THE STATE OF SMALL BUSINESS

A REPORT OF THE PRESIDENT

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THE STATE OF SMALL BUSINESS

A REPORT OF THE PRESIDENT

The State of Small Business:
A Report of the President

To the Congress of the United States:

I am pleased to present my fourth annual report on the state of small business. In short, the small business community continues to perform exceptionally well. For the fourth year in a row, new business formation reached a record high: 842,357 new firms were formed in 1996.

The entrepreneurial spirit continues to burn brightly as the creativity and sheer productivity of America's small businesses make our Nation's business community the envy of the world. My Administration has worked hard to keep that spirit strong by implementing policies and programs designed to help small businesses develop and expand. We have focused our economic strategy on three pillars: reducing the deficit, opening up markets overseas, and investing in our people through education and technology. Our efforts with respect to small business have been concentrated in a number of specific areas, including directing tax relief to more small businesses, expanding access to capital, supporting innovation, providing regulatory relief, opening overseas markets to entrepreneurs, and strengthening America's work force.

A Balanced Budget and Taxpayer Relief

When I took office, the federal budget deficit was a record $290 billion. I determined that one of the best things we could do for the American people, including small business, would be to balance the budget. Because of our hard choices, the deficit has been reduced for five years in a row. By October 1997, the deficit had fallen to just $22.6 billion—a reduction of $267 billion or 90 percent. These lower deficits have helped to reduce interest rates, an important matter for all small businesses.

Small business owners have long recognized the importance of this issue. At each of the White House Conferences on Small Business—in 1980, 1986, and 1995—small businesses included on their agenda a recommendation to balance the federal budget. With passage of the Balanced Budget Act of 1997, I signed into law the first balanced budget in a generation. The new budget will spur growth and spread opportunity by providing the biggest investment in higher education since the GI bill more than 50 years ago. Even after we pay for tax cuts, line by line and dime by dime, there will still be $900 billion in savings over the next 10 years.

And at the same time we are easing the tax burden on small firms. My Administration and the Congress took the White House Conference tax recommendations seriously during deliberations that led to the Taxpayer Relief Act of 1997. The new law will direct billions of dollars in tax relief to small firms over the next 10 years. Small businesses will see a decrease in the estate tax, an increase to 100 percent over the next 10 years in the percentage of health insurance payments a self-employed person can deduct, an updated definition of "home office" for tax purposes, and a reduction in paperwork associated with the alternative minimum tax.

Significant new capital gains provisions in the law should provide new infusions of capital to new small businesses. By reducing the capital gains tax rate and giving small business investors new options, the law encourages economic growth through investment in small businesses.

Access to Capital

For so many small business owners, gaining access to capital continues to be a very difficult challenge. The U.S. Small Business Administration (SBA) plays a key role as a catalyst in our efforts to expand this access. The Agency made or guaranteed more than $13 billion in loans in 1997. Since the end of fiscal year 1992, the SBA has backed more than $48 billion in loans to small businesses, more than in the previous 12 years combined. In 1997, the SBA approved 45,288 loan guaranties amounting to $9.46 billion in the 7(a) guaranty program, a 23 percent increase from 1996, and 4,131 loans worth $1.44 billion under the Certified Development Company loan program.

Included in the 1997 loan totals were a record $2.6 billion in 7(a) and CDC loans to more than 10,600 minority-owned businesses and another record $1.7 billion in roughly 10,800 loans to women-owned businesses. Over the last four years, the number of SBA loans to women small business owners has more than tripled, and loans to minority borrowers have nearly tripled.

The Small Business Investment Company (SBIC) program, the SBA's premier vehicle for providing venture capital to small, growing companies, produced a record amount of equity and debt capital investments during the year. The program's licensed SBICs made 2,731 investments worth $2.37 billion. In 1997, 33 new SBICs with combined private capital of $471 million were licensed. Since 1994, when the program was revamped, 111 new SBICs with $1.57 billion in private capital have entered the program.

And in the past year, the SBA's Office of Advocacy developed a promising new tool to direct capital to dynamic, growing small businesses—the Angel Capital Electronic Network, or ACE-Net. This effort has involved refining federal and state small business securities requirements and using state-of-the-art Internet technology to develop a brand new nationwide market for small business equity.

Government Support for Small Business Innovation

As this report documents, small firms play an important role in developing innovative products and processes and bringing them to the marketplace. Federal research and development that strengthens the national defense, promotes health and safety, and improves the nation's transportation systems is vital to our long-term interests. Our government has instituted active policies to ensure that small businesses have opportunities to bring their innovative ideas to these efforts.

The Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs help ensure that federal research and development funding is directed to small businesses. In fiscal year 1996, more than 325 Phase I and Phase II STTR awards totaling $38 million went to 249 small businesses. Also in 1996, the SBIR program invested almost $1 billion in small high technology firms. The program has touched and inspired individuals like Bill McCann, a blind—and once frustrated— trumpet player who used SBIR funding to help start a company that designs software to automatically translate sheet music into braille. Today, Dancing Dots Braille Music Technology is rapidly expanding the library of sheet music available to blind musicians.

Other initiatives include the National Institute of Standards and Technology's Advanced Technology Program, enabling small high technology firms to develop pathbreaking technologies, and NIST's Manufacturing Extension Partnership, which helps small manufacturers apply performance-improving technologies needed to meet global competition. Two of the SBA's loan programs—the 7(a) and 504 loan programs—currently assist 2,000 high technology companies. And the SBA's ACE-Net initiative is especially designed to meet the needs of these dynamic high technology firms.

Because they give small firms a footing on which to build new ideas and innovative products, these efforts benefit not only the small firms themselves, but the entire American economy.

Regulatory Relief

A pressing concern often identified by small businesses is unfairly burdensome regulation. My Administration is committed to reforming the system of government regulations to make it more equitable for small companies. In 1996, I signed into law the Small Business Regulatory Enforcement Fairness Act, which strengthens requirements that federal agencies consider and mitigate unfairly burdensome effects of their rules on small businesses and other small organizations. A small business ombudsmen and a new system of regulatory fairness boards, appointed in September 1996, give small firms new opportunities to participate in agency enforcement actions and policies. Because agencies can be challenged in court, they have gone to extra lengths to ensure that small business input is an integral part of their rulemaking processes.

Many agencies are conducting their own initiatives to reduce the regulatory burden. The SBA, for example, cut its regulations in half and rewrote the remaining requirements in plain English. All of these reforms help ensure that the government maintains health, safety and other necessary standards without driving promising small companies out of business.

Opening Overseas Markets

Key in my administration's strategy for economic growth are efforts to expand business access to new and growing markets overseas. I want to open trade in areas where American firms are leading—computer software, medical equipment, environmental technology. The information technology agreement we reached with 37 other nations in 1996 will eliminate tariffs and unshackle trade in computers, semiconductors, and telecommunications. This cut in tariffs on American products can lead to hundreds of thousands of jobs for our people.

Measures aimed at helping small firms expand into the global market have included an overhaul of the government's export controls and reinvention of export assistance. These changes help ensure that our own government is no longer the hurdle to small businesses entering the international economy.

A 21st Century Work Force

American business' most important resource is, of course, people. I am proud of my Administration's efforts to improve the lives and productivity of the American work force. We know that in this Information Age, we need a new social compact—a new understanding of the responsibilities of government, business, and every one of us to each other.

Education is certainly the most important investment we can make in people. We must invest in the skills of people if we are to have the best educated work force in the world in the 21st century. We're moving forward to connect every classroom to the Internet by the year 2000, and to raise standards so that every child can master the basics.

We're also training America's future entrepreneurs. The SBA, for example, has improved access to education and counseling by funding 19 new women's business centers and 15 U.S. export assistance centers nationwide. And we are encouraging businesses to continue their important contributions to job training. The Balanced Budget Act of 1997 encourages employers to provide training by excluding income spent on education for employees from taxation.

We are taking steps to improve small business workers' access to employee benefits. Last year, I signed into law the Small Business Job Protection Act, which, among other things, makes it easier for small businesses to offer pension plans by creating a new small business 401(k) plan. We made it possible for more Americans to keep their pensions when they change jobs without having to wait before they can start saving at their new jobs. As many as 10 million Americans without pensions when the law was signed could earn them because this law exists.

Given that small businesses have created more than 10 million new jobs in the last four years, they will be critical in the implementation of the welfare to work initiative. That means the SBA microloan and One-Stop Capital Shop programs will be uniquely positioned to take on the "work" part of this initiative. The work opportunity tax credit in the Balanced Budget Act is also designed as an incentive to encourage small firms, among others, to help move people from welfare to work.

A small business starts with one person's dream. Through devotion and hard work, dreams become reality. Our efforts for the small business community ensure that these modern American Dreams still have a chance to grow and flourish.

I want my Administration to be on the leading edge in working as a partner with the small business community. That is why an essential component of our job is to listen, to find out what works, and to go the extra mile for America's entrepreneurial small business owners.

William J. Clinton

THE WHITE HOUSE

THE ANNUAL REPORT ON SMALL BUSINESS AND COMPETITION

THE OFFICE OF ADVOCACY
U.S. SMALL BUSINESS ADMINISTRATION

Letter of Transmittal

Mr. President:

The United States Small Business Administration herewith submits its 1996 Report on Small Business and Competition in accordance with the Small Business Economic Policy Act of 1980. The report was prepared by the Office of Advocacy of the U.S. Small Business Administration.

We are pleased to present this report and to work with you on behalf of this important sector of the economy.

Sincerely,

AIDA ALVAREZ
Administrator

JERE W. GLOVER
Chief Counsel for Advocacy

Executive Summary

Nineteen-ninety-five was a good year for the U.S. economy and for small business. Some 3.2 million new jobs were created and real GDP increased by 2 percent. The rate of unemployment fell from 6.1 percent in 1994 to 5.6 percent in 1995. Consumer prices were stable, employee compensation increased and, for the sixth consecutive year, corporate profits were up. The number of business bankruptcies and failures continued to decline: bankruptcies dropped from 50,845 in 1994 to 50,516 in 1995 and failures declined from 71,558 in 1994 to 71,194 in 1995.

Overall, business prospered, particularly small businesses. Small-business-dominated industries added jobs at a rate greater than 1.6 times the national rate of increase of 1.6 percent. Small firms grew most in the retail and wholesale trade and service sectors.

The White House Conference on Small Business

An estimated 2,000 delegates gathered together in Washington, D.C. on June 11, 1995, to discuss the small business agenda to be submitted to Congress and President Clinton. By the end of the conference, the delegates had arrived at a final list of 60 policy recommendations. Among the recommendations were 11 tax policy issues, 14 capital formation and human capital issues, and six procurement issues. The 1995 WHCSB conference differed from the two preceding White House Conferences on Small Business because regional implementation chairpersons and issue chairs were elected for each of the 11 issue areas in the SBA's 10 regions. The SBA's Office of Advocacy has worked with the implementation chairs to ensure that their priorities are also the priorities of the Congress and the Administration. As of early 1997, 50 of the 60 issues had had some action, either administratively or legislatively. The implementation results can be seen in the appendix to Chapter 2.

Self-Employment and Small Business

An important small business development in recent years has been the increase in the number of self-employed people. From 1970 to 1994, the nonfarm self-employed increased by more than 72 percent, from 5.2 million to 9 million. The self-employed accounted for nearly $757 billion in business receipts in 1993. These smallest businesses help increase flexibility and adaptability in the economy, create new services and products, and add to the nation's productive capacity. Among the factors contributing to the increase in the self-employed are growth in the labor supply that is not readily accommodated by wage-and-salary employment, new unexploited opportunities, the hope of opportunities for greater financial returns, dissatisfaction with wage-and-salary jobs, the need to supplement income, desire for independent work, and the rise in two-income earning families.

The self-employed have characteristics that distinguish them from wage- and salary workers; for example:

- Overall, the self-employed are older than wage-and-salary workers. Of full-time workers, more than 41.7 percent of the unincorporated self-employed were between the ages of 45 and 64 in 1994, compared with only 28.8 percent of wage-and-salary workers.
- Self-employed workers are more likely to be married than wage-and-salary workers: about three-fourths of the self-employed are married, compared with less than 60 percent of full-time wage-and-salary workers.
- Vietnam and other veterans are slightly more likely to be in the self-employed category (8.6 percent) than the wage-and-salary category (6.28 percent).
- The self-employed have higher levels of formal education: More than 35 percent of the full-time self-employed had 4 or more years of college training, compared with less than 28 percent of wage-and-salary workers.
- Self-employed workers work longer hours per week and more weeks per year than those in paid employment.
- African and Hispanic Americans are less likely to be self-employed than the population as a whole, although their numbers are increasing.
- Men are more likely to be self-employed than women; however, the number of self-employed women is increasing rapidly. The number of unincorporated self-employed women has been increasing five times faster than their male counterparts.

Regulatory Relief for Small Firms

President Clinton signed the Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA) on March 29, 1996. The new law reinforces and strengthens the Regulatory Flexibility Act of 1980 (RFA) and provides small businesses more opportunities to take part in the federal regulatory process.

The 1980 RFA stipulated that federal agencies must examine the impact of their regulations on small businesses and offer reasonable alternatives to regulations having a significant disproportionate impact on small entities. SBREFA provides for "judicial review"—that is, it allows small businesses to take agencies to court in certain instances for noncompliance with the RFA. The 1996 legislation also provides assistance to small firms in addressing agency enforcement actions by requiring federal agencies to reduce penalties against small businesses, providing for improved economic analyses of regulatory impact, and condensing the overall regulatory process. SBREFA also provides for congressional review of federal agencies' regulatory processes. To reap the full benefits of SBREFA, small businesses will need to participate actively in the federal regulatory process.

Innovation and Small Firms

The nation's future economic growth in technologies and industries is closely dependent on new technology-based firms (NTBFs). Since 1960, some 29,358 new high technology-based companies have been started. NTBFs have an important role to play in commercializing new technologies.

The federal government has implemented new policies and programs in support of these new technology-based firms, among them the Small Business Innovation Research (SBIR) program, the Small Business Technology Transfer (STTR) program, the Advanced Technology Program (ATP), the Manufacturing Extension Partnership (MEP) program, the Angel Capital Electronic Network (ACE-Net), and several SBA financing programs aimed toward high technology companies. These programs focus on commercialization potential, nonfinancial assistance, and the improvement of intellectual property rights protection. Overall, they aim to improve the process that allows small technology-focused businesses to participate in meeting federal research needs, creating new products and processes, and transferring these products into the commercial market.

Small Business Financing

Moderate growth in demand for credit and the easing of credit policy by the Federal Reserve Board contributed to declines in most interest rates in the credit markets in 1995. While Increases in borrowing were moderate in U.S. domestic sectors overall in 1995, business borrowing surged to an annual rate of $211 billion. Lending to small firms, including bank and finance company lending, increased significantly. Because large commercial and industrial loans were increasing so rapidly, however, the small business share of total loans declined slightly, from 40.4 percent in June 1994 to 39.2 percent in June 1995.

A booming stock market contributed to a very active small business equity market. Initial public offerings were up significantly and funds raised by venture capital firms reached a new high of $4.4 billion.

Procurement from Small Firms

In FY 1995, small businesses acquired $66.7 billion in federal contract awards, or 33 percent of the total $202.3 billion in contract actions awarded by the federal government. The 1995 total was an increase from the previous year's 31.4 percent small business share valued at $61.7 billion and from the 29.9 percent share in FY 1993.

Small minority-owned businesses won contracts worth $1.5 billion (a 16.1 percent increase) and women-owned businesses won $508.7 million in federal procurement dollars (a 22.0 percent increase). Small minority- and women-owned businesses' shares of federal procurement have been increasing steadily over the past several years.

Recent federal procurement reform legislation--the Federal Acquisition Streamlining Act of 1994 and the Federal Acquisition Reform Act of 1996—will have a significant impact on small business participation in the federal procurement process.

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Acknowledgments

The Annual Report on Small Business and Competition was prepared by the U.S. Small Business Administration under the leadership of Administrator Aida Alvarez and Chief Counsel for Advocacy Jere W. Glover. Bruce D. Phillips directed the Office of Economic Research. Kathryn J. Tobias directed the Office of Information.

The project was managed by Kathryn J. Tobias and Bruce D. Phillips. John Ward and Sarah M. Fleming made significant editorial contributions. Harriett A. Lyles, Marlene E. Delaney, Kathy Mitcham, and Darlene Mahmoud provided staff support. Specific sections were written or prepared by the following staff:

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Chapter 1

The State of Small Business

Synopsis

Nineteen ninety-five was an excellent year for the economy and for small business. The economy gained almost 3.2 million jobs and real gross domestic product increased by 2.0 percent. The unemployment rate fell from 6.1 percent in 1994 to 5.6 percent in 1995. Consumer prices remained stable, while corporate profits and employment compensation both increased.

A record 819,477 new small firms with employees opened their doors in 1995 and new incorporations hit a record high for the third straight year. More than 22.5 million business tax returns were filed. Business failures and bankruptcies dropped for the third straight year. Bankruptcies were at their lowest level since 1981.

Corporate profits increased in 1995 for the sixth straight year. Not since the recovery from the 1981–1982 recession has such a string of increases occurred. Employment compensation and proprietorship earnings also increased.

Small-business-dominated industries added jobs to the economy at a rate more than 1.6 times the national rate of increase of 1.6 percent; large-business-dominated industries added employment at a rate well below the national rate. Small businesses are concentrated in the trade and service sectors that are growing most rapidly.

Introduction

The economy continued to grow in 1995 for the fourth consecutive year.[1] Major economic indicators reflected slow, steady and sustainable economic growth (Table 1.1). Small businesses contributed to and shared in the benefits of the growing economy.

The production of goods and services, adjusted for inflation, grew by 2.0 percent in 1995, while the unemployment rate declined from 6.1 percent to 5.6 percent. The economy added 3.2 million jobs to nonfarm payrolls; compensation to employees increased by 5.3 percent. This expansion occurred without igniting inflation: the Consumer Price Index rose by 2.8 percent and long-term interest rates declined.

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[1] A comprehensive discussion of the performance of the U.S. economy appears in the *Economic Report of the President: Transmitted to the Congress February 1996* (Washington, D.C.: U.S. Government Printing Office, 1996).

Table 1.1 *Selected Indicators of Economic Performance, 1994–1995*

	1994	1995	Percent Change
Gross Domestic Product (Billions of Dollars)	6,935.7	7,253.8	4.6
Gross Domestic Product (Chained 1992 Billions of Dollars)	6,608.7	6,742.9	2.0
Unemployment Rate	6.1	5.6	
Nonagricultural Payrolls (Millions of Workers)	113.4	116.6	2.8
Compensation of Employees (Billions of Dollars)	4,009.8	4,222.7	5.3
Nonfarm Proprietors' Income (Billions of Dollars)	415.9	449.3	8.0
Corporate Profits (Billions of Dollars)	529.5	586.6	10.8
Consumer Price Index	148.2	152.4	2.8
Federal Deficit (Billions of Dollars)	203.4	163.8	−19.5
Interest Rates on:			
Long-Term Treasury Bills	7.4	6.9	
91-Day Treasury Bills	4.3	5.5	
Federal Funds	4.2	5.8	
High-Grade Corporate Securities	7.97	7.59	

Source: Federal Reserve Board of Governors, "Financial and Business Statistics," *Federal Reserve Bulletin,* April 1996, annual averages as reported in various tables.

While the federal deficit was declining by 19.5 percent ($39.6 billion), corporate profits grew by 10.8 percent and nonfarm proprietors' income—an important measure of the health of the small business sector—rose from $415.9 billion to $449.3 billion.

The Number of Small Businesses

The number of businesses that filed tax returns increased by 2.3 percent in 1995 and reached almost 22.6 million (Table 1.2). Over the 13-year span from 1981 to 1994, the number of businesses grew at a compound rate of 3.8 percent per year.

Table 1.2 *Nonfarm Business Tax Returns, 1981–1995 (Thousands)*

Year	Corporations (Forms 1120 and 1120S)	Partnerships (Form 1065)	Proprietorships (Schedule C)	Total	Annual Percentage Increase
1995	4,818	1,580	16,157	22,555	2.26
1994	4,667	1,558	15,831	22,056	2.22
1993	4,516	1,567	15,495	21,578	1.64
1992	4,518	1,609	15,066	21,230	2.79
1991	4,374	1,652	14,626	20,653	1.05
1990	4,320	1,751	14,149	20,439	4.78
1989	4,197	1,780	13,529	19,506	2.78
1988	4,027	1,826	13,126	18,979	3.79
1987	3,829	1,824	12,633	18,286	4.50
1986	3,577	1,807	12,115	17,499	3.18
1985	3,437	1,755	11,767	16,959	4.88
1984	3,167	1,676	11,327	16,170	6.40
1983	3,078	1,613	10,507	15,198	5.96
1982	2,913	1,553	9,877	14,343	5.38
1981	2,813	1,458	9,345	13,616	--
Average Annual Growth Rate (Percent)	3.8	0.5	4.2	3.8	

Source: U. S. Department of the Treasury, Internal Revenue Service, *Statistics of Income Bulletin* (Spring 1996), Table 21.

Of the total, about 6 million small businesses employ between one and 500 workers. About 15,000 employ more than 500 workers and the remainder have no employees.

Business Formation and Dissolution

A record 819,477 new small firms with employees opened their doors in 1995—a 1.1 percent increase over 1994 (Table 1.3).[2] The number of these new firms has increased fairly steadily over the last decade, reaching successive new highs in 1993, 1994, and 1995 (Chart 1.1). Over the 1982–1995 period, the total number of firms with employees increased at a rate of just under 2 percent a year, about equal to the rates of growth of the general population and the work force.

[2] The United States has no formal annual survey of new business formation. Three proxies are used instead: the change in the total number of tax returns filed, the count of new firms with employees, and new incorporations. Good records of the number and size of new businesses with employees are available through the reports of employment and unemployment insurance tax liabilities to state employment security agencies. Casual business activities are less likely to be included in this measure than in the tax return total. The number of firms filing these reports is reported by the U.S. Department of Labor. Larger firms often report in more than one state, so the nationwide employment security count is about 10 percent higher than the Bureau of the Census count for the same year. Data from the Census Bureau are available only after a two-year delay, while the employment security data are available on a current basis, which makes these data particularly useful.

Table 1.3 *Change in the Number of U.S. Businesses with Employees, Fiscal Years 1982–1995 (Thousands)*

Year	Firms at End of Year	Successor Firms	New Firms	Sum: New and Successor	Terminations	Net Rate of Growth (Percent)
1995	6,057	164	819	983	871	1.09
1994	5,992	137	807	944	803	2.40
1993	5,851	136	776	911	801	1.93
1992	5,741	138	737	875	819	0.95
1991	5,687	140	724	864	818	0.84
1990	5,639	146	769	915	846	1.27
1989	5,568	153	743	896	826	1.01
1988	5,513	153	755	907	752	1.71
1987	5,420	163	775	939	717	3.64
1986	5,230	175	741	916	801	1.70
1985	5,142	166	722	888	746	2.67
1984	5,009	164	691	855	687	3.54
1983	4,837	171	633	804	720	1.26
1982	4,777	185	595	781	707	1.55

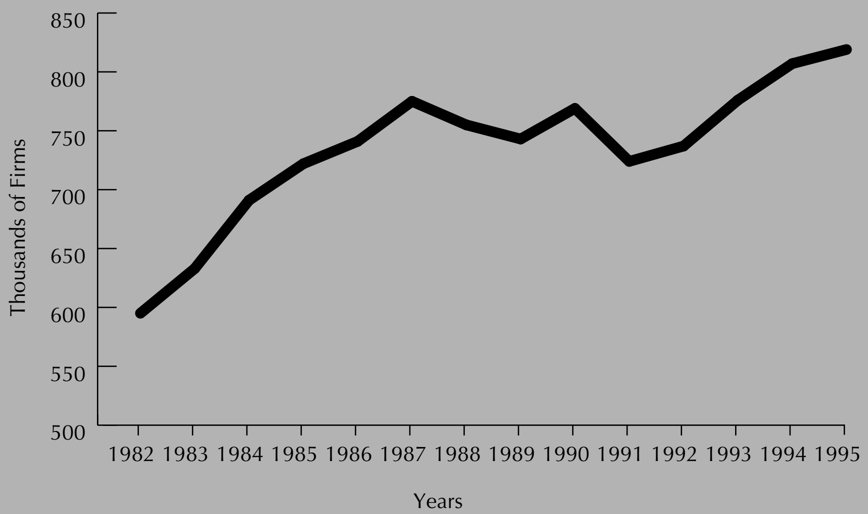
Note: Successors are existing firms taken over by new or existing firms; new firms represent applications for new account numbers; terminations represent firms that either reported being out of business or reported no employment for two years. Each quarter, firms with employees are required to report their employment, payrolls, and unemployment insurance tax liabilities to state employment services.The states in turn report the number of new firms, terminations, and successors to the U.S. Department of Labor. These statistics from the Employment and Training Administration are organized into a master file that begins in third quarter, 1981. Data in this period are available from all states except Michigan, for which a 3½-year period beginning in 1985 was estimated from previous data. Current data are available six months following the end of the quarter. The count of firms includes all active unemployment insurance taxpayers, including local, state, federal, and international governmental agencies. It includes virtually all nonfarm employers, except households, railroads, and selected religious organizations. Multistate employers submit reports to each state in which they operate; therefore, the enterprise count includes some duplication, but because multistate firms are relatively few in number, the count of firms in the United States is not significantly affected. The change in the number of firms from one period to the next represents the addition of new and successor firms less the number of terminations during the period; however, because of changes in counting rules, computer procedures, and other problems, the computed changes are sometimes at variance with the reported data. In these few cases the data are edited so that they are internally consistent.

Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from data provided by the U.S. Department of Labor, Employment and Training Administration, based upon state employment security agencies' quarterly reports, 1995.

Although the net annual increase averages just 2 percent, the level of activity in business formation and closure is actually much higher. Each year about 14 percent of small firms with employees drop from the unemployment insurance rolls, while the number of new and successor firms added is equal to about 16 percent of the total.

A high rate of business formation and dissolution is characteristic of a dynamic economy. Changing tastes and preferences, new technologies, and changes in demography and geography are all accommodated by the entry and exit of firms. New small businesses answer many of the needs, entering

Chart 1.1 *New Firms with Employees, 1982–1995*



Source: U.S. Small Business Administration, Office of Advocacy, based upon U.S. Department of Labor, Employment and Training Administration.

the marketplace with new products and services, at new locations, and with new and different methods of distribution.

The formation and dissolution of businesses varies by region across the United States (Table 1.4). Region VIII (the Mountain states) showed the largest net growth in the number of firms during 1995, posting a gain of nearly 4 percent. Regions III, V, and X all exceeded the average growth rate of new firms by wide margins.

Increases in business formation are almost always accompanied by increases in firm dissolution. For example, Region IX had the highest rates of increase in both starts and terminations, and in Region V both indicators far exceeded the national averages.

Business Incorporations

Corporations represent more than 60 percent of businesses with employees and account for nearly 90 percent of the nation's sales and employment.[3] The number of new business incorporations increased by 3.8 percent in 1995 to 770,206 (Table 1.5).

[3] The business incorporation series of the Dun and Bradstreet Corporation measures firms that choose to incorporate in each state and operate as corporations.

Table 1.4 *Change in the Number of U.S. Businesses with Employees by Major Region, Calendar Years 1994–1995*

			New and Successor Firms		Terminations	
	Firms at End of 1995	Change from 1994 (Percent)	Number in 1995	Change from 1994 (Percent)	Number in 1995	Change from 1994 (Percent)
Total, United States	**6,056,668**	**1.09**	**819,477**	**1.56**	**858,391**	**6.86**
Region I	366,090	0.31	40,328	-0.41	45,318	10.46
Region II	647,838	1.46	81,726	1.41	82,480	−4.23
Region III	590,273	2.23	72,169	3.13	73,617	1.98
Region IV	1,045,611	1.92	150,807	−9.42	152,656	−9.46
Region V	1,040,612	2.30	120,286	9.61	118,332	9.64
Region VI	614,117	1.96	83,357	−1.07	86,109	2.25
Region VII	295,063	−2.55	32,533	−0.09	38,322	3.24
Region VIII	236,143	3.71	36,541	−1.74	36,793	14.90
Region IX	917,139	−1.95	150,143	13.67	178,812	39.57
Region X	303,782	1.39	51,587	−3.57	51,260	11.55

Note: Figures for "firms at end of 1995" include successor firms, not shown in this table. SBA regions are defined as follows: Region I: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont; Region II: New Jersey, New York; Region III: Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, West Virginia; Region IV: Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee; Region V: Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin; Region VI: Arkansas, Louisiana, New Mexico, Oklahoma, Texas; Region VII: Iowa, Kansas, Missouri, Nebraska; Region VIII: Colorado, Montana, North Dakota, South Dakota, Utah, Wyoming; Region IX: Arizona, California, Hawaii, Nevada; and Region X: Alaska, Idaho, Oregon, Washington.

Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from data provided by the U.S. Department of Labor, Employment and Training Administration, based upon state employment security agencies' quarterly reports, 1996.

Region II (New York and New Jersey) experienced the greatest increase in incorporations (Table 1.6). The rate of increase was above the national average, due almost entirely to a 22.7 percent gain in New Jersey. Region III (the Middle Atlantic states) showed a 6.8 percent increase over 1994. Region IV (the South) had the third highest rate of growth in new incorporations, at 4.1 percent over 1994.

Business Bankruptcies and Failures

Over the past three years, the levels of both failures and bankruptcies have dropped sharply from the periods of increasing failures and bankruptcies at the beginning of the decade.

Business failures, which follow a seasonal pattern, declined overall in 1995 for the third straight year (Table 1.7).[4] Business bankruptcies also declined over the previous year for a fourth consecutive year. The number of bankruptcies was the lowest recorded in at least 12 years.

Business failures and bankruptcies display wide variation across the regions of the country. In 1995 both measures decreased markedly in some regions (Regions I and IV) while increasing in others (Regions III, VI, VII, and X) (Table 1.8).

Most firms fail in their early years. For a given cohort, about 20 percent of the remaining firms fail in each of the first and second years after startup (Chart 1.2). The rate of failure decreases year by year; by the ninth or tenth year only about 7 or 8 percent of the remaining firms fail. Fewer than half of all new firms are in operation after five years.

Business Earnings

Corporate profits increased in 1995 for the sixth consecutive year (Table 1.9). Not since the recovery from the 1981 to 1982 recession has such a string of increases in corporate profits occurred. The 10.8 percent increase in corporate profits in 1995 builds upon increases of 15.7 percent in 1993 and 14.0 percent in 1994. Employment compensation increased 5.3 percent in 1995, the third largest increase since 1990.

Nonfarm proprietorship earnings, an important measure of the health of the small business sector, rose by 8.0 percent during 1995. The growth in proprietorship earnings between 1991 and 1995 was the highest for any four-year period since 1984–1988.[5] Approximately 85 percent of small businesses are legally organized as proprietorships or partnerships.

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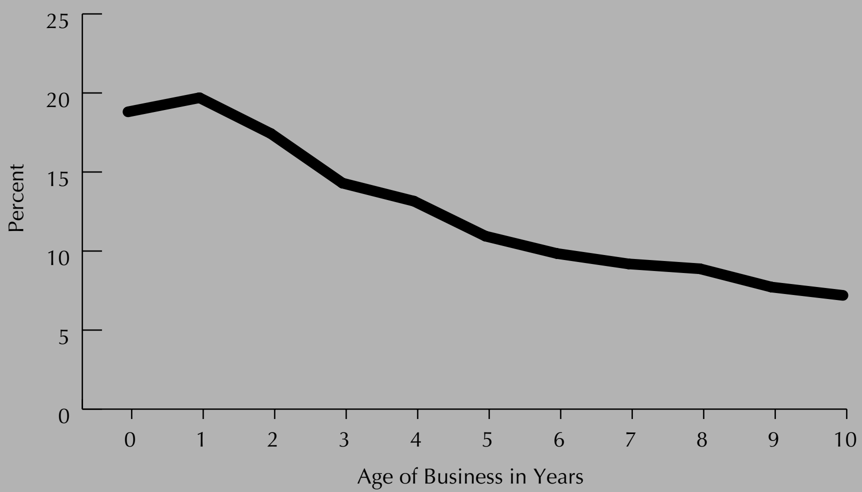
[4] Business failures represent business closings with a financial loss to one or more creditors that are reported to the Dun & Bradstreet Corporation. This definition is much narrower than the definition for terminations, as reported in the unemployment insurance data. Terminations represent businesses ceasing to report employment and may be closings with or without reported creditor losses. A bankruptcy is the legal recognition that a company is insolvent and not able to satisfy creditors or discharge liabilities. The company must restructure or liquidate. Not all firms, particularly those with no employees, are listed with Dun & Bradstreet and not all closing firms are reported as having an outstanding debt to a creditor. The result is that closings or "discontinuances" are about 10 times as frequent as closings with reported creditor losses. The number of bankruptcies is also about one-tenth of the overall number of business terminations. In every year observed, the number of businesses that "fail" or apply to bankruptcy court is small compared with the number that just close their doors, and is equal to about 1.5 percent of all firms reporting employment.

[5] Nonfarm proprietorship earnings, like a number of income components other than wages and salaries, are based on Internal Revenue Service data and must be corrected for underreporting. Such corrections are difficult to make and are based on periodic IRS audit studies.

Chart 1.2 *Failure Rates by Age of Firm*



Note: Figures represent the percentage of the remaining firms that "fail"—i.e., are no longer in business at the same location—in each year after startup.

Source: U.S. Department of Commerce, Bureau of the Census, Center for Economic Studies, *The Demography of Business Failure,* Alfred R. Nucci, 1993.

Table 1.5 *New Business Incorporations, 1981–1995*

	Incorporations	Percent Change
1995	770,206	3.8
1994	741,657	5.0
1993	706,537	6.0
1992	666,800	6.1
1991	628,580	−2.9
1990	647,366	−4.3
1989	676,567	−1.2
1988	685,095	−0.1
1987	685,572	−2.4
1986	702,101	5.0
1985	668,904	5.3
1984	634,991	5.8
1983	600,400	5.9
1982	566,942	−2.5
1981	581,661	—

Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from the Dun and Bradstreet Corporation, *New Business Incorporations* (various issues).

Table 1.6 *New Business Incorporations by SBA Region, 1994 and 1995*

	1994	1995	Percent Change
U.S. Total	**741,657**	**770,206**	**3.8**
Region I	30,702	30,609	−0.3
Region II	101,558	110,294	8.6
Region III	103,619	110,646	6.8
Region IV	170,043	176,940	4.1
Region V	116,197	119,165	2.6
Region VI	65,278	67,199	2.9
Region VII	23,657	24,503	3.6
Region VIII	27,249	27,574	1.2
Region IX	74,934	75,497	0.8
Region X	28,417	27,779	−2.2

Note: SBA regions are defined as follows: Region I: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont; Region II: New Jersey, New York; Region III: Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, West Virginia; Region IV: Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee; Region V: Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin; Region VI: Arkansas, Louisiana, New Mexico, Oklahoma, Texas; Region VII: Iowa, Kansas, Missouri, Nebraska; VIII: Colorado, Montana, North Dakota, South Dakota, Utah, Wyoming; Region IX: Arizona, California, Hawaii, Nevada; and Region X: Alaska, Idaho, Oregon, Washington.

Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from the Dun and Bradstreet Corporation, *New Business Incorporations* (various issues).

Small- and Large-Business-Dominated Industries

A convenient way to view the role of small business in the economy is to compare sectors dominated by small businesses with those dominated by large businesses.[6] Some 53.1 percent of all nonfarm private sector employment in 1993 (the latest year for which data are available) was in firms with fewer than 500 employees, down slightly from 53.7 percent in 1991 (Table 1.10)

U.S. nonfarm private sector employment totaled 98.5 million in December 1995, a gain of almost 1.6 million over December 1994. The greatest gains in employment were in industries with the highest shares of employment in small firms.

[6] Employment data by firm size are available for no later than 1992. Employment data by industry are available through 1995. The percentage employment in small firms is calculated from 1992 Census data and is used to classify industries in 1995 by employment in small or large firms. Within the major industrial sectors, the individual industries can be classified by the percentage of employment in firms with fewer than 500 employees. The classifications are as follows: small-business-dominated industries—those with more than 60 percent of employees in small firms; large-business-dominated industries—those with more than 60 percent of employees in large firms; and a remainder called "indeterminate industries"—those with between 40 and 60 percent of their employment in small or large business.

Table 1.7 *Measures of Business Failure, 1984–1995*

	Bankruptcies	Percent Change
1995	50,516	−0.6
1994	50,845	−17.7
1993	61,799	−11.5
1992	69,848	−1.1
1991	70,605	10.5
1990	63,912	2.3
1989	62,449	−0.6
1988	62,845	−22.9
1987	81,463	1.9
1986	79,926	12.2
1985	71,277	11.0
1984	64,211	2.9
	Failures	**Percent Change**
1995	71,194	−0.5
1994	71,558	−16.9
1993	86,133	−11.4
1992	97,069	9.9
1991	87,266	43.7
1990	60,746	20.6
1989	50,361	−11.8
1988	57,099	−6.6
1987	61,111	−0.8
1986	61,601	7.9
1985	57,067	9.6
1984	52,078	—

Sources: For failures, adapted by the U.S. Small Business Administration, Office of Advocacy, from the Dun and Bradstreet Corporation, *Business Failure Record* (various issues); for bankruptcies, from data provided by the Administrative Office of the U.S. Courts, Statistical Analysis and Reports Division.

The services industry continues to be the largest creator of new jobs, adding almost 1.1 million positions in calendar year 1995. The service sector was defined as "dominated" by small businesses (with 60 percent or more of its employment in firms with fewer than 500 employees) until 1991. Small businesses still constitute 57.6 percent of the employment in this sector.

The largest numbers of new jobs in small-firm-dominated service sectors occurred in offices of physicians and other health practitioners (119,000); engineering, accounting and research (102,000); services to buildings (26,000);

Table 1.8 *Change in Business Failures and Bankruptcies by SBA Region, 1994–1995*

	Business Failures		Percent Change 1994–1995	Bankruptcies		Percent Change 1994–1995
	1994	1995		1994	1995	
U.S. Total	**71,558**	**71,194**	**−0.5**	**50,845**	**50,516**	**−0.6**
Region I	3,771	3,389	−10.1	2,224	2,016	−9.4
Region II	7,730	7,842	1.4	4,765	4,569	−4.1
Region III	6,363	6,781	6.6	5,112	5,215	2.0
Region IV	9,694	8,824	−14.5	6,917	6,009	−13.1
Region V	8,504	8,340	−1.9	7,420	7,558	1.9
Region VI	8,355	9,103	9.0	5,361	5,662	5.6
Region VII	2,717	2,950	8.6	1,697	1,708	0.6
Region VIII	2,096	2,359	12.5	1,440	1,422	−1.3
Region IX	18,908	18,467	−2.3	13,451	13,691	1.8
Region X	3,420	3,679	7.6	2,458	2,666	8.5

Sources: For failures: adapted by the U.S. Small Business Administration, Office of Advocacy, from the Dun and Bradstreet Corporation, *Business Failure Record* (various issues); for bankruptcies: from data provided by the Administrative Office of the U.S. Courts, Statistical Analysis and Reports Division.

Table 1.9 *Employment Compensation, Nonfarm Proprietorship Income, and Corporate Profits, 1982–1995 (Billions of Dollars)*

	Employment Compensation[1]		Nonfarm Proprietorship Earnings		Pre-Tax Corporate Profits[2]	
Year	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
1995	4,222.7	5.3	449.3	8.0	586.6	10.8
1994	4,009.6	5.3	415.9	7.2	529.5	14.0
1993	3,809.5	4.5	388.1	4.5	464.4	15.7
1992	3,644.9	5.4	371.5	11.7	401.4	4.9
1991	3,457.9	3.1	332.7	2.5	382.5	3.5
1990	3,352.8	6.4	324.6	5.3	369.5	3.7
1989	3,151.6	6.0	308.2	4.6	356.4	−0.2
1988	2,973.9	7.8	294.7	13.1	357.2	15.3
1987	2,757.7	7.2	260.6	7.4	309.7	14.3
1986	2,572.4	6.0	242.6	4.3	271.0	−4.0
1985	2,425.7	7.5	232.5	9.1	282.2	5.2
1984	2,257.0	10.4	213.1	21.2	268.2	26.3
1983	2,044.2	6.0	175.8	14.5	212.3	33.4
1982	1,927.6	153.5			159.2	

[1] Includes employee contributions for Social Security insurance.
[2] Includes inventory valuation and capital consumption adjustment.
Note: The data are seasonally adjusted at annual rates.
Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business,* Table 1.14, January 1997.

Table 1.10 *U.S. Employment by Industry, December 1994 and December 1995*

Industry	1993 Small Business Share (Percent)	December 1994 Employment (Thousands)	December 1995 Employment (Thousands)	Employment Change (Thousands)
Total, All Industries	**53.1**	**96,858**	**98,481**	**1,623**
Mining	40.9	593	569	224
Construction	88.9	5,073	5,206	133
Manufacturing	38.5	18,481	18,315	2166
Transportation, Communications and Public Utilities	35.8	6,183	6,298	115
Wholesale Trade	67.6	6,226	6,392	166
Retail Trade	53.6	21,344	21,577	233
Finance, Insurance, and Real Estate	43.9	6,915	6,987	72
Services	57.6	32,043	33,137	1,094

Source: Employment is from the U.S. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings* (Washington, D.C.: U.S. Government Printing Office, March 1996), Table B-12. Employment share is calculated from special tabulations for the U.S. Small Business Administration by the U.S. Department of Commerce, Bureau of the Census, based upon 1993 measurements.

and residential care (22,000). Many of these new jobs came from births of new small firms, which are incompletely captured in the available data from the Census Bureau, and from the unincorporated self-employed, which are also omitted from Census employment counts.

It is also likely that some large firms are growing and entering industries dominated by small firms. When a large firm transfers resources to a growing sector, no net jobs may be created, but small firms' (static) employment share in that sector may decline (as in services). Examples may be found in health services, child care, and auto dealerships, where mergers and consolidation have been occurring. These dynamic changes are probably at least partially responsible for declines in small firms' measurable share of services employment. Because of incomplete data, these indicators reveal only incomplete information about small firm job creation.

Retail trade, which added 233,000 new jobs, was the next largest contributor to employment. Construction added 133,000 new jobs. More than 88 percent of employment in the construction industry was in firms with fewer than 500 employees.

Comparisons among industrial sectors illustrate the importance of small businesses in the growth of employment. Employment in smaller firms grows

Table 1.11 *Employment Change by Industry Type, December 1994 to December 1995*

Type of Industry	Total Employment Beginning of Period (Millions)	Employment Change (Thousands)	Percent Change
Small-Business-Dominated	41.9	1,072.2	2.56
Indeterminate	17.2	352.4	2.05
Large-Business-Dominated	32.6	77.4	0.24
Total	91.8	1,499.3	1.63

Note: Small firm dominance is calculated at the three-digit Standard Industrial Classification (SIC) level. Total employment at the beginning of the period was 96.9 million; the difference from the total shown reflects the omission of those industries whose employment is not reported at the three-digit SIC level.

Source: U.S. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings* (February 1996), Table B-12 and Bureau of the Census, special tabulation for the U.S. Small Business Administration, Office of Advocacy, 1993. *Employment and Earnings* was used to measure employment; the special Census tabulations were used to determine small- and large-firm domination.

faster than employment in larger firms in growing industries, not necessarily because smaller firms are more efficient in their operation, but because of demand for the output of the industry and the high level of entry of smaller firms.

As employment in successful small firms increases within a growing industry and larger firms enter from other industries, the average firm size increases. The percentage of small business employment in the industry may then decline slightly, even though small businesses are supplying most of the net new jobs.[7]

The rate of employment growth in small-business-dominated industries in 1995 was higher than the national average and 10 times the employment growth in large-business-dominated industries (Table 1.11).

Employment rose by 1.5 million overall between December 1994 and December 1995; job creation varied considerably across sectors and firm sizes. Employers in large-business-dominated industries added only 77,400 jobs, while small-business dominated industries added 1.1 million (Table 1.12).

The rates of employment growth demonstrate the importance of small business in intrasector employment growth (Table 1.13). Small-business-dominated industries in transportation showed the largest percentage gain, with

[7] Without specific data on business entries and exits, it is not possible to know the precise reasons for a declining or rising share of small firm employment in any particular sector. However, it is not inconsistent for small firms to create many or most of the new jobs in a given industry and then show a declining market share by the end of the period if large firms enter that industry. Static employment data are based on information at the end of the period, not during the period when jobs are created. The Census Bureau data received by the SBA do not measure or indicate large firm entries into industries that were formerly small-business-dominated.

Table 1.12 *Change in Employment by Size Category and Major Industry, December 1994 to December 1995 (Thousands)*

Industry	Industry Totals	Small-Business-Dominated Industries	Indeterminate Industries	Large-Business-Dominated Industries
Total, All Industries	**1,502**	**1,072.2**	**352.4**	**77.4**
Mining	−23	0.6	−5.0	−18.3
Construction	102	102.4	NA	NA
Manufacturing	−159	−3.2	−29.0	−126.4
Transportation and Utilities	117	7.2	35.8	24.2
Wholesale Trade	175	99.6	75.5	0.1
Retail Trade	272	232.5	21.0	−36.3
Finance	60	45.6	−11.9	25.9
Services	1,012	537.5	266.6	208.2

NA = Indicates lack of industry representation within that size category.

Note: Data exclude self-employed workers. Small-business-dominated industries are industries in which 60 percent or more of employment is in firms with fewer than 500 employees. Large-business-dominated industries are industries that have 60 percent or more of employment in firms with more than 500 workers. A third set of industries, in which 40.1 to 59.9 percent of employment is in firms with fewer than 500 employees, constitutes an indeterminate group, where dominance is unclear.

Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from the U.S. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings* (Washington, D.C.: U.S. Government Printing Office, March 1996), Table B.12. Small- and large-business-dominated industries are calculated from special tabulations prepared for the U.S. Small Business Administration, Office of Advocacy, by the U.S. Department of Commerce, Bureau of the Census, based upon 1993 measurements.

employment growth of more than 5.68 percent. Large-business-dominated mining industries grew at rates far below the national average. The service industry posted the largest numerical gain in employment among the small-business-dominated industries, with about 537,500 new jobs.

The service sector job gains in non-small-business-dominated sectors illustrate another trend: just as manufacturing and finance firms are downsizing, companies in the service industries are "upsizing." The sector's 208,000 new jobs in large-business-dominated industries and 266,600 new jobs in indeterminate industries reflect services' movement toward larger firms. Of all the large-business-dominated industries, those in the services sector recorded the largest absolute and percentage increases in employment.

Many small firms are growing into large firms, and service industries previously dominated by small firms are becoming "indeterminate." This trend is a natural result of the growth of industries and of scale economies in purchasing, advertising, management, and finance. Franchising is a frequent method of achieving such economies.

Economies of scale are appearing in many industrial sectors as a result of improved information processing and transmittal, offering faster and addi-

Table 1.13 *Change in Employment by Size Category and Major Industry, December 1994 to December 1995 (Percent)*

Industry	Industry Totals	Small-Business-Dominated Industries	Indeterminate Industries	Large-Business-Dominated Industries
Total, All Industries	**1.64**	**2.56**	**2.05**	**0.24**
Mining	−4.51	1.90	−2.44	−6.14
Construction	2.39	2.39	NA	NA
Manufacturing	−1.21	0.08	−0.76	−1.21
Transportation	2.04	5.68	1.66	0.94
Wholesale Trade	2.61	2.50	2.97	0.05
Retail Trade	1.23	1.92	2.69	−0.49
Finance	0.91	2.09	−1.79	0.70
Services	3.44	3.75	3.75	2.62

NA = Indicates lack of industry representation within that size category.

Note: Data exclude self-employed workers. Small-business-dominated industries are industries in which 60 percent or more of employment is in firms with fewer than 500 employees. Large-business-dominated industries are industries that have 60 percent or more of employment in firms with more than 500 workers. A third set of industries, in which 40.1 to 59.9 percent of employment is in firms with fewer than 500 employees, constitutes an indeterminate group, where dominance is unclear.

Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from the U.S. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings* (Washington, D.C.: U.S. Government Printing Office, March 1996), Table B.12. Small- and large-business-dominated industries are calculated from special tabulations prepared for the U.S. Small Business Administration, Office of Advocacy, by the U.S. Department of Commerce, Bureau of the Census, based upon 1993 measurements.

tional channels of distribution. The relative increases in the indeterminate classification are attributed to the growth of some previously small entities, the entry of larger firms, and the downsizing of previously large firms whose employment has fallen below 500. Industrial sectors differ as to which of these factors is most active.

Employment Changes and Firm Size

One way to look at the changing composition of employment growth in the United States is to examine the 15 small-business-dominated industries and the 15 large-business-dominated industries exhibiting the largest gains in industry employment (Table 1.14).[8]

[8] Data on employment changes by firm size are not available on a current basis. As stated in Tables 1.12 and 1.13, the small-business-dominated concept is used instead—in which small-business-dominated industries have at least 60 percent of employment in firms with fewer than 500 employees based on 1993 Census data. Because of data limitations, it is possible for a small-firm-dominated industry to contain growing large firms, or vice versa.

Table 1.14 *Industries Generating the Most New Jobs, December 1994 to December 1995*

	Employment Change (Thousands)
Small-Business-Dominated Industries	
Eating and Drinking Places	108.1
Management and Public Relations Services	98.4
Offices and Clinics of Doctors of Medicine	53.1
Miscellaneous Amusement and Recreation Services	43.5
Plumbing, Heating, and Air Conditioning	40.3
Offices and Clinics of Other Health Practitioners	36.4
Electrical Work	34.8
Offices and Clinics of Dentists	29.2
Motor Vehicle Dealers (New and Used)	28.5
Accounting, Auditing, and Bookkeeping Services	28.2
Automotive Repair Shops	27.9
Engineering, Architectural, and Surveying Services	26.5
Local and Suburban Passenger Transportation	24.8
Real Estate Agents and Managers	22.7
Residential Care	22.0
Total, Top 15 Industries	624.4
Large-Business-Dominated Industries	
Personnel Supply Services	82.4
Grocery Stores	68.3
Hospitals	49.5
Motion Picture Production and Allied Services	47.0
Electronic Components and Accessories	45.1
Accident and Health Insurance and Medical Service Plans	21.1
Air Transportation, Scheduled, and Air Courier Services	17.4
Cable and Other Pay Television Services	17.1
Colleges, Universities, Professional Schools, and Junior Colleges	13.3
Automotive Rental and Leasing, Without Drivers	12.3
Meat Products	9.1
Personal Credit Institutions	8.3
Airports, Flying Fields, and Airport Terminal Services	7.8
Telephone Communications	7.7
Business Credit Institutions	7.3
Total, Top 15 Industries	413.7

Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from data supplied by the U.S. Department of Labor, Bureau of Labor Statistics, Employment and Training Administration. The size distribution is taken from special tabulations prepared by the U.S. Department of Commerce, Bureau of the Census, 1993.

The 15 largest job-creating industries within both the small-business-dominated and the large-business-dominated groups together added more than one million jobs. No manufacturing industries are to be found among the small-business-dominated group. Employment gains in the help supply service industry and in retail grocery stores led the gains in the large-business-dominated group. Eating and drinking places and management and public relations services, among the small-business-dominated industries, created the most new jobs.

The 15 fastest-growing small-business-dominated industries feature management and public relations services and two transportation industries (Table 1.15). Large-business-dominated industries with both high percentage and high absolute gains in employment are temporary help supply services and motion picture production.

The changing structure of industry can also be viewed through a review of the industries losing the most jobs (Table 1.16). Seven of the 15 small-business-dominated industries losing the most jobs are in manufacturing, in spite of the low small business representation in that sector overall. The employment loss percentages are small for this group, but together they account for more than half of the job losses among the top 15 losers.

The large-business-dominated industries continued to experience large job losses in the aerospace and defense industries. Department stores and family clothing stores led the list of large-business-dominated industries with the largest declines in employment.

The jobs lost among large-business-dominated industries are in very different sectors from the jobs gained by small-business-dominated industries. Moreover, the number of jobs lost in the 15 large-business-dominated sectors was 2.75 times the number of jobs lost in the 15 top small-business-dominated job losers.

Conclusion

Nineteen-ninety-five was an excellent year for the economy, for business, and for small business. The economy gained almost 3.2 million jobs and real gross domestic product increased by 2.0 percent. The unemployment rate fell from 6.1 percent in 1994 to 5.6 percent in 1995. Consumer prices were stable, as were wholesale prices. Corporate profits and employee compensation both increased.

Small-business-dominated industries added jobs to the economy at a rate more than 1.6 times the national rate of increase of 1.6 percent; large-business-dominated industries added employment at a rate well below the national rate. Small businesses are concentrated in the trade and service sectors that are growing and consolidating most rapidly. Within the trade and service sectors many small business owners view business growth as an important goal for their firms. As their businesses become larger, the small business share of employment in these sectors is declining—an indicator that small businesses are succeeding in generating economic growth.

Table 1.15 *Fastest Growing Industries, December 1994 to December 1995*

	Employment Change (Thousands)	Employment Change (Percent)
Small-Business-Dominated Industries		
Management and Public Relations Services	98.4	13.33
Local and Suburban Passenger Transportation	24.8	11.80
Arrangement of Transportation of Freight and Cargo	18.6	10.81
Taxicabs	3.4	10.30
Offices and Clinics of Other Health Practitioners	36.4	9.25
Advertising	19.6	8.51
Miscellaneous Equipment Rental and Leasing	16.6	7.56
Special Industry Machinery except Metalworking	11.7	7.29
Furniture and Home Furnishings	10.5	7.15
Mailing, Reproduction, Commercial Art and Photography, and Stenographic Services	19.0	7.07
Carpentry and Floor Work	14.9	6.88
Vocational Schools	5.3	6.80
Automotive Services except Repair	11.9	6.10
Electrical Work	34.8	5.84
Musical Instruments	0.8	5.84
Total, 15 Fastest Growing Industries	326.7	8.90
Large-Business-Dominated Industries		
Motion Picture Production and Allied Services	47.0	18.07
Cable and Other Pay Television Services	17.1	11.38
Business Credit Institutions	7.3	8.41
Electronic Components and Accessories	45.1	8.05
Intercity and Rural Bus Transportation	1.7	7.46
Airports, Flying Fields, and Airport Terminal Services	7.8	7.16
Accident and Health Insurance and Medical Service Plans	21.1	7.03
Tires and Inner Tubes	5.5	7.02
Automotive Rental and Leasing, Without Drivers	12.3	6.85
Personal Credit Institutions	8.3	5.95
Holding Offices	5.3	5.05
Personnel Supply Services	82.4	3.38
Refrigeration and Service Industry Machinery	6.4	3.28
Motion Picture Theaters	3.7	3.26
Chemical and Fertilizer Mineral Mining	0.4	2.86
Total, 15 Fastest Growing Industries	271.4	5.71

Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from data supplied by the U.S. Department of Labor, Bureau of Labor Statistics, Employment and Training Administration. The size distribution is taken from special tabulations prepared by the U.S. Department of Commerce, Bureau of the Census, 1993.

Table 1.16 *Industries Losing the Most Jobs, December 1994 to December 1995*

	Employment Change (Thousands)	Employment Change (Percent)
Small-Business-Dominated Industries		
Women's, Misses', and Juniors' Outerwear	−31.7	−11.27
Miscellaneous Fabricated Textile Products	−11.1	−5.11
Sawmills and Planing Mills	−7.6	−4.01
Labor Unions and Similar Labor Organizations	−6.8	−4.86
Farm-Product Raw Materials	−4.7	−4.15
Arrangement of Passenger Transportation	−4.6	−2.31
Girls', Children's, and Infants' Outerwear	−4.4	−9.95
General Contractors-Nonresidential Buildings	−4.2	−0.71
Household Appliance Stores	−3.4	−4.20
Millwork, Veneer, Plywood, and Structural Wood Members	−3.3	−1.20
Heavy Construction except Highway and Street	−2.9	−0.57
Miscellaneous Apparel and Accessories	−2.9	−7.32
General Contractors-Residential	−2.8	−0.46
Costume Jewelry, Costume Novelties, Buttons, and Notions Except Precious Metal	−2.6	−9.12
Bowling Centers	−1.4	−1.56
Total, 15 Largest Job Losers	-94.4	−2.77
Large-Business-Dominated Industries		
Department Stores	−48.4	−1.94
Family Clothing Stores	−30.7	−8.42
Men's and Boys' Furnishings, Work Clothing, etc.	−29.3	−11.04
Aircraft and Parts	−25.8	−5.54
Miscellaneous General Merchandise Stores	−16.7	−7.80
Knitting Mills	−14.2	−7.22
Search, Detection, Navigation, Guidance, Aeronautical and Nautical Systems, Instruments, and Equipment	−13.7	−8.02
Crude Petroleum and Natural Gas	−12.4	−7.92
Electric Services	−12.3	−2.99
Life Insurance	−12.3	−2.15
Guided Missiles and Space Vehicles and Parts	−9.9	−9.48
Petroleum Refining	−9.8	−8.95
Canned, Frozen, Preserved Fruits, Vegetables, and Specialties	−9.5	−4.30
Women's Clothing Stores	−7.4	−2.02
Gas Production and Distribution	−7.1	−4.50
Total, 15 Largest Job Losers	−259.5	−4.14

Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from data supplied by the U.S. Department of Labor, Bureau of Labor Statistics, Employment and Training Administration. The size distribution is taken from special tabulations prepared by the U.S. Department of Commerce, Bureau of the Census, 1993.

Chapter 2

The White House Conference on Small Business: Implementing the Recommendations

Synopsis

In 1976, presidential candidate Jimmy Carter and Senator Gaylord Nelson, then chairman of the Senate Select Committee on Small Business, began conversations about how small business owners could meet to air their concerns about government and develop constructive solutions. Two years later, on April 6, 1978, the Carter White House announced a week-long conference to be held in Washington that would bring together some 2,000 representatives of small businesses nationwide. That was the beginning of the 1980 White House Conference on Small Business (WHCSB), which assembled small business delegates from across the country to provide their perspectives on federal policy.

Small business men and women met again at White House Conferences in 1986 and 1995 and again developed very specific agendas for the Congress and the federal government. The success of the White House Conference process can be measured by the number of recommendations implemented following each conference. In 1980, Congress and the executive branch acted upon about two-thirds of the White House Conference recommendations. In 1986, the government implemented 43 percent of the 60 final recommendations.

In the year since the 1995 White House Conference on Small Business, a national audience has focused attention on the conference recommendations and an unprecedented number of them have been implemented. President Clinton referred to the White House Conference initiatives in his State of the Union address. House Speaker Newt Gingrich held a press conference to discuss the implementation of the 1995 agenda. The recommendations have influenced the debate on Capitol Hill, where delegates have been invited to testify and continue to promote their issue priorities.

The 1980 Conference: Taxation, Regulation and Innovation

Small business delegates assembled in Washington, D.C., for the first National White House Conference on Small Business January 13–17, 1980. All told, some 25,000 small business entrepreneurs had participated in the preliminary state meetings and more than 5,000 people attended the national meeting, including 1,682 official delegates.

The delegates agreed on 60 recommendations and 11 resolutions for congressional and executive branch action. Topping the list were recommendations to replace the corporate and individual income tax schedules with more graduated rate scales, to adopt a simplified accelerated capital cost recovery system, and to balance the federal budget by limiting total federal spending to a percentage of the gross national product.

The 1980 WHCSB recommendations had important effects on small business' relationship to the federal government. Among the significant laws enacted in response to the recommendations were the Regulatory Flexibility Act of 1980, which required federal agencies to consider small business in the rulemaking process, and the Small Business Innovation Development Act of 1982, which required federal agencies to set aside a percentage of their external research and development budgets for small firms.

1986: A Second Look

The resounding success of the first White House Conference on Small Business led Congress and the small business community to support another conference in the mid-1980s. More than 20,000 entrepreneurs participated in the state meetings that preceded the second national White House Conference on Small Business in August 1986. Approximately 4,000 people, including 1,813 official delegates, attended.

The final vote produced the top 60 recommendations of the 1986 conference. The delegates reported that the top three problems facing small business were insurance availability and affordability, mandated employee benefits, and competition from government and nonprofit organizations. The 1986 conference, while less impressive than the 1980 conference in its legislative results, nevertheless helped advance the small business agenda in important ways.

1995: A Penny for Your Thoughts

In September 1993, President Bill Clinton appointed 11 commissioners representing the small business community to oversee the 1995 White House Conference on Small Business.

The state conferences held between June 2, 1994, and April 13, 1995, had two goals: to develop federal policy recommendations that would strengthen the role of small business and to elect delegates to represent the interests of each state's small business community at the regional and national conferences. A total of 59 state-level conferences were held: one in each state, the District of Columbia and Puerto Rico, and an additional conference in the seven states with populations exceeding 10 million.

Each one-day state conference enabled members of the small business community to name issues of concern, develop specific recommendations, and identify the appropriate federal government agency to address each issue. Initially, issues were classified in 10 categories: capital formation, community development, environmental policy, human capital, international trade, procurement, regulation and paperwork, taxation, technology and the information revolution, and an open forum for miscellaneous topics that did not fit easily into any of the other categories. A "Main Street" session was added during the process to incorporate the concerns of small retail and service firms, as well as the issues of crime, antitrust, and franchising.

Small business participants in each state elected delegates to represent their interests at the regional and national levels—a total of 1,130 delegates nationwide. State residents who were owners, corporate officers or full-time employees of for-profit businesses employing fewer than 500 people were eligible to run. The number of delegates elected from each state was twice the state's electoral college vote. (In states with two conferences, half of the delegates were elected at each conference).

Each member of Congress and each governor (both those newly elected and those defeated in the 1994 elections) appointed one delegate and one alternate, for a total of 674 appointed delegates. President Clinton was also authorized to appoint 100 delegates and alternates. All appointed delegates were required to meet the same criteria as those elected through the state conference process.

Between April 18 and May 12, 1995, the WHCSB held regional meetings in six cities across the country—Atlanta, Dallas, Denver, San Francisco, New York and Chicago. This intermediate stage of the WHCSB process after the state conferences and just one month prior to the national conference provided an opportunity for state delegations to confer with other delegations in the region. The regional meetings permitted further refinement of recommendations in the 11 issue areas.

The national conference, held June 11–15, 1995, was the culmination of the grass roots work at the state conferences and the consensus-building efforts at the regional meetings. Nearly 2,000 delegates gathered in Washington, D.C., to hammer out the national small business action agenda to be forwarded to President Clinton and the Congress.

Of particular note were the six "agency dialogues" that were part of the national conference process. Moderated by a WHCSB commissioner and ranging from environmental and work safety regulation to export promotion, these interactive forums helped facilitate communication among the federal agency representatives and delegates attending the national conference.

The WHCSB rules committee structured the issue sessions at the national conference to focus on the development, discussion, and elimination of recommendations. Procedures were in place to facilitate the amendment and petition processes, and to enforce the deadlines. By the end of the national conference, more than 150 amendments and six petitions had been considered.

Outside the issue sessions, the strategic mobilization of delegates was a critical exercise in crafting and advocating specific slates of recommendations. Effective caucusing around a slate of recommendations increased the chances of prevailing in both the interim and final votes.

Through a series of votes, the small business delegates arrived at a final list of 60 policy recommendations (Appendix 2.1). Delegates cast the last vote the old-fashioned way—by dropping pennies in numbered buckets—when the electronic counting system failed. Among the issues on the agenda were 11 dealing with tax policy, 14 focusing on capital formation and human capital issues, and six each in the procurement and regulations and paperwork areas.

The WHCSB was required by law to complete its efforts and present its final report to the President and Congress no later than September 30, 1995, at which time the White House Conference on Small Business Commission closed its operation. Under the WHCSB enabling legislation, the U.S. Small Business Administration (SBA) is required to report to Congress annually for three years on the status and implementation of the recommendations.

Implementation

In contrast to their predecessors in the 1980 and 1986 conferences, the 1995 WHCSB delegates provided a mechanism for following up on the conference recommendations by electing regional implementation chairpersons and issue chairs for each of the 11 issue areas in each of the SBA's ten regions. The WHCSB regional implementation efforts are as varied as the delegates themselves.

Immediately following the June conference, most of the delegations went home and presented their work to their governors and congressional representatives. While state officials recognize that the focus of the conference recommendations is on federal government action, many are looking at the agenda closely. As more programs and policies are passed to the states for administration and regulation, the opinions of small business will carry more weight at the state level. As always, in key areas such as tax policy, states will continue to follow the lead of the federal government.

Several governors have used the issue recommendations as the basis for calling state small business conferences. In fact, many states already hold annual small business conferences that have their roots in the earlier White House Conferences on Small Business. Other states are working to identify areas in which state problems mirror those identified at the federal level, where solutions such as those proposed in the WHCSB recommendations might apply.

Highlights of the implementation results can be seen in the appendix to this section, which lists each of the 60 final recommendations and reports on executive and legislative branch activity (Appendix 2.2). The Small Business Administration's Office of Advocacy will continue to monitor the implementation process and will report to Congress on its progress annually for three years.

Appendix 2.1

The 60 Recommendations of the 1995 White House Conference on Small Business

This appendix contains the full text of the 60 recommendations of the 1995 White House Conference on Small Business. As decided by the delegates, the recommendations are not rank ordered by the number of votes the recommendations received. Instead, they are listed here in alphabetical order by issue area, and within each issue in order of the National Conference Recommendation Agenda number that was assigned to it.

Capital Formation

5. In order to increase the availability of capital for small business, Congress shall:

(a) Authorize the SEC or an appropriate entity to create or streamline regulations and vehicles for public and small and large private company pensions, profit sharing, 401(k) plans, individual IRAs, Keogh and SEP Plans to invest in small businesses by accessing the private capital markets and encouraging development of viable markets for small-business loans.

