculture, forestry, fishing and hunting	230,324	24,420	4,347	5,026	5,125	10,201	S
Mining, quarrying, and oil and gas extraction	112,197	4,757	S	814	913	2,328	**31
Utilities	15,613	3,684	1,316	248	474	1,866	6
Construction	2,801,960	551,209	125,818	37,693	70,722	340,770	4,991
Manufacturing	501,340	81,949	16,041	4,985	26,375	36,619	623
Wholesale trade	564,280	126,845	19,384	4,810	60,458	43,971	631
Retail trade	2,092,957	525,859	148,181	19,776	190,830	186,417	3,880
Transportation and warehousing	800,148	432,204	168,386	12,916	74,117	200,567	2,274
Information	300,182	63,789	23,442	3,002	17,428	21,435	414
Finance and insurance	824,119	137,969	42,100	4,573	42,099	51,715	1,030
Real estate and rental and leasing	2,101,589	345,806	92,655	12,410	116,035	130,365	2,528
Professional, scientific, and technical services	3,139,979	575,857	163,761	23,886	213,705	185,420	3,619
Management of companies and enterprises	14,079	963	196	31	441	282	**13
Administrative and support and waste management and remediation services	1,484,238	606,667	216,763	22,714	75,485	313,313	3,542
Educational services	456,910	111,860	47,727	5,193	29,515	33,144	614
Health care and social assistance	1,505,794	754,919	365,140	25,112	164,224	234,824	3,723
Arts, entertainment, and recreation	1,000,423	196,639	86,357	13,506	40,220	63,918	2,625
Accommodation and food services	499,375	241,031	40,959	5,385	133,729	65,602	1,316
Other services (except public administration)	2,113,414	972,980	358,443	34,545	287,831	337,637	5,264
Industries not classified	8,273	1,534	487	132	613	425	S

Source: Statistics for All U.S. Firms by Industry, Gender, Ethnicity, and Race for the U.S., States, Metro Areas, Counties, and Places, 2007. Note: "S" indicates data was suppressed by Census. The ** indicates that the values are not significantly different from zero at the 90 percent confidence interval. RSEs are in Appendix B.

Average Gross Receipts

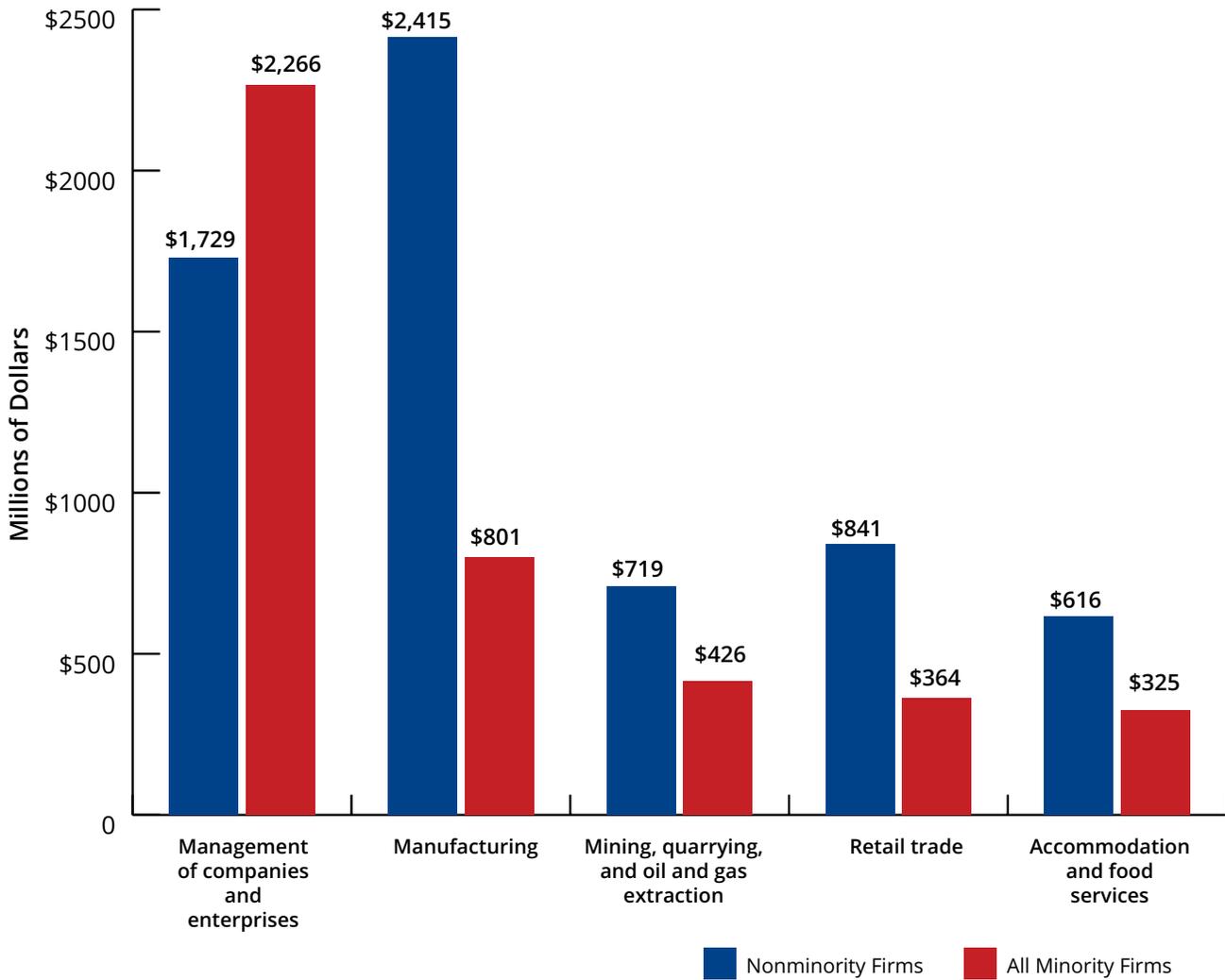
Minority-owned firms generated the largest average gross receipts in the following six industries: management of companies and enterprises; manufacturing; mining, quarrying, and oil and gas extraction; retail trade; wholesale trade; and accommodations and food services. With the exception of wholesale trade for which data was not available,²⁹ nonminority-owned firms had the highest average receipts in the same industries as minority-owned firms. As previously stated, the average gross receipts for all minority-owned firms was \$177,941 per firm, compared to \$483,289 for nonminority firms, making the average gross receipts for nonminority firms 2.7 times greater than that of minority-owned firms. Average gross receipts for minority-owned firms by industry sector were also lower compared to those of nonminority firms with the exception of the management and enterprises industry sectors. For firms operating in 2007, minority-owned firms had greater average gross receipts in the management of companies and enterprises sector (\$2.3 million) compared to nonminority-owned firms (\$1.8 million). The difference between the two groups of firms in this industry widened from that in 2002, when the average gross receipts for nonminority firms was \$1.1 million and, for minority firms, \$1.3 million.³⁰

Minority-owned firms in the management of companies and enterprises industry sector also had the largest average gross receipts compared to any other industry sector, followed by manufacturing with average gross receipts of \$801,000. Among nonminority firms, the industry sector with the highest average sales was manufacturing with \$2.4 million - three times that of minority firms. Average gross receipts for both minority-owned and nonminority firms were much smaller for mining, quarrying and oil and gas extraction; retail trade; and accommodations and food services; however, the difference between the two groups was significantly large with minority-owned firms generating fewer gross receipts on average (Figure 9).

