

**Enhancing the Economic Potential of
Asian Americans and Pacific Islanders (AAPI)**

A Report to the President

from the

**President's Advisory Commission on
Asian Americans and Pacific Islanders**

May 7, 2007

Table of Contents

Executive Summary	1
Why Focus on the Economic Development of Asian Americans and Pacific Islanders (AAPIs)?.....	7
Economic Development Strategies	20
Community Development as an Economic Growth Strategy	27
Barriers to AAPI Economic Growth Potential.....	35
Findings and Recommendations.....	44
Appendix A. Executive Order 13339	
Appendix B. Members of the President's Advisory Commission on Asian Americans and Pacific Islanders	
Appendix C. Population Distribution and Sales per Firm by Ethnicity Status for Asian Americans and Pacific Islanders	
Appendix D. Sites Visited by the Commission	
Appendix E. List of Technical Assistance Conference and Outreach Activities Conducted by the AAPI Commissioners	
Appendix F. Chi-square Statistical Method Elaborated	
Appendix G. Calculations Used to Arrive at "Lost" Sales	

EXECUTIVE SUMMARY

On May 13, 2004, President George W. Bush signed Executive Order 13339 (Appendix A) establishing the President's Advisory Commission (Appendix B) on Asian Americans and Pacific Islanders (AAPIs). AAPI communities include the following ethnic subgroups: Asian Indian, Chinese, Filipino, Japanese, Korean, Native Hawaiian and Pacific Islander, Vietnamese, and other Asian (see Appendix C for the population and sales per firm information for the AAPI subgroups). The purpose of the Commission is to advise the President with recommendations to provide *“equal economic opportunities for full participation of Asian American and Pacific Islander businesses in our free market economy where they may be underserved and thus improve the quality of life for Asian Americans and Pacific Islanders.”*¹

The President recognizes that minority entrepreneurship is key to future economic growth in the United States, which is consistent with his emphasis on the need to create an “ownership society.” The President also recognizes, however, that when considering “minority entrepreneurship,” the role that AAPIs play and their potential to contribute has been largely overlooked. Under the Executive Order, this Commission has been asked to clarify better the potential benefits of stimulating AAPI economic development and identify actions to be taken to accomplish this. The Commission's mission is to review the current economic participation of the AAPI-owned businesses in our free market economy and recommend ways and means to enhance the economic potential of AAPIs resulting in the improvement of their quality of life.

Beginning in July 2004, the Commission conducted a series of site visits, technical assistance conferences, and follow-up meetings in cities across the United States (see Appendices D and E for specific cities). The purpose of these interactions was two-fold: first, to connect AAPIs from these cities directly with resources and representatives from federal, state, and community organizations that play a role in economic development and second, to hear about their successes, challenges, and suggestions for more effective support. The Commission met with representatives from various federal departments and agencies about their programs and initiatives targeted at AAPI economic and community development. We also considered research conducted by various agencies, institutions and individuals.

Identifying Major Issues

Under the Executive Order, the Commission focused on assessing four main issues:

1. Why focus on economic development for the AAPI community?
2. Do current federal policies and perceptions limit or inhibit growth among AAPI entrepreneurs and businesses?
3. What can help “unlock” the economic potential of AAPIs?
4. What role can community development and other local (e.g., faith-based) organizations play in fostering AAPI economic growth?

¹ Excerpt from Executive Order 13339.

Key Findings

The Commission's findings are focused around three major themes:

AAPIs: Potential Economic Engine

AAPIs can make significant contributions to the United States economy over the next decade as they are the fastest growing population segment, increasing by an estimated 48 percent – from 12.5 million in 2004² to 18.5 million by 2020.³ AAPIs are also perceived to be among the most entrepreneurial of the minority groups, with current per capita business ownership comparable to that of the non-minority population.⁴

Despite the potential, AAPI entrepreneurship currently lags behind non-minority businesses in several key business indicators (see Table 6 for details). It also lags behind other minority-owned businesses in employees per business and business contractions (see Tables 5 and 6 for details). These facts indicate a large gap, implying that the average AAPI entrepreneur is more focused on “sustenance” businesses versus innovative, growth-oriented businesses. AAPI firms received 8 percent of the contracts (in dollar amount) awarded through the network of funded centers of the Minority Business Development Agency (MBDA) in fiscal year 2005, while they represent nearly 13.5 percent of the minority population.⁵ Thus, on a population basis, it appears that there is additional economic potential if AAPIs are more successfully reached when offered support and assistance and/or if they take advantage of assistance that is available. As the MBDA states in August 2006 *The State of Minority Business Fact Sheets*: “The Asian business landscape in 2002 would have been quite different if parity had been achieved. Parity is defined as reaching proportionality between the adult Asian population and business development measures such as numbers of firms, gross receipts and employees....Under a parity scenario, paid employment would have totaled almost 2.5 million – 268,000 more than the actual number.” For Native Hawaiians and other Pacific Islanders, the gross receipts and paid employment figures would have been at least five times the actual.⁶ Closing these gaps to expand the entrepreneurial capacity of AAPIs will likely have tremendous benefits for the economy and for the opportunities and quality of life of AAPIs.

Census data from 2002 show that the average sales and receipts for an AAPI-owned business is \$292,213, while it is \$415,974 for White-owned businesses. A simplistic calculation indicates that taking current AAPI-owned businesses up to White-owned business performance levels would have delivered \$140 billion in additional receipts that year⁷ (refer to Appendix G for calculation details).

To develop Tocqueville's America, one needs to encourage and sustain the “greater involvement of Americans in governing themselves, their relatively broad education and their wider equality of opportunity [to] encourage the emergence of the ‘man of action’ with the ‘skill’ to ‘grasp the chance of the moment.’”⁸ The enabling of the “man of action” with the right “skills” to “grasp the chance of the moment” is a critical task for the federal government. We define the “man of action” with the right “skills” as the entrepreneur who can assess an idea in the business environment and take actions to realize that opportunity.

² U.S. Census Bureau, 2004 American Community Survey.

³ Population Projections Program, Population Division, U.S. Census Bureau, Washington, D.C.

⁴ SBA Office of Advocacy, *Dynamics of Minority-Owned Employer Establishments, 1997-2001*, p. 5.

⁵ MinorityBiz Fast Facts 2006, U.S. Department of Commerce Minority Business Development Agency & U.S. Census Bureau News, Nation's Population One-Third Minority, May 10 2006.

⁶ MinorityBiz Fast Facts 2006, U.S. Department of Commerce Minority Business Development Agency.

⁷ Company Summary: 2002, 2002 Economic Census, Survey of Business Owners, Company Statistics Series, U.S. Census Bureau.

⁸ Edmund S. Phelps, *Wall Street Journal*, Feb 12, 2007, A15.

This thought is also emphasized by Nobel Laureate Edmund Phelps: “The dynamism that the economic model possesses is in turn a crucial determinant of the country’s economic performance: Where there is more entrepreneurial activity—and thus more motivation, as well as all the financial and managerial activity it leads to—there are more jobs to fill, and those added jobs are relatively engaging and fulfilling. Participation rises accordingly and productivity climbs to a higher path.”⁹ Thus, the emphasis on entrepreneurial development must be sustained for the AAPIs. As shown later, developing a significant number of these entrepreneurs into “high potential” or “opportunistic” entrepreneurs will have even greater impact on the U.S. economy and society.

Developing Opportunistic Entrepreneurs is Key to Growth

An analysis of the employee data from the 2002 Census (Table 6) reveals that AAPI-owned businesses are smaller than White-owned businesses. These numbers suggest that while there are a relatively large number of AAPI-owned businesses, these businesses tend to be smaller companies with fewer employees – an indication that AAPIs are more focused on “sustenance” type ventures. To close the gaps identified between performance of AAPI-owned and White-owned businesses, AAPIs should be encouraged to be more “opportunistic” entrepreneurs allowing them to explore and create businesses that grow well beyond the consumer-oriented businesses AAPIs tend to own.

Opportunistic Entrepreneurs (OEs) are a critical component of the United States economy since they represent businesses that grow beyond sustenance. Characteristics of OEs include developing and promoting new products, technologies and innovations; targeting customers and markets outside the local community; and, in most cases, using outside financing. The result of successful OE-led businesses is significantly larger receipts and number of employees per company – and much larger contributions to the economy. Compared to the average entrepreneur, high-potential entrepreneurs will typically employ 20 people in 5 years, show continued growth in receipts, are younger, know more entrepreneurs, and are better able to recognize and find business opportunities through better market analysis.¹⁰ First, we need to instill among AAPIs that America is the “land of opportunity,” and cultivate conditions that will enable the rise and proliferation of high potential entrepreneurs in our communities. Reports of several AAPIs returning to their countries of origin is a disturbing trend.^{11, 12}

High-potential or Opportunistic Entrepreneurs are the backbone of U.S. competitiveness. These entrepreneurs create the businesses that transformed a static, sluggish economy into a fast-growing and dynamic one, resulting in a doubling of the productivity in the last two decades.¹³ Even though we know that OEs tend to spot growth opportunities and develop that new knowledge into high potential innovations leading to rapid economic growth, we do not understand the process undertaken by these “stars” to achieve their phenomenal successes. A concerted effort must be made, through the implementation of a research program, to systematically follow AAPI OEs (and other AAPI entrepreneurs) to unlock and codify the secrets of these successes.

⁹ Edmund S. Phelps, *Wall Street Journal*, Feb 12, 2007, p. A15.

¹⁰ Erlend Bullvaag, Zoltan J. Acs, I. Elaine Allen, William D. Bygrave and Stephen Spinelli, Jr. *Global Entrepreneurship Monitor Report*, 2004-2005.

¹¹ Ronald Alsop, *Wall Street Journal*, March 13, 2007, p. B9.

¹² *India Today International*, March 5, 2007, p. 21.

¹³ Erlend Bullvaag, Zoltan J. Acs, I. Elaine Allen, William D. Bygrave and Stephen Spinelli, Jr. *Global Entrepreneurship Monitor Report*, 2004-2005.

The “Invisible Minority” – Overcoming Obstacles to Opportunistic Entrepreneurship

The key challenges to developing more OEs within the AAPI community can be summarized in two parts. First, it is widely perceived that AAPIs are not a “disadvantaged” or “under-represented” minority group and, therefore, do not need targeted assistance. Second, AAPIs are not aware, do not seek out, or do not take advantage of what assistance is available to them. Often referred to as “the Model Minority,” our findings suggest that AAPIs have more accurately become “the Invisible Minority” – neither viewed as under-represented nor large and unified enough to have a clear voice – in terms of having programs, resources and support available to them, particularly those centered around fostering opportunistic entrepreneurship. The reality is that, based on 2000 Census data, AAPIs (3.7%) constitute less than a third of either the African American (12.3%) or the Hispanic American populations (12.5%).¹⁴ AAPIs are also far from being homogeneous; waves of immigrants over the past thirty-plus years have introduced dozens of disparate languages and cultures, and many of these ethnic groups are in fact less educated, less assimilated, and experience the highest poverty levels in the country (for example, over 22 percent of the Cambodian, Laotian and Hmong community are reportedly living in poverty).¹⁵ Among those who indicated Asian as their only race, 11.8 percent lived in poverty in 2003, up from 10.1 percent in 2002. The overall number living in poverty also rose, from 1.2 million to 1.4 million. For the population that reported Asian descent, regardless of whether they also reported another race, the rate and the number increased to 11.8 percent and 1.5 million.¹⁶

The federal government has made great progress in creating and reinforcing programs aimed at encouraging business growth among Hispanic American, African American, and Native American minorities with some outstanding results (see Table 2 and Figure 3). Figure 3 indicates that since 1987, the business ownership index – the ratio of business ownership to share of population – for AAPIs has remained essentially constant at around 1.18, while this rate has increased for the aforementioned ethnic groups. It is important to study what caused the business growth for other ethnic groups and why AAPIs did not benefit in similar manner. By this measure alone, there is reasonable evidence that there is an opportunity to help AAPIs enhance their economic potential.

PRIMARY RECOMMENDATIONS

Based on the Commission’s findings, we have developed five primary and three secondary recommendations to the President that we believe will enhance the economic potential of AAPIs resulting in the improvement of their quality of life.

The five primary recommendations are:

1. **Increase data collection and reporting on AAPI economic and business activity**

The Commission found that data on AAPI-owned business performance and supporting programs was often over-aggregated, out-dated, or simply lacking. Data to accurately represent current AAPI business activity must be collected to measure and periodically report the impact of initiatives and programs on AAPI entrepreneurial performance.

In addition, the government needs to collect and/or make resources available for the collection of economic data that is disaggregated by AAPI subgroups, not just AAPIs as a whole. The data from U.S. Census Bureau can be more specific in ethnicity, source of income, and other key statistics. Research grants and other funding should be made available for research and data collection on

¹⁴ Population Profile of the United States: 2000 (Internet Release), U.S. Census Bureau.

¹⁵ Le, C.N. 2007. “Socioeconomic Statistics & Demographics” *Asian-Nation: The Landscape of Asian America*. <<http://www.asian-nation.org/demographics.shtml>>.

¹⁶ Income Stable, Poverty Up, Numbers of Americans With and Without Health Insurance Rise, U.S. Census Bureau Reports, August 26, 2004.

AAPI economic and community development. The Commission identified a crucial need for expanded data collection to more fully understand differences among AAPI subgroups and AAPI entrepreneurs, focusing on characteristics such as demographics and, the entrepreneur's background and differences spanning generations within AAPI communities. A White House task force could facilitate this AAPI-specific data identification and collection process.

2. **Make federal economic development programs more widely available to AAPIs**

Government agencies (federal, state, and local) need to increase AAPI outreach efforts of current programs available to other minorities. Some of these programs may also need to be designed with AAPI-specific support including outreach, language assistance and other cultural counseling to ensure that AAPIs are able to access programs and succeed in obtaining a "fair share" of the benefits.

3. **Fund and create new programs to encourage greater AAPI participation**

In situations where AAPI-specific programs do not exist, government agencies need to create and/or tailor outreach and support efforts to increase AAPI access to these programs.

4. **Establish a Strategic Working Group of representatives from key federal agencies to coordinate and implement recommendations related to AAPI-owned business growth**

Currently, there is no oversight of AAPI-based economic initiatives. Some agencies (e.g., Department of Commerce, Small Business Administration (SBA), Department of Treasury, General Services Administration, Social Security Administration, Department of Transportation, and Department of Defense) play a key role in creating and supporting programs that foster AAPI entrepreneurship and should be part of this recommended Strategic Working Group. A key mandate of this group should be to outline and implement initiatives aimed at increasing outreach, data collection and economic analysis of AAPI-owned businesses. The Commission also recommends that this Working Group conduct further research on hidden barriers that AAPIs face in trying to work with the federal government. Implementing initiatives to improve outreach and support is yet another mandate recommended.

5. **Establish a Task Force to implement the recommendations**

In addition to supporting an on-going Strategic Working Group, the Commission believes establishing a task force to initiate and follow through the implementation of the recommendations contained in this report and the 2003 AAPI Commission on Health and Disparities reports¹⁷ is critically important. Such a task force can ensure that the work outlined in these reports is managed and addressed by the Executive Branch and the Congress.

SECONDARY RECOMMENDATIONS

In addition to the primary recommendations listed above, the Commission's findings reveal several other important initiatives it proposes to enhance the economic development of AAPIs.

1. **Build capability to offer counseling and mentoring on entrepreneurship and business development issues within community-based organizations**

Although community-based organizations historically have been more focused on securing funding for housing, health care, child care and other social assistance programs, evidence from numerous studies supports the encouragement of entrepreneurship as a means to generate greater economic wealth in the community. Training, through local resources and partnerships (e.g., SBA's SCORE program), can pay huge dividends in helping AAPIs to not only reach or overcome subsistence levels but also to encourage and develop more OEs. The Commission recommends that a federal

¹⁷ Asian Americans and Pacific Islanders Addressing Health Disparities - Opportunities For Building A Healthier America, 2003, <http://www.health.gov/communication/db/report_detail.asp?ID=160&page=9&search_type=all&sp=6>.

agency, such as SBA, facilitate entrepreneurship counseling and mentoring programs targeted to AAPIs.

2. **Foster greater collaboration among various AAPI-oriented organizations**

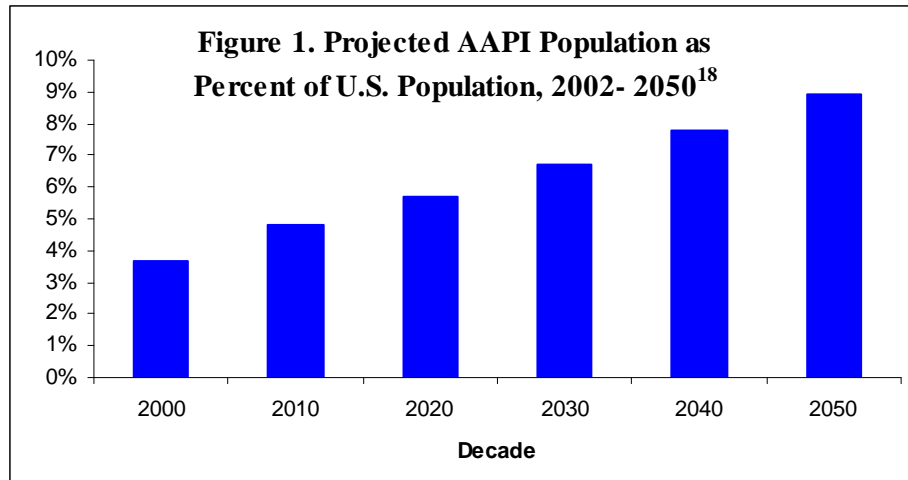
Given the scarce – and declining – resources available to qualified community-based and faith-based organizations, successful communities have found ways to effectively collaborate across organizations to secure funding, build critical mass for larger-scale projects, and provide more extensive training and support of entrepreneurship and business development. Currently, there is no forum to share these success stories. The Commission recommends that a component of the Strategic Working Group of key federal agencies suggested in this report also be directed to coordinate development of programs that foster greater collaboration among the various AAPI organizations that are currently serving their respective communities.

3. **Encourage the establishment of a National Chamber of Commerce for AAPIs**

A national chamber will foster the interaction, sharing of experiences and contacts, and highlight the increasing economic relevance of various regions in global trade and business. Accordingly, we recommend the establishment of a National Chamber of Commerce for AAPIs.

WHY FOCUS ON ECONOMIC DEVELOPMENT FOR THE AAPI COMMUNITY?

AAPIs represent a potential “economic engine” that can make significant contributions to the United States economy over the next decade. AAPIs are expected to be the fastest growing population segment, increasing by an estimated 48 percent – from 12.5 million to 18.5 million – by 2020, and comprising nearly 9 percent of the U.S. population by 2050¹⁸ (see Figure 1). AAPIs are also perceived to be among the most entrepreneurial of the minority groups, with the number of businesses owned per capita comparable to that of the non-minority population.¹⁹



Despite clear potential, AAPI entrepreneurship currently lags far behind non-minority businesses in several key areas. Receipts per business, employees per business, and business contractions, for example, indicate a large gap, implying on one hand that the average AAPI entrepreneur is more focused on “sustenance” businesses versus innovative, growth-oriented businesses. AAPIs receive fewer government contracts and assisted financing, in dollar terms, than other minorities – AAPIs received 8 percent of the contracts and fewer than 10 of the financings obtained through the Minority Business Development Agency – suggesting that AAPIs are not offered similar support and assistance and/or do not take advantage of what assistance is available.

Closing these gaps to expand the entrepreneurial capacity of AAPIs – that is, finding ways to encourage and support more AAPI Opportunistic Entrepreneurship – will benefit the economy and improve the opportunities and quality of life of AAPIs. A simple calculation (Appendix G) indicates that taking receipts of current AAPI-owned

AAPIs ARE THE FASTEST GROWING U.S. POPULATION SEGMENT *

- Today, there are more than 15 million Americans of Asian or Native Hawaiian or Pacific Islander heritage, or approximately 4 percent of the U.S. population.
- Within just 4 years, between 2000 and 2004, the population of Asian Americans increased by 16.2 percent, and the Native Hawaiian and Pacific Islander population grew by 7.7 percent.
- This population is estimated to continue growing, often at rates higher than any other group. The Census Bureau estimates that by 2020, the AAPI population will reach 18.5 million, and by 2050, it will reach 35.8 million (approximately 9 percent of the population).

* Source: www.census.gov

¹⁸ 2000 data from U.S. Census Bureau: Population Profile of the United States: 2000 (Internet Release), & 2006-2050 from, National Population Projections Program, U.S. Census Bureau.

¹⁹ SBA Office of Advocacy, *Dynamics of Minority-Owned Employer Establishments, 1997-2001*, p. 5.

businesses up to White-owned business levels would have garnered nearly \$140 billion in additional receipts in 2002. The resulting new business growth and contributions could create even greater economic value as the AAPI population expands in the coming decade.