(b) Modify current legislation to facilitate the ability of an individual to invest up to 50 percent of his or her own self-directed and/or managed qualified plans including profit sharing, 401(k) plans, individual IRAs, Keogh and SEP Plans in a specific small business(es) of his/her own choice. These funds could be used as a direct investment or as collateral to obtain debt financing. (Votes received: 1,279)

Capital Formation

9. Banks are too highly regulated and restrictions on lending to small businesses are too severe. To increase the amount of small-business lending (and create thousands of jobs) we propose: (a) small-business loans should be reviewed collectively based on institutions' overall loan delinquency ratios, and (b) relaxing of collateral and income to debt ratio requirements allowing banks to make smaller loans based on character, personal background and creditworthiness, such as those loans permitted pursuant to the loan-basket guidelines under the capital availability program. Also, Congress should enact or amend legislation to direct the Comptroller of the Currency and other examining authorities to allow banks, especially community banks, to invest more readily in small business through no-cost, low-cost incentives, such as:

(a) Directing bank regulatory agencies to reduce paperwork commensurate with loan size;

(b) Reduce the number of federal agencies regulating banking through consolidation and coordination;

(c) Allow government deposits to be placed in a bank based on the percentage of that bank's portfolio that is placed in small-business loans. (Votes received: 1,275)

Capital Formation

14. To increase the availability of growth capital to invest in small businesses, Congress should:

(a) Further privatize the Small Business Investment Company (SBIC) program, now administered by the SBA, by creating a new, government-sponsored, but privately managed, corporation named Venture Capital Marketing Association or "Vickie Mae"), which would function similarly to the Federal National Mortgage Association (Fannie Mae);

(b) Extend the capital gains tax deferral currently afforded investments rolled into Specialized Small Business Investment Companies (SSBICs) to include investments in SBICs to encourage more investment in new SBICs;

(c) Remove barriers to pension funds, foundations and endowments wishing to invest in SBICs and SSBICs; eliminate the "unrelated business taxable income" (UBTI) tax on all such activities; and

(d) Reduce the minimum capital size requirements for establishing SBICs owned by regulated financial institutions, thereby encouraging them to provide equity to small businesses provided that no leverage is utilized by such SBICs until current minimum capitalization for leverage is achieved. (Votes received: 1,009)

Capital Formation

20. Congress should support the investment in small businesses by:

(a) Establishing a tax-free rollover provision for the gains on sale of assets or ownership interests in a small business that are reinvested or rolled over into another small business within one year.

(b) Amending Code Section 1202, which is legislation excluding 50 percent of all capital gains from income, to extend its benefits to S Corporations and Limited Liability Companies by defining a "qualified small business" to include C Corporations and the other two entities, and extend the definition of a "qualified trade or business" under Section 1202 to all businesses.

(c) Enacting tax legislation to allow tax deductions against ordinary income for investments in small business. (Votes received: 672)

Capital Formation

24. The Small Corporate Offering Registration (SCOR) was meant to be a means for self reliant small business owners to raise equity capital with a minimum of professional assistance (legal and accounting services) and the lowest origination costs. To facilitate the use of SCORs, we propose that the SEC/Congress raise the $1 million per year ceiling to $5 million, remove limits on the number of investors, allow for "tombstone advertising" of stock offerings and fund educational programs for investors and issuers to be administered at state and local levels. A greater degree of uniformity of state laws or reciprocity between states would be encouraged by the SEC through granting educational grants to states that accomplish this goal. (Votes received: 1,027)

Capital Formation

25. Comprehensive Federally Guaranteed Financing Reform: Congress shall continue to appropriate funds for the Small Business Administration Loan Guarantee programs, while focusing on the following:

(a) Prohibit excessive abuses in the over-collateralization of all federally guaranteed loan programs.

(b) Establish criteria that would allow greater access to all federally guaranteed loan programs.

(c) Increase the SBA loan guarantee programs from their current level of $750,000 to $1,000,000.

(d) Require only primary owners (not passive investors) to make personal guarantees on federally guaranteed loans.

(e) Increase the number of non-bank lenders (SBLC) eligible to process SBA loans.

(f) Require all federally guaranteed loans be processed in a timely manner. (Votes received: 784)

Capital Formation

28. Congress should require that federal agencies evaluate the performance of financial institutions under the Community Reinvestment Act (CRA) on the basis of such institutions' efforts to meet the credit and banking needs of small businesses in their communities. In making such evaluations, those financial institutions that extend credit to small businesses without the support of government loan guarantees should be rated higher than those institutions that simply participate in SBA, FaHA and other guarantee programs, and/or purchase government-insured loans and loan pools. Further, Congress should direct such federal agencies to issue a separate rating of each financial institution's CRA performance relative to small business (as opposed to the current practice of issuing one rating for overall CRA performance with respect to the entire community). (Votes received: 554)

Community Development

31. Congress should enact legislation and the Administration should implement a process so that community and economic development programs could be maximized in distressed urban and rural areas by:

(a) Creating a "most favored" community status;

(b) Continuing and enhancing the SBA micro-loan program;

(c) Vigorously enforcing the Community Reinvestment Act with special efforts placed on elimination of redlining;

(d) Providing economically oriented incentives such as abatement of federal income taxes to encourage the service/retail industry and other small businesses to locate and expand in these areas;

(e) Continuing to emphasize small, non-traditional financial institutions, and women and minority- owned business participation. (Votes received: 949)

Community Development

34. Congress should further legitimize home-based business and restore the home-office tax deduction by reversing the effect of the 1993 *Soliman* decision, which requires that:

(a) Clients physically visit a home office; and,

(b) Business income be generated within the home office.

This would again allow essential administrative, operational and/or management tasks to qualify a home office as the "principal place of business." (Votes received: 1,239)

Community Development

41. The U.S. Department of Education in cooperation with the U.S. Small Business Administration should work constructively to encourage the future growth of small business enterprises by promoting entrepreneurship education across America's school systems (K – Adult Education). It would be accomplished in the following manner.

(a) A comprehensive school-based youth entrepreneurship program that creates real world business exposure and mentorships would be developed and implemented.

(b) The program would be under the auspices of the Department of Education and funded by grants through public/private partnerships.

(c) All funds would be matched one to one in the community served by the program.

(d) Businesses would receive tax incentives for financially supporting the entrepreneurship training programs in their area. (Votes received: 1,035)

Community Development

44. Efforts of an individual state or municipality to benefit its local economy should not be made at the expense of other states or municipalities and at the peril of the strength of the entire economy. It should be the interest of the

Congress to benefit the economic security of all the citizens of the United States by working to provide the resources to expand the economy nationwide. Therefore, Congress should ban the direct or indirect utilization of federal funds of any kind, including subsidies, grants, bonds or tax-exempt financing that funds, in whole or in part, any special tax, infrastructure improvement and/or financing incentive by any state or municipality to lure existing jobs and businesses from one location to another. (Votes received: 598)

Environmental Policy

51. Congress shall mandate a complete review of current laws and regulations relating to public health and safety, energy and the environment, such as the Resource Conservation and Recovery Act, Clean Water Act, and Clean Air Act, Endangered Species Act, and National Environmental Policy Act. This mandated review shall be completed within six months.

Before Congress passes laws to be regulated through the EPA and any other agency, which require specific technology and/or procedures for protecting the environment, the agency(ies) must conduct a cost-benefit analysis on a dynamic-basis model and ensure that the particular regulation is based on sound science. For any proposed regulation, said agency shall have six months to complete the cost-benefit analysis prior to implementation. In addition, regulations shall include a funding mechanism that will facilitate compliance and be enforceable on a site-specific basis. All costs shall be allowed to be expensed within the current year. The regulated community shall be included in any cost-benefit analysis.

Where natural conditions exist, compliance based on technical expertise should be accepted as conforming to the intent of the regulation. Regulations should take into consideration site-specific conditions or future use. Any disputes about implementation must be subject to a non-governmental peer group review board. Voluntary environmental audit privilege and disclosure shall release the party(ies) from administrative, civil, and/or criminal penalties (so long as non-compliance is not caused by gross negligence or willful misconduct) when the disclosing entity initiates actions to comply within a reasonable time. No fines can be used to fund the fining agency.

Congress shall mandate EPA and any other agencies to review existing and new regulations to ensure that they adhere to the same standards as outlined in this document. All existing and proposed regulations must not create duplication of enforcement. There shall be no retroactive liabilities. Additionally, the fining ability of the EPA shall be revoked.

Federal agencies regulating environmental matters must make sure that current science, realistic risk assessments, net health analysis, and cost benefit analysis shall apply in order to reduce, condense and/or eliminate regulations, prohibit abuse, allow adequate time to correct, and hold government and its employees accountable. (Votes received: 1,342)

Environmental Policy

57. Federal policy regarding use of private property within the context of environmental issues should be reviewed and substantially revised. EPA- and state-related penalties should be reviewed to confirm that the real potential for environmental harm, risk assessment, and cost-benefit analysis are used in land use decisions. The issues of takings, wetlands, and brownfields should receive special attention, as articulated below.

Takings

Any governmental action, law, or regulation that deprives a property owner of value or benefits of his or her private property shall constitute a "taking" for which said property owner shall be entitled to full "fair market value" compensation. Specifically, government should examine the economic impact before property is taken and prohibit the taking of property without just compensation.

Wetlands

Congress should direct the following changes in wetlands laws and regulations:

(a) If regulations affect a property use after it is acquired, the property owner should be compensated.

(b) The Army Corps of Engineers should have exclusive jurisdiction over Section 404.

(c) Use-based regulations should be encouraged based on relative importance of a wetland to the local environment.

(d) A statutory definition of wetlands should be adopted using saturation at start of a growing season as a criterion.

Brownfields

Congress should enact legislation to encourage reuse of industrial land as follows:

(a) Direct EPA to specify the circumstances under which it would or would not sue a business that is involved with a state-approved reclamation project.

(b) For brownfield projects in which cleanup is commensurate with the intended use, EPA should be required to enter into binding agreements with the parties that no future federal action will be taken. (Votes received: 1,118)

Environmental Policy

63. Congress should enact reformation of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) to apply prospectively as well as retroactively to cleanup sites in progress:

(a) Eliminate retroactive and strict liability prior to January 1, 1987, to prohibit liability for conduct that was not negligent, illegal, or in violation of regulations or permits at the time.

(b) Require sound science and realistic risk assessments and cost/benefit analysis in assessing health and environmental hazards at waste sites.

(c) Require sound science and realistic risk assessments and cost/benefit analysis in establishing cleanup standards. This would include realistic consideration of future uses of the site and actual environmental and health risks associated with such use.

(d) Eliminate "re-openers"—disallowing the reopening of the remediation process at a site or a company's contribution to the cleanup, after it has been closed.

(e) Offer alternative funding strategies for cleanups.

(f) Make greater use of *de minimis* and *de micromis* exemptions, requiring the EPA to identify all contributions to a site within a reasonable time period and making *de minimis* settlements available prior to litigation or enforcement actions.

(g) Eliminate liability of fiduciaries and lending institutions who hold indicia of ownership primarily to protect security interest in property which is subject to the act.

(h) Eliminate joint and several liability for contamination.

(i) Require potentially responsible parties (PRPs) to inform non-PRPs (parties not named by the EPA) in contribution actions of availability of *de minimis* and/or *de micromis* settlements within a reasonable time period. (Votes received: 1,371)

Environmental Policy

74. Congress should adopt changes in environmental statutes and regulations to assure that they are internally consistent for all requirements of the acts across all regions. Congress should require the EPA to demonstrate that enforcement of environmental laws and regulations is substantially equal in all areas of the country. The Clean Air Act, the Clean Water Act, the Endangered Species Act, and other such acts should be enforced equitably across all regions. (Votes received: 911)

Human Capital

78. Congress shall enact a 100-percent deduction for health care premiums for all business entities so that there is equity in taxation for the self-employed, partnerships, S Corporations, limited liability corporations, and C Corporations. This benefit shall continue to be excluded for tax purposes from the income of employees of all small businesses regardless of form, including from the income of the self-employed. (Votes received: 1,283)

Human Capital

87. Congress should pass a health care package that:

(a) Creates tax deductible medical savings accounts.

(b) Allows the formation of voluntary competitive health insurance purchasing cooperatives.

(c) Eliminates discriminatory health insurance practices such as redlining or cancellation of coverage for reasons other than non-payment or fraud.

(d) Allows for insurability once pre-existing conditions have been satisfied.

(e) Provides for portability of health insurance.

(f) Provides a full 100 percent deductibility of health care costs for all purchasers or limits the deduction to the same percentage for all purchasers.

(g) Provides medical malpractice reform.

(h) Prohibits any mandated coverage.

(i) Permits choice of health care insurer. (Votes received: 1,371)

Human Capital

91. Congress should repeal current disincentives and burdensome regulations on qualified retirement plans and IRAs, and encourage adequate retirement savings and capital accumulation, including:

(a) Adopt a pension simplification bill, which contains the voluntary 401(k) safe harbors, such as H.R. 13 and H.R. 3419.

(b) Raise compensation and benefit levels to 1992 limits and index for inflation.

(c) Provide an exclusion from estate tax for retirement plan and IRA assets to avoid double taxation (they are already subject to income tax).

(d) Eliminate the 15 percent excise tax of IRC Section 4980A.

(e) Repeal the family aggregation rules of IRC Section 414(q)(6).

(f) Reinstate deductible IRAs and expand to include non-employed spouses in full.

(g) Expand SARSEPs to employers with up to 100 employees.

(h) Repeal the minimum participation rules of IRC Section 401(a)(26) for defined contribution plans.

(i) Lower the Qualified Separate Line of Business exception to 15 employees.

(j) Increase the exceptions to the affiliated service group rules and include a minimum 20-percent ownership test for "A" organizations.

(k) Repeal all defined benefit plan rules enacted after 1985.

(h) Amend section 72(p) of the IRC on pension plan loans to: (1) allow for plan loans by proprietorships and partnerships; (2) increase the plan loan balance to $100,000; and (3) allow for balloon payments in lieu of quarterly payments if the loan is secured by the participant's account balance. (Votes received: 1,369)

Human Capital

103. The President and Congress must support the principle of equal opportunity, which is provided for in the U.S. Constitution. Small, women-owned, and minority-owned companies are entitled to equal consideration in banking, lending, bonding, contracting, and hiring. Laws designed to address these disparities cannot be abolished or restricted.

Congress and the President should adopt the following principles under the recommendations of the White House Conference on Small Business:

(a) Government policy should be oriented toward diversity and fair economic opportunity that stimulates competition, increases productivity, creates jobs, and saves taxpayer dollars, thereby benefiting all Americans.

(b) There should be rigorous enforcement of this policy, including sanctions against fraud and abuse.

(c) There should be periodic review to ensure compliance with this policy. (Votes received: 949)

Human Capital

105. Congress should pass legislation assuring that no business or worker would be discriminated against on any contract based solely on their choice not to be affiliated with a labor union or organization, and ensuring the competition of a trained qualified labor pool without undue union pressures and privileges by:

(a) Passing and enacting the Open Contracting Act;

(b) Passing and enacting national Right to Work Legislation;

(c) Never prohibiting the hiring of permanent replacement workers during or following an economic strike. This includes taking whatever steps are necessary to override President Clinton's executive order that prohibits government contracting with firms who have replaced striking workers; and

(d) Revising the Hobbs Act and the Federal Criminal Code along with other applicable legislation that would:

(1) Reverse the *Enmons* ruling and eliminate other special privileges such as union exemption from prohibitions against libelous and violent speech and union officials' legally-sanctioned power to force workers to pay union dues to an unwanted union;

(2) Require union officials and unions to bear full responsibility for their violence and extortion and criminal acts just like everyone else;

(3) Make union pensions and benefit trusts applicable to the same regulations as other commercial or employer-provider plans;

(4) Make unions subject to all discriminatory and civil rights provisions the same as all businesses, and liable for the blackballing of members who exercise their first amendment rights in opposition to the union leadership;

(5) Use the RICO Act against Union Organizations involved in extortion and the commission of criminal acts; and

(6) Strictly prohibit compulsory union membership. (Votes received: 655)

Human Capital

203. Congress should amend the National Labor Relations Act to:

(a) Protect small businesses from abuses and intimidation practices by organized labor.

(b) Allow small businesses and their employees to discontinue relationships with labor organizations by simply writing a termination letter.

(c) Seek fair and equitable resolution between labor and management.

(d) Encourage cross-training of craftsmen for greater productivity and efficiency.

(e) Prevent the use of taxpayer funds to sue on behalf of multimillion-dollar unions.

(f) Encourage labor organizations to permit compensation based on productivity and quality of work.

(g) Restore employers' ability to establish and use employee involvement committees by repealing the impact of the Electromation case (309 NRLB No. 163) and the Dupont case (311 NRLB No. 88). (Votes received: 591)

Human Capital

324. Social Security Privatization. Congress should privatize Social Security by adopting a graduated phaseout and giving full disclosure to the American people on the solvency of the fund and the amount of money they, as individuals, have paid into the fund. Congress should adopt a minimum 15-year graduated phaseout schedule for government funding of Social Security for all new retirees; continue funding existing and "phase-out" retirees from the employer's 6.2 percent (allow up to 15 percent) FICA portion; and allow for the employee's 6.2 percent FICA portion to be paid into their personal Compulsory-IRA/401(k) (CIRA) style account. Require all "CIRAs" to buy disability and survivor's insurance benefits equal to that of Social Security. (Votes received: 818)

Human Capital

336. The President and Congress should enact legislation that consolidates the current federal workforce programs into state block grants that:

(a) Provide local control of specific skills training based on local needs.

(b) Require states to allow participation by small businesses with fewer than 500 employees for on-the-job training of new and existing workforces.

(c) Provide tax incentives to small businesses that fund their own workforce training programs.

(d) Encourage public-private partnerships of job training. (Votes received: 974)

International Trade

115. The President shall direct the U.S. Trade Representative to lead an international effort to protect the ownership of intellectual property and to ensure adoption of reciprocal uniform standards, centralized filing and an efficient international dispute resolution procedure for registration and enforcement of trademarks and trade names, working with NAFTA, GATT and other treaty partners. We further recommend that Congress protect international patent rights in a way that takes into account the needs of small business, including retaining the patent term to run for 20 years from date of application or 17 years from date of issue, whichever is longer, that patent application remain unpublished until the patent is granted, and that the patent remains with the first to invent rather than first to file. (Votes received: 1,080)

International Trade

121. Small business owners are calling for the implementation of global "one-stop shopping"/ one-entity access to all government information and resources. Congress and the administration should create a pilot program that leverages private-sector resources to assist associations (private and public, particularly existing public/private partnerships) in helping their small business members trade internationally. Examples that would require no new funding include model training programs, on-line database services, electronic learning networks, trade incubators (including those in U.S. and Foreign Commercial Service locations around the world), international trading cooperatives, trade missions, second- and third-tier exporting programs, niche market development programs, and marketing-development cooperative programs.

The Administration should appoint small business representatives to all advisory or dispute settlement bodies as part of the private-sector representation (example: the World Trade Organization dispute settlement panels.)

Congress and the Administration should maintain effective programs (eliminating ineffective programs) of the U.S. Department of Commerce International Trade Association that assist all American small business in entering and/or expanding export sales, emphasizing emerging markets as a part of public/private partnership efforts to increase U.S. exports, U.S. jobs, and U.S. economic vitality.

Note: No part of this issue shall be interpreted to be in conflict with GATT and/or other existing international trade agreements. (Votes received: 1,329)

International Trade

129. Congress and the President shall authorize and encourage the ExIm Bank and the SBA to sponsor revitalized fund programs designed to foster the financing of international trade (goods and services) including the new Export Working Capital Program to:

(a) Provide pre-export financing, unsecured working capital loans, transaction-based loans and pooled loans, rather than balance sheet and asset-based loans;

(b) Provide educational programs for regional and local banking and financial institutions on the methods to finance exports of small businesses;

(c) Educate and inform the small business community on available programs to finance exports;

(d) Coordinate the efforts of various federal agencies that attempt to provide financing for exports; and

(e) Provide credits and other incentives for small businesses to develop and expand into foreign markets. (Votes received: 1,181)

Main Street

130. Congress must remove the barriers that prevent franchisees, dealers, and product distributors from exercising their basic legal and constitutional rights by enacting H.R. 1717, now before the 104th Congress. (Votes received: 997)

Main Street

134. Congress must remove the barriers imposed on small business people in their relationship with large national and multi-national corporations, which prevent these small business people from mediating, arbitrating, or litigating in their own home state. (Votes received: 930)

Main Street

139. Congress should legislate the creation of a Small Business Relief Fund to economically assist small businesses that are displaced by the establishment of a big business in their localities where the big business will contribute an annual fee for the fund. (Votes received: 590)

Main Street

140. Congress should introduce and pass the National Disaster Protection Act which would include a private sector "All Risk" Property Insurance Program offered through a newly created private non-profit organization to reinsure catastrophic losses. (Referenced in the Report of the Bipartisan Task Force on Disasters, Recommendations #1 and #2, U.S. House of Representatives, December 14, 1994.) (Votes received: 841)

Main Street

141. Small business cannot compete with large businesses who use their economic power to extract unfair competitive pricing from manufacturers and service providers. Antitrust laws should be strengthened and enforced to prohibit abuses including unfair vertical integration, tying of pricing and product purchases, and predatory pricing tactics. The President should appoint a presidential commission on competition to study the enforcement and impact of the federal antitrust laws on ensuring the survival and diversity of small businesses. (Votes received: 829)

Procurement

144. Support fair competition: Congress should enact legislation that would prohibit government agencies, tax- and antitrust-exempt organizations from engaging in commercial activities in direct competition with small businesses. (Votes received: 1,285)

Procurement

153. Congress should enact legislation to designate a national certification organization. This organization will be initially funded by Congress to establish a database of certified small businesses, small disadvantaged businesses, and small businesses owned by women. It will serve as a one-stop clearinghouse that will assist all federal agencies by disseminating information in conjunction with their outreach efforts. To assure the credibility of federal procurement procedures:

(a) Congress will endorse one set of criteria for all local, city, state, and national agencies, adopted by a task force utilizing purchasing agents and small businesses owners, for uniform certification of small businesses, small disadvantaged businesses, and small businesses owned by women where contracts involve federal funds.

(b) All federal agencies must establish standardized monitoring and compliance procedures;

(c) Independent, decentralized advisory boards should be established.

(d) States and local communities should be encouraged to recognize this certification on a reciprocal basis.

(e) All federal agencies should sponsor training to increase contracting/procurement officer awareness and use of reciprocal certification and database. (Votes received: 968)

Procurement

161. The President and Congress should continue to support the Minority Small Business Capital Ownership and Development Program, SBA 8(a), and should enact legislation to make improvements with particular emphasis on:

(a) Increase length of time.

(b) All federal minority procurement policies and procedures must be incorporated and applied to any recipient of federal funds and become mandatory.

(c) Increase utilization of 8(a) contractors by enforcing accountability of federal agencies in achieving their 8(a) goals.

(d) The establishment of procedures for immediate relief in the event of catastrophic circumstances including but not limited to:

(1) total dissolving of government agencies;

(2) natural disasters;

(3) base closures.

(e) Relief to be in the form of extended participation in the 8(a) program for a reasonable time to recover from the catastrophic circumstance.

All of the above will follow the intent of the SBA 8(a) program to raise 8(a) businesses to a threshold allowing them to graduate to the open competitive market. (Votes received: 806)

Procurement

164. The Davis-Bacon Act of 1931 and the Service Contract Act of 1965 should be completely repealed. (Votes received: 1,046)

Procurement

167. Prompt Payment Act: The Office of Management and Budget must penalize federal agencies and/or their grantees for incurring interest debt generated through delayed bill payment. Congress should modify this Act to include subcontractors. In cases of dispute between the government and a prime contractor, the subcontractor's payment must be promptly released as long as the subcontractor is not part of the dispute. (Votes received: 846)

Procurement

360. Increase Procurement Opportunities: Increase the opportunities for all small businesses to equitably participate in federal procurement. Require that:

(a) Not less than 35 percent of all government procurement monies (35 percent of prime and 35 percent of subcontracts) be awarded to small firms, such that at least:

(1) 10 percent of prime and 10 percent of subcontract monies be awarded to minority businesses;

(2) 5 percent of prime and 5 percent of subcontract monies be awarded to women-owned businesses; and

(3) 10 percent of the government's total R&D budget be awarded to small businesses;

(b) Small businesses be provided free and easy access to the government's electronic commerce system, FACNET, which profiles federal procurement opportunities;

(c) Competition not be stifled by permitting federal agencies to "bundle" contract requirements beyond the reach and capability of many small firms; and,

(d) Government agencies and tax-exempt entities not be allowed to unfairly compete with private firms by strengthening and expanding OMB circular A-76 to apply to all federal monies used directly or indirectly in the provision of goods and services and by increasing the scope and improving the enforcement of the unrelated business income tax (UBIT).

(e) On sole-source purchases above $100,000, a query of PASS must be done by federal agencies and prime contractors.

(f) The "Rule of Two," which requires federal agencies to restrict competition when two or more small businesses are capable and available to compete in price, quality and product/service for contracts of $100,000 or more, be strictly enforced.

(g) The Department of Defense and the Small Business Administration sponsor EDI training through the already established network of small business procurement assistance centers located nationwide.

(h) The SBA review and revise the size criteria downward to reflect the "true" small business. (Votes received: 954)

Procurement

437. In rendering a decision on *Adarand v. Peña* the U.S. Supreme Court has potentially dealt the minority and women business community a severe and in some cases potentially fatal blow. While we recognize the separation of functions between the three branches of government, we are compelled out of an immediate and overwhelming sense of concern to recommend the following:

The President and Congress should proactively and aggressively respond to support the minority and women business community, and not use this decision in any way to influence any legislative action that would reduce support for our country's long-standing commitment to promote fair and equitable opportunity for all of its citizens regardless of race, color, or gender. (Votes received: 751)

Regulation and Paperwork

183. Congress should amend the Regulatory Flexibility Act, making it applicable to all federal agencies, including the Internal Revenue Service and the Department of Defense, to include all of the following:

(a) Require cost/benefit analysis, scientific benefit analysis, and risk assessment on all new regulations and Internal Revenue Service interpretations.

(b) Grant judicial review of regulations, providing courts the ability to stay harmful and costly regulations and to require agencies to rewrite them.

(c) Require small business representation on policy-making commissions, federal advisory and other federal commissions or boards, whose recommendations impact small businesses. Input from small business representatives should be required in any future legislation, policy development, and regulation-making affecting small business.

(d) With respect to all regulations involving small business, require negotiated rulemaking proceedings for adoption of all rules, with small business representing 50 percent of the negotiating panel. (Votes received: 1,398)

Regulation and Paperwork

188. Congress shall enact legislation and appropriate enforcement provisions to include all of the following:

(a) Require all agencies to simplify language and forms required for use by small business and that only the English language be required.

(b) Require all agencies to sunset and reevaluate all regulations every five years, using the same standards required for new regulations, with the goal of reducing its total paperwork burden by at least 5 percent each year for the next five years.

(c) Require agencies to assemble information through a single source on all small business related government programs, regulations, reporting requirements, and key federal contacts' names and phone numbers, with as much as is feasibly available by on-line computer access.

(d) Eliminate duplicate regulations from multiple government agencies. (Votes received: 1,046)

Regulation and Paperwork

194. Congress shall enact legislation and appropriate enforcement to include all of the following:

(a) Require that all agencies provide a cooperative/consulting regulatory environment that follows due process procedures and that the agencies be less punitive and more solution-oriented in dealing with unintentional regulatory violations.

(b) Require that fines take into account the severity of the infraction, size and type of company, past safety record and the frequency and severity of the violations.

(c) Allow proposed fines to be used toward correcting violations.

(d) Prohibit fines either for violations identified during a consulting visit requested by the company, or by an agency investigator and brought to the attention of the employer for the first-time specific violation. If the company is found to be in substantial compliance; the employer and inspector should negotiate a reasonable timetable for compliance, and fines should be levied only for failure to comply within that timetable.

(e) Allow small business the option of binding arbitration to resolve any dispute with any federal agency.

(f) Require that regulatory agencies put the fines that they impose and collect into the general treasury fund toward retiring the national debt; said agencies should be prohibited from receiving credit or usage of such monies.

(g) Require that the liability of the employer and the employee be relative to their respective culpability.

(h) Require enforcement actions to comply with American due process concepts: notice and opportunity to be heard, a presumption of innocence until proven guilty, and an impartial judge. (Votes received: 1,328)

Regulation and Paperwork

200. Congress and the President should propose and enact legislation that reforms civil justice and product liability legislation to accomplish the following:

(a) Return to a fault-based standard of liability.

(b) Eliminate joint-and-several liability in cases where the defendants have not acted in concert.

(c) Limit non-economic damages (such as pain and suffering, and mental anguish) to three times the economic damages or $250,000, whichever is greater.

(d) Restrict punitive damages to cases of willful and malicious conduct. The amount awarded should be split between the plaintiff and a judicial system trust.

(e) Reduce awards in cases where a plaintiff can be compensated by collateral sources, to prevent windfall double recovery.

(f) Impose a uniform reasonable statute of limitations and repose in all civil actions, and hold defendants to the state of the art in existence at the time the product was manufactured or a service performed, unless willful abuse is proven. There is no defense in drug or alcohol abuse.

(g) Provide for periodic, instead of lump sum, payments for future medical or lost income, administered by a court-appointed trustee.

(h) The prevailing party in a legal action should have a statutory right to recover costs and attorney fees from the non-prevailing party (British Code). (Votes received: 1,332)

Regulation and Paperwork

369. Small business and OSHA must work together in a non-adversarial, supportive relationship to attain public policy safety goals. To accomplish this, Congress must pass legislation as follows:

(a) Require that voluntary compliance audits be performed within 60 days of a request by a small business. Such audits must be educational and non-threatening with written results and no fines issued.

(b) Businesses which have completed a voluntary inspection and have corrected any deficiencies within the time allotted, will not be fined at a subsequent inspection for deficiencies that were missed or interpreted differently by the first inspector.

(c) Require that all enforcement inspections, no matter how limited the scope of the inspection, will result in an overall inspection score or grade to be issued in writing by the inspector. On the basis of that grade, no fines or penalties may be issued for deficiencies found if the facility (or that portion of the facility inspected), has been found to be in substantial compliance. In addition, in those cases where at least 90 percent of the entire facility has been inspected and the overall grade indicated that the company is in substantial compliance, OSHA will issue a letter of commendation recognizing the company for its efforts. If needed, a definition of substantial compliance would include:

(1) a limited number of violations/deficiencies found vs. number of items inspected.

(2) the company has an active safety committee or program and demonstrates commitment to safety by management.

(3) major programs (i.e., right-to-know, confined space, lock out/tag out, training, etc.) are in place.

(d) Amend regulations to assign responsibility for regulatory compliance to the employee as well as the employer.

(e) Amend OSHA regulations to require that when an employer and/or employee notifies OSHA officially that compliance has been achieved, OSHA must confirm that compliance has occurred within 72 hours of notification.

(f) Amend regulations to require OSHA not to make any inspections (unless voluntary) on any small business workplace and/or worksite unless an accident has been recorded and reported.

(g) Amend OSHA regulations to require a review and the development of construction standards that reflect the needs of industry-use groups. (Votes received: 1,030)

Taxation

214. Small businesses typically rely on close personal relationships and customer service to compete for sales rather than expensive advertising campaigns. Expenditures for meals and entertainment are often an important part of this effort. The recent changes in the tax laws to disallow 50 percent of these expenditures for tax purposes has disproportionately increased the selling costs for many small businesses. Accordingly, Congress and the President shall enact legislation which will allow a tax deduction for 100 percent of the expenditures for meals and entertainment. (Votes received: 1,444)

Taxation

218. Congress should repeal the federal estate, gift and generation-skipping tax laws. There is currently legislation before the 104th Congress known as the Family Heritage Preservation Act (H.R.784/S.628) that would accomplish this. The negative effect on small businesses and others far exceeds the net income to government when all administrative costs to individuals, businesses, and the government are considered. (Votes received: 1,385)

Taxation

224. The definition of an independent contractor must be clarified. Congress should recognize the legitimacy of an independent contractor.

(a) The 20-factor test is too subjective. The number of relevant factors should be narrowed with more definition guidelines for implementation. Realistic and consistent guidelines that require one of four criteria plus a written agreement. The criteria are (1) realization of profit or loss; (2) separate principal place of business; (3) making services available to the general public; or (4) paid on a commission basis.

(b) Safe-harbor provisions should be established that would protect the hiring business from the burdensome penalties currently being assessed by the IRS. *De minimis* rules based on dollars paid, hours worked, years in business, and/or specified closed-end projects should be established.

(c) The IRS should eliminate back taxes for misclassification when Form 1099s are filed and there is no evidence of fraud.

(d) Congress should specifically allow employers and independent contractors to provide joint technical training and to jointly utilize major specialized tools without jeopardy of reclassification of the independent contractor to employee status.

(e) Changes and implementation processes should be formulated by a joint committee of legislators and small business people. (Votes received: 1,471)

Taxation

229. To promote a fair and equitable system of taxation, to encourage greater citizen participation and understanding, and to totally abolish the complicated present system, Congress should enact legislation that replaces the present system with a simple tax for individuals and businesses. (Votes received: 801)

Taxation

233. Congress should permit deductions of expenses up to $250,000 annually for the purchase of new or used equipment for use in a small business and should remove the cap of $200,000 and have no upper qualifying limit on the Section 179 election. (Votes received: 990)

Taxation

242. Congress should modify and expand the 50 percent capital gains exclusion for small business stock passed in the 1993 Revenue Reconciliation Act so that it provides a front-end, as well as a back-end incentive for investment in small businesses. Specific recommendations:

(a) Allow investors to sell funds in any investment and roll the investment into a small company, as defined by the current law, within two years. Capital gains tax on assets sold would be deferred (using the same methods as like-kind exchanges). Taxes would be payable at the favorable small business rate if held for the specified period.

(b) Phase in the preferential tax treatment over a five-year holding period. For example, an investor with a three-year holding period would pay: 28 percent – (28 percent x 50 percent x 60 percent) = 19.6 percent.

(c) Amend Code Section 1202 to extend its benefits to S Corporations, partnerships, and sole proprietorships by defining a "qualified small business" to include all such business entities and extend the definition of a qualified trade or business under Section 1202 to all types of businesses. (Votes received: 1,054)

Taxation

250. Congress should enact legislation that would prevent it from raising taxes retroactively. (Votes received: 974)

Taxation

252. Congress should enact legislation that requires a two-thirds supermajority vote in both houses of Congress to enact legislation resulting in a tax increase. (Votes received: 681)

Taxation

253. Payroll Tax Relief: A cap must be placed on the employer's portion of payroll taxes. Congress should reject all proposals to raise payroll taxes in its effort to repair the Medicare program. Payroll taxes are regressive and discriminate against small businesses. (Votes received: 571)

Taxation

385. Tax Equity Now! Congress and the President shall enact legislation that shall place large and small businesses on a level playing field for tax purposes—that is, provide tax equity—in situations where small businesses are currently at a disadvantage. This should be done by uniformly applying the tax law to all forms of business (e.g. proprietorships, partnerships, C Corporations, S Corporations, limited liability companies) with regard to tax rates, deductions, and exclusions as follows:

(a) All forms of business entities to take deductions for 100 percent of the medical insurance premiums, dependent care, and other fringe benefits not currently deductible by self-employed individuals, partnerships, S Corporations, and limited liability companies on behalf of all of their employees who are owners, partners, shareholders, and/or members. As long as fringe benefits continue to be excluded from the income of employees of large C Corporations, then such benefits should be excluded from the income of employees of all small businesses, regardless of form, as well as from the income of self-employed individuals.

(b) Pension plan benefits currently available to employees of large businesses to be made available to self-employed and employees of small businesses as provided in Recommendation no. 91.

(c) All C Corporations to be taxed using the same graduated tax rate schedule. Section 11(b)(2) of the Internal Revenue Code, taxing the income of qualified personal service corporations at a flat 35 percent tax rate, should be repealed.

The privilege of deducting legitimate business expenses should no longer be based upon the entity chosen to operate such business. The choice of an entity within which one will operate a business should be a legal issue, not a tax issue. (Votes received: 1,258)

Taxation

390. Congress should enact a comprehensive policy on capital gains that encourages long-term investment in productive assets. This policy should include the following provisions.

(a) Indexing of the cost basis of assets held more than one year.

(b) A targeted capital gains exclusion of 50 percent of the indexed gain for an investment in a qualified small business held more than three years. A qualified small business should include all forms of business entities including pass-throughs.

(c) A maximum tax of 10 percent on the sale of a majority interest in a qualified small business held for more than 15 years.

(d) A deferral of the gain on the sale of an interest in a qualified small business if the gain is reinvested in another qualified small business within two years.

(e) The non-taxable portions of gains should be exempt from the alternative minimum tax calculations.

(f) The capital loss reduction limitation of $3,000 should be eliminated.

(g) Reinstate the "General Utilities Doctrine" to eliminate the double taxation of proceeds from the sale of a business. (Votes received: 944)

Technology and the Information Revolution

265. Congress and the executive branch should promote the rapid private-sector development of the National/Global Information Infrastructure (NII/GII) and protect all intellectual property transmitted over it. Congress and the U.S. Patent Office should also implement an enforceable and universal intellectual property (patent, trademark, and copyright) application with all members of the World Trade Organization, while maintaining "first to invent." This must also include the ability to police existing laws and treaties more judiciously, and to update definitions of intellectual property on a continuing basis.

Said branches of government should enact the following:

(a) Ensure that legal protection of intellectual property rights, as well as fair access, is fully accorded with respect to products over the National Information Infrastructure (NII) and the Global Information Infrastructure (GII).

(b) Incorporate the responsibility for trademark and copyright appeals litigation with the federal Circuit Court of Appeals, as was done in the mid-1980s with patents.

(c) Prevent premature disclosure through Freedom of Information Act (FOIA) access to proprietary Small Business Innovation Research (SBIR) technologies.

(d) Expeditiously and simultaneously open all telecommunications markets to full and fair competition.

(e) Make it possible for all providers to equally compete in offering one-stop shopping for telecommunications products and services; legislation should provide universal access.

(f) Ensure privacy to all users from all parties, including the government (for example, the Clipper Chip or its successor), and security of the infrastructure.

(g) Promote open and affordable access to all small business, including underserved communities, rural communities, and minority- and women-owned businesses.

(h) Provide technology education and training by redirecting existing federal programs through private sector small businesses.

(i) Include small business representation on all NII/GII-related federal commissions and committees.

(j) Require government agencies utilizing EC/EDI technology to use a standard technology accessible and affordable to small businesses.

(k) Create an on-line one-stop electronic clearinghouse service coordinated by SBA/SBDC to provide access via the information superhighway (for example the World Wide Web, etc.) to technical, legal, patent, regulatory, environmental, commerce, and government procurement/bidding opportunity information.

(l) The Economic Classification Policy Committee should review and revise SIC codes every three to five years to reflect economic advancements of American society, for example the definition of "manufacturer" to include "knowledge-based manufacturing" and "technology consulting." (Votes received: 1,358)

Technology and the Information Revolution

406. Congress should enact legislative programs that expand the availability of technology commercialization funding and investment capital for small, rapidly growing innovative companies including, as a minimum:

(a) Expand, improve, and make permanent the SBIR/STTR programs by:

(1) Excluding cost-sharing in proposal evaluation and scoring for either Phase I or Phase II and prohibiting agencies from imposing artificial ceilings on indirect and IR&D expenses.

(2) SBA directives to agencies to budget an appropriate portion of administrative overhead and committing adequate personnel to managing the SBIR program.

(b) Encourage investment in small companies by:

(1) Retaining and expanding targeted capital gains, including mutual fund and institutional investments in small business.

(2) Allowing tax-free rollovers for direct investments by all investors in small business.

(3) Providing additional incentives and reducing inhibiting regulations for investments in small companies by pension funds, institutional and/or corporate investors.

(4) Amending tax loss rules for NOL carry forward.

(5) Expanding and making permanent the R&E tax credit.

(c) Develop new public markets and instruments for small firm securities.

(d) The Congress should support flexible manufacturing through the promotion of partnerships between small business and existing resources to create more efficient and flexible manufacturing processes, and nurture the growth of U.S. manufacturing industries.

(e) Direct the establishment of a temporary multi-agency task force to quickly address and solve the impediments to the above. (Votes received: 1,292)

Unclassified

280. Deficit spending continuing year after year poses a grave threat to our freedom as the world's leading economic power and to our free enterprise system. The President and Congress must take immediate steps to bring the federal budget into balance by eliminating or reducing appropriate programs, commissions, agencies and departments and by instituting all other measures available to them. (Votes received: 913)

Unclassified

286. The U.S. Small Business Administration (SBA) is vital to the growth of small business in America. Efforts to make the SBA's programs more cost effective and efficient should be continued and encouraged. The SBA's "independent" agency role as the primary supporter of small business within the federal government should be enhanced by:

(a) Elevation of the U.S. Small Business Administration to a congressionally approved cabinet level position.

(b) Budget allocations to maintain, increase, and enhance the 7(a) Loan Guaranty Program.

(c) Budget allocations to maintain, increase, and enhance the 504 Loan Program.

(d) Budget allocations to make permanent the Small Business Development Center Program, which provides business assistance to small businesses nationwide.

(e) Permanent maintenance of the "independent role" of the U.S. Small Business Administration's Office of Advocacy.

(f) All other SBA programs should be reviewed with substantial input from the private sector. Any programs deemed to be ineffective should be eliminated. (Votes received: 1,249)

Unclassified

287. Congress should authorize and the President convene a White House Conference on Small Business every four (4) years to provide a continuing forum for owners and entrepreneurs to promote and work for the betterment of small business and ensure that they remain a vital part of the American economy. (Votes received: 730)

Unclassified

288. Congress should develop a tangible process for monitoring the implementation progress of the recommendations that emerge from the WHCSB National Conference in June 1995. This monitoring process should be developed to make Congress and the President accountable to the WHCSB participants, and should be achieved specifically by doing the following:

(a) Periodic updates to WHCSB participants by SBA's Office of Advocacy on the progress of implementation; and

(b) Annual summit of state WHCSB chairs, or their representatives, to discuss and evaluate the progress of implementation. (Votes received: 916)

Appendix 2.2 White House Conference on Small Business Implementation Checklist

Issue Area	No.	Recommendation	Executive Activity	Congressional Activity	*Implementation* Law	Summary
Capital Formation	5	Encourage pension and retirement fund investment in small business	The IRS is streamlining the process for obtaining prohibited transaction class exemptions on investments of self-directed retirement plan assets.	Legislation passed the House during the 104th Congress that would restrict economically targeted investments.	No	In progress
Capital Formation	9	Bank regulatory reform to encourage small business lending	The Administration has undertaken a comprehensive effort to lessen the regulatory burden on lending institutions to increase the credit available to small business. The Comptroller of the Currency issued streamlined examination and compliance procedures for small national banks.	The 104th Congress passed and the President signed the Economic Growth and Regulatory Paperwork Reduction Act of 1996. Legislation was introduced in the 105th Congress that would permit the Federal Home Loan Banks to lend to small businesses. The legislation also would permit greater expansion of financial service industries into banking and securities.	P.L. 104–208	In progress
Capital Formation	14	Increase the availability of growth capital to small business	The SBA's SBIC Program has granted two contracts to examine the outsourcing of some of its licensing and examination activities. The 105th Congress passed and the President signed into law revisions to the capital gains tax provisions for investments in small businesses. See recommendation no. 385.	Legislation has been introduced in the 105th Congress that would permit the SBA's SBIC Program to set aside fees from new SBICs to be used for outsourcing licensing and examination of the SBIC Program.	No	In progress

Capital Formation	20	Tax code changes to encourage small business investment	President Clinton signed P.L. 105–34, the Taxpayer Relief Act of 1997.	P.L. 105–34: (a) lowers the tax on capital gains; (b) retains a favorable rate (14 percent) to help target long-term investment in qualified small business; and (c) allows for the roll-over from one qualified small business investment to another. Congress passed and the President signed the Small Business Jobs Protection Act, P.L. 104–188, that reforms and expands S corporation provisions. The law allows S corporations to create employee stock ownership plans—see recommendation no. 385.	P.L. 105–34 and P.L. 104–188	In progress
Capital Formation	24	Small Corporate Offering Registration	SBA's Office of Advocacy assisted the North American Securities Administrators Association in the drafting and the adoption of a Model Accredited Investor Exemption to facilitate sales of securities by small compaines.	The National Securities Markets Improvement Act of 1996 directs the Securities and Exchange Commission to study and report to Congress on the extent to which uniformity of state regulatory requirements for securities has been achieved.	P.L. 104–290	In progress
Capital Formation	25	Small business loan guarantee programs	The SBA worked with Congress to overhaul its loan guarantee programs to allow greater availability of funds without increased appropriations. Administratively, SBA has worked to prohibit abuses of the guarantee programs and has decreased the length of time necessary to process guarantee applications.	The President signed the Small Business Lending Enhancement Act of 1995, which changed the SBA's guaranty lending programs, increasing the availability of program funds. Congress also passed the Small Business Programs Improvement Act of 1996.	P.L. 104–36 and P.L. 104–208	Completed

Appendix 2.2 White House Conference on Small Business Implementation Checklist

Issue Area	No.	Recommendation	Executive Activity	Congressional Activity	*Implementation* Law	Summary
Capital Formation	28	Community Reinvestment Act rating includes small business lending	The Administration and the banking regulators have revised regulations to implement the CRA. The regulations include greater emphasis on small business lending and require large financial institutions to collect small business lending data. Implementation of these new regulations began on January 1, 1996.	No action.	No	Completed
Community Development	31	Federal measures to address distressed urban and rural areas	The Administration has pursued and endorsed policies to support distressed rural and urban areas, including the DELTA program, the Empowerment Zone and Enterprise Community program, the SBA's micro-loan program, CRA enforcement, and support for business ownership by women and minorities. See also recommendation no. 28.	S. 208, the Hubzone Act, introduced; mark-up pending.	No	In progress
Community Development	34	Expand the home office deduction	The President signed P.L. 105–34, the Taxpayer Relief Act of 1997.	Congress passed the Tax-payer Relief Act of 1997. Redefines "principal place of business" to be the place where essential administrative and managerial functions occur.	P.L. 105–34 and P.L. 104–188	Completed
Community Development	41	The Department of Education and the SBA should create a K-12 Entrepreneurship Education program	The Administration's School-to-Work Opportunities Initiative creates partnerships between educators, businesses and communities to achieve much of this recommendation.	The School-to-Work Act passed Congress and was signed into law by the President in May 1994.	P.L. 103–239	In progress

Community Development	44	Congress should prevent the direct or indirect use of federal funds to lure business into a state from another state	Not applicable—requires legislation.	H.R. 1842 introduced in the 104th Congress. No current legislation.	No	In progress
Environmental Policy	51	Sound science, risk assessment, health and cost benefit analysis applied to all regulations	The Administration has made a concerted effort both to make regulations "user-friendly," based on the best information available, less punitive in nature, and to provide compliance assistance.	Legislation pending that addresses parts of this.	No	In progress
Environmental Policy	57	Environmental legislation's impact on private property, i.e., takings, wetlands, brownfields	Requires legislative action. The Administration opposes pending takings proposals because of their impact on vital protections and the budget, preferring to protect private property interests by reinventing individual regulatory programs where consistent with environmental and other protections, including simplifying wetlands policy.	In the 104th Congress, legislation passed the House to address takings.	No	In progress
Environmental Policy	63	Superfund reform	The Administration has promulgated reforms to the Superfund program that address sound science, remedy selection, lender liability, and *de minimis* and *de micromis* settlements.	Hearings held in Senate; S. 8 introduced in January 1997.	No	
Environmental Policy	74	Uniform enforcement of environmental statutes and regulations	The Administration is committed to the uniform enforcement of environmental statutes and regulations.	No legislation required.	NA	
Human Capital	78	100 percent health care deduction for all business entities	President Clinton signed P.L. 105–34, the Taxpayer Relief Act of 1997, increasing the deductible for the self-employed to 100 percent by 2007.	Congress passed the Taxpayer Relief Act of 1997.	P.L. 105–34	Completed
Human Capital	87	Health care reform	President Clinton signed the Balanced Budget Act of 1997 to expand the MSA pilot project to Medicare recipients and to expand portability and health care coverage to children of poor families.	Legislation passed in 1997.	P.L. 105–33 and P.L. 104–191	In progress

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Issue Area	No.	Recommendation	Executive Activity	Congressional Activity	*Implementation* Law	Summary
Human Capital	91	Pension reform	President Clinton signed P.L. 105–34, the Taxpayer Relief Act of 1997, which increased eligibility for IRAs. President Clinton signed the Small Business Jobs Protection Act of 1996.	The Small Business Jobs Protection Act of 1996 provided for simple pensions, especially for small businesses. It also reformed 401(k) plans, making them easier to use. The Taxpayer Relief Act of 1997 raises income limits for IRA deductions.	P.L. 105–34 and P.L. 104–188	In progress
Human Capital	103	Ensure small, women- and minority-owned firms are afforded equal opportunities	The Administration has publicly committed to ensuring that its policies are oriented toward diversity and fair economic opportunity. In order to comply with the *Adarand* decision, the SBA proposed new regulations to expand the 8(a) program to increase number of white women eligible.	Legislation introduced to inhibit the bundling of federal contracts into one large contract (H.R. 373) and to increase the small business goal from the current 20 percent to 25 percent (H.R. 1824).	No	In progress
Human Capital	105	Labor law reform	Some parts of this recommendation are current law and are enforced as such: the use of the Racketeer Influenced and Corrupt Organizations Act, the legal responsibility of unions and their officials for criminal acts, and the application of civil rights provisions to unions.	No action	No	No action
Human Capital	203	Reform of the National Labor Relations Act	Current law already protects small businesses from abuses and intimidation practices by organized labor.	No action	No	No action
Human Capital	324	Privatize Social Security	Not applicable – legislation required.	No action	No	No action

Human Capital	336	Consolidate federal work force programs into state block grants	Legislation required. The President proposed the GI Bill for America's Workers.	S. 17 introduced to consolidate several federal job training programs by developing a voucher system to provide dislocated workers and economically disadvantaged adults with the opportunity to choose appropriate training. The bill also provides for one-stop career centers for training.	No	In progress
International Trade	115	Intellectual property protection	The Department of Commerce and the Office of the U.S.Trade Representative have worked actively to protect American intellectual property rights with a number of high profile successes reported. The Administration supports legislation strengthening patents.	A bill to revamp patent laws passed the House (H.R. 400); action on a Senate bill (S. 507) is pending.	No	In progress
International Trade	121	Export assistance for small business	The Administration opened 18 Export Assistance Centers (jointly staffed and supported by the SBA, the Export-Import Bank, and the Department of Commerce) that offer one-stop export assistance to small businesses. The Department of Commerce includes small businesses on its trade advisory committees.	No action	No	In progress
International Trade	129	Export finance	Legislation required. The SBA's Export Working Capital program provides pre-export and export finance. The appointment of the SBA Administrator to the President's Export Council for the first time in history ensures small business representation.	No action	No	In progress
Main Street	130	Legal rights of franchisees, dealers, and product distributors	The FTC's franchise rule is currently under review; the FTC published an advance notice of proposed rulemaking on disclosure requirements of. franchise opportunities.	Legislation was introduced in the House (H.R. 1083), the Federal Practices Act of 1997; the bill was referred to committee.	No	In progress

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Issue Area	No.	Recommendation	Executive Activity	Congressional Activity	*Implementation* Law	Summary
Main Street	134	Remove the barriers to small firms mediating, arbitrating, or litigating in their home states	Not applicable—legislation required.	No action	No	No action
Main Street	139	Create a relief fund to assist small businesses displaced by large businesses	Not applicable—legislation required.	No action	No	No action
Main Street	140	Private sector "all risk" property insurance program	Not applicable—legislation required.	No action	No	In progress
Main Street	141	Antitrust laws should be examined and strengthened	The FTC has stepped up its efforts in investigating antitrust violations and negotiating consent agreements. The Department of Justice has strengthened its criminal antitrust enforcement efforts.	No action	No	No action
Procurement	144	Prohibit government and tax-exempt organizations from competing with small firms	The Administration issued a revision of the A-76 circular to protect businesses, including small businesses, from unfair government competition.	S. 314 and H.R. 716, the Freedom from Government Competition Act, was introduced. Congress is considering removing mandatory status for Federal Prison Industries.	No	In progress
Procurement	153	Establish a national organization to develop uniform certification criteria for small, disadvantaged, and women-owned firms	The Administration is reviewing a possible certification process.	No action	No	In progress

Procurement	161	8(a) program reforms	The Administration strongly supports policies oriented toward diversity and fair economic opportunity. The SBA, with other agencies, initiated a “Delegation of Authority” pilot program to streamline the 8(a) program. The SBA will introduce PRO-Net, an Internet-based information system and marketing tool for 8(a) participants. The SBA published proposed rules to further streamline the 8(a) program.	No action	No	In progress
Procurement	164	Repeal the Davis-Bacon and Service Contract Acts	The Administration supports reform of the Davis-Bacon Act, but strongly opposes repeal of the Davis-Bacon and Service Contract Acts.	Legislation is not likely.	No	In progress
Procurement	167	Strengthen the Prompt Payment Act	Legislation required. The Administration is examining options to provide payment relief to small firms. OMB issued policy letters to federal agency heads outlining the importance of the act and the agencies’ obligations. The OFPP is preparing a policy letter on subcontractor payments.	No action	No	In progress
Procurement	360	Increase opportunities for all small businesses to participate equitably in federal procurement	The SBA and the OFPP are developing a small business set-aside pilot program for service task-order contracts. *Commerce Business Daily* automated and procurement opportunities are now available on the Internet. The Administration agrees to increase the government-wide procurement goal to 23 percent.	104th Congress passed the Federal Acquisition Reform Act of 1996. H.R. 373 introduced in 105th Congress to limit contract bundling.	P.L. 104–106	In progress

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Issue Area	No.	Recommendation	Executive Activity	Congressional Activity	*Implementation* Law	Summary
Procurement	437	Congress and the President should respond to the *Adarand v. Pena* decision with strong support for women- and minority-owned firms	The Administration strongly supports policies oriented toward diversity and fair economic opportunity. The Department of Justice is currently reviewing all minority preference programs in order to comply with the *Adarand* decision. The President and the OFPP support the 8(a) program and diversity in federal contract markets with policy statements sent to all agency heads.	No action	No	In progress
Regulation and Paperwork	183	Regulatory reform, including judicial review of federal regulations	President Clinton signed into law the Small Business Regulatory Enforcement Fairness Act of 1996. It provides for full judicial review of agency certifications and regulatory flexibility analyses.	Regulatory reform legislation passed in the 104th Congress.	P.L. 104–121	Completed
Regulation and Paperwork	188	Periodic review of all regulations, simplify and eliminate regulations, and provide single source of regulatory information	Implementation of the Small Business Regulatory Enforcement Fairness Act of 1996 is taking place throughout federal agencies.	Regulatory reform legislation passed in the 104th Congress. H.R. 852, the Paperwork Elimination Act, passed the House.	P.L. 104–121	Completed
Regulation and Paperwork	194	Change the nature of the federal government's enforcement of regulations	The Small Business Regulatory Enforcement Fairness Act establishes a small business ombudsman and 10 regional boards to monitor enforcement of federal rules. The legislation is being implemented.	Regulatory reform legislation passed in the 104th Congress.	P.L. 104–121	Completed
Regulation and Paperwork	200	Tort reform	The President vetoed the product liability legislation submitted in the 104th Congress.	The 104th Congress passed a product liability reform bill but failed to override the veto. New legislation was introduced in the Senate.	No	In progress

Regulation and Paperwork	369	Reform of OSHA	OSHA has adopted variations of many of the proposals in this recommendation: voluntary compliance audits are conducted and some companies are eligible for relief; if an employer has an effective safety and health program, the employer is eligible for an abbreviated inspection; with good faith efforts by the employer, OSHA considers employee fault a viable defense against citations; OSHA is preparing better guidance on how to comply with its regulations.	OSHA reform legislation was introduced in both the House and the Senate.	No	In progress
Taxation	214	100-percent tax deduction for meals and entertainment expenses	Legislation required. The Administration has, however, raised from $25 to $75 the amount of expenses for which a receipt is needed to claim a deduction.	Legislation failed in the 104th Congress to permit a 100-percent deduction. Congress passed and the President signed legislation that permits meal and travel deductions for owners (i.e., truckdrivers) who have to stop operating under DOT operation restrictions (i.e., they must get off the road).	P.L. 105–34	In progress
Taxation	218	Estate taxes	President Clinton signed P.L. 105–34, the Taxpayer Relief Act of 1997, which includes major estate tax reform.	Congress passed the Taxpayer Relief Act of 1997, which includes major estate tax reform. By the year 2006, the unified gift and estate tax credit will increase to an amount equivalent to excluding the first $1 million of a transferred estate from taxation. Small businesses get a special break that, when combined with the unified credit, will increase the excluded amount to $1.3 million.	P.L. 105–34	In progress

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Issue Area	No.	Recommendation	Executive Activity	Congressional Activity	*Implementation* Law	Summary
Taxation	224	Clarify the tax definition of independent contractors	The IRS has taken several administrative steps to clarify the rules on worker classification and to resolve any remaining issues more expeditiously. The IRS issued a clarifying training manual that equalizes enforcement, improves the decision-ruling procedure, and permits the expeditious resolution of remaining problems. President Clinton signed the Small Business Jobs Protection Act of 1996.	Congress passed the Small Business Jobs Protection Act of 1996, which shifts the burden of proof to the IRS regarding classification disputes, leaving definition unclear. Congress introduced legislation to further clarify the definition of an independent contractor.	P.L. 104–188	In progress
Taxation	229	Replace the present tax system with a simple tax for individuals and businesses	President Clinton signed P.L. 105–34, the Taxpayer Relief Act of 1997, which helps simplify taxes by cutting back the alternative minimum tax (AMT) for small businesses. Small corporations (those with gross receipts under $5 million) will no longer need to calculate the AMT. This provision effectively exempts about 95 percent of all corporations (more than 2 million businesses) from needless and complex paperwork.	Congress passed the Taxpayer Relief Act of 1997. Currently, there are several proposals before Congress to simplify the system of taxation (flat tax, sales tax, or consumption tax). None have been brought to a vote.	P.L. 105–34	In progress
Taxation	233	Permit tax deductions of up to $250,000 for the purchase of equipment	President Clinton signed the Small Business Jobs Protection Act of 1996, which increases the expensing allowance up to $25,000.	Expensing increases passed as part of the Small Business Jobs Protection Act of 1996.	P.L. 104–188	In progress

Taxation	242	Capital gains tax treatment for small business	President Clinton signed P.L. 105–34, the Taxpayer Relief Act of 1997, which contained extensive capital gains relief.	Congress passed: *General Capital Gains Relief*—Effective July 22, 1997, capital gains taxes are reduced from 28 percent to 20 percent on property held for at least 18 months. *Targeted Capital Gains, Small Business Stock*—The 14 percent rate is retained and the law reduces the share subject to the minimum tax to 42 percent. Also, an individual investor can roll over gains from an investment in a qualified small business stock held for at least six months into another qualifying stock tax-free.	P.L. 105–34	In progress
Taxation	250	Prohibit retroactive increases in taxes	Not applicable—legislation required.	Unless a constitutional amendment is passed and ratified, no Congress can bind a future Congress to any legislation. The 104th and 105th Congresses by rule have agreed not to raise taxes retroactively.	No	In progress
Taxation	252	Require 2/3 super-majority vote of Congress to raise taxes	Not applicable—legislation required.	Legislation failed to pass.	No	No action
Taxation	253	Cap employer's portion of payroll taxes	The Administration has no proposals to raise payroll taxes.	S. 579 and H.R. 1333 would revise payroll taxes.	No	In progress

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Issue Area	No.	Recommendation	Executive Activity	Congressional Activity	*Implementation* Law	Summary
Taxation	385	Tax equity: uniformly apply tax regard to rates, deductions, and exclusions	President Clinton signed P.L. 105–34. The Administration has supported pension reform, the broadening of sub-chapter S, increases in the self-employed health care deduction, and a simple business form selection process, most of which were enacted as part of the Small Business Jobs Protection Act of 1996.	Congress passed the Small Business Jobs Protection Act of 1996. Congress passed and the President signed the Taxpayer Relief Act, P.L. 105–34, which restores the home office deduction.	P.L. 105–34 and P.L. 104–188	In progress
Taxation	390	Enact a comprehensive capital gains tax policy that encourages long-term investment	President Clinton signed P.L. 105–34, the Taxpayer Relief Act of 1997, which provides for the rollover of gain from one qualifying stock to another. The Administration's 1993 economic plan established a targeted 50 percent capital gains tax exclusion for certain new investments in small business and rollovers into Specialized Small Business Investment Companies. The Administration recently adopted regulations to ease redemption restrictions.	Congress passed the Taxpayer Relief Act of 1997. *Targeted Capital Gains, Small Business Stock*—The 14 percent rate is retained and the law reduces the share subject to the minimum tax to 42 percent. Also, an individual investor can roll over gains from an investment in a - qualified small business stock held for at least six months into another qualifying stock tax-free.	P.L. 105–34	In progress
Technology	265	Development of all telecommunications markets to full and fair competition with increased choices for customer products and services and the promotion of universal service. Development of the National/Global Information InfrastructureNII/GII: Implemention of enforceable and universal measures to protect intellectual property rights (patent, trademark, and copyright) over the NII/GII, as well as fair access, with all members of World Trade Organization.	President Clinton signed the Telecommunications Act, which opens telecommunications markets to competition. The FCC has issued a number of landmark proceedings to implement this law. The Department of Commerce has completed a report on Intellectual Property and the National Information Infrastructure, which will guide U.S. policy. The Administration is supporting legislation to simplify the process of obtaining global intellectual property protection.	Legislation passed in the 104th Congress to implement the recommendations regarding telecommunications. H.R. 400 passed in the House. The Senate version, S. 507, is pending.	P.L. 104–104	In progress

Technology	406	Expand technology commercialization funding and investment for small innovative companies	The SBA's Office of Advocacy, with the cooperation of the Securities and Exchange Commission and state securities regulators, introduced ACE-Net, a national Internet listing of small business securities. The Administration has dramatically expanded the Manufacturing Extension Partnership, which assists America's 380,000 small manufacturing firms. SBA has announced the PRO-Net Internet service to help small businesses obtain procurement opportunities. The Administration supports continuing the Small Business Technology Transfer program to 2000.	The 104th Congress reauthorized the Small Business Technology Transfer Research program for one year.	No	In progress
Unclassified	280	Balance the federal budget	President Clinton signed into law the Balanced Budget Act of 1997 as part of the Budget Reconcilliation bill. The measure provides for a balanced federal budget by 2002.	Congress passed the Balanced Budget Act of 1997.	P.L. 105–33	In progress
Unclassified	286	Future of the Small Business Administration	The Administration is committed to the small business community. The President has given the SBA Administrator Cabinet-level status. The President's FY 1998 budget request for the SBA is $701.6 million—slightly less than last year due to lower loan program subsidy costs.	Hearings held before the House and Senate Small Business Committees and the Appropriations Subcommittees.	No	In progress
Unclassified	287	Convene a White House Conference on Small Business every four years	Not applicable—legislation required. The Administration will support legislation if introduced to authorize another WHCSB.	No formal action	No	In progress
Unclassified	288	Monitoring the results of the White House Conference recommendations	The SBA and the Office of Advocacy have been directed by the President to monitor and report the results of the White House Conference. The Office of Advocacy convened a summit of the conference delegates in December 1996. The SBA issues annual implementation reports in September.	The legislation that created the 1995 WHCSB mandates that the SBA report to Congress on implementation annually for three years.	P.L. 101–409	Completed

Chapter 3

Changes in Self-Employment as Small Business

Synopsis

One important small business development in recent years has been the increase in the number of people who are self-employed. During the period from 1970 to 1994, the nonfarm self-employed increased more than 72 percent to 9 million persons. If a broader definition of self-employment is used, 13.1 percent of all workers consider themselves self-employed on a full-time or part-time basis.

The businesses owned by the self-employed are usually very small (although many have employees) and represent a wide variety of endeavors—from part-time efforts of wage-and-salary workers to established independent firms employing many people. This chapter documents the growth in self-employment and examines the success of women, minorities and veterans in becoming self-employed.

The self-employed—the smallest businesses—are major contributors to the economy. Nonfarm sole proprietors had receipts of about $757 billion in 1993. Moreover, self-employment opportunities provide flexibility and adaptability in the economy, generate new services and products, and add to the nation's productive capacity. Self-employment also serves as an important training ground for the nation's entrepreneurs as they identify new business areas.

The growth of self-employment is the result of numerous factors: economic conditions, the availability of opportunities for wage-and-salary employment, the effects of the tax code on business formation, identification by entrepreneurs of unexploited opportunities, workers' dissatisfaction with wage-and-salary jobs, and entrepreneurs' desire to supplement other income.

The fastest growing segment of the self-employed—the incorporated self-employed—registered an increase of more than 32 percent between March 1988 and March 1994. "Moonlighters"—wage-and-salary workers with self-employment on the side—declined by almost 4 percent during this period. This decline was less than the near 9 percent between 1983 and 1988, but a sharp reversal of the 438 percent increase evident during the 1979–1983 period—a period characterized by a major recession.

The characteristics of the self-employed and wage-and-salary workers differ. The self-employed are substantially older and are better educated on average. Typically, the income of the self-employed varies widely, with a significant number of individuals in both high- and low-income categories. Generally, they earn less than their counterparts in paid employment; an exception is incorporated business owners, who earn more than their paid counterparts. About 10 percent of all business owners earn less than the minimum wage, which suggests that they receive considerable amounts of implicit income or nonmonetary benefits, expect relatively higher future incomes, and place a high value on being self-employed.

Between 1988 and 1994, the number of African-American entrepreneurs increased by almost 37 percent, while women had gains of more than 26 percent. Women are much less likely than men to operate a full-time business, suggesting that women go into business on a part-time basis because it offers the flexibility and adaptability to combine work and family responsibilities.

Introduction

Self-employment continues to be an important alternative to wage-and-salary employment in the United States.[1] These smallest businesses are major contributors to the economy: nonfarm sole proprietors had business receipts of about $757 billion in 1993.[2]

Self-employment opportunities make the economy more flexible, generate new services and products, and add to the nation's productive capacity. Self-employment also serves as a training ground for many of the nation's entrepreneurs and is an important first step in small business formation and growth.[3]

Many factors contribute to the growth of self-employment, including growth in the labor supply that is not readily accommodated by wage-and-salary employment, the identification by entrepreneurs of unexploited opportunities, the perception of opportunities for greater financial return, dissatisfaction with wage-and-salary jobs, the need to supplement other income, and a desire to work independently.[4]

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[1] This chapter updates the analysis of self-employment presented in *The State of Small Business: A Report of the President* (Washington, D.C: U.S. Government Printing Office, 1986), Chapter 4.

[2] Special tabulations by the U.S. Department of the Treasury, Internal Revenue Service, for the U.S. Small Business Administration, Office of Advocacy, 1996.

[3] Not only do the self-employed create their own jobs as business owners, but they create jobs by hiring workers. One estimate is that about 25 percent of workers in nonagricultural industries found employment with a business owner who was self-employed in a sole proprietorship, partnership, or corporation. See Sheldon E. Haber, Enrique J. Lamas, and Jules H. Lichtenstein, "On Their Own: The Self-Employed and Others in Private Business," *Monthly Labor Review* (May 1987), 21–22.