29 The nonminority values of wholesale trade average gross receipts and number of firms were not disclosed by Census for 2007. Nonminority average gross receipts for wholesale trade may also be among the larger industries. Gross receipts in wholesale trade for minority-owned firms were \$1.7 million.

30 U.S. Department of Commerce, Minority Business Development Agency, *The State of Minority Business Enterprises: An Overview of the 2002 Survey of Business Owners*. Washington, D.C., August 2006.

Figure 9: Industries with the Highest Average Gross Receipts for Minority Firms and Nonminority Firms (Employer and Non-Employer), 2007



Sources: U.S. Census Bureau Survey of Business Owners (SBO): Geographic Area Series: Economy-Wide Estimates of Business Ownership by Gender, Hispanic or Latino Origin, and Race, 2002; Statistics for All U.S. Firms by Industry, Gender, Ethnicity, and Race for the U.S., States, Metro Areas, Counties, and Places, 2007. *Note:* Wholesale receipts per minority firm were \$1,700 thousand in 2007 but were not available for nonminority firms.

MBDA Strategic Growth Initiative (SGI) Firms and Non-SGI Firms

This last section of the report assesses the importance of firm size and analyzes their growth by the number of firms, gross receipts, average gross receipts and number of paid employees. Both employer and non-employer firms are included in the analysis.

Minority businesses were divided into two groups: those that generated \$500,000 or more in annual gross receipts, and those that generated less than \$500,000 in annual gross receipts. Under the MBDA Strategic Growth Initiative (SGI), minority-owned companies with sales of \$500,000 or more are considered to have high potential for growth in the future.³¹ These firms are more likely to be employer firms (firms with employees), and may be in the technology sector or other high growth industries such as advanced manufacturing, renewable energy, and health care among other industry sectors.

Non-SGI firms are defined as minority-owned companies, with annual gross receipts less than \$500,000. These firms are generally small, with few or no employees, other than the entrepreneur who started the firm. An example of a non-SGI firm would be a lifestyle company started by a sole proprietor.

In 2007, there were 276,441 SGI firms compared to 194,552 in 2002. These firms generated \$793.7 billion in gross receipts (\$498.5 billion in 2002), and employed 4.4 million workers (3.4 million in 2002). SGI firms accounted for 12.5 percent of all classifiable firms, grossing \$500,000 or more, and employed 9.1 percent of all workers paid by those larger classifiable firms. Non-SGI firms accounted for 5.5 million firms, grossed about \$231.1 billion in receipts, and employed 1.4 million workers. Figure 10 offers a comparison of SGI and non-SGI firms.

Growth in Number of Firms

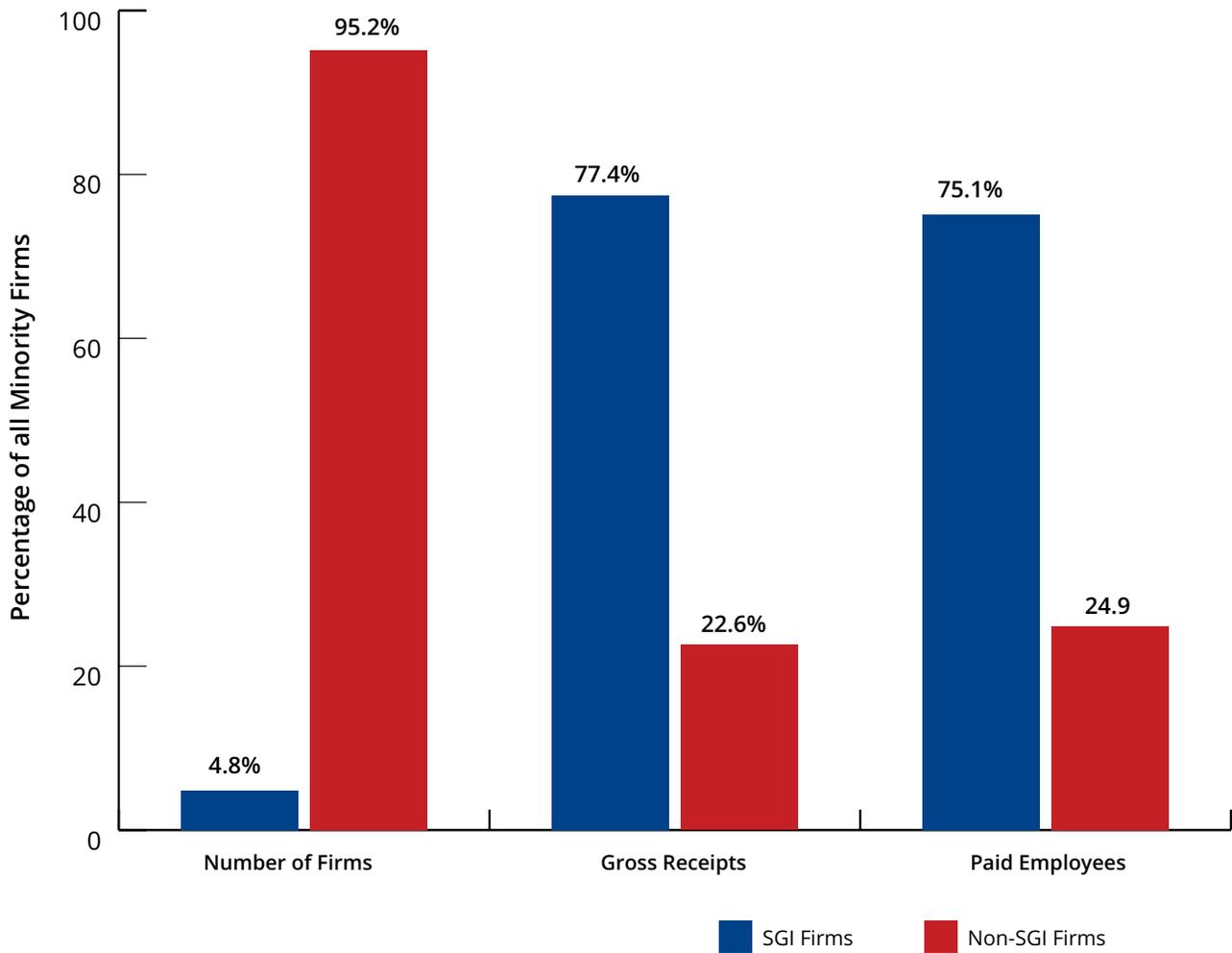
SGI firms grew considerably faster than nonminority firms in the same size category. The number of SGI firms increased 42.1 percent between 2002 and 2007, while nonminority firms with receipts of \$500,000 or greater grew 9.8 percent (Figure 11).

The number of non-SGI firms also grew at a faster rate of 40.2 percent, than did nonminority firms with sales less than \$500,000, which increased 12 percent, during this period. As Figure 10 reveals, non-SGI firms represented 95.2 percent of all minority firms in 2007.