Industrious...Ambitious...Entrepreneurial...Well-Educated...Successful: “Model Minority” characteristics like these are commonly applied to AAPIs. Why, therefore, would anyone be concerned with improving the economic situation and well-being for this particular group? We believe the reason is clear.

For the United States to maximize economic growth and remain competitive, it is imperative that the country's large and rapidly growing minority population be able to achieve its economic potential and successfully and fully assimilate into the national economy.

According to a recent study sponsored by the Ewing Marion Kauffman Foundation, an organization renowned for its study of global entrepreneurial activity, “the same global dynamics that are changing the face of business in general – from the outsourcing of manufacturing and services to new trends in ‘supply-chain’ management – make change necessary for minority businesses.” For the U.S. to remain competitive, its growing minority businesses must be able to improve their economic capabilities and “grow beyond current performance plateaus.”²⁰

The opportunity and potential to increase the economic performance of the AAPI population is large and ripe for development. It is a community that is uniquely endowed with strong entrepreneurial foundations and drive. Investing in the economic development potential for this community can result in significant gains for the country. We believe that the untapped economic potential of the AAPI community, if unleashed, could spur a major boost to the national economy.

If the current performance of AAPI-owned businesses continues, the incremental economic contribution would have been in excess of \$142 billion (in 2002 dollars) in annual receipts by 2020.²¹ Conversely, continuing to ignore or overlook problems and barriers that AAPI-owned businesses, AAPI entrepreneurs, and AAPI communities face will result in potential national economic and social costs.

THE POTENTIAL—CURRENT SUCCESS AND STRONG CHARACTERISTICS CAN BE LEVERAGED TO EXPAND U.S. ECONOMIC PERFORMANCE

At first glance, both economic data and widely-held perceptions would seem to indicate that AAPI-owned businesses are prolific, generating disproportionate revenue, growing rapidly and, therefore, not seemingly disadvantaged or underrepresented. The Commission's view, however, is that the economic potential of the AAPI community is still not fully realized. Rather, the strong entrepreneurial inclinations of AAPIs and their track record of successful business start-ups suggest that with targeted programs and expanded outreach assistance, AAPIs can make even greater economic contributions to the U.S. economy. Following are a few of the key attributes of the AAPI community that make it particularly attractive as a target for economic development.

²⁰ Ewing Marion Kaufman Foundation: The New Agenda for Minority Business Development, 2005.

²¹ 2002 AAPI-owned business receipts were approximately \$331 billion; 44% growth would yield an additional \$142.3 billion.

AAPI-Owned Firms are Engines of Economic Growth – With Considerable Upside

According to the U.S. Census Bureau *Survey of Business Owners* (see Table 1 on following page), AAPI-owned businesses are successful and growing, both in terms of the number of firms and revenue generated. As of 2002, there were 1.1 million Asian-owned firms, comprising almost five percent of all U.S. firms (4.93 percent).^{22 23 24} AAPI-owned firms, collectively, had sales and receipts of approximately \$331 billion and employed almost 2.24 million paid workers.²⁵

The census data show that the number of AAPI-owned businesses has grown significantly during the past several years. From 1997 to 2002, the numbers of Asian-owned firms grew by 24 percent²⁶ or more than double the 10.3 percent growth rate for all U.S. firms²⁷ over the same period. The number of Hawaiian and Pacific Islander firms grew 49.4 percent,²⁸ or more than four times the national average. Yet despite this growth, Asian-owned businesses lagged the respective growth rates of African American- and Hispanic-owned businesses. Had the number of Asian-owned businesses achieved the same growth rate as African American-owned businesses (45 percent), there would have been approximately 1.3 million Asian-owned firms. Likewise, had the revenue growth of Asian-owned businesses achieved that of African American-owned businesses (24 percent), Asian-owned businesses would have generated nearly \$377 million in 2002 or \$50 million more than actual. By either measure, while AAPI-owned businesses have been strong contributors to the U.S. economy, there is considerable upside potential for even greater contributions with targeted economic development.

Table 1. Firms and Receipts 1997–2002^{29 30 31 32 33}

	2002		1997		% change from 1997 – 2002	
	# of Firms	Sales & Receipts in (1000)	# of Firms	Sales & Receipts in (1000)	# of Firms	Sales & Receipts
Asian-owned	1,103,587	\$326,663,445	893,590	\$302,795,000	24%	8%
Pacific Islander-owned	28,948	4,279,591	19,370	4,138,000	49%	3%
African American-owned	1,197,567	88,641,608	823,499	71,215,000	45%	24%
Hispanic-owned	1,573,464	221,927,425	1,199,896	186,275,000	31%	19%
U.S. TOTAL	22,974,655	22,603,658,904	20,821,935	18,553,243,047	10.3%	21.8%
White-owned and Others	19,071,089	22,183,852,369	17,885,580	18,246,052,557	6.6%	21.6%

AAPI Business Ownership Exceeds Share of Population

Another key attribute that highlights the entrepreneurial capability of the AAPI community is the continued growth of the number of AAPI-owned businesses which has kept pace with the steady growth of the overall AAPI population for more than two decades (see Figure 2).

²² Company Summary: 2002, 2002 Economic Census, Survey of Business Owners, Company Statistics Series, & 1997 Economic Census Minority- and Women-Owned Businesses United States U.S. Census Bureau.

²³ Asian Owned Firms 2002, 2002 Economic Census, Survey of Business Owners, Company Statistics Series & U.S. Census Bureau News, Growth of Native Hawaiian- and Other Pacific Islander-Owned Businesses Over Three Times the National Average, June 28, 2006, U.S. Census Bureau.

²⁴ Native Hawaiian and Other Pacific Islander Owned Firms 2002, 2002 Economic Census, Survey of Business Owners, Company Statistics Series, U.S. Census Bureau.

²⁵ PI data: *Ibid* ; AA data: Asian Owned Firms 2002, 2002 Economic Census, Survey of Business Owners, Company Statistics Series, U.S. Census Bureau.

²⁶ 2002 Survey of Business Owners, U.S. Census Bureau.

²⁷ U.S. Census Bureau News, Growth of Native Hawaiian- and Other Pacific Islander-Owned Businesses Over Three Times the National Average, June 28, 2006, U.S. Census Bureau.

²⁸ 2002 Survey of Business Owners, U.S. Census Bureau.

²⁹ *Ibid*.

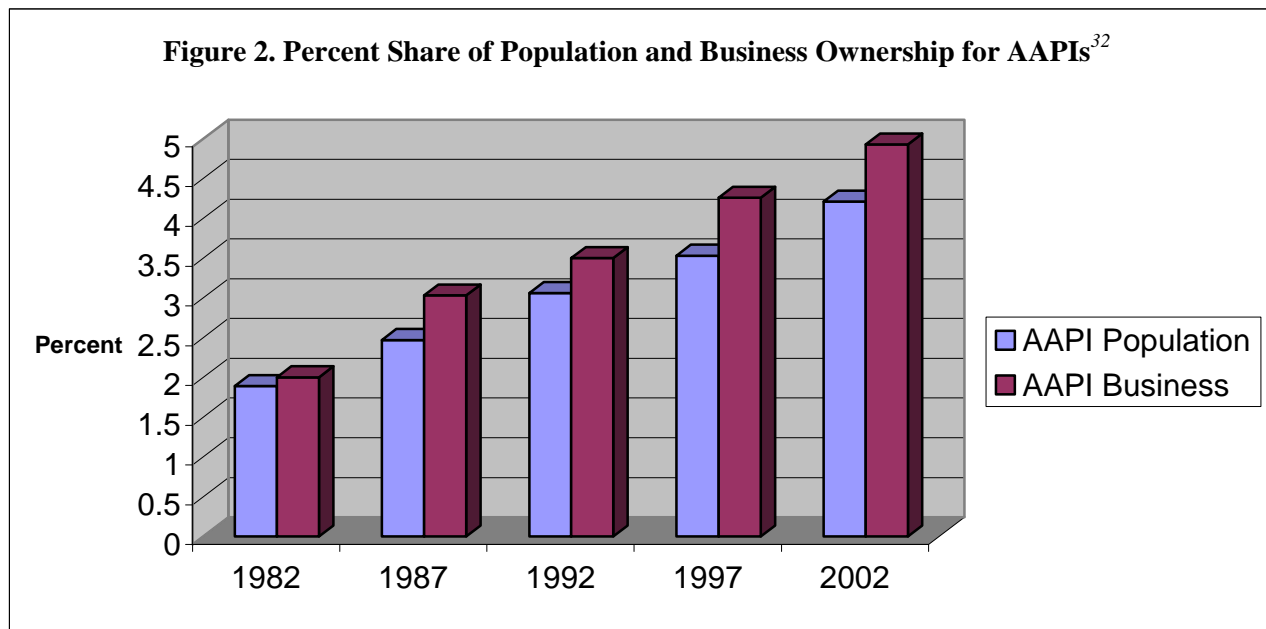
³⁰ *Ibid*.

³¹ 1997 Economic Census Minority- and Women-Owned Businesses United States U.S. Census Bureau.

³² 2002 Survey of Business Owners, U.S. Census Bureau.

³³ SBA Office of Advocacy, *Dynamics of Minority-Owned Employer Establishments, 1997-2001*, p. 5.

This data is even more revealing when viewed as the ratio of business ownership share to population share, referred as the “Business Ownership Index.”³⁴ Over the period from 1982 to 2002, AAPIs are the only minority group—other than American Indian and Alaska Natives in just the past two census reports – for which the ratio of business share to population share exceeds 1.0 (see Table 2 and Figure 3 on following page). In fact, these data illustrate that AAPIs are the only minority group that has achieved some form of “parity” in the Business Ownership Index relative to Non-Minority-owned businesses over the 1982-2002 time horizon suggesting that AAPIs have enjoyed a bit of successful entrepreneurial activity.



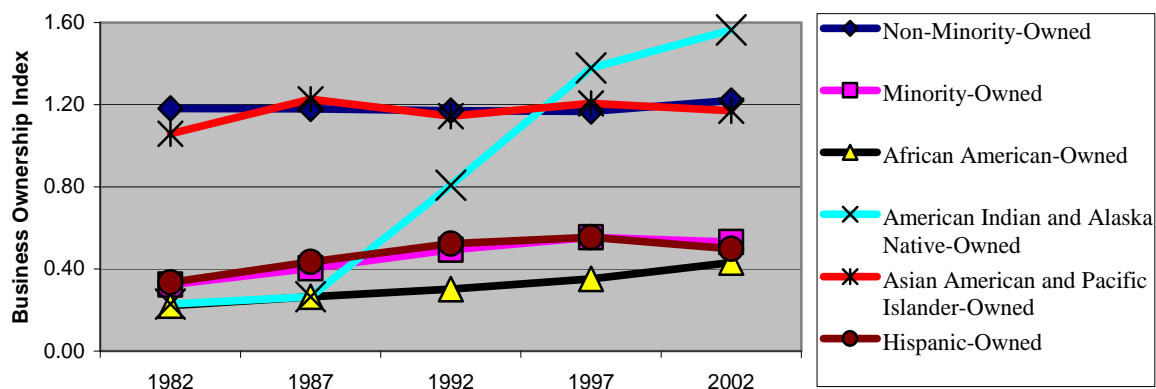
Achieving parity with Non-Minority-owned businesses in the Business Ownership Index masks, however, the lack of growth of this index among AAPI-owned businesses relative to other minority groups, particularly from 1987 to 2002. Over that time period, the Business Ownership Index has grown at a much greater rate for Hispanic-owned (16 percent), African American-owned (65 percent) and American Indian and Alaska Native-owned (678 percent) than Asian-owned (-5 percent) businesses. Even Non-Minority-owned businesses grew 3 percent during this period.

One interpretation of this data might suggest that Asian-owned businesses have achieved “maturity” (parity with Non-Minority businesses), and therefore should be viewed as needing little targeted support. A different interpretation, however, would suggest that other minorities have benefited from targeted support, and similar efforts might translate to growth in the Business Ownership Index for AAPIs. This latter interpretation is supported by the Commission.

³⁴ SBA Office of Advocacy, *Dynamics of Minority-Owned Employer Establishments, 1997-2001*, p. 5.

Table 2. AAPI Share of Population and Business Ownership has Risen over Time³⁵

	1982	1987	1992	1997	2002
Share of Population (Percent)					
Non-Minority Population	78.90	76.91	74.77	72.70	68.00
Minority Population	21.10	23.09	25.23	27.30	32.00
African American	11.59	11.70	11.90	12.07	12.08
American Indian and Alaska Native	0.61	0.68	0.73	0.74	0.56
Asian American and Pacific Islander	1.89	2.47	3.06	3.53	4.21
Hispanic	7.01	8.23	9.55	10.97	13.77
Share of Business Ownership (Percent)					
Non-Minority-Owned	93.16	90.68	87.54	84.88	83.01
Minority-Owned	6.84	9.32	12.46	15.12	16.99
African American-Owned	2.56	3.10	3.60	4.24	5.21
American Indian and Alaska Native-Owned	0.14	0.18	0.59	1.02	0.876
Asian American and Pacific Islander-Owned	2.00	3.03	3.50	4.26	4.93
Hispanic-Owned	2.35	3.58	5.00	6.08	6.85
Business Ownership Index: Business Ownership/ Population					
Non-Minority-Owned	1.18	1.18	1.17	1.17	1.22
Minority-Owned	0.32	0.40	0.49	0.55	0.53
African American-Owned	0.22	0.26	0.30	0.35	0.43
American Indian and Alaska Native-Owned	0.23	0.26	0.81	1.38	1.56
Asian American and Pacific Islander-Owned	1.06	1.23	1.14	1.21	1.17
Hispanic-Owned	0.34	0.43	0.52	0.55	0.50

Figure 3. Business Ownership Indices for Different Ethnic Groups, 1982-2002³⁵³⁵ SBA Office of Advocacy, *Dynamics of Minority-Owned Employer Establishments, 1997-2001*, p. 5.

AAPI Women Entrepreneurs Exceed their Share of the Population

Business ownership of AAPI women exceeds their share in the population. Between 1997 and 2004, the number of Asian and Pacific Islander women-owned firms increased by 69 percent, employment grew by 73 percent, and sales rose by 83 percent.³⁶

As of 2004, there are an estimated 419,793 majority-owned, privately-held firms owned by Asian American and Pacific Islander women in the U.S., employing about 544,000 people and generating \$69.7 billion in sales. On a national basis, 8.5 percent of Asian and Pacific Islander women were entrepreneurs as of 2002. More than 1 in 12 adult AAPI women chose to own a business, compared to one in 18 of all adult women in the U.S.³⁷

AAPI-Owned Businesses Have Strong Survival Rates and Expansion Rates

Between 1997 and 2001, AAPI-owned businesses demonstrated survival rates – 72.1 percent – that are stronger than all other minority firms and only slightly below that of non-minority-owned firms at 72.6 percent. During this period, AAPI-owned firms also showed stronger than average expansion rates (see Table 3). AAPI-owned firms expanded at rates above the national average and only lagged behind the expansion rate of Hispanic-owned firms.

Table 3. Survival and Expansion Rates between 1997 – 2001³⁸

	Survival Rate	Expansion Rate
All U.S. Establishments	69.8	30.3
African American-owned	61.0	25.7
AAPI-owned	72.1	32.1
American Indian & Native Alaskan-owned	67.0	27.8
Hispanic-owned	68.6	34

AAPI-Owned Firms are Significant Employers

In 1997, only 26 percent of non-minority-owned firms and 20 percent of minority-owned firms had paid employees. Of the minority-owned firms, AAPIs employed over 2.2 million employees, controlling almost 48 percent of total minority business payroll and employing 49 percent of minority business employment. Nearly one-third of Asian-owned businesses had paid employees, compared to only 11 percent of African American-owned firms and 18 percent of Hispanic-owned firms. This is particularly significant given the fact that AAPI-owned firms are still fewer in number than the number of Hispanic-owned or African American-owned firms.

Table 4. Composition of Minority-Owned Firms, Employment 1997³⁹

Firm Ownership	Share of Employer Firms in Total Firms	Share (Percent)			
		Firms	Employer Firms	Employment	Payroll
Non-Minority-owned	26	85	88	96	97
All Minority-owned	20	15	12	4	3
African American-owned	11	27	15	16	15
AAPI-owned	32	30	47	49	48
American Indian & Alaska Native-owned	17	6	5	7	7
Hispanic-owned	18	39	34	31	31

³⁶ Center for Women's Business Research, April 2005.

³⁷ Calculated by the National Women's Business Council using data from the U.S. Census Bureau and the CWBR, April, 2005. <http://www.nwbc.gov/ResearchPublications/documents/Asian_american_Factsheet_2006.pdf>.

³⁸ SBA Office of Advocacy, Dynamics of Minority-Owned Employer Establishments, 1997-2001.

³⁹ *Ibid.*

AAPI Immigration: A Source of Economic Growth and Urban Renewal

AAPIs share certain cultural values that lay the foundation for economic accomplishment. Many AAPIs share a propensity to work hard, maintain an entrepreneurial spirit, aspire to achieve self-sufficiency, and remain committed to education. These values appear particularly strong among AAPI immigrants and refugees.

In 2005 nearly 70 percent of AAPIs were first-generation immigrants and/or refugees.⁴⁰ Throughout their history of immigration, self-employment has been a prominent mode of work for many AAPIs.

Entrepreneurship is often a source of economic empowerment for these first-generation AAPIs and their communities, as well as a provider of jobs and a generator of economic activity. Many AAPI immigrants, such as Asian Indians, come to the United States already possessing high levels of education and skills.

The employment rate of Vietnamese refugees in 1975 was 68.2 percent among men and 50.9 percent among women. Within three years, 94.9 percent of all first-wave Vietnamese refugees over the age of 16 were employed, as compared to 94.5 percent of all Americans.

Asian Americans Impact on Business and Education,
www.asianamericans.com/businessimpact.htm

Many of the successes of the AAPI community, from AAPI consumer power to the number of AAPI college graduates to the number of AAPI-owned small businesses and the impact of the AAPI community-based organizations and advocacy groups, can be attributed to the strength, hard work, and accomplishments of first-generation AAPI immigrants.

Another economic stimulus that AAPI immigrants have brought to this country is the creation and proliferation of Asian ethnic enclaves, such as Little Tokyo (Nihonmachi), Little Saigon, Korea Town, Filipino Town, and Chinatown. These enclaves, found in or near major metropolitan cities with a critical mass of AAPIs, have helped spark new business and job opportunities in these communities and beyond. According to Dr. Michael Porter of the Harvard Business School, "There is a direct correlation between

"Chinatown in Flushing is home to a vibrant middle class and blue-collar community, and is wealthier than Chinatown in Manhattan. Until the 1970s, Flushing was mostly an Italian and Greek neighborhood, but the downtown was shaken by the economic turmoil of the 1970s. People left Flushing and housing prices dropped. Korean and Chinese immigrants began to settle in Flushing by the late 1970s, and have predominated since the 1980s."

John Roeke, *Flushing Chinatown in Queens New York, A Neighborhood Tour*
http://queens.about.com/cs/neighborhoods/a/tour_flushing.htm

immigrant populations and job growth in inner cities. Immigrants clearly and more readily identify the unique business conditions and opportunities that inner cities offer and are able to capitalize upon them."⁴¹

AAPI immigrants, especially those who are limited-English proficient, tend to settle in these ethnic enclaves. The continuous influx of AAPI immigrants into these areas infuses vitality and investments into these communities and spurs economic growth and community renewal.

Growing Number of AAPI Leaders and Role Models

A recent and significantly important development in the AAPI community has been the growing number of AAPIs in leadership roles in America. The elevation of AAPIs to the upper echelons of American society, whether in business, government, the arts, science, or philanthropy, sets up important advocates and role models for the AAPI community. The current Administration has appointed a larger number of AAPIs to senior positions than previous administrations.

⁴⁰ Promising Practice Brief, Vol 17 (1), Center on Disability Studies (CDS), University of Hawaii at Manoa.

⁴¹ "Immigrants Fueling Job Growth in U.S. Inner Cities, Study Finds," Initiative for a Competitive Inner City, November 15, 2005.

The AAPI community has a solid foundation for economic success. As the population and number of AAPI-owned businesses continue to grow, it becomes increasingly important that this segment of the American economy is able to maximize its potential. The potential to expand the economic capabilities of the AAPI community is large, especially when it is revealed that there are significant areas where AAPI economic performance can be enhanced. We believe that there is still a lot of room to grow, and that there is a good foundation from which to build.