[4] Tax considerations, including differential Social Security tax rates and the deductibility of business expenses, are an important element of the financial calculation. For a comprehensive discussion of the determinants of self-employment, see Robert L. Aronson, *Self-Employment: A Labor Market Approach* (Ithaca, N.Y.: ILR Press, 1991).

The recent growth in two-income families may also be a contributing factor. Self-employment, especially on a part-time basis, may allow a worker the flexibility to manage household responsibilities while earning an income.

Growth in Self-Employment

After World War II, the number of nonagricultural self-employed workers actually declined, from 6.1 million in 1948 to 5.2 million in 1970.[5] Since 1970, however, self-employment has increased almost every year, reaching 9 million in 1993, an increase of more than 72 percent (Table 3.1).[6] This increase occurred in the context of a steadily expanding labor force and a fluctuating supply of wage-and-salary jobs. As a percentage of the civilian labor force, self-employment increased from 6.3 percent in 1970 to 6.9 percent in 1994.[7]

The unincorporated self-employed population grew at a fairly steady pace in the 1983–1988 and 1988–1994 periods, averaging around 9 percent over each period (Table 3.2). These rates exceeded the growth in the number of wage-and-salary workers from 1988 to 1994, but fell short of the wage-and-salary growth rate from 1983 to 1988. Wage-and-salary work may grow faster than self-employment coming out of a recession (1983) because existing firms are quicker to add workers than individuals are to start new firms.

Broader Measures of Self-Employment: Expanding the Census Definition

While Census data have documented growth in self-employment over the last decade and a half, the actual extent of entrepreneurial activity may have been understated in published data sources.[8]

[5] The trends in agricultural and nonagricultural self-employment have been very different. Agricultural self-employment, which has been decreasing for decades, continued to decline through the mid-1970s. Since 1976, it has held steady at about 1.6 million. This chapter focuses on nonagricultural business.

[6] Self-employed persons are officially defined in terms of employment status by the Bureau of the Census in its Current Population Survey (CPS) and decennial Census as those who work full-time or part-time for a profit or fees in their own unincorporated business, profession, or trade, or operate a farm. The unincorporated self-employed include sole proprietors and partners.

[7] The civilian labor force consists of the total of all civilians classified as either employed or unemployed.

[8] The Bureau of the Census, in the Current Population Survey (CPS), defines the nonfarm self-employed as those who work full-time or part-time for a profit or fees in their own unincorporated business, profession, or trade. This official definition is limited in that it:

- includes both sole proprietors and partners, but does not distinguish between them;
- excludes incorporated businesses, which are tabulated as wage-and-salary workers because legally they are employees of the business they operate;
- excludes wage-and-salary workers who report self-employment as a secondary activity because only one type of employment is recorded per individual;
- does not report multiple businesses operated by one individual; and
- does not distinguish between full-time and part-time self-employment.

Table 3.1 *Labor Force, Employment, and Self Employment, Absolute Levels and Percent Changes, 1970–1994*

Year	Unincorporated Self-Employed		Civilian Labor Force		
	Number Thousands)	Annual Percentage Change	Number (Thousands)	Annual Percentage Change	Unemployment Rate (Percent)
1994	9,003	0.0	131,056	2.4	6.1
1993	9,003	4.5	128,040	0.8	6.8
1992	8,619	−3.1	126,982	1.3	7.4
1991	8,899	1.6	125,303	0.4	6.7
1990	8,760	1.8	124,787	0.7	5.5
1989	8,605	1.0	123,869	1.8	5.3
1988	8,519	3.9	121,669	1.5	5.5
1987	8,201	4.1	119,865	1.7	6.2
1986	7,881	0.9	117,834	2.1	7.0
1985	7,811	0.3	115,461	1.7	7.2
1984	7,785	—	113,544	—	7.5
1980	7,000	—	106,940	—	7.1
1975	5,705	—	93,770	—	8.5
1970	5,221	—	82,771	—	4.9

[1]Unincorporated self-employed.
Source: *Statistical Abstract of the United States,* various issues.

Table 3.2 *Average Annual Change in Employment in Nonagricultural Industries, May 1983–March 1988 and March 1988–March 1994 (Percent)*

Class of Worker	1983–1988	1988–1994
Unincorporated Self-Employed (USE)	1.68	1.53
Wage-and-Salary Workers (WS)	2.99	1.09
Incorporated Self-Employed (ISE)	3.04	5.92
Wage-and-Salary Workers Only (WSO)	3.1	1.00
Wage-and-Salary Workers with Self-Employment (WSSE)	−1.71	−0.59

Source: Tabulation by Carolyn Looff & Associates of unpublished data from the U.S. Department of Commerce, Bureau of the Census, *Current Population Survey,* March 1988 and March 1994. Data for 1983 are taken from *The State of Small Business: A Report of the President* (Washington, D.C.: U.S. Government Printing Office, 1986).

One way to look at the self-employed is to examine the different legal forms of ownership: sole proprietorships, partnerships and corporations.[9] Published Census data on the self-employed cover only unincorporated self-employment, which includes, but does not distinguish between, sole proprietorships and partnerships. It is possible, however, to obtain information on incorporated self-employment from unpublished Current Population Survey (CPS) data.[10] Data from the 1994 CPS permit a definition of business ownership that includes the incorporated self-employed (ISE) and wage-and-salary workers with a side business (WSSE or "moonlighters") along with the unincorporated self-employed (USE).[11]

Under this broader definition of business ownership, 13.1 percent of nonagricultural jobholders in March 1994, or 15.4 million persons, engaged in some form of entrepreneurial activity (Table 3.3).[12] Total self-employment as a proportion of total employment increased from 12.5 percent to 13.1 percent between 1988 and 1994 after falling from 13.5 percent in 1983.[13]

General trends in the growth of self-employment, broadly defined, can be tracked between 1988 and 1994—a period of economic contraction when the unemployment rate rose from about 5.5 percent to 6.1 percent—and between 1983 and 1988—a period marked by a sharp expansion and a decline in the unemployment rate from about 7 percent to 5.5 percent (Table 3.1).

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[9] For an analysis of the impact of taxes on the choice of legal form of business, see George A. Plesko, *Taxes and the Choice of Entity for Small Business*, report no. PB95-239906, prepared by George A. Plesko for the U.S. Small Business Administration, Office of Advocacy (Springfield, Va.: National Technical Information Service, 1994).

[10] Data on businesses by legal form of ownership can be obtained from other sources, including the *Statistics of Income* compiled by the Internal Revenue Service. These data are not directly comparable to the Census data on self-employment because of different measurement and collection techniques. The Internal Revenue Service identifies the legal form of business ownership and estimates the number of sole proprietorships—that is, the number of unincorporated, one-owner businesses, farms, and professional practices, which range from large enterprises with many employees and hired managers to part-time operations in which the owner is the only person involved. These estimates are derived from a sample of individual income tax returns (Form 1040) filed with sole proprietorship business schedules (Schedule C) attached. Most self-employed (based on the Census definition) are sole proprietors and file a Schedule C. For a further description of the relationship between IRS and Census data, see the appendix to this chapter.

[11] The unincorporated self-employed (USE) can be further separated into two categories: those who are self-employed only (SEO), and those who are self-employed and also have wage-and-salary employment (SEWS). The analysis in this chapter is based on recent research and tabulations of unpublished March 1988 and March 1994 CPS data by Carolyn Looff, *Changing Characteristics of the Self-Employed*, report no. PB96-197785, prepared by Carolyn Looff and Associates for the U.S. Small Business Administration, Office of Advocacy (Springfield, Va.: National Technical Information Service, 1996).

[12] "Entrepreneur" or "entrepreneurial activity" refers in this chapter to the self-employed or self-employment.

[13] The Census Bureau's 1994 estimate of self-employment is 7.6 percent of employment or 8.9 million persons. It does not include wage-and-salary workers who own a side business (2.2 percent of nonagricultural employment and 2.1 percent of business owners in 1994) and the incorporated self-employed (3.4 percent of nonagricultural employment and 20.1 percent of business owners). Most of the change reflected here came from growth in the number of incorporated self-employed workers. Between 1983 and 1994, the proportion of all workers in the USE and WSSE categories fell, while the proportion of ISE workers grew.

Table 3.3 *Distribution of Employment in Nonagricultural Industries by Class of Worker, March 1988 and March 1994*

Class of Worker	March 1988 Number (Thousands)	March 1988 Percent of Total Employment	March 1994 Number (Thousands)	March 1994 Percent of Total Employment
Total Nonagricultural Employment	**109,578**	**100.0**	**116,830**	**100.0**
Unincorporated Self-Employed (USE)	**8,112**	**7.4**	**8,856**	**7.6**
Self-Employed Only (SEO)	6,757	6.2	7,361	6.3
Self-Employed with Wage-and-Salary Employment (SEWS)	1,355	1.2	1,496	1.3
Wage-and-Salary Workers (WS)	**101,215**	**92.4**	**107,843**	**92.3**
Incorporated Self-Employed (ISE)	2,984	2.7	3,955	3.4
Wage-and-Salary Workers Only (WSO)	95,599	87.2	101,349	86.7
Wage-and-Salary Workers with Self-Employment (WSSE)	2,632	2.4	2,539	2.2
Unpaid Family Workers	**251**	**0.2**	**130**	**0.1**
Total Self-Employed (SE)	**13,728**	**12.5**	**15,350**	**13.1**
Unincorporated Self-Employed (USE)	8,112	7.4	8,856	7.6
Incorporated Self-Employed (ISE)	2,984	2.7	3,955	3.4
Wage-and-Salary Workers with Self-Employment (WSSE)	2,632	2.4	2,539	2.2

Source: Tabulation by Carolyn Looff & Associates of unpublished data from the U.S. Department of Commerce, Bureau of the Census, *Current Population Survey,* March 1988 and March 1994.

The fastest growing group is the incorporated self-employed, which increased by 33.3 percent from 1979 to 1983, almost as much as the 40 percent increase in the 1976–1979 period.[14] Still, in 1983, the proportion of moonlighters in the work force was larger than the proportion of incorporated self-employed workers—3 percent compared with 2.7 percent, respectively. The incorporated group grew at about the same rate or slightly faster than wage-and-salary workers between 1983 and 1988, about 15 percent. These rates diverged between 1988 and 1994, with ISEs increasing by 32.5 percent, while wage-and-salary workers increased by only 6.5 percent (Table 3.3).[15]

The number of paid employees with a side business—WSSEs—more than quadrupled between 1979 and 1983. The depressed state of the economy during that time may have led some wage-and-salary workers whose hours had been reduced to establish a business to supplement their earnings from paid employment. Employers have also become more receptive to purchasing services from outside vendors and independent contractors, a cost-effective means of obtaining labor services given high payroll tax burdens and union-related costs.[16] In contrast to the 1979–1983 trend, the number of WSSEs declined over the entire 1983–1994 period.[17]

Characteristics of the Self-Employed

Self-employed and wage-and-salary workers have significantly different characteristics by age, marital status, veteran status, educational attainment, and overall business experience, as well as race and gender.

Age

On the whole, the self-employed are older than wage-and-salary only (WSO) workers. Of full-time workers, more than 41.7 percent of the unincorporated self-employed were between 45 and 64 years old in 1994, compared with just 28.8 percent of wage-and-salary workers (Table 3.4). Of part-time workers, a larger proportion—34.4 percent—of unincorporated self-employed workers are between 45 and 64 years old compared with 20.8 percent of salaried workers without a second job.

[14] *The State of Small Business*, 1986.

[15] Carolyn Looff and Associates, *Changing Characteristics of the Self Employed*.

[16] Whether a worker is an "employee," or an "independent contractor" has significant payroll cost implications for employers. If a worker is an employee, an employer must comply with the entire range of federal employment laws. Independent contractors, however, are considered self-employed and, therefore, are responsible for paying Social Security taxes and income taxes levied on their earnings.

[17] It is also possible that many wage-and-salary workers with a side business became wage-and-salary workers only (WSO) during this period. This would be the result of an expanding economy creating new jobs, many of which have higher wages. Such a pattern contrasts with the tremendous growth in WSSEs during the 1979-1983 period—which might have counteracted an increase in business failures during this period of deep contraction. See *The State of Small Business*, 1986.

Table 3.4 *Distribution of Employed Nonagricultural Workers by Various Characteristics, March 1994 (Percent)*

	Total Self-Employed* (TSE)		Unincorporated Self-Employed (USE)		Incorporated Self-Employed (ISE)	Wage-and-Salary with Self-Employment (WSSE)	Wage-and-Salary Only (WSO)	
	Total	Full-Time	Full-Time	Part-Time	Full-Time	Full-Time	Full-Time	Part-Time
Age								
16–24	4.96	3.53	2.78	6.26	2.38	7.58	11.14	31.50
25–44	50.06	52.00	51.64	46.63	46.57	61.86	58.79	42.65
45–64	38.65	40.63	41.71	34.44	45.66	29.40	28.79	20.77
65 and Over	6.33	3.83	3.87	12.67	5.40	1.17	1.27	5.09
Gender								
Male	64.18	71.92	69.63	46.71	76.76	70.68	56.50	35.75
Female	35.82	28.08	30.37	53.29	23.24	29.32	43.50	64.25
Race								
White	91.68	90.90	89.25	93.44	92.40	93.19	84.11	85.61
African-American	4.60	4.83	6.05	4.18	2.87	4.50	11.59	10.60
Other	3.72	4.27	4.70	2.39	4.73	2.31	4.30	3.79
Education								
Less than 4 Years of High School	9.39	7.93	10.82	13.70	4.69	4.86	10.04	20.53
4 Years of High School To 3 Years of College	57.48	56.32	59.33	59.42	51.44	55.56	62.74	63.35
4 or More Years of College	33.12	35.76	29.85	26.87	43.87	39.59	27.22	16.12
Marital Status								
Married, Spouse Present	73.41	74.02	72.99	72.12	80.08	67.18	59.50	46.72
Other	26.59	25.98	27.01	27.88	19.92	32.82	40.50	53.28
Veteran Status (Males)								
Veteran								
Vietnam	7.38	8.60	7.75	4.64	10.06	8.70	6.28	2.10
Other	10.98	10.76	11.07	12.04	11.44	8.79	7.31	5.17
Non-Veteran	81.64	80.63	81.18	83.32	78.50	82.51	86.41	92.73
Industry								
Mining	0.27	0.35	0.23	0.00	0.50	0.45	0.72	0.19
Construction	13.37	13.18	16.13	15.20	12.76	5.36	4.69	4.02
Manufacturing	7.97	8.82	4.89	4.84	8.60	20.50	21.67	8.19

Transportation, Communications, and Public Utilities	4.58	4.73	4.67	3.64	3.96	6.17	8.53	4.87
Wholesale Trade	5.10	5.62	4.82	3.03	8.45	3.37	4.14	1.72
Retail Trade	19.01	19.14	19.18	16.17	24.36	10.53	13.62	29.07
Finance, Insurance, and Real Estate	7.09	7.18	6.79	6.67	8.28	6.54	7.55	4.60
Services	42.62	40.97	43.29	50.45	33.09	47.08	39.09	47.33
Occupation								
Executive, Administrative and Managerial	21.63	24.68	19.03	12.61	38.30	18.87	14.45	5.04
Professional, Specialty	17.01	16.99	16.10	18.37	14.39	23.79	14.98	12.76
Technical and Related Support	1.37	1.43	1.10	1.07	0.46	3.92	3.79	3.01
Sales	20.07	21.08	22.54	17.91	26.19	8.62	10.08	14.17
Administrative Support, Including Clerical	7.08	4.64	2.44	8.50	4.81	10.68	16.54	18.52
Service, Excluding Protective Service and Private Household	9.84	7.75	10.97	17.25	3.21	5.86	8.59	23.33
Precision Production, Craft, and Repair	14.93	15.25	19.85	16.98	9.43	11.47	12.02	5.34
Operators, Fabricators, and Laborers	6.99	7.11	7.35	6.67	2.95	13.15	16.54	13.61
Other	1.09	1.07	0.62	0.63	0.27	3.64	3.01	4.21
Hispanic Origin								
Hispanic	5.05	4.85	5.60	5.63	3.73	4.54	9.09	8.61
Non-Hispanic	94.95	95.15	94.40	94.37	96.27	95.46	90.91	91.39

*Total self-employed include the unincorporated self-employed, incorporated self-employed, and wage-and-salary workers with self-employment.
Source: Tabulation by Carolyn Looff & Associates of unpublished data from the U.S. Department of Commerce, Bureau of the Census, *Current Population Survey,* March 1994.

Of the three categories of the self-employed, full-time wage-and-salary workers with a secondary business are substantially younger than either their unincorporated or incorporated self-employed counterparts. This may mean that the transition from paid employment to self-employment begins soon after entry into the work force, but that younger workers may not have the financing or skills to start a business that is their sole source of income.

The age distribution of self-employed and wage-and-salary workers from the March 1988 CPS closely resembles that from the May 1983 CPS.[18] A few minor changes occurred between 1988 and 1994. Among full-time USE workers, the proportion between ages 45 and 64 increased from 37 percent to 42 percent (Tables 3.4 and 3.5). There were similar but smaller changes among wage-and-salary workers. This shift in the age distribution is likely attributable to the aging of the baby boom cohort of workers.

Education

The self-employed as a group are better educated than wage-and-salary workers (Tables 3.4 and 3.5). The education patterns among self-employed and wage-and-salary workers changed little between 1988 and 1994. The highest levels of formal education occur among the ISEs. Well-educated persons are also well represented among WSSEs. The lowest levels of formal education occur among part-time WSO and USE workers. Besides being better educated, the self-employed work more hours per week and more weeks per year than those working only in paid employment.

Marital Status

The self-employed are substantially more likely than wage-and salary workers to be married. Among total full-time self-employed workers, almost three-fourths were married with a spouse present in 1994 (Table 3.4). Among full-time wage-and-salary-only workers, six out of ten were married with spouse present. The marital status patterns changed very little between 1988 and 1994. It is likely that differences in marital status between business owners and paid employees are related to age and gender differences.[19]

Veteran Status

Small differences exist between veterans and nonveterans in self-employment status. Both Vietnam veterans and other veterans are slightly more likely to be included among the self-employed than among wage-and-salary workers.

[18] *The State of Small Business*, 1986.

[19] David S. Evans, *Entrepreneurial Choice and Success*, report no. PB85–235943, prepared by CERA Economic Consultants, Inc., for the U.S. Small Business Administration, Office of Advocacy (Springfield, Va.: National Technical Information Service, May 1985), 38–39. Statistical analysis of 1970 and 1980 Census data found that marital status by itself had little influence on the probability of self-employment.

Again, little change occurred in these patterns between 1988 and 1994 (Tables 3.4 and 3.5).

Industry

The ability of entrepreneurs to exploit opportunities varies significantly by industry, in part because of differences in capital requirements. Construction attracts a disproportionate amount of self-employment, especially among part-time and full-time USE workers and full-time ISE workers.

Self-employment is most common in the services, retail trade, and construction industries and less common in mining, manufacturing, transportation, and public utilities. The incorporated self-employed are more likely to work in wholesale trade than either unincorporated owners or paid workers with a side business; the reverse is true in the service industry (Tables 3.4 and 3.5).

Occupation

The self-employed are widely distributed across occupations in a pattern significantly different from wage-and-salary workers. Only 29.4 percent of full-time WSO workers were classified as managerial or professional in 1994, compared with 41.7 percent of full-time self-employed workers (Table 3.4). A large proportion—more than 38 percent—of full-time ISE workers were in executive, administrative, and managerial occupations.

The self-employed are more likely to be in sales occupations than are wage-and-salary workers, particularly full-time USE and ISE workers. Both full-time and part-time USE workers are prominent in precision production, craft, and repair occupations. Both industry and occupational patterns were stable between 1988 and 1994 (Tables 3.4 and 3.5).

Self-Employment by Ethnic Group

African Americans

African Americans are considerably less likely than the population at large to be self-employed (Table 3.6).[20] The percentage of total self-employed workers who are African-American declined between 1983 and 1988, from 5.8 to 4.7 percent. Between 1988 and 1994, however, the African-American share increased again to 5.8 percent (Table 3.7).

The total number of self-employed African Americans rose from 516,000 in 1988 to 706,000 in 1994, after having fallen from 539,000 to 516,000 be-

[20] This pattern has been identified in earlier studies. See Sheldon Haber, *A New Perspective on Business Ownership*, report no. PB87-115242, prepared by Simon and Company for the U.S. Small Business Administration, Office of Advocacy (Springfield, Va.: National Technical Information Service, 1985).

Table 3.5 *Distribution of Employed Nonagricultural Workers by Various Characteristics, March 1988 (Percent)*

	Total Self-Employed* (TSE)		Unincorporated Self-Employed (USE)		Incorporated Self-Employed (ISE)	Wage-and-Salary with Self-Employment (WSSE)	Wage-and-Salary Only (WSO)	
	Total	Full-Time	Full-Time	Part-Time	Full-Time	Full-Time	Full-Time	Part-Time
Age								
16-24	4.29	3.51	3.57	5.40	0.97	6.52	13.62	35.26
25-44	52.97	55.32	55.26	46.58	47.43	65.29	58.98	39.78
45-64	36.73	37.20	36.94	35.20	46.39	26.46	26.15	19.66
65 and Over	6.01	3.97	4.23	12.82	5.21	1.73	1.25	5.30
Gender								
Male	68.22	75.07	72.66	48.60	82.80	71.80	57.34	34.69
Female	31.78	24.93	27.34	51.40	17.20	28.20	42.66	65.31
Race								
White	93.02	92.89	92.61	93.71	94.58	91.53	85.88	86.36
African-American	3.76	3.48	3.68	4.47	1.69	5.16	11.09	10.51
Other	3.23	3.63	3.71	1.82	3.73	3.31	3.0	33.13
Education								
Less than 4 years of High School	11.29	10.00	12.78	16.83	6.39	7.11	12.28	19.23
4 Years of High School to 3 Years of College	55.21	54.58	57.68	55.74	49.32	52.93	61.69	63.69
4 or More Years of College	33.50	35.43	29.54	27.43	44.29	39.96	26.03	17.08
Marital Status								
Married, Spouse Present	74.60	75.97	73.74	72.12	84.31	71.49	60.51	47.93
Other	25.40	24.03	26.26	27.88	15.69	28.51	39.49	52.07
Veteran Status (Males)								
Veteran								
Vietnam	7.44	8.61	8.20	4.28	7.35	11.25	6.97	1.82
Other	16.27	16.79	15.96	15.07	22.64	11.72	9.99	5.66
Non-Veteran	76.29	74.60	75.84	80.65	70.01	77.03	83.03	92.52
Industry								
Mining	0.49	0.50	0.30	0.33	0.68	0.79	0.85	0.28

Manufacturing	7.94	8.57	4.72	4.64	9.48	17.65	24.64	9.05
Transportation, Communications, and Public Utilities	4.78	5.25	4.06	3.08	4.52	9.27	8.51	4.24
Wholesale Trade	5.29	5.92	4.92	3.04	9.96	3.55	4.50	2.10
Retail Trade	17.63	17.62	17.93	17.69	23.62	9.32	12.99	29.81
Finance, Insurance and Real Estate	7.01	7.42	7.40	6.03	7.54	7.36	7.73	5.14
Services	43.18	40.68	43.95	51.69	32.08	42.71	35.33	45.01
Occupation								
Executive, Administrative and Managerial	21.46	24.19	21.10	12.24	38.75	14.25	13.37	4.69
Professional, Specialty	17.69	17.49	15.35	18.45	16.03	24.96	13.80	10.84
Technical and Related Support	1.25	1.15	0.93	1.27	.40	2.64	3.68	2.78
Sales	20.53	21.52	22.41	18.96	28.11	10.99	9.92	15.20
Administrative Support, Including Clerical	5.70	4.42	2.49	6.01	3.75	10.35	17.44	19.91
Service, Excluding Protective Service and Private Household	10.07	7.92	11.99	17.45	2.18	4.29	7.94	22.07
Precision Production, Craft, and Repair	15.38	15.42	18.21	18.26	8.05	17.23	13.31	5.70
Operators, Fabricators, and Laborers	7.04	6.96	7.08	7.01	2.58	12.09	17.89	14.31
Other	0.88	0.93	0.43	0.35	0.16	3.20	2.66	4.49
Hispanic Origin								
Hispanic	4.07	4.11	4.77	4.31	3.30	3.36	7.45	6.86
Non-Hispanic	95.93	95.89	95.23	95.69	96.70	96.64	92.55	93.14

*Total self-employed includes the unincorporated self-employed, incorporated self-employed, and wage-and-salary workers with self-employment.

Source: Tabulation by Carolyn Looff & Associates of unpublished data from the U.S. Department of Commerce, Bureau of the Census, *Current Population Survey,* March 1988.

Table 3.6 *Distribution of Employed Nonagricultural Workers by Selected Characteristics, March 1994 (Percent)*

	Total	Females	African Americans
Number of Workers (Thousands)	**116,829**	**55,022**	**12,205**
Unincorporated Self-Employed (USE)	**7.6**	**6.2**	**3.9**
Self-Employed Only (SEO)	(6.3)	(5.1)	(3.0)
Full-Time	(4.1)	(2.5)	(2.1)
Part-Time	(2.2)	(2.6)	(0.9)
Self-Employed with Wage-and-Salary Employment (SEWS)	(1.3)	(1.1)	(0.9)
Wage-and-Salary Workers (WS)	**92.3**	**93.6**	**96.0**
Incorporated Self-Employed (ISE)	(3.4)	(2.1)	(0.9)
Full-Time	(2.7)	(1.3)	(0.7)
Part-Time	(0.7)	(0.8)	(0.1)
Wage-and-Salary Workers Only (WSO)	(86.7)	(89.8)	(94.1)
Full-Time	(64.8)	(59.8)	(71.8)
Part-Time	(22.0)	(30.0)	(22.3)
Wage-and-Salary with Self-Employment (WSSE)	(2.2)	(1.6)	(1.0)
Full-Time	(1.7)	(1.0)	(0.7)
Part-Time	(0.5)	(0.6)	(0.3)
Unpaid Family Workers	**0.1**	**0.2**	**0.0***
Total Self-Employed (TSE), including the Unincorporated Self-Employed, Incorporated Self-Employed, and Wage-and-Salary Workers with Self-Employment	**13.1**	**10.0**	**5.8**
Full-Time	(9.2)	(5.5)	(4.3)
Part-Time	(3.9)	(4.5)	(1.5)

Note: Numbers in parentheses are subtotals.
* Less than .05 percent.
Source: Tabulation by Carolyn Looff & Associates of unpublished data from the U.S. Department of Commerce, Bureau of the Census, *Current Population Survey,* March 1994.

Table 3.7 *Distribution of African-American Self-Employed Workers in Nonagricultural Industries, March 1988 and March 1994*

	1988		1994	
	Number (Thousands)	Percent of Total Employed African-American	Number (Thousands)	Percent of Total Employed African-American
Total Self-Employed	516	4.69	706	5.79
Unincorporated Self-Employed (USE)	319	2.90	475	3.90
Incorporated Self-Employed (ISE)	53	0.48	107	0.87
Wage-and-Salary with Self-Employment (WSSE)	144	1.31	124	1.01

Source: Tabulation by Carolyn Looff & Associates of unpublished data from the U.S. Department of Commerce, Bureau of the Census, *Current Population Survey,* March 1988 and March 1994.

tween 1983 and 1988. The increase in African-American self-employment from 1988 to 1994 occurred mainly among full-time USE and ISE workers.

Despite these gains, African Americans continue to be disproportionately underrepresented among the self-employed. The number of African-American wage-and-salary workers with a side business actually declined over the 1988-1994 period. In 1994, African Americans were 10.4 percent of the work force and 10.9 percent of wage-and-salary workers (Table 3.6).[21]

Self-employed African Americans are on average younger than self-employed whites (Table 3.8). The number of unincorporated self-employed African Americans grew by more than 150,000 between 1988 and 1994, and much of this growth occurred among 25- to 44-year-olds. African-American and white self-employed workers tend to have more formal education than WSO workers. Self-employed white workers tend to be better educated than self-employed African-American workers.

The proportion of African-American self-employed workers who are married declined significantly between 1988 and 1994 (Tables 3.8 and 3A.2). Industry differences in self-employment patterns by race also are evident. African Americans and whites gravitate toward self-employment in the construction industry. African Americans, more than whites, tend to be self-employed in transportation, communications, and public utilities and in the services industry.

African Americans are less likely to be self-employed in the managerial, professional, and sales occupations than white workers, but are more likely to be self-employed in service occupations and as operators, fabricators, and laborers.

Hispanic Americans

Hispanic Americans, like African Americans, are less likely to be self-employed than non-Hispanic whites. However, a higher proportion of Hispanic Americans than African Americans are self-employed. More than 5 percent of employed Hispanic Americans are in the unincorporated self-employed group compared with 3.9 percent of African Americans. A similar ratio exists for incorporated self-employed workers, 1.5 percent of whom are Hispanic and 0.9 percent African-American.

Gender Characteristics of the Self-Employed

Men are more likely than women to be self-employed. Men represent 64.2 percent of the total self-employed. However, major changes are under way: between 1988 and 1994, the number of unincorporated self-employed women increased more than five times faster than the number of self-employed men, and more than three times as fast as women wage-and-salary

[21] Carolyn Looff and Associates, *Changing Characteristics of the Self-Employed.*

workers. This reflects labor force trends. Between 1982 and 1994, the female labor force grew at a rate more than twice that of the male labor force.[22] As a share of all employed women, total self-employed women increased from 8.7 percent to 10.0 percent between 1988 and 1994 (Table 3.9). For men, the self-employed share increased only slightly, from 15.8 percent in 1988 to 15.9 percent in 1994.[23]

Significant differences exist in the distribution of male and female self-employed workers by industry. More than 20 percent of male—but fewer than 2 percent of female—unincorporated self-employed workers are in construction industries (Table 3.10). These self-employed women are most represented in services and in retail trade: more than 60 percent are in the service sector, compared with only 35.6 percent of unincorporated self-employed men.

Long hours go hand-in-hand with self-employment. Among all full-time male self-employed workers, almost 55 percent worked 49 or more hours per week in 1994, as did more than 41 percent of full-time female self-employed workers (Table 3.10). Only 28.1 percent of full-time male wage-and-salary-only workers and 15.1 percent of full-time female wage-and-salary workers put in such long hours.

Age and Education

While there are age differences between self-employed and wage-and-salary workers, no appreciable differences exist between men and women (Table 3.10).[24]

Self-employed and wage-and-salary workers also differ by education level, but the only noticeable gender difference occurs among the unincorporated self-employed.[25] Male USE workers tend to have more formal education than female USE workers: this was true in 1988 as well as in 1994 (Tables 3.10 and 3A.3). In 1994, 32.0 percent of men and 24.8 percent of women who operated an unincorporated business on a full-time basis had completed

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[22] Howard N. Fullerton, Jr., "Employment Outlook: 1994–2005," *Monthly Labor Review* (November 1995), 39.

[23] Figures for men are calculated from labor force and self-employment totals in Tables 3.3, 3.5, 3.8, and 3A.2.

[24] Age categories may not be fine enough to catch the real pattern and are an imperfect proxy for work experience. There may be gender, age, generational, and educational differentials, i.e., older women are more likely to be entrepreneurs or self-employed than younger women, but less likely than younger women to have a college education. Older women—who may have dropped out of the labor market for child rearing—are also less likely to have progressive work experience, which is a substitute for education and a basis for self-employment.

[25] Research analyzing Census data indicates that for men, there is a strong relationship between self-employment earnings and education. This relationship varies by age. For women, there is a positive relationship between self-employment earnings and education, but it is not strong. David S. Evans, *Entrepreneurial Choice and Success*, report no. PB85–235943, prepared by CERA Economic Consultants for the U.S. Small Business Administration, Office of Advocacy (Springfield, Va.: National Technical Information Service, May 1985).

Table 3.8 *Distribution of Full-Time African-American, White, and Other Workers by Various Characteristics, March 1994 (Percent)*

	African-American			White			Other		
	Total Self-Employed (TSE)	Unincorporated Self-Employed (USE)	Wage-and-Salary Only (WSO)	Total Self-Employed (TSE)	Unincorporated Self-Employed (USE)	Wage-and Salary Only (WSO)	Total Self-Employed (TSE)	Unincorporated Self-Employed (USE)	Wage-and Salary Only (WSO)
Age									
16–24	6.92	4.61	15.68	3.36	3.99	16.45	3.39	4.38	15.05
25–4	60.30	57.16	57.91	51.25	48.93	54.01	58.61	60.85	59.97
45–65	29.86	32.77	24.34	41.37	39.67	27.23	37.21	33.98	23.82
Over 65	2.92	5.46	2.08	4.02	7.42	2.32	0.80	0.79	1.15
Education									
Less than 4 Years of High School	14.36	17.75	14.59	7.71	11.64	12.37	5.40	9.04	14.36
4 Yrs High School to 3 Yrs College	60.16	62.60	69.33	56.73	59.60	62.60	43.08	49.24	51.34
4 or More Years of College	25.48	19.65	16.08	35.56	28.76	25.03	51.52	41.71	34.29
Marital Status									
Married, Spouse Present	51.80	49.79	38.32	75.19	74.20	58.58	74.38	68.65	58.01
Other	48.20	50.21	61.68	24.81	25.80	41.42	25.62	31.35	41.99
Number of Children									
Zero	56.61	61.20	55.48	56.83	58.21	56.94	41.18	36.92	52.36
One	21.12	19.53	21.91	16.31	16.29	18.86	23.65	27.64	20.94
Two	11.55	11.64	14.14	17.40	16.16	16.76	23.40	22.46	17.53
Three or More	10.72	7.62	8.47	9.47	9.34	7.44	11.77	12.99	9.17
Major Industry									
Mining	0.00	0.00	0.11	0.39	0.16	0.67	0.00	0.00	0.16
Construction	11.29	15.86	3.58	13.67	16.06	4.68	4.73	9.51	3.90
Manufacturing	3.32	1.59	15.56	9.23	5.05	18.55	6.49	5.33	19.64
Transportation, Communications, and Public Utilities	9.01	9.13	9.30	4.64	4.08	7.38	1.97	2.70	7.39
Wholesale Trade	2.93	2.95	2.04	5.68	4.15	3.74	7.41	6.37	3.26
Retail Trade	12.92	9.87	15.08	18.85	18.21	17.85	32.29	26.80	17.78

and Real Estate	4.12	5.64	5.78	7.38	6.90	6.91	6.54	4.71	7.31
Services	56.41	54.96	48.54	40.17	45.40	40.22	40.56	44.58	40.55
Major Occupation									
Executive, Administrative, and Managerial	17.31	11.73	7.48	24.84	16.61	12.78	29.59	25.80	10.66
Professional, Specialty	12.28	12.78	9.85	17.33	17.14	14.91	15.16	17.45	17.25
Technical and Related Support	1.94	1.91	3.40	1.40	1.06	3.58	1.52	0.60	4.24
Sales	15.02	14.87	8.36	21.19	21.09	11.61	25.69	23.83	9.34
Administrative Support, Including Clerical	3.19	1.08	17.63	4.74	4.95	16.93	4.16	2.29	15.89
Service, Excluding Protective Service and Private Household	21.47	24.24	19.32	6.89	12.63	11.31	10.59	2.49	14.48
Precision Production, Craft, and Repair	16.02	20.83	8.53	15.47	18.87	10.69	9.68	14.67	9.11
Operators, Fabricators, and Laborers	11.39	12.55	20.45	7.06	6.97	15.10	3.16	2.56	16.44
Other	1.38	0.00	4.97	1.08	0.68	3.10	0.45	0.32	2.58
Hours Worked in Survey Week									
35–40	40.58	40.83	73.62	34.01	37.18	58.54	38.50	39.40	68.30
41–48	17.21	18.24	11.38	14.55	12.78	17.79	10.91	12.65	12.78
49 or More	42.21	40.94	15.00	51.43	50.04	23.67	50.60	47.95	18.91
Weeks Worked in Previous Year									
1–49	25.79	36.34	26.18	14.59	28.08	22.57	16.06	21.83	22.11
50–52	74.21	63.66	73.82	85.41	71.92	77.43	83.94	78.17	77.89

Source: Tabulation by Carolyn Looff & Associates of unpublished data from the U.S. Department of Commerce, Bureau of the Census, *Current Population Survey,* March 1994.

Table 3.9 *Distribution of Women Self-Employed in Nonagricultural Industries, March 1988 and March 1994*

	1988		1994	
	Number (Thousands)	Percent of Total Employed Women	Number (Thousands)	Percent of Total Employed Women
Total Self-Employed	4,363	8.69	5,499	10.01
Unincorporated Self-Employed (USE)	2,841	5.66	3,425	6.24
Incorporated Self-Employed (ISE)	621	1.24	1,169	2.13
Wage-and-Salary Workers with Self-Employment (WSSE)	901	1.80	905	1.65

Source: Tabulation by Carolyn Looff & Associates of unpublished data from the U.S. Department of Commerce, Bureau of the Census, *Current Population Survey,* March 1988 and March 1994.

four or more years of college. Self-employed men are better educated than their wage-and-salary counterparts; the same cannot be said of self-employed women.

Marital Status

Married women are relatively even more likely than married men to be self-employed rather than wage-and-salary workers. More than 70 percent of full-time women business owners are married compared with about 54.5 percent of women wage-and-salary workers.[26] The comparable figures for men are 75.6 and 63.3 percent respectively (Table 3.10).

Self-employment appears to offer married women special advantages that are less available in paid employment. One key advantage is probably the ability to work at home (especially in sales and service occupations), which enables women to maintain a business and a household at the same time. For both men and women, there is a slight tendency to be self-employed rather than wage-and-salary workers as the number of children increases.

Industry/Occupation

Proportionally, more women-owned than men-owned businesses are in retail trade and service industries: 78.1 percent of women business owners are employed in these industries, compared with 53.1 percent of men (Table 3.10).

By occupation, the percentages of self-employed women and men in sales/services are 39.9 and 24.5 percent, respectively. Only 3.3 percent of business men are in a service occupation, compared with 19.3 percent of business women. On the other hand, 42.4 percent of business men are in higher paid managerial and professional occupations, compared with 39.9 percent of business women.

Significant differences by gender are evident in occupational groups, both among self-employed and wage-and salary workers. Women in both the self-employed and wage-and-salary groups are much more likely than men to work in administrative support jobs. That is true for the services occupational group, and is especially true for unincorporated self-employed women. Men dominate the precision production, craft, and repair occupational group in both the self-employed and wage-and-salary categories.

Occupational data provide other insights into why a smaller proportion of women than men own businesses. A large proportion of women employees, 28.9 percent, work in clerical occupations, which appear to offer relatively few advantages to working for oneself; these occupations contain only

[26] This may be because the self-employed are older than wage-and-salary workers. Other research using Census data indicates that marital and family status has little influence on the probability of self-employment (unincorporated) for men or women. See Evans, *Entrepreneurial Choice*, 37–38.

Table 3.10 *Distribution of Full-Time Male and Female Workers by Various Characteristics, March 1994 (Percent)*

	Male			Female		
	Total Self-Employed (TSE)[1]	Unincorporated Self-Employed (USE)	Wage-and-Salary Only (WSO)	Total Self-Employed (TSE)[1]	Unincorporated Self-Employed (USE)	Wage-and-Salary Only (WSO)
Age						
16–24	3.30	2.55	10.97	4.14	3.30	11.36
25–44	52.08	52.65	59.48	51.81	49.34	57.91
45–64	40.33	40.68	28.30	41.42	44.06	29.44
Over 65	4.30	4.12	1.26	2.63	3.31	1.30
Education						
Less than 4 Years of High School	8.28	11.36	11.72	7.03	9.58	7.87
4 Years of High School to 3 Years of College	53.57	56.59	60.77	63.36	65.60	65.30
4 or More Years of College	38.15	32.04	27.51	29.61	24.82	26.84
Marital Status						
Married, Spouse Present	75.55	73.15	63.34	70.10	72.61	54.50
Other	24.45	26.85	36.66	29.90	27.39	45.50
Number of Children						
Zero	54.58	56.79	57.25	60.16	58.35	58.90
One	17.06	18.01	17.41	16.31	16.82	20.19
Two	17.92	15.52	16.96	15.99	17.13	15.10
Three or More	10.44	9.68	8.37	7.55	7.70	5.81
Major Industry						
Mining	0.40	0.28	1.10	0.22	0.12	0.22
Construction	17.30	22.46	7.60	2.63	1.61	0.92
Manufacturing	9.93	5.36	26.92	6.00	3.80	14.85
Transportation, Communications, and						

Public Utilities	5.54	6.06	10.89	2.68	1.48	5.45
Wholesale Trade	6.66	6.25	5.27	2.96	1.53	2.68
Retail Trade	16.83	16.95	13.81	25.04	24.29	13.37
Finance, Insurance, and Real Estate	7.07	7.05	5.23	7.47	6.19	10.55
Services	36.27	35.57	29.18	53.01	60.99	51.95
Major Occupation						
Executive, Administrative, and Managerial	24.86	18.46	14.03	24.24	20.34	15.01
Professional, Specialty	17.51	16.07	12.87	15.68	16.17	17.72
Technical and Related Support	1.63	1.15	3.28	0.90	0.99	4.45
Sales	21.28	22.96	10.37	20.58	21.57	9.70
Administrative Support, Including Clerical	1.46	0.58	7.00	12.79	6.69	28.93
Service, Excluding Protective Service and Private Household	3.25	3.66	6.45	19.29	27.74	11.37
Precision Production, Craft, and Repair	20.13	27.22	19.22	2.74	2.95	2.66
Operators, Fabricators, and Laborers	8.53	9.05	22.74	3.47	3.46	8.50
Other	1.36	0.86	4.05	0.31	0.09	1.66
Hours Worked in Survey Week						
35–40	31.18	34.78	54.07	43.12	43.78	69.36
41–48	14.13	12.96	17.84	15.55	13.43	15.51
49 or More	54.69	52.26	28.08	41.33	42.79	15.13
Weeks Worked in Previous Year						
1–49	13.53	16.48	14.41	19.46	21.57	17.49
50–52	86.47	83.52	85.59	80.54	78.43	82.51

*Total self-employed includes the unincorporated self-employed, incorporated self-employed, and wage-and-salary workers with self-employment.

Source: Tabulation by Carolyn Looff & Associates of unpublished data from the U.S. Department of Commerce, Bureau of the Census, *Current Population Survey,* March 1994.

12.8 percent of all self-employed women. On the other hand, only a very small proportion of women are employed in craft occupations in which business ownership is as common as paid employment. The small proportion of women employees and business owners in the crafts may be attributable to a combination of factors, including lack of training and insufficient capital.

Entrepreneurial Income

Income data provide an indicator of the relative success of self-employed and wage-and-salary workers.[27] The earnings of self-employed workers differ considerably according to whether the worker is incorporated, unincorporated, or self-employed with wage-and-salary work on the side. The relative differences may explain the different growth patterns in small business compared with wage-and-salary work.

The relative earnings of the different groups have changed little since 1983. Wage-and-salary work generally pays substantially better than self-employment. At the same time, there are significant numbers of the self-employed in high- and low-income classes. Individuals may be especially attracted to self-employment by the income of individual successful entrepreneurs, despite the fact that the unincorporated self-employed, for example, typically earn less than their wage-and-salary counterparts.

The most successful entrepreneurs are incorporated, with median earnings of $36,000 per year in 1994 (Table 3.11). Some 63 percent earned more than $30,000 per year in 1994, substantially higher than the 35 percent of the unincorporated self-employed that earned this amount per year.

Wage-and-salary workers without a side business earned $26,000 per year in 1994, higher than unincorporated self-employed workers but lower than those with incorporated businesses. Wage-and-salary workers with a side business earned only about $3,000 in the business. However, they tended to have significantly higher salaries than those without such a business, with median incomes of $30,000 in 1994.

Almost 57 percent of wage-and-salary workers with a side business earned more than $30,000, higher than USEs, but lower than ISEs. In 1982, relatively more individuals with incomes of $30,000 or more were incorpo-

[27] The business earnings discussed in this section refer to the net income an owner took out of a business, i.e., receipts minus personal expenses incurred in generating these receipts. Any comparison of income between self-employed individuals and wage-and-salary workers requires caution. Income of the self-employed does not include implicit income—such as using the business car for personal travel or the home as a place of work, or feeding or clothing the family from a store owner's own stock. Likewise, the income of wage-and-salary workers does not include employee benefits such as pension and health insurance. Moreover, it is likely that there is significantly more underreporting of self-employment income than of wage-and-salary income, simply because there are more opportunities to subjectively report self-employment income.

Table 3.11 *Distribution of Full-Time Employed Nonagricultural Workers with Full-Time, Full-Year Earnings, March 1994 (Percent)*

	Median Earnings (Dollars)	Less than $5,000	$5,000-$9,999	$10,000-$19,000	$20,000-$29,999	$30,000 or More
Unincorporated Self-Employed (USE)						
Business	19,000	22.6	7.9	19.3	15.3	34.8
Business and Wage-and-Salary	20,000	20.8	8.1	19.3	15.5	36.3
Incorporated Self-Employed (ISE)						
Wage-and-Salary	36,000	1.9	2.3	15.4	17.9	62.5
Business and Wage-and-Salary	38,000	1.6	2.2	15.2	17.3	63.7
Unincorporated and Incorporated Self-Employed (USE and ISE)						
Business	26,000	10.9	6.0	18.8	17.0	47.3
Business and Wage-and-Salary	27,000	10.1	5.7	18.6	17.1	48.6
Wage-and-Salary Workers with Self-Employment,(WSSE)						
Wage-and-Salary	30,000	6.7	2.8	15.1	23.6	51.8
Business and Wage-and-Salary	33,000	6.5	2.6	12.3	21.6	56.9
Wage-and-Salary Workers Only (WSO)						
Wage-and-Salary	26,000	0.9	4.5	25.6	26.6	42.4

Source: Tabulation by Carolyn Looff & Associates of unpublished data from the U.S. Department of Commerce, Bureau of the Census, *Current Population Survey,* March 1994.

rated or unincorporated self-employed workers than wage-and-salary workers.[28] In 1994, this relative situation changed: relatively more ISEs than WSOs, but relatively more WSOs than USEs had earnings of $30,000 or more (Table 3.11).

At the lower end of the income scale, in 1994, 22.6 percent of the unincorporated self-employed and 1.9 percent of incorporated self-employed workers earned less than $5,000 from their business, despite working full time and full year. The comparable figure for non-business owners was only 0.9 percent. Even when wage-and-salary earnings and business income are taken into account, the percentage of total self-employed workers earning less than $5,000 falls only to 16.6 percent. In other words, more than one-sixth of the self-employed earned less than the minimum wage.

The prospective advantages of self-employment must be great enough to induce such a high proportion of individuals to work for so low a return. The self-employed appear to find substantial compensation in implicit income, expectations of higher future income, tax advantages, and nonmonetary benefits, such as opportunity and self-determination. Because of their low earnings, self-employed workers might be expected to leave their self-employment status at a higher rate than wage-and-salary workers leave their current employer. The data from the CPS study, however, cannot be used to determine whether this is the case.[29]

Earnings of Men and Women

Typically, the unincorporated self-employed earn less than their counterparts in paid employment. However, when men and women business owners (USE and ISE) are compared with their paid counterparts, men owners earn the same as their wage-and-salary counterparts, while women business owners earn 19.1 percent less than women wage-and-salary workers (Table 3.12). The rapid increase in women business owners suggests that women value highly the flexibility in work hours and are willing to accept reduced earnings in exchange.[30] In 1994, women business owners earned 59.3 cents for every dollar earned by their male counterparts.[31] In contrast, women wage-and-salary workers earned 73.3 cents for every dollar of their male counterparts' earnings.

[28] *The State of Small Business*, 1986.

[29] The unemployment rate tends to be lower for the self-employed than for wage-and-salary workers; however, self-employed earnings more nearly reflect the success of the business than do the earnings of wage-and-salary workers. Rather than give up their businesses and join the ranks of the unemployed, the self-employed are more likely than paid workers to continue working during a recession but take home less income. T. Scott Fain, "Self-Employed Americans: Their Number has Increased," *Monthly Labor Review* (November 1980), 6.

[30] Also, the larger proportion of married women among women owners than wage-and-salary workers suggests that self-employment offers advantages to married women that are not available in paid employment. A key advantage is that many businesses, especially in the sales and service occupations, can be conducted in the home. Sheldon Haber, *Business Ownership*, 30.

[31] *The State of Small Business*, 1986.

Table 3.12 *Distribution of Full-Time Employed Nonagricultural Workers with Full-Time, Full-Year Earnings by Gender, March 1994 (Percent)*

	Median Earnings (Dollars)	Less than $5,000	$5,000-$9,999	$10,000-$19,000	$20,000-$29,999	$30,000 or More
Wage-and-Salary Workers Only (WSO)						
Wage-and-Salary	26,000	0.94	4.46	25.61	26.61	42.38
Male	30,000	0.67	3.12	20.15	23.77	52.29
Female	22,000	1.30	6.22	32.82	30.37	29.30
Unincorporated Self-Employed (USE)						
Business and Wage-and-Salary	20,000	20.77	8.14	19.26	15.54	36.29
Male	24,000	15.84	5.68	18.61	17.25	42.61
Female	10,800	32.97	14.22	20.88	11.30	20.63
Unincorporated and Incorporated Self-Employed (USE and ISE)						
Business and Wage-and-Salary	27,000	10.11	5.71	18.56	17.07	48.56
Male	30,000	7.17	3.79	16.08	17.21	55.75
Female	17,800	18.26	11.01	25.46	16.66	28.61

Source: Tabulation by Carolyn Looff & Associates of unpublished data from the U.S. Department of Commerce, Bureau of the Census, *Current Population Survey,* March 1994.

Several factors could contribute to the relatively low earnings of women business owners. They are concentrated more than business men in the low-paying service industries and less in the high-paying managerial and professional specialty occupations. Full-time women business owners also work fewer hours per week and fewer weeks per year than their male counterparts.[32]

Conclusion

Small businesses play a major role in promoting creativity and entrepreneurship in the American economy and serve as a training ground for the nation's entrepreneurs. The number of self-employed grew substantially between 1970 and 1994. The fastest growing segment of self-employment is the incorporated self-employed, which increased by 32.5 percent between 1988 and 1994.

Characteristics of the self-employed and wage-and-salary workers differ markedly. Compared with wage-and-salary workers, the self-employed are substantially older, better educated and, if male, more likely to be veterans. The number of women entrepreneurs increased dramatically, by more than 10 percent from 1988 to 1994. African-American entrepreneurs have not made similar inroads in self-employment.

Despite their recent gains, women business owners differ substantially from their male counterparts. For example, women are much less likely than men to operate a full-time business, suggesting that many women go into business because of the flexibility and adaptability it offers to combine work and family responsibilities.

The self-employed typically earn less than their counterparts in paid employment; however, incorporated business owners, the most successful group, earn substantially more than paid workers. The fact that about 16.6 percent of all business owners earn less than the minimum wage suggests that many self-employed workers either receive considerable amounts of implicit income or value highly the nonmonetary benefits of self-employment such as independence and flexibility.

[32] Differences in labor force attachment, i.e., movement into and out of the labor force between men and women have also been cited as one major reason why women earn less than men. A study analyzing data from the Income Survey Development Program (ISDP) found that work interruptions explain only a small proportion of the earnings differential, however. See Joseph J. Slavo and John M. McNeil, "Lifetime Work Experience and Its Effect on Earnings," *Current Population Reports*, Special Studies, Series P–23, No. 136 (Washington, D.C.: U.S. Department of Commerce, Bureau of the Census, June 1984), 5. On the other hand, recent research shows that years of experience explain a significant share of the male-female gap. See June O'Neill, "The Trend in the Male-Female Wage-Gap in the United States," *Journal of Labor Economics* (January 1985), S100–S101.

Appendix: The Data

CPS Data

The Current Population Survey (CPS) is a monthly nationwide Survey of approximately 60,000 households. It is the source of official government statistics on employment and unemployment. An important secondary purpose of the survey is to collect information on demographic characteristics such as age, sex, race, marital status, educational attainment, and family structure. Additional questions are included on a regular basis on such subjects as health, education, income, and previous work experience.

In the past, the CPS made no attempt to distinguish between wage-and-salary workers and those self-employed workers who, because their business was incorporated, paid themselves a wage or salary. The CPS basic questionnaire, however, now asks an explicit question about self-employment, and for workers who identify themselves as self-employed, the survey asks if the business is incorporated. Thus, for the primary work activity, researchers can distinguish among the unincorporated self-employed (USE), the incorporated self-employed (ISE), and wage-and-salary workers only (WSO) for any month.

Because the CPS focuses on workers' primary jobs, the CPS basic questionnaire does not provide complete coverage of all people with self-employment income. Fortunately, each year the March Supplement to the CPS asks workers detailed questions about their previous year's income by source. By matching the May and March CPSs, researchers have been able to identify those individuals whose primary work activity was wage-and-salary employment but who had self-employment income from the previous year (WSSE). Also identifiable are wage-and-salary workers who have no self-employment income (WSO). Because the CPS replaces one-fourth of its sample each month, only half of the sample answers both the May and March supplements. The use of this matched sample allows estimation of both the ISE and WSSE workers, but it does so only by reducing the sample by one-half. Moreover, the Employee Benefit Supplement is irregular, usually occurring only once every four or five years. Thus, the March CPS basic questionnaire is used to distinguish ISE from WSO workers, and the March Supplement is used to identify the WSSE workers. The March CPS allows calculation of the number of USE, ISE, WSSE, and WSO workers annually and allows for the maximum sample size for WSSE workers.

While the use of the March Supplement to the CPS does identify those WSSE workers who earned some income from self-employment in the previous year, the data set has limitations for examining the WSSE. The CPS provides no information about the industry, occupation, hours of work, number of employees, or legal form of ownership. In addition, the fact that the data cover income from the previous year means there is no complete count of those who are currently engaged in self-employment. To see why, consider the following hypothetical example using the March 1993 CPS. Suppose one worker was self-employed for the months of January through March 1992, but then accepted a wage-and-salary position beginning in April 1992. Upon accepting the wage-and-salary job, this worker closed his business. A second worker was employed at a wage-and-salary job for all of 1992, but for the months of January through March 1992, also attempted to start a business. This business failed in April 1992, and the second worker's sole source of income for the rest of the year was her wage-and-salary job. A third worker had a primary job as wage-and-salary worker in 1992, but he and his spouse owned a business that earned income for the entire year. In each of these cases the CPS implies that the worker is a WSSE. The first worker, however, is clearly a former self-employed worker (either an ISE or USE worker) who is currently a WSO worker. The third worker is a WSSE worker. The CPS can only provide an estimate of those workers who had any self-employment in the previous year.

Survey of Income and Program Participation

A complement to the information in the CPS is the Survey of Income and Program Participation (SIPP) data set. The SIPP is a longitudinal survey designed to provide detailed information on the economic situation of households and individuals. Each SIPP panel contains approximately 20,000 households. The survey has three basic elements. The first records basic social and demographic characteristics for each person in the household. The second has questions on labor force activity, types and amounts of income, participation in various cash and noncash benefit programs, attendance in post-secondary schools, private health insurance coverage, and public housing and other public assistance. The third element consists of various topical modules that change from one wave to the next.

While the SIPP sample is not as large or as timely as the CPS, it does contain certain data that make it ideal to augment the CPS data, especially for information about the WSSE workers. Unlike the CPS, SIPP asks all adult respondents about their self-employment activities during the month. As a result, even for WSO workers, the SIPP provides detailed information about self-employment. The SIPP asks for information about the industry, occupation, hours of work, whether the business is incorporated or not and if it is not, whether the business is a sole proprietorship or a partnership. If the business is not incorporated, SIPP asks if another family member has any ownership rights in the business. In addition, SIPP provides some detailed information about the earnings from the business and asks if the businessperson expects to have gross sales of $1,000 or more in the next 12 months. Because SIPP asks these questions of all workers, not just individuals who identify their primary job as self-employment, SIPP allows a more detailed study of WSSE workers. Since SIPP provides information about the two largest self-employment businesses of a worker, it also covers owners of multiple businesses. Wave 1 of the 1993 SIPP matches closely with the period covered by the March 1994 CPS data.

Worker characteristics and worker categories in Table 3A.6 correspond to those in Table 3.4. The two tables can be compared for differences. There are no appreciable differences in the age or gender patterns between the SIPP and CPS. Only slight differences show up in education and marital status patterns. Some minor differences show up in the industry and occupational breakdowns between the CPS and SIPP, but the discrepancies are relatively minor. However, the CPS indicates a higher degree of self-employment among African-American workers than does the SIPP. The same result occurs for wage-and-salary-only workers in the CPS versus the SIPP.

In summary, the CPS is the primary data source for this chapter. The use of future March CPSs will allow updating of the self-employment estimates on an annual basis.

Table 3A.1 *Distribution of Employed Nonagricultural Workers by Selected Characteristics, March 1988 (Percent)*

	Total	Females	African Americans
Number of Workers (Thousands)	**109,551**	**50,400**	**10,992**
Unincorporated Self-Employed (USE)	**7.4**	**5.6**	**2.9**
Self-Employed Only (SEO)	(6.2)	(4.6)	(2.1)
Full-Time	(4.3)	(2.5)	(1.4)
Part-Time	(1.8)	(2.0)	(0.7)
Self-Employed with Wage-and-Salary Employment (SEWS)	(1.2)	(1.0)	(0.7)
Wage-and-Salary Workers (WS)	**92.4**	**93.9**	**97.1**
Incorporated Self-Employed (ISE)	(2.7)	(1.2)	(0.5)
Full-Time	(2.4)	(0.9)	(0.4)
Part-Time	(0.4)	(0.3)	(0.1)
Wage-and-Salary Workers Only (WSO)	(87.4)	(90.9)	(95.3)
Full-Time	(67.0)	(62.1)	(74.0)
Part-Time	(20.3)	(28.8)	(21.3)
Wage-and-Salary with Self-Employment (WSSE)	(2.4)	(1.8)	(1.3)
Full-Time	(1.9)	(1.2)	(1.0)
Part-Time	(0.5)	(0.6)	(0.4)
Unpaid Family Workers	**0.2**	**0.4**	**0.0***
Total Self-Employed (TSE), including the Unincorporated Self-Employed, Incorporated Self-Employed, and Wage-and-Salary Workers with Self-Employment	**12.5**	**8.7**	**4.7**
Full-Time	(9.3)	(5.0)	(3.2)
Part-Time	(3.2)	(3.6)	(1.5)

Note: Numbers in parentheses are subtotals.

* Less than .05 percent.

Source: Tabulation by Carolyn Looff & Associates of unpublished data from the U.S. Department of Commerce, Bureau of the Census, *Current Population Survey,* March 1988.

Table 3A.2 *Distribution of Full-Time African-American, White, and Other Workers by Various Characteristics, March 1988 (Percent)*

	African-American			White			Other		
	Total Self-Employed (TSE)	Unincorporated Self-Employed (USE)	Wage-and-Salary Only (WSO)	Total Self-Employed (TSE)	Unincorporated Self-Employed (USE)	Wage-and Salary Only (WSO)	Total Self-Employed (TSE)	Unincorporated Self-Employed (USE)	Wage-and Salary Only (WSO)
Age									
16–24	5.93	7.19	16.91	3.47	4.10	18.93	2.17	1.95	17.37
25–44	59.10	46.14	57.00	55.19	52.61	54.08	54.93	57.02	57.69
45–65	30.51	39.16	24.05	37.27	36.17	24.78	41.73	39.26	22.92
Over 65	4.46	7.51	2.04	4.06	7.13	2.22	1.16	1.77	2.02
Education									
Less than 4 Years of High School	17.09	23.34	19.61	9.76	13.71	13.23	9.34	13.45	12.22
4 Years High School to 3 Years College	56.29	56.01	64.88	54.92	57.41	62.28	44.31	47.85	48.95
4 or More Years of College	26.61	20.65	15.51	35.33	28.89	24.49	46.35	38.70	38.83
Marital Status									
Married, Spouse Present	64.79	58.96	42.82	76.16	73.49	59.40	81.82	83.08	59.36
Other	35.21	41.04	57.18	23.84	26.51	40.60	18.18	16.92	40.64
Number of Children									
Zero	50.18	56.62	53.34	54.01	57.68	56.04	46.77	47.36	49.91
One	27.38	23.40	22.81	18.13	16.78	20.23	24.96	24.69	24.92
Two	15.75	15.81	14.68	19.00	17.05	16.50	17.20	17.68	16.08
Three or More	6.69	4.16	9.18	8.86	8.49	7.23	11.08	10.27	9.08
Major Industry									
Mining	0.00	0.00	0.25	0.54	0.34	0.78	0.00	0.00	0.37
Construction	9.46	9.94	3.74	14.49	16.20	5.48	7.01	7.68	2.78
Manufacturing	6.80	0.99	19.46	8.63	4.78	21.19	8.68	6.79	21.62
Transportation, Communications, and Public Utilities	11.55	8.34	9.76	5.08	3.59	7.26	3.47	2.83	6.53
Wholesale Trade	1.88	1.30	2.56	6.01	4.35	4.16	7.47	7.22	2.76
Retail Trade	8.37	8.08	13.51	17.61	17.84	17.23	26.64	30.48	19.88

Finance, Insurance, and Real Estate	6.33	4.78	5.71	7.54	7.17	7.28	5.65	3.38	7.79
Services	55.61	66.57	44.99	40.10	45.73	36.62	41.07	41.62	38.26
Major Occupation									
Executive, Administrative, and Managerial	21.41	21.86	6.39	24.29	18.10	12.00	24.43	18.75	10.77
Professional, Specialty	9.06	7.98	9.93	17.69	16.68	13.51	20.49	16.67	16.90
Technical and Related Support	1.69	0.91	2.91	1.14	1.07	3.48	0.89	0.38	5.26
Sales	10.14	9.06	6.68	21.87	21.68	11.75	23.60	25.43	10.18
Administrative Support, Including Clerical	7.14	4.09	18.49	4.32	3.63	17.98	4.31	2.65	17.30
Service, Excluding Protective Service and Private Household	22.80	33.07	19.18	7.27	12.82	10.15	10.25	16.73	13.08
Precision Production, Craft, and Repair	11.17	11.57	8.49	15.85	18.72	12.04	8.63	11.76	8.40
Operators, Fabricators, and Laborers	15.96	11.20	23.84	6.60	6.86	16.24	7.41	7.63	15.55
Other	0.62	0.26	5.09	0.98	0.43	2.85	0.00	0.00	2.55
Hours Worked in Survey Week									
35–40	43.59	49.37	76.71	36.65	38.77	63.01	38.18	35.73	72.97
41–48	14.02	9.91	10.34	12.74	11.81	15.06	7.77	10.63	10.57
49 or More	42.39	40.71	12.95	50.60	49.42	21.93	4.05	53.64	16.46
Weeks Worked in Previous Year									
1–49	26.49	39.09	26.95	15.34	27.64	24.17	16.53	23.96	27.13
50–52	73.51	60.91	73.05	86.44	72.36	75.83	83.47	76.04	72.87

Source: Tabulation by Carolyn Looff & Associates of unpublished data from the U.S. Department of Commerce, Bureau of the Census, *Current Population Survey,* March 1988.

Table 3A.3 *Distribution of Full-Time Male and Female Workers by Various Characteristics, March 1988 (Percent)*

	Male			Female		
	Total Self-Employed (TSE)[1]	Unincorporated Self-Employed (USE)	Wage-and-Salary Only (WSO)	Total Self-Employed (TSE)[1]	Unincorporated Self-Employed (USE)	Wage-and-Salary Only (WSO)
Age						
16-24	3.26	3.25	12.77	4.26	4.40	14.77
25-44	54.64	54.89	59.17	57.38	56.25	58.71
45-64	37.90	37.33	26.80	35.10	35.90	25.29
Over 65	4.20	4.53	1.26	3.27	3.45	1.23
Education						
Less than 4 Years of High School	10.07	12.75	13.89	9.76	12.88	10.12
4 Years of High School to 3 Years of College	52.18	54.43	58.83	61.80	66.30	65.54
4 or More Years of College	37.74	32.82	27.28	28.44	20.82	24.34
Marital Status						
Married, Spouse Present	78.43	75.44	65.47	68.56	69.22	53.85
Other	21.57	24.56	34.53	31.44	30.78	46.15
Number of Children						
Zero	52.77	54.91	55.81	56.16	53.14	58.77
One	18.21	17.96	19.21	20.19	20.90	21.30
Two	19.39	18.66	16.80	17.09	18.41	14.48
Three or More	9.63	8.47	8.19	6.56	7.54	5.45
Major Industry						
Mining	0.60	.37	1.19	0.19	0.14	0.38
Construction	18.00	22.21	8.73	2.12	2.11	1.06
Manufacturing	9.56	5.29	29.36	5.61	3.18	18.29
Transportation, Communications, and						

Public Utilities	5.98	5.11	10.90	3.05	1.27	5.29
Wholesale Trade	6.80	5.96	5.76	3.27	2.16	2.81
Retail Trade	16.15	15.56	12.40	22.03	24.23	13.79
Finance, Insurance, and Real Estate	7.03	7.21	4.98	8.60	7.90	11.43
Services	35.87	38.29	26.68	55.14	59.01	46.97
Major Occupation						
Executive, Administrative and Managerial	26.05	23.19	13.61	18.62	15.56	13.06
Professional, Specialty	17.82	16.77	12.38	16.49	11.58	15.71
Technical and Related Support	1.19	1.05	3.57	1.01	0.61	3.82
Sales	21.93	22.37	10.03	20.30	22.51	9.76
Administrative Support, Including Clerical	1.13	0.51	6.49	14.31	7.76	32.15
Service, Excluding Protective Service and Private Household	3.05	3.50	5.75	22.58	34.57	10.87
Precision Production, Craft, and Repair	19.63	23.76	21.19	2.76	3.45	2.71
Operators, Fabricators, and Laborers	8.12	8.32	23.33	3.45	3.78	10.57
Other	1.08	0.53	3.64	0.48	0.17	1.35
Hours Worked in Survey Week						
35–40	33.75	36.57	58.00	46.58	45.57	74.06
41–48	12.24	11.54	15.41	13.69	12.11	13.04
49 or More	54.01	51.89	26.59	39.73	42.31	12.90
Weeks Worked in Previous Year						
1–49	13.11	16.26	15.70	23.78	26.91	19.81
50–52	86.89	83.74	84.30	76.22	73.09	80.191

*Total self-employed includes the unincorporated self-employed, incorporated self-employed, and wage-and-salary workers with self-employment.

Source: Tabulation by Carolyn Looff & Associates of unpublished data from the U.S. Department of Commerce, Bureau of the Census, *Current Population Survey,* March 1988.