31 Based, in part, on the SBO 2002 data, MBDA launched the Strategic Growth Initiative (SGI) which focuses on minority-owned firms with gross receipts greater than \$500,000. These firms are considered to have a larger impact on the economy for which special focus is needed. The data revealed that minority firms

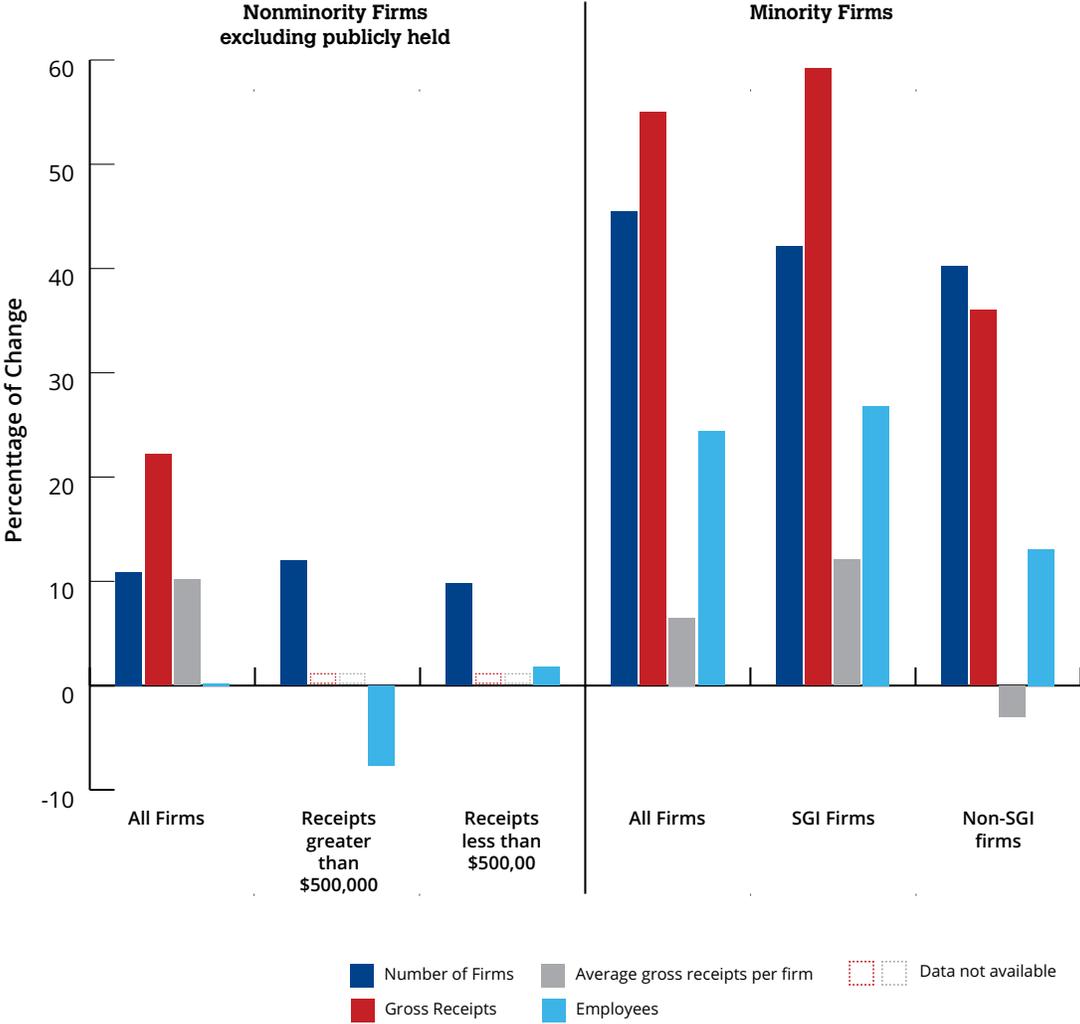
with annual receipts of \$500,000 or more generated a much larger percentage of all minority revenues and paid employees compared to minority firms with annual gross receipts under \$500,000.

Figure 10: SGI and Non-SGI Firms as a Percentage of All Minority Firms, 2007



Source: Statistics for All U.S. Firms by Number of Owners by Receipts Size of Firm, Gender, Ethnicity, Race, and Veteran Status for the U.S., 2007.
Note: Data for number of firms and gross receipts are for both employer and non-employer firms; data for employment is for employee firms.

Figure 11: Change in the Number of Firms, Gross Receipts and Paid Employment for All Minority and All Nonminority Firms, 2002-2007



	Nonminority Firms excluding publicly held			Minority Firms		
	All Firms	Receipts Greater than \$500,000	Receipts Less than \$500,000	All Firms	SGI Firms	Non-SGI Firms
Number of Firms	10.9%	12.0%	9.8%	45.5%	42.1%	40.2%
Gross Receipts	22.2%	n/a	n/a	55.0%	59.2%	36.0%
Average Gross Receipts per Firm	10.2%	n/a	n/a	6.5%	12.1%	-3.0%
Employees	0.2%	-7.7%	1.8%	24.4%	26.8%	13.1%

Source: Survey of Business Owners (SBO): Company Statistics Series: Statistics for All U.S. Firms by Kind of Business, Receipts Size of Firm, Hispanic or Latino Origin, and Race, 2002. Note: Data for number of firms and gross receipts are for both employer and non-employer firms; data for employment is for employee firms. N/A indicates that data was not available.

Growth in Gross Receipts

As discussed previously, gross receipts of all minority firms increased 55 percent between 2002 and 2007, more than double the 22.2 percent of all nonminority-owned firms. Growth in gross receipts of SGI firms was also faster at 59.2 percent compared to non-SGI firms at 36.0 percent. Data for nonminority firms by size of receipts were unavailable for comparison.³² (Figure 11)

Average Gross Receipts

In 2007, the average gross receipts of SGI businesses were smaller than that of nonminority firms with sales of \$500,000 or more. SGI firms had \$2.9 million in average sales, while nonminority firms of the same size had average sales of \$4.6 million. SGI average gross receipts represented 63 percent of nonminority firms with \$500,000 or more in gross receipts. Average gross sales of non-SGI firms were \$42,000 in 2007, compared to \$58,000 for nonminority firms with less than \$500,000 in sales, or 72 percent of nonminority average gross sales.

Growth in Paid Employees

Minority-owned firms continued to demonstrate a robust growth of employment compared to their nonminority counterparts regardless of firm size. Between 2002 and 2007, SGI firms out performed nonminority firms of the same size in growth of paid employees. During the same period, non-SGI firms increased their number of workers by 13.1 percent between 2002 and 2007. Nonminority firms with sales less than \$500,000 added only 1.8 percent to their employment.

³² 2002 Survey of Business Owners data for publicly held firms operating in 2002 in various size categories was suppressed by the U.S. Census Bureau to meet publication standards and, therefore not available for which the number of smaller nonminority firms cannot be derived.

CONCLUSIONS

The number of minority-owned enterprises grew at a much faster pace than their gross receipts, average gross sales, or paid employment between 2002 and 2007. The data also demonstrate that minority-owned firms outperformed the growth of nonminority-owned firms in all four measures during the same period.