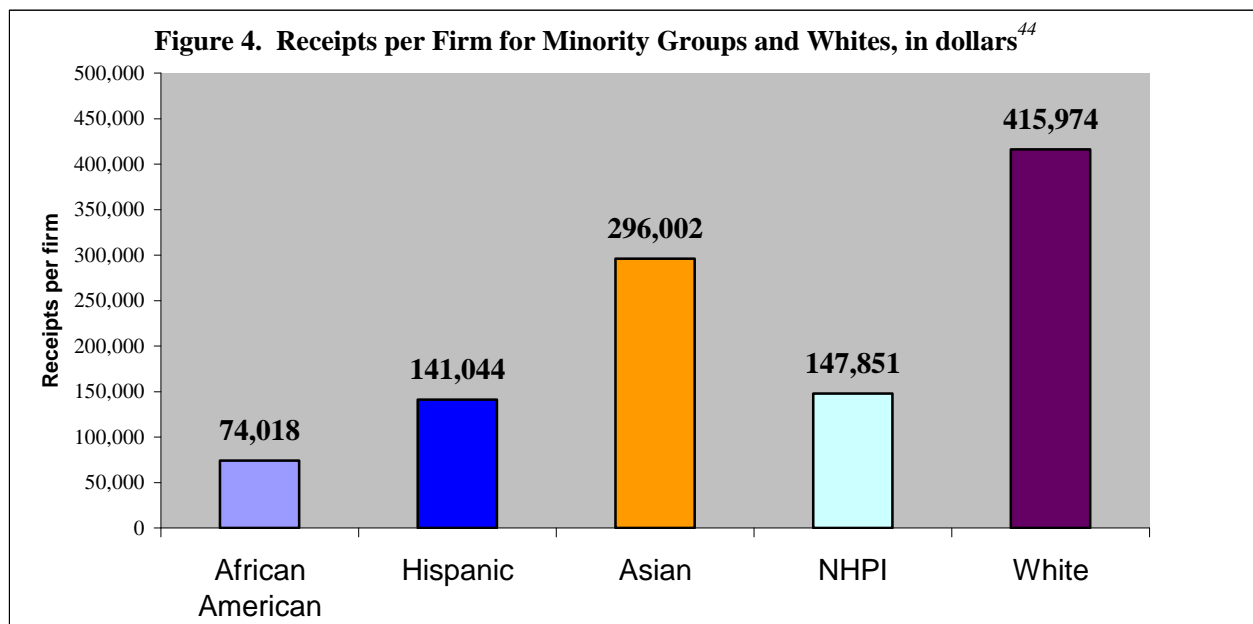
THE OPPORTUNITY—BRIDGE THE PERFORMANCE GAP

On the surface, AAPI-owned businesses appear strong, but deeper analysis reveals that these businesses actually lag in certain key areas that are significant to long-term economic growth (e.g., high contraction rates and smaller firm size). While AAPIs start businesses at a higher rate and own businesses with stronger survival rates than the national norm, these businesses actually remain at the lower end of the spectrum in terms of receipts, assets and profitability. As emphasized in the Kaufmann Report,⁴² it is important for the U.S. to help minority firms grow beyond current performance plateaus.

“Encouraging minorities to start new businesses will still be a priority. But a second and equally important objective is to ensure that existing minority businesses are taking the necessary steps to achieve substantive growth,” said Carl J. Schramm, President and CEO of the Kauffman Foundation, upon releasing the study on June 28, 2005. “This issue has never been more relevant or important than it is today.”⁴³

AAPI-Owned Firms Lag Behind in Size and Economic Contributions

As noted earlier, many AAPIs start businesses and run them successfully. The start-up and survival rates for these businesses are comparable to or exceed those of White-owned firms. However, AAPI-owned firms still lag behind White-owned firms in their size and economic contributions (see Table 6). The average receipts per firm for White-owned firms were \$415,974 in 2002.⁴⁴ For Asian American-owned firms with paid employees, the average receipts per firm were \$296,001 – less than three-fourths of the White-owned average receipts. Companies owned by Native Hawaiians and Pacific Islanders (NHPI) averaged only \$147,851 per firm (see Figure 4). For the aggregated AAPI-owned category, firms averaged \$292,214 per firm in receipts.

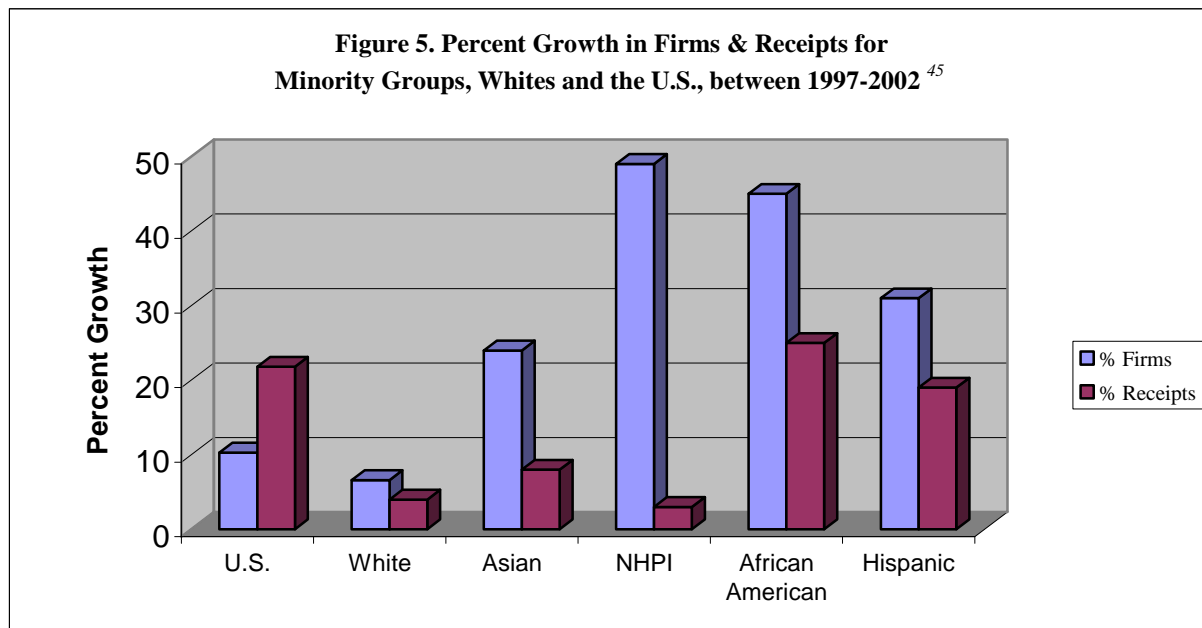


⁴² Ewing Marion Kaufman Foundation: *The New Agenda for Minority Business Development*, 2005.

⁴³ *Ibid.*, p. 1.

⁴⁴ Company Summary: 2002, 2002 Economic Census, Survey of Business Owners, Company Statistics Series, U.S. Census Bureau.

Not only is the amount of receipts per firm lower for AAPI-owned companies, growth in receipts is below that of other minority-owned firms and the national average. From 1997 to 2002, the receipts of Asian-owned firms grew only 7.8 percent versus 22 percent growth of U.S. firms.⁴⁵ The 7.8 percent growth in AAPI-owned receipts also lagged behind other minority-owned firms: Hispanic-owned companies grew at 19 percent and African American-owned firms grew at 25 percent over the same period (see Figures 4 and 5).



AAPI-Owned Firms Have Higher Contraction Rates

While AAPI-owned firms had one of the highest growth rates for the number of new firms and had expansion rates above non-minority-owned firms, they also demonstrated higher risks of decline than all other firms. According to the Small Business Administration, AAPI-owned firms had the highest contraction rate of all minority-owned firms (see Table 5).

Table 5. Expansion and Contraction Rates, in percent, for Non-Minority-Owned and Minority-Owned Firms⁴⁶

	Expansion Rate, 1997-2001	Contraction Rate, 1997-2001
Non-minority-owned	27.4	21.1
Asian American and Pacific Islander-owned	32.1	22.9
American Indian and Alaska Native-owned	27.8	22.4
African American-owned	25.7	19.9
Hispanic-owned	34.0	17.8

Employment for AAPI-Owned Firms Falls Short of the National Average.

Between 1997 and 2002, AAPI-owned firms grew at rates that were more than double that of the national average and they employed significantly more people than other minority-owned firms. However, it appears these firms struggle to retain employees and increase receipts per employee. Compared to the

⁴⁵ U.S. Department of Commerce [MBDA] (2006), *The State of Minority Business Enterprises: An Overview of the 2002 Survey of Business Owners*, p. 9.

For 1997 data: <<http://www.census.gov/epcd/mwb97/us/us.html>>.

For 2002 data: <<http://www.census.gov/prod/ec02/sb0200cscosumt.pdf>>.

⁴⁶ Small Business Administration, Office of Advocacy, *Dynamics of Minority-Owned Employer Establishments, 1997-2001*, p. 9. <<http://www.sba.gov/advo/research/rs251tot.pdf>>.

national average, AAPI-owned companies employed fewer employees per firm, had lower receipts per employee, paid employees less, and had lower receipts per pay (see Table 6).

Table 6. Summary Data for Firms with Paid Employee(s), 2002⁴⁷

	Employees/Firm	Receipts/Employee	Payroll/Employee ('000)	Receipts/Payroll
U.S. Total	20.05	\$197.00	\$34.40	5.73
White-owned	11.03	\$146.32	\$29.67	4.93
AAPI-owned	6.94	\$131.40	\$25.35	5.18
Asian American-owned	6.93	\$131.50	\$25.31	5.20
African American-owned	7.98	\$87.30	\$23.28	3.75
Hispanic American-owned	7.70	\$116.80	\$23.89	4.89

Between 1997 and 2001, AAPI-owned firms had the largest job losses of all other minority-owned losses in non-classified establishments due to closure; 56 percent of AAPI-owned establishments lost employees. AAPI job loss rates were higher than the average U.S. figures. AAPI-owned firms tied with African American-owned firms for the largest employment losses due to contraction: 17 percent.⁴⁸ During this same period, AAPI-owned firms had 49 percent of total minority business employment.

Clearly, a problem exists when the minority group that employs the most people also has some of the most significant problems retaining those jobs or adding real economic value per employee.

AAPI Leadership in Mainstream America is Below That of Other Minority Groups

Economic growth is driven by both opportunity and influence. AAPI leadership in mainstream America may be on the rise, but AAPI influence and representation still lags behind in many key areas.

For example, a study by the Committee of 100 found that AAPIs are underrepresented on corporate boards. Only 1 percent of Fortune 500 companies have AAPI directors, although AAPIs make up 5 percent of the population.⁴⁹ The Committee of 100 also found that AAPIs are exceptionally underrepresented in the top tiers of academia. AAPIs are the most educated ethnic group in America and AAPI students are well-represented on college campuses (6.4 percent of students), but only 2.4 percent of the positions of President, Provost, or Chancellor at major universities are held by AAPIs.⁵⁰ This is important from an

According to Korn/Ferry International, the number of Fortune 1000 firms with at least one Asian or Asian American corporate director between 1995 and 2002 has lagged behind the number of firms with at least one corporate director who is Hispanic/Latino, African American, an ethnic minority overall, or a woman, respectively. In 2002, 79% of Fortune 1000 corporate boards had at least one female corporate director, 71% had at least one ethnic minority corporate director overall, 44% had at least one African American corporate director, 17% had at least one Hispanic/Latino corporate director, and only 10% had at least one AAPI or Asian corporate director.

In 2002, 60 out of 5,912 Fortune 500 corporate director seats were held by AAPIs or Asians-- 1% of the total number of Fortune 500 corporate directors.

In 2003, 60 out of 5,875 Fortune 500 corporate director seats were held by AAPIs or Asians -- again, 1% of the total number of Fortune 500 corporate directors.

Committee of 100: Asian Pacific American Corporate Board Report Card

⁴⁷ U.S. Census Bureau (2006), *2002 Economic Census, Survey of Business Owners: Asian Owned Firms:2002*.

For Asian-Owned firms: <http://www.census.gov/prod/ec02/sb0200csasian.pdf>;

For African American-Owned firms: <http://www.census.gov/prod/ec02/sb0200cscabl.pdf>;

For Hispanic-Owned firms: <http://www.census.gov/prod/ec02/sb0200cshisp.pdf>;

For White-Owned firms: <http://www.census.gov/prod/ec02/sb0200cscosumt.pdf>, and

For Hispanic-Owned firms: <http://www.census.gov/prod/ec02/sb0200cshispt.pdf>

⁴⁸ SBA Office of Advocacy, *Dynamics of Minority-Owned Employer Establishments, 1997-2001*, Table 11.

⁴⁹ Committee of 100 (2004), *Asian Pacific American Corporate Board Report Card*

http://www.committee100.org/initiatives/corporate_board/2004.04.23%20Formal%20Report.pdf.

⁵⁰ Committee of 100 (2005), *Asian Pacific American in Higher Education Report Card*

http://www.committee100.org/publications/edu/C100_Higher_Ed_Report_Card.pdf.

economic development point of view because lack of representation means lack of access. Corporate boards and academic circles are often places where access to important resources and networking can be found that can help entrepreneurs grow their businesses.

Politically, AAPI groups are also underrepresented. A Current Population Survey reveals that voter registration rates for the Asian American population are the lowest of all ethnic groups. Bringing Asian American registration rates to those of whites would have added almost 700,000 votes in the 2004 elections.⁵¹

The Bush Administration has made significant strides in elevating AAPIs to the top tiers of government, appointing, for the first time in history, two Asian Americans to Cabinet-level positions and appointing the highest number of AAPIs to key positions within the federal government. However, AAPI representation in government is still behind that of African Americans and Hispanics. In Congress, there have been a total of only 15 AAPI voting members.⁵² Currently, there are only seven members of the House of Representatives and two Senators of AAPI descent.⁵³ AAPIs do not have Congressional representation that is proportionate to their share of the national population.

ECONOMIC BENEFITS TO THE U.S. OF DEVELOPING AAPI ECONOMIC POTENTIAL

While it may be impossible to know the precise amount of what the economic potential of AAPI firms might be, it is clear that the payoff in tapping this potential could be immense.

A “back of the envelope” calculation can illustrate the economic potential of AAPI businesses (see Appendix G). If the 1.1 million Asian American-owned firms had receipts comparable to non-minority-owned firms in 2002, they would have generated an additional \$132 billion in receipts. If the 29,000 firms owned by Native Hawaiians and Pacific Islanders were of comparable size, they would have generated an additional \$8 billion in receipts. Taken together, if AAPI-owned firms were comparable to non-minority-owned firms, they could have contributed an additional \$140 billion in receipts to the economy, supporting an untold number of new jobs.

In 2002, AAPI owned businesses would have contributed over **\$140 billion** in additional receipts and numerous jobs to the U.S. economy if they had performed on par with White-owned businesses.

Other specific benefits that could result by helping AAPI-owned business grow to scale include the following:

- Increased U.S. trade and international competitiveness: As the global economy dominates the national business landscape, Asian Americans’ understanding of both Asian and American culture and language has become a tremendous asset for corporate America and the American economy.⁵⁴ AAPI entrepreneurs and professionals are playing important roles to open markets and foster partnerships between Asia and the United States. A number of AAPI entrepreneurs and professionals are already doing business or helping to establish more business with their countries of origin. This activity helps promote U.S. trade overseas and spurs U.S. economic growth.
- Enhanced economic opportunities for the nation and the AAPI community through the creation of wealth and high-paying jobs.

⁵¹ Passel, Jeffrey S. Latino and Asian Voters in the 2004 Election and Beyond, Migration Information Source, November 2004.

⁵² http://en.wikipedia.org/wiki/List_of_Asian_Pacific_Americans_in_the_United_States_Congress.

⁵³ Dean Statement on the Midterm Elections, November 14, 2006, <http://www.democrats.org/a/2006/11/dean_statement_29.php>.

⁵⁴ Raymund Flandez, *Wall Street Journal*, March 20, 2007, p. B6.

- The building of increased capacity and capability of AAPI-owned businesses: Larger firms can better utilize state-of-the-art technology allowing them to improve productivity.
- The opportunity for larger AAPI-owned firms to become global players in a global economy: Size makes it easier for firms to succeed in a rapidly changing global environment.
- Increased opportunities for collaboration with other businesses and mentorship from business leaders.
- Enrichment of talent and skills in American society and corporations through the development of new leaders within the AAPI community.

The benefit for unlocking AAPI economic potential is significant. It is, therefore, worth the investment to support AAPI communities in their efforts to assimilate new generations of immigrants, to encourage high-growth businesses, and to support AAPI entrepreneurs in their efforts to expand their companies to scale.

THE COST OF 'BUSINESS AS USUAL' AND IGNORING AAPI ECONOMIC DEVELOPMENT

While economic performance of AAPIs has been respectable; growth continues to fall behind the national average as already stated. If economic growth continues to be constrained or limited, especially for new immigrants, it will result in deep social and economic consequences for the AAPI community on the whole and, in turn, for the United States.

Past Progress Will Be Lost

One of the key points of the Kauffman Foundation's study on Minority Business Development is that the "impressive gains made by minority-owned businesses over the past few years stand to be squandered unless new growth strategies are adapted to compete in a rapidly changing business market."⁵⁵

"Past models are no longer sufficient to ensure an expanded role for minority entrepreneurs in the U.S. free-enterprise system," states James Lowry, a senior vice president of the Boston Consulting Group and the report's author. "A collaborative effort among corporations, government, foundations, major universities, and minority entrepreneurs is required to ensure these businesses grow beyond current performance plateaus."⁵⁶

Growing Dependence on Public Support by Immigrant Populations

As noted earlier, the population growth of the AAPI community is expected to increase from 4 percent of the U.S. population to nearly 9 percent by 2050.⁵⁷ The majority of this growth is expected to come from new immigration.

Immigration can either be an enormous economic asset or a drain on society. The history and experience of AAPI immigration proves that these immigrants come to the United States primarily in search of the American dream – attainment of self-sufficiency, wealth, and freedom. Immigrants are searching for ways to support themselves and their families, but if opportunities are limited or inaccessible or significant barriers exist, immigrants may be left with little choice but to rely on public support.

Already, the immigrant experience is fraught with the challenges of simply surviving and adjusting to a new place with foreign systems, laws, language, and culture. These challenges compound the difficulties that entrepreneurs face in starting, running, and growing businesses.

⁵⁵ Ewing Marion Kauffman Foundation release, June 28, 2005.

⁵⁶ *Ibid.*

⁵⁷ National Population Projections Program, U.S. Census Bureau.

For the U.S. to make the trend of immigration a boon to the economy versus a growing cost to society, the increasing number of immigrants must be able to successfully settle and readily access America's opportunities and support to economically prosper.

Challenges to U.S. Competitiveness

Ignoring AAPI economic potential not only impacts new immigrants but it also has implications for all Americans. AAPI immigrants are creating new U.S. firms at rates above the national average (see Table 1). These new firms are helping to create new employment and business advantages for all Americans. If they are constrained from reaching and maintaining growth, however, employment opportunities could be lost resulting in a drain of American skilled labor seeking opportunity beyond U.S. shores.

America's competitive edge today is in its skilled workforce. However, increased globalization and competitiveness are already making retention and attraction of a skilled workforce a struggle for U.S. businesses. America must maximize the growth and competitiveness of its homegrown businesses in order to fully reap the talent it invested in attracting and developing them.

Already, several U.S. business segments, especially the fast-growing technology sector, have opened significant operations overseas to access the skilled workers they need in order to be competitive. Not only are U.S. businesses locating operations overseas but their employees have also followed those jobs. The trend of U.S. businesses and talent finding more lucrative opportunities outside the U.S. will be exacerbated if the economic potential that exists in the U.S. continues to go under-developed.^{58 59 60}

Currently, many Asian countries rank among the fastest growing economies of the world – countries where millions of Asian Americans originated. As stated in articles published in the *Wall Street Journal* and *India Today International*, people are returning to their countries of origin to do business in these regions. It is only logical to capture these synergies for U.S. economic growth and thus enhance the economic potential of AAPIs.

⁵⁸ Ronald Alsop, *Wall Street Journal*, March 13, 2007, p. B9.

⁵⁹ *India Today International*, March 5, 2007, p. 21.

⁶⁰ Raymund Flandez, *Wall Street Journal*, March 20, 2007, p. B6.

ECONOMIC DEVELOPMENT STRATEGIES

The Commission recognizes that there is no “one-size-fits-all” remedy to speed economic development for the AAPI community as a single entity. AAPIs are the most diverse ethnic group in the U.S. encompassing 50 ethnic subgroups and 100 languages.⁶¹ While this diversity can be an asset and adds to the richness of the Asian American and Pacific Islander cultures and their contributions, it can present many challenges for policymakers.

We have narrowed our focus to two economic development strategies that we believe are critical to unleashing the economic potential of Asian American and Pacific Islander-owned businesses:

- 1) Diversification of AAPI-owned businesses; and
- 2) Creation and development of AAPI Opportunistic Entrepreneurs.