Table 3A.4 *Distribution of Full-Time Employed Nonagricultural Workers with Full-Time, Full-Year Earnings, March 1988 (Percent)*

	Median Earnings (Dollars)	Less than $5,000	$5,000-$9,999	$10,000-$19,000	$20,000-$29,999	$30,000 or More
Unincorporated Self-Employed (USE)						
Business	17,000	20.1	9.7	23.1	17.5	29.6
Business and Wage-and-Salary	17,500	18.6	9.8	23.7	17.6	30.3
Incorporated Self-Employed (ISE)						
Wage-and-Salary	31,000	1.4	5.4	17.0	18.8	57.4
Business and Wage-and-Salary	32,000	1.3	5.1	16.7	18.1	58.8
Unincorporated and Incorporated Self-Employed (USE and ISE)						
Business	23,000	9.8	8.4	22.3	19.1	40.4
Business and Wage-and-Salary	24,000	9.2	8.2	22.5	18.7	41.5
Wage-and-Salary Workers with Self-Employment (WSSE)						
Wage-and-Salary	24,000	9.9	5.8	22.5	25.1	36.8
Business and Wage-and-Salary	26,000	8.9	5.2	20.5	23.4	41.9
Wage-and-Salary Workers Only (WSO)						
Wage-and-Salary	21,000	1.1	8.0	34.2	27.4	29.3

Source: Tabulation by Carolyn Looff & Associates of unpublished data from the U.S. Department of Commerce, Bureau of the Census, *Current Population Survey,* March 1988.

Table 3A.5 *Distribution of Full-Time Employed Nonagricultural Workers with Full-Time, Full-Year Earnings by Gender, March 1988 (Percent)*

	Median Earnings (Dollars)	Less than $5,000	$5,000- $9,999	$10,000- $19,000	$20,000- $29,999	$30,000 or More
Wage-and-Salary Workers Only (WSO)						
Wage-and-Salary	21,000	1.06	7.99	34.22	27.38	29.35
Male	26,000	0.91	5.06	25.01	28.07	40.96
Female	17,000	1.27	12.09	47.09	26.42	13.13
Unincorporated Self-Employed (USE)						
Business and Wage-and-Salary	17,500	18.62	9.79	23.74	17.58	30.27
Male	20,000	14.20	7.94	22.23	19.21	36.42
Female	9,800	32.51	15.61	28.49	12.43	10.96
Unincorporated and Incorporated Self-Employed (USE and ISE)						
Business and Wage-and-Salary	24,000	9.21	8.17	22.46	18.68	41.48
Male	27,000	6.36	6.02	19.27	19.91	48.43
Female	12,800	19.70	16.08	34.20	14.13	15.88

Source: Tabulation by Carolyn Looff & Associates of unpublished data from the U.S. Department of Commerce, Bureau of the Census, *Current Population Survey,* March 1988.

Table 3A.6 *Distribution of Employed Nonagricultural Workers by Various Characteristics, 1993 SIPP Wave 1 (Percent)*

	Total Self-Employed*	Self-Employed Only	Wage-and-Salary Only	Wage-and-Salary with Self-Employment	Unincorporated Self-Employed	Incorporated Self-Employed	Incorporated, Status Missing
Full Time	75.26	73.73	79.79	86.10	72.50	88.83	68.04
Part Time	24.74	26.27	20.21	13.90	27.50	11.17	31.96
Age							
16–24	3.92	3.54	18.48	6.65	4.08	2.38	5.57
25–44	51.01	49.34	55.63	62.84	51.43	50.18	50.15
45–64	38.42	39.70	23.78	29.31	38.01	41.03	36.36
Over 65	6.65	7.42	2.10	1.21	6.48	6.41	7.92
Gender							
Male	66.59	67.25	54.10	61.93	65.68	82.23	46.33
Female	33.41	32.75	45.90	38.07	34.32	17.77	53.67
Race							
White	92.45	92.45	87.45	92.45	92.29	94.32	90.32
African-American	3.21	3.07	8.65	4.23	3.41	2.56	3.23
Other	4.33	4.48	3.90	3.32	4.30	3.11	6.45
Education							
Less than 4 Years of High School	12.18	12.88	15.86	7.25	13.92	6.41	12.32
4 Years of High School to 3 Years of College	55.64	55.74	63.73	54.98	56.40	49.82	61.00
4 or More Years of College	32.17	31.39	20.41	37.76	29.68	43.77	26.69
Marital Status							
Married, Spouse Present	76.23	76.80	58.40	72.21	73.62	81.50	81.52
Other	23.77	23.20	41.60	27.79	26.38	18.50	18.48

Veteran							
Veteran	20.22	20.90	12.73	15.41	19.68	26.19	13.49
Non-Veteran	79.78	79.10	87.27	84.59	80.32	73.81	86.51
Major Industry							
Mining	0.19	0.21	0.82	0.00	0.00	0.73	0.29
Construction	13.27	14.88	5.70	1.81	14.65	12.09	7.92
Manufacturing	6.80	6.99	24.65	5.44	6.09	8.61	7.62
Transportation	4.52	4.52	7.42	4.53	4.30	6.23	2.93
Wholesale Trade	4.97	5.20	5.54	3.32	3.35	10.62	4.40
Retail Trade	18.54	18.76	22.28	16.92	15.04	20.70	33.43
Finance, Insurance, and Real Estate	7.81	7.68	8.15	8.76	8.27	8.97	3.52
Services	43.91	41.75	25.45	59.21	48.30	32.05	39.88
Major Occupation							
Executive, Administrative and Managerial	27.35	30.49	12.49	5.14	22.53	45.42	23.75
Professional, Specialty	15.88	15.69	8.96	17.22	17.83	12.45	11.14
Technical	1.08	0.60	4.23	4.53	1.12	1.28	0.59
Sales	20.81	21.02	14.48	19.34	19.34	23.99	23.46
Administrative Support, Including Clerical	5.23	4.09	15.78	13.29	4.02	4.76	12.32
Service, Excluding Protective Service and Private Household	11.29	11.00	12.33	13.29	13.86	2.38	12.02
Precision Production, Craft, and Repair	16.78	16.89	12.81	16.01	19.56	9.52	13.78
Operators	1.57	0.21	18.92	11.18	1.73	0.18	2.93

Source: Tabulation by Carolyn Looff & Associates of unpublished data from the U.S. Department of Commerce, Bureau of the Census, *Survey of Income and Program Participation,* 1993 Wave 1.

Table 3A.7 *Nonagricultural Employment by Class of Worker and SBA Region, 1988 and 1994*

Region	Wage-and-Salary Only (Thousands)	Self-Employed (Thousands)			Total Employed (Thousands)
		Unincorporated Self-Employed	Incorporated Self-Employed	Wage-and-Salary Self-Employed	
United States					
1988	95,600	8,112	2,984	2,632	109,600
1994	101,300	8,856	3,955	2,539	116,800
Region I					
1988	5,711	442	213	144	6,526
1994	5,527	493	268	124	6,419
Region II					
1988	10,410	718	393	173	11,720
1994	10,070	809	504	147	11,540
Region III					
1988	10,370	776	245	249	11,660
1994	10,730	817	390	247	12,200
Region IV					
1988	16,960	1,333	545	435	19,310
1994	18,310	1,399	781	373	20,880
Region V					

1988	18,230	1,415	515	489	20,680
1994	19,790	1,328	720	503	22,360
Region VI					
1988	10,090	950	345	313	11,740
1994	11,170	1,109	322	302	12,920
Region VII					
1988	4,673	435	112	187	5,419
1994	4,733	453	183	154	5,530
Region VIII					
1988	2,725	321	121	123	3,299
1994	3,241	353	137	110	3,846
Region IX					
1988	13,210	1,356	379	375	15,360
1994	14,000	1,615	504	403	16,550
Region X					
1988	3,221	367	117	144	3,859
1994	3,785	480	147	177	4,591

Source: Tabulation by Carolyn Looff & Associates of unpublished data from the U.S. Department of Commerce, Bureau of the Census, *Current Population Survey*, March 1988 and March 1994.

Table 3A.8 *Change in Employment by Class of Worker and State, 1988–1993 (Thousands)*

State	Wage-and-Salary[1]	Self-Employed[2]	Total Employed
United States			
1988	**84,808**	**8,520**	**93,328**
1993	87,967	9,065	97,032
Percent Change	−3.7	6.4	4.0
Region I			
Connecticut			
1988	1,358	118	1,476
1993	1,335	123	1,458
Percent Change	−1.7	4.2	−1.2
Maine			
1988	424	59	483
1993	422	62	484
Percent Change	−0.5	5.1	0.2
Massachusetts			
1988	2,422	185	2,607
1993	2,343	196	2,539
Percent Change	3.3	5.9	2.6
New Hampshire			
1988	463	54	517
1993	452	46	458
Percent Change	−2.4	−14.8	−11.4
Rhode Island			
1988	409	27	436
1993	373	32	405
Percent Change	-8.8	18.5	-7.1
Vermont			
1988	207	31	238
1993	211	34	245
Percent Change	1.9	9.7	2.9
Region II			
New Jersey			
1988	3,003	218	3,221
1993	2,892	212	3,104
Percent Change	−3.7	−2.8	−3.6
New York			
1988	6,095	565	6,660
1993	5,775	565	6,340
Percent Change	−5.3	0.0	−4.8
Region III			
Delaware			
1988	269	15	284
1993	282	17	299
Percent Change	4.8	13.3	5.3
District of Columbia			
1988	183	19	202
1993	169	18	187
Percent Change	−7.7	-5.3	−7.4
Maryland			
1988	1,616	129	1,745
1993	1,698	161	1,859
Percent Change	5.1	24.8	6.5

Table 3A.8 *Change in Employment by Class of Worker and State, 1988–1993 (Thousands)*—Continued

State	Wage-and-Salary[1]	Self-Employed[2]	Total Employed
Pennsylvania			
1988	4,295	383	4,678
1993	4,318	361	4,671
Percent Change	0.5	−5.7	−0.1
Virginia			
1988	2,104	176	2,280
1993	2,310	196	2,506
Percent Change	10.0	11.4	9.9
West Virginia			
1988	471	48	519
1993	506	41	547
Percent Change	7.4	−14.6	5.4
Region IV			
Alabama			
1988	1,225	128	1,353
1993	1,364	137	1,501
Percent Change	12.4	7.0	10.9
Florida			
1988	4,380	428	4,808
1993	4,588	428	5,016
Percent Change	4.7	0.0	4.3
Georgia			
1988	2,283	187	2,470
1993	2,363	237	2,600
Percent Change	3.5	26.7	5.3
Kentucky			
1988	1,146	127	1,273
1993	1,211	148	1,359
Percent Change	5.7	16.5	6.8
Mississippi			
1988	734	82	816
1993	801	86	887
Percent Change	9.1	4.9	8.7
North Carolina			
1988	2,470	210	2,680
1993	2,538	235	2,773
Percent Change	2.8	11.9	3.5
South Carolina			
1988	1,183	109	1,292
1993	1,258	111	1,369
Percent Change	6.3	1.8	6.0
Tennessee			
1988	1,636	181	1,817
1993	1,757	188	1,945
Percent Change	7.4	3.9	7.0
Region V			
Illinois			
1988	4,170	331	4,501
1993	4,295	350	4,645
Percent Change	3.0	5.7	3.2
Indiana			
1988	2,034	183	2,217
1993	2,158	179	2,337
Percent Change	6.1	−2.2	5.4

Table 3A.8 *Change in Employment by Class of Worker and State, 1988–1993 (Thousands)*—Continued

State	Wage-and-Salary[1]	Self-Employed[2]	Total Employed
Michigan			
1988	3,276	249	3,525
1993	3,390	232	3,622
Percent Change	3.5	−6.8	2.8
Minnesota			
1988	1,575	167	1,742
1993	1,672	177	1,849
Percent Change	6.2	6.0	6.1
Ohio			
1988	3,887	288	4,175
1993	3,996	282	4,278
Percent Change	2.8	−2.1	2.5
Wisconsin			
1988	1,800	181	1,981
1993	1,927	161	2,088
Percent Change	7.1	-11.0	5.4
Region VI			
Arkansas			
1988	723	86	809
1993	785	90	875
Percent Change	8.6	4.6	8.2
Louisiana			
1988	1,241	109	1,350
1993	1,214	134	1,348
Percent Change	−2.2	22.9	−0.1
New Mexico			
1988	378	70	448
1993	442	79	521
Percent Change	16.9	12.9	16.3
Oklahoma			
1988	969	142	1,111
1993	953	135	1,088
Percent Change	−1.4	−4.9	−2.1
Texas			
1988	5,558	601	6,159
1993	6,131	639	6,770
Percent Change	10.3	6.3	9.9
1988	1,575	167	1,742
Region VII			
Iowa			
1988	948	111	1,059
1993	1,018	113	1,131
Percent Change	7.4	1.8	6.8
Kansas			
1988	839	92	931
1993	869	95	964
Percent Change	3.6	3.3	3.5
Missouri			
1988	1,815	185	2,000
1993	1,870	175	2,045
Percent Change	3.0	5.4	2.3

Table 3A.8 *Change in Employment by Class of Worker and State, 1988–1993 (Thousands)*—Continued

State	Wage-and-Salary[1]	Self-Employed[2]	Total Employed
Nebraska			
1988	531	57	588
1993	566	63	629
Percent Change	6.6	10.5	7.0
Region VIII			
Colorado			
1988	1,141	137	1,278
1993	1,326	154	1,480
Percent Change	16.5	12.4	15.8
Montana			
1988	210	43	253
1993	228	46	274
Percent Change	8.6	7.0	8.3
North Dakota			
1988	181	28	209
1993	183	20	203
Percent Change	1.1	−28.6	−2.9
South Dakota			
1988	196	36	232
1993	217	27	244
Percent Change	10.7	−25.0	5.2
Utah			
1988	486	63	549
1993	611	61	672
Percent Change	25.7	−3.2	22.4
Wyoming			
1988	128	22	150
1993	141	18	159
Percent Change	10.2	−18.2	6.0
Region IX			
Arizona			
1988	1,132	140	1,272
1993	1,217	151	1,368
Percent Change	7.5	7.9	7.5
California			
1988	9,598	1,240	10,838
1993	9,639	1,497	11,136
Percent Change	0.4	20.7	2.7
Hawaii			
1988	336	39	375
1993	389	38	427
Percent Change	15.8	-2.6	13.9
Nevada			
1988	440	39	479
1993	540	47	587
Percent Change	22.7	20.5	22.5
Region X			
Alaska			
1988	128	27	155
1993	167	28	195
Percent Change	30.5	3.7	25.8

Table 3A.8 *Change in Employment by Class of Worker and State, 1988–1993 (Thousands)*—Continued

State	Wage-and-Salary[1]	Self-Employed[2]	Total Employed
Idaho			
1988	210	41	251
1993	342	49	391
Percent Change	62.9	19.5	55.8
Oregon			
1988	921	147	1,068
1993	996	155	1,151
Percent Change	8.1	5.4	7.8
Washington			
1988	1,497	187	1,684
1993	1,720	230	1,958
Percent Change	14.9	27.3	16.3

[1] Private non-agricultural wage-and-salary workers.

[2] Nonfarm self-employed. Does not include the incorporated self-employed.

Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from U.S. Department of Labor, Bureau of Labor Statistics, *Current Population Survey.*

Chapter 4

Regulatory Relief for Small Business

Synopsis

On March 29, 1996, President Clinton signed groundbreaking legislation that opens new doors for small businesses. The Small Business Regulatory Enforcement Fairness Act of 1996 (P.L. 104–121) provides small businesses with more opportunities to participate in the federal regulatory process.

The new law represents a major small business victory because it reinforces and strengthens the Regulatory Flexibility Act (5 U.S.C. §§601–612) and codifies some of the administration's small business initiatives.

The Regulatory Flexibility Act (RFA), originally passed in 1980, requires federal agencies to evaluate the impact of their regulations on small business and to offer flexible regulatory alternatives when a rule is being developed. The 1996 amendments allow small businesses to challenge new agency actions in court when the company is adversely affected or aggrieved because the agency has not complied with the Regulatory Flexibility Act. In addition, the 1996 amendments extend the act to cover Internal Revenue Service (IRS) interpretative rulemakings to the extent that the rulemakings have paperwork requirements.

Beyond amending the Regulatory Flexibility Act, the 1996 legislation provides regulatory compliance assistance for small businesses and new mechanisms for addressing enforcement actions by agencies. Many provisions in the new law reflect the administration's efforts in support of small business, including requirements that federal agencies reduce the penalties against small businesses in enforcement actions, perform better economic analyses when evaluating the impact of regulations, work with industry to develop and enforce regulations, and simplify regulations overall.

In recent years, America's small businesses have been concerned that governments do not fully understand and appreciate the cost and burden of regulations on small business. Congress, through passage of the Small Business Regulatory Enforcement Fairness Act, and the administration, through presidential directives, have made progress in addressing regulatory and paperwork concerns. The 1996 legislation, coupled with early administrative efforts, has shifted federal agencies' attention to the disproportionate regulatory burdens shouldered by small businesses.

Background

A 1994 survey commissioned by the U.S. Small Business Administration (SBA) documented the regulatory and paperwork burdens on small business.[1] The report revealed that the costs of regulatory compliance place a disproportionate burden on small firms. In fact, firms with 20-49 employees reported spending nearly 20 cents of every revenue dollar to pay for the paperwork and operating costs attributable to regulations. These costs do not include the additional capital investments needed as a result of regulation. In fact, the burden of compliance is as much as 50 percent more for small businesses than for their larger counterparts.[2]

Taken together, the costs of obtaining information about regulations and the true costs of complying fully with all regulations are daunting to small firms. Among the problems small businesses identify in complying with regulations are the following:

- An unclear understanding of what is required to comply;
- Frequent changes in regulations;
- High true costs (both direct and indirect) to fully comply; and
- Difficulties in obtaining clear answers to questions about compliance.

The SBA's Office of Advocacy, in cooperation with the White House Conference on Small Business, held a series of 15 focus groups between October 1994 and January 1995 to assess the future of small business and entrepreneurship in the 21st century.[3] The focus groups identified regulations as one of the major barriers to small business market entry and an inhibitor of company growth. Every panel cited the extent, complexity, and uncertainty associated with regulations at all levels of government as impeding the establishment and growth of businesses. Participants agreed that policymakers should employ better cost-benefit analyses and risk assessment methods to develop simpler and more flexible regulations.

The Regulatory Flexibility Act

Small businesses' most significant mechanism for influencing the development of federal regulations is the Regulatory Flexibility Act. The law was originally passed in 1980 to ensure that federal agencies fit regulations to the scale of the affected businesses. Agencies are required to perform economic and

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[1] Thomas D. Hopkins, *A Survey of Regulatory Burdens*, report mo. PB95-263190 prepared by Diversified Research, Inc., for the U.S. Small Business Administration, Office of Advocacy (Springfield, Va.: National Technical Information Service, June 1995).

[2] U.S. Small Business Administration, Office of Advocacy, *The Changing Burden of Regulation, Paperwork, and Tax Compliance on Small Business: A Report to Congress*, report no. PB96-113642 (Springfield, Va.: National Technical Information Service, October 1995).

[3] U.S. Small Business Administration, Office of Advocacy, *The Third Millennium: Small Business and Entrepreneurship in the 21st Century*, report no. PB95-241196 (Springfield, Va.: National Technical Information Service, 1995).

regulatory analyses, solicit and consider flexible regulatory proposals from small businesses, and explain the rationale for their regulatory actions.

When Congress passed the RFA in 1980, it spelled out reasons why regulations should not simply be applied uniformly to all businesses. In fact some of the best reasons were not simply for the benefit of business, but for the advantage of the public. Congress found that the failure to recognize differences in the scale and resources of regulated entities has in many cases discouraged innovation that leads to beneficial products and processes, restricted improvements to productivity, adversely affected competition in the marketplace, and created barriers to entry in many industries.

Many regulations have been applied uniformly to small and large businesses alike, even though the problems that gave rise to the government action may not have been caused by small firms. Uniform federal regulatory and reporting requirements have in many instances imposed unnecessary and disproportionately burdensome demands on small businesses with limited resources. The Regulatory Flexibility Act sets out specific processes for federal agencies to use in analyzing the impact of regulations on small businesses.

General Requirements

The Regulatory Flexibility Act requires agencies to take steps to collect input from small entities on proposed rulemakings and to determine whether a regulation is expected to have a significant economic impact on a substantial number of small entities. This evaluation must produce an economic analysis that substantiates an agency's actions. Moreover, federal agencies are required to identify alternative, flexible regulatory approaches for regulations affecting small businesses.

As agencies proceed through the administrative steps required by the act, the SBA's Office of Advocacy monitors regulatory development, reviews the agency's compliance with requirements for seeking small business advice, submits public comments on proposed rules and initial economic findings, and evaluates final rules and analyses.

The RFA also requires agencies to perform a periodic review of existing regulations. If a regulation has a significant economic impact on a substantial number of small entities, the agency must evaluate the rule every 10 years. Through a public review process, the agency must seek the comments of small businesses and the others in the public and must consider alternatives to minimize the impacts on small businesses.

Strengthening the RFA: The Small Business Regulatory Enforcement Fairness Act

What happened in 1996? The small business community was successful in persuading Congress and the administration that a new law was needed to ensure full agency compliance with the RFA. The Office of Advocacy reports to Congress every year on agencies' compliance with the RFA. These reports built a record of evidence that contributed to the decision of Congress and the President to reinforce the role of small businesses to ensure equal participation in regulation development.

The 1996 legislation—the Small Business Regulatory Enforcement Fairness Act—amended the RFA by allowing small businesses adversely affected or aggrieved by an agency's final action to seek judicial review. The court may evaluate the merits of a small business's case by reviewing an agency's compliance with the RFA. The new judicial review provisions demonstrate that the recommendations of small businesses and the Office of Advocacy are a serious consideration in regulatory decision making.

The amendments to the Regulatory Flexibility Act also include an important provision that expands the coverage of the law to IRS paperwork regulations, which generally were exempted in the original act. The paperwork burden of the Internal Revenue Service is a primary concern of small businesses, and the process of preparing a regular payroll is a constant reminder of the numerous regulations dealing with tax withholding and reporting.

Beyond amending the Regulatory Flexibility Act, the 1996 legislation provides regulatory compliance assistance for small businesses and new mechanisms for addressing enforcement actions by agencies. The law requires that federal agencies work with industry to develop and enforce regulations, reduce the penalties against small businesses in enforcement actions, perform better economic analyses when evaluating the impact of regulations, and simplify regulations overall.

Judicial Review

Under the amended RFA, a small business that is adversely affected or aggrieved by an agency's failure to comply with the act during the rulemaking process may seek review of the rule in court.

While not all provisions in the Regulatory Flexibility Act are subject to judicial review, the main elements can be scrutinized by the courts. The most important element of an agency's action is its economic analysis. If an agency determines that a rule will not have a significant economic impact on a substantial number of small entities, it must so certify and be able to justify its conclusion with a fact-based, quantitative analysis. The agency must request public comment on its certification, and the certification can be reviewed by the court.

If an agency determines that a rule will have a significant impact, it is mandated to complete a full regulatory and economic analysis and solicit small business review of its conclusions. Part of the analysis must be a serious consideration of alternative regulatory approaches that would relieve the burdens on small business. These analyses and conclusions, included in a final regulatory flexibility analysis, also are subject to judicial review.

One of the key questions that an agency must answer is: will a regulation have a significant economic impact on a substantial number of small entities?

Whatever an agency's answer, the data used for decisionmaking will be critically reviewed by a court. Commonly, agencies want a concrete definition of "significant impact" and "substantial number." Decisions about these terms clearly fall to the courts. The agency will be challenged to demonstrate the integrity of its decision model. Future courts' interpretations will color the effects of this law, but agencies can expect to be held to a high standard by the small business community.

The court may review 1) an agency's proper use of the definition of small business; 2) the final regulatory flexibility analysis, including the agency's efforts to evaluate alternative regulatory approaches and reasons for rejecting or accepting them; 3) the agency's effort to collect comments from small entities through a variety of mechanisms; 4) any decision to certify that a rule will not have an impact on small businesses and the factual basis for such certification; 5) a decision to delay the completion of a final regulatory flexibility analysis in the event of an emergency rulemaking; and 6) compliance with a requirement for periodic reviews of rulemakings at the 10-year anniversary of every rule or the enactment of the 1980 law, whichever is first.

Analysis

Small businesses, along with other Americans, enjoy the benefits that regulations help to create, among them a cleaner environment, fair market practices, and safer workplaces, roadways, and food. Agencies have an obligation to fulfill their missions to protect and advance American society.

At the same time, the benefits of regulation often are distributed broadly, while the costs tend to fall on specific businesses or people. As the Regulatory Flexibility Act highlights, these costs can be hard hitting for small firms. Agencies can advance the effectiveness of regulations by performing comprehensive economic analyses that include small business impacts and by developing flexible regulatory approaches. Under the Regulatory Flexibility Act, agencies are required to publish a small business analysis during regulation development.

Determining a rule's impact on small businesses and other small entities is an important part of the rulemaking process, and the validity of the RFA analysis will be a critical factor in decisions about an agency's compliance. President Clinton in 1993 directed executive agencies to restore the integrity and legitimacy of regulatory review and oversight and to make the process more accessible and open to the public.[4] The Regulatory Flexibility Act extends these requirements to all federal agencies, requiring them to submit their analysis for public review and comment. With small business scrutiny, the analysis should be legitimate and defensible.

As the basis for new rules, an agency must establish a record of small businesses' contribution to the problem that is to be solved. The agency is

[4] Executive Order 12866, September 30, 1993.

then obligated to produce a meaningful analysis of the effectiveness of proposed remedies and the impact of the regulation on the affected parties. Useful data on industry characteristics becomes very important when agencies are assessing the varying effects of regulations on different sized businesses. An analysis should place special emphasis on the ability of a small business to cover or recover costs of new regulation and how it will affect their competitive position with larger firms.

One common mistake in economic analysis is using the aggregate or mathematical average to determine the impact of a regulation on small business. The objectives of the Regulatory Flexibility Act will be achieved only if agencies complete thorough detailed analyses that isolate affected small business sectors. Variables should include different business size and industry classifications. In addition, the definitions used in an economic analysis also must withstand critical review. For example, agencies are compelled to use definitions for small business established by the U.S. Small Business Administration in their analyses for most cases. If an economic analysis uses alternative definitions, the agency must solicit the consultation of the Office of Advocacy and public review. This critical definition question and the analytical methodology are linchpins in an agency's demonstration of compliance with the Regulatory Flexibility Act.

Influence in Regulation Development

Participating in the development of regulations is an important right of small businesses. The administration has encouraged federal agencies to develop regulation in a cooperative environment. The passage of the Small Business Regulatory Enforcement Fairness Act has cemented the important role of small businesses in the regulation development process.

The RFA explicitly requires agencies to ensure that small businesses are engaged in the process. Agencies must solicit small business participation in rulemakings through industry publications, direct mail, public meetings, and electronic means.

EPA and OSHA Regulatory Review Panels

The amended Regulatory Flexibility Act requires an extra step for the Environmental Protection Agency (EPA) and the Occupational Safety and Health Administration (OSHA) in the development of regulations. Specifically, the act requires that the agencies receive input from affected small businesses before proposed rules are published.

For each significant proposal, EPA or OSHA convenes a Small Business Advocacy Review Panel. The interagency panel—including employees of the agency, the SBA's Office of Advocacy, and the Office of Management and Budget—review the draft proposed rule and economic or scientific analyses developed by the agency.

The panel is required to collect the advice and recommendations of small business representatives and complete a report on its findings. The agency uses the report to help determine the impact on small businesses and make revisions to the rule. This process is an important addition to the Regulatory Flexibility Act because it inserts small businesses into the early process and the panel report becomes a part of the public record.

Congressional Review

The Small Business Regulatory Enforcement Fairness Act has another provision that provides small businesses with an avenue for involvement in the regulatory approval process.

The 1996 law provides for congressional review of rulemakings by federal agencies. Before any rule goes into effect, agencies are required to give the Congress an opportunity to review the rule. Small businesses may use this as an opportunity to discuss the regulation with lawmakers. Major rules—those with a $100 million impact on the economy or a major impact on an industry, government, or consumers; or those affecting competition, productivity, or international trade—cannot go into effect until congressional review is complete.

Compliance Assistance

The 1996 act also sets new objectives for agencies' compliance assistance efforts. While some federal agencies engage in cooperative programs or publish compliance manuals to assist regulated businesses, the Small Business Regulatory Enforcement Fairness Act goes further.

Federal agencies must publish compliance guides for all newly published rules with a significant small business impact. These guides must explain in plain language how the firms can comply with the regulations. If a small business is charged with noncompliance in an enforcement action, the court review may include the content of the small business compliance guide in assessing the reasonableness of the proposed penalty.

Small businesses that are confused by a regulation or need clarification often ask agencies for explanation. Under the new law, agencies also are required to establish a system for addressing compliance inquiries from small businesses. Any guidance provided by an agency will be considered as evidence of the reasonableness of proposed penalties, fines, or damages assessed against a small entity.

Finally, to step up compliance assistance, agencies are required to use the small business development centers as a point of distribution for compliance assistance. The centers are located in every state and offer one-stop assistance to small businesses. They are administered by the U.S. Small Business Administration as a cooperative program effort of the private sector, the educational community, and federal, state, and local governments.

Enforcement Actions

Small Business Ombudsman and Boards

The SBA Administrator is directed by the law to appoint a small business and agriculture regulatory enforcement ombudsman to work with each agency to receive comments from small businesses concerning enforcement-related activities conducted by agency personnel. In addition, regional small business regulatory fairness boards are established in each SBA region to advise the ombudsman on matters of concern to small business relating to the enforcement activities of agencies.

The law provides small businesses with a new venue for registering complaints about excessive enforcement actions by federal agencies. Because board members will be small business owners and operators, they will offer a less intimidating, but powerful process.

Penalty Policy

Under the new law, each agency must establish a policy to provide for the reduction and, under appropriate circumstances, waiver of civil penalties for violations of statutory or regulatory requirements by a small business. This provision codifies a directive issued by President Clinton in March 1995 for small business relief.

Equal Access to Justice

Small businesses are granted more opportunity to recover attorney fees under the 1980 Equal Access to Justice Act in litigation with the government. In administrative and judicial proceedings, if the government's demand is unreasonable when compared with the judgment or decision, then the small business can be awarded attorney fees and other expenses related to defending against the action. Allowable attorney fees were increased from $75 to $125 per hour.

Conclusion

While small businesses have been given new avenues to participate in the regulatory process, they must aggressively pursue their rights. Regulations will improve only when small businesses critique proposed regulations and agencies extend invitations to small businesses. Compliance will be achieved when both agencies and small businesses seek to work cooperatively. If their grievances about enforcement actions are to be addressed, small businesses must understand their rights and obligations in administrative and legal proceedings and use the processes wisely.

Only through vigilant efforts to participate in the process of governance will small businesses fully enjoy their rights.

Chapter 5

Innovation and Small Firms

Synopsis

Many of the technologies and industries seen as critical to the nation's future economic growth are closely identified with new technology-based firms (NTBFs). For example, biotechnology and computer software are industries built around new technologies that were largely commercialized by small businesses. The role of NTBFs as commercializers of new technologies is largely a U.S. phenomenon. Small businesses retain certain advantages over large businesses in the American commercial environment characterized by fast-moving technologies and rapidly changing consumer needs.

Since 1980, the federal government has instituted active policies in support of these dynamic NTBFs. Building on experiences in the states, Congress and the executive branch created new programs in which government and the private sector are partners in developing and deploying new technologies. These programs include the Small Business Innovation Research (SBIR) program, the Small Business Technology Transfer (STTR) program, the Advanced Technology Program (ATP), the Manufacturing Extension Partnership (MEP) program, and several financing programs for high technology companies administered by the U.S. Small Business Administration.

These programs stress commercialization potential, nonfinancial assistance, and better intellectual property rights protection. They represent only a small fraction of America's total investment in research and development (R&D), but in leveraging money to the public and private sectors, they have an economic impact far greater than that suggested by the program budget alone. Taken together, the programs represent an important commitment to the process that allows small technology-based businesses to use their unique competencies to address federal research needs, create new products and processes, and bring them to commercial markets.

New Technology-Based Firms' Contributions to the Economy

Most of the giant corporations that dominate the economic landscape began as small businesses whose founders developed radical new skills, knowledge, and information. In the early part of the 20th century, Henry Ford made the automobile an affordable consumer good with his use of the assembly line.

More recently, Bill Gates created a standard disk operating system for the personal computer. Since 1960, 29,358 high technology companies have been formed. About one-third have been software firms.

The role of small businesses as commercializers of new technologies is largely an American phenomenon.[1] The continual creation and marketing of new ideas by innovative new start-up companies steadily destroys the position of stagnant firms. This process is now thought by many economists to be fundamental to the prosperity of a capitalist economy. The continued ability of start-up companies to challenge industry leaders is thus of critical public policy concern.

One of the salient features of the U.S. innovation system is its enormous size. For a substantial portion of the post-World War II period, the national R&D investment of the United States was larger than the combined investment of all other member nations of the Organization for Economic Cooperation and Development.

The U.S. innovation system is unique also in that it has three key components: industry, universities, and the federal government. In 1995, U.S. expenditures on R&D totaled $171 billion. Companies accounted for 59.4 percent, the federal government for 35.5 percent, universities for 3.2 percent, and nonprofits for 1.8 percent.[2] Total R&D expenditures have grown steadily in the post-war period. However, since the end of the Cold War, the federal share of R&D has been declining, while the industrial share has grown to 2 percent of gross domestic product.

The share of industrial R&D performed by small firms increased from 5.6 percent in 1980 to 14.5 percent in 1995. Company-funded industrial R&D going to small firms has increased, but the corresponding federal share has remained at about the same level over the past decade. In 1993, of the $60.7 billion the federal government spent on R&D, small firms received 3.8 percent, up very little from the 3.5 percent they won in 1978 (Chart 5.1).

Despite their small share of federal R&D, new technology-based firms and individuals received 38 percent of all domestic utility patents granted in the United States in 1991. Given small businesses' small percentage of federal research funds, this output measure reflects a high rate of accomplishment.

In fact, in the modern economy, innovation remains largely the work of smaller firms. Though in the aggregate, NTBFs spend only a fraction of what large firms spend on total R&D, they produce more than half of the innovations. One study undertaken for the SBA identified a total of 8,074 innovations in 362 industries from 46 technical, engineering, and trade journals. Small firms were estimated to be responsible for 55 percent of the innovations, which included innovations at different levels of significance. A sampling of the most innovative industries reveals widely different patterns of small and large firm contributions (Table 5.1).

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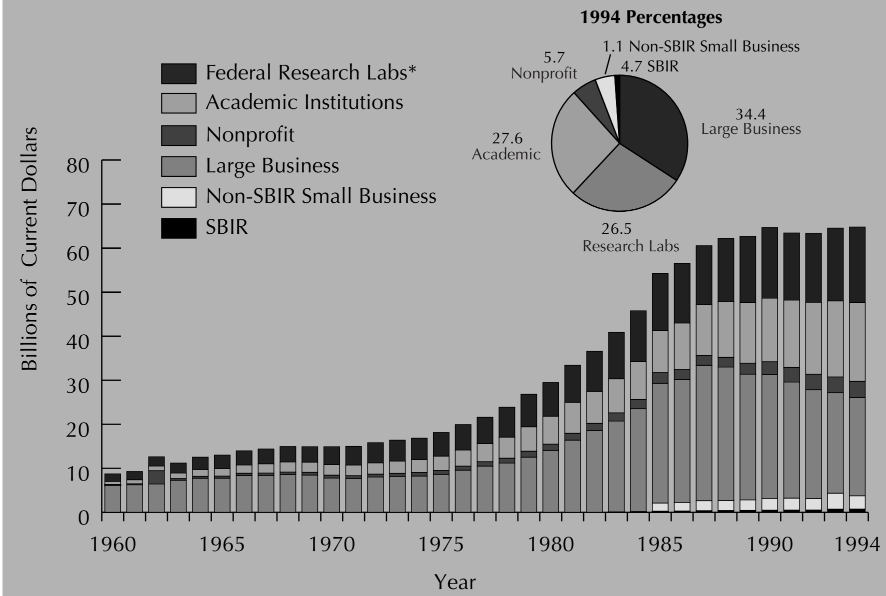
[1] Richard Nelson, *National Innovation Systems* (Oxford, England: Oxford University Press, 1993).

[2] U.S. National Science Foundation, *Science and Engineering Indicators* (Washington, D.C.: U.S. Government Printing Office, 1996), 4–6, Table 4.1.

Chart 5.1 *Allocation of Federal Research and Development Funding, 1960–1994.*



* Includes federally funded research and development centers.

Source: U.S. Small Business Administration, Office of Advocacy, based upon data from the National Science Foundation.

How can small firms' innovative activity be explained? While many explanations have been offered for the innovative prowess of small firms, one that is consistent with both entrepreneurship and fundamental U.S. American values is the role of property rights.[3] Small firms' greater innovative capacity may be explained by their relatively more generous property rights.[4] People must be able to keep a portion of the fruits of their labor or they will not innovate. An innovator in a large company often has very limited property rights protection: the new product generally belongs to the firm, not the employee who invented it. Creative employees have less incentive to work hard for the company. The less-than-perfect incentive structure in many large corporations can allow bureaucratic inertia to drive corporate decisions. Managers' and employees' interests lie in protecting their claims on the firm's cash flow. Small firms are better able to protect their property rights, which means there is more incentive to work hard.[5]

[3] David B. Audretsch, *Innovation and Industry Evolution* (Cambridge, Mass.: The MIT Press, 1996).

[4] In firms that concern themselves with basic scientific research, which includes many biotech firms, scientists have an incentive to innovate that goes beyond property rights. It is known as the priority of discovery that arises because of the recognition awarded by the scientific community for being first. In this milieu, the larger the investment in R&D, the more innovations that investment will tend to produce.

[5] See F.M. Scherer, testimony before the U.S. Senate, Committee on the Judiciary, Subcommittee on Monopolies and Commercial Law, February 21, 1988.

Table 5.1 *Number of Innovations by Large and Small Firms in the Most Innovative Industries, 1982**

Industry	Total Innovations	Small Firm Innovations	Large Firm Innovations
Electronic computer equipment	395	227	158
Process control instruments	165	93	68
Radio and TV communication equipment	157	72	83
Pharmaceutical preparations	133	13	120
Electronic components	128	73	54
Engineering and scientific instruments	126	83	43
Semiconductors	122	29	91
Plastics products	107	82	22
Photographic equipment	88	9	79
Office machinery	77	10	67

*Large and small firm innovations do not always sum to total innovations because several innovations could not be classified according to firm size.

Source: Keith L. Edwards and Theodore Gordon, *Characterization of Innovations Introduced in the U.S. Market in 1982,* report no. PB84-212067, prepared by The Futures Group under contract with the U.S. Small Business Administration, Office of Advocacy (Springfield, VA: National Technical Information Service, 1984). As reported in Zoltan Acs and David Audretsch, *Innovation and Small Firms* (Cambridge, MA: The MIT Press, 1996), table 2.1.

There are many incentives to work in addition to property rights. Corporate culture also affects motivation and incentives for hard work. For example, employees of Sun Microsystems (a large firm) have a commitment to succeed that is enhanced by the large number of people sharing it; that may be inspirational to the point of making people want to work harder. A small firm may not provide the commonly shared culture of a large organization and may threfore require more self-motivation to get new ideas out.

NTBFs gain their comparative innovative advantage by exploring new technological spaces that may have been overlooked by larger firms. In many industries small firms receive funding for such efforts. Regional networking facilitates this process and permits small firms to obtain and use knowledge more efficiently in order to make radical innovations. Because their research is closely tied to that of other institutions and firms, it diffuses quickly.[6]

[6] Larger firms may not explore new technological spaces, not because of neglect, but because of fear of "cannibalization"—having one's own new products steal market share away from one's established ones.

Knowledge is localized for both start-up and other firms, but start-ups are more closely tied into regional networks because they depend on networks for critical knowledge inputs. If knowledge flows are localized, then firms located in distant regions are excluded from knowledge networks. Where this occurs, large firms must get knowledge inputs internally.

Both small and large firms play important roles in innovative activity. Small firms tend to have the innovative advantage in industries with high technological opportunity and where large firms dominate. This suggests a division of labor between large and small firms. Small firms are superior in commercializing new knowledge; large firms are superior in their ability to appropriate returns from these innovations, either by buying property rights or acquiring the small firms.[7]

Thus, the greatest synergy might be achieved through continual mergers of new small firms with innovative products into large firms with international market access. For example, highly innovative small pharmaceutical companies are continuously absorbed into larger multinational firms as the industry is forced to become more efficient.

In the global economy, the fundamental driving force behind rising living standards is the ability to innovate. Radical innovations are just as likely to take place in small firms as in large firms because of the advantages that small firms offer in protecting property rights. Therefore, the continued entry of new technology-based start-ups into the economy is a crucial public policy issue.

Government plays an important role in small firm innovation by increasing small business access to the R&D infrastructure, diffusing risk, and providing capital. The SBIR and STTR programs help to ensure that NTBFs have access to the huge federal R&D infrastructure. The advanced technology and manufacturing extension programs help integrate the research into small firm networks. And Small Business Administration programs increase the pool of equity and lending capital. By strengthening the innovative capabilities of the small firm sector, these programs foster America's global competitiveness and technology-based economic growth.[8]

SBA Management and Financial Support for NTBFs

The federal government has played an active role in financing new high technology firms since the Soviet Union launched the Sputnik satellite in the late 1950s. In recent years, European and Asian nations and many U.S. states have adopted similar incentives. While these programs' precise structures have differed, the efforts have been predicated on two shared assumptions: that the private sector provides insufficient capital to NTBFs and that the gov-

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[7] Wesley M. Cohen and Steven Klepper, "A Reprise of Size and R&D," *Economic Journal*, vol. 106, 1996, 925-951.

[8] Lee Preston and Charles O. Heller, *Small Business Economics*, Special Issue on Small and Medium-Sized Enterprises in the Global Economy, vol. 9(1), 1997.

ernment can identify firms where investments will ultimately yield high social and/or private returns.[9]

Small Business Development Centers

Congress created the Small Business Development Center (SBDC) program in 1980 to provide some of the management, technical, and research assistance needed to aid the start-up, expansion and successful operation of small businesses. The program fosters economic growth through job creation and generation of tax revenues. The SBDC network has grown over the last decade to include about 950 service delivery locations meeting the counseling and training needs of more than 550,000 clients annually throughout the 50 states, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands.

In addition to providing basic management, technical, and research assistance to pre-venture entrepreneurs and existing small businesses, a number of SBDCs are emphasizing assistance to technology companies. Specialized services include commercialization help, assistance to inventors and manufacturers, SBIR application assistance, and services to NTBFs. SBDCs have provided counseling to more than 100,000 small manufacturing firms over the last five years, including 23,000 in 1995 alone.

The SBA has also established an agreement with the U.S. Department of Commerce to establish SBDC field offices at manufacturing extension centers to improve the competitiveness of small and medium-sized manufacturers by providing management and marketing consulting and guidance. To date, field offices have been established at manufacturing extension centers in New York, Ohio, South Carolina, California, Minnesota, Michigan, and Kansas.

The following are examples of SBDCs working with technology-based firms.

ACCELERATE Technology SBDC, California

California's ACCELERATE Technology SBDC is one example of an SBDC that focuses on high technology businesses. The California SBDC has grown from one "technology center" to a variety of jointly funded activities around the state. The SBDC assembled potential investors, sales leads, venture capitalists, representatives of government and high technology industries, and SBDC clients at its Technology Showcase. The showcase was one of several innovative strategies that included a venture capital forum, coaching clients for investor presentations, co-sponsoring workshops on preparing successful SBIR/STTR applications, and introducing clients to potential investors and partners.

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[9] The rationale for such programs is discussed in depth in U.S. Congressional Budget Office, *Federal Financial Support for High-Technology Industries* (Washington, D.C.: U.S. Government Printing Office, 1985). For a review of the literature, see Glenn R. Hubbard, "Capital Market Imperfections and Investment," *Journal of Economic Literature*, 1995. For the long-run impact of these programs, see Josh Lerner, *The Government as Venture Capitalist: The Long Run Impact of the SBIR Program*, working paper 96-038 (Boston, Mass.: Harvard Business School, 1996).

In 1995, ACCELERATE counseled 269 businesses, creating 83 new high-paying jobs and saving 107 others, for an economic impact of more than $74 million—the entire federal cost of operating the SBDC program in FY 1995. In addition, the program introduced 128 clients to potential investors; 12 percent went on to face-to-face meetings. ACCELERATE helped five clients secure more than $10 million in equity funding.

For example, ISCHEM Corporation, a manufacturer of neural network computers for medical diagnostics, closed on a $5 million equity financing. With ACCELERATE's assistance the firm gained valuable introductions to investors, consultants, and strategic allies.

Another ACCELERATE client, XCORP, was featured in a recent issue of *Technology Transfer Week,* a showcase of global business opportunities in defense conversion and dual-use technology. With assistance from the SBDC, XCORP has developed alliances with the National Aeronautics and Space Administration (NASA) and the Department of Energy to manufacture XCAR parts in a new rapid prototyping plant.

South Carolina State University SBDC, South Carolina.

The South Carolina State University SBDC has worked with Westinghouse Savannah River Company in Aiken, South Carolina, to inform regional businesses of the technologies available from the Savannah River Site Laboratory. The SBDC continues to work with five technologies, three of which are nearing marketability. One is the "bone growth stimulator" that is currently going through the FDA approval process. When approved, it will be manufactured by a South Carolina firm, CTM Technology, and marketed by a Florida firm. This product is being evaluated in several overseas markets including Canada, Australia, and Asia. The product will reduce the time required for a broken bone to heal by 20 to 30 percent.

Financial Support for NTBFs

The U.S. Small Business Administration (SBA) has several loan programs that assist small businesses whose primary activity is in the high technology industry. Two programs that currently assist some 2,000 high technology businesses annually are the Section 7(a) and 504 loan programs (Table 5.2).

The Section 7(a) loan program authorizes the SBA to guarantee loans made by lenders to small businesses that cannot obtain financing on reasonable terms through normal lending channels. The SBA can guarantee 75 percent of the loan amount up to $750,000. For loans of $100,000 or less, the guaranty rate is 80 percent. The interest rate is not to exceed 2.75 over the prime lending rate.

Through certified development companies (CDCs), the 504 loan program provides long-term, fixed-rate financing to small businesses to acquire or construct facilities for their operations or to purchase machinery and equipment with a useful life of 10 years or more. Typically, project proceeds are provided as follows: 50 percent of the project cost is financed by an un-

Table 5.2 *SBA Financial Assistance to High Technology Businesses, FY 1993–FY 1996*

Fiscal Year	Number of High-Technology Firms Assisted 7(a)	504	Total	Total (Dollars)
1993	1,031	151	1,182	361,687,294
1994	1,374	163	1,537	434,007,374
1995	2,068	187	2,255	431,595,747
1996*	1,383	213	1,596	342,512,604

* First 10 months of the year.
Source: U.S. Small Business Administration, Office of Financial Assistance, 1996.

guaranteed bank loan, 40 percent by an SBA-guaranteed debenture that is sold to investors at a fixed rate, and 10 percent by the small business. The maximum SBA debenture is $750,000, except under certain circumstances when it can be up to $1 million. Job creation and retention is the main purpose of the program.

In addition to these established loan programs, the two-year pilot capital access program was conceived to help direct the SBA's limited loan resources to businesses that may have a greater impact on the nation's overall economic well-being. It is based in part on a proprietary computer-based market segmentation program developed by Citibank that identifies and targets businesses involved in the development and utilization of newer technologies, potential job creators, and prospective exporters. Minority-, women-, and veteran-owned firms are also targeted under this program. The program includes a mutually agreed upon set of credit standards and a streamlined loan application process. So far, nine loans for a total of $1,663,000 have been made to high technology firms under the program.

An SBA financing success story is that of Biosource International.

Biosource International, Inc., Camarillo, California.

Biosource International, formed in 1989, is engaged in the licensing, development, manufacture, marketing, and distribution of immunological reagents and test kits used in biomedical research. The company focuses its sales efforts on academic, industrial, and government laboratories. As of 1996, employment was at 53 with projections that another 18 employees would be needed within two years. Revenues for the 11 months ending November 30, 1995, exceeded $7 million. The project cost is $1.51 million to purchase a 27,000-square-foot building in which to locate this expanding business. The financing will be $745,000 from a non-guaranteed lender secured by a first trust on the building; an SBA-guaranteed debenture of $616,000 secured by a second deed of trust; and a $149,000 injection by the small business. This combination of public and private capital allows the small business to conserve the working capital necessary to sustain its growth.

Angel Capital Electronic Network

A series of nine focus groups sponsored by the SBA's Office of Advocacy between September 1995 and March 1996 confirmed the existence of a significant gap in equity capital for rapidly growing firms needing between $500,000 and $1.5 million. Entrepreneurs can often raise amounts under $500,000 from their personal resources (investments, second mortgages, credit cards, families, friends, and colleagues). For amounts up to $1.5 million, however, it is very difficult to raise the third-party patient equity capital so essential to the success of rapidly growing high technology businesses.

Popular mythology has it that the organized venture capital industry has sufficient capital to meet the needs of high-potential small businesses, that the shortage is not of capital but of "good deals." The myth is both popular and false: the organized venture capital industry has always been a limited market. Fewer than 1,000 deals are consummated in a year and fewer than 100 are starting or seed deals. As the amount of funding flowing into the industry has increased, the number of deals has remain essentially static. The average size of a deal has increased dramatically: organized venture capitalists rarely fund deals under $3 million.

Many of the NTBFs with promising technologies, products, and markets need relatively small amounts of patient capital to commercialize and produce their products. These firms have traditionally turned to the informal private equity capital that goes under the name "angel capital." This market has been estimated at 30 times the size of the venture capital market.

Because angel capital is both informal and private, knowledge about the nature and extent of the market is limited. The Office of Advocacy's nine focus groups examined the problems associated with angel capital and its potential to meet the needs of rapidly growing small businesses. The focus groups confirmed that despite the essential role angel financing plays, the market has inefficiencies associated with a lack of organization and high transaction costs.

SBA's Office of Advocacy, in cooperation with the University of New Hampshire's Center for Venture Research, recently examined how the process could be improved. Clearly, the market would work better if the angel investors had access to more potential deals and the entrepreneurs had exposure to more potential investors. The trick was to design a system that would provide greater dissemination of information without notably increasing the potential for fraud and abuse.

The new system, unveiled in October 1996, is ACE-Net, the Angel Capital Electronic Network. ACE-Net covers eight of the most successful regional angel capital networks with a password-controlled, secured Internet network. The network will serve as a locator for serious investors and entrepreneurs interested in finding each other. A series of carefully crafted security mechanisms will help protect the process from fraud and abuse.

ACE-Net addresses the problem of high transaction costs by introducing a set of standard terms to reduce the time and cost involved in each transaction. The primarily university-based regional networks are ideally positioned to provide education and information about the angel financing process to potential angels and entrepreneurs. As the network begins to operate, it should increase the number of angels, the potential amount of angel financing available, and the efficiency of the process.

The Small Business Innovation Research Program

Federal research and development that strengthens the national defense, promotes health and safety, and improves the nation's highways and airports, is vital to the long-term interests of the United States and its citizens. The SBA, through the Small Business Innovation Research (SBIR) program and its smaller companion program, the Small Business Technology Transfer (STTR) program, helps ensure that innovative ideas developed by quality small businesses are a part of these efforts. These programs ensure that some $1 billion in federal R&D projects goes to small businesses each year. SBIR is an integral component of a national technology strategy and the primary access point for NTBFs to participate in federal R&D efforts.

In 1982 Congress passed the Small Business Innovation Development Act, authorizing the SBIR program. The nation had just undergone a long period of economic stagnation and policymakers were looking for new economic answers. International competition, particularly in producing and marketing technology, was growing more intense. The United States had the largest R&D effort in the world—a scale of scientific enterprise unequaled in history—and America's international competitors were becoming more successful at producing and marketing innovations derived from that research.

The SBIR program was designed to address these perceived problems in several ways. It increased the competition for federal R&D work by opening it to small businesses. The scope and funding of each project was designed to attract talented entrepreneurs. Projects were chosen to fulfill each government agency's requirements for innovative solutions to their technology-oriented problems. To improve the nation's economic competitiveness, the program was designed to encourage entrepreneurs to bring innovations derived from federal R&D into the marketplace.

Today's SBIR program is a competitive procurement activity designed to meet the R&D needs of the federal government. Each federal agency with an extramural R&D budget in excess of $100 million must designate a certain percentage of this budget for small business. The percentage increased from 2.0 percent to 2.5 percent in October 1996.

Ten federal agencies participate in the program currently: the Departments of Defense, Agriculture, Commerce, Education, Health and Human Services, Transportation, and Energy, the Environmental Protection

Agency, the National Air and Space Administration, and the National Science Foundation.

In the three-step SBIR process, small businesses can earn awards up to $100,000 for phase I and up to $750,000 for phase II. Phase III looks to the private sector for funding. Successful bidders can be awarded up to $100,000 to perform a feasibility study as phase I. If the small firm and the agency then agree, the firm can be awarded a phase II contract or grant for actual R&D resulting in a model or prototype. In the third phase—commercialization—the small firm is encouraged to bring the innovation to market.

At the completion of the second phase the government has the rights to the innovation for its own use only; that is, the government will never pay the firm a royalty. But the small firm keeps all other rights to the innovation and is encouraged to patent, copyright, or take other measures to protect its position. The firm can then bring the innovation to the marketplace, producing the product or service directly or working out co-venturing or licensing arrangements.

By some measures the SBIR program has been highly successful. Since its inception in FY 1983, small high technology firms have submitted more than 220,000 proposals resulting in more than 33,000 awards. Although the program's primary purpose is to meet the government's R&D requirements, the side benefit is substantial: more than 25 percent of SBIR projects have become products or services sold in the marketplace. The public reaps the benefits of the government research and the business participants improve their competitive positions and profitability.

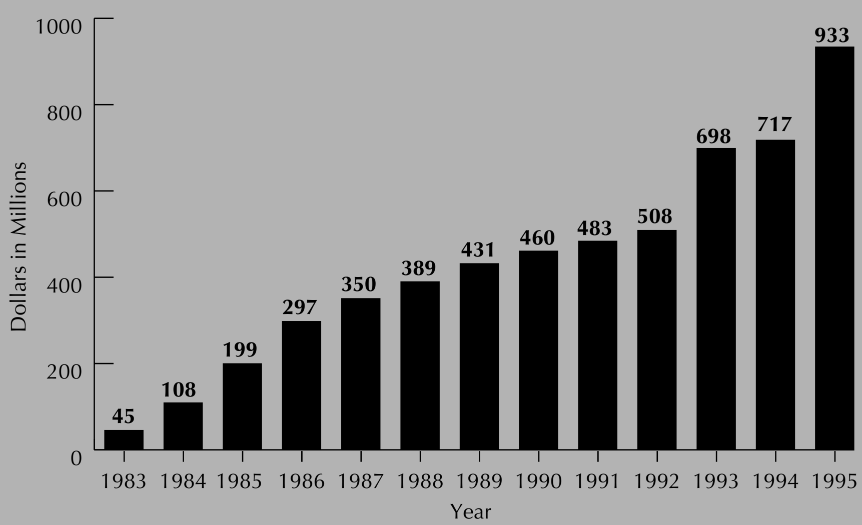
The SBIR program is meeting not only the research goals of the funding agencies, but also a special need for high-risk seed and start-up capital. The current level of almost $1 billion in SBIR funding each year is more than 10 times the funding provided by the institutional venture capital organizations to these small technology firms (Chart 5.2).[10]

SBIR at the Department of Defense

The Defense Department's (DOD) SBIR program funds early-stage R&D projects that serve a DOD need and also have the potential for commercialization in military and/or private sector markets. Three military services and four defense agencies participate in the DOD SBIR program: the Departments of the Army, Navy and Air Force, the Defense Advanced Research Projects Agency, the Ballistic Missile Defense Organization, the Defense Special Weapons Agency, and the U.S. Special Operations Command. The magnitude of the DOD SBIR program has grown from $240 million in FY 1992 to $450 million in FY 1995 (Chart 5.3).

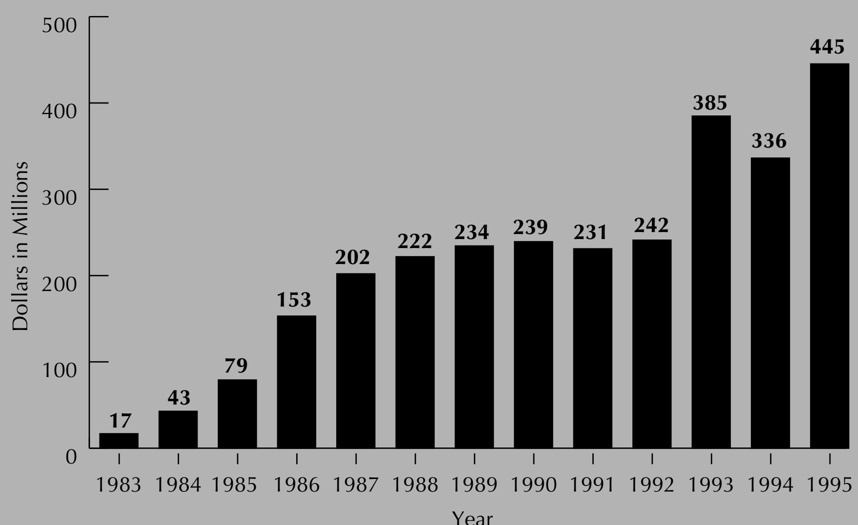
[10] Josh Lerner, "The Government as Venture Capitalist: The Long-Run Impact of the SBIR Program," working paper 96-038 (Boston, Mass.: Harvard Business School, 1996). For an alternative view, see Scott Wallsten, "The Small Business Innovation Research Program: Encouraging Innovation in Small Firms?" Stanford University unpublished paper, August 1995.

Chart 5.2 *SBIR Program, Dollars Awarded, Fiscal Years 1983–1995*



Source: U.S. Small Business Administration, Office of Innovation.

Chart 5.3 *Department of Defense Small Business Innovation Research, Fiscal Years 1983–1995.*



Source: U.S. Department of Defense.

DOD's Recent Efforts to Streamline and Improve its SBIR Program.

DOD is pleased with the success of its SBIR program, but has also taken important steps to streamline and improve the program in response to congressional recommendations in the 1992 Small Business Innovation Development Act. In particular, Congress expressed concerns about reducing unnecessary delays in the SBIR contracting and payment process, and about increasing the focus of the SBIR program on commercialization of the research in military and private sector markets. Among the steps taken were the following:

- Establishment of the SBIR Fast Track. Under the Fast Track policy, DOD gives its highest priority for phase II awards, and for continuous funding between phases I and II, to those SBIR projects that attract matching cash from an independent third-party investor in phase II. That an independent third party is willing to make such a cash investment is a strong indication that: (1) there is a significant market (military and/or private sector) for the technology, and (2) the small company has not only the technical expertise, but also the business and marketing expertise, to bring the technology to market.

- Reduction of delays in the SBIR process. The DOD has set a goal of reducing the time between proposal receipt and award to four months in phase I and six months in phase II. In previous years, delays have averaged 6.5 months in phase I and 12 months between the end of phase I and the beginning of phase II. Such delays tend to bias the program against successful commercialization by making it difficult for start-up companies to keep their research teams intact and by lengthening the time to market.

- Enabling NTBFs to talk by telephone with the authors of SBIR solicitation topics. In both FY 1996 solicitations, DOD implemented a new "pre-release" policy enabling companies, before submitting a proposal, to talk by telephone with the author of the SBIR solicitation topic. The small business community greatly appreciates the new policy, because it enables companies to gain a greater understanding of DOD needs before they submit a proposal. DOD topic authors also support this policy: they anticipate that it will result in higher-quality SBIR proposals and fewer misguided proposals.

- Systematic measurement of the SBIR program's effectiveness in stimulating the development of successful new products. Starting in October 1996, all companies submitting phase I proposals are asked to complete an appendix showing, for each previous phase II award that the company has won: (a) the amount of non-SBIR funding received for commercialization of the research in military and/or private sector markets, and (b) the revenue from sales of new products resulting from the previous research. All companies winning phase II awards in fiscal year FY 1997 and thereafter will be asked to provide a brief annual report that also shows non-SBIR funding and sales revenues from new products.

The quality of DOD SBIR research since FY 1992 has kept pace with the program's expansion. Despite the significant increase in program expenditures, the 1995 GAO study, as well as DOD's own assessment in 1996, found no evidence of erosion in research quality since passage of the 1992 act. The ratio of funded to unfunded phase I SBIR proposals at DOD has remained relatively steady at roughly 12 percent since FY 1992 and, indeed, since the inception of the program. The increase in program expenditures has been offset by a significant rise in the number of SBIR proposals and an increase in the dollar value of the average SBIR award. This suggests that the SBIR proposal selection process at DOD remains highly competitive and that DOD has a large pool of proposals from which to select those with the highest technical and commercial merit.

DOD continues to have a large reserve of projects deemed worthy of funding by evaluation panels but receiving no award because of funding constraints. DOD scientists and engineers report that the overall quality of the SBIR research they monitor equals, and in some cases exceeds, the quality of the other agency research they monitor and that SBIR projects are substantially more likely than non-SBIR projects to lead to inventing and commercializing new products, processes, or services.

SBIR technology has made a major contribution to U.S. military and economic capabilities. While research quality is an important measure of success of the SBIR program, the ultimate measure is whether the program stimulates the development of new products that make a significant contribution to the mission of the funding agencies. A 1992 GAO study of commercialization of SBIR research found that DOD SBIR projects resulted in a number of affordable, high-performance new products of significant benefit to both DOD and the private sector (with commercial sales and additional funding of $410 million as of July 1991).[11]

DOD has several examples of SBIR-developed technologies that have resulted in significant improvements in U.S. military capabilities and major savings to the taxpayer. One example is the development of the "SaviTag."[12]

Savi Technology, Inc., Mountain View, California

Savi Technology recently developed the industry's first radio computer tag, the "SaviTag," using a combination of Navy SBIR funding and private venture capital. The SaviTag can be attached to military cargo containers or any other crate or container used for transport and will automatically track the container's location and contents. The SaviTag was developed with just $2.5 million in SBIR funding (three awards). It is a central element in DOD's Total

[11] U.S. General Accounting Office, *Small Business Innovation Research Shows Success But Can Be Strengthened,* RCEB-92-37 (Washington, D.C.: U.S. General Accounting Office, March 1992).

[12] Another example is the "multipurpose processor" by Digital Systems Resources, Inc. A number of other examples are available at the DoD SBIR and STTR programs home page at http://www.acq.osd.mil/sadbu/sbir/.

Asset Visibility effort: the goal is to be able to pinpoint the location and content of every plane, ship, tank, and cargo container in transit around the world. In 1994, the Air Force awarded a $71 million contract to Savi, and DOD now uses the SaviTag in a large segment of its logistical operations, including almost all shipments into Bosnia.

During Operation Desert Storm in 1991, more than one-half of the 40,000 cargo containers shipped to the desert, including $2.7 billion worth of spare parts, went unused, according to a GAO report. The Army has estimated that if an effective way of tracking the location and content of the cargo containers, such as the SaviTag, had existed at that time, DOD would have saved roughly $2 billion. That is an enormous savings—far more than the entire annual SBIR budget. The SaviTag has already resulted in major efficiencies in U.S. logistical operations in Bosnia, although a precise estimate of the savings has not yet been made.

The SaviTag also has major applications in the private sector, particularly in the commercial trucking, rail, and shipping industries. Savi's sales to the private sector are projected to be between $5 million and $6 million in FY 1996, and they are increasing rapidly.

The National Science Foundation's SBIR Program

The National Science Foundation's (NSF) SBIR program offers opportunity and incentive for small and creative engineering, science, education, and technology-related firms to conduct innovative, high-risk research on important scientific and technical problems—work that could have significant public benefit if the research is successful. The NSF's SBIR program has received a good return on its investment in the small business community.

For both start-up and existing firms the receipt of an SBIR award was related to the firm's success in terms of sales, investment, employment, and patents. For example, a sample of 25 companies that received NSF SBIR awards after their founding had total employment of 490 at the time of the first award (Table 5.3). By 1995 total employment had increased to 7,904 jobs. More than 500 patents had been issued and 579 research collaborations related to SBIR had taken place. The following are examples of NSF's successful SBIR companies.

Relational Technology, Inc., Alameda, California

Relational Technology had a goal of providing distributed database technology for local area networks. The company (which later became Ingres Corporation) received a phase I award in 1981 and a phase II award in 1983.

The NSF's SBIR support contributed to a major technology breakthrough and commercial success. The research supported was the first distributed relational database software. The SBIR phase I results led to $1 million in venture capital in 1982, another $2.5 million in 1984, and $8 million in 1986 after Ingres proved a success in the marketplace; the company's success led to a $30 million initial public offering (IPO).

Table 5.3 *National Science Foundation Small Business Innovation Research Success Stories, 1977–1995 (Millions of Dollars)*

Company	State State	Year Founded	Year[1] SBIR Award	Field	SBIR Start-up	Critical Factor	Cumulative Related Sales Direct	Indirect	Total
1 Relational Technology\Ingres	CA	1980	1981	Software		X	500	2065	2565
2 Symantec Corporation	CA	1982	1979	Software	X	X	50	1950	2000
3 Flow Research Quest Integrated	WA	1979	1981	Machinery	X	X	250		250
4 RF Monolithics, Inc.	TX	1979	1981	Electronics	X	X	127		127
5 Aquatic Systems, Inc./Kent SeaFarms, Inc.	CA	1972	1982	Aquaculture		X	33		33
6 Collaborative Res., Inc./Gerome Therapeutics	MA	1961	1977	Genetics		X	50	60	110
7 Advanced Technology Materials	CT	1986	1988	Materials		X	10	40	50
8 Aurora Flight Sciences	VA	1989	1989	Unmanned Aircraft	X	X	10		10
9 Browning Engineering Co.	NH	1979	1980	Materials Coatings		X	50		50
10 Nova Automation Corp./DTM	TX	1987	1988	Rapid/Prototyping	X	X	40		40
11 Spire Corp.	MA	1969	1979	Artificial Joints		X	32	10	42
12 Scientific Measurements Systems, Inc.	TX	1979	1981	Tomographic Measurement	X	X	18		18
13 IDM Corp	TX	1988	1981[2]	Tomographic Measurement		X	16		16
14 Bend Research, Inc.	OR	1975	1977	Membrane Chemistry		X	23		23
15 Integrated Systems, Inc.	CA	1980	1981	Embedded Software	X	X	250		250
16 Lakeshore Cryotronics, Inc.	OH	1967	1981	Cryogenic Instruments			20	10	30
17 BioMetric Systems, Inc./BSI	MN	1979	1979	Bio Materials	X	X	1	200	201
18 Decision Science Corporation	VA	1978	1983	Decision Management		X	20	10	30
19 Charles Evans & Associates	CA	1980	1981	Instrumentation		X	45		45
20 Pritsher & Associates, Inc.	IN	1973	1981	Software		X	25	45	70
21 Helisys, Inc.	CA	1988	1989	Rapid Prototyping	X	X	33		33
22 Scientific Computing Associates	CT	1980	1985	Software		X	21		21
23 EPITAXX, Inc.	NJ	1984	1986	Optoelectronics		X	19	19	38
24 Crystal Systems, Inc.	MA	1971	1979	Crystals		X	5	100	105
25 Weidlinger Associates	CA	1949	1980	Mathematical Modeling		X	5	1	6
Total					9	24	1653	4510	6163

[1] The National Science Foundation had a pilot SBIR program prior to passage of the Small Business Innovation Development Act in 1982.
[2] Spinoff of Scientific Measurements Systems from same NSF Project.
Source: U.S. National Science Foundation.