Gross receipts and average sales of minority-owned firms remained lower than those of nonminority firms. While minority-owned businesses narrowed the gap in entrepreneurial parity in terms of numbers between 2002 and 2007, the gap widened slightly for paid employment and gross receipts. MBEs have yet to close the parity gap in terms of number of firms, gross receipts and paid employment when compared to their share of the adult population in the U.S., which was 31.5 percent in 2007.

Minority-owned employer firms continued to be an engine of job opportunities between 2002 and 2007, despite a lack of parity. As the data indicates, minority-owned firms contributed to the U.S. economy with positive growth in employment regardless of firm size, while nonminority-owned firms experienced a decline in employment among their larger firms, along with a very modest increase in employees among their smaller firms. The increase in employment for minority firms was 24.4 percent, compared to just 0.2 percent for nonminority firms between 2002 and 2007. Among larger firms, employment at SGI minority firms grew by 26.8 percent compared to a decline of 7.7 percent for nonminority firms of the same size during the same period.

The data in this report indicate that advancing the economic and financial performance of minority-owned

businesses remains an important national priority. The state of minority businesses in 2007, especially their upward growth, demonstrates the critical importance of expanding opportunities for these firms. Government agencies, educational institutions and the private sector must collaborate on solutions that effectively enable MBEs to be successful, while addressing barriers that include disparities in access to capital and particular characteristics, such as household net income, educational attainment and social networks, confronting these business owners.

The Minority Business Development Agency (MBDA) has expanded existing programs and developed new ones in support of the growth and global competitiveness of minority-owned businesses. These programs address the specific needs of MBEs, and take into account the changing environment in which minority businesses operate. MBDA continues to strengthen and develop new partnerships with government agencies, corporations, non-profit organizations and educational institutions to support minority business growth.

The data in this report substantiates MBDA's core strategy to build MBEs of size and scale, increasing average gross receipts, thereby enabling these firms to hire workers and, in turn, build more sustainable communities, cities and states. Moving forward, research that builds upon the state of minority businesses could explore more opportunities to help these firms enhance capacities, increase access to capital, and strive towards greater economic parity.

APPENDIX A: Research Methodology

Definitions

The data in this report analyzed business measures for all firms (employer firms and non-employer firms) from the U.S. Census Bureau's *2007 Survey of Business Owners* (2007 SBO) and the *2002 Survey of Business Owners* (2002 SBO). This report also uses estimates from the U.S. Census Bureau's Population Estimates Program (July 2013) to determine total population and minority population by state.

Minority-Owned Firms

For this report, the definition of "minority-owned firm" was extracted from the 2002 and 2007 SBO. The U.S. Census Bureau tabulates the data to show totals for all minority firms, as well as values for each racial/ethnic group. These totals, however, do not equal the sum of the values for each racial/ethnic group because survey reporters can select more than one racial/ethnic category. In 2007, in particular and in accordance with the Office of Management and Budget (OMB) guidelines, each business owner/survey respondent had the option of selecting more than one race; therefore, businesses could be tabulated in more than one racial group. Thus, owners that reported more than one race may be counted more than once in this report.

Nonminority-Owned Firms

In this report, nonminority firms are defined as all firms minus those that are publicly held, not-for-profit, or foreign-owned firms. The variable for nonminority firms also does not include minority firms. Our definition differs from the U.S. Census Bureau's definition of nonminority firms. In their case, the nonminority definition excludes firms which are owned equally by minority and nonminority owners. The definition used in this report, however, includes firms owned equally by minority and nonminority owners in the nonminority totals, and is consistent with definitions used in the prior MBDA report, *The State of Minority Business Enterprises, An Overview of the 2002 Survey of Business Owners*. However, the U.S. Census did not publish data on nonminority firms in their 2002 SBO.

Minority Population

Minority population is calculated from the U.S. Census Bureau Population estimates as total population less non-Hispanic white alone (i.e. single race) population. The racial classification used in this report adheres to Office of Management and Budget (OMB), Statistical Directive No.15: "*Race and Ethnic Standards for Federal Agencies and Administrative Reporting*," Federal Register 43:19269-19270, May 4, 1978. New standards were adopted by OMB in October 1997 and were implemented by all federal agencies on January 1, 2003. The categories are American Indian and Alaska Native, Asian, Black or African American, Native Hawaiian or Other Pacific Islander, and White. There are also two categories for data on ethnicity: "Hispanic or Latino" and "Not Hispanic or Latino." MBDA adheres to the U.S. Census definition of nonminority, single race Non-Hispanic White.

Reliability of Estimates³³

The values in this report are, in part, estimated from a sample, and will differ from the figures that would have been obtained from a complete census. Two types of possible errors are associated with estimates based on data from sample surveys: sampling errors and non-sampling errors. The accuracy of a survey result depends not only on the sampling errors and non-sampling errors measured, but also on the non-sampling errors not explicitly measured. For particular estimates, the total error may exceed the measured error. The following is a description of the sampling and non-sampling errors associated with this tabulation.

Sampling variability. The particular sample used for this survey is one of a large number of all possible samples of the same size that could have been selected using the same sample design. Estimates derived from the different samples would differ from each other. The relative standard error (RSE) and standard error are measures of the

³³ From *Methodology - 2007 Survey of Business Owners*, available at <http://www.census.gov/econ/sbo/methodology.html>.

variability among the estimates from *all possible* samples. The estimated relative standard errors and estimated standard errors presented in the tables reflect the sampling variability, and thus measure the precision with which an estimate from the particular sample selected for this survey approximates the average result of all possible samples. Relative standard errors and standard errors are applicable only to those published cells in which sample cases are tabulated. A relative standard error is an expression of the standard error as a percent of the quantity being estimated.

The sample estimate and an estimate of its relative standard error can be used to estimate the standard error and then construct interval estimates with a prescribed level of confidence that the interval includes the average results of all samples. To illustrate, if all possible samples were surveyed under essentially the same condition, and estimates calculated from each sample, then:

1. Approximately 68 percent of the intervals from one standard error below the estimate to one standard error above the estimate would include the average value of all possible samples.
2. Approximately 90 percent of the intervals from 1.6 standard errors below the estimate to 1.6 standard errors above the estimate would include the average value of all possible samples.

Thus, for a particular sample, one can say with specified confidence that the average of all possible samples is included in the constructed interval.

Example of a confidence interval. Suppose the estimate is 51,707 and the estimated relative standard error is 2 percent. The standard error is then 2 percent of 51,707 or 1,034. An approximate 90 percent confidence interval is found by first multiplying the standard error by 1.6 and then adding and subtracting that result from the estimate to obtain the upper and lower bounds. Since $1.6 \times 1,034 = 1,654$, the confidence interval in this example is 51,707 + or - 1,654 or the range 50,053 to 53,361.

For the *Characteristics of Businesses and Characteristics of Business Owners* datasets, some data are expressed as percentages with standard errors rather than relative standard errors as indicated above. Construction of the confidence interval is illustrated by the following example.

Example of a confidence interval for percentage data.

Suppose the estimate is 76.9 and the estimated standard error is 0.4 percent. An approximate 90 percent confidence interval is found by first multiplying the standard error by 1.6 and then adding and subtracting that result from the estimate to obtain the upper and lower bounds. Since $1.6 \times 0.4 = 0.64$, the confidence interval in this example is 76.9 + or - 0.64 or the range 76.26 to 77.54.