DIVERSIFY AAPI-OWNED FIRMS AND GROWTH STRATEGIES

One of the most significant factors that limit the economic potential of AAPI-owned businesses is that these businesses are concentrated in no-growth or low-growth businesses. These businesses also have limited market reach. AAPI entrepreneurs face all of the challenges that any small business would face and more. In a significantly more acute way, AAPI entrepreneurs lack the knowledge and background in the American market economy that would allow them to fully comprehend potential business opportunities and their probability for success or failure.

As a result, recent immigrants, in particular, tend to cluster around well-known “formula” businesses with which they are familiar: restaurants or food vending services, nail salons, convenience stores, and other retail or “mom and pop” type of neighborhood establishments. In 2002, retail and wholesale trade accounted for 47 percent of Asian-owned business receipts.⁶² Asian-owned firms also had a high concentration in “other services,” such as personal services, repair and maintenance, and professional, scientific, and technical services. Native Hawaiian and Other Pacific Islander-owned businesses appear to be concentrated in health care and social assistance, “other” services, retail, waste management, and construction (see Table 7).

Highlights from the Southern California Minority Business Survey

- A notably large number of Korean American-owned businesses are retail companies (44 percent) and an equally large share is in the services sector (44 percent). Ninety percent of the businesses are sole proprietorships, 56 percent have fewer than 5 employees, and 26 percent earned revenues between \$101,000 and \$1 million.
- Sixty-four percent of Vietnamese businesses are in the service sector, with a concentration in personal services (16 percent), health services (16 percent), and repair services (11 percent). Thirty-five percent of businesses in the retail sector were restaurant/fast food companies.
- Almost one-half of Vietnamese-American firms (49 percent) report that more than 75 percent of their business comes from the ethnic consumer market.

Source: *The Southern California Minority Business Atlas*

⁶¹ President's Advisory Commission on Asian Americans and Pacific Islanders, *A People Looking Forward: Action for Access and Partnerships in the 21st Century*, Interim Report to the President and the Nation, (Jan. 2001), p. 7.

⁶² U.S. Census Bureau News, *Revenues for Asian-Owned Firms Surpass \$326 Billion, Number of Businesses Up 24 Percent, May 16, 2006*.

Table 7. AAPI Firms by Industry⁶³

Industry	U.S. Firms	Asian American-Owned Firms	NHPI--Native Hawaiian and Pacific Islander-owned Firms
All	22,974,655	1,103,587	28,948
Agriculture	249,290	6,261	540
Mining	102,029	456	103
Utilities	18,896	225	1
Construction	2,780,323	38,787	2,853
Manufacturing	601,181	23,719	324
Wholesale trade	711,083	46,564	377
Retail trade	2,584,689	151,616	3,601
Transportation	976,826	52,056	1,412
Information	309,117	12,092	311
Finance and insurance	901,368	30,041	579
Real estate	2,146,154	74,620	1,851
Professional, scientific, technical services	3,280,627	154,220	3,239
Management	28,351	478	3
Waste management	1,568,045	53,028	3,362
Educational services	409,724	15,517	442
Health care and social assistance	2,021,115	123,208	--
Arts, entertainment, and recreation	969,741	26,534	1,678
Hospitality	676,116	104,993	511
Other services	2,677,613	188,701	--
Unclassified	29,593	1,201	--

Unfortunately, these areas of business concentration are also the areas with the lowest growth potential. Until AAPI businesses are able to diversify or expand into industries with higher growth rates, their economic potential and opportunity will continue to be limited.

Identify and Diversify into High-Growth Industries

Minority-owned firms can expand the most rapidly if they take the opportunity to select their future business ventures based on the prospects for those industries in the U.S. and global economies. Strategic options for a firm's progress can be formulated based on the growth prospects for particular sectors and the presence, or absence, of minority-owned businesses in that sector.⁶⁴

Table 8. Growth rates, in percent, for manufacturing and Non Manufacturing (products and services) Sectors⁶⁴

Approximate growth rates for selected Manufacturing sub sectors		Approximate growth rates for selected Non Manufacturing and Services sub sectors	
Information Technology	12	Computer and data processing services	19
Health-drug-medical & dental equipment	5	Securities and trading companies	15
Instruments	3	Management consulting and public relations	13
Chemicals and Plastics	2	Accounting, Auditing and book keeping	9
Construction Materials	2	Telecommunications	8
Food and Kindred products	2	Advertising Services	6

⁶³ U.S. Census Bureau (2006), *Survey of Business Owners 2002* <http://factfinder.census.gov/servlet/IBQTable?_bm=y&-geo_id=D&-ds_name=SB0200A1&-lang=en>.

⁶⁴ For further discussion of this model, see Boston Consulting Group, *The New Agenda for Minority Business Development*, June 2005, sponsored by the Ewing Marion Kauffman Foundation, p. 25.

In manufacturing, information technology products and services, business services and support services for personnel, are expected to show strong growth rates. In addition, health, drug, and medical and dental equipment manufacturing are expected to grow more rapidly than other manufacturing sectors – see the accompanying story about Tanox, Inc. for further illustration.

Tanox, Inc.

One example of a firm in a high-growth area is Tanox, Inc. Started by Dr. Nancy T. Chang in the late 1980s, Tanox scientists discovered a novel approach for the treatment of allergic disease by reducing the levels of immunoglobulin E in the blood.

In June 2003, an anti-IgE therapy, Xolair® received approval from the U.S. Food and Drug Administration for the treatment of asthma. Tanox continues to research and develop therapeutic monoclonal antibodies designed to address significant unmet needs in the areas of asthma, allergy, inflammation, and other diseases affecting the human immune system, including HIV.

On June 23, 2005, Tanox's CEO, Dr. Chang, rang the opening bell for NASDAQ in celebration of the fifth anniversary of Tanox's listing on the Exchange.

While Dr. Chang's choice of industry may have been prescient, it does not explain all of her success. She is driven and views any weakness as an opportunity to obtain additional training and guidance in order to make herself and her team even stronger. She grows her management team internally, and all of her executives benefit from language, communications and leadership training. She delights in finding what people do best and advancing them within the company, mentoring them to bring out their best efforts. But, first and foremost, she is a scientist, with a dream of making the new drugs that will cure suffering.

In non-manufacturing products and services, several of the more rapidly-growing sectors are computer and data processing services, securities and trading companies, and management consulting and public relations, all of which are projected to experience double-digit growth. Accounting, auditing and bookkeeping, telecommunications, and advertising are also strong sectors (see Table 8).

For the Kaufman Foundation study on minority-owned business development, the Boston Consulting Group (BCG) formulated a matrix to indicate where potential growth opportunities for minority-owned firms might lie. BCG indicates that an industry with high sector growth and low growth among minority-owned businesses warrants aggressive pursuit of opportunity. In portions of the sector where minority-owned businesses might be underrepresented, a strong partner could help a minority-owned firm enhance capabilities and capture advantage quickly. This is indicated by the upper left quadrant of the chart located on the following page.

Conversely, industries in which minority business growth has been significant and business growth overall is low should be avoided. This is indicated by the lower right quadrant of the chart located on the following page.

Diversify the Customer Base -- Marketing Beyond the Local Community

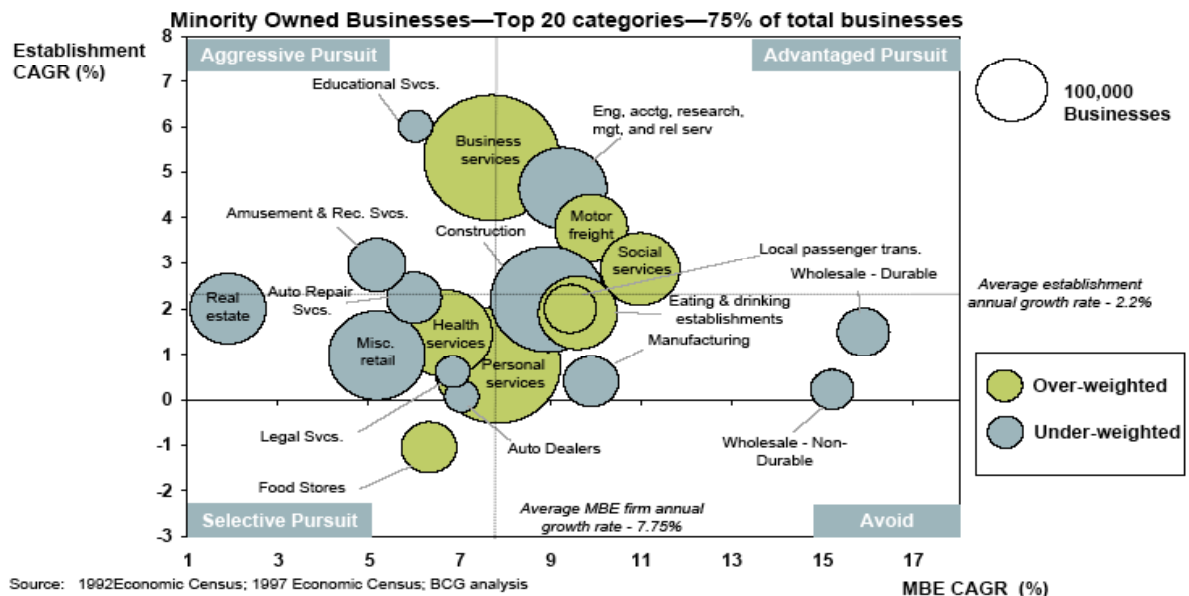
Certainly, one aspect of growing a company to a larger scale rests in developing the ability of AAPI firms to market beyond their local communities. Many AAPI firms begin their life cycle in ethnic neighborhoods serving members of their own community.

To grow, the firm must begin the process of assimilation by learning to market and provide goods and services to consumers in the mainstream economy. This has become one of the most difficult areas for AAPI entrepreneurs. The *Minority Business Atlas*⁶⁵ calls this the most overwhelming business assistance

⁶⁵ *The Southern California Minority Business Atlas*, The Community Development Technologies Center and the Merrill Lynch Foundation, 2000.

need among minority businesses; 30 percent⁶⁶ of the businesses surveyed needed help in this area. The next largest area where they needed assistance (6 percent) was in developing a business plan.⁶⁷

MINORITY BUSINESSES ARE GROWING IN A VARIETY OF INDUSTRIES, BUT TARGETED STRATEGIES ARE NEEDED



CREATE AND DEVELOP OPPORTUNISTIC ENTREPRENEURS

The focus on economic development for the AAPI community needs to go beyond the concern of establishing new small businesses. To make a true economic impact, it is necessary to take the next step to help these businesses grow in size and scale so that they can become competitive.

A closer look at a comparison between the number of firms owned by AAPIs and Whites and the firm size (defined as the number of employees in the business) reveals there is a statistically significant relationship (Chi-square= 5913, df = 7, $p < .000$) between the owner's ethnicity and the firm size (see Appendix F for details). A closer look at the residuals in the various cross-tabulated cells reveals that Asians have a larger number of smaller firms than predicted by an independent model, while Whites have a larger number of bigger firms than predicted by the same model.

At the heart of any business is its owner(s). For the AAPI community, many businesses are established out of necessity, driven by unemployment or limited employment opportunities for their owners. The reasons for unemployment among AAPIs can range from labor market discrimination and low English proficiency to lack of skills or the inability to transfer training and credentials attained in their respective home countries. Nonetheless, businesses started out of necessity are often designed to simply sustain their owners.

AAPI-owned businesses can only exceed this subsistence level of operation if their owners are provided the tools and motivation to become opportunistic entrepreneurs. The creation and development of OEs will

⁶⁶ *The Southern California Minority Business Atlas*, the Community Development Technologies Center and the Merrill Lynch Foundation, 2000, p. 19.

⁶⁷ *Ibid.*

increase the ability and probability that AAPI-owned business can grow beyond current levels and contribute more to the U.S. economy. The 2002 Census data shows that a significant number of AAPI-owned businesses do not have any paid employees. They primarily rely on unpaid family members to assist.

Opportunistic Entrepreneurs seek business growth especially if they are already positioned in strong potential-growth industries. They may be more willing and capable of pursuing innovative strategies such as alliances, partnerships, mergers, and acquisitions. They may be better positioned to increase use of capital markets and be capable of quicker response to trends in supply chain management.

Opportunistic Entrepreneurs (OEs) are focused on some sort of innovation or business idea that has significant profit potential. They are people who seek growth or expansion opportunities that will go far beyond maintaining a subsistence-level business. These are entrepreneurs that will utilize venture/angel-backed startups, private equity or bank-financed acquisitions/rollups/expansions, or other financing mechanisms.

Sustenance Entrepreneurs (SEs) are people who simply start a business in order to sustain themselves or their families. They may try to capitalize on a particular skill or capability, like import/export, restaurant, dry cleaning, grocery, or other "small" business. They may buy into a franchise. The key is that SEs are entrepreneurial, but do not aim to be big. This is often a default business model for immigrants that face barriers to finding employment in mainstream businesses.

Source: Cox, Larry W; Hay, Michael; Reynolds, Paul D; Bygrave, William D; Autio, Erkkko. *Global Entrepreneurship Monitor Report, 2002*

It may appear that there is little reason to focus assistance on these entrepreneurs. However, it is precisely these businesses that we should seek to grow to scale because an infrastructure of medium- and large-sized companies that create jobs, technological advances, and world-class products and services will push and help grow the U.S. economy. These businesses have the highest potential for growth and expanded assistance to them will reap the highest rewards to the economy. The establishment of small businesses alone cannot do this.

Furthermore, small businesses often need larger businesses. Partnerships, alliances, or contracts between small and larger businesses have been key to a great deal of economic activity. Larger companies also provide mentors and advisors to assist small businesses acquire the tools and training they need to grow and improve their operations.

Research indicates that creating large minority-owned businesses –those with at least \$100 million in revenue – is key to:

- Driving significant economic development of the community.
- Creating meaningful, lasting, and high-paying jobs.
- Providing a cost-competitive and highly capable supply base for major public and private corporations and government.
- Providing procurement opportunities for smaller minority-owned businesses.
- Developing opportunities for younger entrepreneurs to identify growth prospects and develop businesses of size.
- Create wealth for minorities.
- Fostering a new cadre of leaders to further support the historic community/civic leadership.

The New Agenda for Minority Business Development, Boston Consulting Group, June 2005, sponsored by the Ewing Marion Kauffman Foundation

Creating Opportunistic Entrepreneurs

Government, business and community organizations, and universities all play a role in providing tools that can help AAPI business owners transform from subsistence entrepreneurs to Opportunistic Entrepreneurs.

A few of these key strategies include:

- **Improving access to capital, credit, and increased bonding capacity.** Most minority-owned businesses need to look beyond their own resources (friends, family, personal savings) to adequately grow to scale.
- **Moving beyond the “lone-wolf” founder/CEO business model to a model with management teams that have the capacity to optimize growth.** While AAPI-owned firms are statistically on par with non-minority-owned firms in adopting corporate structures best suited to large-scale operations (e.g. S- and C-type Corps), they often struggle with the managerial skills needed for business growth (delegation, recruiting, rewarding talent).⁶⁸
- **Obtaining competitively-priced business services.** Minority-owned businesses face a challenge in obtaining access to competitively-priced business services such as legal services, health insurance, and risk management policies. Because the majority of minority-owned businesses are small, they face a disadvantage in negotiating for many necessary businesses services. The surging cost of health care, for example, is far higher for small groups and small businesses than for large corporations. While data collection is lacking, it is clear that association health plans, health savings accounts, and small business tax deductions are important components of remedies for this situation.
- **Better utilization of technology and developing value-added products and services.** AAPI-owned firms can be better positioned to grow to scale to the extent that they focus on better use of technology. Receipts per employee in many minority-owned firms are substantially lower than comparable majority-owned firms. In the manufacturing sector, majority-owned firms generate 1.5 times more receipts per employee than do minority-owned firms, whose products also tend to have a lower value-added component and, therefore, lower margins.⁶⁹ Increased and better use of technology can help to increase per employee productivity and capabilities and therefore increase receipts and productivity.
- **Accessing information about opportunities.** Minority-owned businesses need access to information about opportunities that match their firm’s capabilities. A number of studies and comments made by entrepreneurs have indicated that networking and marketing are areas where many AAPI entrepreneurs believe could be strengthened. Unfortunately, many AAPI groups report low participation rates in civic and business networks that could help improve access to information.

⁶⁸ Boston Consulting Group, The New Agenda for Minority Business Development, June 2005, sponsored by the Ewing Marion Kauffman Foundation, p. 30; <http://www.kauffman.org/pdf/minority_entrep_62805_report.pdf>.

⁶⁹ *Ibid.*

- **Mentorship, coaching, counseling, and business executive training.** Developing the skills needed to effectively manage and grow a business is critical for minority entrepreneurs especially among those who did not obtain an education in the United States. There are several good programs designed to help entrepreneurs in this area, but much can be done to reach out and specifically target AAPI entrepreneurs.
- **Certification requirements and application processes.** The Minority Business Enterprise certification and application processes at the federal, state, and local levels remain a challenge for many budding entrepreneurs. In some cases, to be eligible for certification requires entrepreneurs to be involved full-time in the management of the entity. This “full-time involvement” as a key factor in determining participation in the disadvantages business enterprise program is burdensome and start-up entrepreneurs may have to moonlight in order to sustain themselves.

Examples of Minority Business Mentorship & Training Programs

SBA Small Business Development Centers

MBDA Minority Business Enterprise Centers
& Native American Business Enterprise Centers

Department of Labor Opportunity Conference.

SCORE: The Service Corps of Retired Executives

HEMP: Helzberg Entrepreneurship Mentoring Program

Lawrence N. Field Center for Entrepreneurship at Baruch College, Zicklin School of Business, City University of NY, New York, NY.

Greater Kansas City Chamber of Commerce POWER Program

Bellevue Entrepreneur Center, Bellevue, WA

Community-based organizations have focused on securing funding for life-necessities and other social assistance programs. Numerous studies promote the encouragement of entrepreneurship as a means to generate greater economic wealth in the community. Training, through local resources and partnerships (e.g. SCORE) can enable AAPIs to not only reach subsistence levels but also to develop more OEs. The Commission recommends that a federal agency, such as the SBA, facilitate entrepreneurship counseling and mentoring programs targeted to AAPIs move them to self sustaining levels faster.

COMMUNITY DEVELOPMENT AS AN ECONOMIC GROWTH STRATEGY

Community development must be considered in conjunction with economic growth for the AAPI population. Without a strong community foundation, AAPIs, especially new immigrants, are hard-pressed to find access to the tools and resources needed to build successful personal lives and businesses in the United States.

As stated earlier, immigration can be either an enormous economic asset or a drain on society. During our site visits, AAPI community leaders highlighted the reduction in federal funding assistance for community development. With the AAPI immigrant population expected to grow significantly and with government resources shrinking, the role of community-based organizations (CBOs) and faith-based organizations (FBOs) will grow in importance in supporting the community needs of AAPIs, entrepreneurs, and immigrants.

COMMUNITY DEVELOPMENT - A STRATEGY FOR AAPI ECONOMIC GROWTH

CBOs and FBOs serve as important links between those in need of services and the services that are available to them. While government plays an important role in providing resources, CBOs and FBOs remain crucial in assisting and making them accessible. CBOs and FBOs offer effective channels for reaching out to ethnic communities because they are able to communicate in a linguistically- and culturally-competent manner to individuals with limited English proficiency. This asset has a tremendous value for government agencies that seek to disseminate information among hard-to-reach populations especially AAPI subgroups.

Examples of CBO Services

The Chinese Community Center of Houston offers an adult literacy program that includes ESL and adult basic language instruction, citizenship classes, and adult secondary education.

Chinese American Planning Council of New York City has comprehensive career training programming that has assisted thousands of immigrants to develop new skills and to identify employment and business opportunities.

Korea Town Youth Community Center of Los Angeles offers the Korean Money Smart financial literacy curriculum.

Cambodian Association of Illinois, along with three other Cambodian associations in Oregon, California, and Florida, are collaborating with the Khmer Health Advocates to address the high prevalence of diabetes among Cambodian refugees.

9/11 and the Council of Peoples Organization served as an advocate and legal counseling center for South Asians, particularly Muslims, living in Central Brooklyn that were detained and summoned after the 9/11 attacks. The organization also offers community members ESL instruction, helps them to secure food stamps, and provides medical and mental health services.

The National Asian Pacific Center on Aging is a national advocate for AAPI seniors. It also provides training and employment opportunities for AAPI seniors and operates a multilingual hotline to educate AAPI seniors on the Medicare Part D Discount Prescription Drug Program administered by CMS.

Little Tokyo Services Center is the catalyst and sponsor for the development of more than 500 affordable apartments in different Asian American enclaves in Los Angeles.

In the AAPI community, CBOs and FBOs are often lifelines for new immigrants, providing the assistance that many need in order to reach a level of self-sufficiency. CBOs and FBOs take the lead in providing access to opportunities to improve language and job skills, assistance in seeking employment, life and culture training and counseling, financial assistance, housing assistance, mentorship, advocacy, and other basic needs resources.