Percent	Investment			At First	Jobs			Patents Issued			Research Collaborations				
Export	Direct	Indirect	Total	Award	Now	Via. JV, SO. License	New Jobs	U.S.	Foreign	Total	Industrial	Univ.	National Lab	Other	Total
50	42	30	72	6	2000	525	2519				2	1	7		10
10	14	164	178	6	2000		1994					1			
	27														
20	27		27	50	96	792	838	3		3	9	18	5	3	35
50	26		26	5	470		465	28	50	78	1	3	1		5
5	9		9	7	70		63				6	6	2	5	19
10	36		36	33	100	160	227	10	25	35	18	2		1	21
	1	46	47	22	170		146	12	12	24	50	100			150
	3		3	3	94		91				1	6	6		13
30				8	1		7	10	24	34	2		1		3
40	43		43	4	100		96	26	1	27	1	1		1	3
5				90	150		60	7		7	30	30	25	24	109
20	8		8	13	18		5	4	1	5	4	2	4	1	11
	4		4		28		28	6	72	78	1	1			2
10	2		2	10	70	160	220	55	62	117	4	7	1		12
33	13		13	18	450		439	4	4	8	2	3	1		6
45				45	110		65	3		3	2	6	2	1	11
20	6	7	13	3	70		67	10	49	59	40	28	2		70
				8	35		27					6	8		14
50	5		5	10	130		120	4	4	8	2	3	1		6
30	1		1	33	50		17				2	3			5
45	7		7	1	102		101	2	3	5	2				2
15	1		1	8	15		7				9	8	3		20
60	13		13	5	182		177	1	1	2		3			3
10	4		4	12	25		13	2	8	10	12	12	6		30
15				90	200		110				10	6	2		18
27	265	247	512	490	6736	1637	7904	187	316	503	210	256	77	36	579

The president of Relational Technology during the rapid-growth period credits the SBIR program with providing "critical seed capital," which ultimately led to the success of the product and was key to the product's early edge to market. Customers for this first-to-market product included more than 100 Fortune 500 firms, such as Boeing, General Motors, British Airways, NASA, DOD, and all the national laboratories. Ingres also played a major role in the success of Boeing's AWACS aircraft and its considerable contribution to airborne surveillance during the Gulf War.

Cumulative sales directly and indirectly attributable to the SBIR program total $1.8 billion, and employment has grown from six to 1,440 employees. The company, which was acquired in 1990 by ASK Computer Systems, collaborated in its research with the University of California at Berkeley.

Flow Technology, Inc., Kent, Washington

Flow Technology, Inc., which became Quest Integrated, Inc., sought to create an abrasive-waterjet cutting system. The company received 1981 phase I and 1982 phase II SBIR awards.

Quest Integrated, Inc. is now the world leader in high-pressure waterjet cutting tools and it attributes this leadership to NSF and other agency-funded SBIR research. NSF's Research Applied to National Needs (RANN) program funded the company's early research on ultra high-pressure waterjet cutting tools prior to the SBIR program.

In 1981, NSF SBIR funding resulted in Flow Research's major improvement in waterjet cutting tools with the addition of carbide bits and other abrasives to the waterjet cutting stream, which allowed the cutting of steel, ceramics, and glass. The firm quickly became market leaders in the high-pressure waterjet cutting-tool field with about 70 percent of the market. Sales from the new technology, mostly from precision, metal and composite-cutting machine tools, total $250 million; exports represent 20 percent.

Major clients include GE, Corning, Kodak, Lockheed, Rockwell, and Allied Signal. Quest attracted $35 million in private capital, and 838 new jobs have been created directly from the new technology the SBIR program supported. The firm has research collaborations with 18 universities, four national laboratories, and four major U.S. industrial companies.

Intellitools, Inc., Novato, California

Intellitools applied for SBIR funding to adapt software and curricula for students with disabilities. The company received a 1992 phase I SBIR award and a 1994 phase II award.

The NSF's SBIR award has resulted in the creation of several products that meet the needs of students with disabilities in improving their science and math skills. As a result of the SBIR support, a commercial product has emerged. "Click-It" allows users to point and click on the computer screen without having to manipulate a mouse. More than 250 of the product were sold in the first month after its introduction.

In addition to creating both a new product and a new marketplace for technology serving the disabled community, the company has seen a 400 percent increase in sales, received numerous new product awards, and increased its employment from 7 to 18.

The Small Business Technology Transfer Program

The Small Business Technology Transfer Program (STTR) is a three-year pilot program, funded in 1994 through a small allocation from five federal agencies' extramural R&D budgets.

The purpose of STTR is to tap research institutions for the enormous reservoir of ideas that have not yet been deployed effectively for the nation's economic benefit. These research institutions employ one in four R&D scientists and engineers in the United States and perform more than $40 billion in R&D each year. They have helped position the United States as undisputed world leader in basic research and many areas of applied research.

The one-quarter million scientists and engineers in these institutions often recognize that their research has important commercial applications, but few have efficient mechanisms to pursue these applications.

STTR is an important step toward harnessing this research for America's economic advancement. By merging the innovative ideas of the researcher at the research institution with the entrepreneurial skills of a small technology company, STTR creates an efficient vehicle for moving the ideas to market. University collaboration with new technology-based firms has the potential to stimulate innovation more than R&D performed solely in a company lab.[13] Route 128 in Massachusetts and Silicon Valley in California are centers of high-tech economic development precisely because of university interaction with small, innovative companies.[14]

Both STTR and SBIR programs serve the purpose of transforming innovative research into commercial reality. STTR uses the approach established in the SBIR program, which has proven remarkably efficient in stimulating technological innovation. But whereas SBIR funds R&D projects at small firms and limits the participation of research institutions to a subcontracting or consulting role, STTR funds cooperative R&D projects between an NTBF and a research institution. STTR enables a researcher at a university to spin off a commercially promising idea by joining forces with a small technology company. Thus, STTR is a mechanism for small businesses to tap into the vast reservoir of ideas in the nation's research institutions.

[13] Paul Almeida and Bruce Kogut, "The Exploration of Technological Diversity and Geographical Localization in Innovation: Start-up Firms in the Semiconductor Industry," *Small Business Economics*, Special Issue on Small and Medium-Sized Enterprises in the Global Economy, edited by L. Preston and C. Heller, vol. 9(1), 1997.

[14] Luc Anselin, Attila Varga, Zoltan Acs, "Local Geographic Spillovers between University Research and High Technology Innovations," *Journal of Urban Economics*, forthcoming.

The Advanced Technology Program

Small firms are thriving in the rigorous, hard-fought competitions of the Advanced Technology Program (ATP), which is managed by the U.S. Department of Commerce's National Institute of Standards and Technology (NIST). Of the 280 awards made by the ATP from 1990 to 1996, nearly half went to individual NTBFs or to joint ventures led by a small business. The awards are valued at $970 million in ATP funds and more than $1 billion in industry cost-share. Many more NTBFs are participating in or benefiting from the program as members of ATP-funded joint ventures, and as subcontractors, suppliers, and customers of ATP awardees.

And small means small in the ATP. Many of the awardees have been start-ups or still in the early development stages. More than half of the 100 small, single-company awardees had fewer than 25 employees and more than 85 had fewer than 100 employees at the time they received the ATP award (Chart 5.4).

In partnership with the ATP, these NTBFs are developing high-risk, enabling technologies that they can translate into new business opportunities, new industrial processes to improve their productivity and the productivity of other U.S. producers, and new products and services for the world's markets. Some of these technologies are pathbreaking in that they will revolutionize existing ways of doing things or create whole new industry sectors. Some provide the technical infrastructure critical to productivity advances within an industry sector. And some have many different uses across a variety of industry sectors.

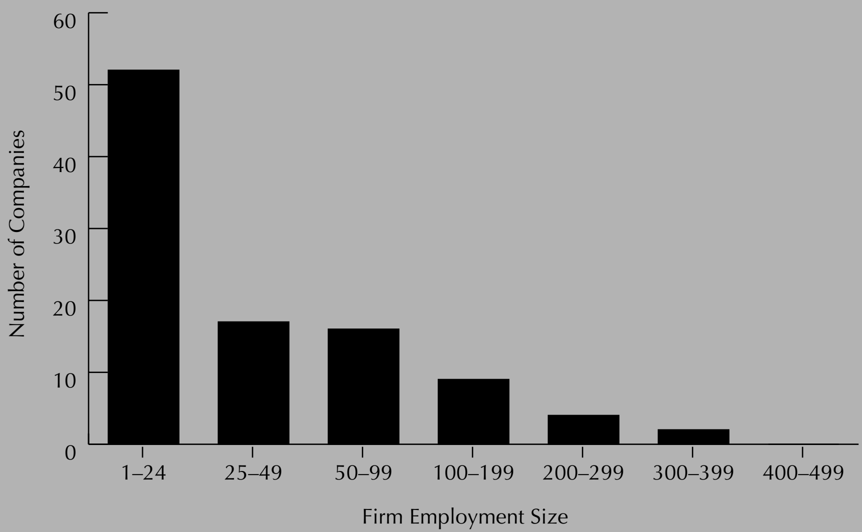
Aastrom Biosciences, Inc., Ann Arbor, Michigan

Aastrom Biosciences has developed new pathbreaking technology that may provide dramatically improved therapies for patients with cancer, AIDS, and genetic blood diseases. The company has completed a two-year ATP cost-shared project to develop a bioreactor that grows human bone marrow transplantable into human beings and is currently in clinical trials with the process.

When the company received its ATP award in 1992, it had about 15 employees and a laboratory process developed at the University of Michigan for growing human stem cells outside the body. Today, Aastrom Biosciences has 60 employees with another 30 on contract services, a clinical system that will allow hospitals to produce therapeutic bone marrow, blood, and immune system cells sufficient for patient treatment, and more than $36 million in additional investment capital raised from private investors to develop the bioreactor system into a commercial product.

Moreover, Aastrom Biosciences recently signed a $25 million alliance with a larger global pharmaceutical company to use the bioreactor system to produce human T-cells for treatment of cancer and infectious diseases. The firm has received patents for its bioreactor system, the first for replicating stem cells.

Chart 5.4 *Size Distribution of 100 Small Businesses Funded by the Advanced Technology Program*



Note: Chart refers to a total of 100 small single-applicant companies funded by the Advanced Technology Program from 1990 to 1996.

Source: U.S. Department of Commerce, National Institute of Standards and Technology.

Diamond Semiconductor Group, Gloucester, Massachusetts

Diamond Semiconductor Group (DSG) was a two-partner start-up in a converted barn when it applied for an ATP grant in 1992. The company has developed new process technology for the semiconductor industry that offers increased productivity and reduced cost as the industry advances to larger wafer sizes to accommodate increasingly complex integrated circuits. With the ATP award in hand, the tiny company attracted the attention of Varian Associates, one of the world's largest suppliers of ion-implantation equipment.

With ATP funding, DSG was able to demonstrate technical feasibility of its approach to ion implantation. With Varian Associates' subsequent funding for product development, DSG built a prototype ion-implant machine. As a result, DSG and Varian Associates announced, early in 1996, an "industry first"—successful ion implantation of a 300-millimeter wafer that offers two and one-half times the yield of the current industry standard 200-millimeter substrate, using DSG's new serial-process, high-current ion implanter technology.

Accuwave, Santa Monica, California

A 10-person fiber optic telecommunications start-up founded in 1990, Accuwave received an ATP award to pursue research toward developing a multiwavelength multiplexing system that would increase the capacity of a single optical fiber many times over current practice. The company successfully completed its ATP research project and has developed early spinoff products for sale to major telecommunications companies while it continues to develop the switching system based on the core results of the ATP project. The market for multiwavelength multiplexing was valued at $50 million in 1995 and is expected to grow to $2 billion by 2000.

These are just a few of the many examples of how small company recipients of ATP awards are developing the enabling technologies of the future, improving the productivity and competitiveness of U.S. industry, contributing to the quality of life, and creating many new, exciting business opportunities—not just for themselves, but for others as well.

Based on the evidence to date, without ATP funding, the companies either would not have developed the new technology at all or would have developed it at a substantially slower pace.[15] A recent survey of 125 companies that participated in ATP projects during the first three years of the program found that 64 percent of the small companies said chances were slim to nonexistent that they would have pursued the technology development at all without the ATP. Of the 36 percent of small companies that said they would have gone ahead anyway, 90 percent said their progress would have been significantly slower and 95 percent said their goals and level of effort would have been scaled back significantly without the ATP award (Chart 5.5).[16]

Acceleration of technology development by NTBFs is an important effect of the ATP. According to the survey, 94 percent of small-company award recipients believe they are further along as a result of their award. Seventy percent of these estimated that their work had been accelerated by at least two years.[17] Bringing the new technologies to fruition faster can be important in capturing world markets and realizing the benefits.

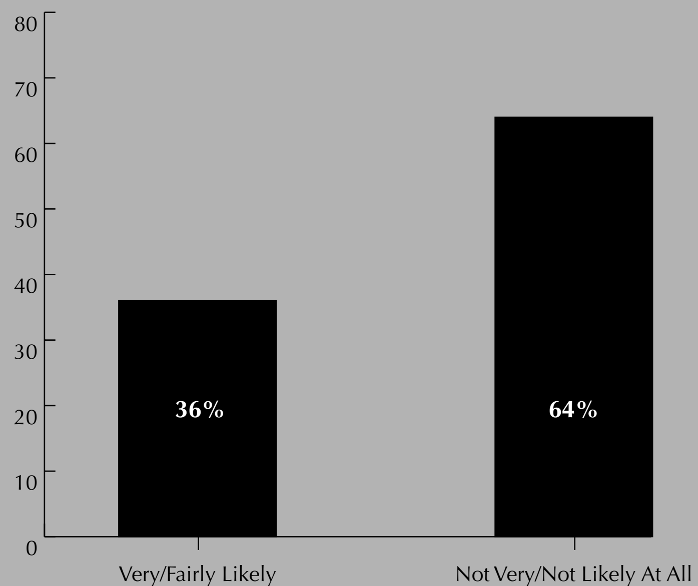
Many of the smallest companies are unknown at the time they receive an ATP award. Winning an award in ATP's stiff competition involving rigorous

[15] Silber & Associates, *Survey of Advanced Technology Program 1990-92 Awardees: Company Opinion about the ATP and its Early Effects*, January 30, 1996; U.S. General Accounting Office, Report to the Ranking Minority Member, Committee on Science, House of Representatives, *Measuring Performance, The Advanced Technology Program and Private-Sector Funding*, GAO/RCED-96-47, (Washington, D.C.: General Accounting Office, January 1996); and Solomon Associates, *The Advanced Technology Program; An Assessment of Short-Term Impacts: First Competition Participants*.

[16] Silber & Associates, memo report to the ATP showing a breakout of percentages for small business based on the survey data reported in *Survey of Advanced Technology Program 1990-92 Awardees: Company Opinion about the ATP and its Early Effects, January 30, 1996*.

[17] Silber & Associates, acceleration reported by small businesses in the original survey and broken out in a memo to the ATP, August 14, 1996.

Chart 5.5 *Likelihood of Small Businesses Developing Their Technology without an Advanced Technology Program Award*



Source: U.S. Department of Commerce, National Institute of Standards and Technology.

scientific and business review serves to validate the potential worth of the technologies. Ninety-one percent of small companies in the recent survey believed that they had benefited to a "great" or "moderate" extent from enhanced credibility as a result of their ATP award. Most often they cited gains in credibility within their industry and business community, among their customers, investors, and scientific peers.[18]

Small-company recipients of ATP awards have also reported significant benefits from engaging in new collaborative relationships fostered by participation in ATP projects. These benefits extend not just to those companies engaged in formal joint research ventures, but also to the many single-company awardees that collaborate through subcontractor arrangements and informal alliances. Ninety-six percent of all those reporting collaborations rated them as being of "great" or "moderate" benefit. Some of the alliances were with other small companies, some were with universities, and some were with

[18] Silber & Associates, credibility gains reported by small businesses in the original survey and broken out in a memo to the ATP, August 14, 1996.

medium-sized to large companies. One of the effects noted by small companies was that the ATP provides them "a platform for demonstrating their merit to large corporations, paving the way for future business together."[19]

Although most of the ATP-funded projects are still in their early stages, the participants, including the small companies, have begun to report promising results. The ATP awards are enabling these companies to pursue challenging research projects that otherwise would have been delayed, scaled down, or not done at all. As a result, many of the companies now have important new technical capabilities that enable them to attract other sources of capital and pursue new commercial opportunities. Some are growing rapidly. New and improved processes, products, and services are emerging that benefit not just the award-recipient companies but also other researchers, producers, consumers, and, ultimately, the nation.

The Manufacturing Extension Partnership

The Manufacturing Extension Partnership (MEP) is a growing nationwide system that gives smaller manufacturers unprecedented access to new technologies, resources, and expertise. At the heart of the system is a network of affiliated, locally based manufacturing extension centers. Each center is a partnership, typically involving federal, state, and local governments; industry; educational institutions; and other sources of expertise, information, and funding support.

Centers are private, nonprofit organizations rather than offices of the federal government. The program began with three extension centers in 1989. Today, nearly all states and Puerto Rico have or are planning centers affiliated with MEP, linking firms with engineers and other specialists with manufacturing or business experience to address specific needs (Table 5.4). Through this network, MEP is putting hard-to-find technical assistance and the newest business practices within the reach of the nation's 381,000 small and medium-sized manufacturing establishments.

What Does NIST/MEP Do?

In 1988, Congress directed the National Institute of Standards and Technology (NIST) to begin helping the nation's smaller manufacturers adopt and apply performance-improving technologies as needed to meet intensifying domestic and global competition in manufacturing. An agency of the U.S. Department of Commerce Technology Administration, NIST was selected for this role because of its expertise in manufacturing engineering and its longstanding tradition of productive partnerships forged with public and private organizations at the national, state, and local levels.

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[19] Silber & Associates, *Survey of Advanced Technology Program 1990-92 Awardees*, 26.

Table 5.4 *Manufacturing Extension Partnership Activities and Impacts as of 1996*

Activity Data in a Nutshell. . .	
State planning grants to date	More than 40
Extension service partnerships	78 cooperative agreements
Geographical accessibility	100 percent of small manufacturers
State penetration	50 states and Puerto Rico
Average annual market penetration	7 to 10 percent
Total clients served since 1989	44,762
Median firm size	48 employees

Source: Silber and Associates, 1996.

To carry out this role, NIST/MEP conducts a variety of regional, national, and program development activities. Regionally, MEP works with the states or local organizations to establish manufacturing extension centers or expand existing services that assist smaller manufacturers. Many centers were cultivated through MEP's State Technology Extension Program (STEP). Beginning in 1990, STEP supported 32 states in building manufacturing extension programs.

MEP's activities also include helping foster a more unified network by working with centers to identify and coordinate the services, technology, and information needed at a national scale. MEP is developing a uniform system to help centers evaluate and continuously improve the success of services they deliver. To increase the breadth and depth of capabilities at each center and of the entire network—always with the goal of improving access for smaller manufacturers to public and private-sector resources—MEP and the individual centers have developed relationships with nearly 700 organizations. Among these partners are nonprofit technology or business assistance centers, nontechnical schools, private consultants, universities and four-year colleges, and federal agencies. To date, about half of the centers have ties to industry associations.

Developing working linkages with other organizations in support of the entire extension network also is a high MEP priority. For example, with the U.S. Environmental Protection Agency, MEP recently launched a program aimed at helping smaller manufacturers solve environmental concerns in the most cost-effective manner before they become problems requiring regulatory or compliance action. Other strategic partners include the National

Governors' Association, the National Alliance for Business, and the Council for Adult and Experiential Learning.

MEP is now in a position to make a significant contribution to the health of the economy. A major priority for MEP will be to sustain and strengthen extension center coverage and the effectiveness of services delivered to companies as they upgrade their equipment, processes, and practices to improve capabilities, performance, and prospects for growth.

This effort will require enhancing and augmenting network and center core competencies in service categories responsive to the most pressing challenges confronting significant numbers of smaller manufacturers. For example, MEP is strengthening ties with the NIST Baldrige National Quality Program and state-based quality outreach efforts to foster continual product and process improvement through the adoption of quality management concepts by smaller firms.

Extending the network's reach is also critical. Currently, established centers and field offices provide assistance to between 7 and 10 percent of potential manufacturing customers in their service areas. The program's five-year goal is to reach 15 percent, so that each year more than 55,000 smaller U.S. manufacturers are capitalizing on the resources and capabilities of MEP.

In consultation with manufacturers and center managers, MEP has identified three major programmatic priorities requiring sustained, concerted effort throughout the network—areas that will determine whether smaller manufacturers will be able to perform up to the standards of 21st century competition. The three themes—information technology, supply-chain optimization, and infusion of advanced technology—are integrally related. Increasing the information technology acumen of smaller manufacturers, for example, is essential if these companies are to be full participants in the dynamically integrated, yet reconfigurable, networks of suppliers, factories, distributors, and retailers that will characterize manufacturing enterprises of the future. Whether in the form of intelligent controllers, real-time sensors, or process-planning software, information technology also will be a fundamental ingredient of the shop-floor equipment that smaller manufacturers will be investing in to enhance their manufacturing and business performance.

What Services Do MEP Centers Provide?

MEP extension centers are designed to help link sources of improved manufacturing technology with the small and mid-sized companies that need them. Center staff work with individual companies or with groups of companies organized around common needs, industries, or technologies.

While each center tailors its services to meet the needs dictated by its location and manufacturing client base, most extension centers offer some common services. These include helping manufacturers to assess their current technology and business needs, define avenues for change, and implement improvements. Working with other federal, state, or local organizations, many centers also assist companies with quality management, work force training, workplace organization, business systems, marketing, and financial issues.

Centers encourage client companies to establish programs for continuous improvement and to focus on long-term, bottom-line impacts, rather than working just to solve an immediate problem. All centers rely on experienced field agents and private consultants who provide the companies with on-site advice and practical assistance. Since 1989, MEP centers have provided services to more than 44,762 companies. Most of the MEP clientele are small companies with fewer than 100 employees (Table 5.5)

MEP Success Stories

MEP's locally managed centers have worked with thousands of smaller manufacturers, providing the technical and business assistance the companies needed to turn their businesses around. The following examples show how companies have benefited by working with a MEP center.

TECSTAR, Inc., City of Industry, California

A producer of space solar arrays and power subassemblies used in satellites, TECSTAR, Inc., wanted to cut down on solar cell breakage and reduce costs while increasing production and yields to keep up with increased sales. TECSTAR requested the assistance of the California Manufacturing Technology Center (CMTC) to improve its process. With CMTC's help, TECSTAR was able to save $3 million annually, increase staffing by 56 employees, reduce reactor downtime by 15 percent, and improve cycle time by 10 percent. "CMTC's recommendations to reduce solar cell mechanical breakage cycle time made us realize where the major dollar losses were occurring within our production processes," said Mark Shumaker, director of quality and production support. The $3 million savings equals the amount the CMTC received in FY 1995 from NIST.

Chicago Metal Rolled Products, Chicago, Illinois

Chicago Metal Rolled Products (CMRP) bends, rolls, and coils metal, producing structural elements for such major projects as the International Terminal at O'Hare Airport, the McCormick Place expansion, and the Navy Pier renovation. The Chicago Manufacturing Center (CMC) helped Chicago Metal President George Wendt institute a company-wide learning program involving basic reading, language and math skills, and job training. Wendt believes his investment in work force development is key to the company's growth. Over the past two years, CMRP has seen a 30 percent increase in sales and 20 percent growth in employment.

Technology Policy and the Information Revolution

One area having as much impact on NTBFs as the new global marketplace is technology and how it is thoroughly changing the way small firms do busi-

Table 5.5 *Size of Clients Served by the Manufacturing Extension Partnership, July–December 1995*

Firm Employment Size	Percent of all Clients
1 to 20	32
21 to 50	22
51 to 100	18
101 to 200	14
> 200	14

Based on 26 centers reporting in semi-annual report activity data logs, July–December, 1995.

Source: Silber and Associates, 1996.

ness. The small business community has been in the forefront of innovation and has created a new generation of high-skill, high-wage jobs.

The 1995 White House Conference on Small Business attendees recommended that development of the National Information Infrastructure (NII) be accelerated, that intellectual property rights be protected, and that technology commercialization investment for NTBFs be expanded.

To further these goals, the Clinton Administration has proposed a number of initiatives. For example, the National Institute of Standards and Technology and the Environmental Protection Agency have developed and funded programs to encourage private sector technology education and training. And there have been other administration and congressional initiatives:

SBIR Program Expansion

The Small Business Innovation Research (SBIR) program has nearly doubled its awards to NTBFs under the Clinton Administration, up from $508 million in 1992 to more than $900 million in 1995. By law, the percentage of federal research and development contracts going to small firms increased from 2.0 percent to 2.5 percent in 1996.

Intellectual Property and U.S. Trading Partners

The administration has taken aggressive action in international trade negotiations by the U.S. Trade Representative and by the Department of Commerce to ensure that the intellectual property rights of U.S. companies are adequately protected by America's foreign trading partners.

SBIR Proprietary Information

The SBA's Office of Technology is developing procedures in conjunction with the Small Business Innovation Research funding agencies to provide uniform protection of proprietary information provided under the SBIR program.

Standardized Scoring of SBIR Proposals

The SBA's Office of Technology is working with the SBIR funding agencies to encourage standardized scoring and evaluations of proposals to meet applicable commercialization evaluation criteria. The office is also working to develop consistent standards of indirect rate applications and to ensure that adequate administrative resources are provided for the SBIR program.

Manufacturing Extension Partnership

The Clinton Administration has expanded the Manufacturing Extension Partnerships (MEP) at the National Institute of Standards and Technology from seven to coverage in all 50 states in the last three years. The MEP program was included in the budget authorized by Congress for fiscal year 1996.

National Angel Capital Network

The SBA's Office of Advocacy has led an effort to develop an angel capital network. For more detail, see the section on SBA programs.

Conclusion

America's future economic growth is expected to be closely tied to the growth of new technology-based firms. Since 1980, the federal government has instituted a number of policies in support of these NTBFs, including the Small Business Innovation Research, Small Business Technology Transfer, and Advanced Technology programs, the Manufacturing Extension Partnership and several U.S. Small Business Administration financing programs for high technology companies.

While these programs represent only a small fraction of America's total investment in research and development, they have a significant impact. They represent a national commitment to encourage small technology-based businesses to address federal research needs and to create and commercialize new products and processes.

Appendix A

Supplementary Tables

Table A.1 *Sources of GDP Growth, 1994 and 1995 (Billions of Chained 1992 Dollars)*

	1994	1995	Dollar Change 1994–1995	Percent Change 1994–1995
Gross Domestic Product	6,608.7	6,742.9	134.2	2.0
Personal Consumption	4,473.2	4,577.8	104.6	2.3
Gross Private Domestic Investment	979.6	1,010.2	30.6	3.1
Nonresidential Construction	652.1	714.3	62.2	9.5
Residential Construction	268.9	262.8	−6.1	−2.3
Change in Business Inventories	58.9	33.1	−25.8	−43.8
Net Exports (Exports Minus Imports)	−105.7	−107.6	−1.9	1.8
Exports	712.0	775.4	63.4	8.9
Imports	817.6	883.0	65.4	8.0
Government Consumption Expenditures and Gross Investments	1,260.0	1,260.2	0.2	0.1
Federal	489.8	472.3	−17.5	−3.6
State and Local	770.5	788.6	18.1	2.3

Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from U.S. Department of Commerce, Bureau of Economic Analysis, January 1997.

Table A.2 *Business Income Tax Returns by Receipt Size of Business , 1985–1993 (Thousands)*

	Thousands of Businesses Reporting								
Receipt Size of Business (Dollars) [1]	1985	1986	1987	1988	1989	1990	1991	1992	1993
Total Returns	**16,919.4**	**17,525.2**	**18,351.4**	**18,619.4**	**19,560.7**	**20,052.9**	**20,499.0**	**20,476.7**	**20,874.9**
Corporations, Total	**3,277.3**	**3,428.6**	**3,612.2**	**3,346.2**	**3,627.9**	**3,716.7**	**3,802.9**	**3,868.9**	**3,964.6**
Under 25,000[2]	710.8	765.3	788.1	818.4	865.2	878.7	924.2	935.7	967.6
25,000–49,999	236.6	244.2	267.3	227.9	240.9	252.0	260.1	256.5	256.4
50,000–99,999	330.2	345.4	369.5	330.2	332.3	358.9	375.6	375.8	396.7
100,000–249,999	620.5	630.6	659.4	620.5	631.6	661.7	665.6	682.9	674.8
250,000–499,999	489.2	510.5	531.6	459.2	513.1	500.0	514.5	532.9	542.8
500,000–999,999	352.4	370.4	391.3	352.4	414.7	416.0	415.8	422.8	439.3
1,000,000 or more	537.6	562.2	605.0	537.6	630.1	649.4	647.1	662.3	687.0
Partnerships, Total[3]	**1,713.6**	**1,702.9**	**1,648.1**	**1,593.9**	**1,635.2**	**1,553.6**	**1,515.4**	**1,484.8**	**1,467.7**
Under 25,000[2]	840.1	836.6	853.6	829.8	779.0	962.6	955.6	920.6	886.9
25,000–49,999	195.5	182.9	163.0	117.5	155.6	126.0	113.5	113.0	121.2
50,000–99,999	199.5	204.5	184.2	183.3	201.6	133.4	120.1	126.0	129.3
100,000–249,999	190.1	184.0	165.8	160.4	219.2	139.9	143.7	144.7	144.0
250,000–499,999	165.5	165.1	157.4	159.3	122.4	82.5	78.5	75.3	78.3
500,000–999,999	66.9	69.1	64.7	73.9	77.9	52.1	49.4	49.6	49.0
1,000,000 or more	56.0	60.7	59.4	69.7	79.5	57.1	54.6	55.6	59.0
Nonfarm Sole Proprietorships, Total	**11,928.5**	**12,393.7**	**13,091.1**	**13,679.3**	**14,297.6**	**14,782.6**	**15,180.7**	**15,123.0**	**15,442.6**
Under 2,500[2]	3,067.5	3,178.4	3,299.4	3,364.9	3,623.1	3,750.1	3,985.0	3,775.9	3,808.5
2,500–4,999	1,444.6	1,495.1	1,553.5	1,509.9	1,621.5	1,714.5	1,704.6	1,741.3	1,796.7
5,000–9,999	1,633.6	1,666.0	1,846.5	1,962.8	1,998.2	2,011.7	2,058.8	2,005.4	2,136.6
10,000–24,999	2,104.6	2,175.3	2,284.2	2,509.2	2,612.7	2,719.8	2,809.7	2,869.3	2,873.5
25,000–49,999	1,393.9	1,466.6	1,559.0	1,601.6	1,660.0	1,660.2	1,724.8	1,817.0	1,838.3
50,000–99,999	1,094.1	1,138.3	1,172.0	1,225.8	1,259.0	1,282.1	1,327.0	1,269.0	1,329.6
100,000–499,999	1,060.2	1,140.9	1,232.1	1,337.3	1,333.9	1,444.2	1,388.6	1,453.6	1,454.4
500,000–999,999	89.3	95.4	101.6	118.3	139.7	142.7	122.7	133.1	138.6
1,000,000 or more	40.7	37.7	42.8	49.5	49.5	57.3	59.5	58.4	66.4

[1]Size classes are based on the sum of business receipts—that is, gross amounts from sales and operations and gross rents for all industries except for the finance, insurance, and real estate industries. For the latter industries, positive net rental income was added to total receipts, which is the sum of business receipts and investment income. For partnerships, see also note below.

[2]Includes returns with no receipts as defined above.

[3]In 1981, the method of calculating total receipts for partnerships was changed by the IRS. Beginning with 1981 data, total receipts include, in part, only the net income or loss from farming and rentals. Previously, total receipts included the gross receipts from farming and rentals and, if rental receipts were the principal source of total receipts, they were treated as "business receipts" for this statistic. To help minimize the break in comparability caused by this change in statistical treatment of farm and rental income, an effort was made starting with 1981 to include rental (though not farm) gross receipts in the receipts used for the size distribution.

Source: U.S. Department of the Treasury, Internal Revenue Service, *SOI Bulletin*, vol. 15, no. 4 (Spring 1996), Table 12.

Table A.3 *Enterprises, Establishments, Employment, Annual Payroll, and Receipts by Major Industrial Sector and Firm Size, 1993 (Payroll and Receipts in Thousands of Dollars)*

	Employment Size of Firm									
Industry	Total	0	1–4	5–9	10–19	<20	20–99	100–499	<500	500+
All Industries										
Firms	5,193,642	671,306	2,468,212	962,481	559,602	4,661,601	445,900	71,512	5,179,013	14,629
Establishments	6,401,233	673,408	2,474,583	980,865	608,922	4,737,778	631,873	285,184	5,654,835	746,398
Employment	94,773,913	0	5,258,195	6,313,651	7,498,345	19,070,191	17,420,634	13,825,238	50,316,063	44,457,850
Annual Payroll	2,363,208,106	22,361,727	106,606,380	127,133,193	159,153,336	415,254,636	385,005,072	316,183,732	1,116,443,440	1,246,764,666
Estimated Receipts	14,098,572,034	116,064,572	730,747,567	730,360,041	891,635,409	2,468,807,589	2,394,813,062	1,816,354,667	6,679,975,318	7,418,596,716
Receipts per Firm	2,714.583	172.894	296.064	758.831	1,593.338	529.605	5,370.740	25,399.299	1,289.816	507,115.778
Receipts per Employee	148.760	NA	138.973	115.680	118.911	129.459	137.470	131.380	132.760	166.868
Payroll per Employee	24.935	NA	20.274	20.136	21.225	21.775	22.101	22.870	22.189	28.044
Agricultural Services, Forestry, and Fishing										
Firms	99,397	22,678	44,721	17,705	9,489	94,593	4,308	368	99,269	128
Establishments	100,685	22,678	44,731	17,728	9,517	94,654	4,474	593	99,721	964
Employment	588,556	0	95,371	116,703	124,121	336,195	146,305	51,674	534,174	54,382
Annual Payroll	10,255,107	405,908	1,566,553	1,819,044	2,024,836	5,816,341	2,322,283	834,251	8,972,875	1,282,232
Estimated Receipts	31,537,012	1,288,363	5,024,855	5,057,118	5,293,415	16,663,751	6,421,587	3,126,761	26,212,099	5,324,913
Receipts per Firm	317.283	56.811	112.360	285.632	557.848	176.163	1,490.619	8,496.633	264.051	41,600.883
Receipts per Employee	53.584	NA	52.687	43.333	42.647	49.566	43.892	60.509	49.070	97.917
Payroll per Employee	17.424	NA	16.426	15.587	16.313	17.300	15.873	16.145	16.798	23.578
Mining										
Firms	22,486	2,348	10,415	3,685	2,554	19,002	2,526	543	22,071	415
Establishments	28,570	2,348	10,445	3,743	2,652	19,188	3,135	1,491	23,814	4,756
Employment	608,309	0	21,321	24,273	34,562	80,156	93,517	75,306	248,979	359,330
Annual Payroll	24,620,409	156,778	517,552	617,025	942,467	2,233,822	2,813,806	2,766,129	7,813,757	16,806,652
Estimated Receipts	156,155,475	800,004	5,001,608	5,257,503	5,992,531	17,051,646	17,621,445	15,515,804	50,188,895	105,966,580
Receipts per Firm	6,944.564	340.717	480.231	1,426.731	2,346.332	897.361	6,976.027	28,574.225	2,273.975	255,341.157
Receipts per Employee	256.704	NA	234.586	216.599	173.385	212.731	188.430	206.037	201.579	294.900
Payroll per Employee	40.474	NA	24.274	25.420	27.269	27.868	30.089	36.732	31.383	46.772

Construction										
Firms	594,187	100,192	288,276	105,170	57,958	551,596	38,318	3,627	593,541	646
Establishments	600,299	100,205	288,312	105,232	58,104	551,853	39,240	5,047	596,140	4,159
Employment	4,525,346	0	607,641	687,931	770,379	2,065,951	1,391,296	567,837	4,025,084	500,262
Annual Payroll	125,518,445	2,673,042	12,671,404	14,965,979	18,982,023	49,292,448	39,706,863	18,722,204	107,721,515	17,796,930
Estimated Receipts	573,697,679	12,447,915	73,616,689	69,130,260	81,740,033	236,934,897	171,950,151	85,440,246	494,325,294	79,372,385
Receipts per Firm	965.517	124.241	255.369	657.319	1,410.332	429.544	4,487.451	23,556.726	832.841	122,867.469
Receipts per Employee	126.774	NA	121.152	100.490	106.104	114.686	123.590	150.466	122.811	158.662
Payroll per Employee	27.737	NA	20.853	21.755	24.640	23.859	28.539	32.971	26.763	35.575
Manufacturing										
Firms	328,167	29,672	99,789	60,944	52,060	242,465	64,607	16,430	323,502	4,665
Establishments	387,337	29,712	99,824	61,043	52,413	242,992	69,342	28,398	340,732	46,605
Employment	18,183,981	0	227,896	408,462	709,357	1,345,715	2,659,299	2,997,298	7,002,312	11,181,669
Annual Payroll	575,961,849	1,783,680	4,621,818	8,719,410	16,766,811	31,891,719	67,962,240	79,563,844	179,417,803	396,544,046
Estimated Receipts	3,143,374,173	9,278,243	23,497,217	39,089,737	71,749,541	143,614,738	314,334,903	426,743,372	884,693,013	2,258,681,160
Receipts per Firm	9,578.581	312.694	235.469	641.404	1,378.209	592.311	4,865.338	25,973.425	2,734.737	484,176.026
Receipts per Employee	172.865	NA	103.105	95.700	101.147	106.720	118.202	142.376	126.343	201.999
Payroll per Employee	31.674	NA	20.280	21.347	23.637	23.699	25.556	26.545	25.623	35.464
Transportation										
Firms	193,203	26,905	87,446	32,399	21,460	168,210	19,708	3,663	191,581	1,622
Establishments	267,175	26,978	87,611	32,952	22,994	170,535	26,800	13,147	210,482	56,693
Employment	5,621,889	0	184,084	212,779	288,305	685,168	753,953	572,682	2,011,803	3,610,086
Annual Payroll	182,117,612	952,911	3,409,898	4,150,642	5,906,134	14,419,585	17,353,437	15,167,419	46,940,441	135,177,171
Estimated Receipts	947,892,983	3,940,717	20,455,292	18,810,235	24,724,854	67,931,098	73,304,180	67,490,045	208,725,323	739,167,660
Receipts per Firm	4,906.202	146.468	233.919	580.581	1,152.137	403.847	3,719.514	18,424.801	1,089.489	455,713.724
Receipts per Employee	168.608	NA	111.119	88.403	85.759	99.145	97.226	117.849	103.750	204.751
Payroll per Employee	32.394	NA	18.524	19.507	20.486	21.045	23.017	26.485	23.333	37.444
Wholesale Trade										
Firms	397,233	40,098	166,476	78,616	54,872	340,062	46,051	7,909	394,022	3,211
Establishments	509,604	40,228	167,082	80,621	60,831	348,762	70,333	28,377	447,472	62,132
Employment	6,258,484	0	363,436	520,017	730,559	1,614,012	1,649,739	964,972	4,228,723	2,029,761
Annual Payroll	200,757,826	1,608,425	9,776,697	13,785,304	20,088,395	45,258,821	47,073,040	29,234,135	121,565,996	79,191,830
Estimated Receipts	3,403,745,666	28,408,831	227,683,539	248,704,211	323,389,760	828,186,341	870,676,504	503,055,546	2,201,918,391	1,201,827,275
Receipts per Firm	8,568.638	708.485	1,367.666	3,163.532	5,893.530	2,435.398	18,906.788	63,605.455	5,588.313	374,284.421

Table A.3 *Enterprises, Establishments, Employment, Annual Payroll, and Receipts by Major Industrial Sector and Firm Size, 1993 (Payroll and Receipts in Thousands of Dollars)*—Continued

	Employment Size of Firm									
Industry	Total	0	1–4	5–9	10–19	<20	20–99	100–499	<500	500+
Receipts per Employee	543.861	NA	626.475	478.262	442.661	513.123	527.766	521.316	520.705	592.103
Payroll per Employee	32.078	NA	26.901	26.509	27.497	28.041	28.534	30.295	28.748	39.015
Retail Trade										
Firms	1,090,076	133,846	466,311	224,416	139,000	963,573	111,069	12,618	1,087,260	2,816
Establishments	1,554,437	134,716	468,263	230,128	155,084	988,191	167,969	82,457	1,238,617	315,820
Employment	19,778,588	0	1,049,947	1,479,083	1,850,269	4,379,299	4,124,692	2,103,512	10,607,503	9,171,085
Annual Payroll	265,297,525	3,158,098	12,174,679	17,035,912	21,753,135	54,121,824	56,067,857	29,860,185	140,049,866	125,247,659
Estimated Receipts	2,029,104,606	21,250,963	122,989,810	139,672,590	166,783,821	450,697,184	466,609,241	238,499,522	1,155,805,947	873,298,659
Receipts per Firm	1,861.434	158.772	263.751	622.382	1,199.884	467.735	4,201.075	18,901.531	1,063.045	310,120.262
Receipts per Employee	102.591	NA	117.139	94.432	90.140	102.915	113.126	113.382	108.961	95.223
Payroll per Employee	13.413	NA	11.596	11.518	11.757	12.359	13.593	14.195	13.203	13.657
Finance, Insurance, and Real Estate										
Firms	426,778	54,392	251,495	58,210	28,828	392,925	24,895	5,936	423,756	3,022
Establishments	609,492	54,644	252,286	60,284	34,557	401,771	48,575	31,441	481,787	127,705
Employment	6,891,117	0	488,223	374,215	380,334	1,242,772	948,190	837,300	3,028,262	3,862,855
Annual Payroll	232,099,601	2,202,704	10,397,258	9,749,904	10,987,575	33,337,441	27,468,544	26,840,302	87,646,287	144,453,314
Estimated Receipts	1,903,897,876	11,484,175	69,381,663	46,996,699	52,004,336	179,866,873	157,641,638	195,524,513	533,033,024	1,370,864,852
Receipts per Firm	4,461.097	211.137	275.877	807.365	1,803.952	457.764	6,332.261	32,938.766	1,257.877	453,628.343
Receipts per Employee	276.283	NA	142.111	125.587	136.733	144.730	166.255	233.518	176.019	354.884
Payroll per Employee	33.681	NA	21.296	26.054	28.889	26.825	28.969	32.056	28.943	37.395
Services										
Firms	2,030,895	230,004	1,039,341	380,465	195,986	1,845,796	146,082	30,857	2,022,735	8,160
Establishments	2,294,559	230,671	1,041,481	386,848	211,988	1,870,988	201,782	94,225	2,166,995	127,564
Employment	32,262,429	0	2,196,422	2,475,411	2,600,566	7,272,399	5,647,481	5,654,129	18,574,009	13,688,420
Annual Payroll	745,774,734	8,999,723	51,274,343	56,204,293	61,648,958	178,127,317	124,205,069	113,177,516	415,509,902	330,264,832
Estimated Receipts	1,904,405,317	24,781,917	181,816,183	157,129,927	159,656,281	523,384,308	316,071,485	280,856,292	1,120,312,085	784,093,232

Receipts per Firm	937.717	107.746	174.934	412.994	814.631	283.555	2,163.658	9,101.866	553.860	96,089.857
Receipts per Employee	59.029	NA	82.778	63.476	61.393	71.969	55.967	49.673	60.316	57.282
Payroll per Employee	23.116	NA	23.344	22.705	23.706	24.494	21.993	20.017	22.371	24.127
Unclassified										
Firms	49,070	31,228	14,548	2,286	782	48,844	223	3	49,070	0
Establishments	49,075	31,228	14,548	2,286	782	48,844	223	8	49,075	0
Employment	55,214	0	23,854	14,777	9,893	48,524	6,162	528	55,214	0
Annual Payroll	804,998	420,458	196,178	85,680	53,002	755,318	31,933	17,747	804,998	0
Estimated Receipts	4,761,247	2,383,444	1,280,711	511,761	300,837	4,476,753	181,928	102,566	4,761,247	0
Receipts per Firm	97.030	76.324	88.033	223.867	384.702	91.654	815.821	34,188.667	97.030	NA
Receipts per Employee	86.233	NA	53.690	34.632	30.409	92.259	29.524	194.254	86.233	NA
Payroll per Employee	14.580	NA	8.224	5.798	5.358	15.566	5.182	33.612	14.580	NA

NA = not available

Note: A firm is defined as an aggregation of all establishments owned by a parent company. A firm may consist of a single, independent establishment or it can include subsidiaries of other branch establishments under the same ownership and control. A firm is also defined only within a state and not across states.

Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from data provided by the U.S. Department of Commerce, Bureau of the Census.

Table A.4 *Enterprises, Employment, and Annual Payroll by Firm Size, SBA Region, and State, 1993 (Annual Payroll in Thousands of Dollars)*

		Employment Size of Firm								
SBA Region/State	Total	0	1–4	5–9	10–19	<20	20–99	100–499	<500	500+
United States										
Number of Firms	5,193,642	671,306	2,468,212	962,481	559,602	4,661,601	445,900	71,512	5,179,013	14,629
Employment	94,773,913	0	5,258,195	6,313,651	7,498,345	19,070,191	17,420,634	13,825,238	50,316,063	44,457,850
Annual Payroll	2,363,208,106	22,361,727	106,606,380	127,133,193	159,153,336	415,254,636	385,005,072	316,183,732	1,116,443,440	1,246,764,666
Region I										
Number of Firms	311,983	40,663	144,109	54,773	31,761	271,306	26,765	6,918	304,989	6,994
Employment	5,465,166	0	308,226	356,364	420,352	1,084,942	987,036	850,311	2,922,289	2,542,877
Annual Payroll	150,016,132	1,357,374	6,962,034	8,073,156	9,911,519	26,304,083	24,176,754	21,367,646	71,848,483	78,167,649
Connecticut										
Number of Firms	78,084	9,347	36,657	13,979	8,009	67,992	6,614	1,720	76,326	1,758
Employment	1,406,055	0	77,489	90,995	106,268	274,752	243,442	201,757	719,951	686,104
Annual Payroll	43,035,438	363,846	2,013,870	2,347,430	2,855,890	7,581,036	6,708,249	5,575,667	19,864,952	23,170,486
Maine										
Number of Firms	30,631	4,917	13,980	5,325	2,917	27,139	2,275	533	29,947	684
Employment	411,964	0	29,761	34,943	38,636	103,340	82,601	67,930	253,871	158,093
Annual Payroll	8,888,734	105,420	503,143	604,785	695,217	1,908,565	1,591,974	1,307,951	4,808,490	4,080,244
Massachusetts										
Number of Firms	131,812	16,627	60,205	23,335	13,837	114,004	12,104	3,231	129,339	2,473
Employment	2,632,691	0	130,277	151,775	183,367	465,419	455,540	419,095	1,340,054	1,292,637
Annual Payroll	74,537,645	630,039	3,083,087	3,577,108	4,454,912	11,745,146	11,480,808	10,914,154	34,140,108	40,397,537
New Hampshire										
Number of Firms	28,751	4,021	12,830	5,073	2,914	24,838	2,426	614	27,878	873
Employment	426,624	0	27,516	32,910	38,109	98,535	84,246	63,375	246,156	180,468
Annual Payroll	10,323,279	109,530	561,055	671,743	832,599	2,174,927	1,882,165	1,464,375	5,521,467	4,801,812
Rhode Island										
Number of Firms	24,649	3,327	11,750	3,956	2,311	21,344	2,035	517	23,896	753
Employment	372,150	0	24,834	25,595	30,689	81,118	74,664	61,128	216,910	155,240
Annual Payroll	8,688,763	102,202	498,264	528,860	654,439	1,783,765	1,623,701	1,336,466	4,743,932	3,944,831

Vermont										
Number of Firms	18,056	2,424	8,687	3,105	1,773	15,989	1,311	303	17,603	453
Employment	215,682	0	18,349	20,146	23,283	61,778	46,543	37,026	145,347	70,335
Annual Payroll	4,542,273	46,337	302,615	343,230	418,462	1,110,644	889,857	769,033	2,769,534	1,772,739
Region II										
Number of Firms	588,776	76,717	296,531	97,763	54,922	525,933	46,029	10,333	582,295	6,481
Employment	9,732,371	0	613,376	636,673	729,427	1,979,476	1,717,097	1,446,855	5,143,428	4,588,943
Annual Payroll	297,524,758	2,963,898	14,792,802	15,868,036	19,252,069	52,876,805	46,387,194	39,804,530	139,068,529	158,456,229
New Jersey										
Number of Firms	187,037	24,757	91,163	31,666	17,971	165,557	15,073	3,662	184,292	2,745
Employment	3,099,870	0	190,416	206,188	238,066	634,670	555,832	444,931	1,635,433	1,464,437
Annual Payroll	93,574,310	940,923	4,764,432	5,303,315	6,460,386	17,469,056	15,180,102	12,068,230	44,717,388	48,856,922
New York										
Number of Firms	401,739	51,960	205,368	66,097	36,951	360,376	30,956	6,671	398,003	3,736
Employment	6,632,501	0	422,960	430,485	491,361	1,344,806	1,161,265	1,001,924	3,507,995	3,124,506
Annual Payroll	203,950,448	2,022,975	10,028,370	10,564,721	12,791,683	35,407,749	31,207,092	27,736,300	94,351,141	109,599,307
Region III										
Number of Firms	520,664	58,734	237,112	96,676	56,827	449,349	48,317	12,101	509,767	10,897
Employment	9,835,894	0	510,656	633,362	751,424	1,895,442	1,753,662	1,471,257	5,120,361	4,715,533
Annual Payroll	244,662,382	1,932,641	9,832,724	12,769,407	16,187,840	40,722,612	39,554,500	33,973,566	114,250,678	130,411,704
Delaware										
Number of Firms	17,066	2,344	7,104	2,897	1,752	14,097	1,488	501	16,086	980
Employment	305,021	0	15,019	18,956	23,016	56,991	50,420	36,167	143,578	161,443
Annual Payroll	8,559,231	69,491	293,624	391,771	484,165	1,239,051	1,123,045	777,168	3,139,264	5,419,967
District of Columbia										
Number of Firms	16,285	1,473	6,482	2,675	1,841	12,471	2,032	853	15,356	929
Employment	413,740	0	13,501	17,441	23,274	54,216	66,564	75,911	196,691	217,049
Annual Payroll	13,566,512	89,912	483,207	554,244	736,051	1,863,414	2,099,860	2,521,011	6,484,285	7,082,227
Maryland										
Number of Firms	98,606	12,864	42,843	18,352	10,891	84,950	9,206	2,319	96,475	2,131
Employment	1,726,770	0	92,271	120,586	143,439	356,296	330,493	261,115	947,904	778,866
Annual Payroll	43,974,698	422,394	2,053,886	2,573,180	3,167,230	8,216,690	7,692,827	6,186,148	22,095,665	21,879,033
Pennsylvania										
Number of Firms	230,543	23,262	108,251	43,364	25,474	200,351	21,826	5,011	227,188	3,355
Employment	4,561,247	0	233,988	284,019	339,344	857,351	816,608	705,520	2,379,479	2,181,768
Annual Payroll	111,888,855	863,485	4,264,467	5,589,481	7,324,418	18,041,851	18,029,050	15,673,701	51,744,602	60,144,253

Table A.4 *Enterprises, Employment, and Annual Payroll by Firm Size, SBA Region, and State, 1993 (Annual Payroll in Thousands of Dollars)*—Continued

		Employment Size of Firm								
SBA Region/State	Total	0	1–4	5–9	10–19	<20	20–99	100–499	<500	500+
Virginia										
Number of Firms	125,151	15,145	56,882	23,289	13,488	108,804	11,077	2,741	122,622	2,529
Employment	2,329,111	0	122,570	152,604	177,855	453,029	395,346	322,076	1,170,451	1,158,660
Annual Payroll	55,915,757	410,707	2,278,192	3,015,889	3,702,025	9,406,813	8,862,304	7,463,596	25,732,713	30,183,044
West Virginia										
Number of Firms	33,013	3,646	15,550	6,099	3,381	28,676	2,688	676	32,040	973
Employment	500,005	0	33,307	39,756	44,496	117,559	94,231	70,468	282,258	217,747
Annual Payroll	10,757,329	76,652	459,348	644,842	773,951	1,954,793	1,747,414	1,351,942	5,054,149	5,703,180
Region IV										
Number of Firms	954,720	119,993	447,663	172,992	97,620	838,268	78,897	19,121	936,286	18,434
Employment	16,994,418	0	957,305	1,130,165	1,289,926	3,377,396	2,891,149	2,303,994	8,572,539	8,421,879
Annual Payroll	371,814,230	3,722,568	17,159,931	20,962,163	25,381,235	67,225,897	57,593,889	45,590,966	170,410,752	201,403,478
Alabama										
Number of Firms	75,349	8,734	33,763	14,402	8,150	65,049	6,769	1,660	73,478	1,871
Employment	1,447,134	0	73,063	94,249	107,986	275,298	248,034	203,029	726,361	720,773
Annual Payroll	30,707,709	236,881	1,120,427	1,601,472	2,025,350	4,984,130	4,819,288	3,791,941	13,595,359	17,112,350
Florida										
Number of Firms	322,467	45,235	157,971	56,403	30,848	290,457	23,666	4,943	319,066	3,401
Employment	4,805,651	0	333,255	368,028	407,333	1,108,616	880,123	636,610	2,625,349	2,180,302
Annual Payroll	104,101,893	1,434,959	6,762,808	7,419,188	8,346,833	23,963,788	17,910,640	12,747,288	54,621,716	49,480,177
Georgia										
Number of Firms	136,658	17,576	61,699	24,764	14,202	118,241	11,812	3,372	133,425	3,233
Employment	2,648,435	0	131,871	161,678	187,016	480,565	421,286	351,087	1,252,938	1,395,497
Annual Payroll	63,027,901	609,173	2,609,755	3,195,526	3,953,097	10,367,551	8,862,835	7,459,461	26,689,847	36,338,054
Kentucky										
Number of Firms	68,485	7,477	30,653	12,800	7,681	58,611	6,490	1,552	66,653	1,832
Employment	1,259,544	0	66,391	83,848	101,572	251,811	237,721	178,166	667,698	591,846
Annual Payroll	26,636,389	228,726	1,018,915	1,405,992	1,799,285	4,452,918	4,387,030	3,344,433	12,184,381	14,452,008

Mississippi										
Number of Firms	46,240	5,209	22,318	8,205	4,679	40,411	3,593	957	44,961	1,279
Employment	796,551	0	47,638	53,620	61,878	163,136	128,909	116,161	408,206	388,345
Annual Payroll	15,203,494	160,800	647,909	800,093	1,041,454	2,650,256	2,249,128	2,003,085	6,902,469	8,301,025
North Carolina										
Number of Firms	139,921	16,732	65,013	26,001	14,654	122,400	11,917	2,918	137,235	2,686
Employment	2,759,270	0	139,987	169,672	194,527	504,186	440,469	383,326	1,327,981	1,431,289
Annual Payroll	60,631,617	468,874	2,293,291	3,067,637	3,728,864	9,558,666	8,762,837	7,606,561	25,928,064	34,703,553
South Carolina										
Number of Firms	68,738	8,042	31,758	12,759	7,218	59,777	5,788	1,477	67,042	1,696
Employment	1,307,776	0	69,403	83,485	94,778	247,666	205,906	165,612	619,184	688,592
Annual Payroll	27,589,242	229,594	1,099,231	1,396,051	1,747,660	4,472,536	3,715,378	3,152,879	11,340,793	16,248,449
Tennessee										
Number of Firms	96,862	10,988	44,488	17,658	10,188	83,322	8,862	2,242	94,426	2,436
Employment	1,970,057	0	95,697	115,585	134,836	346,118	328,701	270,003	944,822	1,025,235
Annual Payroll	43,915,985	353,561	1,607,595	2,076,204	2,738,692	6,776,052	6,886,753	5,485,318	19,148,123	24,767,862
Region V										
Number of Firms	945,912	114,969	415,008	178,037	108,276	816,290	92,571	21,252	930,113	15,799
Employment	18,668,075	0	896,950	1,168,858	1,441,752	3,507,560	3,480,624	2,883,219	9,871,403	8,796,672
Annual Payroll	471,625,070	3,539,670	17,649,440	23,180,523	30,447,802	74,817,435	77,738,725	65,334,294	217,890,454	253,734,616
Illinois										
Number of Firms	238,362	29,200	107,618	42,836	26,404	206,058	22,957	5,610	234,625	3,737
Employment	4,696,332	0	227,631	280,956	350,638	859,225	854,294	713,364	2,426,883	2,269,449
Annual Payroll	127,223,868	1,116,948	5,188,904	6,281,746	8,259,505	20,847,103	20,935,290	17,601,355	59,383,748	67,840,120
Indiana										
Number of Firms	110,675	12,226	48,246	21,376	12,722	94,570	10,974	2,738	108,282	2,393
Employment	2,258,311	0	105,408	140,223	168,694	414,325	407,106	359,897	1,181,328	1,076,983
Annual Payroll	52,689,146	341,262	1,782,280	2,448,939	3,173,468	7,745,949	8,366,672	7,209,334	23,321,955	29,367,191
Michigan										
Number of Firms	181,162	23,577	78,262	35,194	21,070	158,103	16,989	3,494	178,586	2,576
Employment	3,448,372	0	171,534	230,915	281,600	684,049	645,250	500,169	1,829,468	1,618,904
Annual Payroll	92,498,672	691,784	3,506,726	4,699,938	6,161,832	15,060,280	15,042,601	11,793,517	41,896,398	50,602,274
Minnesota										
Number of Firms	101,436	13,573	43,208	18,629	11,673	87,083	9,988	2,385	99,456	1,980
Employment	1,944,204	0	92,944	122,433	155,943	371,320	376,777	324,537	1,072,634	871,570
Annual Payroll	47,813,841	398,182	1,758,410	2,285,290	3,097,926	7,539,808	8,040,046	7,339,773	22,919,627	24,894,214

Table A.4 *Enterprises, Employment, and Annual Payroll by Firm Size, SBA Region, and State, 1993 (Annual Payroll in Thousands of Dollars)*—Continued

		Employment Size of Firm								
SBA Region/State	Total	0	1–4	5–9	10–19	<20	20–99	100–499	<500	500+
Ohio										
Number of Firms	205,355	23,532	90,288	39,540	23,567	176,927	20,569	4,663	202,159	3,196
Employment	4,262,358	0	197,461	259,341	313,163	769,965	780,137	640,071	2,190,173	2,072,185
Annual Payroll	104,086,981	672,449	3,622,653	5,037,223	6,529,408	15,861,733	16,791,497	14,064,441	46,717,671	57,369,310
Wisconsin										
Number of Firms	108,922	12,861	47,386	20,462	12,840	93,549	11,094	2,362	107,005	1,917
Employment	2,058,498	0	101,972	134,990	171,714	408,676	417,060	345,181	1,170,917	887,581
Annual Payroll	47,312,562	319,045	1,790,467	2,427,387	3,225,663	7,762,562	8,562,619	7,325,874	23,651,055	23,661,507
Region VI										
Number of Firms	562,395	67,477	261,915	103,042	59,959	492,393	49,217	10,934	552,544	9,851
Employment	9,950,775	0	560,800	674,415	795,298	2,030,513	1,820,053	1,380,604	5,231,170	4,719,605
Annual Payroll	228,488,746	2,245,162	10,667,925	12,553,784	15,382,958	40,849,829	36,033,922	29,329,978	106,213,729	122,275,017
Arkansas										
Number of Firms	48,954	5,825	23,053	8,756	5,132	42,766	3,950	943	47,659	1,295
Employment	817,939	0	49,051	57,468	67,386	173,905	142,966	112,513	429,384	388,555
Annual Payroll	15,694,996	134,826	754,945	911,948	1,162,477	2,964,196	2,430,939	2,007,278	7,402,413	8,292,583
Louisiana										
Number of Firms	76,906	8,357	34,586	14,573	8,506	66,022	7,412	1,662	75,096	1,810
Employment	1,376,196	0	74,487	95,510	112,743	282,740	279,239	208,315	770,294	605,902
Annual Payroll	29,711,024	289,439	1,333,078	1,652,869	2,074,091	5,349,477	5,193,948	4,119,405	14,662,830	15,048,194
New Mexico										
Number of Firms	33,214	4,222	14,776	5,960	3,600	28,558	2,856	704	32,118	1,096
Employment	468,996	0	31,514	38,941	47,375	117,830	100,108	72,203	290,141	178,855
Annual Payroll	9,672,348	95,925	491,078	637,162	787,897	2,012,062	1,755,986	1,307,204	5,075,252	4,597,096
Oklahoma										
Number of Firms	66,654	7,716	31,910	12,089	6,581	58,296	5,596	1,219	65,111	1,543
Employment	1,002,623	0	67,891	78,883	86,938	233,712	204,357	147,578	585,647	416,976
Annual Payroll	21,297,522	207,429	1,098,609	1,329,438	1,567,472	4,202,948	3,680,610	2,917,628	10,801,186	10,496,336

Texas										
Number of Firms	336,667	41,357	157,590	61,664	36,140	296,751	29,403	6,406	332,560	4,107
Employment	6,285,021	0	337,857	403,613	480,856	1,222,326	1,093,383	839,995	3,155,704	3,129,317
Annual Payroll	152,112,856	1,517,543	6,990,215	8,022,367	9,791,021	26,321,146	22,972,439	18,978,463	68,272,048	83,840,808
Region VII										
Number of Firms	274,219	31,799	127,153	49,576	29,058	237,586	24,698	5,668	267,952	6,267
Employment	4,673,837	0	270,542	324,823	385,326	980,691	905,720	678,366	2,564,777	2,109,060
Annual Payroll	101,322,216	745,649	4,226,142	5,525,387	7,183,822	17,681,000	17,404,884	13,432,950	48,518,834	52,803,382
Iowa										
Number of Firms	63,824	7,120	29,578	11,704	6,957	55,359	5,829	1,298	62,486	1,338
Employment	1,071,993	0	63,408	76,697	92,329	232,434	214,431	165,498	612,363	459,630
Annual Payroll	21,918,196	138,314	913,076	1,190,288	1,611,887	3,853,565	3,936,480	3,142,473	10,932,518	10,985,678
Kansas										
Number of Firms	57,780	6,548	26,718	10,431	6,116	49,813	5,177	1,247	56,237	1,543
Employment	927,666	0	56,525	68,094	80,984	205,603	186,595	139,468	531,666	396,000
Annual Payroll	20,082,386	149,083	865,877	1,163,391	1,509,254	3,687,605	3,602,964	2,795,383	10,085,952	9,996,434
Missouri										
Number of Firms	113,526	13,792	52,860	20,175	11,760	98,587	10,245	2,363	111,195	2,331
Employment	2,040,272	0	112,226	132,383	156,055	400,664	378,737	286,333	1,065,734	974,538
Annual Payroll	46,752,543	367,343	1,899,135	2,426,039	3,060,167	7,752,684	7,599,732	5,834,776	21,187,192	25,565,351
Nebraska										
Number of Firms	39,089	4,339	17,997	7,266	4,225	33,827	3,447	760	38,034	1,055
Employment	633,906	0	38,383	47,649	55,958	141,990	125,957	87,067	355,014	278,892
Annual Payroll	12,569,091	90,909	548,054	745,669	1,002,514	2,387,146	2,265,708	1,660,318	6,313,172	6,255,919
Region VIII										
Number of Firms	203,218	29,508	90,581	35,880	20,835	176,804	17,083	3,941	197,828	5,390
Employment	2,936,365	0	193,076	234,638	276,370	704,084	613,048	408,464	1,725,596	1,210,769
Annual Payroll	64,351,704	741,550	3,399,990	4,143,965	5,073,964	13,359,469	11,833,899	8,260,597	33,453,965	30,897,739
Colorado										
Number of Firms	93,354	13,925	42,136	16,253	9,206	81,520	7,739	1,869	91,128	2,226
Employment	1,421,178	0	89,220	106,226	121,963	317,409	280,733	190,555	788,697	632,481
Annual Payroll	34,312,923	397,977	1,789,701	2,128,116	2,554,493	6,870,287	5,937,438	4,192,148	16,999,873	17,313,050
Montana										
Number of Firms	24,132	3,633	11,311	4,307	2,278	21,529	1,775	318	23,622	510
Employment	245,753	0	24,041	28,158	30,385	82,584	62,482	31,118	176,184	69,569
Annual Payroll	4,521,099	61,428	354,568	420,504	467,270	1,303,770	1,026,108	595,744	2,925,622	1,595,477

Table A.4 *Enterprises, Employment, and Annual Payroll by Firm Size, SBA Region, and State, 1993 (Annual Payroll in Thousands of Dollars)*—Continued

		Employment Size of Firm								
SBA Region/State	Total	0	1–4	5–9	10–19	<20	20–99	100–499	<500	500+
North Dakota										
Number of Firms	16,989	2,037	7,884	2,944	1,851	14,716	1,479	325	16,520	469
Employment	216,020	0	16,692	19,273	24,344	60,309	53,780	34,538	148,627	67,393
Annual Payroll	3,955,863	37,016	221,248	293,218	385,887	937,369	881,733	599,029	2,418,131	1,537,732
South Dakota										
Number of Firms	19,184	2,528	8,820	3,352	2,008	16,708	1,563	422	18,693	491
Employment	247,829	0	18,562	21,922	26,671	67,155	54,851	42,824	164,830	82,999
Annual Payroll	4,335,957	45,983	255,043	321,853	419,769	1,042,648	937,611	758,077	2,738,336	1,597,621
Utah										
Number of Firms	35,297	5,261	13,920	6,499	4,102	29,782	3,530	762	34,074	1,223
Employment	660,301	0	30,604	42,751	54,703	128,058	128,214	88,769	345,041	315,260
Annual Payroll	14,146,962	154,898	568,111	725,324	949,611	2,397,944	2,441,490	1,700,289	6,539,723	7,607,239
Wyoming										
Number of Firms	14,262	2,124	6,510	2,525	1,390	12,549	997	245	13,791	471
Employment	145,284	0	13,957	16,308	18,304	48,569	32,988	20,660	102,217	43,067
Annual Payroll	3,078,900	44,248	211,319	254,950	296,934	807,451	609,519	415,310	1,832,280	1,246,620
Region IX										
Number of Firms	741,357	96,257	343,178	132,314	80,158	651,907	67,219	13,687	732,813	8,544
Employment	13,067,429	0	722,369	867,547	1,068,591	2,658,507	2,529,249	1,885,919	7,073,675	5,993,754
Annual Payroll	348,879,498	4,228,804	17,698,991	18,620,491	23,539,609	64,087,895	58,745,012	47,305,159	170,138,066	178,741,432
Arizona										
Number of Firms	77,280	10,885	33,787	13,806	8,097	66,575	6,954	1,744	75,273	2,007
Employment	1,325,469	0	72,149	90,639	107,497	270,285	250,925	190,062	711,272	614,197
Annual Payroll	29,710,792	351,383	1,489,647	1,723,373	2,062,695	5,627,098	4,847,712	3,779,415	14,254,225	15,456,567
California										
Number of Firms	610,659	78,447	286,708	108,915	66,037	540,107	55,180	10,622	605,909	4,750
Employment	10,725,128	0	601,258	713,775	881,135	2,196,168	2,096,019	1,545,788	5,837,975	4,887,153
Annual Payroll	295,173,268	3,526,580	15,060,419	15,547,521	19,687,650	53,822,170	49,755,441	40,112,460	143,690,071	151,483,197

Hawaii										
Number of Firms	24,429	2,594	10,692	4,618	2,916	20,820	2,429	535	23,784	645
Employment	435,904	0	23,250	30,351	38,848	92,449	88,793	74,629	255,871	180,033
Annual Payroll	10,551,898	91,223	531,300	642,624	866,657	2,131,804	1,998,546	1,791,003	5,921,353	4,630,545
Nevada										
Number of Firms	28,989	4,331	11,991	4,975	3,108	24,405	2,656	786	27,847	1,142
Employment	580,928	0	25,712	32,782	41,111	99,605	93,512	75,440	268,557	312,371
Annual Payroll	13,443,540	259,618	617,625	706,973	922,607	2,506,823	2,143,313	1,622,281	6,272,417	7,171,123
Region X										
Number of Firms	240,118	35,544	105,791	43,655	25,771	210,761	20,196	4,429	235,386	4,732
Employment	3,449,583	0	224,895	286,806	339,879	851,580	722,996	516,249	2,090,825	1,358,758
Annual Payroll	84,523,370	884,411	4,216,401	5,436,281	6,792,518	17,329,611	15,536,293	11,784,046	44,649,950	39,873,420
Alaska										
Number of Firms	14,128	2,706	5,770	2,563	1,427	12,466	988	263	13,717	411
Employment	172,423	0	12,451	16,815	18,955	48,221	34,954	29,549	112,724	59,699
Annual Payroll	5,483,210	77,849	330,707	426,332	478,463	1,313,351	940,723	873,940	3,128,014	2,355,196
Idaho										
Number of Firms	26,362	4,151	11,245	4,838	2,827	23,061	2,159	475	25,695	667
Employment	344,209	0	24,445	31,718	37,098	93,261	74,655	46,004	213,920	130,289
Annual Payroll	7,127,376	90,682	393,172	510,397	624,789	1,619,040	1,309,720	831,671	3,760,431	3,366,945
Oregon										
Number of Firms	75,493	10,731	33,586	13,791	8,043	66,151	6,369	1,394	73,914	1,579
Employment	1,073,896	0	71,606	90,563	106,163	268,332	227,362	164,706	660,400	413,496
Annual Payroll	24,852,194	255,413	1,300,813	1,626,675	2,040,334	5,223,235	4,766,981	3,716,665	13,706,881	11,145,313
Washington										
Number of Firms	124,135	17,956	55,190	22,463	13,474	109,083	10,680	2,297	122,060	2,075
Employment	1,859,055	0	116,393	147,710	177,663	441,766	386,025	275,990	1,103,781	755,274
Annual Payroll	47,060,590	460,467	2,191,709	2,872,877	3,648,932	9,173,985	8,518,869	6,361,770	24,054,624	23,005,966

Note: A firm is defined as an aggregation of all establishments owned by a parent company. A firm may consist of a single, independent establishment or it can include subsidiaries or other branch establishments under the same ownership and control. A firm is also defined only within a state and not across states.

Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from data provided by the U.S. Department of Commerce, Bureau of the Census.

Table A.5 *Various Statistics by Industry (Two-Digit SIC Code) and Firm Size, 1993 (Payroll and Receipts in Thousands of Dollars)*

	Employment Size of Firm									
Industry	Total	0	1–4	5–9	10–19	<20	20–99	100–499	<500	500+
U.S. Total										
Firms	5,193,642	671,306	2,468,212	962,481	559,602	4,661,601	445,900	71,512	5,179,013	14,629
Establishments	6,401,233	673,408	2,474,583	980,865	608,922	4,737,778	631,873	285,184	5,654,835	746,398
Employment	94,773,913	0	5,258,195	6,313,651	7,498,345	19,070,191	17,420,634	13,825,238	50,316,063	44,457,850
Annual Payroll	2,363,208,106	22,361,727	106,606,380	127,133,193	159,153,336	415,254,636	385,005,072	316,183,732	1,116,443,440	1,246,764,666
Estimated Receipts	14,098,572,034	116,064,572	730,747,567	730,360,041	891,635,409	2,468,807,589	2,394,813,062	1,816,354,667	6,679,975,318	7,418,596,716
Receipts per Firm	2,714.6	172.9	296.1	758.8	1,593.3	529.6	5,370.7	25,399.3	1,289.8	507,115.8
Receipts per Employee	148.8	NA	139.0	115.7	118.9	129.5	137.5	131.4	132.8	166.9
Payroll per Employee	24.9	NA	20.3	20.1	21.2	21.8	22.1	22.9	22.2	28.0
Agricultural Services, Forestry, and Fishing										
Firms	99,397	22,678	44,721	17,705	9,489	94,593	4,308	368	99,269	128
Establishments	100,685	22,678	44,731	17,728	9,517	94,654	4,474	593	99,721	964
Employment	588,556	0	95,371	116,703	124,121	336,195	146,305	51,674	534,174	54,382
Annual Payroll	10,255,107	405,908	1,566,553	1,819,044	2,024,836	5,816,341	2,322,283	834,251	8,972,875	1,282,232
Estimated Receipts	31,537,012	1,288,363	5,024,855	5,057,118	5,293,415	16,663,751	6,421,587	3,126,761	26,212,099	5,324,913
Receipts per Firm	317.3	56.8	112.4	285.6	557.8	176.2	1,490.6	8,496.6	264.1	41,600.9
Receipts per Employee	53.6	NA	52.7	43.3	42.6	49.6	43.9	60.5	49.1	97.9
Payroll per Employee	17.4	NA	16.4	15.6	16.3	17.3	15.9	16.1	16.8	23.6
Forestry										
Firms	2,203	544	963	295	189	1,991	155	25	2,171	32
Establishments	2,272	544	963	301	189	1,997	174	27	2,198	74
Employment	17,762	0	1,954	1,911	2,513	6,378	5,575	3,150	15,103	2,659
Annual Payroll	350,242	12,320	39,373	38,667	50,569	140,929	98,447	36,032	275,408	74,834
Estimated Receipts	1,550,752	58,322	186,074	156,885	244,792	646,073	363,076	159,349	1,168,498	382,254
Receipts per Firm	703.9	107.2	193.2	531.8	1,295.2	324.5	2,342.4	6,374.0	538.2	11,945.4
Receipts per Employee	87.3	NA	95.2	82.1	97.4	101.3	65.1	50.6	77.4	143.8
Payroll per Employee	19.7	NA	20.1	20.2	20.1	22.1	17.7	11.4	18.2	28.1

Fishing, Hunting, and Trapping										
Firms	2,093	639	1,027	173	115	1,954	104	26	2,084	9
Establishments	2,118	639	1,028	175	117	1,959	112	31	2,102	16
Employment	12,738	0	1,817	1,143	1,479	4,439	3,720	3,204	11,363	1,375
Annual Payroll	321,233	17,484	41,260	22,634	27,035	108,413	91,760	79,518	279,691	41,542
Estimated Receipts	1,415,399	79,896	242,667	90,010	92,405	504,978	399,161	321,099	1,225,238	190,161
Receipts per Firm	676.3	125.0	236.3	520.3	803.5	258.4	3,838.1	12,350.0	587.9	21,129.0
Receipts per Employee	111.1	NA	133.6	78.7	62.5	113.8	107.3	100.2	107.8	138.3
Payroll per Employee	25.2	NA	22.7	19.8	18.3	24.4	24.7	24.8	24.6	30.2
All Mining										
Firms	22,486	2,348	10,415	3,685	2,554	19,002	2,526	543	22,071	415
Establishments	28,570	2,348	10,445	3,743	2,652	19,188	3,135	1,491	23,814	4,756
Employment	608,309	0	21,321	24,273	34,562	80,156	93,517	75,306	248,979	359,330
Annual Payroll	24,620,409	156,778	517,552	617,025	942,467	2,233,822	2,813,806	2,766,129	7,813,757	16,806,652
Estimated Receipts	156,155,475	800,004	5,001,608	5,257,503	5,992,531	17,051,646	17,621,445	15,515,804	50,188,895	105,966,580
Receipts per Firm	6,944.6	340.7	480.2	1,426.7	2,346.3	897.4	6,976.0	28,574.2	2,274.0	255,341.2
Receipts per Employee	256.7	NA	234.6	216.6	173.4	212.7	188.4	206.0	201.6	294.9
Payroll per Employee	40.5	NA	24.3	25.4	27.3	27.9	30.1	36.7	31.4	46.8
Metal Mining										
Firms	609	119	237	67	39	462	52	32	546	63
Establishments	998	119	237	67	40	463	93	72	628	370
Employment	52,799	0	445	431	529	1,405	2,136	5,037	8,578	44,221
Annual Payroll	2,182,101	5,362	14,366	14,223	15,531	49,482	74,101	187,813	311,396	1,870,705
Estimated Receipts	10,416,796	31,830	45,039	34,500	51,657	163,026	301,315	875,080	1,339,421	9,077,375
Receipts per Firm	17,104.8	267.5	190.0	514.9	1,324.5	352.9	5,794.5	27,346.3	2,453.2	144,085.3
Receipts per Employee	197.3	NA	101.2	80.0	97.7	116.0	141.1	173.7	156.1	205.3
Payroll per Employee	41.3	NA	32.3	33.0	29.4	35.2	34.7	37.3	36.3	42.3
Coal Mining										
Firms	1,954	226	394	278	350	1,248	528	98	1,874	80
Establishments	2,759	226	402	282	356	1,266	566	206	2,038	721
Employment	122,209	0	894	1,890	4,889	7,673	20,342	16,366	44,381	77,828
Annual Payroll	4,828,932	33,759	24,189	46,844	123,586	228,378	620,852	602,364	1,451,594	3,377,338
Estimated Receipts	24,875,555	173,549	232,975	299,674	963,918	1,670,116	4,388,286	3,091,963	9,150,365	15,725,190
Receipts per Firm	12,730.6	767.9	591.3	1,078.0	2,754.1	1,338.2	8,311.1	31,550.6	4,882.8	196,564.9
Receipts per Employee	203.5	NA	260.6	158.6	197.2	217.7	215.7	188.9	206.2	202.1
Payroll per Employee	39.5	NA	27.1	24.8	25.3	29.8	30.5	36.8	32.7	43.4

Table A.5 *Various Statistics by Industry (Two-Digit SIC Code) and Firm Size,1993 (Payroll and Receipts in Thousands of Dollars)*

	Employment Size of Firm									
Industry	Total	0	1–4	5–9	10–19	<20	20–99	100–499	<500	500+
Food and Kindred Products										
Firms	16,389	1,551	3,853	2,688	2,525	10,617	3,755	1,369	15,741	648
Establishments	22,256	1,551	3,854	2,695	2,539	10,639	4,021	2,153	16,813	5,443
Employment	1,621,565	0	9,099	18,074	34,310	61,483	155,512	241,005	458,000	1,163,565
Annual Payroll	44,456,189	86,489	152,037	294,961	617,077	1,150,564	3,457,257	6,028,301	10,636,122	33,820,067
Estimated Receipts	417,568,199	912,141	1,690,030	3,265,633	5,880,978	11,748,782	35,665,784	63,884,099	111,298,665	306,269,534
Receipts per Firm	25,478.6	588.1	438.6	1,214.9	2,329.1	1,106.6	9,498.2	46,664.8	7,070.6	472,638.2
Receipts per Employee	257.5	NA	185.7	180.7	171.4	191.1	229.3	265.1	243.0	263.2
Payroll per Employee	27.4	NA	16.7	16.3	18.0	18.7	22.2	25.0	23.2	29.1
Tobacco Products										
Firms	84	10	21	6	4	41	13	13	67	17
Establishments	169	10	21	6	4	41	14	18	73	96
Employment	57,371	0	54	36	51	141	578	2,897	3,616	53,755
Annual Payroll	2,453,794	159	1,011	358	1,226	2,754	10,383	52,524	65,661	2,388,133
Estimated Receipts	28,964,746	1,868	18,527	4,409	6,272	31,076	89,352	742,927	863,355	28,101,391
Receipts per Firm	344,818.4	186.8	882.2	734.8	1,568.0	758.0	6,873.2	57,148.2	12,885.9	1,653,023.0
Receipts per Employee	504.9	NA	343.1	122.5	123.0	220.4	154.6	256.4	238.8	522.8
Payroll per Employee	42.8	NA	18.7	9.9	24.0	19.5	18.0	18.1	18.2	44.4
Textile Mill Products										
Firms	5,109	535	1,023	665	697	2,920	1,301	583	4,804	305
Establishments	6,534	535	1,023	668	697	2,923	1,351	809	5,083	1,451
Employment	642,073	0	2,371	4,510	9,729	16,610	59,847	113,839	190,296	451,777
Annual Payroll	14,372,069	47,437	52,972	95,470	193,022	388,901	1,242,797	2,460,330	4,092,028	10,280,041
Estimated Receipts	74,171,106	266,692	277,952	503,210	1,007,201	2,055,055	6,230,946	13,262,181	21,548,182	52,622,924
Receipts per Firm	14,517.7	498.5	271.7	756.7	1,445.1	703.8	4,789.4	22,748.2	4,485.5	172,534.2
Receipts per Employee	115.5	NA	117.2	111.6	103.5	123.7	104.1	116.5	113.2	116.5
Payroll per Employee	22.4	NA	22.3	21.2	19.8	23.4	20.8	21.6	21.5	22.8

Apparel										
Firms	22,773	3,333	5,595	3,393	3,401	15,722	5,231	1,449	22,402	371
Establishments	24,794	3,335	5,597	3,395	3,408	15,735	5,363	1,976	23,074	1,720
Employment	1,005,706	0	12,837	22,843	47,108	82,788	226,482	263,878	573,148	432,558
Annual Payroll	16,789,590	191,864	219,111	336,197	719,806	1,466,978	3,379,874	4,125,080	8,971,932	7,817,658
Estimated Receipts	70,572,287	875,123	1,211,433	1,568,433	3,222,009	6,876,998	14,232,475	17,362,357	38,471,830	32,100,457
Receipts per Firm	3,098.9	262.6	216.5	462.3	947.4	437.4	2,720.8	11,982.3	1,717.3	86,524.1
Receipts per Employee	70.2	NA	94.4	68.7	68.4	83.1	62.8	65.8	67.1	74.2
Payroll per Employee	16.7	NA	17.1	14.7	15.3	17.7	14.9	15.6	15.7	18.1
Lumber and Wood Products, except Furniture										
Firms	35,325	4,377	12,903	7,059	5,222	29,561	4,589	873	35,023	302
Establishments	37,677	4,381	12,903	7,065	5,233	29,582	4,820	1,474	35,876	1,801
Employment	690,710	0	28,872	46,970	70,413	146,255	177,938	136,180	460,373	230,337
Annual Payroll	15,781,846	148,281	487,205	788,786	1,280,678	2,704,950	3,671,176	3,003,482	9,379,608	6,402,238
Estimated Receipts	87,510,229	944,011	3,270,049	4,763,588	6,814,884	15,792,532	20,091,068	17,366,593	53,250,193	34,260,036
Receipts per Firm	2,477.3	215.7	253.4	674.8	1,305.0	534.2	4,378.1	19,893.0	1,520.4	113,443.8
Receipts per Employee	126.7	NA	113.3	101.4	96.8	108.0	112.9	127.5	115.7	148.7
Payroll per Employee	22.8	NA	16.9	16.8	18.2	18.5	20.6	22.1	20.4	27.8
Furniture and Fixtures										
Firms	10,790	961	3,189	1,840	1,663	7,653	2,290	614	10,557	233
Establishments	11,721	961	3,190	1,841	1,672	7,664	2,362	810	10,836	885
Employment	486,426	0	7,245	12,421	22,905	42,571	96,873	103,566	243,010	243,416
Annual Payroll	11,042,245	60,087	122,783	223,376	444,155	850,401	2,083,130	2,243,427	5,176,958	5,865,287
Estimated Receipts	45,919,533	260,172	526,855	903,740	1,686,660	3,377,427	8,367,832	10,043,136	21,788,395	24,131,138
Receipts per Firm	4,255.7	270.7	165.2	491.2	1,014.2	441.3	3,654.1	16,356.9	2,063.9	103,567.1
Receipts per Employee	94.4	NA	72.7	72.8	73.6	79.3	86.4	97.0	89.7	99.1
Payroll per Employee	22.7	NA	16.9	18.0	19.4	20.0	21.5	21.7	21.3	24.1
Paper and Allied Products										
Firms	4,332	201	546	520	696	1,963	1,496	587	4,046	286
Establishments	6,857	201	546	520	699	1,966	1,541	947	4,454	2,403
Employment	674,953	0	1,302	3,596	9,879	14,777	66,881	99,426	181,084	493,869
Annual Payroll	23,544,152	38,695	29,341	80,954	233,586	382,576	1,753,596	2,947,660	5,083,832	18,460,320
Estimated Receipts	136,721,026	239,606	181,436	459,950	1,249,892	2,130,884	9,905,604	17,729,508	29,765,996	106,955,030
Receipts per Firm	31,560.7	1,192.1	332.3	884.5	1,795.8	1,085.5	6,621.4	30,203.6	7,356.9	373,968.6
Receipts per Employee	202.6	NA	139.4	127.9	126.5	144.2	148.1	178.3	164.4	216.6
Payroll per Employee	34.9	NA	22.5	22.5	23.6	25.9	26.2	29.6	28.1	37.4

Table A.5 *Various Statistics by Industry (Two-Digit SIC Code) and Firm Size,1993 (Payroll and Receipts in Thousands of Dollars)*—Continued

	Employment Size of Firm									
Industry	Total	0	1–4	5–9	10–19	<20	20–99	100–499	<500	500+
Printing, Publishing, and Allied Industries										
Firms	60,530	5,160	24,208	13,005	8,231	50,604	7,818	1,546	59,968	562
Establishments	66,745	5,161	24,213	13,029	8,305	50,708	8,413	2,852	61,973	4,772
Employment	1,580,596	0	55,398	85,520	110,306	251,224	307,577	263,457	822,258	758,338
Annual Payroll	45,563,779	219,452	1,037,010	1,707,423	2,576,802	5,540,687	8,468,892	7,557,297	21,566,876	23,996,903
Estimated Receipts	170,985,498	911,123	4,432,933	6,131,977	8,717,980	20,194,013	29,294,288	31,414,600	80,902,901	90,082,597
Receipts per Firm	2,824.8	176.6	183.1	471.5	1,059.2	399.1	3,747.0	20,319.9	1,349.1	160,289.3
Receipts per Employee	108.2	NA	80.0	71.7	79.0	80.4	95.2	119.2	98.4	118.8
Payroll per Employee	28.8	NA	18.7	20.0	23.4	22.1	27.5	28.7	26.2	31.6
Chemicals and Allied Products										
Firms	8,660	625	2,218	1,458	1,298	5,599	1,802	681	8,082	578
Establishments	13,757	626	2,218	1,462	1,324	5,630	2,082	1,318	9,030	4,727
Employment	1,105,631	0	5,107	9,812	17,634	32,553	71,200	104,872	208,625	897,006
Annual Payroll	48,561,687	62,239	142,339	281,127	526,506	1,012,211	2,294,695	3,510,935	6,817,841	41,743,846
Estimated Receipts	338,168,503	565,953	1,423,730	2,472,556	4,746,396	9,208,635	20,275,810	33,220,608	62,705,053	275,463,450
Receipts per Firm	39,049.5	905.5	641.9	1,695.9	3,656.7	1,644.7	11,251.8	48,782.1	7,758.6	476,580.4
Receipts per Employee	305.9	NA	278.8	252.0	269.2	282.9	284.8	316.8	300.6	307.1
Payroll per Employee	43.9	NA	27.9	28.7	29.9	31.1	32.2	33.5	32.7	46.5
Petroleum Refining and Related Industries										
Firms	1,193	65	249	174	142	630	265	155	1,050	143
Establishments	2,435	65	251	177	147	640	377	376	1,393	1,042
Employment	149,497	0	561	1,156	1,835	3,552	8,551	13,039	25,142	124,355
Annual Payroll	7,415,518	5,920	22,447	46,047	73,429	147,843	319,387	497,357	964,587	6,450,931
Estimated Receipts	154,756,626	109,596	356,360	591,630	871,176	1,928,762	3,792,784	6,779,758	12,501,304	142,255,322
Receipts per Firm	129,720.6	1,686.1	1,431.2	3,400.2	6,135.0	3,061.5	14,312.4	43,740.4	11,906.0	994,792.5
Receipts per Employee	1,035.2	NA	635.2	511.8	474.8	543.0	443.5	520.0	497.2	1,143.9
Payroll per Employee	49.6	NA	40.0	39.8	40.0	41.6	37.4	38.1	38.4	51.9

Rubber and Miscellaneous Plastics Products										
Firms	13,319	930	2,389	1,876	2,188	7,383	3,901	1,345	12,629	690
Establishments	16,551	933	2,389	1,876	2,195	7,393	4,108	2,151	13,652	2,899
Employment	951,566	0	5,655	12,827	30,398	48,880	167,757	228,271	444,908	506,658
Annual Payroll	26,444,039	68,555	147,402	295,516	720,768	1,232,241	4,040,323	5,605,351	10,877,915	15,566,124
Estimated Receipts	120,581,438	330,157	767,752	1,345,317	3,259,600	5,702,826	19,389,796	27,102,654	52,195,276	68,386,162
Receipts per Firm	9,053.3	355.0	321.4	717.1	1,489.8	772.4	4,970.5	20,150.7	4,133.0	99,110.4
Receipts per Employee	126.7	NA	135.8	104.9	107.2	116.7	115.6	118.7	117.3	135.0
Payroll per Employee	27.8	NA	26.1	23.0	23.7	25.2	24.1	24.6	24.4	30.7
Leather and Leather Products										
Firms	1,845	148	564	275	246	1,233	397	142	1,772	73
Establishments	2,094	148	565	275	247	1,235	422	209	1,866	228
Employment	109,185	0	1,205	1,834	3,340	6,379	17,581	23,514	47,474	61,711
Annual Payroll	2,030,620	5,264	24,532	29,885	56,927	116,608	311,272	412,874	840,754	1,189,866
Estimated Receipts	10,028,241	26,774	127,313	145,290	254,017	553,394	1,615,314	1,929,170	4,097,878	5,930,363
Receipts per Firm	5,435.4	180.9	225.7	528.3	1,032.6	448.8	4,068.8	13,585.7	2,312.6	81,237.8
Receipts per Employee	91.8	NA	105.7	79.2	76.1	86.8	91.9	82.0	86.3	96.1
Payroll per Employee	18.6	NA	20.4	16.3	17.0	18.3	17.7	17.6	17.7	19.3
Stone, Clay, Glass, and Concrete Products										
Firms	12,341	957	3,464	2,226	2,187	8,834	2,605	569	12,008	333
Establishments	16,806	971	3,468	2,232	2,249	8,920	3,322	1,711	13,953	2,853
Employment	497,575	0	7,813	15,044	29,745	52,602	99,445	79,788	231,835	265,740
Annual Payroll	15,032,561	48,388	161,009	317,238	740,152	1,266,787	2,663,286	2,275,004	6,205,077	8,827,484
Estimated Receipts	65,457,963	220,218	919,903	1,567,693	3,516,154	6,223,968	12,002,673	9,836,090	28,062,731	37,395,232
Receipts per Firm	5,304.1	230.1	265.6	704.3	1,607.8	704.5	4,607.6	17,286.6	2,337.0	112,298.0
Receipts per Employee	131.6	NA	117.7	104.2	118.2	118.3	120.7	123.3	121.0	140.7
Payroll per Employee	30.2	NA	20.6	21.1	24.9	24.1	26.8	28.5	26.8	33.2
Primary Metal Industries										
Firms	5,502	323	940	713	838	2,814	1,537	688	5,039	463
Establishments	7,162	323	943	714	839	2,819	1,626	995	5,440	1,722
Employment	679,993	0	2,188	4,878	11,541	18,607	65,354	119,519	203,480	476,513
Annual Payroll	24,066,685	44,543	53,685	119,336	292,821	510,385	1,786,848	3,481,663	5,778,896	18,287,789
Estimated Receipts	147,254,724	227,105	328,498	611,418	1,445,255	2,612,276	9,591,195	20,287,470	32,490,941	114,763,783

Table A.5 *Various Statistics by Industry (Two-Digit SIC Code) and Firm Size, 1993 (Payroll and Receipts in Thousands of Dollars)*—Continued

		Employment Size of Firm								
Industry	Total	0	1–4	5–9	10–19	<20	20–99	100–499	<500	500+
Receipts per Firm	26,763.9	703.1	349.5	857.5	1,724.6	928.3	6,240.2	29,487.6	6,447.9	247,869.9
Receipts per Employee	216.6	NA	150.1	125.3	125.2	140.4	146.8	169.7	159.7	240.8
Payroll per Employee	35.4	NA	24.5	24.5	25.4	27.4	27.3	29.1	28.4	38.4
Fabricated Metal Products except Machinery										
Firms	33,130	2,205	7,604	5,902	6,090	21,801	8,417	2,084	32,302	828
Establishments	37,119	2,211	7,605	5,917	6,102	21,835	8,818	3,164	33,817	3,302
Employment	1,410,515	0	17,840	40,074	83,464	141,378	340,077	315,270	796,725	613,790
Annual Payroll	42,577,916	174,602	394,230	947,556	2,114,503	3,630,891	9,395,434	8,980,925	22,007,250	20,570,666
Estimated Receipts	174,521,388	731,714	1,751,153	3,552,353	7,778,455	13,813,675	37,488,219	38,581,626	89,883,520	84,637,868
Receipts per Firm	5,267.8	331.8	230.3	601.9	1,277.3	633.6	4,453.9	18,513.3	2,782.6	102,219.6
Receipts per Employee	123.7	NA	98.2	88.6	93.2	97.7	110.2	122.4	112.8	137.9
Payroll per Employee	30.2	NA	22.1	23.6	25.3	25.7	27.6	28.5	27.6	33.5
Industrial and Commercial Machinery and Computer Equipment										
Firms	51,552	3,577	15,646	10,476	9,246	38,945	9,569	2,024	50,538	1,014
Establishments	55,411	3,578	15,651	10,477	9,275	38,981	10,021	2,792	51,794	3,617
Employment	1,882,621	0	35,962	70,443	125,699	232,104	367,539	297,671	897,314	985,307
Annual Payroll	66,562,240	215,700	831,020	1,794,408	3,601,402	6,442,530	11,654,255	9,964,856	28,061,641	38,500,599
Estimated Receipts	267,498,106	790,786	2,786,230	5,494,984	10,932,103	20,004,103	39,656,749	41,475,612	101,136,464	166,361,642
Receipts per Firm	5,188.9	221.1	178.1	524.5	1,182.4	513.7	4,144.3	20,491.9	2,001.2	164,064.7
Receipts per Employee	142.1	NA	77.5	78.0	87.0	86.2	107.9	139.3	112.7	168.8
Payroll per Employee	35.4	NA	23.1	25.5	28.7	27.8	31.7	33.5	31.3	39.1
Electronic and Electrical Equipment and Components except Computer										
Firms	14,948	1,329	3,420	2,251	2,109	9,109	3,685	1,421	14,215	733
Establishments	18,033	1,329	3,421	2,256	2,120	9,126	3,808	1,888	14,822	3,211

Employment	1,570,317	0	7,659	15,339	28,838	51,836	160,228	244,840	456,904	1,113,413
Annual Payroll	53,751,876	124,435	198,443	407,000	778,177	1,508,055	4,416,280	6,842,924	12,767,259	40,984,617
Estimated Receipts	223,678,089	597,041	909,957	1,649,233	3,009,811	6,166,042	17,434,410	30,940,157	54,540,609	169,137,480
Receipts per Firm	14,963.7	449.2	266.1	732.7	1,427.1	676.9	4,731.2	21,773.5	3,836.8	230,746.9
Receipts per Employee	142.4	NA	118.8	107.5	104.4	119.0	108.8	126.4	119.4	151.9
Payroll per Employee	34.2	NA	25.9	26.5	27.0	29.1	27.6	27.9	27.9	36.8
Transportation Equipment										
Firms	10,061	920	2,896	1,613	1,440	6,869	1,994	731	9,594	467
Establishments	11,948	922	2,897	1,616	1,446	6,881	2,065	941	9,887	2,061
Employment	1,726,020	0	6,509	10,879	19,367	36,755	83,220	123,492	243,467	1,482,553
Annual Payroll	69,016,692	106,168	130,967	229,194	475,849	942,178	2,077,687	3,262,868	6,282,733	62,733,959
Estimated Receipts	434,298,831	673,716	671,120	1,109,044	2,175,656	4,629,536	9,681,439	17,946,569	32,257,544	402,041,287
Receipts per Firm	43,166.6	732.3	231.7	687.6	1,510.9	674.0	4,855.3	24,550.7	3,362.3	860,902.1
Receipts per Employee	251.6	NA	103.1	101.9	112.3	126.0	116.3	145.3	132.5	271.2
Payroll per Employee	40.0	NA	20.1	21.1	24.6	25.6	25.0	26.4	25.8	42.3
Measuring, Analyzing, Controlling Instruments and Photographic, Medical and Optical Goods, Watches and Clocks										
Firms	10,213	692	2,852	1,738	1,543	6,825	2,078	799	9,702	511
Establishments	11,854	693	2,853	1,741	1,554	6,841	2,162	1,057	10,060	1,794
Employment	951,313	0	6,536	11,660	21,063	39,259	84,065	128,246	251,570	699,743
Annual Payroll	36,909,867	76,100	176,011	336,738	641,106	1,229,955	2,625,682	4,061,270	7,916,907	28,992,960
Estimated Receipts	133,679,270	321,195	706,795	1,319,275	2,333,792	4,681,057	10,047,360	16,698,917	31,427,334	102,251,936
Receipts per Firm	13,089.1	464.2	247.8	759.1	1,512.5	685.9	4,835.1	20,899.8	3,239.3	200,101.6
Receipts per Employee	140.5	NA	108.1	113.1	110.8	119.2	119.5	130.2	124.9	146.1
Payroll per Employee	38.8	NA	26.9	28.9	30.4	31.3	31.2	31.7	31.5	41.4
Miscellaneous Manufacturing Industries										
Firms	16,789	1,778	6,213	3,077	2,345	13,413	2,567	589	16,569	220
Establishments	17,414	1,778	6,216	3,081	2,358	13,433	2,646	757	16,836	578
Employment	390,348	0	13,683	20,546	31,732	65,961	102,594	94,528	263,083	127,265
Annual Payroll	9,588,484	59,302	238,263	387,840	678,819	1,364,224	2,309,986	2,249,716	5,923,926	3,664,558
Estimated Receipts	41,038,370	273,252	1,139,191	1,630,004	2,841,250	5,883,697	9,481,805	10,139,340	25,504,842	15,533,528
Receipts per Firm	2,444.4	153.7	183.4	529.7	1,211.6	438.7	3,693.7	17,214.5	1,539.3	70,606.9
Receipts per Employee	105.1	NA	83.3	79.3	89.5	89.2	92.4	107.3	96.9	122.1
Payroll per Employee	24.6	NA	17.4	18.9	21.4	20.7	22.5	23.8	22.5	28.8

Table A.5 *Various Statistics by Industry (Two-Digit SIC Code) and Firm Size,1993 (Payroll and Receipts in Thousands of Dollars)*—Continued

		Employment Size of Firm								
Industry	Total	0	1–4	5–9	10–19	<20	20–99	100–499	<500	500+
Transportation, Communications, and Public Utilities										
Firms	193,203	26,905	87,446	32,399	21,460	168,210	19,708	3,663	191,581	1,622
Establishments	267,175	26,978	87,611	32,952	22,994	170,535	26,800	13,147	210,482	56,693
Employment	5,621,889	0	184,084	212,779	288,305	685,168	753,953	572,682	2,011,803	3,610,086
Annual Payroll	182,117,612	952,911	3,409,898	4,150,642	5,906,134	14,419,585	17,353,437	15,167,419	46,940,441	135,177,171
Estimated Receipts	947,892,983	3,940,717	20,455,292	18,810,235	24,724,854	67,931,098	73,304,180	67,490,045	208,725,323	739,167,660
Receipts per Firm	4,906.2	146.5	233.9	580.6	1,152.1	403.8	3,719.5	18,424.8	1,089.5	455,713.7
Receipts per Employee	168.6	NA	111.1	88.4	85.8	99.1	97.2	117.8	103.8	204.8
Payroll per Employee	32.4	NA	18.5	19.5	20.5	21.0	23.0	26.5	23.3	37.4
Local and Suburban Transit and Interurban Highway Passenger Transportation										
Firms	16,090	1,979	6,003	2,400	2,205	12,587	2,847	512	15,946	144
Establishments	18,888	1,983	6,013	2,412	2,275	12,683	3,362	1,113	17,158	1,730
Employment	375,632	NA	NA	NA	30,201	57,994	115,125	83,756	256,875	118,757
Annual Payroll	5,849,269	NA	NA	NA	331,856	679,960	1,547,591	1,400,078	3,627,629	2,221,640
Estimated Receipts	14,195,918	NA	NA	NA	966,845	2,361,090	4,089,310	3,278,380	9,728,780	4,467,138
Receipts per Firm	882.3	0.0	0.0	0.0	438.5	187.6	1,436.4	6,403.1	610.1	31,021.8
Receipts per Employee	37.8	NA	NA	NA	32.0	40.7	35.5	39.1	37.9	37.6
Payroll per Employee	15.6	NA	NA	NA	11.0	11.7	13.4	16.7	14.1	18.7
Motor Freight Transportation and Warehousing										
Firms	100,744	14,880	47,485	15,764	10,937	89,066	9,481	1,569	100,116	628
Establishments	116,506	14,908	47,542	15,863	11,254	89,567	11,440	4,680	105,687	10,819
Employment	1,665,026	0	95,607	103,779	146,942	346,328	356,028	221,582	923,938	741,088
Annual Payroll	43,573,496	374,358	1,741,569	2,047,401	3,123,849	7,287,177	8,346,008	5,433,107	21,066,292	22,507,204
Estimated Receipts	149,502,634	1,372,082	11,325,504	9,735,629	12,907,287	35,340,502	30,773,212	18,100,339	84,214,053	65,288,581
Receipts per Firm	1,484.0	92.2	238.5	617.6	1,180.1	396.8	3,245.8	11,536.2	841.2	103,962.7
Receipts per Employee	89.8	NA	118.5	93.8	87.8	102.0	86.4	81.7	91.1	88.1
Payroll per Employee	26.2	NA	18.2	19.7	21.3	21.0	23.4	24.5	22.8	30.4

Water Transportation										
Firms	7,366	1,341	2,959	1,236	797	6,333	668	215	7,216	150
Establishments	8,548	1,344	2,962	1,255	838	6,399	793	578	7,770	778
Employment	169,195	0	6,269	8,101	10,477	24,847	24,779	29,422	79,048	90,147
Annual Payroll	5,562,425	70,187	168,751	186,355	248,028	673,321	656,896	929,513	2,259,730	3,302,695
Estimated Receipts	31,369,716	329,843	1,088,704	1,140,395	1,290,672	3,849,614	3,579,228	5,424,054	12,852,896	18,516,820
Receipts per Firm	4,258.7	246.0	367.9	922.6	1,619.4	607.9	5,358.1	25,228.2	1,781.2	123,445.5
Receipts per Employee	185.4	NA	173.7	140.8	123.2	154.9	144.4	184.4	162.6	205.4
Payroll per Employee	32.9	NA	26.9	23.0	23.7	27.1	26.5	31.6	28.6	36.6
Transportation by Air										
Firms	5,607	809	2,207	867	663	4,546	633	212	5,391	216
Establishments	12,153	809	2,215	883	712	4,619	935	786	6,340	5,813
Employment	776,324	0	4,659	5,676	8,811	19,146	24,289	33,745	77,180	699,144
Annual Payroll	26,117,220	79,301	100,822	120,520	194,343	494,986	584,017	989,653	2,068,656	24,048,564
Estimated Receipts	137,808,101	354,127	714,743	652,855	960,401	2,682,126	3,106,322	5,164,782	10,953,230	126,854,871
Receipts per Firm	24,577.9	437.7	323.9	753.0	1,448.6	590.0	4,907.3	24,362.2	2,031.8	587,291.1
Receipts per Employee	177.5	NA	153.4	115.0	109.0	140.1	127.9	153.1	141.9	181.4
Payroll per Employee	33.6	NA	21.6	21.2	22.1	25.9	24.0	29.3	26.8	34.4
Pipelines, except Natural Gas										
Firms	95	6	12	9	5	32	7	6	45	50
Establishments	811	6	12	10	7	35	15	42	92	719
Employment	17,143	NA	NA	NA	54	134	296	1,092	1,522	15,621
Annual Payroll	845,091	NA	NA	NA	2,287	5,274	12,179	48,199	65,652	779,439
Estimated Receipts	9,040,157	NA	NA	NA	42,023	84,067	174,844	434,249	693,160	8,346,997
Receipts per Firm	95,159.5	0.0	0.0	0.0	8,404.6	2,627.1	24,977.7	72,374.8	15,403.6	166,939.9
Receipts per Employee	527.3	NA	NA	NA	778.2	627.4	590.7	397.7	455.4	534.3
Payroll per Employee	49.3	NA	NA	NA	42.4	39.4	41.1	44.1	43.1	49.9
Transportation Services										
Firms	38,444	4,505	20,003	7,983	3,205	35,696	2,075	438	38,209	235
Establishments	48,149	4,517	20,057	8,281	3,930	36,785	4,081	2,419	43,285	4,864
Employment	371,862	0	46,454	51,285	41,874	139,613	74,296	56,620	270,529	101,333
Annual Payroll	9,378,609	122,941	882,854	1,049,851	987,508	3,043,154	1,901,882	1,528,483	6,473,519	2,905,090
Estimated Receipts	26,947,416	345,204	3,093,071	2,999,924	2,735,513	9,173,712	5,085,103	4,043,070	18,301,885	8,645,531
Receipts per Firm	701.0	76.6	154.6	375.8	853.5	257.0	2,450.7	9,230.8	479.0	36,789.5
Receipts per Employee	72.5	NA	66.6	58.5	65.3	65.7	68.4	71.4	67.7	85.3
Payroll per Employee	25.2	NA	19.0	20.5	23.6	21.8	25.6	27.0	23.9	28.7

Table A.5 *Various Statistics by Industry (Two-Digit SIC Code) and Firm Size,1993 (Payroll and Receipts in Thousands of Dollars)*—Continued

		Employment Size of Firm								
Industry	Total	0	1–4	5–9	10–19	<20	20–99	100–499	<500	500+
Communications										
Firms	15,022	2,255	3,953	2,577	2,722	11,507	2,733	524	14,764	258
Establishments	40,888	2,279	3,966	2,657	2,958	11,860	4,083	2,254	18,197	22,691
Employment	1,312,845	0	8,725	17,609	37,224	63,558	101,920	90,029	255,507	1,057,338
Annual Payroll	49,320,110	170,233	209,260	346,984	673,634	1,400,111	2,492,774	2,762,042	6,654,927	42,665,183
Estimated Receipts	241,772,015	829,430	1,248,409	1,792,941	3,075,126	6,945,906	11,178,817	13,366,598	31,491,321	210,280,694
Receipts per Firm	16,094.5	367.8	315.8	695.7	1,129.7	603.6	4,090.3	25,508.8	2,133.0	815,041.4
Receipts per Employee	184.2	NA	143.1	101.8	82.6	109.3	109.7	148.5	123.3	198.9
Payroll per Employee	37.6	NA	24.0	19.7	18.1	22.0	24.5	30.7	26.0	40.4
Electric, Gas, and Sanitary Services										
Firms	10,619	1,130	4,829	1,571	954	8,484	1,401	382	10,267	352
Establishments	21,232	1,132	4,844	1,591	1,020	8,587	2,091	1,275	11,953	9,279
Employment	933,862	0	10,647	10,179	12,722	33,548	57,220	56,436	147,204	786,658
Annual Payroll	41,471,392	83,722	177,731	229,520	344,629	835,602	1,812,090	2,076,344	4,724,036	36,747,356
Estimated Receipts	337,257,026	567,875	2,306,609	1,872,610	2,746,987	7,494,081	15,317,344	17,678,573	40,489,998	296,767,028
Receipts per Firm	31,759.8	502.5	477.7	1,192.0	2,879.4	883.3	10,933.2	46,279.0	3,943.7	843,088.1
Receipts per Employee	361.1	NA	216.6	184.0	215.9	223.4	267.7	313.2	275.1	377.3
Payroll per Employee	44.4	NA	16.7	22.5	27.1	24.9	31.7	36.8	32.1	46.7
Wholesale Trade										
Firms	397,233	40,098	166,476	78,616	54,872	340,062	46,051	7,909	394,022	3,211
Establishments	509,604	40,228	167,082	80,621	60,831	348,762	70,333	28,377	447,472	62,132
Employment	6,258,484	0	363,436	520,017	730,559	1,614,012	1,649,739	964,972	4,228,723	2,029,761
Annual Payroll	200,757,826	1,608,425	9,776,697	13,785,304	20,088,395	45,258,821	47,073,040	29,234,135	121,565,996	79,191,830
Estimated Receipts	3,403,745,666	28,408,831	227,683,539	248,704,211	323,389,760	828,186,341	870,676,504	503,055,546	2,201,918,391	1,201,827,275
Receipts per Firm	8,568.6	708.5	1,367.7	3,163.5	5,893.5	2,435.4	18,906.8	63,605.5	5,588.3	374,284.4
Receipts per Employee	543.9	NA	626.5	478.3	442.7	513.1	527.8	521.3	520.7	592.1
Payroll per Employee	32.1	NA	26.9	26.5	27.5	28.0	28.5	30.3	28.7	39.0

Wholesale Trade-Durable Goods										
Firms	250,262	24,153	104,893	51,217	35,440	215,703	28,015	4,516	248,234	2,028
Establishments	320,860	24,242	105,291	52,548	39,475	221,556	44,896	18,440	284,892	35,968
Employment	3,623,225	0	231,662	338,884	471,884	1,042,430	993,631	531,817	2,567,878	1,055,347
Annual Payroll	122,883,061	996,598	6,327,894	9,224,740	13,509,770	30,059,002	29,958,585	16,974,476	76,992,063	45,890,998
Estimated Receipts	1,682,140,603	14,746,705	122,860,032	132,422,997	175,084,096	445,113,830	466,685,917	244,978,887	1,156,778,634	525,361,969
Receipts per Firm	6,721.5	610.6	1,171.3	2,585.5	4,940.3	2,063.5	16,658.4	54,246.9	4,660.0	259,054.2
Receipts per Employee	464.3	NA	530.3	390.8	371.0	427.0	469.7	460.6	450.5	497.8
Payroll per Employee	33.9	NA	27.3	27.2	28.6	28.8	30.2	31.9	30.0	43.5
Wholesale Trade-Nondurable Goods										
Firms	148,336	15,947	61,597	27,431	19,559	124,534	18,442	3,670	146,646	1,690
Establishments	188,744	15,986	61,791	28,073	21,356	127,206	25,437	9,937	162,580	26,164
Employment	2,635,259	0	131,774	181,133	258,675	571,582	656,108	433,155	1,660,845	974,414
Annual Payroll	77,874,765	611,827	3,448,803	4,560,564	6,578,625	15,199,819	17,114,455	12,259,659	44,573,933	33,300,832
Estimated Receipts	1,721,605,063	13,662,126	104,823,507	116,281,214	148,305,664	383,072,511	403,990,587	258,076,659	1,045,139,757	676,465,306
Receipts per Firm	11,606.1	856.7	1,701.8	4,239.0	7,582.5	3,076.0	21,906.0	70,320.6	7,127.0	400,275.3
Receipts per Employee	653.3	NA	795.5	642.0	573.3	670.2	615.7	595.8	629.3	694.2
Payroll per Employee	29.6	NA	26.2	25.2	25.4	26.6	26.1	28.3	26.8	34.2
Retail Trade										
Firms	1,090,076	133,846	466,311	224,416	139,000	963,573	111,069	12,618	1,087,260	2,816
Establishments	1,554,437	134,716	468,263	230,128	155,084	988,191	167,969	82,457	1,238,617	315,820
Employment	19,778,588	0	1,049,947	1,479,083	1,850,269	4,379,299	4,124,692	2,103,512	10,607,503	9,171,085
Annual Payroll	265,297,525	3,158,098	12,174,679	17,035,912	21,753,135	54,121,824	56,067,857	29,860,185	140,049,866	125,247,659
Estimated Receipts	2,029,104,606	21,250,963	122,989,810	139,672,590	166,783,821	450,697,184	466,609,241	238,499,522	1,155,805,947	873,298,659
Receipts per Firm	1,861.4	158.8	263.8	622.4	1,199.9	467.7	4,201.1	18,901.5	1,063.0	310,120.3
Receipts per Employee	102.6	NA	117.1	94.4	90.1	102.9	113.1	113.4	109.0	95.2
Payroll per Employee	13.4	NA	11.6	11.5	11.8	12.4	13.6	14.2	13.2	13.7
Building Materials, Hardware, Garden Supply, and Mobile Homes										
Firms	55,766	4,707	23,859	13,747	8,017	50,330	4,667	580	55,577	189
Establishments	70,543	4,715	23,925	14,007	8,815	51,462	7,494	3,239	62,195	8,348
Employment	725,234	0	55,072	90,481	105,110	250,663	150,436	67,629	468,728	256,506
Annual Payroll	13,909,239	110,959	871,343	1,530,158	1,969,818	4,482,278	3,110,083	1,465,209	9,057,570	4,851,669

Table A.5 *Various Statistics by Industry (Two-Digit SIC Code) and Firm Size,1993 (Payroll and Receipts in Thousands of Dollars)*—Continued

		Employment Size of Firm								
Industry	Total	0	1–4	5–9	10–19	<20	20–99	100–499	<500	500+
Estimated Receipts	110,307,111	895,332	7,930,419	12,071,432	14,940,716	35,837,899	24,492,492	11,549,052	71,879,443	38,427,668
Receipts per Firm	1,978.0	190.2	332.4	878.1	1,863.6	712.1	5,248.0	19,912.2	1,293.3	203,321.0
Receipts per Employee	152.1	NA	144.0	133.4	142.1	143.0	162.8	170.8	153.4	149.8
Payroll per Employee	19.2	NA	15.8	16.9	18.7	17.9	20.7	21.7	19.3	18.9
General Merchandise Stores										
Firms	10,832	1,543	4,958	2,081	1,059	9,641	792	213	10,646	186
Establishments	37,114	1,550	4,978	2,118	1,181	9,827	1,272	1,245	12,344	24,770
Employment	2,338,602	0	10,866	13,448	13,749	38,063	27,723	32,926	98,712	2,239,890
Annual Payroll	31,282,951	22,473	100,844	126,281	138,956	388,554	330,123	411,097	1,129,774	30,153,177
Estimated Receipts	259,732,206	274,119	1,130,810	1,211,778	1,228,393	3,845,100	3,166,156	3,931,410	10,942,666	248,789,540
Receipts per Firm	23,978.2	177.7	228.1	582.3	1,160.0	398.8	3,997.7	18,457.3	1,027.9	1,337,578.2
Receipts per Employee	111.1	NA	104.1	90.1	89.3	101.0	114.2	119.4	110.9	111.1
Payroll per Employee	13.4	NA	9.3	9.4	10.1	10.2	11.9	12.5	11.4	13.5
Food Stores										
Firms	130,886	16,537	57,213	26,198	16,069	116,017	12,371	1,922	130,310	576
Establishments	184,486	16,620	57,349	26,570	17,379	117,918	17,951	9,198	145,067	39,419
Employment	3,193,297	0	126,711	173,178	210,797	510,686	446,639	289,588	1,246,913	1,946,384
Annual Payroll	43,841,157	322,629	1,212,355	1,562,231	1,994,335	5,091,550	4,936,971	3,619,059	13,647,580	30,193,577
Estimated Receipts	378,785,821	2,899,900	16,528,580	16,163,267	17,940,576	53,532,323	44,433,063	33,568,368	131,533,754	247,252,067
Receipts per Firm	2,894.0	175.4	288.9	617.0	1,116.5	461.4	3,591.7	17,465.3	1,009.4	429,257.1
Receipts per Employee	118.6	NA	130.4	93.3	85.1	104.8	99.5	115.9	105.5	127.0
Payroll per Employee	13.7	NA	9.6	9.0	9.5	10.0	11.1	12.5	10.9	15.5
Automotive Dealers and Gasoline Service Stations										
Firms	142,709	11,783	59,485	30,513	18,872	120,653	19,141	2,584	142,378	331
Establishments	200,525	11,895	59,693	31,250	21,261	124,099	29,270	14,384	167,753	32,772
Employment	2,036,127	0	134,775	200,819	246,097	581,691	744,629	350,834	1,677,154	358,973

Annual Payroll	44,970,753	425,734	1,960,690	3,025,915	4,293,584	9,705,923	19,501,607	9,521,041	38,728,571	6,242,182
Estimated Receipts	580,502,571	5,714,008	32,428,443	40,694,463	56,295,901	135,132,815	259,789,008	122,794,689	517,716,512	62,786,059
Receipts per Firm	4,067.7	484.9	545.2	1,333.7	2,983.0	1,120.0	13,572.4	47,521.2	3,636.2	189,686.0
Receipts per Employee	285.1	NA	240.6	202.6	228.8	232.3	348.9	350.0	308.7	174.9
Payroll per Employee	22.1	NA	14.5	15.1	17.4	16.7	26.2	27.1	23.1	17.4
Apparel and Accessory Stores										
Firms	62,290	7,147	32,266	13,103	5,771	58,287	3,083	575	61,945	345
Establishments	145,005	7,214	32,594	13,969	7,740	61,517	8,547	8,320	78,384	66,621
Employment	1,301,894	0	72,706	84,781	74,217	231,704	104,399	84,848	420,951	880,943
Annual Payroll	16,302,884	107,219	749,302	936,581	941,956	2,735,058	1,415,458	1,188,683	5,339,199	10,963,685
Estimated Receipts	109,353,458	852,313	6,370,579	7,289,168	7,769,153	22,281,213	11,097,088	7,507,305	40,885,606	68,467,852
Receipts per Firm	1,755.6	119.3	197.4	556.3	1,346.2	382.3	3,599.4	13,056.2	660.0	198,457.5
Receipts per Employee	84.0	NA	87.6	86.0	104.7	96.2	106.3	88.5	97.1	77.7
Payroll per Employee	12.5	NA	10.3	11.0	12.7	11.8	13.6	14.0	12.7	12.4
Home Furniture, Furnishings, and Equipment Stores										
Firms	82,162	8,855	41,743	17,850	8,752	77,200	4,169	538	81,907	255
Establishments	113,991	8,943	41,992	18,539	10,718	80,192	9,018	4,695	93,905	20,086
Employment	802,606	0	92,653	116,190	112,332	321,175	134,881	74,837	530,893	271,713
Annual Payroll	14,711,864	189,267	1,364,589	1,904,520	2,065,190	5,523,566	2,731,082	1,608,289	9,862,937	4,848,927
Estimated Receipts	103,453,029	1,531,508	12,137,783	14,336,587	14,749,138	42,755,016	19,307,560	9,453,160	71,515,736	31,937,293
Receipts per Firm	1,259.1	173.0	290.8	803.2	1,685.2	553.8	4,631.2	17,570.9	873.1	125,244.3
Receipts per Employee	128.9	NA	131.0	123.4	131.3	133.1	143.1	126.3	134.7	117.5
Payroll per Employee	18.3	NA	14.7	16.4	18.4	17.2	20.2	21.5	18.6	17.8
Eating and Drinking Places										
Firms	343,473	51,299	107,183	65,952	55,812	280,246	56,789	5,558	342,593	880
Establishments	446,618	51,572	107,335	66,362	57,536	282,805	69,052	27,385	379,242	67,376
Employment	6,815,776	0	250,622	441,340	762,413	1,454,375	2,131,695	990,273	4,576,343	2,239,433
Annual Payroll	60,986,888	1,465,446	2,110,219	3,231,702	5,685,028	12,492,395	18,019,048	8,596,355	39,107,798	21,879,090
Estimated Receipts	211,726,302	5,457,139	12,835,043	14,407,741	21,904,133	54,604,056	63,141,951	27,659,969	145,405,976	66,320,326
Receipts per Firm	616.4	106.4	119.7	218.5	392.5	194.8	1,111.9	4,976.6	424.4	75,364.0
Receipts per Employee	31.1	NA	51.2	32.6	28.7	37.5	29.6	27.9	31.8	29.6
Payroll per Employee	8.9	NA	8.4	7.3	7.5	8.6	8.5	8.7	8.5	9.8

Table A.5 *Various Statistics by Industry (Two-Digit SIC Code) and Firm Size,1993 (Payroll and Receipts in Thousands of Dollars)*—Continued

	Employment Size of Firm									
Industry	Total	0	1–4	5–9	10–19	<20	20–99	100–499	<500	500+
Miscellaneous Retail										
Firms	267,237	31,994	139,747	55,268	25,373	252,382	12,085	1,852	266,319	918
Establishments	356,155	32,207	140,397	57,313	30,454	260,371	25,365	13,991	299,727	56,428
Employment	2,565,052	0	306,542	358,846	325,554	990,942	384,290	212,577	1,587,809	977,243
Annual Payroll	39,291,789	514,371	3,805,337	4,718,524	4,664,268	13,702,500	6,023,485	3,450,452	23,176,437	16,115,352
Estimated Receipts	275,244,108	3,626,644	33,628,153	33,498,154	31,955,811	102,708,762	41,181,923	22,035,569	165,926,254	109,317,854
Receipts per Firm	1,030.0	113.4	240.6	606.1	1,259.4	407.0	3,407.7	11,898.3	623.0	119,082.6
Receipts per Employee	107.3	NA	109.7	93.3	98.2	103.6	107.2	103.7	104.5	111.9
Payroll per Employee	15.3	NA	12.4	13.1	14.3	13.8	15.7	16.2	14.6	16.5
Finance, Insurance, and Real Estate										
Firms	426,778	54,392	251,495	58,210	28,828	392,925	24,895	5,936	423,756	3,022
Establishments	609,492	54,644	252,286	60,284	34,557	401,771	48,575	31,441	481,787	127,705
Employment	6,891,117	0	488,223	374,215	380,334	1,242,772	948,190	837,300	3,028,262	3,862,855
Annual Payroll	232,099,601	2,202,704	10,397,258	9,749,904	10,987,575	33,337,441	27,468,544	26,840,302	87,646,287	144,453,314
Estimated Receipts	1,903,897,876	11,484,175	69,381,663	46,996,699	52,004,336	179,866,873	157,641,638	195,524,513	533,033,024	1,370,864,852
Receipts per Firm	4,461.1	211.1	275.9	807.4	1,804.0	457.8	6,332.3	32,938.8	1,257.9	453,628.3
Receipts per Employee	276.3	NA	142.1	125.6	136.7	144.7	166.3	233.5	176.0	354.9
Payroll per Employee	33.7	NA	21.3	26.1	28.9	26.8	29.0	32.1	28.9	37.4
Depository Institutions										
Firms	25,527	618	7,524	3,587	4,028	15,757	7,459	1,819	25,035	492
Establishments	102,695	721	7,562	3,765	5,342	17,390	18,945	15,966	52,301	50,394
Employment	2,097,851	0	17,552	23,979	56,133	97,664	320,605	330,867	749,136	1,348,715
Annual Payroll	57,876,120	65,935	301,280	519,112	1,308,463	2,194,790	7,433,489	8,407,304	18,035,583	39,840,537
Estimated Receipts	528,330,490	592,873	2,086,661	3,749,108	10,288,119	16,716,761	67,969,646	92,321,484	177,007,891	351,322,599
Receipts per Firm	20,696.9	959.3	277.3	1,045.2	2,554.2	1,060.9	9,112.4	50,754.0	7,070.4	714,070.3
Receipts per Employee	251.8	NA	118.9	156.3	183.3	171.2	212.0	279.0	236.3	260.5
Payroll per Employee	27.6	NA	17.2	21.6	23.3	22.5	23.2	25.4	24.1	29.5

Nondepository Credit Institutions										
Firms	19,429	3,705	8,525	3,021	1,548	16,799	1,520	576	18,895	534
Establishments	42,323	3,718	8,553	3,147	1,917	17,335	3,433	2,468	23,236	19,087
Employment	509,321	0	18,443	19,363	20,436	58,242	53,136	53,733	165,111	344,210
Annual Payroll	18,776,236	230,013	594,429	695,120	832,092	2,351,654	2,157,183	2,116,213	6,625,050	12,151,186
Estimated Receipts	137,672,366	1,308,384	3,522,779	3,521,923	3,887,107	12,240,193	11,524,597	11,865,646	35,630,436	102,041,930
Receipts per Firm	7,085.9	353.1	413.2	1,165.8	2,511.1	728.6	7,582.0	20,600.1	1,885.7	191,089.8
Receipts per Employee	270.3	NA	191.0	181.9	190.2	210.2	216.9	220.8	215.8	296.5
Payroll per Employee	36.9	NA	32.2	35.9	40.7	40.4	40.6	39.4	40.1	35.3
Security and Commodity Brokers, Dealers, Exchanges, and Services										
Firms	20,262	3,774	11,007	2,423	1,209	18,413	1,123	341	19,877	385
Establishments	34,653	3,789	11,045	2,496	1,374	18,704	1,687	983	21,374	13,279
Employment	458,429	0	20,746	15,487	15,975	52,208	40,827	44,640	137,675	320,754
Annual Payroll	40,024,144	283,736	1,062,312	1,197,958	1,428,011	3,972,017	3,728,285	4,616,638	12,316,940	27,707,204
Estimated Receipts	116,610,149	831,594	3,827,074	3,080,505	3,881,985	11,621,158	10,247,292	13,134,120	35,002,570	81,607,579
Receipts per Firm	5,755.1	220.3	347.7	1,271.4	3,210.9	631.1	9,124.9	38,516.5	1,761.0	211,967.7
Receipts per Employee	254.4	NA	184.5	198.9	243.0	222.6	251.0	294.2	254.2	254.4
Payroll per Employee	87.3	NA	51.2	77.4	89.4	76.1	91.3	103.4	89.5	86.4
Insurance Carriers										
Firms	10,530	2,018	3,779	1,496	934	8,227	1,245	510	9,982	548
Establishments	43,800	2,020	3,788	1,524	1,015	8,347	1,615	1,640	11,602	32,198
Employment	1,556,365	0	7,890	9,736	12,322	29,948	49,612	82,732	162,292	1,394,073
Annual Payroll	52,502,131	117,204	190,281	227,492	331,428	866,405	1,423,179	2,726,886	5,016,470	47,485,661
Estimated Receipts	839,395,144	990,348	2,106,478	2,305,326	3,621,749	9,023,901	18,556,147	42,143,890	69,723,938	769,671,206
Receipts per Firm	79,714.6	490.8	557.4	1,541.0	3,877.7	1,096.9	14,904.5	82,635.1	6,985.0	1,404,509.5
Receipts per Employee	539.3	NA	267.0	236.8	293.9	301.3	374.0	509.4	429.6	552.1
Payroll per Employee	33.7	NA	24.1	23.4	26.9	28.9	28.7	33.0	30.9	34.1
Insurance Agents, Brokers, and Service										
Firms	112,594	9,890	75,407	16,332	6,383	108,012	3,650	534	112,196	398
Establishments	122,684	9,914	75,538	16,823	7,735	110,010	6,459	2,071	118,540	4,144
Employment	661,085	0	150,904	103,767	82,849	337,520	124,159	57,915	519,594	141,491
Annual Payroll	20,474,670	249,659	2,988,035	2,756,234	2,669,277	8,663,205	4,447,429	2,066,333	15,176,967	5,297,703

Table A.5 *Various Statistics by Industry (Two-Digit SIC Code) and Firm Size,1993 (Payroll and Receipts in Thousands of Dollars)*—Continued

	Employment Size of Firm									
Industry	Total	0	1–4	5–9	10–19	<20	20–99	100–499	<500	500+
Estimated Receipts	55,224,394	677,251	12,060,070	7,413,523	6,562,608	26,713,452	10,785,212	4,954,014	42,452,678	12,771,716
Receipts per Firm	490.5	68.5	159.9	453.9	1,028.1	247.3	2,954.9	9,277.2	378.4	32,089.7
Receipts per Employee	83.5	NA	79.9	71.4	79.2	79.1	86.9	85.5	81.7	90.3
Payroll per Employee	31.0	NA	19.8	26.6	32.2	25.7	35.8	35.7	29.2	37.4
Real Estate										
Firms	217,035	30,348	132,524	29,011	13,532	205,415	8,871	1,830	216,116	919
Establishments	235,784	30,434	132,995	30,028	15,665	209,122	14,144	6,543	229,809	5,975
Employment	1,346,854	0	249,702	186,492	175,606	611,800	316,724	215,585	1,144,109	202,745
Annual Payroll	30,144,510	945,076	4,495,421	3,722,756	3,760,633	12,923,886	6,835,995	4,884,782	24,644,663	5,499,847
Estimated Receipts	155,061,707	5,273,212	37,538,261	23,142,617	19,177,516	85,131,606	29,284,362	18,739,616	133,155,584	21,906,123
Receipts per Firm	714.5	173.8	283.3	797.7	1,417.2	414.4	3,301.1	10,240.2	616.1	23,836.9
Receipts per Employee	115.1	NA	150.3	124.1	109.2	139.1	92.5	86.9	116.4	108.0
Payroll per Employee	22.4	NA	18.0	20.0	21.4	21.1	21.6	22.7	21.5	27.1
Holding and Other Investment Offices										
Firms	25,898	4,046	12,780	2,454	1,431	20,711	2,072	1,515	24,298	1,600
Establishments	27,553	4,048	12,805	2,501	1,509	20,863	2,292	1,770	24,925	2,628
Employment	261,212	0	22,986	15,391	17,013	55,390	43,127	51,828	150,345	110,867
Annual Payroll	12,301,790	311,081	765,500	631,232	657,671	2,365,484	1,442,984	2,022,146	5,830,614	6,471,176
Estimated Receipts	71,603,626	1,810,513	8,240,340	3,783,697	4,585,252	18,419,802	9,274,382	12,365,743	40,059,927	31,543,699
Receipts per Firm	2,764.8	447.5	644.8	1,541.8	3,204.2	889.4	4,476.1	8,162.2	1,648.7	19,714.8
Receipts per Employee	274.1	NA	358.5	245.8	269.5	332.5	215.0	238.6	266.5	284.5
Payroll per Employee	47.1	NA	33.3	41.0	38.7	42.7	33.5	39.0	38.8	58.4
Services										
Firms	2,030,895	230,004	1,039,341	380,465	195,986	1,845,796	146,082	30,857	2,022,735	8,160
Establishments	2,294,559	230,671	1,041,481	386,848	211,988	1,870,988	201,782	94,225	2,166,995	127,564
Employment	32,262,429	0	2,196,422	2,475,411	2,600,566	7,272,399	5,647,481	5,654,129	18,574,009	13,688,420

Annual Payroll	745,774,734	8,999,723	51,274,343	56,204,293	61,648,958	178,127,317	124,205,069	113,177,516	415,509,902	330,264,832
Estimated Receipts	1,904,405,317	24,781,917	181,816,183	157,129,927	159,656,281	523,384,308	316,071,485	280,856,292	1,120,312,085	784,093,232
Receipts per Firm	937.7	107.7	174.9	413.0	814.6	283.6	2,163.7	9,101.9	553.9	96,089.9
Receipts per Employee	59.0	NA	82.8	63.5	61.4	72.0	56.0	49.7	60.3	57.3
Payroll per Employee	23.1	NA	23.3	22.7	23.7	24.5	22.0	20.0	22.4	24.1
Hotels, Rooming Houses, Camps, and Other Lodging Places										
Firms	45,745	7,747	16,247	6,383	6,083	36,460	6,792	1,942	45,194	551
Establishments	53,470	7,760	16,285	6,478	6,309	36,832	7,699	3,278	47,809	5,661
Employment	1,556,820	0	33,379	42,372	82,373	158,124	267,622	332,222	757,968	798,852
Annual Payroll	22,448,315	406,184	407,551	432,463	800,307	2,046,505	2,843,591	4,182,350	9,072,446	13,375,869
Estimated Receipts	75,392,947	1,436,600	2,640,962	2,051,732	3,447,050	9,576,344	10,852,031	13,567,278	33,995,653	41,397,294
Receipts per Firm	1,648.1	185.4	162.6	321.4	566.7	262.7	1,597.8	6,986.2	752.2	75,131.2
Receipts per Employee	48.4	NA	79.1	48.4	41.8	60.6	40.5	40.8	44.9	51.8
Payroll per Employee	14.4	NA	12.2	10.2	9.7	12.9	10.6	12.6	12.0	16.7
Personal Services										
Firms	171,361	19,645	95,550	32,692	15,174	163,061	7,367	742	171,170	191
Establishments	201,965	19,732	95,939	33,906	17,876	167,453	14,953	5,849	188,255	13,710
Employment	1,268,179	0	202,672	212,049	197,872	612,593	255,031	115,595	983,219	284,960
Annual Payroll	15,658,079	292,097	2,126,890	2,439,070	2,447,378	7,305,435	3,368,264	1,655,880	12,329,579	3,328,500
Estimated Receipts	45,723,770	866,180	8,774,173	7,378,349	6,696,716	23,715,418	8,758,927	4,376,710	36,851,055	8,872,715
Receipts per Firm	266.8	44.1	91.8	225.7	441.3	145.4	1,188.9	5,898.5	215.3	46,454.0
Receipts per Employee	36.1	NA	43.3	34.8	33.8	38.7	34.3	37.9	37.5	31.1
Payroll per Employee	12.3	NA	10.5	11.5	12.4	11.9	13.2	14.3	12.5	11.7
Business Services										
Firms	278,910	46,483	127,874	43,456	26,884	244,697	25,100	6,719	276,516	2,394
Establishments	325,954	46,608	128,073	44,019	28,447	247,147	31,725	14,925	293,797	32,157
Employment	5,949,822	0	258,898	284,464	358,741	902,103	988,267	1,184,935	3,075,305	2,874,517
Annual Payroll	128,231,376	1,783,900	6,067,033	6,242,756	8,145,799	22,239,488	21,881,835	22,268,259	66,389,582	61,841,794
Estimated Receipts	310,237,629	4,500,683	23,975,946	20,451,990	23,932,021	72,860,640	56,530,774	48,810,945	178,202,359	132,035,270
Receipts per Firm	1,112.3	96.8	187.5	470.6	890.2	297.8	2,252.2	7,264.6	644.5	55,152.6
Receipts per Employee	52.1	NA	92.6	71.9	66.7	80.8	57.2	41.2	57.9	45.9
Payroll per Employee	21.6	NA	23.4	21.9	22.7	24.7	22.1	18.8	21.6	21.5