Non-sampling errors. All surveys and censuses are subject to non-sampling errors. Non-sampling errors are attributable to many sources, including the inability to obtain information for all cases in the universe, imputation for missing data, data errors and biases, mistakes in recording or keying data, errors in collection or processing and coverage problems.

While explicit measures of the effects of these non-sampling errors are not available, adjustments are made to the published relative standard errors to account for error associated with imputation of missing data. It is believed that most of the important operational and data errors were detected and corrected through an automated data edit designed to review the data for reasonableness and consistency. Quality control techniques were used to verify that operating procedures were carried out as specified.

Unpublished estimates. Some unpublished estimates can be derived directly from datasets by subtracting published estimates from their respective totals. However, the estimates obtained by such subtraction would be subject to poor response, high sampling variability, or other factors that may make them potentially misleading.

This Report. All of the data comparisons in this report, except where noted, are significant at the 90 percent confidence interval. Where data was computed from U.S. Census data and the standard error was not available, the standard error was estimated as the square root of the sum each of the standard error times the estimate squared. The 2002 standard errors were not available for total minority estimates. The standard error for total nonminority is estimated as the square root of the standard error for white firms (times) the number of white firms (squared) (plus) the standard error for Hispanic firms times the number of Hispanic firms squared. When testing comparisons between total minority and nonminority estimates, the Census standard error for total nonminority was used as a

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proxy for the standard error of this report's computed value for total nonminority.

The U.S. Census Bureau population statistics used in this report did not include measures of standard error; therefore no tests for significance could be made for these data. For information on the reliability of individual minority group estimates and their relative standard errors, please visit the U.S. Census Bureau website at www.census.gov/econ/sbo/.

A detail of the RSE for select tables is included in Appendix B. The standard error was not available where data was calculated from U.S. Census data rather than taken from Census reports; these areas are marked "NA."

APPENDIX B: Relative Standard Error Tables

Table A: Relative Standard Error (percent) for Number of All Firms, Receipts of All Firms for Table 1

Group	Year	RSE of Estimate (percent) for Number of Firms	RSE of Estimate (percent) for Annual Gross Receipts
African American	2007	0	3
	2002	1	1
American Indian and Alaska Native	2007	1	3
	2002	2	6
Asian	2007	0	1
	2002	0	2
Hispanic	2007	0	2
	2002	0	3
Native Hawaiian and Other Pacific Islander	2007	4	6
	2002	6	5
Total Minority	2007	0	1
	2002	NA	NA
Nonminority	2007	0	0
	2002	NA	NA
Publicly Held and Other Firms	2007	0	0
	2002	0	0
All Firms	2007	0	0
	2002	0	0

Table B: Relative Standard Error (percent) for Number of Employer Firms, Receipts of Employer Firms for Table 2

Group	Year	RSE of Estimate (percent) for Number of Firms	RSE of Estimate (percent) for Annual Gross Receipts
African American	2007	1	3
	2002	1	1
American Indian and Alaska Native	2007	2	4
	2002	2	4
Asian	2007	0	1
	2002	1	2
Hispanic	2007	1	2
	2002	1	3
Native Hawaiian and Other Pacific Islander	2007	6	7
	2002	7	10
Total Minority	2007	0	1
	2002	0	1
Nonminority	2007	0	0
	2002	NA	NA
Publicly Held and Other Firms	2007	0	0
	2002	0	0
All Firms	2007	0	0
	2002	0	0

Table C: Relative Standard Error (percent) for Top Five States for Minority Firms by Minority Group, 2007 for Table 4

State Ranking	State	RSE of Estimate (percent) for Number of Firms
All Minority		
1	California	0
2	Texas	0
3	Florida	0
4	New York	1
5	Georgia	1
African American		
1	New York	1
2	Georgia	1
3	Florida	1
4	Texas	1
5	California	1
American Indian and Alaska Native		
1	California	3
2	Oklahoma	5
3	Texas	3
4	New York	6
5	Florida	4
Asian		
1	California	0
2	New York	1
3	Texas	1
4	New Jersey	2
5	Florida	1
Hispanic		
1	California	0
2	Florida	1
3	Texas	0
4	New York	1
5	New Jersey	1
Native Hawaiian and Other Pacific Islander		
1	Hawaii	6
2	California	9
3	New York	10
4	Florida	17
5	Washington	17

Table D: Relative Standard Error (percent) for Share of Minority Firms and Minority Population by State, 2007 for Table 5

State	RSE of Estimate (percent) for Number of Firms
Alabama	2
Alaska	4
Arizona	1
Arkansas	2
California	0
Colorado	2
Connecticut	2
Delaware	2
District of Columbia	2
Florida	0
Georgia	1
Hawaii	1
Idaho	5
Illinois	1
Indiana	1
Iowa	4
Kansas	3
Kentucky	3
Louisiana	1
Maine	8
Maryland	1
Massachusetts	1
Michigan	1
Minnesota	2
Mississippi	1
Missouri	2
Montana	8
Nebraska	4
Nevada	1
New Hampshire	7
New Jersey	1
New Mexico	1
New York	1
North Carolina	1
North Dakota	9
Ohio	1
Oklahoma	3
Oregon	3
Pennsylvania	1
Rhode Island	3
South Carolina	2
South Dakota	9
Tennessee	1
Texas	0
Utah	4
Vermont	11
Virginia	1
Washington	1
West Virginia	8
Wisconsin	1
Wyoming	11

Table E: Relative Standard Error (percent) for Minority Firms by State and Minority Group, 2007 for Table 6

State	RSE of Estimate (percent)					
	Minority	African American	American Indian and Alaska Native	Asian	Hispanic	Native Hawaiian and Other Pacific Islander
Alabama	2	1	8	5	6	33
Alaska	4	8	5	3	1	29
Arizona	1	1	6	2	2	5
Arkansas	2	2	12	7	5	57
California	0	1	3	0	0	9
Colorado	2	4	6	3	2	12
Connecticut	2	3	16	4	4	61
Delaware	2	2	5	6	9	59
District of Columbia	2	2	27	7	6	5
Florida	0	1	4	1	1	17
Georgia	1	1	7	2	2	22
Hawaii	1	7	14	1	7	6
Idaho	5	13	20	8	7	5
Illinois	1	1	8	2	3	14
Indiana	1	1	15	1	6	32
Iowa	4	12	22	5	7	56
Kansas	3	7	6	5	6	5
Kentucky	3	3	24	8	8	43
Louisiana	1	1	14	2	3	62
Maine	8	15	24	13	17	95
Maryland	1	1	11	1	3	24
Massachusetts	1	3	17	2	3	25
Michigan	1	1	5	2	6	22
Minnesota	2	2	6	3	6	5
Mississippi	1	1	23	5	10	29
Missouri	2	2	14	3	2	25
Montana	8	22	9	15	15	5
Nebraska	4	7	28	9	7	0
Nevada	1	3	13	2	3	20
New Hampshire	7	15	5	7	11	32
New Jersey	1	2	7	2	1	28
New Mexico	1	8	6	6	1	33
New York	1	1	6	1	1	10
North Carolina	1	1	7	2	4	27
North Dakota	9	27	17	14	26	42
Ohio	1	2	7	3	4	5
Oklahoma	3	4	5	4	7	33
Oregon	3	8	13	3	4	20
Pennsylvania	1	1	14	2	2	34
Rhode Island	3	6	22	8	3	43
South Carolina	2	2	15	4	4	34
South Dakota	9	34	9	23	16	63
Tennessee	1	2	13	3	4	23
Texas	0	1	3	1	0	13
Utah	4	11	10	5	6	12
Vermont	11	5	38	10	17	5
Virginia	1	1	10	2	2	19
Washington	1	5	9	2	2	17
West Virginia	8	5	5	10	21	30
Wisconsin	1	3	8	4	7	5
Wyoming	11	18	10	21	14	0