Under the administration of President George W. Bush, faith-based organizations are also being recognized as indispensable resources for providing social services to millions of Americans. FBOs are now on an even keel with community-based organizations to seek federal funding for the myriad services they provide underserved communities and populations.

The Commission's site visits have shown that faith-based organizations provide an important sense of social safety for AAPIs. They are particularly valuable for 'under-represented' AAPIs -- those who live in more remote regions of a state where resources and infrastructure to provide social services are often not quickly available.

Many AAPIs are affiliated with a house of worship; those who are disenfranchised due to immigration status usually prefer to seek assistance from a trusted minister. In North Carolina, for example, Asian Americans made up almost 2 percent of the population, yet there are over 80 Asian churches and missions in the state representing 17 different language groups. These range from Korean churches, of which there are 21, to Kh'mu, of which there is only one.⁷⁰ Examples are many: the Montagnard Christian Church of North Carolina plays a key role in financially supporting Montagnard descendants as well as, socially, and spiritually; the Raleigh Chinese Christian Church offers valuable social services to Chinese turkey farmers in Goldsboro, North Carolina; and the Samoan Congregation Church of California is a strong advocate and voice for the Samoan population in Los Angeles.

Youngnak Presbyterian Church, CA

Youngnak Presbyterian Church (Youngnak) has been providing invaluable community services to AAPIs. Established in 1973 with 39 members, Youngnak is one of the oldest and largest Korean American churches in the United States, with 8000 current congregation members. Under the current vision and leadership of Senior Pastor Hyung Cheon Rim, Youngnak meets the spiritual needs of the Korean American community in Southern California. It also plays a key role in community empowerment through various outreach ministries by providing important community services to both Korean and non-Korean immigrants in L.A..

http://www.livedtheology.org/wkgp_community_3.htm

Promising practices in which faith-based organizations have played a vital role in strengthening AAPI communities are found throughout the nation. For example, there are over 582 Korean faith-based organizations that serve over 600,000 Korean Americans and other ethnic groups in the Greater Los Angeles Area.⁷¹ These faith-based organizations provide comprehensive social services to their members and help them along the road to self-sufficiency.

CBOs and FBOs Serve as a Link to Resources for Entrepreneurs

Beyond providing social services, CBOs and FBOs also serve as a critical link between entrepreneurs and resources. While there are numerous government, private, and academic resources to help entrepreneurs, the Commission found that access to these resources is still a problem for many AAPI entrepreneurs. The same CBOs and FBOs that help to bridge the gap between social services and immigrants can also help to bridge the gap between minority entrepreneurs and business resources.

Many CBOs have taken the lead in providing some direct support and services to AAPI professionals and entrepreneurs. For example, AAPI professional associations, like the National Association of Asian American Professionals (NAAAP), support AAPI advancement, forging leaders of tomorrow through professional development, multiculturalism, networking, and community service.

⁷⁰ Baptist Convention of North Carolina, <http://www.bscnc.org/churchministries/multiculturalministries/asian.htm>.

⁷¹ Im, Hyepin. "Being Out in the Community Empowering the Korean American Church Community, Part 1." (http://us_asians.tripod.com/articles-ka-churches.html). November 14, 2005.

SUPPORTING COMMUNITY DEVELOPMENT

One of the Commission's goals is to further improve access and communication by helping to foster partnerships between AAPI-serving organizations and those agencies and departments that administer and oversee information and resources.

Fostering Partnerships with Federal Agencies

CBOs have historically served as a key medium for government agencies in implementing federal programs. Two examples in which this type of government/community/faith-based partnership has proven beneficial are the Lifelink/Link-up in North Carolina for the Montagnard communities and the partnership between the Department of Health & Human Services (HHS) Centers for Medicare and Medicaid Services (CMS) and the National Asian and Pacific Center for Aging (NAPCA). (See text box below for specific information.)

There is a clear and distinct value to the AAPI community and to the federal government in these partnerships. These partnerships improve access to and information about federal services and programs to AAPIs. They also help to increase the capacity and abilities of AAPI-serving organizations by providing them the experience and resources to work with organizations on a larger scale.

Lifelink/Link-up Program.

As a result of the collaboration between the Montagnard Christian Church in North Carolina and the AAPI Liaison of the Federal Communication Commission, a significant number of low-income Montagnard residents benefit from a discount of their telephone services.

CMS (HHS), AoA & NAPCA.

Through an inter-agency agreement with the Administration on Aging (AoA), the Centers on Medicare & Medicaid Services (CMS) provided resources to NAPCA to assist Medicare beneficiaries with the new prescription drug benefit (Medicare Part D). This collaboration among CMS, AoA and NAPCA resulted in one of the most effective national outreach efforts for a federal program. With this support, NAPCA developed and ran an exceptionally successful outreach program on Medicare Part D to AAPI seniors. Over 40,000 seniors were assisted due to the creation of the first national toll-free multilingual Helpline and the highly effective use of earned ethnic media. The NAPCA Helpline was essential for seniors who face language, cultural, and geographical barriers to obtaining necessary individual assistance. The ethnic media stories generated from outreach events informed elders about the benefit as well as the means by which they could access the benefit in their own language through the NAPCA Helpline that helped elders navigate and sign up for the Medicare Part D benefit. This effort and collaboration, which took place during both the 2006 and 2007 Part D enrollment periods and continues today, has contributed to 79% of eligible AAPI Medicare beneficiaries being enrolled in Part D or the Medicare Retiree Drug Subsidy (RDS). This is the highest percentage of enrollment among minority populations.

A primary purpose of the Commission's technical assistance conferences was to foster connections between federal agencies and the AAPI community and AAPI-serving organizations. It is hoped that some of these connections will result in more community partnership with the federal government to serve the AAPI population.

Interagency Collaboration within the Federal Government

By signing Executive Order 13339, the President not only established the President's Advisory Commission on Asian Americans and Pacific Islanders but he also called on all federal agencies to mobilize their resources to address the unmet needs of Asian American and Pacific Islander businesses and communities. The Interagency Working Group (IWG), composed of Deputy Secretaries and senior officials from federal departments and designated independent agencies, advises the President through the Secretary of Commerce on Initiative Activities. The IWG is to develop an inventory of existing programs and funding levels targeted towards AAPIs. Additionally, each agency is responsible for developing an annual implementation plan that documents its actions taken toward meeting the mandates of the Executive Order.

A Coordinating Committee (CC) composed of senior-level designees from across executive departments and designated independent agencies supports the work of the IWG as the implementation arm of the Interagency Working Group.

Connecting Large Institutions

Most major institutions, such as universities and academic medical centers, have a strong track record in seeking research and service grants to address needs in the community. However, because of insufficient available data on many AAPI subgroups and issues, it is often difficult for these organizations to be aware of AAPI needs or of AAPI-serving organizations that can provide assistance. AAPI-serving organizations, likewise, will often not be aware of institutions or organizations that are seeking to serve the AAPI population.

In many communities that have small cluster populations of AAPI subgroups, data on those AAPI subgroups is usually not available. The lack of data often results in a lack of response to even the most pervasive needs among the AAPI subgroups. National advocacy organizations serving AAPIs or local CBOs or FBOs may have more access and accurate data on these small subgroups than state or local governments, but large agencies and institutions may not be aware of these organizations or of their abilities to help extend services to AAPIs. AAPI-serving agencies are also often not informed of agencies or institutions that are soliciting funding or have been awarded funding to serve AAPIs. It would be advantageous for funding agencies and grant recipients to exchange information with national advocacy organizations to connect funding to individuals and groups in need and to connect with organizations that can be of assistance in serving AAPI communities.

Collaborating with Corporations

The Commission's attention was drawn to reduced federal assistance for CBOs during site visits. With declining government funding, CBOs must look beyond government support for sustaining their service capacities. Mainstream American corporations are becoming more interested in supporting AAPI communities from a marketing and social investment perspective. CBOs can assist corporations in reaching out to the largely untapped AAPI market, one that is significant in numbers and in buying power.

CBOs can also assist corporations in directing charitable resources to address the unmet needs of the AAPI communities. The Chicago Chinatown Chamber of Commerce has been successful in aligning the business and social investment agenda of major corporations with the service agenda of community-based organizations. The Chicago Chinatown Chamber of Commerce has been able to mobilize corporate resources to support many social service programs for the Chicago Chinatown. The Chinese American Planning Council, New York, is another community-based organization that has sustained its programs by fundraising, despite reductions in public funding.

Major corporations, such as pharmaceutical and insurance companies, have been very progressive in allocating corporate-giving to minority communities in order to improve quality of life. Several major pharmaceutical manufacturers have invested in improving disease management strategies in Indian Americans.⁷² State Farm Insurance's Good Neighbor Service Learning Grant Program provides grants to promote youth as leaders by engaging youth in efforts to identify and address the needs of their communities.

Mentorship and Skills Development for Community Advancement

Mentorship and leadership development are essential components of AAPI community and economic advancement. Grooming community leaders is critical in strengthening and sustaining a community-based infrastructure. Both public agencies and private organizations have invested in developing new leaders for the 21st century workforce.

⁷² Featured Article: Diabetes Among Indian Americans Initiative, *Journal of American Association of Physicians of Indian Origin*, Winter 2002/2003, <http://www.cof.org/files/Documents/Publications/Cultures_of_Caring/bibasam.pdf>.

The National Coalition for Asian Pacific American Community Development sponsored the “Community in the CAAPITAL Program,” a community leadership development program. It provides opportunities for staff of AAPI-serving community-based organizations to travel to Washington D.C. to learn about policies and resources relevant for working in low-income and underserved AAPI communities. This program serves to connect AAPI CBOs to Washington, D.C. resources and to increase the accountability of public policymakers and elected officials on issues impacting AAPIs. Components of the program include a “Government 101” briefing, meetings with key federal agencies, elected officials and national community development organizations, dialogue with other national AAPI organizations, and training on advocacy for non-profit organizations.

Besides grooming new leaders, younger CBOs can strengthen their organizations through peer-to-peer mentorship, interagency partnership, or by using a more experienced community-based organization as an incubator. CHHAYA (“Shade”) was developed through an incubation period and continuous mentorship support by a more experienced CBO.⁷³ In 2000, Asian Americans for Equality helped launch CHHAYA, a South Asian community development corporation focusing on housing, small business, and other social service needs in the South Asian community (see text box below for an excerpt about CHHAYA).

“There are young people who very much want to fight and know their rights, and want their community as a whole to be educated,” said Kui. “We think it’s important for Chhaya to exist to harness that and bring people together so they can also see there’s a larger (APA) community that we need to unite. Whether it’s Chinese, Korean or Japanese, the struggle is the same and we should be together.” --Christopher Kui, Executive Director of AAFE in the article “New Organization Focuses on South Asian Housing Issues in NYC” by Tomio Geron, *AsianWeek*, May 10-16, 2002.

Fostering Collaboration among CBOs and FBOs

One of the most significant challenges that the Commission witnessed for AAPI-serving CBOs and FBOs is their lack of critical mass. While there are several successful and larger CBOs, there are an overwhelming number of small, struggling organizations. The social safety net infrastructure and community capacity are particularly inadequate in some linguistically-isolated and economically-distressed neighborhoods. These communities often lack data to justify their communities’ needs and to garner sufficient allocations of government funding. Therefore, the available community development resources, systems, and programs often do not match the level of services needed by AAPI communities.

This problem is largely the result of the challenge inherent in serving the immensely diverse AAPI community. The different waves of immigration from different AAPI groups over the years spurred the creation of organizations designed to provide services to address the needs of the specific ethnic groups with the most severe needs of each particular period. For example, the wave of immigration from Southeast Asia, particularly from Vietnam, beginning in 1975 and through the 1990s resulted in the creation of several CBOs designed to help resettle Vietnamese refugees and immigrants. Regardless of the cause of this multiplicity, the result is the existence of numerous, diverse AAPI-serving organizations with similar objectives but different client targets that often compete for the same scarce resources.

In this environment of limited resources and growing needs, collaboration is essential in maximizing resources and service capacities. Federal agencies and national organizations that award grants have been encouraging and supportive of collaborations and strategic partnerships.

Given the scarce and declining resources available to qualified community-based and faith-based organizations, successful communities have found ways to effectively collaborate across organizations to secure funding, build critical mass for larger-scale projects, and provide more extensive training and support of entrepreneurship and business development. Currently, there is no forum to share these success stories. We recommend that a Strategic Working Group (SWG) of key federal agencies be established to coordinate the development of programs that foster greater collaboration among the various AAPI

⁷³ Chhaya CDC, <http://www.chhayacdc.org/what.htm>.

organizations that are currently serving their respective communities. The Commission feels that a National Chamber of Commerce for AAPIs will help to foster the interaction, sharing of experiences and contacts, and increasing economic relevance of various regions in global trade and business. We recommend that steps be taken to enable the establishment of a National Chamber of Commerce for AAPIs.

A collaborative approach would allow organizations to leverage multiple resources to support a common goal and improve the odds of grant reception. A further benefit in forming partnerships is finding synergy with organizations that share a common goal, allowing them to share skills and expertise, and thus increasing the probability for success and reducing the duplication of efforts. The result of the collaboration could be mutually beneficial for all partners.

There are many examples of successful CBO collaborations. In Los Angeles, the Little Tokyo Service Center, SIPA, Koreatown, and Chinatown Service Center are beneficiaries of an effective collaboration. The interethnic partnership has yielded more than 800 units of affordable housing in Los Angeles (see text box below for further details about The Little Tokyo Service Center).

Another organization that represents a network of CBOs and FBOs is the Southeast Asia Resource Action Center (SEARAC). This national network organization has a membership of 180 CBOs and FBOs.⁷⁴ It provides sub grants, training, and technical assistance to 18 Southeast Asian American CBOs and FBOs in California, the District of Columbia, Maryland, North Carolina, Virginia, and Wisconsin.

The Little Tokyo Service Center Community Development Corporation (LTSCCDC) participates in a number of multi-ethnic collaborations, which can serve a broad range of consumers across ethnic lines. For example, the LTSCCDC is the lead agency in the Asian Pacific Islander Small Business Assistance Program (API SBP), which is a consortium of 5 community-based nonprofit organizations (partnering with Chinatown Service Center, Search to Involve Pilipino Americans, Koreatown Youth and Community Center, and Thai CDC). "This consortium provides counseling and assistance to Asian American communities and it works well because of the trust and reputation of each partner group within their communities and because of the cooperation of each group within the consortium." Bill Watanabe, Executive Director, LTSC.

"Trust that grew from the ability to understand each others weaknesses and share our strengths is providing a broader range of programs than any of us could do separately." Erich Nakano, Deputy Director, LTSC.⁷⁵

A key goal of the Commission's visits to locations around the country was to connect different AAPI-serving organizations in order to encourage the development of collaborative efforts and the fostering of synergies. The Commission's site visit to North Carolina brought together several AAPI organizations, CBOs, and FBOs for the first time. The result of this visit was the formation of a coalition of several professional organizations and CBOs together with the Montagnard Christian Church to help meet the needs of the Montagnard Community.

ECONOMIC DEVELOPMENT - A STRATEGY FOR COMMUNITY DEVELOPMENT

Economic growth supports community development. AAPI entrepreneurs have a strong track record of serving on the boards of community-based organizations and providing resources to them. Not only do these entrepreneurs give back to their community, but they also help to provide their children with the ability and commitment to do so, as well.

Having experienced first-hand the struggles of new immigrants, some U.S.-raised first- and second-generation AAPIs have chosen to dedicate their careers to improving the quality of life of their parents and new AAPI immigrants. These AAPIs deeply understand the challenges of AAPIs and the need for a social

⁷⁴ California Assembly Budget Subcommittee on Health and Human Services Cash Assistance Program for Immigrants Testimony for Khammany Mathavongsy Southeast Asia Resource Action Center March 1, 2006 <<http://www.searac.org/tst-helpkham3-1-06.pdf>>.

⁷⁵ Collaboration Builds AAPI Capacity in Lost Angeles, Fieldworks, HUD Nov/Dec 2000.

safety net infrastructure for this population. They have started grassroots social service organizations to serve as navigators and advocates for their communities, dealing with one issue and one challenge at a time. They also reach out to other ethnic groups to assist them in the development of these organizations. The Chinese American Planning Council in New York City directed by David Chin, a U.S.-raised Chinese American, and Little Tokyo Service Center (LTSC), directed by Bill Wanatabe, a second-generation Japanese American, are just two prime examples of second-generation AAPI investments.

Entrepreneurs and their families who give back to the community not only support CBO and FBO efforts, but they also cultivate new leadership and encourage community and civic engagement and advocacy.

The Asian American and Pacific Islanders for Philanthropy (AAPIP) was founded in 1990. It is a national membership organization comprised of foundations, staff and trustees of grant-making institutions, and representatives of nonprofit organizations. It serves as a catalyst to strengthen the infrastructure of AAPI communities and expand the leadership of AAPI professionals in the philanthropic field, thus broadening philanthropy's understanding of the communities in its constituency and increasing resources to underserved populations.

Community development advocates should not limit their focus on community development as an avenue to economic empowerment. They should also recognize and encourage economic development as a means to strengthen the community. The role that CBOs and FBOs can play in helping to link valuable resources to AAPI entrepreneurs is one that needs to be expanded. Much more can be done in this area to support entrepreneurs from a community standpoint.

IMPROVING COMMUNICATION AND OUTREACH TO THE AAPI COMMUNITY

AAPIs are generally not well-informed of available resources and services, due to language barriers and isolation. The problem is compounded by the great diversity of the population, which demands broad language capabilities and a variety of outreach strategies. Fear of authority, distrust of government, and a culture of self-reliance also contribute to some access barriers. Targeting information to the AAPI community, therefore, has been a major challenge for governments, corporations, and institutions.

The Administration has instituted changes to the delivery methods of federal funding to better provide funds where they are needed. An example is the creation of the Office of Faith-Based and Community Initiatives in the White House, Departments of Labor, Health and Human Services (HHS), Housing and Urban Development (HUD), Energy (DOE) and Justice (DOJ). The Commission found that communities are not as aware of the federal resources available to them as expected. In addition to resources, communications appears to be an area where progress can be made in order to better serve AAPIs.

A 2004 survey conducted by the Asian American Legal Defense and Education Fund (AALDEF) in 23 cities revealed that more than half (51%) of all respondents received their news about politics and community issues from the ethnic press rather than from mainstream media outlets. The newspaper was the most common source used among those using ethnic media sources.

The Commission has found that enhancing partnerships with AAPI-serving organizations and improving direct communications and outreach to AAPIs through ethnic media are very effective strategies for improving access to resources and information to the community. Partnerships with CBOs and FBOs can help make information culturally sensitive and relevant, and ethnic media can play a significant role in disseminating information, especially to the first-generation immigrants who have limited English proficiency.

Asian American newspapers reach a substantial percentage of the Asian American adults in the United States. Approximately 80 percent of all Korean, Chinese and Vietnamese adults read an ethnic newspaper

on a regular basis.⁷⁶ The reach of Indian, Filipino and Japanese newspapers is smaller but still impressive; more than half of the adults in these groups read an ethnic newspaper a few times a month or more. Korean, Vietnamese, and Chinese television stations are also rapidly increasing in popularity, along with Internet access; 67 percent of all Asian Americans access the Internet, and half of them prefer ethnic websites to mainstream websites.

Various mainstream industries have successfully reached the AAPI populations by using ethnic media to achieve their market share. In recent years, government agencies have also used ethnic media to disseminate health promotion and disease prevention messages to AAPIs. Examples include the Environmental Protection Agency and HHS entities: Center for Disease Control and Prevention, National Institutes of Health, Center for Medicare and Medicaid Services through its partnership with the National Asian Pacific Center on Aging.

⁷⁶ Ethnic Media in America: The Giant Hidden in Plain Sight, Executive Summary, Conducted by Bendixen & Associates For New California Media (NCM) <<http://www.ncmonline.com/polls/executivesummary.pdf> & http://www.ncmonline.com/polls/full_em_poll.pdf.>

BARRIERS TO REALIZING AAPI ECONOMIC POTENTIAL

AAPIs experience many challenges during their journeys taken in search of the American dream. Some have faced more challenges than others, depending on when they immigrated, or their level of education and English fluency. Based on interviews with AAPIs during the Commission's visits, the main issues that most AAPIs face involve challenges in accessing programs and services. Many of the challenges faced by AAPIs are the result of language barriers, isolation, low political participation, and racial discrimination. But these challenges are often invisible to mainstream Americans.