Table A.5 *Various Statistics by Industry (Two-Digit SIC Code) and Firm Size, 1993 (Payroll and Receipts in Thousands of Dollars)*—Continued

	Employment Size of Firm									
Industry	Total	0	1–4	5–9	10–19	<20	20–99	100–499	<500	500+
Automotive Repair, Services, and Parking										
Firms	152,701	17,470	87,340	29,850	11,739	146,399	5,352	691	152,442	259
Establishments	175,937	17,494	87,494	30,485	13,262	148,735	9,532	4,301	162,568	13,369
Employment	932,194	0	188,736	191,570	149,836	530,142	163,460	61,677	755,279	176,915
Annual Payroll	17,990,611	341,110	3,142,919	3,659,610	3,004,422	10,148,061	2,861,933	1,164,457	14,174,451	3,816,160
Estimated Receipts	76,134,358	1,366,600	15,691,156	13,387,625	10,382,884	40,828,265	11,122,306	5,546,044	57,496,615	18,637,743
Receipts per Firm	498.6	78.2	179.7	448.5	884.5	278.9	2,078.2	8,026.1	377.2	71,960.4
Receipts per Employee	81.7	NA	83.1	69.9	69.3	77.0	68.0	89.9	76.1	105.3
Payroll per Employee	19.3	NA	16.7	19.1	20.1	19.1	17.5	18.9	18.8	21.6
Miscellaneous Repair Services										
Firms	67,757	7,417	40,121	11,676	5,144	64,358	2,670	400	67,428	329
Establishments	73,159	7,424	40,146	11,783	5,430	64,783	3,432	1,020	69,235	3,924
Employment	442,840	0	81,580	75,314	66,200	223,094	81,997	29,897	334,988	107,852
Annual Payroll	10,524,095	124,054	1,351,593	1,493,268	1,566,229	4,535,144	2,181,683	850,196	7,567,023	2,957,072
Estimated Receipts	33,349,553	399,884	6,014,188	4,982,261	4,958,177	16,354,510	6,475,595	2,495,707	25,325,812	8,023,741
Receipts per Firm	492.2	53.9	149.9	426.7	963.9	254.1	2,425.3	6,239.3	375.6	24,388.3
Receipts per Employee	75.3	NA	73.7	66.2	74.9	73.3	79.0	83.5	75.6	74.4
Payroll per Employee	23.8	NA	16.6	19.8	23.7	20.3	26.6	28.4	22.6	27.4
Motion Pictures										
Firms	32,291	5,812	15,148	5,849	3,075	29,884	1,956	296	32,136	155
Establishments	42,867	5,840	15,210	6,009	3,845	30,904	4,248	2,068	37,220	5,647
Employment	508,554	0	32,192	38,106	40,267	110,565	67,470	45,929	223,964	284,590
Annual Payroll	10,557,570	422,435	1,171,625	543,111	651,266	2,788,437	1,433,505	971,770	5,193,712	5,363,858
Estimated Receipts	49,367,903	1,627,361	3,413,414	2,240,198	3,182,666	10,463,639	7,754,217	5,504,137	23,721,993	25,645,910
Receipts per Firm	1,528.8	280.0	225.3	383.0	1,035.0	350.1	3,964.3	18,595.1	738.2	165,457.5
Receipts per Employee	97.1	NA	106.0	58.8	79.0	94.6	114.9	119.8	105.9	90.1
Payroll per Employee	20.8	NA	36.4	14.3	16.2	25.2	21.2	21.2	23.2	18.8

Amusement and Recreation Services										
Firms	82,987	18,535	30,370	12,474	9,654	71,033	9,998	1,544	82,575	412
Establishments	88,602	18,553	30,425	12,596	9,993	71,567	11,075	2,689	85,331	3,271
Employment	1,223,860	0	63,464	82,575	130,652	276,691	389,362	242,035	908,088	315,772
Annual Payroll	21,842,647	859,389	1,856,200	1,220,734	1,666,726	5,603,049	5,788,124	5,099,913	16,491,086	5,351,561
Estimated Receipts	66,405,394	2,871,535	6,602,128	4,844,365	6,169,176	20,487,204	17,595,479	12,660,904	50,743,587	15,661,807
Receipts per Firm	800.2	154.9	217.4	388.4	639.0	288.4	1,759.9	8,200.1	614.5	38,014.1
Receipts per Employee	54.3	NA	104.0	58.7	47.2	74.0	45.2	52.3	55.9	49.6
Payroll per Employee	17.8	NA	29.2	14.8	12.8	20.3	14.9	21.1	18.2	16.9
Health Services										
Firms	424,346	29,359	212,235	105,065	41,720	388,379	24,100	8,698	421,177	3,169
Establishments	474,109	29,546	212,936	107,257	46,277	396,016	33,947	18,912	448,875	25,234
Employment	10,507,120	0	489,548	679,728	543,681	1,712,957	984,077	1,642,820	4,339,854	6,167,266
Annual Payroll	287,270,177	1,932,445	17,835,890	22,845,997	21,297,844	63,912,176	30,318,635	33,046,214	127,277,025	159,993,152
Estimated Receipts	640,534,553	4,346,697	52,845,838	52,483,988	43,289,213	152,965,736	61,966,414	73,067,653	287,999,803	352,534,750
Receipts per Firm	1,509.5	148.1	249.0	499.5	1,037.6	393.9	2,571.2	8,400.5	683.8	111,244.8
Receipts per Employee	61.0	NA	107.9	77.2	79.6	89.3	63.0	44.5	66.4	57.2
Payroll per Employee	27.3	NA	36.4	33.6	39.2	37.3	30.8	20.1	29.3	25.9
Legal Services										
Firms	153,207	14,266	99,798	21,450	10,252	145,766	6,461	861	153,088	119
Establishments	158,641	14,291	99,887	21,713	10,902	146,793	8,434	2,736	157,963	678
Employment	963,540	0	189,305	138,442	135,695	463,442	242,325	166,309	872,076	91,464
Annual Payroll	40,697,592	710,167	5,245,230	4,475,144	5,528,044	15,958,585	11,615,811	8,290,948	35,865,344	4,832,248
Estimated Receipts	104,083,278	1,815,525	19,323,509	12,144,543	12,630,993	45,914,570	25,530,091	19,795,208	91,239,869	12,843,409
Receipts per Firm	679.4	127.3	193.6	566.2	1,232.1	315.0	3,951.4	22,991.0	596.0	107,927.8
Receipts per Employee	108.0	NA	102.1	87.7	93.1	99.1	105.4	119.0	104.6	140.4
Payroll per Employee	42.2	NA	27.7	32.3	40.7	34.4	47.9	49.9	41.1	52.8
Educational Services										
Firms	37,750	3,716	11,785	5,320	5,146	25,967	8,809	2,197	36,973	777
Establishments	43,172	3,745	11,855	5,375	5,327	26,302	10,074	4,548	40,924	2,248
Employment	1,972,121	0	25,036	35,564	71,676	132,276	365,096	398,166	895,538	1,076,583
Annual Payroll	37,210,993	104,314	420,726	515,554	1,005,389	2,045,983	5,838,801	6,787,022	14,671,806	22,539,187
Estimated Receipts	99,757,967	306,873	1,542,661	1,597,790	2,804,414	6,251,738	16,333,965	20,202,912	42,788,615	56,969,352
Receipts per Firm	2,642.6	82.6	130.9	300.3	545.0	240.8	1,854.2	9,195.7	1,157.3	73,319.6

Table A.5 *Various Statistics by Industry (Two-Digit SIC Code) and Firm Size,1993 (Payroll and Receipts in Thousands of Dollars)*—Continued

	Employment Size of Firm									
Industry	Total	0	1–4	5–9	10–19	<20	20–99	100–499	<500	500+
Receipts per Employee	50.6	NA	61.6	44.9	39.1	47.3	44.7	50.7	47.8	52.9
Payroll per Employee	18.9	NA	16.8	14.5	14.0	15.5	16.0	17.0	16.4	20.9
Social Services										
Firms	108,775	9,939	41,598	19,818	16,696	88,051	15,828	4,186	108,065	710
Establishments	147,908	9,993	41,647	20,036	17,746	89,422	26,720	21,764	137,906	10,002
Employment	2,063,931	0	89,128	132,806	227,465	449,399	608,912	654,061	1,712,372	351,559
Annual Payroll	27,653,061	203,905	1,095,263	1,603,891	2,768,417	5,671,476	8,204,801	9,024,483	22,900,760	4,752,301
Estimated Receipts	71,874,059	515,554	3,939,874	4,403,795	7,165,364	16,024,587	20,754,801	23,748,558	60,527,946	11,346,113
Receipts per Firm	660.8	51.9	94.7	222.2	429.2	182.0	1,311.3	5,673.3	560.1	15,980.4
Receipts per Employee	34.8	NA	44.2	33.2	31.5	35.7	34.1	36.3	35.3	32.3
Payroll per Employee	13.4	NA	12.3	12.1	12.2	12.6	13.5	13.8	13.4	13.5
Membership Organizations										
Firms	233,847	11,112	128,753	48,783	24,914	213,562	18,224	1,800	233,586	261
Establishments	239,206	11,114	128,771	48,890	25,298	214,073	19,746	3,642	237,461	1,745
Employment	2,069,524	0	279,157	316,685	332,088	927,930	669,231	296,347	1,893,508	176,016
Annual Payroll	27,158,326	187,840	2,958,022	3,293,146	3,763,829	10,202,837	8,607,164	4,874,674	23,684,675	3,473,651
Estimated Receipts	95,814,404	665,231	14,168,016	12,704,530	13,878,327	41,416,104	27,369,017	15,465,567	84,250,688	11,563,716
Receipts per Firm	409.7	59.9	110.0	260.4	557.0	193.9	1,501.8	8,592.0	360.7	44,305.4
Receipts per Employee	46.3	NA	50.8	40.1	41.8	44.6	40.9	52.2	44.5	65.7
Payroll per Employee	13.1	NA	10.6	10.4	11.3	11.0	12.9	16.4	12.5	19.7
Engineering, Accounting, Research, Management, and Related Services										
Firms	232,611	35,222	123,794	35,620	18,731	213,367	14,289	3,292	230,948	1,663
Establishments	251,292	35,270	123,989	36,011	19,920	215,190	18,734	7,863	241,787	9,505
Employment	2,643,305	0	246,773	231,211	247,547	725,531	521,889	444,392	1,691,812	951,493
Annual Payroll	93,874,179	1,458,248	6,949,088	7,046,226	8,566,075	24,019,637	18,181,316	14,043,098	56,244,051	37,630,128
Estimated Receipts	223,666,529	3,612,149	21,139,534	17,394,339	19,958,190	62,104,212	42,146,634	33,224,869	137,475,715	86,190,814

Receipts per Firm	961.5	102.6	170.8	488.3	1,065.5	291.1	2,949.6	10,092.6	595.3	51,828.5
Receipts per Employee	84.6	NA	85.7	75.2	80.6	85.6	80.8	74.8	81.3	90.6
Payroll per Employee	35.5	NA	28.2	30.5	34.6	33.1	34.8	31.6	33.2	39.5
Services, n.e.c.										
Firms	13,777	2,985	7,411	1,699	866	12,961	609	117	13,687	90
Establishments	14,642	2,989	7,432	1,745	953	13,119	834	341	14,294	348
Employment	86,233	0	13,657	11,007	11,413	36,077	21,652	12,406	70,135	16,098
Annual Payroll	3,321,864	167,891	603,642	344,372	360,213	1,476,118	731,040	414,303	2,621,461	700,403
Estimated Receipts	8,379,437	435,114	1,589,435	904,717	918,282	3,847,548	1,904,154	1,060,029	6,811,731	1,567,706
Receipts per Firm	608.2	145.8	214.5	532.5	1,060.4	296.9	3,126.7	9,060.1	497.7	17,419.0
Receipts per Employee	97.2	NA	116.4	82.2	80.5	106.6	87.9	85.4	97.1	97.4
Payroll per Employee	38.5	NA	44.2	31.3	31.6	40.9	33.8	33.4	37.4	43.5
Nonclassifiable Establishments										
Firms	49,070	31,228	14,548	2,286	782	48,844	223	3	49,070	0
Establishments	49,075	31,228	14,548	2,286	782	48,844	223	8	49,075	0
Employment	55,214	0	23,854	14,777	9,893	48,524	6,162	528	55,214	0
Annual Payroll	804,998	420,458	196,178	85,680	53,002	755,318	31,933	17,747	804,998	0
Estimated Receipts	4,761,247	2,383,444	1,280,711	511,761	300,837	4,476,753	181,928	102,566	4,761,247	0
Receipts per Firm	97.0	76.3	88.0	223.9	384.7	91.7	815.8	34,188.7	97.0	0
Receipts per Employee	86.2	NA	53.7	34.6	30.4	92.3	29.5	194.3	86.2	0
Payroll per Employee	14.6	NA	8.2	5.8	5.4	15.6	5.2	33.6	14.6	0

n.e.c. = not elsewhere classified

NA = not available

Note: A firm is defined as an aggregation of all establishments owned by a parent company. A firm may consist of a single, independent establishment or it can include subsidiaries or other branch establishments under the same ownership and control. A firm is defined only within a state and not across states.

Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from data provided by the U.S. Department of Commerce, Bureau of the Census, 1996.

Table A.6 *Employment Share by Firm Size and Major Industrial Sector, 1988–1993 Percent)*

Industrial Sector			Employment Size of Firm							
		Total (Number of Jobs)	0–4	5–9	10–19	<20	20–99	100–499	<500	500+
Total	1988	87,844,303	5.7	6.9	8.3	20.9	19.2	14.5	54.5	45.5
	1989	91,626,094	5.5	6.7	8.1	20.3	18.9	14.6	53.9	46.1
	1990	93,469,275	5.5	6.7	8.1	20.2	18.9	14.5	53.7	46.3
	1991	92,307,559	5.6	6.7	8.0	20.3	18.6	14.2	53.1	46.9
	1992	92,825,797	5.6	6.7	8.0	20.2	18.4	14.3	53.0	47.0
	1993	94,773,913	5.5	6.7	7.9	20.1	18.4	14.6	53.1	46.9
Agricultural Services, Forestry, and Fishing	1988	471,827	16.6	19.5	19.3	55.4	22.1	9.5	87.0	13.0
	1989	498,774	16.4	19.7	19.6	55.7	23.5	9.4	88.6	11.4
	1990	534,125	16.2	19.8	20.0	56.0	23.9	9.5	89.4	10.6
	1991	545,156	16.6	20.1	20.3	56.9	23.7	8.8	89.5	10.5
	1992	593,811	16.1	19.4	20.4	55.9	(D)	(D)	88.2	11.8
	1993	588,556	16.2	19.8	21.1	57.1	24.9	8.8	90.8	9.2
Mining	1988	736,777	3.0	3.7	5.8	12.5	15.8	11.1	39.4	60.6
	1989	713,360	3.0	3.7	5.7	12.4	15.5	11.5	39.4	60.6
	1990	723,420	3.0	3.6	5.7	12.3	15.4	12.1	39.8	60.2
	1991	716,425	3.1	3.7	5.6	12.4	15.3	13.4	41.1	58.9
	1992	650,241	3.4	3.7	5.5	12.6	14.8	12.2	39.6	60.4
	1993	608,309	3.5	4.0	5.7	13.2	15.4	12.4	40.9	59.1
Construction	1988	4,995,795	11.5	14.0	16.5	42.0	31.7	14.8	88.5	11.5
	1989	5,135,544	11.5	13.9	16.4	41.7	31.9	14.8	88.5	11.5
	1990	5,258,524	11.5	13.8	16.1	41.3	31.6	15.1	88.0	12.0
	1991	4,680,166	12.9	14.5	16.4	43.7	30.4	13.5	87.6	12.4
	1992	4,501,728	13.5	15.1	16.8	45.3	30.6	12.7	88.6	11.4
	1993	4,525,346	13.4	15.2	17.0	45.7	30.7	12.5	88.9	11.1
Manufacturing	1988	19,234,894	1.1	2.1	3.7	6.9	14.5	16.1	37.4	62.6
	1989	19,534,078	1.1	2.1	3.7	6.9	14.4	16.2	37.5	62.5
	1990	19,167,922	1.1	2.1	3.8	7.1	14.5	16.1	37.7	62.3
	1991	18,390,674	1.2	2.2	3.9	7.2	14.4	15.9	37.6	62.4
	1992	18,166,798	1.3	2.3	3.9	7.4	14.6	16.2	38.2	61.8

	1993	18,183,981	1.3	2.2	3.9	7.4	14.6	16.5	38.5	61.5
Transportation, Communications, and Public Utilities	1988	5,293,212	3.1	3.8	5.3	12.2	13.4	9.8	35.4	64.6
	1989	5,438,191	3.0	3.8	5.3	12.1	13.6	9.9	35.6	64.4
	1990	5,594,752	3.0	3.7	5.1	11.9	13.6	9.9	35.4	64.6
	1991	5,590,526	3.1	3.7	5.0	11.7	13.0	9.7	34.4	65.6
	1992	5,520,912	3.2	3.7	5.0	12.0	13.3	10.2	35.5	64.5
	1993	5,621,889	3.3	3.8	5.1	12.2	13.4	10.2	35.8	64.2
Wholesale Trade	1988	5,994,021	5.5	8.4	12.0	25.9	27.2	15.3	68.4	31.6
	1989	6,192,885	5.3	8.1	11.7	25.2	27.0	15.6	67.8	32.2
	1990	6,332,437	5.3	7.9	11.5	24.7	26.8	15.4	66.9	33.1
	1991	6,225,619	5.5	8.1	11.5	25.1	26.4	15.2	66.7	33.3
	1992	6,095,217	5.7	8.2	11.5	25.4	25.8	15.5	66.7	33.3
	1993	6,258,484	5.8	8.3	11.7	25.8	26.4	15.4	61.6	32.4
Retail Trade	1988	18,867,211	5.6	7.9	9.9	23.5	21.9	10.9	56.3	43.7
	1989	19,478,857	5.4	7.7	9.8	22.9	21.8	10.9	55.6	44.4
	1990	19,861,604	5.3	7.6	9.7	22.7	21.5	10.7	54.9	45.1
	1991	19,626,546	5.5	7.6	9.6	22.7	21.1	10.4	54.3	45.7
	1992	19,681,419	5.4	7.6	9.6	22.5	21.0	10.5	54.0	46.0
	1993	19,778,588	5.3	7.5	9.4	22.1	20.9	10.6	53.6	46.4
Finance, Insurance, and Real Estate	1988	6,662,355	6.9	5.3	5.7	18.0	14.3	12.4	44.7	55.3
	1989	6,819,379	6.8	5.3	5.7	17.8	14.2	12.3	44.3	55.7
	1990	6,983,931	6.8	5.3	5.6	17.8	14.1	12.4	44.3	55.7
	1991	6,862,377	6.8	5.2	5.3	17.3	13.4	12.1	42.7	57.3
	1992	6,904,478	6.9	5.2	5.4	17.4	13.4	12.1	42.9	57.1
	1993	6,891,117	7.1	5.4	5.5	18.0	13.8	12.2	43.9	56.1
Services	1988	25,252,106	8.0	8.8	9.0	25.9	18.8	17.6	62.4	37.6
	1989	27,535,086	7.5	8.3	8.7	24.5	18.1	17.5	60.1	39.9
	1990	28,880,444	7.3	8.2	8.6	24.0	18.3	17.3	59.6	40.4
	1991	29,623,508	7.2	8.1	8.4	23.7	18.2	17.2	59.1	40.9
	1992	30,655,625	7.0	7.9	8.2	23.1	17.8	17.2	58.1	41.9
	1993	32,262,429	6.8	7.7	8.1	22.5	17.5	17.5	57.6	42.4

Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from data provided by the U.S. Department of Commerce, Bureau of the Census, 1996.

Table A.7 *Enterprises by Firm Size and Major Industrial Sector, 1988–1993*

			Employment Size of Firm							
Industrial Sector		Total	0–4	5–9	10–19	<20	20–99	100–499	<500	500+
Total	1988	4,954,645	2,979,905	923,580	540,988	4,444,473	430,640	66,708	4,941,821	12,824
	1989	5,021,315	3,003,224	937,202	553,449	4,493,875	443,959	69,608	5,007,442	13,873
	1990	5,073,795	3,020,935	952,030	562,610	4,535,575	453,732	70,465	5,059,772	14,023
	1991	5,051,025	3,036,304	941,296	551,299	4,528,899	439,811	68,338	5,037,048	13,977
	1992	5,095,356	3,075,280	945,802	551,912	4,572,994	439,084	69,156	5,081,234	14,122
	1993	5,193,642	3,139,518	962,481	559,602	4,661,601	445,900	71,512	5,179,013	14,629
Agricultural Services, Forestry, and Fishing	1988	78,324	53,786	14,047	6,940	74,773	3,078	353	78,204	120
	1989	83,431	57,011	15,019	7,473	79,503	3,449	357	83,309	122
	1990	87,939	59,421	16,173	8,098	83,692	3,745	372	87,809	130
	1991	91,743	62,340	16,690	8,417	87,447	3,804	362	91,613	130
	1992	96,211	64,796	17,485	9,272	91,553	4,168	360	96,081	130
	1993	99,397	67,399	17,705	9,489	94,593	4,308	368	99,269	128
Mining	1988	25,035	13,545	4,100	3,174	20,819	3,156	628	24,603	432
	1989	24,365	13,308	3,994	3,005	20,307	3,013	613	23,933	432
	1990	24,309	13,250	3,925	3,058	20,233	3,015	629	23,877	432
	1991	24,285	13,214	4,051	2,973	20,238	2,963	668	23,869	416
	1992	22,953	13,032	3,678	2,651	19,361	2,612	571	22,544	409
	1993	22,486	12,763	3,685	2,554	19,002	2,526	543	22,071	415
Construction	1988	572,317	355,556	106,921	61,577	524,054	42,822	4,661	571,537	780
	1989	589,025	367,479	108,634	63,166	539,279	44,246	4,704	588,229	796
	1990	597,272	372,677	110,619	63,297	546,593	45,030	4,885	596,508	764
	1991	582,344	377,827	103,475	57,491	538,793	38,889	3,969	581,651	693
	1992	584,453	381,755	103,810	56,935	542,500	37,686	3,624	583,810	643
	1993	594,187	388,468	105,170	57,958	551,596	38,318	3,627	593,541	646
Manufacturing	1988	320,408	119,421	59,060	52,871	231,352	67,425	16,969	315,746	4,662
	1989	324,139	121,318	59,761	53,121	234,200	67,910	17,251	319,361	4,778
	1990	327,036	124,543	60,470	53,158	238,171	67,301	16,870	322,342	4,694
	1991	322,018	125,369	59,552	52,018	236,939	64,460	16,052	317,451	4,567
	1992	328,201	129,370	61,180	52,104	242,654	64,721	16,246	323,621	4,580

	1993	328,167	129,461	60,944	52,060	242,465	64,607	16,430	323,502	4,665
Transportation, Communications, and Public Utilities	1988	173,108	97,992	30,644	20,779	149,415	18,790	3,364	171,569	1,539
	1989	178,280	101,404	31,197	21,248	153,849	19,439	3,426	176,714	1,566
	1990	180,900	102,820	31,795	21,257	155,872	19,943	3,465	179,280	1,620
	1991	181,524	105,518	31,184	20,720	157,422	19,090	3,427	179,939	1,585
	1992	184,889	108,287	31,396	20,760	160,443	19,250	3,591	183,284	1,605
	1993	193,203	114,351	32,399	21,460	168,210	19,708	3,663	191,581	1,622
Wholesale Trade	1988	368,169	181,502	76,046	54,098	311,646	45,556	7,809	365,011	3,158
	1989	370,674	182,377	76,210	54,350	312,937	46,491	8,041	367,469	3,205
	1990	374,283	186,019	75,610	54,588	316,217	46,849	8,007	371,073	3,210
	1991	377,669	191,665	76,182	53,598	321,445	45,385	7,727	374,557	3,112
	1992	380,328	197,541	75,451	52,454	325,446	43,986	7,788	377,220	3,108
	1993	397,233	206,574	78,616	54,872	340,062	46,051	7,909	394,022	3,211
Retail Trade	1988	1,094,188	600,339	227,277	140,412	968,028	110,832	12,591	1,091,451	2,737
	1989	1,104,567	605,002	228,137	142,484	975,623	113,210	12,921	1,101,754	2,813
	1990	1,109,703	605,787	229,751	144,174	979,712	114,275	12,855	1,106,842	2,861
	1991	1,104,036	608,654	227,132	141,968	977,754	111,278	12,208	1,101,240	2,796
	1992	1,089,071	593,938	226,503	141,663	962,104	111,575	12,511	1,086,190	2,881
	1993	1,090,076	600,157	224,416	139,000	963,573	111,069	12,618	1,087,260	2,816
Finance, Insurance, and Real Estate	1988	402,849	285,673	55,081	28,734	369,488	25,040	5,678	400,206	2,643
	1989	409,605	290,422	56,179	29,043	375,644	25,513	5,695	406,852	2,753
	1990	419,963	298,358	57,674	29,544	385,576	25,866	5,760	417,202	2,761
	1991	409,863	294,303	55,029	27,554	376,886	24,370	5,693	406,949	2,914
	1992	411,466	294,004	55,783	28,069	377,856	24,607	5,930	408,393	3,073
	1993	426,778	305,887	58,210	28,828	392,925	24,895	5,936	423,756	3,022
Services	1988	1,834,660	1,163,501	344,196	172,228	1,679,925	123,465	24,828	1,828,218	6,442
	1989	1,872,348	1,175,756	353,313	179,813	1,708,882	129,805	26,499	1,865,186	7,162
	1990	1,921,767	1,200,505	363,345	186,433	1,750,283	136,760	27,386	1,914,429	7,338
	1991	1,962,388	1,231,750	367,892	188,502	1,788,144	138,911	27,902	1,954,957	7,431
	1992	1,963,563	1,214,230	370,129	190,564	1,784,923	141,871	29,047	1,955,841	7,722
	1993	2,030,895	1,269,345	380,465	195,986	1,845,796	146,082	30,857	2,022,735	8,160

Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from data provided by the U.S. Department of Commerce, Bureau of the Census, 1996.

Table A.8 *New Firms by SBA Region and State, 1994 and 1995*

	1994	1995	Percent Change	Rank
United States	**806,885**	**819,477**	**1.6**	
Region I	**40,496**	**40,328**	**-0.4**	
Connecticut	9,914	9,395	-5.2	40
Maine	3,982	4,476	12.4	8
Massachusetts	16,167	16,040	-0.8	29
New Hampshire	5,001	4,988	-0.3	28
Rhode Island	3,409	3,290	-3.5	36
Vermont	2,023	2,139	5.7	14
Region II	**80,593**	**81,726**	**1.4**	
New Jersey	25,498	27,106	6.3	12
New York	55,095	54,620	-0.9	30
Region III	**69,978**	**72,169**	**3.1**	
Delaware	2,750	2,783	1.2	25
District of Columbia	5,464	3,250	-40.5	51
Maryland	14,062	18,458	31.3	1
Pennsylvania	23,008	23,820	3.5	17
Virginia	20,565	19,433	-5.5	42
West Virginia	4,129	4,425	7.2	11
Region IV	**166,483**	**150,807**	**-9.4**	
Alabama	10,087	9,140	-9.4	45
Florida	56,320	54,006	-4.1	37
Georgia	39,069	24,478	-37.3	50
Kentucky	8,061	9,078	12.6	7
Mississippi	6,936	6,185	-10.8	47
North Carolina	21,960	21,650	-1.4	31
South Carolina	8,730	10,447	19.7	5
Tennessee	15,320	15,823	3.3	18
Region V	**109,741**	**120,286**	**9.6**	
Illinois	29,934	30,393	1.5	22
Indiana	13,969	14,355	2.8	19
Michigan	20,001	23,972	19.9	4
Minnesota	12,899	12,178	-5.6	44
Ohio	21,256	27,046	27.2	2
Wisconsin	11,682	12,342	5.6	15
Region VI	**84,255**	**83,357**	**-1.1**	
Arkansas	6,452	7,042	9.1	10
Louisiana	9,600	9,817	2.3	21
New Mexico	6,140	4,837	-21.2	49
Oklahoma	8,387	8,790	4.8	16
Texas	53,676	52,871	-1.5	32
Region VII	**32,563**	**32,533**	**-0.1**	
Missouri	14,718	14,935	1.5	23
Iowa	6,095	6,103	0.1	27
Kansas	7,423	7,600	2.4	20
Nebraska	4,327	3,895	-10.0	46

Table A.8 *New Firms by SBA Region and State, 1994 and 1995*—Continued

	1994	1995	Percent Change	Rank
Region VIII	**37,189**	**36,541**	**-1.7**	
Colorado	19,458	19,703	1.3	24
Montana	3,449	3,377	-2.1	33
North Dakota	1,613	1,631	1.1	26
South Dakota	2,228	1,858	-16.6	48
Utah	8,104	7,742	-4.5	38
Wyoming	2,337	2,230	-4.6	39
Region IX	**132,088**	**150,143**	**13.7**	
Arizona	11,347	12,044	6.1	13
California	111,085	127,074	14.4	6
Hawaii	3,183	3,874	21.7	3
Nevada	6,473	7,151	10.5	9
Region X	**53,499**	**51,587**	**-3.6**	
Alaska	2,665	2,521	-5.4	41
Idaho	5,202	5,053	-2.9	35
Oregon	14,577	13,770	-5.5	43
Washington	31,055	30,243	-2.6	34

Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from data provided by the U.S. Department of Labor, Employment and Training Administration, based upon state employment security agencies' quarterly unemployment insurance reports, 1994 and 1995.

Table A.9 *New Business Incorporations by SBA Region and State, 1994 and 1995*

	1994	1995	Percent Change	Rank
United States	**741,657**	**770,206**	**3.8**	
Region I	**30,702**	**30,609**	**-0.3**	
Connecticut	6,911	6,857	-0.8	38
Maine	2,637	2,805	6.4	16
Massachusetts	14,065	13,479	-4.2	49
New Hampshire	2,990	3,095	3.5	22
Rhode Island	2,500	2,743	9.7	8
Vermont	1,599	1,630	1.9	29
Region II	**101,558**	**110,294**	**8.6**	
New Jersey	30,869	37,861	22.7	1
New York	70,689	72,433	2.5	26
Region III	**103,619**	**110,646**	**6.8**	
Delaware	44,762	50,094	11.9	5
District of Columbia	2,256	2,256	0.0	35
Maryland	17,730	18,014	1.6	30
Pennsylvania	17,394	18,575	6.8	13
Virginia	19,150	19,172	0.1	34
West Virginia	2,327	2,535	8.9	10
Region IV	**170,043**	**176,940**	**4.1**	
Alabama	7,169	7,686	7.2	12
Florida	93,388	98,066	5.0	18
Georgia	24,707	26,990	9.2	9
Kentucky	7,688	7,764	1.0	31
Mississippi	4,814	4,618	-4.1	48
North Carolina	14,830	16,021	8.0	11
South Carolina	7,374	7,601	3.1	23
Tennessee	10,073	8,194	-18.7	50
Region V	**116,197**	**119,165**	**2.6**	
Illinois	34,287	34,495	0.6	33
Indiana	11,987	12,333	2.9	25
Michigan	30,374	31,254	2.9	24
Minnesota	11,429	12,203	6.8	14
Ohio	20,013	20,859	4.2	20
Wisconsin	8,107	8,021	-1.1	39
Region VI	**65,278**	**67,199**	**2.9**	
Arkansas	5,867	6,615	12.7	4
Louisiana	11,328	11,082	-2.2	41
New Mexico	3,088	3,584	16.1	3
Oklahoma	7,633	7,796	2.1	27
Texas	37,362	38,122	2.0	28

Table A.9 *New Business Incorporations by SBA Region and State, 1994 and 1995*—Continued

	1994	1995	Percent Change	Rank
Region VII	**23,657**	**24,503**	**3.6**	
Missouri	11,022	10,743	-2.5	44
Iowa	4,915	5,925	20.5	2
Kansas	4,273	4,475	4.7	19
Nebraska	3,447	3,360	-2.5	43
Region VIII	**27,249**	**27,574**	**1.2**	
Colorado	15,187	15,309	0.8	32
Montana	2,177	1,767	-18.8	51
North Dakota	1,042	1,021	-2.0	40
South Dakota	1,349	1,401	3.9	21
Utah	5,560	5,917	6.4	15
Wyoming	1,934	2,159	11.6	6
Region IX	**74,934**	**75,497**	**0.8**	
Arizona	11,248	10,866	-3.4	46
California	42,871	41,913	-2.2	42
Hawaii	3,792	3,792	0.0	36
Nevada	17,023	18,926	11.2	7
Region X	**28,417**	**27,779**	**-2.2**	
Alaska	1,428	1,428	0.0	37
Idaho	2,530	2,668	5.5	17
Oregon	10,015	9,730	-2.8	45
Washington	14,444	13,953	-3.4	47

Source: U.S. Small Business Administration, Office of Advocacy, based upon data from the Dun and Bradstreet Corporation, 1996.

Table A.10 *Self-Employment by SBA Region and State, 1994 and 1995 (Thousands of Self-Employed)*

	1994	1995	Percent Change	Rank
United States	**8,999**	**8,896**	**−1.1**	
Region I	**521**	**543**	**4.2**	
Connecticut	115	121	5.2	16
Maine	67	73	9.0	9
Massachusetts	218	231	6.0	14
New Hampshire	56	60	7.1	12
Rhode Island	28	23	−17.9	49
Vermont	37	35	−5.4	34
Region II	**733**	**712**	**−2.9**	
New Jersey	217	210	−3.2	31
New York	516	502	−2.7	29
Region III	**819**	**763**	**−6.8**	
Delaware	17	19	11.8	5
District of Columbia	14	12	−14.3	48
Maryland	144	131	−9.0	43
Pennsylvania	382	373	−2.4	28
Virginia	213	184	−13.6	47
West Virginia	49	44	−10.2	45
Region IV	**1,489**	**1,469**	**−1.3**	
Alabama	131	127	−3.1	30
Florida	416	431	3.6	19
Georgia	208	213	2.4	20
Kentucky	134	126	−6.0	38
Mississippi	82	63	−23.2	50
North Carolina	243	231	−4.9	33
South Carolina	97	101	4.1	17
Tennessee	178	177	−0.6	24
Region V	**1,420**	**1,421**	**0.1**	
Illinois	354	331	−6.5	39
Indiana	181	175	−3.3	32
Michigan	242	264	9.1	8
Minnesota	171	188	9.9	7
Ohio	318	318	0.0	23
Wisconsin	154	145	−5.8	36
Region VI	**1,080**	**1,109**	**2.7**	
Arkansas	91	86	−5.5	35
Louisiana	118	131	11.0	6
New Mexico	78	82	5.1	51
Oklahoma	113	119	5.3	15
Texas	680	691	1.6	22

Table A.10 *Self-Employment by SBA Region and State, 1994 and 1995 (Thousands of Self-Employed)*—Continued

	1994	1995	Percent Change	Rank
Region VII	**457**	**439**	**−3.9**	
Missouri	187	176	−5.9	37
Iowa	122	111	−9.0	42
Kansas	90	89	−1.1	27
Nebraska	58	63	8.6	10
Region VIII	**349**	**345**	**−1.1**	
Colorado	164	152	−7.3	40
Montana	50	52	4.0	18
North Dakota	21	27	28.6	1
South Dakota	28	30	7.1	13
Utah	67	61	−9.0	41
Wyoming	19	23	21.1	3
Region IX	**1,641**	**1,641**	**0.0**	
Arizona	138	137	−0.7	25
California	1,416	1,403	−8.5	11
Nevada	40	50	25.0	2
Region X	**493**	**454**	**−7.9**	
Alaska	30	35	16.7	4
Idaho	56	57	1.8	21
Oregon	164	148	−9.8	44
Washington	243	214	−11.9	46

Note: The self-employed are aged 16 and over and in nonagricultural industries. Data represent unincorporated self-employed persons. Incorporated self-employed individuals are counted as wage-and-salary workers in their own businesses.

Source: U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics, 1994 and 1995, Table 19.

Table A.11 *Business Bankruptcies by SBA Region and State, 1994 and 1995*

	January-December		Percent	
	1994	1995	Change	Rank
U.S. Total	**50,845**	**50,516**	**−0.6**	
Region I	**2,224**	**2,016**	**−9.4**	
Connecticut	206	205	−0.5	29
Maine	296	274	−7.4	39
Massachusetts	1,300	1,116	−14.2	47
New Hampshire	111	92	−17.1	49
Rhode Island	177	162	−8.5	42
Vermont	134	167	24.6	6
Region II	**4,765**	**4,569**	**−4.1**	
New Jersey	1,354	1,195	−11.7	45
New York	3,411	3,374	−1.1	30
Region III	**5,112**	**5,215**	**2.0**	
Delaware	120	277	130.8	1
District of Columbia	118	100	−15.3	48
Maryland	1,243	1,493	20.1	8
Pennsylvania	1,925	1,770	−8.1	41
Virginia	1,396	1,261	−9.7	44
West Virginia	310	314	1.3	26
Region IV	**6,917**	**6,009**	**−13.1**	
Alabama	717	796	11.0	16
Florida	2,218	1,949	−12.1	46
Georgia	1,708	496	−71.0	51
Kentucky	422	473	12.1	13
Mississippi	218	283	29.8	5
North Carolina	782	726	−7.2	37
South Carolina	221	337	52.5	2
Tennessee	631	949	50.4	3
Region V	**7,420**	**7,558**	**1.9**	
Illinois	1,751	1,624	−7.3	38
Indiana	886	842	−5.0	36
Michigan	1,098	1,072	−2.4	34
Minnesota	1,962	1,901	−3.1	35
Ohio	728	1,052	44.5	4
Wisconsin	995	1,067	7.2	20
Region VI	**5,361**	**5,662**	**5.6**	
Arkansas	373	422	13.1	10
Louisiana	570	562	−1.4	31
New Mexico	287	322	12.2	12
Oklahoma	873	946	8.4	18
Texas	3,258	3,410	4.7	24

Table A.11 *Business Bankruptcies by SBA Region and State, 1994 and 1995*—Continued

	January-December 1994	January-December 1995	Percent Change	Rank
Region VII	**1,697**	**1,708**	**0.6**	
Iowa	482	556	15.4	9
Kansas	372	419	12.6	11
Missouri	653	521	−20.2	50
Nebraska	190	212	11.6	14
Region VIII	**1,440**	**1,422**	**−1.3**	
Colorado	670	610	−9.0	43
Montana	162	171	5.6	22
North Dakota	120	118	−1.7	32
South Dakota	164	172	4.9	23
Utah	222	242	9.0	17
Wyoming	102	109	6.9	21
Region IX	**13,451**	**13,691**	**1.8**	
Arizona	965	1,045	8.3	19
California	11,938	12,097	1.3	25
Hawaii	157	159	1.3	27
Nevada	391	390	−0.3	28
Region X	**2,458**	**2,666**	**8.5**	
Alaska	162	159	−1.9	33
Idaho	351	391	11.4	15
Oregon	844	781	−7.5	40
Washington	1,101	1,335	21.3	7

Note: A business bankruptcy is the legal recognition that a company is insolvent (i.e., not able to satisfy creditors or discharge liabilities); the company must restructure or completely liquidate. A business bankruptcy culminates with the filing of a bankruptcy petition under Chapter 7, 9, 11, or 12 of the federal bankruptcy law.

Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from data collected by the Administrative Office of the U.S. Courts, Statistical Analysis and Reports Division, 1996.

Table A.12 *Business Failures by SBA Region and State, 1994 and 1995*

	1994	1995	Percent Change	Rank
U.S. Total	**71,558**	**71,194**	**−0.5**	
Region I	**3,771**	**3,389**	**−10.1**	
Connecticut	577	482	−16.5	44
Maine	335	315	−6.0	33
Massachusetts	2,100	1,931	−8.0	39
New Hampshire	416	385	−7.5	35
Rhode Island	213	127	−40.4	50
Vermont	130	149	14.6	11
Region II	**7,730**	**7,842**	**1.4**	
New Jersey	2,190	2,782	27.0	5
New York	5,540	5,060	−8.7	40
Region III	**6,363**	**6,781**	**6.6**	
Delaware	88	45	−48.9	51
District of Columbia	168	155	−7.7	38
Maryland	1,610	1,813	12.6	13
Pennsylvania	2,742	2,761	0.7	26
Virginia	1,459	1,719	17.8	10
West Virginia	296	288	−2.7	29
Region IV	**9,694**	**8,284**	**−14.5**	
Alabama	668	549	−17.8	45
Florida	3,609	2,904	−19.5	46
Georgia	1,961	1,489	−24.1	48
Kentucky	707	663	−6.2	34
Mississippi	249	230	−7.6	37
North Carolina	1,046	968	−7.5	36
South Carolina	498	491	−1.4	28
Tennessee	956	990	3.6	23
Region V	**8,504**	**8,340**	**−1.9**	
Illinois	1,757	1,684	−4.2	32
Indiana	908	799	−12.0	41
Michigan	1,955	1,683	−13.9	42
Minnesota	722	904	25.2	6
Ohio	1,987	2,133	7.3	19
Wisconsin	1,175	1,137	−3.2	31
Region VI	**8,355**	**9,103**	**9.0**	
Arkansas	366	733	100.3	1
Louisiana	656	463	−29.4	49
New Mexico	330	408	23.6	7
Oklahoma	1,168	1,317	12.8	12
Texas	5,835	6,182	5.9	20

Table A.12 *Business Failures by SBA Region and State, 1994 and 1995*—Continued

	1994	1995	Percent Change	Rank
Region VII	**2,717**	**2,950**	**8.6**	
Iowa	473	570	20.5	8
Kansas	871	946	8.6	17
Missouri	1,059	1,112	5.0	21
Nebraska	314	322	2.5	24
Region VIII	**2,096**	**2,359**	**12.5**	
Colorado	1,315	1,476	12.2	14
Montana	181	152	−16.0	43
North Dakota	90	98	8.9	16
South Dakota	168	182	8.3	18
Utah	260	344	32.3	3
Wyoming	82	107	30.5	4
Region IX	**18,908**	**18,467**	**-2.3**	
Arizona	1,407	1,413	0.4	27
California	16,796	16,329	−2.8	30
Hawaii	259	271	4.6	22
Nevada	446	454	1.8	25
Region X	**3,420**	**3,679**	**7.6**	
Alaska	112	122	8.9	15
Idaho	276	389	40.9	2
Oregon	1,027	798	−22.3	47
Washington	2,005	2,370	18.2	9

Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from data provided by the Dun and Bradstreet Corporation, 1996.

Table A.13 *Business Terminations by SBA Region and State, 1994 and 1995*

	1994	1995	Percent Change	Rank
United States	**803,290**	**863,699**	**7.5**	
Region I	**41,026**	**45,318**	**10.5**	
Connecticut	11,644	11,619	−0.2	33
Maine	3,799	4,676	23.1	8
Massachusetts	13,688	15,417	12.6	14
New Hampshire	4,818	5,044	4.7	24
Rhode Island	4,277	5,985	39.9	3
Vermont	2,800	2,577	−8.0	44
Region II	**86,121**	**82,480**	**−4.2**	
New Jersey	27,155	25,667	−5.5	42
New York	58,966	56,813	−3.7	39
Region III	**72,185**	**73,617**	**2.0**	
Delaware	2,523	3,193	26.6	6
District of Columbia	4,536	3,302	−27.2	49
Maryland	16,049	16,256	1.3	30
Pennsylvania	26,462	27,254	3.0	27
Virginia	18,618	18,493	−0.7	34
West Virginia	3,997	5,119	28.1	5
Region IV	**168,600**	**152,656**	**−9.5**	
Alabama	10,603	10,968	3.4	26
Florida	56,976	52,467	−7.9	43
Georgia	35,200	23,161	−34.2	51
Kentucky	10,151	9,307	−8.3	45
Mississippi	7,778	7,077	−9.0	46
North Carolina	24,413	23,389	−4.2	41
South Carolina	8,879	10,391	17.0	10
Tennessee	14,600	15,896	8.9	18
Region V	**107,929**	**118,332**	**9.6**	
Illinois	31,051	30,260	−2.5	37
Indiana	14,255	14,129	−0.9	35
Michigan	19,267	20,340	5.6	22
Minnesota	12,960	12,458	−3.9	40
Ohio	18,154	28,091	54.7	1
Wisconsin	12,242	13,054	6.6	21
Region VI	**84,214**	**86,109**	**2.3**	
Arkansas	7,006	4,872	−30.5	50
Louisiana	10,384	11,347	9.3	15
New Mexico	5,847	5,240	−10.4	48
Oklahoma	8,914	8,623	−3.3	38
Texas	52,063	56,027	7.6	20

Table A.13 *Business Terminations by SBA Region and State, 1994 and 1995*—Continued

	1994	1995	Percent Change	Rank
Region VII	**37,120**	**38,322**	**3.2**	
Missouri	16,104	17,588	9.2	17
Iowa	7,902	7,702	−2.5	36
Kansas	7,969	8,387	5.2	23
Nebraska	5,145	4,645	−9.7	47
Region VIII	**32,023**	**36,793**	**14.9**	
Colorado	14,371	17,933	24.8	7
Montana	4,023	4,066	1.1	31
North Dakota	1,754	2,045	16.6	11
South Dakota	2,347	2,360	0.6	32
Utah	7,005	7,654	9.3	16
Wyoming	2,523	2,735	8.4	19
Region IX	**128,120**	**178,812**	**39.6**	
Arizona	11,087	15,431	39.2	4
California	107,923	152,945	41.7	2
Hawaii	3,492	3,953	13.2	13
Nevada	5,618	6,483	15.4	12
Region X	**45,952**	**51,260**	**11.6**	
Alaska	2,478	2,530	2.1	29
Idaho	4,697	4,861	3.5	25
Oregon	12,716	13,022	2.4	28
Washington	26,061	30,847	18.4	9

Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from data provided by the U.S. Department of Labor, Employment and Training Administration, based upon state employment security agencies' quarterly unemployment insurance reports, 1994 and 1995.

Table A.14 *Business Dissolution Rates by Age of Business and Number of Jobs Created (Percent)*

Age of Business (Minimum Years)	All Firms	Firms Creating No Jobs	Firms Creating 1–4 Jobs	Firms Creating 5+ Jobs
2	23.7	29.9	8.3	6.0
4	52.7	64.8	19.6	13.1
6	62.2	74.0	23.5	21.1
8	70.9	81.5	46.5	30.0
10*	79.0	90.5	59.1	37.6

*Estimated using log linear regression models.

Note: Firms were traced beginning in 1976 and observed, if available, every other year beginning in 1978 and ending in 1990. Business dissolution includes businesses that disappear for any reason at all, including failure, bankruptcy, owner retirement, owner health, or the desire to enter a more profitable endeavor. It has been estimated that about 15 percent of business dissolutions represent actual failures.

Source: U.S. Small Business Administration, Office of Advocacy, Small Business Data Base, 1978–1990 USEEM file.

Table A.15 *Employment in Selected Small-Business-Dominated Industries, December 1994 and December 1995 (Thousands)*

SIC Code (1987)	Industry	December 1994	December 1995	Absolute Change 1994–1995	Percent Change 1994–1995
	Total, Small-Business-Dominated	**45,559.9**	**46,805.6**	**1,245.7**	**2.7**
	Mining	**31.5**	**32.1**	**0.6**	**1.9**
144	Sand and Gravel	31.5	32.1	0.6	1.9
	Construction	**5,073.1**	**5,205.9**	**132.8**	**2.6**
15[1]	General Building Contractors	1,236.0	1228.9	−7.1	−0.6
152	Residential Building Construction	614.5	611.7	−2.8	−0.5
153	Operative Builders	28.2	28.1	−0.1	−0.4
154	Nonresidential Building Construction	593.3	589.1	−4.2	−0.7
16[1]	Heavy Construction other than Building	698.1	695.5	−0.3	−0.2
161	Highway and Street Construction	193.3	193.3	0.3	0.2
17[2]	Special Trade Contractors	3,139.0	3,281.5	142.5	4.5
171	Plumbing, Heating, and Air Conditioning	717.8	758.1	40.3	5.6
172	Painting, Paper Hanging, and Decorating	174.9	182.3	7.4	4.2
173	Electrical Work	595.4	630.2	34.8	5.8
174	Masonry, Stonework, and Plastering	441.4	453.5	12.1	2.7
175	Carpentry and Flooring	216.7	231.6	14.9	6.9
176	Roofing and Sheet Metal Work	210.8	213.4	2.6	1.2
	Manufacturing	**3,529.8**	**3,523.6**	**−6.2**	**−0.2**
233	Women's and Misses' Outerwear	281.2	249.5	−31.7	−11.3
2361	Girls', Children's, Infants' Dresses and Blouses	19.3	17.4	−1.9	−9.8
238	Miscellaneous Apparel and Accessories	39.6	36.7	−2.9	−7.3
239	Miscellaneous Fabricated Textile Products	83.2	80.0	−3.2	−3.8
2391	Curtains and Draperies	20.8	18.8	−2.0	−9.6
241	Logging	81.1	82.8	1.7	2.1
242	Sawmills and Planing Mills	189.6	182.0	−7.6	−4.0
243	Millwork, Veneer, Plywood	30.9	32.1	1.2	3.9
2434	Wood Kitchen Cabinets	77.1	75.5	−1.6	−2.1
2435	Hardwood Veneer and Plywood	25.0	24.7	−0.3	−1.2
244	Wood Containers	49.9	50.3	0.4	0.8
249	Miscellaneous Wood Products	91.2	90.5	−0.7	−0.8
2515	Mattresses, Foundations, and Convertible Beds	31.1	30.9	−0.2	−0.6

Table A.15 *Employment in Selected Small-Business-Dominated Industries, December 1994 and December 1995 (Thousands)*—Continued

SIC Code (1987)	Industry	December 1994	December 1995	Absolute Change 1994–1995	Percent Change 1994–1995
254	Partitions, Shelving, Lockers, Fixtures	81.4	80.2	−1.2	−1.5
259	Miscellaneous Furniture and Fixtures	37.2	37.1	−0.1	−0.3
275	Commercial Printing	562.3	566.0	3.7	0.7
279	Printing Trade Services	57.0	55.6	−1.4	−2.5
316	Luggage	11.7	11.3	−0.4	−3.4
317	Handbags and Personal Leather Goods	12.6	11.8	−0.8	−6.3
327	Concrete, Gypsum, and Plaster Products	197.3	200.0	2.7	1.4
3441	Fabricated Structural Metal	70.2	74.9	4.7	6.7
3444	Sheet Metal Work	105.8	109.9	4.1	3.9
3446	Architectural and Ornamental Metal Work	27.9	29.0	1.1	3.9
3451	Screw Machine Products	50.9	51.1	0.2	0.4
3469	Metal Stampings, n.e.c.	90.5	92.4	1.9	2.1
347	Coating, Engraving, and Allied Services	127.1	129.7	2.6	2.0
3496	Miscellaneous Fabricated Wire Products	57.4	58.5	1.1	1.9
3535	Conveyors and Conveying Equipment	38.4	40.7	2.3	6.0
354	Metalworking Machinery and Equipment	123.2	129.6	6.4	5.2
3544	Special Dies and Tools	156.2	161.5	5.3	3.4
3545	Cutting Tools, Machine Tool Accessories	50.9	53.6	2.7	5.3
3552	Textile Machinery	15.5	15.2	−0.3	−1.9
3556	Food Products Machinery	24.3	25.3	1.0	4.1
359	Miscellaneous Industrial Machinery	67.3	68.4	1.1	1.6
3596	Scales and Balances, except Laboratory	261.7	271.6	9.9	3.8
3633	Household Laundry Equipment	17.7	16.5	−1.2	−6.8
3645	Residential Electric Lighting Fixtures	21.4	20.8	−0.6	−2.8
391	Jewelry, Silverware, and Plated Ware	13.2	12.8	−0.4	−3.0
3911	Jewelry, Precious Metal	39.0	38.2	−0.8	−2.1
393	Musical Instruments	13.7	14.5	0.8	5.8
396	Costume Jewelry	28.5	25.9	−2.6	−9.1
399	Miscellaneous Manufacturing Industries	149.5	150.3	0.8	0.5
	Transportation and Public Utilities	**1,117.4**	**1,182.4**	**65.0**	**5.8**
41[3]	Local and Interurban Passenger Transit	53.8	57.4	3.6	6.7

Table A.15 *Employment in Selected Small-Business-Dominated Industries, December 1994 and December 1995 (Thousands)*—Continued

SIC Code (1987)	Industry	December 1994	December 1995	Absolute Change 1994–1995	Percent Change 1994–1995
411	Local and Suburban Passenger Transportation	210.2	235.0	24.8	11.8
412	Taxicabs	33.0	36.4	3.4	10.3
415	School Buses	143.0	154.0	11.0	7.7
422	Public Warehousing	149.4	152.8	3.4	2.3
47[2]	Transportation Services	39.3	40.1	0.8	2.0
472	Arrangement of Passenger Transport	199.3	194.7	−4.6	−2.3
473	Arrangement of Transportation of Freight	172.1	190.7	18.6	10.8
4832	Radio Broadcasting Stations	117.3	121.3	4.0	3.4
	Wholesale Trade	**3,868.3**	**3,964.3**	**96.0**	**2.5**
50	Durable Goods	2,607.9	2,685.0	77.1	3.0
501	Motor Vehicles and Automotive Equipment	483.6	498.2	14.6	3.0
502	Furniture and Home Furnishings	146.8	157.3	10.5	7.2
503	Lumber and Construction Materials	235.0	240.1	5.1	2.2
505	Metals and Minerals, except Petroleum	135.9	141.2	5.3	3.9
5063	Electrical Equipment, Wiring, and Construction	201.2	210.8	9.6	4.8
5064	Electrical Appliances, Television, and Radio	50.5	49.3	−1.2	−2.4
507	Hardware, Plumbing, and Heating Equipment	282.9	290.0	7.1	2.5
508	Machinery, Equipment, and Supplies	755.5	767.7	12.2	1.6
509	Miscellaneous Durable Goods	316.5	330.4	13.9	4.4
51	Nondurable Goods	1,260.4	1,279.3	18.9	1.5
513	Apparel, Piece Goods, and Notions	211.5	212.1	0.6	0.3
5147	Meats and Meat Products	63.1	62.6	−0.5	−0.8
5148	Fresh Fruits and Vegetables	98.1	101.0	2.9	3.0
515	Farm Product Raw Materials	113.3	108.6	−4.7	−4.1
517	Petroleum and Petroleum Products	164.4	167.7	3.3	2.0
5181	Beer and Ale	98.6	100.8	2.2	2.2
519	Miscellaneous Nondurable Goods	511.4	526.5	15.1	3.0
	Retail Trade	**12,783.4**	**13,032.4**	**249.0**	**1.9**
52[3]	Building Materials and Garden Supplies	31.3	36.1	4.8	15.3
521	Lumber and Other Building Materials Stores	489.4	499.3	9.9	2.0
523	Paint, Glass, and Wallpaper Stores	65.5	66.1	0.6	0.9
525	Hardware Stores	162.7	165.4	2.7	1.7

Table A.15 *Employment in Selected Small-Business-Dominated Industries, December 1994 and December 1995 (Thousands)*—Continued

SIC Code (1987)	Industry	December 1994	December 1995	Absolute Change 1994–1995	Percent Change 1994–1995
526	Retail Nurseries and Garden Stores	85.6	86.9	1.3	1.5
542	Meat Markets and Freezer Provisioners	52.9	54.4	1.5	2.8
545	Dairy Products Stores	19.4	16.5	−2.9	−14.9
546	Retail Bakeries	184.0	192.2	8.2	4.5
55[2]	Automotive Dealers and Service Stations	161.4	172.9	11.5	7.1
551	New and Used Car Dealers	986.0	1,014.5	28.5	2.9
553	Auto and Home Supply Stores	372.7	394.0	21.3	5.7
554	Gasoline Service Stations	632.6	647.9	15.3	2.4
559	Automotive Dealers, n.e.c.	7.3	6.8	−0.5	−6.8
561	Men's and Boys' Clothing and Furnishings	94.7	90.3	−4.4	−4.6
571	Furniture and Home Furnishings Stores	504.0	517.9	13.9	2.8
572	Household Appliance Stores	81.0	77.6	−3.4	−4.2
58	Eating and Drinking Places	7,134.7	7,242.8	108.1	1.5
592	Liquor Stores	115.5	115.9	0.4	0.3
593	Used Merchandise Stores	96.3	100.9	4.6	4.8
594	Miscellaneous Shopping Goods Stores	225.0	235.4	10.4	4.6
5941	Sporting Goods and Bicycles	190.6	185.8	−4.8	−2.5
5943	Stationery Stores	77.4	82.4	5.0	6.5
5944	Jewelry Stores	153.0	149.6	−3.4	−2.2
5947	Gift, Novelty, and Souvenir Shops	222.3	227.8	5.5	2.5
5962	Automatic Merchandising Machine Operators	71.4	70.6	−0.8	−1.1
598	Fuel Dealers	101.8	102.1	0.3	0.3
599	Retail Stores, n.e.c.	464.9	480.3	15.4	3.3
	Finance, Insurance and Real Estate	**2,347.7**	**2,401.2**	**53.5**	**2.3**
606	Credit Unions	152.7	158.7	6.0	3.9
64	Insurance Agents, Brokers, and Services	694.9	711.5	16.6	2.4
65[2]	Real Estate	31.7	29.7	−2.0	−6.3
651	Real Estate Operators and Lessors	580.6	580.7	0.1	0.0
653	Real Estate Agents and Managers	651.7	674.4	22.7	3.5
655	Subdividers and Developers	105.0	105.2	0.2	0.2

Table A.15 *Employment in Selected Small-Business-Dominated Industries, December 1994 and December 1995 (Thousands)*—Continued

SIC Code (1987)	Industry	December 1994	December 1995	Absolute Change 1994–1995	Percent Change 1994–1995
67	Holding and Investment Services	131.1	141.0	9.9	7.6
	Services	**16,808.7**	**17,463.7**	**655.0**	**3.9**
007	Agricultural Services	538.9	586.5	47.6	8.8
721	Laundry, Cleaning, and Garment Services	429.4	432.8	3.4	0.8
723	Beauty Shops	388.1	387.4	−0.7	−0.2
726	Funeral Service and Crematories	89.0	88.9	−0.1	−0.1
731	Advertising	230.4	250.0	19.6	8.5
732	Credit Reporting and Collection	116.2	121.5	5.3	4.6
733	Mailing, Reproduction, Stenographic	268.9	287.9	19.0	7.1
734	Services to Buildings	867.0	892.8	25.8	3.0
735	Miscellaneous Equipment Rental and Leasing	219.6	236.2	16.6	7.6
7361	Employment Agencies	273.0	290.0	17.0	6.2
7384	Photofinishing Laboratories	73.3	72.7	−0.6	−0.8
753	Automotive Repair Shops	128.9	134.9	6.0	4.7
7532	Top, Body, and Upholstery Repair Shops	193.5	207.7	14.2	7.3
7538	General Automotive Repair Shops	232.8	240.5	7.7	3.3
754	Automotive Services, except Repair	86.1	90.9	4.8	5.6
7542	Carwashes	109.0	116.1	7.1	6.5
762	Electrical Repair Shops	106.7	108.3	1.6	1.5
79	Amusement and Recreation Services	258.0	283.9	25.9	10.0
793	Bowling Centers	90.0	88.6	−1.4	−1.6
799	Miscellaneous Amusement Recreation Services	906.3	949.8	43.5	4.8
801	Office of Physicians	1,564.3	1,617.4	53.1	3.4
802	Offices of Dentists	585.4	614.6	29.2	5.0
804	Offices of Other Health Practitioners	393.4	429.8	36.4	9.3
8052	Intermediate Care Facilities	207.2	213.5	6.3	3.0
8059	Nursing and Personal Care, n.e.c.	222.0	230.1	8.1	3.6
807	Medical and Dental Laboratories	195.6	206.6	11.0	5.6
81	Legal Services	928.6	929.8	1.2	0.1
821	Elementary and Secondary Schools	566.0	583.6	17.6	3.1
824	Correspondence and Vocational Schools	77.9	83.2	5.3	6.8

Table A.15 *Employment in Selected Small-Business-Dominated Industries, December 1994 and December 1995 (Thousands)*—Continued

SIC Code (1987)	Industry	December 1994	December 1995	Absolute Change 1994–1995	Percent Change 1994–1995
83[2]	Social Services	194.1	199.8	5.7	2.9
832	Individual and Family Services	602.4	619.5	17.1	2.8
833	Job Training and Related Services	299.6	306.7	7.1	2.4
835	Child Day Care Services	526.2	540.8	14.6	2.8
836	Residential Care	620.4	642.4	22.0	3.5
839	Social Services, n.e.c.	194.1	199.8	5.7	2.9
84	Museums, Botanical and Zoological Gardens	77.8	80.1	2.3	3.0
86	Membership Organizations	1,347.1	1,348.3	1.2	0.1
861	Business Associations	102.4	101.2	−1.2	−1.2
862	Professional Organizations	54.5	55.2	0.7	1.3
863	Labor Organizations	140.0	133.2	−6.8	−4.9
864	Civic and Social Associations	406.6	412.8	6.2	1.5
87	Engineering, Accounting, Research	1,015.6	1,117.9	102.3	10.1
8712	Architectural Services	123.5	128.7	5.2	4.2
8713	Surveying Services	50.5	53.5	3.0	5.9
872	Accounting, Auditing, and Bookkeeping	515.6	543.8	28.2	5.5
8732	Commercial Economic, Sociological, and Educational Research	119.1	126.9	7.8	6.5
8743	Public Relations Services	33.0	35.2	2.2	6.7
89	Services, n.e.c.	40.7	41.9	1.2	2.9

n.e.c. = Not elsewhere classified.

[1]Represents sum of three-digit components, which are also shown separately.

[2]Represents two-digit industries with three-digit industry breakout. However, because of the inability to distribute all industry employment, industry components do not equal the specified two-digit total. If the industry was clearly large-business-dominated or small-business-dominated, the two-digit industry was listed to represent the overall two-digit industry total.

[3]Each two-digit subcomponent industry reflects both the sum of the separately enumerated three-digit components and a residual component representing industries not covered by the Bureau of Labor Statistics.