Note: "S" indicates data was suppressed by Census

Table F: Relative Standard Error (percent) for Top Five Combined Statistical Areas (CSA) for Minority Firm Concentration, 2007 for Table 8

CSA Ranking	CSA	RSE of Estimate (percent) for Number of Firms
All Minority		
1	Los Angeles-Long Beach-Riverside, CA CSA	0
2	New York-Newark-Bridgeport, NY-NJ-CT-PA CSA	0
3	Miami-Fort Lauderdale-Pompano Beach, FL Metro Area	1
4	Washington-Baltimore-Northern Virginia, DC-MD-VA-WV CSA	1
5	San Jose-San Francisco-Oakland, CA CSA	1
African American		
1	New York-Newark-Bridgeport, NY-NJ-CT-PA CSA	1
2	Washington-Baltimore-Northern Virginia, DC-MD-VA-WV CSA	1
3	Atlanta-Sandy Springs-Gainesville, GA-AL CSA	1
4	Chicago-Naperville-Michigan City, IL-IN-WI CSA	1
5	Miami-Fort Lauderdale-Pompano Beach, FL Metro Area	1
American Indian and Alaska Native		
1	Los Angeles-Long Beach-Riverside, CA CSA	3
2	New York-Newark-Bridgeport, NY-NJ-CT-PA CSA	6
3	San Jose-San Francisco-Oakland, CA CSA	8
4	Tulsa-Bartlesville, OK CSA	6
5	Oklahoma City-Shawnee, OK CSA	10
Asian		
1	Los Angeles-Long Beach-Riverside, CA CSA	1
2	New York-Newark-Bridgeport, NY-NJ-CT-PA CSA	1
3	San Jose-San Francisco-Oakland, CA CSA	1
4	Washington-Baltimore-Northern Virginia, DC-MD-VA-WV CSA	2
5	Chicago-Naperville-Michigan City, IL-IN-WI CSA	2
Hispanic		
1	Miami-Fort Lauderdale-Pompano Beach, FL Metro Area	1
2	Los Angeles-Long Beach-Riverside, CA CSA	1
3	New York-Newark-Bridgeport, NY-NJ-CT-PA CSA	1
4	Houston-Baytown-Huntsville, TX CSA	2
5	Dallas-Fort Worth, TX CSA	2
Native Hawaiian and Other Pacific Islander		
1	Honolulu, HI Metro Area	6
2	Los Angeles-Long Beach-Riverside, CA CSA	13
3	San Jose-San Francisco-Oakland, CA CSA	15
4	New York-Newark-Bridgeport, NY-NJ-CT-PA CSA	13
5	Seattle-Tacoma-Olympia, WA CSA	15

Table G: Relative Standard Error (percent) for Top Five Industry Sectors for Minority Firm Concentration, 2007 for Table 9

Industry Sector Ranking	Industry Sector	RSE of Estimate (percent) for Number of Firms
All Minority		
1	Other services (except public administration)	0
2	Health care and social assistance	0
3	Administrative and support and waste management and remediation services	0
4	Professional, scientific, and technical services	1
5	Construction	0
African American		
1	Health care and social assistance	0
2	Other services (except public administration)	0
3	Administrative and support and waste management and remediation services	1
4	Transportation and warehousing	1
5	Professional, scientific, and technical services	1
American Indian and Alaska Native		
1	Construction	2
2	Other services (except public administration)	3
3	Health care and social assistance	3
4	Professional, scientific, and technical services	3
5	Administrative and support and waste management and remediation services	3
Asian		
1	Other services (except public administration)	0
2	Professional, scientific, and technical services	1
3	Retail trade	1
4	Health care and social assistance	1
5	Accommodation and food services	1
Hispanic		
1	Construction	1
2	Other services (except public administration)	0
3	Administrative and support and waste management and remediation services	1
4	Health care and social assistance	1
5	Transportation and warehousing	0
Native Hawaiian and Other Pacific Islander		
1	Other services (except public administration)	5
2	Construction	8
3	Retail trade	12
4	Health care and social assistance	8
5	Professional, scientific, and technical services	12

Table H: Relative Standard Error (percent) of Distribution for Minority-Owned and All Classifiable Firms by Industry, 2007 for Figure 7 and Figure 8

Industry	RSE of Estimate (percent) for Nonminority Firms	RSE of Estimate (percent) for Minority Firms
Accommodation and food services	1	1
Administrative and support and waste management and remediation services	1	0
Agriculture, forestry, fishing and hunting	2	2
Arts, entertainment, and recreation	1	1
Construction	1	0
Educational services	2	1
Finance and insurance	1	1
Health care and social assistance	1	0
Industries not classified	13	9
Information	1	1
Management of companies and enterprises	2	7
Manufacturing	1	1
Mining, quarrying, and oil and gas extraction	2	8
Other services (except public administration)	1	0
Professional, scientific, and technical services	1	1
Real estate and rental and leasing	1	1
Retail trade	1	1
Transportation and warehousing	1	0
Utilities	6	4
Wholesale trade	2	1
Total for all sectors	0	0

Table I: Relative Standard Error (percent) for Industries with the Highest Average Gross Receipts (thousands) for Minority Firms and All Firms, 2007 for Figure 9

Industry	Number of Firms		Receipts	
	RSE of Estimate (percent) for Nonminority Firms	RSE of Estimate (percent) for Minority Firms	RSE of Estimate (percent) for Nonminority Firms	RSE of Estimate (percent) for Minority Firms
Accommodation and food services	1	1	1	1
Administrative and support and waste management and remediation services	1	0	1	2
Agriculture, forestry, fishing and hunting	2	2	2	6
Arts, entertainment, and recreation	1	1	1	6
Construction	1	0	1	2
Educational services	2	1	2	3
Finance and insurance	1	1	1	4
Health care and social assistance	1	0	1	1
Industries not classified	13	9	11	11
Information	1	1	1	5
Management of companies and enterprises	2	7	2	5
Manufacturing	1	1	1	3
Mining, quarrying, and oil and gas extraction	2	8	2	11
Other services (except public administration)	1	0	1	1
Professional, scientific, and technical services	1	1	1	1
Real estate and rental and leasing	1	1	1	2
Retail trade	1	1	1	2
Transportation and warehousing	1	0	1	2
Utilities	6	4	6	8
Wholesale trade	2	1	2	3
Total for all sectors	0	0	0	1

Table J: Relative Standard Error (percent) for Number of Firms by Industry Sector, 2007 for Table 10