THE MODEL MINORITY MYTH

At first glance, one might think that Asian Americans and Pacific Islanders need little assistance to prosper in the U.S. economy. According to the 2000 Census, AAPIs are more likely than the national average to grow up in two-parent homes, they earned the highest median family income, and they graduated from college at disproportionately high rates.⁷⁷ This view, which is often perpetuated in the media, takes some characteristics of the AAPI community and promotes the assumption that all AAPIs will have no difficulty quickly climbing the ladder of success in this country. While true for some AAPIs, this stereotype masks the real problems, especially of newer immigrants, that are quickly revealed by a deeper look into relevant existing data and into the AAPI community. Below, we share some data about the AAPI community to highlight its diversity and complexity (see Appendix C for population and sales per firm data).

- **Language:** 39 percent of AAPIs have limited English proficiency compared with 8 percent of all other populations.
- **Poverty:** Asians and Pacific Islanders were more likely to live in poverty – 10.2 percent – than Non-Hispanic Whites – 7.8 percent – in 2001.⁷⁸ In 2005, 12.6 percent of the national population was living below the poverty level.⁷⁹ The proportion living below the poverty level for all Asian groups was 11.1 percent.⁸⁰ The three year (2003-2005) average poverty rate for the Native Hawaiians and Pacific Islanders was 12.2 percent.⁸¹ Disaggregating the data even further shows that certain groups have even higher poverty rates (e.g., Samoans at 19.8 percent individually and 18.5 percent family⁸², and Tongans at 23 percent⁸³).
- **Education:** Asians and Pacific Islanders are more likely than Non-Hispanic Whites to have earned at least a college degree, but they are also more likely to have less than a ninth-grade education.⁸⁴ Detailed data reveals a wide disparity amongst Asian and Pacific Islander groups. Close to two-thirds of Indian Americans – 61 percent – had earned a bachelor's degree or more.⁸⁵ By

⁷⁷ *The New Face of Asian Pacific America*, edited by Eric Lai and Dennis Arguelles. Published by AsianWeek and UCLA's Asian American Studies Center, in partnership with the Organization of Chinese Americans and the National Coalition for Asian Pacific American Community Development, 2003, p. 29.

⁷⁸ U.S. Department of Commerce News, Poverty Rate Rises, Household Income Declines, Census Bureau Reports, September 24, 2002, U.S. Census Bureau.

⁷⁹ Income, Poverty, and Health Insurance Coverage in the United States: 2005, U.S. Census Bureau.

⁸⁰ *Ibid.*, p. 14, Table 4.

⁸¹ U.S. Census Bureau, 2000 Census Summary File 4, PCT 142, National Income and Housing Profile for Asian Americans, Native Hawaiians and Pacific Islanders, Asian Pacific American Community Development Data Center; <http://www.census.gov/prod/2006pubs/p60-231.pdf>; p. 15, Table 5.

⁸² A Portrait of American Samoans, Compiled from 2000 U.S. Census Bureau, The Native Hawaiian Research Center.

⁸³ 23% of Tongans live below poverty line, Matangi Tonga Online, March 31, 2005, <http://www.matangitonga.to/scripts/artman/exec/view.cgi?archive=4&num=825>.

⁸⁴ U.S. Census Bureau, *The Asian and Pacific Islander Population in the United States: March 2002*, Current Population Reports by Terrance Reeves and Claudette Bennett, Issued May 2003.

⁸⁵ U.S. Embassy of India, http://www.indianembassy.org/indusrel/clinton_india/india_americans.html.

comparison, only 11.7 percent of the Hmong population,⁸⁶ 7.5 percent of Laotians,⁸⁷ and 9.0 percent of Cambodians had earned a degree from a four-year college.

- **Employment:** In 2002, 6 percent of the Asians and Pacific Islanders in the civilian labor force were unemployed, compared with 5 percent of the Non-Hispanic White population.⁸⁸
- **Housing:** In 2005, less Asian Americans owned their homes (60.1 percent vs. 68.9 percent) and more rented their homes (40 percent vs. 31.1 percent) than compared with the rate overall.⁸⁹ Asian households are also much more overcrowded than those of the total population. The rate of overcrowded homes, with 1.01 and more occupants per room, is, for Asians as a group, 4 times the national rate. 5 groups among the Asian population – Bangladeshi, Cambodian, Hmong, Laotian, and Vietnamese – live in owner-occupied housing with rates of overcrowding 7 times that of the national average.
- **Health:** AAPIs aged 35-54, in general, have a 1.3 times higher relative risk of death from stroke than Whites; 73 percent of Japanese American men have high blood pressure.⁹⁰ Asian American women have the lowest rate of cervical cancer screening (45 percent); the rate for White Americans is 63 percent.⁹¹
- **Aging:** The Asian American Senior population is expected to grow at a faster rate than all other Americans, according to the U.S. Administration on Aging.

For more statistical information about the AAPI population, see Appendix C.

What accounts for the disparity between the image of the successful AAPI community and these statistics? The answer lies in the immense diversity of the AAPI community and its experiences. The AAPI population is extremely diverse. It encompasses 50 ethnic subgroups and 100 language groups; each group has unique experiences and needs.⁹² AAPI culture and language diversity presents many obstacles. There is no “one-size-fits-all” solution to address the social issues, stimulate economic and community development, and increase political empowerment for AAPIs as a whole. Even for basic services, such as health and human services, it is a challenge for government and social service agencies to provide linguistically- and culturally-competent services for such a diverse group of people.

The Diversity of AAPI Immigration Experiences

The misconception that categorizes AAPI as one large group instead of distinct ethnic groups with unique languages, needs, and problems has masked the challenges of AAPIs.

AAPIs include many different populations with different immigration patterns and history in the U.S. Some AAPIs are fourth- or fifth-generation Americans, descendants of those who settled here as early as the mid-1800s. The majority of AAPIs in America today (up to 70 percent), however, are more recent (first-generation) immigrants or refugees.⁹³ The differences between fifth-generation Japanese Americans and a Cambodian refugee may easily be masked, however, when data derived from different ethnic groups are presented in aggregate form.

⁸⁶ Hmong 2000 Census Publication: Data & Analysis, <http://www.hmongstudies.org/HmongCensusReport.pdf>.

⁸⁷ Not the “Model Minority”, May 4, 2003, <http://www.searac.org/pr-2000-census.html>.

⁸⁸ U.S. Census Bureau, *The Asian and Pacific Islander Population in the United States: March 2002*, op. cit., p. 5. and <http://www.census.gov/population/socdemo/race/api/ppl-184/tab9.pdf>.

⁸⁹ U.S. Census Bureau, Housing and Household Economic Statistics Division, March 01, 2006.

⁹⁰ Asian/Pacific Islanders and Cardiovascular Diseases—Statistics, American Heart Association, 2004 <<http://216.185.112.5/downloadable/heart/1075706941602FS03AS04.pdf>>.

⁹¹ Women's Health Week Focuses on Minority Females, Healthlink, <http://healthlink.mcw.edu/article/1021047874.html>.

⁹² President's Advisory Commission on Asian Americans and Pacific Islanders, *A People Looking Forward: Action for Access and Partnerships in the 21st Century, Interim Report to the President and the Nation*, (Jan. 2001), p.7.

⁹³ http://www.ntac.hawaii.edu/downloads/products/briefs/promisingpractices/doc/PPBVol7_Issue1.doc.

However, it is not simply when they came to the U.S. that makes a difference; the journeys and experiences of AAPIs, as well as the challenges that they face, are dependent on many other variables, including history, country of origin, relationships with the U.S., immigration patterns, generational status, individual age at immigration, developmental processes, gender, responsibilities, degree of acculturation, language fluency, values, and traditions. Some immigrants or refugees arrive well-educated, come with financial resources, and are able to easily assimilate into U.S. culture. Others come with a significant lack of preparation and the skills that would allow them to successfully function in the U.S. society.

For example, a Chinese immigrant from Taiwan with an advanced degree, raising a family in the Research Triangle of North Carolina would have a vastly different journey than a Chinese immigrant from Fujian Province who is jobless and living in New York City's Chinatown. "Vietnamese and Hmong, though both Indochinese, differ in their basic cultural patterns. The Vietnamese, many with Chinese ancestry have a sophisticated literate culture and strong abilities to adapt to the market society; the Hmong have no written language, nor skills that are easily applicable to American labor needs."⁹⁴

The range of immigrant experiences and the history behind each individual is vast; these differences significantly affect AAPI needs as they have sought economic progress in the United States. Problems of the AAPI population, along with the possible solutions to those problems, therefore, are not often easy to identify. With almost each new wave of immigration, the problems and potential solutions change.

Generational Differences and the Assimilation Paradox

One of the most challenging issues that AAPIs face is the struggle with the generational and cultural conflicts that surface as the children of first-generation AAPIs emerge and assimilate into second-generation youth. While first-generation AAPIs struggle to find their way in American society, many second-generation AAPIs struggle to find the balance between becoming mainstream Americans and preserving their culture and ethnic identity.

First-generation AAPIs are constantly struggling to navigate different but equally complicated environments. While their resources and abilities may be different, every first-generation AAPI must reestablish a way of life upon arrival in the U.S. and must attempt to secure a way to meet basic necessities. Some of the areas in which first-generation AAPIs commonly face dilemmas include job skills development, housing, employment, childcare, senior care, and health care. There are multiple stressors and inevitable events that make up the path of every first-generation immigrant's journey as they strive to balance traditional ties and customs with assimilation into a new culture. These pioneers of the AAPI community are often lost within the American system and have little knowledge of the resources that can assist them and their businesses. This is why many turn to the protection and support offered by ethnic enclaves.

Ethnic enclaves can serve as the social safety net for AAPI immigrants and refugees. They provide cultural centers, job centers, and "homes away from home" for AAPI immigrants. For AAPI entrepreneurs, these enclaves may provide a safe starting point for developing businesses, but they can also trap entrepreneurs into limiting their market potential by steering entrepreneurs into low-growth businesses with a limited customer base. This enclave mentality also has another negative aspect. These enclaves can breed self-isolation among AAPIs and prevent them from accessing services, assimilating into mainstream society, having their voices heard, and achieving political empowerment. During the 1992 Los Angeles riots, the Korean American businesses suffered significant economic losses. The isolation of the Korean American businesses became a serious handicap to them in their efforts to access federal and state assistance to recover from those crippling losses. After the September 11 terrorist attack in New York and the Hurricane Katrina disaster, CBOs played a crucial role in the recovery of AAPI communities and AAPI-owned businesses in those regions. Therefore, the Commission believes that strengthening CBOs within AAPI communities is very important for improving their quality of life and sense of security.

⁹⁴ Toyoshima, Tak (2005), *Secret Asian Man*. <http://www.ntac.hawaii.edu/AAPICourse/downloads/pdf/AAPICourse_Part1.pdf>.

Western education, white-collar job skills, and a relatively more stable financial foundation may spare second-generation AAPIs from the challenges faced by their first-generation immigrant parents, but this group faces a different set of cultural challenges and barriers. This group often attempts to simultaneously navigate the cultural values of their parents while also trying to forge ahead into mainstream society.

Eager to become more acculturated, most second-generation AAPIs move outside of their ethnic enclaves and often seek lifestyles and careers that are more mainstream to U.S. culture. These decisions and desires, however, may put them at direct odds with their parents.

First-generation parents may strongly advise their second-generation children to avoid “standing out” in society, to pick careers and lifestyles that are understood by their parents (such as doctors and engineers) and to avoid risk. Members of the first generation often feel that they took risks so their children would not have to do so. But for the second-generation to significantly surpass the successes of their parents, they will need to go beyond the experiences of their parents and chart new courses in mainstream America. They will have to take risks that their parents were not able or willing to take in order to grow. The strong importance of filial piety in the AAPI culture, however, makes this dichotomy a real struggle for many second-generation AAPIs and their first-generation parents.

Becoming more assimilated into American society, however, has also not helped second-generation AAPIs gain better access to services and opportunities. Despite their knowledge of the American system, their higher educational attainment, and their broader social network, the network to which second-generation AAPIs are exposed may be less reliable than the network embedded in the ethnic enclaves, which is developed by and tailored for first-generation AAPI immigrants. This becomes particularly apparent when second-generation AAPIs start trying to identify appropriate caregivers or services for their non-English-speaking parents or as they navigate the social service system in search of support and solutions.

As second-generation AAPIs become more mainstream, they have a higher expectation for social equality in their professional and civic lives, but because of their broadened exposure to the host society, they also experience a different kind of inequality and discrimination, similar to the “glass ceiling”. As demonstrated earlier in the report made by the Committee of 100, despite the successes of many AAPIs, they are still severely under-represented in the most important top tiers of the American business and academia.

Having become aware of these challenges, U.S.-raised AAPIs have tried to address many of these solidarity problems by developing professional organizations, such as the Organization of Chinese Americans, Committee of 100, National Association of Asian American Professionals, and Asian Women in Business in New York City. These organizations do more than give a voice for the mainstream or attempt to mainstream professional AAPIs. These organizations were formed with a primary goal of empowering Asian American professionals through peer support and leadership development, increasing awareness of the “glass ceiling” and other discriminatory practices, and promoting civic responsibility among AAPIs. It is important to note that only a few major American corporations have invested in supporting these types of organizations as part of their talent retention and recruitment strategy.

Leadership

As discussed several times in this report, leadership and leadership development are important to AAPI economic and social success in America. Yet, there are several cultural challenges to empowering and developing leadership in the AAPI community, including the following:

- Isolation of many AAPIs in ethnic enclaves shields them from finding it necessary or worthwhile to seek leadership positions or recognition in mainstream America.

- Culturally, AAPIs may generally tend to be more passive and look down upon attempts to aggressively seek out positions of visibility or leadership. Many parents directly advise their children that it is not appropriate to seek distinction or visible leadership positions.
- Due to negative experiences in their home countries, many AAPI groups are fearful or distrustful of government. Therefore, they will attempt to “hide” from government and will not seek out assistance for fear that it may come with restrictions or unwanted requirements and obligations. They may also avoid attempts to collect data about them and their needs. Voter registration and providing census information are examples of areas in which certain AAPIs groups have avoided participating because of past fears and experiences with their home governments. In 2004, bringing Asian American registration rates to those of whites would have added almost 700,000 voters.⁹⁵

Visible AAPI leaders have and are emerging, but there are still too few, given the AAPI community's size and economic impact. To get beyond these cultural challenges to leadership development, it may be most useful to focus on youth, so that the cultural biases of one generation do not hinder the opportunities of following generations. AAPI youth also appear to greatly benefit from exposure to AAPI role models, different opportunities, and support systems that demonstrate understanding of their unique cultural viewpoints and challenges.

Ongoing Immigration Leads to Continuous Challenges

Ongoing immigration of new waves of different AAPI groups from different countries, with different languages, and different cultures will continue to complicate efforts to understand and serve the AAPI community. This challenge will continue to frustrate and limit the effectiveness of many programs that target this community. It will also continue to exacerbate current problems, such as the fragmented nature and limited capacity of many AAPI-serving CBOs and FBOs.

Too often, the diversity of the AAPI community has presented to governments, corporations, and similar bodies a convenient excuse that it is too difficult to successfully help this group. However, the current and future challenges of helping this community should not be a deterrent, particularly because it is these very immigrant groups that have the economic potential to not only benefit the U.S., but also to develop and invigorate the communities that new immigrants will turn to in the future.⁹⁶

INVISIBLE MINORITY DILEMMA

The Model Minority Myth not only hides the problems that AAPIs face; it obscures AAPIs from even being recognized as a minority group. Too often, the success of the AAPI community has generated a perception that this community does not need help, or at least not as much help as do other minority groups.

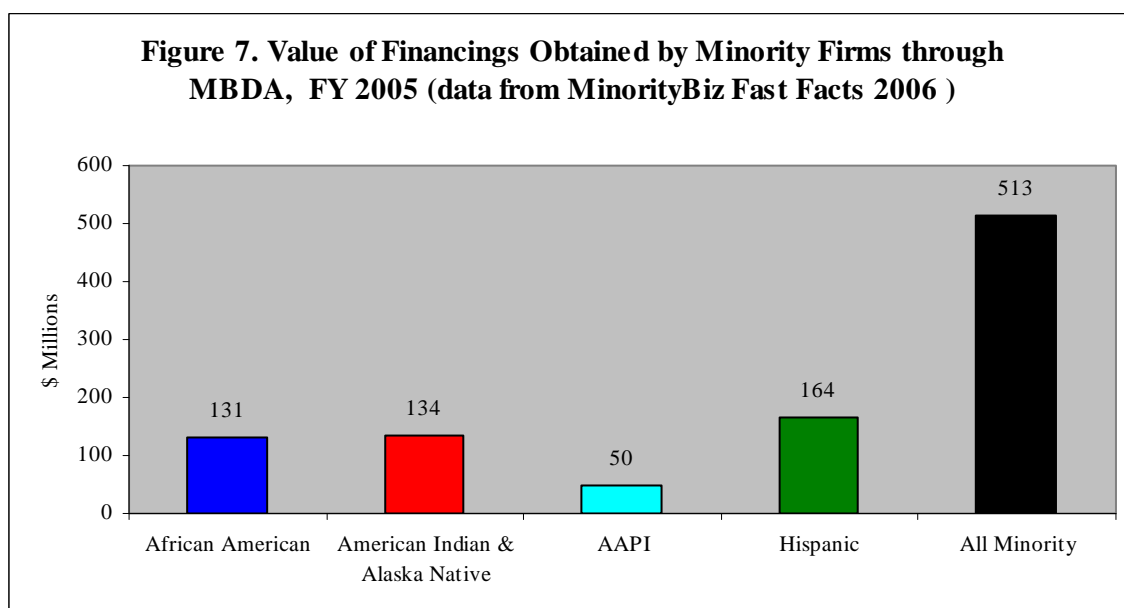
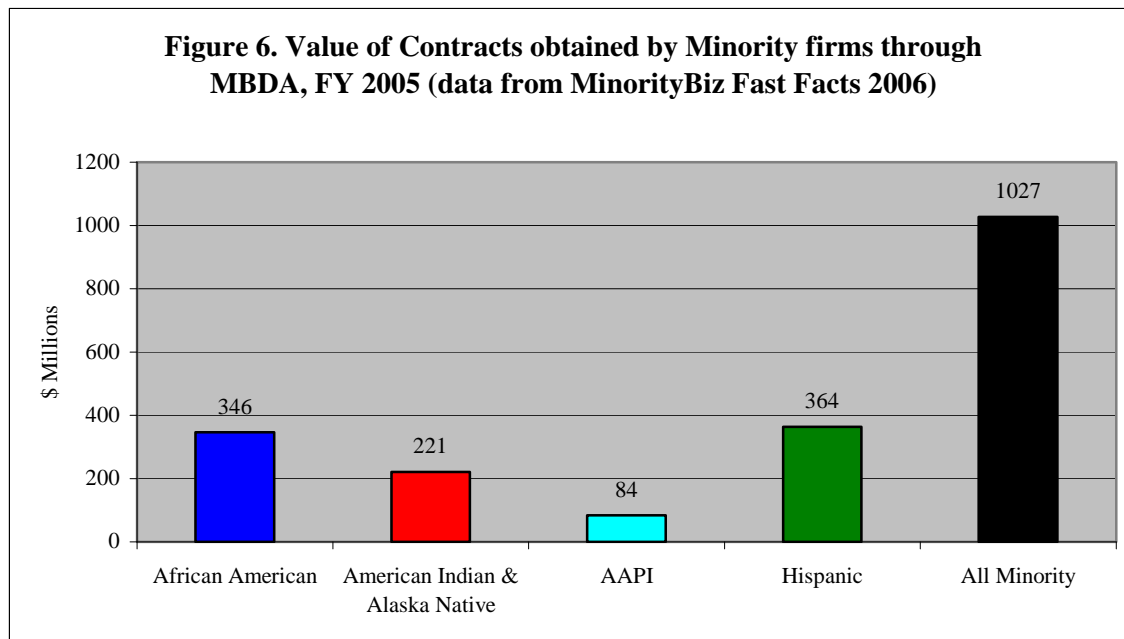
While federal, state, and local programs target minority entrepreneurs, few appear to focus on reaching out to AAPIs. This is apparent in the fact that AAPIs are the lowest recipients of government programs and assistance. The U.S. Department of Commerce Minority Business Development Agency (MBDA) reported that minority-owned firms were awarded \$1.5 billion in procurement and financial contracts through MBDA's network of funded centers in fiscal year 2005. MBDA's centers included Minority Business Enterprise Centers, Native American Business Enterprise Centers, and Minority Business Opportunity Centers located across the nation. Despite the number and growth in the number of AAPI-owned businesses, MBDA reported in fiscal year 2005 that of the \$1.5 billion in contracts and financing obtained by minority groups through MBDA, AAPIs received fewer contracts or financings (in dollar amount) than Hispanic, American Indian and Alaska Native, or African American minority groups. AAPI-owned firms received four times fewer dollars and fewer than half of the number of financing dollars as did Hispanic-

⁹⁵ Passel, Jeffrey S. *Latino and Asian Voters in the 2004 Election and Beyond*, Migration Information Source, November 2004.

⁹⁶ State of Asian Businesses, MBDA Minority Business Profile 2006.

owned, American Indian and Alaska Native-owned, and African American-owned firms.⁹⁷ (See Figures 6 and 7.) Of the \$1.5 billion in contracts and financings facilitated, about \$134 million were awarded to AAPI-owned firms (8.7 percent), \$478 million were awarded to African American-owned firms (31 percent), \$528 million were awarded to Hispanic-owned firms (34 percent), \$354 million were awarded to Native American/Alaska Native-owned firms (22 percent).

Further research is necessary to determine if the level of services and contracts provided to AAPI-owned firms by the federal government and other agencies that serve minority-owned firms, such as the Small Business Administration, is proportional to the representation of the AAPI community in the United States, and compared to the services⁹⁸ provided to other minority groups.



⁹⁷ MinorityBiz Fast Facts 2006, U.S. Department of Commerce Minority Business Development Agency
<http://www.mbrt.net/AmericanIndianandAlaskaNativeProfile.pdf>; and <http://mbrt.net/AsianMBEProfile.pdf>.

⁹⁸ Annual Performance Report Fiscal Year 2005, U.S. Department of Commerce Minority Business Development Agency.

The Small Business Administration, corporations, and institutions have also dedicated more programming and effort towards addressing the needs and development of the Hispanic or African communities.

Some strides are being made in this area for AAPI communities. The U.S. Department of Labor, for example, has instituted several programs directly targeting AAPI workers, businesses, and entrepreneurs. Additionally, the Department has translated guides, held AAPI-specific conferences, and published new data on AAPIs. The Commission, however, believes that the government can do much more.

INSUFFICIENT ECONOMIC DATA COLLECTION

There is considerable need for data collection to understand the differences across the AAPI subgroups and the lack of data about the AAPI entrepreneur on characteristics such as demographics of the entrepreneur, the entrepreneur's background, and differences across the generations of the AAPI communities. The Commission feels that the collection of such data is critical to making better informed decisions for the AAPI community. Not only does this data collection have to begin, but these demographics have to be tracked over time so that the impact of the federal interventions can be evaluated.

Lack of Subgroup Data

The Model Minority Myth is largely a consequence of the lack of disaggregated data on AAPIs. In developing this report, the Commission was often frustrated by the lack of data available, especially economic data and research specifically about different AAPI groups. Analyzing policies and programs without considering the diversity of AAPIs obscures the economic and social problems that we know continue to remain pervasive.

Challenges faced by AAPIs and AAPI entrepreneurs are often invisible to mainstream America because they are obscured by the skewed data that is currently available on the success of some in the AAPI community. Economic data disaggregated by subgroups is a vital tool for AAPI communities and federal, state, and local governments, but few government entities have taken the steps necessary to inquire deep enough to capture the economic information needed on the AAPI community to truly understand its needs.

To shed some light on the differences amongst AAPI groups, the 2000 Census, for the first time, classified Native Hawaiians and Pacific Islanders in their own category, separate from Asian Americans. But this effort, alone, is not enough and still does not go far enough to indicate specific information about where needs are greatest or how these issues can be addressed.

Without sufficient data, it is not only difficult to recognize existing problems, but it is impossible to adequately address them. The effective allocation of resources and programs and the ability to measure the impact of any program is dependent on having a foundation of data to begin with that can be tracked and measured. For the AAPI community, much of this critical economic development data is not being captured, and this has become a great impediment to the community's ability to access resources, support, and programming.

Some possible measures that could be considered for further data collection on the AAPI community are gender, age, generation in the U.S., education, income level, employment status, marital status, size of household, ethnicity, language, nativity, location of businesses, risk-taking propensities, and entrepreneurial missions. Similar measures have been used in several entrepreneurship studies in the past.⁹⁹

Absence of Data about the AAPI Entrepreneur

The issues and problems of the AAPI community must be recognized and addressed if the economic contributions and progress of AAPIs are to be maximized. To begin identifying the real problems and

⁹⁹ Ewing Marion Kaufman Foundation: *The New Agenda for Minority Business Development*, 2005.

solutions, it is imperative that more substantial efforts are made to collect disaggregated economic data on the AAPI community. This needs to start with actions taken by federal government.

Regardless of the challenges in reaching and capturing the diversity of the AAPI community, the Commission knows that this data can be collected. During the Commission's work, many fine community efforts were identified that are successfully mining existing data and tracking new data for the type of detailed information that will aid policymakers. A few examples include:

- The Diverse Face of Asians and Pacific Islanders in California,¹⁰⁰ released in 2005, is a detailed demographic profile of the one-third of the nation's AAPIs who live in California, detailing the rich diversity of the many ethnic groups, cultures, and languages represented in the state.

This work conducted by the Asian Pacific American Legal Center (APALC), with the sponsorship of the National Asian Pacific American Legal Consortium and the Asian Law Caucus, is a rich resource for anyone seeking to understand the economic diversity represented in the state and in Southern California, the Bay Area, and the Central Valley regions. Data on population, income, poverty, language proficiency, health insurance coverage, homeownership, and education are included, often down to the Census place level.

- The Asian Pacific American Community Development Data Center (a project of National CAPACD, the UCLA Asian American Studies Center and the U.S. Census Bureau Census Information Program) has produced state fact sheets mined from the 1990 and 2000 Census data. Tabulated at the state level, the fact sheets utilize the Asian American data, as well as the Native Hawaiian Pacific Islander data, to portray the diversity of the AAPI populations in, for example, California, Florida, Hawaii, Illinois, Massachusetts, Minnesota, and Washington.¹⁰¹
- The group Advocacy for North Carolina Asian Pacific Americans (ANCAPA) produces several fact sheets for North Carolina on population characteristics and data by county. North Carolina (among states like Nevada and Georgia) has recently seen its AAPI population grow rapidly, and the state is facing new challenges in tailoring services to meet the rapidly growing needs of these residents. The ANCAPA fact sheet gives information on the location of the population growth and some characteristics, such as limited English proficiency.¹⁰²
- Economic Needs of Asian Americans and Pacific Islanders in Distressed Areas: Establishing Baseline Information, produced in 2002 by Paul Ong and Doug Miller, is a study from UCLA in collaboration with National CAPACD that was funded by the Economic Development Administration of the U.S. Department of Commerce. It provides useful data, down to the Census tract level for selected economically-distressed areas, often termed "ethnic enclaves."

Unfortunately, too few of these efforts are under way and even fewer are focusing on economic development issues. A good investment in the effort to increase economic and community development of the AAPI community would be an investment in truly understanding the community and its needs in the area of economic development and entrepreneurship characteristics. This effort would not only help to identify needs; it would also help us to better understand and measure the best approach to addressing these needs and, therefore, allow us to unlock the enormous potential of the AAPI community.

¹⁰⁰ *The Diverse Face of Asians and Pacific Islanders in California: Asian & Pacific Islander Profile*, Asian Pacific American Legal Center, 2005.

¹⁰¹ *California (and other states): A Profile of the Asian American and Native Hawaiian/Pacific Islander Population*, Asian Pacific American Community Development Data Center, 2004.

¹⁰² *Fact Sheet: The Asian Pacific American Population in North Carolina*, ANCAPA.

The Commission appreciates the contributions and tireless efforts of the many individuals and organizations it met with. Not only did their insights provide invaluable guidance for this report, but their involvement in the communities in support of AAPIs across the United States and its Territories is applauded.

FINDINGS AND RECOMMENDATIONS

The Commission commends the President for charging this Commission to focus work on the economic development issues of the AAPI community. This is not only a critical area for the long-term health of AAPI communities and our nation, but it is also an area that has largely been overlooked. The Commission hopes that the information, research, and anecdotes gathered in this report can serve as a launching point for ongoing data collection and detailed analyses on economic and community development issues of the AAPI community. The Commission feels that the entrepreneurial potential and resulting economic participation of the AAPI community can be further enhanced if these recommendations are executed. The Commission has organized its findings and recommendations on issues in two categories: (1) primary recommendations and (2) secondary recommendations.

Primary Recommendations

Issue 1: Data about AAPI-Owned Businesses and Community

Finding: AAPIs are a very diverse group in the U.S., consisting of 50 ethnic subgroups that speak 100 different languages.¹⁰³ The Commission assessed relevant data published by U.S. government sources and conducted site visits to AAPI communities across the U.S. mainland and Pacific Islands. The Commission noted that there is insufficient data on AAPI entrepreneurs that includes, but is not limited to, the disaggregated data on various AAPI subgroups, characteristics of AAPI entrepreneurs, and the impact of the federal, state and local assistance interventions on AAPI-owned businesses. Without such detailed information on the economic and entrepreneurial characteristics of AAPIs, beyond the data compiled every five years by U.S. Census Bureau in its Survey of Business Owners, it is difficult to recognize the problems that exist within the AAPI business communities and develop strategies to address them.

There is a serious need for data collection on the economic activities of AAPIs.

The Commission greatly appreciates the efforts undertaken by some community-based organizations, foundations, and institutions of higher education to take on some of this work. This research, however, is limited to locations with high concentrations of AAPI communities and, therefore, cannot be generalized to the broader AAPI community.

Recommendation:

- The White House should form a task force to determine what data should be collected to better assist federal agencies that focus on business development and assistance programs in prioritizing and implementing initiatives to help AAPI entrepreneurs. Additionally, research grants and other funding should be made available for research and data collection about AAPI economic and community development.

Issue 2: Nature of AAPI-Owned Businesses and Existing Targeted Support

Finding: The Commission has noted a key factor that has limited the economic potential of AAPIs: a significant number of these businesses are in the “no-growth” or “slow-growth” sectors. For example, according to U.S. Census Bureau in its 2002 Survey of Business Owners, retail and wholesale trade

¹⁰³ President's Advisory Commission on Asian Americans and Pacific Islanders, A People Looking Forward: Action for Access and Partnerships in the 21st Century, Interim Report to the President and the Nation, (Jan. 2001), p.7, <http://www.nationalcapacd.org/pdf/data_policy.pdf>.

accounted for 47 percent of Asian-owned business receipts.¹⁰⁴ Despite the number of AAPI-owned businesses and the recent growth of that percentage, the Department of Commerce Minority Business Development Agency (MBDA) reported that in fiscal year 2005, out of \$1.5 billion in contracts and financing obtained by minority groups, AAPIs received fewer contracts or financings than the Hispanic, American Indian and Alaska Native, or African American minority groups. AAPIs received four times fewer contracts and fewer than half of the financings as did Hispanic-owned, American Indian and Alaska Native-owned, or African American-owned firms. Asian-owned firms also had a high concentration in “other services,” such as personal services, repair and maintenance services, and professional, scientific, and technical services. Native Hawaiian and Other Pacific Islander-owned businesses appear to be concentrated in health care and social assistance services, “other” services, retail, waste management services, and construction (see Table 7).

The Commission observes that many of these AAPI-owned businesses cannot go beyond the subsistence level of operation if their owners are not provided the access to information on opportunities, tools, and motivation to become Opportunistic Entrepreneurs (OEs). An infrastructure of medium- and large-sized companies that create jobs, technological advances, and world-class products and services is needed to grow the U.S. economy. The Commission believes that the creation and development of OEs within the AAPI community will increase the probability that AAPI-owned businesses will grow beyond current levels.

Recommendation:

- Government agencies (federal, state, and local) need to increase outreach efforts of existing programs that are currently available to other minorities to AAPIs. Some of these programs may also need to be designed with an AAPI-specific focus, including outreach, language assistance, and other culturally-aware counseling, to ensure that AAPIs are able to access these programs and succeed in obtaining a “fair share” of available benefits.
- In situations in which AAPI-specific programs do not exist, government agencies need to create and/or tailor outreach and support efforts to increase AAPI access to these assistance programs. The establishment of a National Registry of CBOs and FBOs housed at a federal agency such as Department of Health and Human Services (HHS) will enhance AAPI access to assistance when needed.

Issue 3: Measuring and Tracking the Effectiveness of Federal Interventions

Finding: Although the U.S. Department of Commerce Minority Business Development Agency (MBDA) has gathered data on the contracts awarded by various minority groups that they serve, insufficient data is available at other federal agencies. Further research is necessary to determine the level of services and contracts that are currently provided to AAPI-owned firms by federal agencies. Additionally, there is little information available relative to the level of contracts awarded to the AAPI business community in an aggregate form or by subgroups within the community. In order to measure the effectiveness of availed opportunities by AAPI entrepreneurs and to identify areas of improvement, detailed information from federal agencies is crucial.

Recommendation:

- Establish a Strategic Working Group of representatives from key federal agencies to coordinate and implement recommendations related to AAPI-owned business growth. Currently, there is no oversight of AAPI-based economic initiatives. Some agencies, such as the Department of Commerce, the Small Business Administration, the Department of Treasury, the General Services Administration, the Social Security Administration, the Department of Transportation, and the

¹⁰⁴ U.S. Census Bureau News, Revenues for Asian-Owned Firms Surpass \$326 Billion: Number of Businesses Up 24 Percent, May 16, 2006, U.S. Census Bureau, < http://www.census.gov/Press-release/www/releases/archives/business_ownership/006814.html>.

Department of Defense, play a key role in creating and supporting programs that foster AAPI entrepreneurship and should be part of the Strategic Working Group. The mandate of this group should be to outline and implement initiatives to increase outreach, data collection and research on AAPI-owned businesses. The Commission also recommends that this Working Group conduct additional research on barriers that AAPIs face in attempting to work with the federal government and implement initiatives to improve outreach and support.

- Establish a task force to initiate and implement the recommendations from this and the 2003 AAPI Commission on Health and Disparities reports.¹⁰⁵ The Commission believes that it is imperative that such a task force will ensure that the work outlined in these reports is managed and addressed by the Executive Branch and the legislative bodies of the Congress.

SECONDARY RECOMMENDATIONS

In addition to our primary recommendations to the President, the Commission's findings revealed several other important initiatives that may be considered to enhance the economic development of AAPIs.

1. **Build capability to offer counseling and mentoring on entrepreneurship and business development issues within community-based organizations**

Although community-based organizations historically have been more focused on securing funding for housing, health care, childcare and other social assistance programs, the evidence from numerous studies supports encouraging entrepreneurship as a means to generate greater economic wealth within the community. Training – through local resources and partnerships (e.g., SCORE) can pay huge dividends in helping AAPIs not only reach subsistence levels but also to encourage and develop more Opportunistic Entrepreneurs.

2. **Foster greater collaboration among various AAPI-oriented organizations**

Given the scarce and declining resources available to qualified community-based and faith-based organizations, successful communities have found ways to effectively collaborate across organizations to secure funding, build critical mass for larger-scale projects, and provide more extensive training and support around entrepreneurship and business development. Currently, there is no forum to share these success stories. We recommend that a key component of the Strategic Working Group of key federal agencies established above be to coordinate the development of programs that foster greater collaboration among the various AAPI organizations that are currently serving their respective communities.

3. **Encourage the establishment of a National Asian American and Pacific Islander Chamber of Commerce**

A national chamber will foster interaction, sharing of experiences and contacts, and highlight the increasing economic relevance of various regions in global trade and business. Accordingly, we recommend the establishment of a National Chamber of Commerce for AAPIs.

¹⁰⁵ Asian Americans and Pacific Islanders Addressing Health Disparities - Opportunities For Building A Healthier America, 2003, <http://www.health.gov/communication/db/report_detail.asp?ID=160&page=9&search_type=all&sp=6>.

Appendix A. Executive Order 13339



Federal Register

Monday,
May 17, 2004

Part V

The President

Executive Order 13339—Increasing
Economic Opportunity and Business
Participation of Asian Americans and
Pacific Islanders

INCREASING ECONOMIC OPPORTUNITY AND BUSINESS PARTICIPATION OF ASIAN AMERICANS AND PACIFIC ISLANDERS

By the authority vested in me as President by the Constitution and the laws of the United States of America, and for the purpose of providing equal economic opportunities for full participation of Asian American and Pacific Islander businesses in our free market economy where they may be underserved and thus improving the quality of life for Asian Americans and Pacific Islanders, it is hereby ordered as follows:

Section 1. (a) There is established in the Department of Commerce the President's Advisory Commission on Asian Americans and Pacific Islanders (Commission). The Commission shall consist of not more than 15 members appointed by the President, one of whom shall be designated by the President as Chair. The Commission shall include members who: (i) have a history of involvement with the Asian American and Pacific Islander communities; (ii) are from the business enterprise sector; (iii) are from civic associations representing one or more of the diverse Asian American and Pacific Islander communities; (iv) are from the fields of economic, social, and community development; or (v) have such other experience as the President deems appropriate.

(b) The Secretary of Commerce (Secretary) shall designate an Executive Director for the Commission.

Sec. 2. The Commission shall provide advice to the President, through the Secretary, on: (a) the development, monitoring, and coordination of executive branch efforts to improve the economic and community development of Asian American and Pacific Islander businesses through ensuring equal opportunity to participate in Federal programs, and public-sector, private-sector partnerships, and through the collection of data related to Asian American and Pacific Islander businesses; and

(b) ways to increase the business diversification of Asian Americans and Pacific Islanders, including ways to foster research and data on Asian American and Pacific Islander businesses including their level of participation in the national economy and their economic and community development.

Sec. 3. (a) The Secretary shall establish within the Department of Commerce an office known as the White House Initiative on Asian Americans and Pacific Islanders (Office). The Office shall provide support for the Commission and the interagency working group created in section 3(b) of this order.

(b) The Secretary shall also create an interagency working group (Working Group) whose activities shall be coordinated by the Department of Commerce. The Secretary shall designate the executive departments and agencies that shall serve on the Working Group (executive departments and agencies) and the heads of those departments and agencies shall select the officials that shall serve as their respective representatives on the Working Group. The Executive Director of the Commission shall also serve as the Director of the Office and the Working Group, and shall report to the Secretary or the Secretary's designee. The Director of the Working Group shall advise the Secretary or the Secretary's designee on efforts by the Federal Government to improve access to economic opportunities, through equal access to such opportunities, for Asian American and Pacific Islander businesses where they may be underserved and thus to improve the quality of life of Asian Americans and Pacific Islanders.

Sec. 4. The head of each executive department and agency on the Working Group shall designate a senior Federal official responsible for management or program administration to report directly to the agency head on activities implementing this order and to serve as a liaison to, and representative on, the Working Group. The Secretary may designate additional Federal officials, with the concurrence of the head of the designated executive department or agency, to carry out functions of the Working Group. To the extent permitted by law and to the extent practicable, each designated executive department and agency shall provide appropriate information requested by the Working Group, including data relating to the eligibility for and

participation of Asian American and Pacific Islander businesses in Federal programs. Where adequate data are not available, the Working Group shall suggest the means of collecting such data.

Sec. 5. Each designated executive department and agency shall prepare a plan for, and shall document, its efforts to support economic opportunities for Asian American and Pacific Islander businesses. This plan shall address, among other things, executive branch efforts to:

- (a) increase participation in Federal programs for Asian American and Pacific Islander businesses through equal access to such programs;
- (b) ensure nondiscrimination in Federal contracts and procurement opportunities;
- (c) provide equal opportunity for public-sector, private-sector partnerships for the community and economic development of Asian American and Pacific Islander businesses; and
- (d) foster research and data collection on Asian American and Pacific Islander businesses. Each plan shall be submitted through the working group and the Commission to the Secretary at a date to be established by the Secretary.

Sec. 6. The Secretary shall review the plans of the designated executive departments and agencies and develop for submission to the President for his approval an integrated Federal plan (Federal Plan) to increase the participation of Asian American and Pacific Islander businesses in executive branch programs through equal access to such programs where such organizations may be underserved. Actions described in the Federal Plan shall address improving access by Asian American and Pacific Islander businesses to Federal programs and fostering advances in relevant research and data as it pertains to community economic development. The Secretary shall disseminate the Federal Plan, to the extent the Plan is approved by the President, to appropriate members of the executive branch. The findings and recommendations in the Federal Plan shall be followed by the designated executive departments and agencies in their policies and activities, to the extent permitted by law and as practicable.

Sec. 7. Insofar as the Federal Advisory Committee Act, as amended (5 U.S.C. App.) (the "Act"), may apply to the administration of any portion of this order, any functions of the President under the Act, except that of reporting to the Congress, shall be performed by the Secretary in accordance with the guidelines issued by the Administrator of General Services.

Sec. 8. Members of the Commission shall serve without compensation, but shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law for persons serving intermittently in the Government service (5 U.S.C. 5701-5707). To the extent permitted by law and appropriations, and where practicable, executive departments and agencies shall, upon request by the Secretary, provide assistance to the Commission and to the Working Group, and the Department of Commerce shall provide administrative support and funding for the Commission.

Sec. 9. The Commission shall terminate 2 years from the date of this order, unless renewed by the President.

Sec. 10. For the purposes of this order, the term: (a) "Asian" includes persons having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent; and the term (b) "Pacific Islander" includes persons having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands.