Industry	RSE of Estimate (percent)						
	Nonminority	Minority	Black or African American	American Indian and Alaska Native	Asian	Hispanic	Native Hawaiian and Other Pacific Islander
Total for all sectors	0	0	0	1	5	0	4
Agriculture, forestry, fishing and hunting	0	2	5	7	5	3	5
Mining, quarrying, and oil and gas extraction	1	8	5	23	16	8	97
Utilities	4	4	7	39	21	6	30
Construction	0	0	1	2	1	1	8
Manufacturing	1	1	3	3	3	2	17
Wholesale trade	0	1	2	4	1	2	18
Retail trade	0	1	1	4	1	2	12
Transportation and warehousing	0	0	1	4	1	0	11
Information	1	1	2	6	3	3	19
Finance and insurance	0	1	2	11	2	2	18
Real estate and rental and leasing	0	1	1	6	1	1	12
Professional, scientific, and technical services	0	1	1	3	1	1	12
Management of companies and enterprises	2	7	21	0	14	19	60
Administrative and support and waste management and remediation services	0	0	1	3	1	1	10
Educational services	1	1	1	8	3	3	18
Health care and social assistance	0	0	0	3	1	1	8
Arts, entertainment, and recreation	0	1	1	5	2	2	14
Accommodation and food services	0	1	2	8	1	1	21
Other services (except public administration)	0	0	0	3	0	0	5
Industries not classified	5	9	10	38	19	23	5

Note: "S" indicates data was suppressed by Census

APPENDIX C: Maps

Figure 12: U.S. Map of Minority Firms (Employer and Non-Employer) by State Concentration, 2007

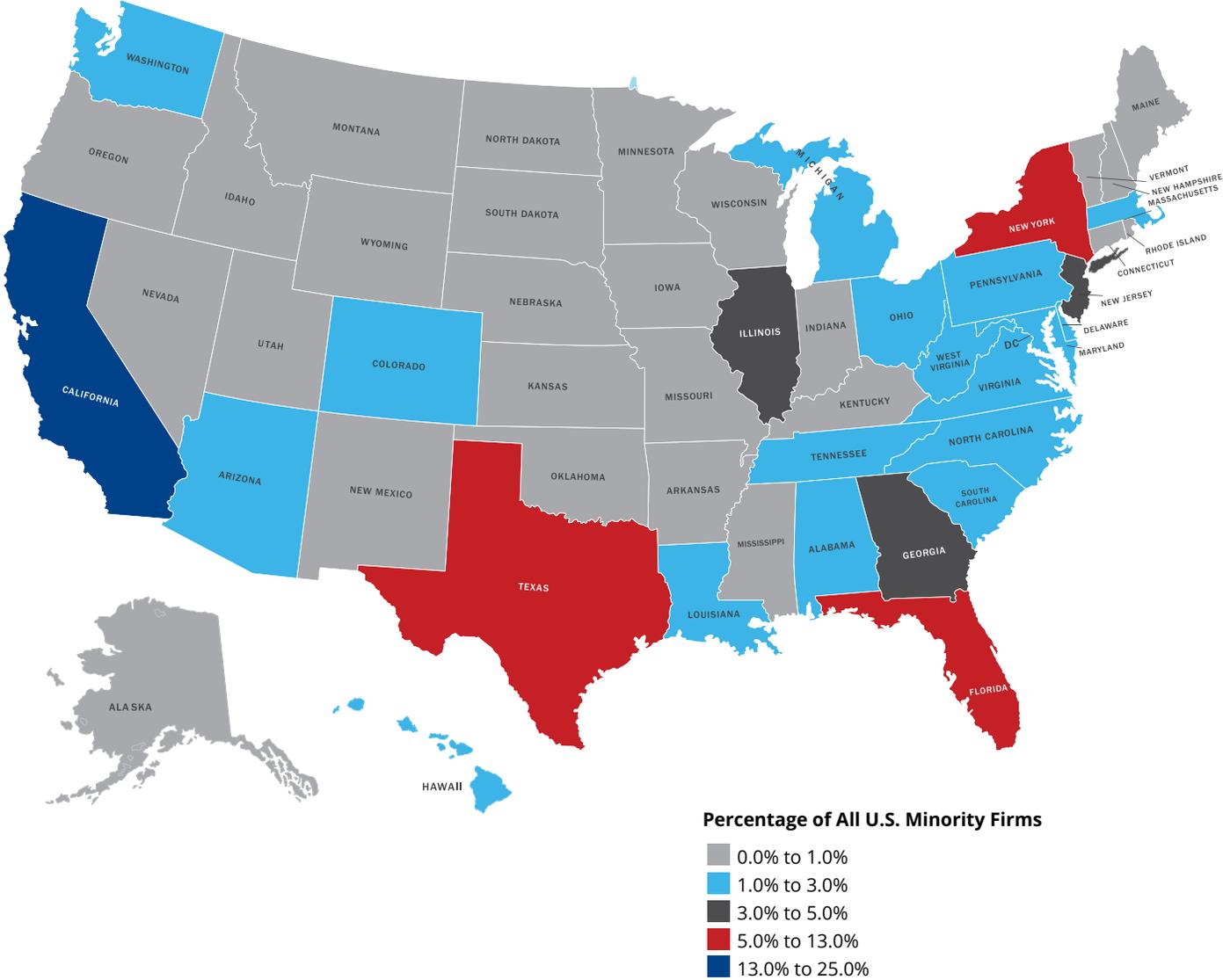


Figure 13: U.S. Map of Change in Concentration of Minority Firms (Employer and Non-Employer) by State, 2002-2007