Sec. 11. The Secretary of Commerce shall consult the Attorney General as appropriate on the implementation of this order to ensure that such implementation affords the equal protection of the laws required by the due process clause of the Fifth Amendment to the Constitution.

Sec. 12. This order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity, by a party against the United States, its departments, agencies, entities, officers, employees or agents, or any other person.

GEORGE W. BUSH

THE WHITE HOUSE,
May 13, 2004.

Appendix B. Members of the President's Advisory Commission on Asian American and Pacific Islanders

Mr. William P. Afeaki of Salt Lake City, Utah, was appointed by the Governor of Utah to serve as the Director of the Utah State Office of Pacific Islander Affairs, which is housed in the Utah Department of Community and Economic Development. He also served for three years on the Racial Ethnic Advisory Council for the Census Bureau at the U.S. Department of Commerce, the last as Vice-Chairman of the Native Hawaiian and Other Pacific Islander Committee. Mr. Afeaki was a Member of Parliament in the Legislative Assembly of the Kingdom of Tonga. He is an avid supporter of Pacific Islanders and is heavily involved with national, regional, and local forums for Pacific Islanders. Mr. Afeaki currently serves as a member of the Pacific Islander Cancer Control Network, the National Pacific Islander Council of Leaders, and the Association of Asian Pacific Community Health Organizations. He also serves on many public boards including the Coalition for Utah Families Advisory Board, the Utah Ethnic Health Advisory Committee, the Utah State Advisory Council on Aging and Adult Services, and the Utah Substance Abuse and Anti-violence Coordinating Council.

Ms. Nina Nguyen Collier of Issaquah, Washington, is a founding partner of Washington² Advocates, a government affairs, strategic planning, and communications consulting firm located in Washington State and Washington, DC. Prior to founding Washington² Advocates, Nina worked for Senator Slade Gorton as the lead Legislative Assistant in the areas of federal budget, tax, general government, appropriations, and Indian Affairs. She also served in local government as a Legislative Analyst to the King County Council Budget Committee. Ms. Collier also holds several leadership positions including President of the Board of Governors of the City Club of Seattle, Board member of the Gorton Legacy Group, Board member of the National Asian Pacific Center on Aging, and a volunteer advisor to the Bellevue YMCA Youth and Government Program. Nina and her family immigrated to the United States from Vietnam in 1975 and settled in Washington State. She has a Masters Degree in International Affairs from George Washington University and a Bachelor's Degree in International Studies from the University of Washington.

Dr. Akshay Desai, of St. Petersburg, Florida, is a leading private practice physician and founder of American Family and Geriatric Care in St. Petersburg, Florida, as well as the CEO and President of Universal Health Care, a managed care organization. Dr. Desai currently holds several leadership positions including Elected Chairman of the Council for Education Policy and Research Improvement. Previously, Dr. Desai has served as Chief of Staff and Chairman of the Board of Trustees at Northside Hospital and Heart Institute and St. Petersburg General Hospital. He has served on numerous committees of various hospitals and health plans throughout the Tampa Bay area. He also was a member of the Post Secondary Education Planning Commission for the State of Florida. Dr. Desai received recognition as Co-Chairman for organizing a successful annual convention in 2003 for the American Association of Physicians of Indian Origin in Orlando. Dr. Desai is certified by the American Board of Internal Medicine, Geriatrics and Quality Assurance, and is affiliated with the American Medical Association, Florida Medical Association, Pinellas County Medical Society, and American College of Physician Executives. Dr. Desai received his medical degree from Government Medical College in Surat, India and his Masters Degree in Administrative Medicine from George Washington University.

Mrs. Vellie Dietrich-Hall, of Springfield, Virginia, is the Chief Executive Officer and President of HPS Enterprises, Inc., a management-consulting service company dedicated to filling in the "expert vacuum" within the Department of Defense (DoD) arena with the highest technical capabilities among former federal and military personnel. Mrs. Hall was honored as keynote speaker at U.S. military bases during the 2001 Asian American Heritage celebration because she is one of the very few female Filipino Asian-Americans within the DoD that succeeded in penetrating the male-dominated workforce. Mrs. Hall is the first Asian American Trustee of Randolph-Macon Woman's College since its inception in 1857 and Chairman of its Family Advisory Council. Mrs. Hall is a member of the Board of Directors of Horizons Theater (where she was the first Asian and only Filipino member), a member of the Board of Directors of QBD Ink, a Filipino-

American Theater, and a District Officer of Toastmasters International. She is also the publisher of the Filipino HERALD of Virginia. Mrs. Hall received a Liberal Arts Degree from the University of the Philippines. She also received her Acquisition Career and Program Management accreditation from the Department of Defense Systems Management College.

Mr. William Kil, of Los Angeles, California, is a private practice attorney in Los Angeles, California specializing in corporate, real estate, business, and immigration law. He is also the president of EOSolve, LLC, which provides online workplace training in a variety of areas to management and employees of companies in English, Spanish, Korean and Chinese. Mr. Kil is an active member of the community serving in numerous organizations, including member and former Vice-President of the Board of Directors of the Korean-American Chamber of Commerce of Los Angeles; former Commissioner of the Productivity Commission of the City of Los Angeles and former member of the Joint Venture Advisory Board of the State of California (which oversees private business operations inside state prisons); Chairman of the Board of Directors of the Foundation for SAT II KOREAN; Member of the Advisory Council on the Democratic and Peaceful Unification of Korea; and former member of the Los Angeles World Airports Business Council. Mr. Kil received his Juris Doctor from the University of Colorado School of Law, and a Bachelor of Arts in Economics from Pomona College. He is a member of both the California and Colorado State Bars.

Mr. John C. Kim, of Los Angeles, California, is Senior Director of Product Marketing with Yahoo! Inc. In his current role, Mr. Kim is responsible for understanding customer needs to define product, pricing, positioning and programs to capture growth, leadership and advertising industry share. Previously, Mr. Kim worked as a general management consultant with Accenture, a global management consulting and technology service's company. Prior to that, he held various marketing and product positions with Bank of America and Household International, Inc. Mr. Kim volunteers his time with many community organizations including the Grandview Foundation and the Pasadena Cold Weather Shelter. Mr. Kim received a Masters of Business Administration from the University of Chicago, and a Bachelor of Arts in Economics from the University of California, Santa Barbara.

Mr. Howard Li is the founder, Chairman & CEO of Waitex International Co., Ltd. / Prime Time International, Inc. and Fortune USA, Inc., which began operations in 1981 in New York City. Mr. Li also is the founder and sole owner of a conglomerate of multinational companies involving logistics, information technology, real estate development, global trading and retail stores. Crain's Magazine has ranked Waitex Group of Companies as one of the top 200 privately held companies in years 2002-2005 in the greater New York Area. Prime Time International, Inc. and Fortune USA Inc. manufactures, imports, and wholesales men's and women's apparel to major department and specialty stores across the United States under its own 10 famous national brands, such as Focus 2000 and Focus Lifestyle, as well as under licenses, such as brand Russell Athletic (special sizes). In 2005, Howard Li served as Chairman of the National Minority Enterprises Development (MED) Week 2005 Conference, supported by the US Department of Commerce and served as Co-Chairman from 2002 to 2004. In addition, he is director of the United Way of New York City, one of the largest volunteer-directed organizations, and is chairman of the US-Chinese Chamber of Commerce. He was the first Asian American in twenty-three years to lead the National Minority Enterprises Development (MED) Week 2005 Conference Steering Committee. He was chosen as an illustrious recipient of the Ellis Island Medal of Honor Award for 2001, Ernst & Young Entrepreneur of the Year Award Finalist of New York City and New Jersey. Mr. Li also received the Pioneer Award, presented by US Department of Commerce's Minority Business Development Agency.

Mr. Joseph Melookaran, of Overland Park, Kansas, is a Certified Public Accountant and President of JMA Chartered, an accounting and information technology firm. Mr. Melookaran began his career in Bombay, India with Coopers and Lybrand International representing firm before immigrating to the United States in 1983. Mr. Melookaran held several leadership positions in community organizations including Chairman of the Asian American Chamber of Commerce of Kansas City and President of the International Relations Council, the premier World Affairs Council organization in the Midwest. He serves as a member

of the Executive Committee of the Minority Business Advisory Program of Greater Kansas City Chamber of Commerce. His firm has received numerous awards including the "2004 Top Ten Small Business" from the Greater Kansas City Chamber of Commerce, the "2006 Minority Small Business Champion of the Year" from Kansas City District of U.S. Small Business Administration, "2007 Top 25 Minority Owned Business" ranked by the Kansas City Star newspaper and "2006 Top 25 Accounting Firms" from the Kansas City Business Journal. Mr. Melookaran received a Bachelor of Arts in Business from Kerala University, India.

Mr. Derrick Nguyen, of Fountain Valley, California, is a private practice attorney in California, specializing in international business law and civil litigation. He is General Counsel for US Asian Business Council, a public policy organization committed to advocating for the advancement of Asian Pacific American entrepreneurs and businesses in the United States and abroad, and for Mac Beam, Inc., an international group specializing in the research, development and marketing of high-tech medical equipments. He serves a board member of many non-profit organizations, such as Hung Vuong Heritage Foundation, Vietnamese Traditional Arts Development Organization, and Yellow Cross. He is the current President of the Vietnamese American Bar Association in Southern California, a member of the Steering Committee for the National Vietnamese American Bar Association, and a founding member of the National Conference of Vietnamese American Attorneys. He acts as a volunteer lawyer for the Asian Pacific American Legal Center and as a legal advisor to many community associations, such as the Asian American Seniors Association, Overseas Vietnamese Artists Mutual Association, Vietnamese National Police Friendship Association, and Vietnamese Rangers Alumni Association. In 2005, he was named among "30 Vietnamese Americans to Watch" by the Orange County Register, and recognized as one of the most influential Vietnamese Americans by Viet Tide Newspaper. Mr. Nguyen received his Juris Doctor from the University of Southern California and a Bachelor of Arts in English from the University of California at Los Angeles.

Mr. Rudy Pamintuan, Chairman of the President's Advisory Commission on Asian American and Pacific Islanders, is a Senior Consultant at Sherman Consulting, an international firm based in Chicago, Illinois. He is also the Managing Director for the firm's equity portfolio. Pamintuan serves as Chairman of the Asian American and Pacific Islanders Leadership Council board and as advisory board Chair for the US Asian Business Council. Additionally, Pamintuan serves on the Board of the National Center for Community Development. He is an active member of the Executive's Club of Chicago and the Chicago Council on Global Affairs.

Mrs. Martha Cruz Ruth, of Agana Heights, Guam, is a native Chamorro and has lived in the Western Pacific Island territory her entire life. She is currently a consultant specializing in media affairs and marketing in the travel industry. Her varied interests have taken her into different areas of public service and the private sector. She was business editor of a Gannett-owned daily newspaper and also editor of its monthly supplement, Territorial Progress, which devoted coverage to business and economic development throughout Micronesia. Mrs. Ruth entered politics in 1987 when she was elected a senator in at-large elections to Guam's legislature. She served three consecutive terms. The Micronesia Society of Professional Journalists presented her with its "Sunshine Award" for her efforts promoting open government. Other positions she has held are Member of the Board of Directors of the Guam Chamber of Commerce, the KPRG Guam public radio Board of Trustees, and the Guam Public Museum and Library Board of Trustees. Ms. Ruth attended the University of Guam.

Mr. Jeffrey B. Sakaguchi, of Manhattan Beach, California, is President and Chief Operating Officer of Evolution Robotics Retail, Inc., an early-stage company that develops products based on robotic object recognition technology for the retail industry. He was formerly a Partner with Accenture, a leading global management and information technology consulting firm. His expertise includes business and organization strategy, operations, innovation, and mergers and acquisitions. He led the firm's Strategy practice in the Energy industry for North America, and also led the firm's Natural Resources and Strategy practices in Southern California. Prior to Accenture, he was a Senior Manager with McKinsey & Company, a

prominent management consulting firm, and was an engineering manager with Chevron USA. For each company he has worked, Mr. Sakaguchi has been responsible for minority recruiting and diversity. At Accenture, he also was a member of the U.S. Diversity Council, was a Partner representative to the Asian American Networking Group, and served as a "Minority Mentor Partner." Mr. Sakaguchi is also currently on the Board of Directors for the Greater Los Angeles chapter of the American Red Cross. Mr. Sakaguchi received a Masters in Business Administration from The Wharton School of the University of Pennsylvania, and a Bachelor of Science in Chemical Engineering from the Massachusetts Institute of Technology.

Mr. Kenneth Wong, of Holland, Pennsylvania, is the President of CIG Asia, Ltd, a national insurance brokerage firm in Philadelphia and Managing Partner of SmithWong Associates, LLC. Mr. Wong was the first Asian American appointed as a member of the Board of Directors for the Greater Philadelphia Chamber of Commerce. He is also Chairman of the Philadelphia Hong Kong Trade Association, an Executive Board Member of the U.S. Hong Kong Business Association, and an Executive Board Member of the Hong Kong Federation. Mr. Wong serves as a board member for the Annenberg Center for the Performing Arts at the University of Pennsylvania, the Greater Philadelphia Urban Affairs Coalition, the Pearl S. Buck International Foundation, the Philadelphia Sports Congress of the Philadelphia Convention & Tourism Bureau, the Welcoming Center for New Pennsylvanians, and Woodrock, Inc., a non-profit youth program. Mr. Wong is Treasurer and Executive Board Member of the Philadelphia Multi-Cultural Affairs Congress- Philadelphia Convention & Tourism Bureau, Treasurer for the Philadelphia Suns, a non-profit youth program, and also serves as Co-Chair of the After School All Stars, a non-profit youth program. Mr. Wong is also President of the Philadelphia Dragon Boat Association, and was a member of the United States National Dragon Boat Team 2005. Mr. Wong received both a Bachelors of Arts in Sociology and a Bachelors of Arts in Political Science from the Pennsylvania State University. He was on the Penn State Varsity Fencing Team, and a member of Phi Kappa Sigma Fraternity.

Appendix C1. Population Distribution by Ethnicity Status for Asian Americans and Pacific Islanders, one race only (in thousands).

Ethnic Groups	1990	2000
U.S. TOTAL	248,710	281,421
Chinese	1,649	2,432
Asian Indian	787	1,678
Korean	797	1,077
Vietnamese	593	1,123
Filipino	1,420	1,850
Japanese	866	797
Other Asian	765	1,285
Pacific Islander	343	399

Source: U.S. Census Bureau

Appendix C2. Sales Per Firm by Ethnicity Group for Asian Americans and Pacific Islanders (in thousands)

	1997	2002
Asian + Pacific Islander	\$336,196	\$292,213
Asian-owned ²	\$338,852	\$296,001
Chinese	\$404,849	\$367,262
Asian Indian	\$338,837	\$394,817
Korean	\$338,837	\$297,810
Vietnamese	\$95,361	\$105,498
Filipino	\$131,047	\$113,108
Other Asian	\$268,332	\$272,403
Japanese	\$511,364	\$352,353
Pacific Islander-owned	\$213,648	\$147,817
White-owned	NA	\$415,974
Overall U.S. (including publicly held corporations)	\$891,043	\$983,852

Source: U.S. Census Bureau

Appendix D. Community Site Visits by the Commission

1. New York City (NY)
2. Chicago (IL)
3. Los Angeles (CA)
4. Tampa Bay (FL)
5. Philadelphia (PA)
6. Las Vegas (NV)
7. Phoenix (AZ)
8. Oakland (CA)
9. Baltimore (MD)
10. Flushing (NY)
11. Houston (TX)
12. Raleigh (NC)

Appendix E1. Technical Assistance Workshop Sites

1. Chicago (IL)
2. Los Angeles (CA) – Korean-Specific and Vietnamese-Specific
3. Oakland (CA)
4. Fairfax (VA)
5. Raleigh (NC)
6. Philadelphia (PA)
7. Seattle (WA) (In collaboration with White House Office of Faith-Based Initiatives)
8. Minneapolis (MN) (In collaboration with White House Office of Faith-Based Initiatives)

Appendix E2. Outreach conducted by AAPI Commissioners

1. Celebration of Asian American and Pacific Islander Women Leaders – Washington DC
2. SCORE MOU Signing – Kansas City, MO
3. Pacific Islanders Technical Assistance Conferences – San Francisco, CA
4. DC Chamber of Commerce Summit – Washington, D.C.
5. Regional Conference – Chicago, IL
6. NAPCA and AAPI Commission visits with AAPI Seniors – Los Angeles, CA
7. Korean Churches for Community Development Conference – Los Angeles, CA
8. Regional Conference – Houston, TX
9. Regional Conference – Boston, MA

Appendix F. Chi-Square Statistical Method Elaborated

Statistical Method Used to show that Asian American and Pacific Islander-Owned Firms are Smaller (Have Fewer Employees) than White-Owned Firms, Data from 2002 U.S. census.

Use Chi-square analysis to check if the distribution of firms by size depends on the ethnicity of the owner.

Appendix F1. Ownership (Asian or White Owned) and firm size Cross-tabulation

		Firm size (number of employees)								Total
		None	1 to 4	5 to 9	10 to 19	20 to 49	50 to 99	100 to 499	More than 500	
Asian-owned firms	Observed Count	54251	160757	54690	29714	14914	3277	1738	128	319469
	Expected Count	47455.8	152914.6	55373.5	33580.1	20284.5	5889.3	3551.1	420.1	
	Residual*	6795.2	7842.4	-683.5	-3866.1	-5370.5	-2612.3	-1813.1	-292.1	
White-owned firms	Observed Count	693170	2247625	817434	499168	304564	89478	54191	6489	4712119
	Expected Count	699965.2	2255467.4	816750.5	495301.9	299193.5	86865.7	52377.9	6196.9	
	Residual*	-6795.2	-7842.4	683.5	3866.1	5370.5	2612.3	1813.1	292.1	
Total	Count	747421	2408382	872124	528882	319478	92755	55929	6617	5031588

*RESIDUAL= Observed count-Expected count

Chi-Square value for above table: 5913.683, degrees of freedom=7, p <.000. A statistically significant chi-square indicates that there is a relationship between the size of firms and the owners' ethnicity. A closer look at the residuals in the various cross tabulated cells reveals that Asians have more smaller firms than predicted by an independence model, while Whites have larger firms than predicted by the same model.

Appendix F2. Ownership (Native Hawaiian and Pacific Islander(NHPI) or White Owned) and firm size Cross-tabulation

		Firm size (number of employees)								Total
		None	1 to 4	5 to 9	10 to 19	20 to 49	50 to 99	100 to 499	More than 500	
PI-owned firms	Observed Count	752	1644	573	408	232	56	28	0	3693
	Expected Count	543.4	1761.4	640.6	391.2	238.7	70.1	42.5	5.1	
	Residual*	208.6	-117.4	-67.6	16.8	-6.7	-14.1	-14.5	-5.1	
White-owned firms	Observed Count	693170	2247625	817434	499168	304564	89478	54191	6489	4712119
	Expected Count	693378.6	2247507.6	817366.4	499184.8	304557.3	89463.9	54176.5	6483.9	
	Residual*	-208.6	117.4	67.6	-16.8	6.7	14.1	14.5	5.1	
Total	Count	693922	2249269	818007	499576	304796	89534	54219	6489	4715812

Chi-Square value for above table: 108.860, degrees of freedom=7, p <.000. A statistically significant chi-square indicates that there is a relationship between the size of firms and the owners' ethnicity: NHPI-owned firms generally are smaller than white-owned firms.

Appendix G. Calculations Used to Arrive at “Lost” Sales Numbers for 2002

Calculation for “Lost” Sales and Receipts by AAPI-Owned Firms:

Based on 2002 Census data for all firms, a simplistic calculation indicates that taking current AAPI-owned businesses up to White-owned business performance levels would have delivered \$140 billion in additional receipts that year.

To arrive at this number, the following process was used:

1. Calculate average sales and receipts per White-owned firms
= (total sales of White-owned firms/number of White-owned firms)
=8,277,812,000/19,899,839
=415,974
2. Calculate average sales and receipts per Asian-owned firm
=326,663,000/1,103,587
=296,001
3. Calculate deficit for each Asian-owned firm
= (415974-296001)
=\$119,973
4. Total deficit in sales and receipts for Asian-owned firms
=Deficit ×Number of Asian-owned firms
=\$119,973×1,103,587
=\$132 billion
5. Calculate average sales and receipts per Native Hawaiian and Other Pacific Islander-owned firms
=4,279,000/28,948
=\$147,817
6. Total deficit in sales and receipts for Native Hawaiian and other Pacific Islander-owned firms
=\$268,157×28,948
=\$8 billion
7. Total “lost” sales and receipts for AAPI-owned firms
= (sum of 4 and 6 from above)
=\$132 billion + \$8 billion
=\$140 billion