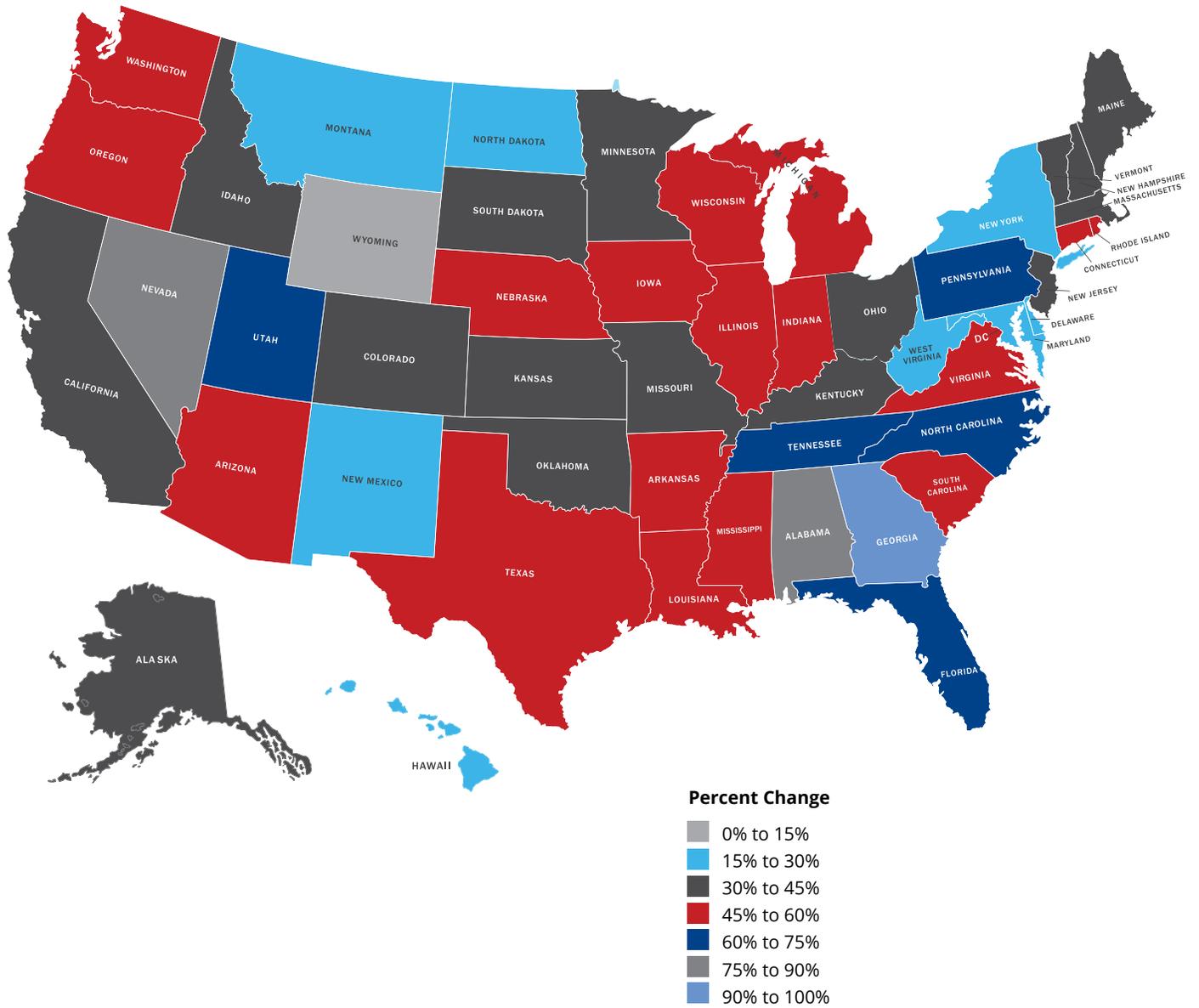
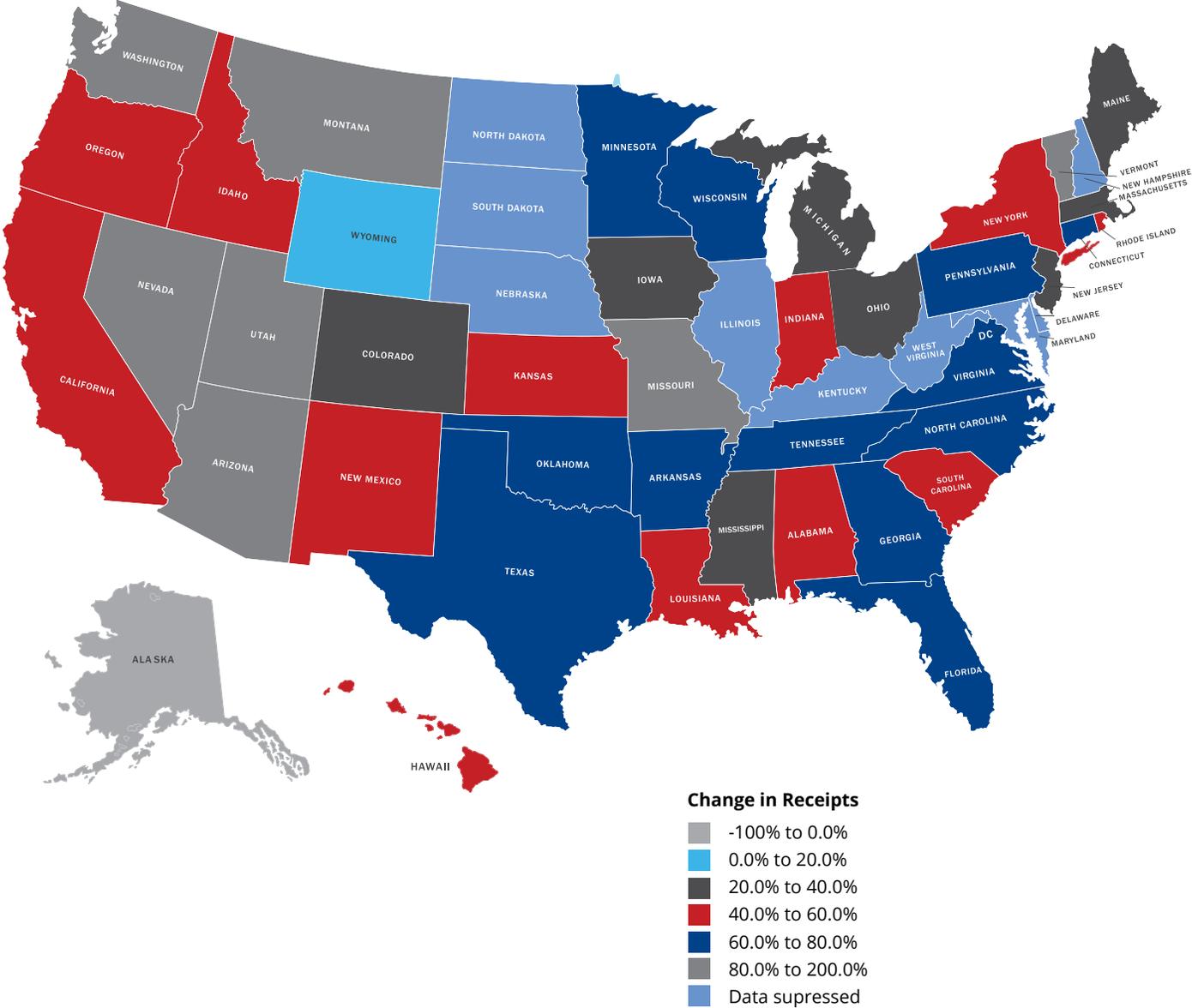


Figure 14: U.S. Map of Change in Gross Receipts of Minority Firms (Employer and Non-Employer) by State, 2002-2007



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ABOUT THE MINORITY BUSINESS DEVELOPMENT AGENCY (MBDA)

The U.S. Department of Commerce's Minority Business Development Agency (MBDA) is the only federal agency solely dedicated to the growth and global competitiveness of minority-owned businesses in America. Established in 1969, MBDA provides services to African American, Asian American, Hasidic Jew, Hispanic American, Native American/Alaskan, Native Hawaiian and Pacific Islander entrepreneurs.

MBDA's mission is to promote the growth and sustainability of minority-owned businesses through the mobilization and advancement of public and private sector programs, policy, and research. The Agency coordinates and leverages a nationwide network of more than 40 MBDA Business Centers and a wide range of domestic and international strategic partners in support of its mission.

Over the past several years, MBDA has focused on providing business development services to minority entrepreneurs who are pursuing federal contracts, emerging industries, alternative sources of capital, and expansion to global markets. These services, and other Agency programs and initiatives, continue to position minority entrepreneurs to build size, scale and capacity, create jobs, and strengthen the U.S. economy.

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The U.S. Department of Commerce promotes job creation, economic growth, sustainable development, and improved standards of living for all Americans by working in partnership with businesses, universities, communities, and our Nation's workers. The department touches the daily lives of the American people in many ways, with a wide range of responsibilities in the areas of trade, economic development, technology, entrepreneurship and business development, environmental stewardship, and statistical research and analysis.



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