Note: Excludes self-employed workers. Small-business-dominated industries are industries in which a minimum of 60 percent of employment is in firms with fewer than 500 employees. While 99.9 percent of industry employment was allocated to small, large, and indeterminate industries, about 2 percent of employment in the manufacturing and service sectors could not be

Table A.16 *Employment in Selected Large-Business-Dominated Industries, December 1994 and December 1995 (Thousands)*

SIC Code (1987)	Industry	December 1994	December 1995	Absolute Change 1994–1995	Percent Change 1994–1995
	Total, Large-Business-Dominated	**33,825.0**	**33,893.3**	**68.3**	**0.2**
	Mining	**331.6**	**313.2**	**−18.4**	**−5.5**
10	Metal Mining	25.9	27.3	1.4	5.4
101	Iron Ores	8.9	8.8	−0.1	−1.1
102	Copper Ores	14.7	14.7	0.0	0.0
12	Coal Mining	7.7	6.2	−1.5	−19.0
122	Bituminous Coal	103.8	97.6	−6.2	−6.0
131	Oil and Gas Extraction	156.6	144.2	−12.4	−7.9
147	Chemical and Fertilizer Minerals	14.0	14.4	0.4	2.9
	Manufacturing	**10,935.9**	**10,807.9**	**−128.0**	**−1.2**
2011	Meat Packing Plants	141.2	141.1	−0.1	−0.1
2015	Poultry Slaughtering and Processing	230.4	236.4	6.0	2.6
202	Dairy Products	146.7	149.3	2.6	1.8
203	Canned, Frozen Fruits, Vegetables	221.0	211.5	−9.5	−4.3
204	Grain Mill Products	127.9	124.9	−3.0	−2.3
205	Bakery Products	214.5	211.9	−2.6	−1.2
206	Sugar and Confectionery Products	82.9	84.4	1.5	1.8
2061	Cane Sugar, except Refining	7.5	8.1	0.6	8.0
2062	Cane Sugar Refining	4.7	5.0	0.3	6.4
2063	Beet Sugar	10.5	10.7	0.2	1.9
207	Fats and Oils	33.3	32.8	−0.5	−1.5
208	Beverages	176.1	177.9	1.8	1.0
211	Cigarettes	29.1	26.7	−2.4	-8.2
221	Broadwoven Fabric Mills, Cotton	80.5	78.3	−2.2	−2.7
222	Broadwoven Fabric Mills, Manmade Fiber	68.6	65.8	−2.8	−4.1
225	Knitting Mills	120.2	112.9	−7.3	−6.1
2251	Women's Full Length Hosiery, except Socks	25.0	22.8	−2.2	−8.8
2254	Knit Underwear and Nightwear Mills	24.5	21.7	−2.8	−11.4
2257	Weft Knit Fabric Mills	27.1	25.2	−1.9	−7.0
2262	Finishers of Broadwoven Fabrics, Manmade	25.7	24.2	−1.5	−5.8
227	Carpets and Rugs	66.1	63.3	−2.8	−4.2
228	Yarn and Thread Mills	94.9	89.0	−5.9	−6.2
231	Men's and Boys' Suits, Coats, and Overcoats	38.1	33.3	−4.8	−12.6
232	Men's and Boys' Furnishings	265.5	236.2	−29.3	−11.0

Table A.16 *Employment in Selected Large-Business-Dominated Industries, December 1994 and December 1995 (Thousands)*—Continued

SIC Code (1987)	Industry	December 1994	December 1995	Absolute Change 1994–1995	Percent Change 1994–1995
2341	Women's, Misses', Children's Underwear	40.0	32.9	−7.1	−17.8
2436	Softwood Veneer and Plywood	28.8	28.7	−0.1	−0.3
2451	Mobile Homes	58.9	60.8	1.9	3.2
252	Office Furniture	63.5	62.0	−1.5	−2.4
262	Paper Mills	167.1	162.2	−4.9	−2.9
263	Paperboard Mills	50.2	50.8	0.6	1.2
265	Paperboard Containers and Boxes	72.8	69.5	−3.3	−4.5
2653	Corrugated and Solid Fiber Boxes	128.2	129.4	1.2	0.9
2656	Sanitary Food Containers, except Folding	15.7	15.4	−0.3	−1.9
267	Converted Paper, except Containers and Boxes	175.6	170.7	−4.9	−2.8
2672	Coated and Laminated Paper	46.7	46.6	−0.1	−0.2
2677	Envelopes	23.9	24.4	0.5	2.1
271	Newspapers, Publishing, and Printing	456.3	453.2	−3.1	−0.7
273	Books	122.5	123.3	0.8	0.7
281	Industrial Inorganic Chemicals	131.3	126.5	−4.8	−3.7
282	Plastic Materials	158.6	155.8	−2.8	−1.8
283	Drugs	262.5	256.6	−5.9	−2.2
2841	Soap and Other Detergents	42.7	42.6	−0.1	−0.2
2844	Perfumes, Cosmetics, and Toilet Preparations	66.3	66.1	−0.2	−0.3
2865	Cyclic Organic Crude Dyes and Pigments	26.5	26.1	−0.4	−1.5
2869	Industrial Organic Chemicals, n.e.c.	114.2	115.0	0.8	0.7
287	Agricultural Chemicals	54.0	52.2	−1.8	−3.3
291	Petroleum Refining	109.5	99.7	−9.8	−8.9
301	Tires and Inner Tubes	78.3	83.8	5.5	7.0
302	Rubber and Plastic Footwear	11.1	7.0	−4.1	−36.9
305	Gaskets, Packing, and Sealing Devices	65.0	66.2	1.2	1.8
314	Footwear, except Rubber	56.3	50.0	−6.3	−11.2
321	Flat Glass	15.3	15.0	−0.3	−2.0
322	Glass and Glassware, Pressed or Brown	75.3	73.2	−2.1	−2.8
324	Cement, Hydraulic	17.7	17.5	−0.2	−1.1
329	Abrasive, Asbestos, etc.	51.1	51.2	0.1	0.2
3292	Asbestos Products	2.9	3.0	0.1	3.4
3296	Mineral Wool	24.0	23.8	−0.2	−0.8

Table A.16 *Employment in Selected Large-Business-Dominated Industries, December 1994 and December 1995 (Thousands)*—Continued

SIC Code (1987)	Industry	December 1994	December 1995	Absolute Change 1994–1995	Percent Change 1994–1995
331	Steel Works, Blast Furnaces	213.9	212.5	−1.4	−0.7
3317	Steel Pipe and Tubes	26.7	27.5	0.8	3.0
332	Iron and Steel Foundries	42.4	41.9	−0.5	−1.2
3321	Gray and Ductile Iron Foundries	82.5	81.1	−1.4	−1.7
3322	Malleable Iron Foundries	5.5	5.3	−0.2	−3.6
333	Primary Smelting and Refining	18.1	18.8	0.7	3.9
3334	Primary Production of Aluminum	22.8	23.1	0.3	1.3
335	Rolling, Drawing of Nonferrous Metals	47.5	46.9	−0.6	−1.3
3351	Rolling, Drawing of Copper	23.6	23.7	0.1	0.4
3353	Aluminum Sheet	23.0	22.9	−0.1	−0.4
3357	Drawing of Nonferrous Wire	76.3	76.2	−0.1	−0.1
3411	Metal Cans	33.0	32.1	−0.9	−2.7
3429	Hardware, n.e.c.	74.2	72.3	−1.9	−2.6
3432	Plumbing Fixture Fittings	25.1	23.9	−1.2	−4.8
3465	Automotive Stampings	111.8	114.1	2.3	2.1
348	Ordnance and Accessories	22.9	21.8	−1.1	−4.8
3483	Ammunition, except for Small Arms	29.9	27.7	−2.2	−7.4
3511	Steam, Gas, and Hydraulic Turbines	28.1	26.7	−1.4	−5.0
3519	Internal Combustion Engines	61.3	58.6	−2.7	−4.4
3531	Construction Machinery and Equipment	74.8	78.8	4.0	5.3
3533	Oil and Gas Field Machinery	35.1	36.5	1.4	4.0
3546	Power Driven Handtools	24.6	24.9	0.3	1.2
3561	Pumps and Pumping Equipment	30.6	30.4	−0.2	−0.7
3562	Ball and Roller Bearings	37.6	38.2	0.6	1.6
3563	Air and Gas Compressors	26.6	27.2	0.6	2.3
357	Computer and Office Equipment	95.1	96.1	1.0	1.1
3571	Electronic Computers	190.9	191.8	0.9	0.5
3575	Computer Terminals	55.3	56.7	1.4	2.5
358	Refrigeration and Service Machinery	63.0	64.1	1.1	1.7
3585	Air Conditioning Equipment	131.9	137.2	5.3	4.0
3592	Carburetors, Pistons, Piston Rings	23.1	22.9	−0.2	−0.9
3612	Power and Distribution Transformers	41.0	39.6	−1.4	−3.4
3613	Switchgear and Switchboard Apparatus	41.0	39.7	−1.3	−3.2
362	Electrical Industrial Apparatus	158.6	162.1	3.5	2.2
363	Household Appliances	65.0	62.1	−2.9	−4.5
3632	Household Refrigerators	30.0	30.0	0.0	0.0
3634	Electric Housewares and Fans	30.3	29.7	−0.6	−2.0
364	Electric Lighting and Wiring Equipment	75.2	75.4	0.2	0.3
3641	Electric Lamp Bulbs and Tubes	23.0	23.1	0.1	0.4
3643	Current Carrying Wiring Devices	64.0	64.5	0.5	0.8
3644	Noncurrent Carrying Wiring Devices	20.1	19.0	−1.1	−5.5
365	Household Audio and Video Equipment	93.4	94.7	1.3	1.4

Table A.16 *Employment in Selected Large-Business-Dominated Industries, December 1994 and December 1995 (Thousands)*—Continued

SIC Code (1987)	Industry	December 1994	December 1995	Absolute Change 1994–1995	Percent Change 1994–1995
366	Communications Equipment	248.1	250.3	2.2	0.9
367	Electronic Components and Accessories	305.7	325.4	19.7	6.4
3671	Electron Tubes	24.7	25.1	0.4	1.6
3674	Semiconductors and Related Devices	229.8	254.8	25.0	10.9
369	Miscellaneous Electrical Machinery	158.5	153.8	−4.7	−3.0
371	Motor Vehicles and Equipment	94.4	91.3	−3.1	−3.3
3711	Motor Vehicles and Passenger Car Bodies	354.7	362.1	7.4	2.1
3714	Motor Vehicle Parts and Accessories	486.3	484.3	−2.0	−0.4
3721	Aircraft	262.3	240.1	−22.2	−8.5
3724	Aircraft Engines and Engine Parts	90.6	88.6	−2.0	−2.2
3728	Aircraft Parts and Auxiliary Equipment	112.4	110.8	−1.6	−1.4
3731	Ship Building and Repairing	107.7	103.1	−4.6	−4.3
374	Railroad Equipment	37.5	37.3	−0.2	−0.5
376	Guided Missiles and Space Vehicles	104.4	94.5	−9.9	−9.5
381	Search, Detection, Navigation Equipment	170.9	157.2	−13.7	−8.0
382	Laboratory Apparatus	287.2	289.3	2.1	0.7
384	Surgical, Medical, and Dental Instruments	263.4	262.1	−1.3	−0.5
385	Ophthalmic Goods	36.2	35.3	−0.9	−2.5
386	Photographic Equipment and Supplies	87.5	86.1	−1.4	−1.6
	Transportation and Public Utilities	**3,144.2**	**3,179.8**	**35.6**	**1.1**
40	Railroad Transportation	26.4	26.6	0.2	0.8
4011	Railroads, Line-Haul Operating	212.9	209.1	−3.8	−1.8
45	Transportation by Air	36.9	45.1	8.2	22.2
451	Air Transportation	609.5	626.9	17.4	2.9
458	Air Transportation Services	109.0	116.8	7.8	7.2
46	Pipelines, except Natural Gas	17.5	15.9	−1.6	−9.1
48	Communications	18.3	13.4	−4.9	−26.8
481	Telephone Communication	921.8	929.5	7.7	0.8
4833	Television Broadcasting Stations	125.2	132.8	7.6	6.1
484	Cable and Other Pay Television Services	150.2	167.3	17.1	11.4
49	Electric, Gas, and Sanitary Services	30.3	30.7	0.4	1.3
491	Electrical Services	410.7	398.4	−12.3	−3.0
492	Gas Production and Distribution	157.8	150.7	−7.1	−4.5
493	Combination Utility Services	174.1	167.6	−6.5	−3.7

Table A.16 *Employment in Selected Large-Business-Dominated Industries, December 1994 and December 1995 (Thousands)*—Continued

SIC Code (1987)	Industry	December 1994	December 1995	Absolute Change 1994–1995	Percent Change 1994–1995
495	Sanitary Services	143.6	149.0	5.4	3.8
	Wholesale Trade	**755.3**	**769**	**13.7**	**1.8**
5045	Computers and Computer Peripheral Equipment	275.0	286.3	11.3	4.1
512	Drugs, Drug Proprietaries and Druggists' Sundries	199.4	199.5	0.1	0.1
5141	Groceries, General Line	280.9	283.2	2.3	0.8
	Retail Trade	**6,986.1**	**6,929.9**	**256.2**	**20.8**
531	Department Stores	2,498.5	2,450.1	−48.4	−1.9
533	Variety Stores	154.3	149.0	−5.3	−3.4
539	Miscellaneous General Merchandise Stores	214.1	197.4	−16.7	−7.8
541	Grocery Stores	2,982.5	3,050.8	68.3	2.3
56[3]	Apparel and Accessory Stores	189.8	176.0	−13.8	−7.3
562	Women's Clothing Stores	366.9	359.5	−7.4	−2.0
565	Family Clothing Stores	364.5	333.8	−30.7	−8.4
566	Shoe Stores	215.5	213.3	−2.2	−1.0
5735	Record and Prerecorded Tape Stores	87.3	89.4	2.1	2.4
	Finance, Insurance, and Real Estate	**3,178.0**	**3,175.6**	**22.4**	**20.1**
60[2]	Banking	125.3	125.8	0.5	0.4
6021	National Commercial Banks	888.7	879.7	−9.0	−1.0
6036	Savings Institutions, Not Federally Chartered	139.0	126.7	−12.3	−8.8
615	Business Credit Institutions	86.6	94.1	7.5	8.7
621	Security Brokers and Dealers	402.2	407.3	5.1	1.3
63[2]	Insurance Carriers	62.9	63.0	0.1	0.2
631	Life Insurance	571.0	558.7	−12.3	−2.2
632	Medical Service and Health Insurance	300.3	321.4	21.1	7.0
633	Fire, Marine, and Casualty Insurance	538.2	534.9	−3.3	−0.6
636	Title Insurance	63.8	64.0	0.2	0.3
	Services	**8,493.9**	**8,717.9**	**224.0**	**2.6**
7363	Personnel Supply Services	2,162.2	2,227.6	65.4	3.0

Table A.16 *Employment in Selected Large-Business-Dominated Industries, December 1994 and December 1995 (Thousands)*—Continued

SIC Code (1987)	Industry	December 1994	December 1995	Absolute Change 1994–1995	Percent Change 1994–1995
7374	Computer Processing and Data Preparation	222.7	241.7	19.0	8.5
7375	Information Retrieval Services	51.1	59.5	8.4	16.4
7378	Computer Maintenance and Repair	42.5	44.1	1.6	3.8
7514	Passenger Car Rental	112.8	122.0	9.2	8.2
781	Motion Picture Production	260.1	307.1	47.0	18.1
783	Motion Picture Theaters	113.4	117.1	3.7	3.3
80	Health Services	344.4	358.1	13.7	4.0
8062	Hospitals	3,484.6	3,535.2	50.6	1.5
8063	Psychiatric Hospitals	98.3	94.7	−3.6	−3.7
8069	Specialty Hospitals, except Psychiatric	205.5	208.0	2.5	1.2
822	Colleges and Universities	1,171.2	1,184.5	13.3	1.1
8731	Physical and Biological Research	225.1	218.3	−6.8	−3.0

n.e.c. = Not elsewhere classified

[1]Represents sum of three-digit components, which are also shown separately.

[2]Represents two-digit industries with three-digit industry breakout. However, because of the inability to distribute all industry employment, industry components do not equal the specified two-digit total. If the industry was clearly large-business-dominated or small-business-dominated, the two-digit industry was listed to represent the overall two-digit industry total.

[3]Each two-digit subcomponent industry reflects both the sum of the separately enumerated three-digit components and a residual component representing industries not covered by the Bureau of Labor Statistics.

Note: Excludes self-employed workers. Large-business-dominated industries are industries in which a minimum of 60 percent of employment is in firms with more than 500 employees. While 99.9 percent of industry employment was allocated to small, large, and indeterminate industries, about 2 percent of employment in the manufacturing and service sectors could not be allocated because of SIC code inconsistencies.

Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from the U.S. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings* (March 1996), Table B-12.

Table A.17 *Employment in Selected Indeterminate Industries, December 1994 and December 1995 (Thousands)*

SIC Code (1987)	Industry	December 1994	December 1995	Absolute Change 1994–1995	Percent Change 1994–1995
	Total, Indeterminate Industries	**17,753.4**	**18,101.3**	**347.9**	**2.0**
	Mining	**229.5**	**223.5**	**−6.0**	**−2.6**
13	Oil and Gas Extraction	7.3	6.7	-0.6	-8.2
138	Oil and Gas Field Services	166.0	160.3	-5.7	-3.4
14	Mining and Quarrying of Nonmetal Minerals	17.0	16.6	-0.4	-2.4
142	Crushed and Broken Stone	39.2	39.9	0.7	1.8
	Manufacturing	**4,278.1**	**4,247.8**	**−30.3**	**−0.7**
2013	Sausage and Other Prepared Meat Products	91.1	94.3	3.2	3.5
2041	Flour and Other Grain Mill Products	19.2	18.8	−0.4	−2.1
2048	Prepared Feeds and Feed Ingredients	42.8	42.6	−0.2	−0.5
2064	Candy and other Confectionery Products	54.0	57.4	3.4	6.3
209	Miscellaneous Food Preparations and Kindred Products	179.3	176.3	-3.0	-1.7
223	Broadwoven Fabric Mills, Wool	17.3	17.6	0.3	1.7
224	Narrow Fabric and Other Smallwares Mills, Cotton	23.9	22.1	−1.8	−7.5
2252	Hosiery, n.e.c.	41.7	38.6	−3.1	−7.4
2253	Knit Outerwear Mills	55.7	51.5	−4.2	−7.5
2261	Finishers of Broadwoven Fabrics of Cotton	32.4	31.0	−1.4	−4.3
229	Miscellaneous Textile Goods	51.6	49.2	−2.4	−4.7
2342	Brassieres, Girdles, and Allied Garments	12.4	12.1	−0.3	−2.4
236	Girls', Children's, and Infants' Outerwear	44.2	39.8	−4.4	−10.0
2392	House Furnishings, except Curtains	57.0	54.2	−2.8	−4.9
2396	Automotive Trimmings, Apparel Findings	56.2	53.1	−3.1	−5.5
2431	Millwork	112.2	109.7	−2.5	−2.2
245	Wood Buildings and Mobile Homes	76.9	78.2	1.3	1.7
251	Household Furniture	12.6	12.2	−0.4	−3.2
2511	Wood Household Furniture, except Upholstered	127.2	124.8	−2.4	−1.9
2512	Wood Household Furniture, Upholstered	92.0	91.0	−1.0	−1.1

Table A.17 *Employment in Selected Indeterminate Industries, December 1994 and December 1995 (Thousands)—Continued*

SIC Code (1987)	Industry	December 1994	December 1995	Absolute Change 1994–1995	Percent Change 1994–1995
2514	Metal Household Furniture	24.3	21.1	−3.2	−13.2
253	Public Building and Related Furniture	39.8	39.7	−0.1	−0.3
2657	Folding Paperboard Boxes	48.9	46.5	−2.4	−4.9
2673	Plastics, Foil, and Coated Paper Bags	40.6	40.2	−0.4	−1.0
272	Periodicals, Publishing and Printing	137.8	136.6	−1.2	−0.9
274	Miscellaneous Publishing	83.2	81.5	−1.7	−2.0
276	Manifold Business Forms	45.4	44.1	−1.3	−2.9
278	Blankbooks, Looseleaf Binders, and Bookbinding	71.7	71.2	−0.5	−0.7
2842	Specialty Cleaning, Polishing, and Sanitation Preparations	42.5	41.5	−1.0	−2.4
285	Paints, Varnishes, Lacquers, Enamels	57.6	56.9	−0.7	−1.2
289	Miscellaneous Chemical Products	94.1	92.2	−1.9	−2.0
295	Asphalt Paving and Roofing Materials	25.4	24.8	−0.6	−2.4
306	Fabricated Rubber Products, n.e.c.	109.6	108.0	−1.6	−1.5
308	Miscellaneous Plastics Products	709.9	699.6	−10.3	−1.5
3111	Leather Tanning and Finishing	25.5	25.8	0.3	1.2
323	Products of Purchased Glass	62.0	61.5	−0.5	−0.8
325	Structural Clay Products	32.7	31.2	−1.5	−4.6
326	Pottery and Related Products	42.1	40.8	−1.3	−3.1
3291	Abrasive Products	20.4	19.6	−0.8	−3.9
3325	Steel Foundries, n.e.c.	27.0	26.5	−0.5	−1.9
342	Cutlery, Handtools, and General Hardware	12.6	12.9	0.3	2.4
3423	Hand and Edge Tools, except Machine Tools	46.2	45.7	−0.5	−1.1
343	Heating Equipment, except Electric and Warm Air	61.6	59.6	−2.0	−3.2
3442	Metal Doors, Sash, Frames, Molding, Trim	75.3	75.4	0.1	0.1
3443	Fabricated Plate Work (Boiler Shops)	99.4	102.2	2.8	2.8
3452	Bolts, Nuts, Screws, Rivets, Washers	48.1	47.6	−0.5	−1.0
3462	Iron and Steel Forgings	30.9	30.8	−0.1	−0.3
3494	Valves and Pipe Fittings, n.e.c.	25.3	26.0	0.7	2.8
352	Farm and Garden Machinery and Equipment	28.3	26.3	−2.0	−7.1
3523	Farm Machinery and Equipment	77.7	75.1	−2.6	−3.3

Table A.17 *Employment in Selected Indeterminate Industries, December 1994 and December 1995 (Thousands)—Continued*

SIC Code (1987)	Industry	December 1994	December 1995	Absolute Change 1994–1995	Percent Change 1994–1995
353	Construction, Mining, and Materials	16.2	17.2	1.0	6.2
3532	Mining Machinery and Equipment, except Oil and Gas Field	16.3	16.8	0.5	3.1
3537	Industrial Trucks, Tractors, Trailers, and Stackers	29.4	30.8	1.4	4.8
3541	Machine Tools, Metal Cutting Types	38.9	41.6	2.7	6.9
3542	Machine Tools, Metal Forming Types	16.9	18.2	1.3	7.7
355	Special Industry Machinery, except Metalworking Machinery	98.6	108.8	10.2	10.3
3555	Printing Trades Machinery and Equipment	22.1	22.9	0.8	3.6
356	General Industrial Machinery and Equipment	84.0	87.6	3.6	4.3
3564	Industrial and Commercial Fans and Blowers	33.2	34.6	1.4	4.2
3566	Speed Changers, Industrial High Speed Drives	15.6	17.0	1.4	9.0
3568	Mechanical Power Transmission Equipment, n.e.c.	20.9	21.7	0.8	3.8
3679	Electronic Components, n.e.c.	133.1	142.3	9.2	6.9
3713	Truck and Bus Bodies	38.8	39.4	0.6	1.5
3715	Truck Trailers	35.3	32.7	−2.6	−7.4
3732	Boat Building and Repairing	55.9	56.4	0.5	0.9
379	Miscellaneous Transportation Equipment	50.9	48.3	−2.6	−5.1
387	Watches, Clocks, Clockwork Devices and Parts	8.8	7.8	−1.0	−11.4
3942	Dolls and Stuffed Toys	44.5	44.5	0.0	0.0
3949	Sporting and Athletic Goods, n.e.c.	73.1	73.8	0.7	1.0
	Transportation and Public Utilities	**1,939.2**	**1,954.5**	**15.3**	**0.8**
413	Intercity and Rural Bus Transportation	22.8	24.5	1.7	7.5
421	Trucking and Courier Services, except Air	1,755.6	1,779.4	23.8	1.4
44	Water Transportation	42.6	36.8	−5.8	−13.6
444	Water Transportation of Freight	12.8	13.2	0.4	3.1
449	Services Incidental to Water Transportation	105.4	100.6	−4.8	−4.6

Table A.17 *Employment in Selected Indeterminate Industries, December 1994 and December 1995 (Thousands)—Continued*

SIC Code (1987)	Industry	December 1994	December 1995	Absolute Change 1994–1995	Percent Change 1994–1995
	Wholesale Trade	**1,602.5**	**1,658.1**	**55.6**	**3.5**
504	Professional and Commercial Equipment	328.3	347.1	18.8	5.7
5047	Medical, Dental, and Hospital Equipment	169.6	179.3	9.7	5.7
5065	Electronic Parts and Equipment	217.1	222.0	4.9	2.3
511	Paper and Paper Products	256.7	274.3	17.6	6.9
514	Groceries and Related Products	436.8	443.8	7.0	1.6
516	Chemicals and Allied Products	140.3	136.8	−3.5	−2.5
5182	Wine and Distilled Alcoholic Beverages	53.7	54.8	1.1	2.0
	Retail Trade	**1,487.4**	**1,525.7**	**38.3**	**2.6**
54	Food Stores	137.3	143.5	6.2	4.5
573	Radio, TV, and Music Stores	125.6	141.9	16.3	13.0
5731	Radio, Television, and Consumer Electronics	166.2	179.8	13.6	8.2
591	Drug Stores and Proprietary Stores	613.6	619.7	6.1	1.0
5942	Book Stores	115.2	120.3	5.1	4.4
5949	Sewing, Needlework, and Piece Goods Stores	64.8	60.8	−4.0	−6.2
596	Nonstore Retailers	51.5	54.6	3.1	6.0
5961	Catalog and Mail-Order Houses	213.2	205.1	−8.1	−3.8
	Finance, Insurance, and Real Estate	**1,389.1**	**1,409.2**	**20.1**	**1.4**
6022	State Commercial Banks	608.6	611.8	3.2	0.5
6035	Savings Institutions, Federally Chartered	156.5	146.8	−9.7	−6.2
61	Nondepository Credit Institutions	22.5	25.2	2.7	12.0
614	Personal Credit Institutions	139.4	147.7	8.3	6.0
616	Mortgage Bankers and Brokers	231.2	240.8	9.6	4.2
623	Security and Commodity Exchanges	25.3	26.5	1.2	4.7
628	Services Allied with Exchange of Securities	100.7	100.2	−0.5	−0.5
671	Holding Offices	104.9	110.2	5.3	5.1
	Services	**6,827.6**	**7,082.5**	**254.9**	**3.7**
701	Hotels, Motels, and Tourist Courts	1,514.1	1,522.6	8.5	0.6

Table A.17 *Employment in Selected Indeterminate Industries, December 1994 and December 1995 (Thousands)—Continued*

SIC Code (1987)	Industry	December 1994	December 1995	Absolute Change 1994–1995	Percent Change 1994–1995
722	Photographic Portrait Studios	79.4	83.7	4.3	5.4
729	Miscellaneous Personal Services	122.7	118.8	−3.9	−3.2
737	Computer and Data Processing Services	178.9	196.4	17.5	9.8
7371	Computer Programming Services	218.2	247.6	29.4	13.5
7372	Prepackaged Software	159.8	184.5	24.7	15.5
7373	Computer Integrated Systems Design	119.6	129.5	9.9	8.3
738	Miscellaneous Business Services	775.0	797.1	22.1	2.9
7381	Detective, Guard, and Armored Car Services	519.1	543.4	24.3	4.7
7382	Security Systems Services	45.9	48.8	2.9	6.3
751	Automotive Rentals, Without Drivers	66.7	69.8	3.1	4.6
752	Automobile Parking	64.4	64.9	0.5	0.8
78[3]	Motion Pictures	162.0	164.8	2.8	1.7
8051	Skilled Nursing Care Facilities	1,239.5	1,274.3	34.8	2.8
808	Home Health Care Services	587.8	630.1	42.3	7.2
82	Educational Services	141.2	150.7	9.5	6.7
8711	Engineering and Architectural Services	611.7	630.0	18.3	3.0
873	Research, Development, and Testing Services	85.2	91.2	6.0	7.0
8733	Research and Testing Services	136.4	134.3	−2.1	−1.5

n.e.c. = not elsewhere classified

[1]Represents sum of three-digit components, which are also shown separately.

[2]Represents two-digit industries with three-digit industry breakout. However, because of the inability to distribute all industry employment, industry components do not equal the specified two-digit total. If the industry was clearly large-business-dominated or small-business-dominated, the two-digit industry was listed to represent the overall two-digit industry total.

[3]Each two-digit subcomponent industry reflects both the sum of the separately enumerated three-digit components and a residual component representing industries not covered by the Bureau of Labor Statistics.

Note: Excludes self-employed workers. Small-business-dominated industries are industries in which a minimum of 60 percent of employment is in firms with fewer than 500 employees. While 99.9 percent of industry employment was allocated to small, large, and indeterminate industries, about 2 percent of employment in the manufacturing and service sectors could not be allocated because of SIC code inconsistencies.

Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from the U.S. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings* (March 1996), Table B-12.

Table A.18 *Change in Employment in Small-Business-Dominated, Large-Business-Dominated, and Indeterminate Industries, 1982 to 1995 (Percent)*

	Total Employment (Thousands)	Small-Business-Dominated Industries	Large-Business-Dominated Industries	Indeterminate Industries	Total, All Industries
1995	124,900	2.7	0.2	2.0	1.7
1994	123,060	4.7	1.0	4.9	3.5
1993	119,306	3.2	0.5	2.3	2.1
1992	117,598	1.0	0.5	0.8	0.4
1991	116,877	−0.5	−1.4	−1.7	−0.9
1990	117,914	1.1	0.6	−2.2	0.3
1989	117,342	3.2	1.4	1.5	2.4
1988	114,968	4.9	3.3	3.8	4.2
1987	112,440	3.5	2.7	3.5	3.3
1986	109,597	2.1	1.2	0.5	1.6
1985	107,150	4.6	0.4	−0.3	2.5
1984	105,005	7.2	2.6	5.2	5.2
1983	100,834	5.9	2.4	5.3	4.5
1982	99,526	−1.1	−3.6	−5.3	−2.5

Note: Annual change in this table is measured from December to December. Data exclude self-employed workers. Small-business-dominated industries are industries in which a minimum of 60 percent of the industry employment is in firms with fewer than 500 employees. Large-business-dominated industries are industries in which a minimum of 60 percent of industry employment is in firms with more than 500 employees. Industries in which the small or large business share of employment falls between 40 and 60 percent of the industry employment are classified as indeterminate industries.

Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from the U.S. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings* (various issues, 1982-1996). Industry classification is based on 1990 economic census tabulations produced by the U.S. Department of Commerce, Bureau of the Census, 1996.

Table A.19 *Wage-and-Salary and Nonfarm Proprietors' Income by SBA Region and State, 1994 and 1995 (Millions of Dollars)*

	1994	1995	Percent Change	Rank
U.S. Total				
Wages and Salaries	3,233,326	3,423,330	5.9	
Nonfarm Proprietors' Income	415,879	449,257	8.0	
Total Earned Income	3,649,205	3,872,587	6.1	
Region I				
Wages and Salaries	191,036	191,882	5.1	
Nonfarm Proprietors' Income	23,892	24,226	4.1	
Total Earned Income	214,928	216,108	5.0	
Connecticut				
Wages and Salaries	53,866	54,606	5.1	41
Nonfarm Proprietors' Income	6,392	6,766	6.2	34
Total Earned Income	60,258	61,372	5.2	41
Maine				
Wages and Salaries	12,406	12,459	3.1	46
Nonfarm Proprietors' Income	1,864	2,207	2.3	48
Total Earned Income	14,270	14,665	2.9	48
Massachusetts				
Wages and Salaries	93,383	93,337	5.6	35
Nonfarm Proprietors' Income	11,328	10,690	4.6	42
Total Earned Income	104,711	104,027	5.5	37
New Hampshire				
Wages and Salaries	13,579	13,642	6.5	23
Nonfarm Proprietors' Income	2,109	2,124	-2.5	51
Total Earned Income	15,688	15,766	5.2	40
Rhode Island				
Wages and Salaries	11,540	11,571	2.7	48
Nonfarm Proprietors' Income	1,236	1,340	5.1	39
Total Earned Income	12,776	12,911	3.0	47
Vermont				
Wages and Salaries	6,262	6,268	4.0	45
Nonfarm Proprietors' Income	963	1,100	1.6	49
Total Earned Income	7,225	7,368	3.6	46
Region II				
Wages and Salaries	393,663	398,966	5.5	
Nonfarm Proprietors' Income	50,412	52,296	7.8	
Total Earned Income	444,075	451,262	5.7	
New Jersey				
Wages and Salaries	121,098	122,796	4.9	42
Nonfarm Proprietors' Income	14,097	13,961	4.6	43
Total Earned Income	135,195	136,757	4.9	43
New York				
Wages and Salaries	272,565	276,170	5.7	32
Nonfarm Proprietors' Income	36,315	38,335	9.1	19
Total Earned Income	308,880	314,505	6.1	31

Table A.19 *Wage-and-Salary and Nonfarm Proprietors' Income by SBA Region and State, 1994 and 1995 (Millions of Dollars)*—Continued

	1994	1995	Percent Change	Rank
Region III				
Wages and Salaries	349,493	352,229	5.0	
Nonfarm Proprietors' Income	39,864	42,893	6.3	
Total Earned Income	389,357	395,122	5.1	
Delaware				
Wages and Salaries	10,431	10,403	5.9	31
Nonfarm Proprietors' Income	1,525	940	21.2	3
Total Earned Income	11,956	11,343	7.0	22
District of Columbia				
Wages and Salaries	28,587	28,638	2.0	50
Nonfarm Proprietors' Income	2,124	2,055	15.5	7
Total Earned Income	30,711	30,694	2.8	49
Maryland				
Wages and Salaries	64,790	65,465	5.5	36
Nonfarm Proprietors' Income	6,733	8,360	8.2	24
Total Earned Income	71,523	73,825	5.8	36
Pennsylvania				
Wages and Salaries	143,372	145,035	5.1	40
Nonfarm Proprietors' Income	20,487	21,365	3.8	45
Total Earned Income	163,859	166,400	4.9	42
Virginia				
Wages and Salaries	86,602	86,913	5.1	39
Nonfarm Proprietors' Income	7,075	8,119	7.9	28
Total Earned Income	93,677	95,033	5.3	39
West Virginia				
Wages and Salaries	15,711	15,774	6.4	25
Nonfarm Proprietors' Income	1,920	2,054	3.9	44
Total Earned Income	17,631	17,829	6.1	32
Region IV				
Wages and Salaries	524,946	525,858	6.8	
Nonfarm Proprietors' Income	56,874	61,234	5.6	
Total Earned Income	581,820	587,092	6.7	
Alabama				
Wages and Salaries	43,483	43,435	6.1	28
Nonfarm Proprietors' Income	4,608	4,826	2.9	46
Total Earned Income	48,091	48,260	5.8	35
Florida				
Wages and Salaries	149,609	150,269	5.9	30
Nonfarm Proprietors' Income	14,958	17,981	7.0	30
Total Earned Income	164,567	168,250	6.0	33
Georgia				
Wages and Salaries	87,217	87,959	7.6	14
Nonfarm Proprietors' Income	9,564	9,449	5.2	37
Total Earned Income	96,781	97,407	7.4	19

Table A.19 *Wage-and-Salary and Nonfarm Proprietors' Income by SBA Region and State, 1994 and 1995 (Millions of Dollars)*—Continued

	1994	1995	Percent Change	Rank
Kentucky				
Wages and Salaries	38,386	38,357	6.7	21
Nonfarm Proprietors' Income	4,290	4,432	4.6	41
Total Earned Income	42,676	42,789	6.5	27
Mississippi				
Wages and Salaries	22,754	22,871	9.8	3
Nonfarm Proprietors' Income	2,873	3,043	2.9	47
Total Earned Income	25,627	25,914	8.9	6
North Carolina				
Wages and Salaries	84,491	84,248	6.7	20
Nonfarm Proprietors' Income	8,747	8,948	8.1	25
Total Earned Income	93,238	93,196	6.9	24
South Carolina				
Wages and Salaries	38,474	38,344	5.1	38
Nonfarm Proprietors' Income	3,369	3,898	-0.7	50
Total Earned Income	41,843	42,241	4.6	44
Tennessee				
Wages and Salaries	60,532	60,376	8.7	8
Nonfarm Proprietors' Income	8,465	8,659	6.9	31
Total Earned Income	68,997	69,034	8.4	10
Region V				
Wages and Salaries	619,884	625,091	7.7	
Nonfarm Proprietors' Income	63,801	65,599	9.8	
Total Earned Income	683,685	690,690	7.9	
Illinois				
Wages and Salaries	164,065	166,207	6.5	24
Nonfarm Proprietors' Income	18,530	19,958	11.4	13
Total Earned Income	182,595	186,165	7.0	23
Indiana				
Wages and Salaries	68,941	69,829	8.4	9
Nonfarm Proprietors' Income	7,499	7,081	8.4	23
Total Earned Income	76,440	76,910	8.4	11
Michigan				
Wages and Salaries	124,950	126,102	9.4	5
Nonfarm Proprietors' Income	10,508	10,537	15.7	6
Total Earned Income	135,458	136,639	9.8	4
Minnesota				
Wages and Salaries	62,877	63,222	6.7	22
Nonfarm Proprietors' Income	6,739	6,841	8.5	21
Total Earned Income	69,616	70,063	6.9	25
Ohio				
Wages and Salaries	137,232	137,437	8.0	12
Nonfarm Proprietors' Income	14,410	15,135	6.0	35
Total Earned Income	151,642	152,571	7.8	16
Wisconsin				
Wages and Salaries	61,819	62,294	7.4	17
Nonfarm Proprietors' Income	6,115	6,049	8.0	26
Total Earned Income	67,934	68,344	7.5	18

Table A.19 *Wage-and-Salary and Nonfarm Proprietors' Income by SBA Region and State, 1994 and 1995 (Millions of Dollars)*—Continued

	1994	1995	Percent Change	Rank
Region VI				
Wages and Salaries	321,009	342,598	6.7	
Nonfarm Proprietors' Income	56,787	61,587	8.5	
Total Earned Income	377,796	404,185	7.0	
Arkansas				
Wages and Salaries	22,426	23,899	6.6	17
Nonfarm Proprietors' Income	3,245	3,505	8.0	31
Total Earned Income	25,671	27,404	6.8	18
Louisiana				
Wages and Salaries	41,622	44,124	6.0	23
Nonfarm Proprietors' Income	5,806	6,368	9.7	8
Total Earned Income	47,428	50,492	6.5	22
New Mexico				
Wages and Salaries	15,894	17,117	7.7	1
Nonfarm Proprietors' Income	1,943	2,148	10.6	5
Total Earned Income	17,837	19,265	8.0	7
Oklahoma				
Wages and Salaries	30,349	31,652	4.3	46
Nonfarm Proprietors' Income	4,971	5,296	6.5	45
Total Earned Income	35,320	36,948	4.6	45
Texas				
Wages and Salaries	210,718	225,806	7.2	11
Nonfarm Proprietors' Income	40,822	44,270	8.4	23
Total Earned Income	251,540	270,076	7.4	11
Region VII				
Wages and Salaries	139,746	148,479	6.2	
Nonfarm Proprietors' Income	17,256	18,767	8.8	
Total Earned Income	157,002	167,246	6.5	
Iowa				
Wages and Salaries	30,278	32,057	5.9	28
Nonfarm Proprietors' Income	3,938	4,312	9.5	10
Total Earned Income	34,216	36,369	6.3	23
Kansas				
Wages and Salaries	28,481	30,104	5.7	31
Nonfarm Proprietors' Income	3,796	4,131	8.8	16
Total Earned Income	32,277	34,235	6.1	30
Missouri				
Wages and Salaries	62,606	66,701	6.5	18
Nonfarm Proprietors' Income	7,280	7,900	8.5	21
Total Earned Income	69,886	74,601	6.7	20
Nebraska				
Wages and Salaries	18,381	19,617	6.7	15
Nonfarm Proprietors' Income	2,242	2,424	8.1	27
Total Earned Income	20,623	22,041	6.9	15

Table A.19 *Wage-and-Salary and Nonfarm Proprietors' Income by SBA Region and State, 1994 and 1995 (Millions of Dollars)*—Continued

	1994	1995	Percent Change	Rank
Region VIII				
Wages and Salaries	94,718	101,891	7.6	
Nonfarm Proprietors' Income	13,047	14,281	9.5	
Total Earned Income	107,765	116,172	7.8	
Colorado				
Wages and Salaries	48,906	52,810	8.0	6
Nonfarm Proprietors' Income	6,539	7,143	9.2	12
Total Earned Income	55,445	59,953	8.1	6
Montana				
Wages and Salaries	7,007	7,408	5.7	33
Nonfarm Proprietors' Income	1,241	1,492	20.2	4
Total Earned Income	8,248	8,899	7.9	14
North Dakota				
Wages and Salaries	5,834	6,163	5.6	34
Nonfarm Proprietors' Income	790	872	10.4	14
Total Earned Income	6,623	7,035	6.2	30
South Dakota				
Wages and Salaries	6,212	6,661	7.2	18
Nonfarm Proprietors' Income	1,144	1,350	18.1	5
Total Earned Income	7,356	8,011	8.9	7
Utah				
Wages and Salaries	18,880	20,600	9.1	6
Nonfarm Proprietors' Income	2,075	2,251	8.4	22
Total Earned Income	20,955	22,851	9.0	5
Wyoming				
Wages and Salaries	4,888	5,114	4.6	44
Nonfarm Proprietors' Income	776	948	22.1	2
Total Earned Income	5,664	6,062	7.0	21
Region IX				
Wages and Salaries	463,077	479,891	3.6	
Nonfarm Proprietors' Income	71,120	81,708	14.9	
Total Earned Income	534,197	561,599	5.1	
Arizona				
Wages and Salaries	40,105	44,269	10.4	2
Nonfarm Proprietors' Income	4,219	4,869	15.4	8
Total Earned Income	44,324	49,138	10.9	2
California				
Wages and Salaries	387,273	397,837	2.7	47
Nonfarm Proprietors' Income	61,497	70,518	14.7	9
Total Earned Income	448,770	468,355	4.4	45
Hawaii				
Wages and Salaries	16,816	16,865	0.3	51
Nonfarm Proprietors' Income	2,602	2,871	10.3	15
Total Earned Income	19,418	19,736	1.6	51
Nevada				
Wages and Salaries	18,884	20,920	10.8	1
Nonfarm Proprietors' Income	2,801	3,450	23.2	1
Total Earned Income	21,684	24,370	12.4	1

Table A.19 *Wage-and-Salary and Nonfarm Proprietors' Income by SBA Region and State, 1994 and 1995 (Millions of Dollars)*—Continued

	1994	1995	Percent Change	Rank
Region X				
Wages and Salaries	116,332	123,557	6.2	
Nonfarm Proprietors' Income	19,011	21,087	10.9	
Total Earned Income	135,344	144,643	6.9	
Alaska				
Wages and Salaries	9,014	9,207	2.1	49
Nonfarm Proprietors' Income	1,686	1,785	5.9	36
Total Earned Income	10,700	10,992	2.7	50
Idaho				
Wages and Salaries	9,991	10,968	9.8	4
Nonfarm Proprietors' Income	2,176	2,487	14.3	10
Total Earned Income	12,168	13,455	10.6	3
Oregon				
Wages and Salaries	32,738	35,369	8.0	10
Nonfarm Proprietors' Income	5,153	5,860	13.7	12
Total Earned Income	37,891	41,228	8.8	8
Washington				
Wages and Salaries	64,590	68,013	5.3	37
Nonfarm Proprietors' Income	9,996	10,955	9.6	16
Total Earned Income	74,585	78,968	5.9	34

Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from data prepared by the U.S.Department of Commerce, Bureau of Economic Analysis, Regional Economic Marketing Division, 1996.

Table A.20 *Nonfarm Personal Income by SBA Region and State, 1994 and 1995 (Millions of Dollars)*

	1994	1995	Percent Change	Rank
U.S. Total	**5,695,861**	**6,064,095**	**6.5**	
Region I	**341,910**	**363,938**	**6.4**	
Connecticut	98,269	103,862	5.7	38
Maine	23,591	24,846	5.3	45
Massachusetts	158,988	170,031	6.9	20
New Hampshire	27,338	29,331	7.3	15
Rhode Island	22,111	23,560	6.6	23
Vermont	11,613	12,308	6.0	37
Region II	**700,304**	**738,335**	**5.4**	
New Jersey	224,206	236,871	5.6	39
New York	476,098	501,465	5.3	44
Region III	**611,226**	**644,111**	**5.4**	
Delaware	17,436	18,716	7.3	14
District of Columbia	18,068	18,541	2.6	50
Maryland	126,350	132,556	4.9	47
Pennsylvania	268,877	283,778	5.5	42
Virginia	149,741	158,195	5.6	40
West Virginia	30,754	32,324	5.1	46
Region IV	**937,123**	**1,005,179**	**7.3**	
Alabama	75,846	80,733	6.4	27
Florida	302,469	324,770	7.4	12
Georgia	143,416	154,619	7.8	9
Kentucky	67,535	71,948	6.5	25
Mississippi	41,752	44,476	6.5	26
North Carolina	138,029	148,958	7.9	8
South Carolina	65,241	69,417	6.4	31
Tennessee	102,835	110,258	7.2	18
Region V	**1,057,186**	**1,124,336**	**6.4**	
Illinois	279,957	298,300	6.6	24
Indiana	117,181	124,297	6.1	36
Michigan	214,092	227,829	6.4	30
Minnesota	103,500	109,853	6.1	35
Ohio	235,597	250,313	6.2	33
Wisconsin	106,860	113,744	6.4	28

Table A.20 *Nonfarm Personal Income by SBA Region and State, 1994 and 1995 (Millions of Dollars)*—Continued

	1994	1995	Percent Change	Rank
Region VI	**571,566**	**611,408**	**7.0**	
Arkansas	40,807	43,642	6.9	19
Louisiana	77,550	81,917	5.6	41
New Mexico	28,030	30,396	8.4	4
Oklahoma	57,387	60,528	5.5	43
Texas	367,792	394,925	7.4	11
Region VII	**246,205**	**263,546**	**7.0**	
Iowa	54,479	58,233	6.9	21
Kansas	51,903	55,341	6.6	22
Missouri	108,245	116,070	7.2	17
Nebraska	31,578	33,902	7.4	13
Region VIII	**162,926**	**175,786**	**7.9**	
Colorado	82,537	89,340	8.2	6
Montana	14,771	15,720	6.4	29
North Dakota	10,902	11,717	7.5	10
South Dakota	12,614	13,766	9.1	2
Utah	32,701	35,397	8.2	5
Wyoming	9,401	9,846	4.7	48
Region IX	**850,825**	**906,466**	**6.5**	
Arizona	78,658	85,769	9.0	3
California	709,991	754,400	6.3	32
Hawaii	28,122	29,023	3.2	49
Nevada	34,053	37,274	9.5	1
Region X	**216,591**	**230,990**	**6.6**	
Alaska	14,120	14,476	2.5	51
Idaho	19,868	21,315	7.3	16
Oregon	62,228	67,329	8.2	7
Washington	120,375	127,870	6.2	34

Source: U.S. Small Business Administration, Office of Advocacy, from data supplied by the U.S. Department of Commerce, Bureau of Economic Analysis, 1996

Table A.21 *Nonfarm Sole Proprietorships by Gender of Ownership and SBA Region, 1980 and 1993*

	1980			1993			Percent Change 1980–1993	
Industry	All Nonfarm Businesses	Women-Owned Businesses	Women's Share of Total	All Nonfarm Businesses	Women-Owned Businesses	Women's Share of Total	All Nonfarm Businesses	Women-Owned Businesses
U.S. Total	**9,730,019**	**2,535,240**	**26.1**	**17,714,120**	**5,851,514**	**33.0**	**82.06**	**130.81**
Region I	512,401	120,273	23.5	1,003,246	345,328	34.4	95.79	187.12
Region II	807,319	195,756	24.2	1,444,333	449,938	31.2	78.90	129.85
Region III	866,848	231,216	26.7	1,706,630	607,487	35.6	96.88	162.74
Region IV	1,480,801	370,354	25.0	3,081,432	910,503	29.5	108.09	145.85
Region V	1,774,893	481,945	27.2	2,961,719	992,327	33.5	66.87	105.90
Region VI	1,237,802	277,022	22.4	2,171,258	684,050	31.5	75.41	146.93
Region VII	602,859	166,643	27.6	968,144	373,898	38.6	60.59	124.37
Region VIII	431,948	115,755	26.8	693,420	251,191	36.2	60.53	117.00
Region IX	1,513,668	446,169	29.5	2,906,271	967,791	33.3	92.00	116.91
Region X	484,626	123,924	25.6	777,667	269,000	34.6	60.47	117.07

Note: Detail may not add to totals because of disclosure rules regarding the release of information for specific taxpayers. SBA regions are defined as follows: Region I: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont; Region II: New Jersey, New York; Region III: Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, West Virginia; Region IV: Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee; Region V: Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin; Region VI: Arkansas, Louisiana, New Mexico, Oklahoma, Texas; Region VII: Iowa, Kansas, Missouri, Nebraska; Region VIII: Colorado, Montana, North Dakota, South Dakota, Utah, Wyoming; Region IX: Arizona, California, Hawaii, Nevada; and Region X: Alaska, Idaho, Oregon, Washington.

Source: Special tabulations prepared for the U.S. Small Business Administration, Office of Advocacy, by the U.S. Department of the Treasury, Internal Revenue Service, 1996.

Table A.22 *Receipts of Nonfarm Sole Proprietorships by Gender of Ownership and SBA Region, 1980 and 1993 (Thousands of Dollars)*

Industry	1980			1993			Percent Change 1980–1993	
	All Nonfarm Businesses	Women-Owned Businesses	Women's Share of Total	All Nonfarm Businesses	Women-Owned Businesses	Women's Share of Total	All Nonfarm Businesses	Women-Owned Businesses
U.S. Total	**411,205,713**	**36,376,570**	**8.8**	**757,215,452**	**111,583,767**	**14.7**	**84.15**	**206.75**
Region I	19,394,807	1,521,698	7.8	40,422,223	6,968,478	17.2	108.42	357.94
Region II	30,900,154	3,065,589	9.9	59,343,251	9,056,899	15.3	92.05	195.44
Region III	37,319,189	3,408,915	9.1	74,607,474	12,578,774	16.9	99.92	269.00
Region IV	66,605,226	5,515,772	8.3	118,737,062	15,810,869	13.3	78.27	186.65
Region V	73,456,559	6,463,322	8.8	111,826,788	16,180,710	14.5	52.24	150.35
Region VI	57,683,340	4,538,872	7.9	93,290,451	12,255,399	13.1	61.73	170.01
Region VII	26,636,767	2,080,737	7.8	39,045,260	5,435,742	13.9	46.58	161.24
Region VIII	16,337,108	1,206,690	7.4	25,954,119	3,708,266	14.3	58.87	207.31
Region IX	64,684,469	6,989,048	10.8	157,755,851	24,966,893	15.8	143.89	257.23
Region X	17,823,850	1,528,716	8.6	36,232,972	4,621,738	12.8	103.28	202.33

Note: Detail may not add to totals because of disclosure rules regarding the release of information for specific taxpayers. SBA regions are defined as follows: Region I: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont; Region II: New Jersey, New York; Region III: Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, West Virginia; Region IV: Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee; Region V: Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin; Region VI: Arkansas, Louisiana, New Mexico, Oklahoma, Texas; Region VII: Iowa, Kansas, Missouri, Nebraska; Region VIII: Colorado, Montana, North Dakota, South Dakota, Utah, Wyoming; Region IX: Arizona, California, Hawaii, Nevada; and Region X: Alaska, Idaho, Oregon, Washington.

Source: Special tabulations prepared for the U.S. Small Business Administration, Office of Advocacy, by the U.S. Department of the Treasury, Internal Revenue Service, 1996.

Table A.23 *Nonfarm Sole Proprietorships by Gender of Ownership and Industry Group, 1980 and 1993*

	1980			1993			Percent Change 1980–1993	
Industry	All Nonfarm Businesses	Women-Owned Businesses	Women's Share of Total	All Nonfarm Businesses	Women-Owned Businesses	Women's Share of Total	All Nonfarm Businesses	Women-Owned Businesses
Total, All Industries	**9,730,019**	**2,535,240**	**26.1**	**17,714,120**	**5,851,514**	**33.0**	**82.06**	**130.81**
Agriculture, Forestry, and Fishing	307,720	30,811	10.0	533,417	66,639	12.5	73.34	116.28
Mining, Construction, and Manufacturing	1,409,280	84,221	6.0	2,601,303	246,727	9.5	84.58	192.95
Transportation, Communications, and Public Utilities	438,795	27,696	6.3	748,941	107,416	14.3	70.68	287.84
Wholesale and Retail Trade	2,527,084	824,771	32.6	3,355,345	1,302,468	38.8	32.78	57.92
Finance, Insurance, and Real Estate	1,048,966	354,801	33.8	1,519,469	549,304	36.2	44.85	54.82
Services	3,918,166	1,212,940	3.0	8,955,645	3,578,960	40.0	128.57	195.06

Note: Detail may not add to totals because of disclosure rules regarding the release of information for specific taxpayers.

Source: Special tabulations prepared for the U.S. Small Business Administration, Office of Advocacy, by the U.S. Department of the Treasury, Internal Revenue Service, 1996.

Table A.24 *Receipts of Nonfarm Sole Proprietorships by Gender of Ownership and Industry Group, 1980 and 1993 (Thousands of Dollars)*

	1980			1993			Percent Change 1980–1993	
Industry	All Nonfarm Businesses	Women-Owned Businesses	Women's Share of Total	All Nonfarm Businesses	Women-Owned Businesses	Women's Share of Total	All Nonfarm Businesses	Women-Owned Businesses
U.S. Total	**411,205,713**	**36,376,570**	**8.8**	**757,215,452**	**111,583,767**	**14.7**	**84.15**	**206.75**
Agriculture, Forestry, and Fishing	6,433,612	234,280	3.6	20,990,046	2,191,110	10.4	226.26	835.25
Mining, Construction, and Manufacturing	71,248,141	1,977,303	2.8	133,912,242	6,543,680	4.9	87.95	230.94
Transportation, Communications, and Public Utilities	19,965,525	698,144	3.5	34,578,789	3,116,564	9.0	73.19	346.41
Wholesale and Retail Trade	202,283,802	18,937,581	9.4	236,706,170	33,625,845	14.2	17.02	77.56
Finance, Insurance, and Real Estate	21,530,768	3,640,416	16.9	59,655,204	13,578,494	22.8	177.07	272.99
Services	89,743,865	10,888,846	12.1	271,373,001	52,528,073	19.4	202.39	382.40

Note: Detail may not add to totals because of disclosure rules regarding the release of taxpayer information.

Source: Special tabulations prepared for the U.S. Small Business Administration, Office of Advocacy, by the U.S. Department of the Treasury, Internal Revenue Service, 1996.

Table A.25 *Women-Owned Businesses by SBA Region and State, 1987 and 1992*

	1987	1992	Percent Change, 1987–1992	Rank
U.S., Total	**4,114,784**	**5,888,882**	**43.1**	
Region I	**247,254**	**336,641**	**36.2**	
Connecticut	60,924	79,931	31.2	48
Maine	23,922	35,260	47.4	17
Massachusetts	111,376	147,572	32.5	47
New Hampshire	22,713	31,492	38.7	35
Rhode Island	14,517	21,353	47.1	18
Vermont	13,802	21,033	52.4	9
Region II	**402,285**	**560,742**	**39.4**	
New Jersey	117,373	164,798	40.4	29
New York	284,912	395,944	39.0	31
Region III	**386,932**	**547,918**	**41.6**	
Delaware	9,727	14,904	53.2	7
District of Columbia	10,987	14,599	32.9	45
Maryland	81,891	121,777	48.7	16
Pennsylvania	167,362	227,500	35.9	40
Virginia	94,416	138,494	46.7	19
West Virginia	22,549	30,644	35.9	41
Region IV	**643,443**	**990,180**	**53.9**	
Alabama	48,018	71,466	48.8	15
Florida	221,361	352,048	59.0	4
Georgia	88,050	143,045	62.5	2
Kentucky	53,454	74,280	39.0	32
Mississippi	28,976	40,879	41.1	27
North Carolina	93,532	142,516	52.4	10
South Carolina	42,604	64,812	52.1	11
Tennessee	67,448	101,134	49.9	13
Region V	**712,370**	**1,018,037**	**42.9**	
Illinois	177,057	250,613	41.5	26
Indiana	89,949	125,411	39.4	30
Michigan	133,958	193,820	44.7	21
Minnesota	88,137	124,143	40.9	28
Ohio	154,084	224,693	45.8	20
Wisconsin	69,185	99,357	43.6	22

Table A.25 *Women-Owned Businesses by SBA Region and State, 1987 and 1992*—Continued

	1987	1992	Percent Change, 1987–1992	Rank
Region VI	**478,546**	**664,998**	**39.0**	
Arkansas	35,469	50,440	42.2	25
Louisiana	55,852	76,849	37.6	36
New Mexico	25,397	40,636	60.0	3
Oklahoma	63,690	82,894	30.2	49
Texas	298,138	414,179	38.9	33
Region VII	**227,037**	**298,991**	**31.7**	
Iowa	53,592	71,040	32.6	46
Kansas	53,502	66,429	24.2	50
Missouri	87,658	117,885	34.5	44
Nebraska	32,285	43,637	35.2	43
Region VIII	**173,827**	**240,782**	**38.5**	
Colorado	89,411	121,659	36.1	39
Montana	17,747	25,310	42.6	24
North Dakota	12,689	15,355	21.0	51
South Dakota	13,374	18,215	36.2	38
Utah	29,810	45,626	53.1	8
Wyoming	10,796	14,617	35.4	42
Region IX	**660,915**	**956,960**	**44.8**	
Arizona	60,567	93,300	54.0	6
California	559,821	801,487	43.2	23
Hawaii	21,696	29,743	37.1	37
Nevada	18,831	32,430	72.2	1
Region X	**182,175**	**273,633**	**50.2**	
Alaska	13,976	19,380	38.7	34
Idaho	18,973	29,946	57.8	5
Oregon	58,941	87,970	49.3	14
Washington	90,285	136,337	51.0	12

Source: U.S. Department of Commerce, Bureau of the Census, *1992 Economic Census, Women-Owned Businesses,* WB92-1 (Washington, D.C.: U.S. Government Printing Office, January 1996).

Table A.26 *African-American-Owned Businesses by SBA Region and State, 1987 and 1992*

	African-American-Owned Firms			All U.S. Firms		
	1987	1992	Percent Change	1987	1992	Percent Change
United States	**424,165**	**620,912**	**46.4**	**13,695,480**	**17,253,143**	**26.0**
Region I	**9,769**	**14,496**	**48.4**	**819,319**	**1,014,250**	**23.8**
Connecticut	4,061	5,714	40.7	196,537	237,705	20.9
Maine	131	235	79.4	88,208	109,360	24.0
Massachusetts	4,761	7,225	51.8	356,780	442,848	24.1
New Hampshire	229	326	42.4	79,771	97,772	22.6
Rhode Island	489	857	75.3	52,780	67,641	28.2
Vermont	98	139	41.8	45,243	58,924	30.2
Region II	**50,845**	**71,449**	**40.5**	**1,337,461**	**1,676,904**	**25.4**
New Jersey	14,556	20,137	38.3	406,792	517,204	27.1
New York	36,289	51,312	41.4	930,669	1,159,700	24.6
Region III	**62,588**	**91,039**	**45.5**	**1,275,511**	**1,620,401**	**27.0**
Delaware	1,399	2,060	47.2	30,976	42,228	36.3
District of Columbia	8,275	10,111	22.2	29,244	35,344	20.9
Maryland	21,678	35,758	65.0	244,071	328,403	34.6
Pennsylvania	11,728	15,917	35.7	595,653	728,063	22.2
Virginia	18,781	26,100	39.0	297,541	391,451	31.6
West Virginia	727	1,093	50.3	78,026	94,912	21.6
Region IV	**113,025**	**174,990**	**54.8**	**2,255,180**	**2,986,803**	**32.4**
Alabama	10,085	14,707	45.8	178,119	227,119	27.5
Florida	25,527	40,371	58.2	735,810	1,000,542	36.0
Georgia	21,283	38,264	79.8	305,382	425,118	39.2
Kentucky	3,738	5,097	36.4	193,806	236,525	22.0
Mississippi	9,667	14,067	45.5	112,245	135,497	20.7
North Carolina	19,487	29,221	50.0	329,373	439,301	33.4
South Carolina	12,815	18,343	43.1	149,190	197,330	32.3
Tennessee	10,423	14,920	43.1	251,255	325,371	29.5
Region V	**58,398**	**85,398**	**46.2**	**2,335,756**	**2,967,770**	**27.1**
Illinois	19,011	28,433	49.6	573,973	726,974	26.7
Indiana	5,867	8,349	42.3	294,570	364,253	23.7
Michigan	13,708	19,695	43.7	426,656	551,091	29.2
Minnesota	1,448	2,785	92.3	280,249	358,921	28.1
Ohio	15,983	22,690	42.0	521,123	666,183	27.8
Wisconsin	2,381	3,446	44.7	239,185	300,348	25.6
Region VI	**59,496**	**81,604**	**37.2**	**1,671,035**	**2,006,843**	**20.1**
Arkansas	4,392	5,738	30.6	134,766	159,820	18.6
Louisiana	15,331	20,312	32.5	204,723	236,589	15.6
New Mexico	587	925	57.6	82,253	107,377	30.5
Oklahoma	3,461	4,621	33.5	223,676	246,936	10.4
Texas	35,725	50,008	40.0	1,025,617	1,256,121	22.5
Region VII	**11,721**	**15,507**	**32.3**	**739,656**	**871,292**	**17.8**
Iowa	703	1,106	57.3	174,121	206,840	18.8
Kansas	2,323	3,078	32.5	169,593	191,262	12.8
Missouri	7,832	9,973	27.3	293,131	348,978	19.1
Nebraska	863	1,350	56.4	102,811	124,212	20.8

Table A.26 *African-American-Owned Businesses by SBA Region and State, 1987 and 1992*—Continued

	African-American-Owned Firms			All U.S. Firms		
	1987	1992	Percent Change	1987	1992	Percent Change
Region VIII	**3,351**	**5,164**	**54.1**	**551,525**	**673,828**	**22.2**
Colorado	2,871	4,372	52.3	262,597	323,147	23.1
Montana	77	113	46.8	63,623	75,331	18.4
North Dakota	57	117	105.3	42,717	48,368	13.2
South Dakota	63	111	76.2	47,829	57,084	19.4
Utah	202	354	75.2	100,186	129,202	29.0
Wyoming	81	97	19.8	34,573	40,696	17.7
Region IX	**50,940**	**74,357**	**46.0**	**2,121,872**	**2,674,500**	**26.0**
Arizona	1,811	2,936	62.1	191,908	248,337	29.4
California	47,728	68,968	44.5	1,809,252	2,259,327	24.9
Hawaii	399	717	79.7	60,928	79,050	29.7
Nevada	1,002	1,736	73.3	59,784	87,786	46.8
Region X	**4,032**	**6,913**	**71.5**	**588,165**	**759,552**	**29.1**
Alaska	507	739	45.8	48,784	58,898	20.7
Idaho	94	152	61.7	68,006	88,712	30.4
Oregon	848	1,447	70.6	185,151	238,967	29.1
Washington	2,583	4,575	77.1	286,224	372,975	30.3

Source: U.S. Small Business Administration, Office of Advocacy, based upon data from the U.S. Department of Commerce, Bureau of the Census.

Table A.27 *Hispanic-Owned Businesses by SBA Region and State, 1987 and 1992*

	Hispanic-Owned Firms			All U.S. Firms		
	1987	1992	Percent Change	1987	1992	Percent Change
United States	**422,373**	**771,708**	**82.7**	**13,695,480**	**17,253,143**	**26.0**
Region I	**5,798**	**13,978**	**141.1**	**819,319**	**1,014,250**	**23.8**
Connecticut	2,235	4,502	101.4	196,537	237,705	20.9
Maine	139	427	207.2	88,208	109,360	24.0
Massachusetts	2,636	6,914	162.3	356,780	442,848	24.1
New Hampshire	244	487	99.6	79,771	97,772	22.6
Rhode Island	426	1,297	204.5	52,780	67,641	28.2
Vermont	118	351	197.5	45,243	58,924	30.2
Region II	**40,348**	**72,799**	**80.4**	**1,337,461**	**1,676,904**	**25.4**
New Jersey	12,094	22,198	83.5	406,792	517,204	27.1
New York	28,254	50,601	79.1	930,669	1,159,700	24.6
Region III	**9,420**	**22,391**	**137.7**	**1,275,511**	**1,620,401**	**27.0**
Delaware	184	497	170.1	30,976	42,228	36.3
District of Columbia	762	1,452	90.6	29,244	35,344	20.9
Maryland	2,931	7,289	148.7	244,071	328,403	34.6
Pennsylvania	2,650	5,186	95.7	595,653	728,063	22.2
Virginia	2,716	7,654	181.8	297,541	391,451	31.6
West Virginia	177	313	76.8	78,026	94,912	21.6
Region IV	**69,273**	**131,611**	**90.0**	**2,255,180**	**2,986,803**	**32.4**
Alabama	397	1,029	159.2	178,119	227,119	27.5
Florida	64,413	118,208	83.5	735,810	1,000,542	36.0
Georgia	1,931	5,501	184.9	305,382	425,118	39.2
Kentucky	359	752	109.5	193,806	236,525	22.0
Mississippi	308	660	114.3	112,245	135,497	20.7
North Carolina	918	2,802	205.2	329,373	439,301	33.4
South Carolina	393	1,057	169.0	149,190	197,330	32.3
Tennessee	554	1,602	189.2	251,255	325,371	29.5
Region V	**17,351**	**33,492**	**93.0**	**2,335,756**	**2,967,770**	**27.1**
Illinois	9,636	18,368	90.6	573,973	726,974	26.7
Indiana	1,427	2,454	72.0	294,570	364,253	23.7
Michigan	2,654	5,036	89.8	426,656	551,091	29.2
Minnesota	751	1,583	110.8	280,249	358,921	28.1
Ohio	1,989	4,289	115.6	521,123	666,183	27.8
Wisconsin	894	1,762	97.1	239,185	300,348	25.6
Region VI	**113,590**	**186,033**	**63.8**	**1,671,035**	**2,006,843**	**20.1**
Arkansas	324	701	116.4	134,766	159,820	18.6
Louisiana	2,697	4,983	84.8	204,723	236,589	15.6
New Mexico	14,299	21,586	51.0	82,253	107,377	30.5
Oklahoma	1,516	2,854	88.3	223,676	246,936	10.4
Texas	94,754	155,909	64.5	1,025,617	1,256,121	22.5
Region VII	**3,882**	**6,618**	**70.5**	**739,656**	**871,292**	**17.8**
Iowa	475	859	80.8	174,121	206,840	18.8
Kansas	1,541	2,396	55.5	169,593	191,262	12.8
Missouri	1,247	2,216	77.7	293,131	348,978	19.1
Nebraska	619	1,147	85.3	102,811	124,212	20.8

Table A.27 *Hispanic-Owned Businesses by SBA Region and State, 1987 and 1992*—Continued

	Hispanic-Owned Firms			All U.S. Firms		
	1987	1992	Percent Change	1987	1992	Percent Change
Region VIII	**11,901**	**17,881**	**50.2**	**551,525**	**673,828**	**22.2**
Colorado	9,516	13,817	45.2	262,597	323,147	23.1
Montana	304	568	86.8	63,623	75,331	18.4
North Dakota	88	116	31.8	42,717	48,368	13.2
South Dakota	109	239	119.3	47,829	57,084	19.4
Utah	1,300	2,375	82.7	100,186	129,202	29.0
Wyoming	584	766	31.2	34,573	40,696	17.7
Region IX	**145,050**	**274,644**	**89.3**	**2,121,872**	**2,674,500**	**26.0**
Arizona	9,845	17,835	81.2	191,908	248,337	29.4
California	132,212	249,717	88.9	1,809,252	2,259,327	24.9
Hawaii	1,226	3,192	160.4	60,928	79,050	29.7
Nevada	1,767	3,900	120.7	59,784	87,786	46.8
Region X	**5,760**	**12,262**	**112.9**	**588,165**	**759,552**	**29.1**
Alaska	502	766	52.6	48,784	58,898	20.7
Idaho	974	1,865	91.5	68,006	88,712	30.4
Oregon	1,598	3,538	121.4	185,151	238,967	29.1
Washington	2,686	6,093	126.8	286,224	372,975	30.3

Source: U.S. Small Business Administration, Office of Advocacy, based upon data from the U.S. Department of Commerce, Bureau of the Census.

Table A.28 *Exports by SBA Region and State, 1994 and 1995*
(Millions of Dollars)

	1994	1995	Percent Change	Rank
U.S. Total	**512,669.9**	**583,865.2**	**13.9**	
Region I	**21,245.4**	**23,738.7**	**11.7**	
Connecticut	5,663.9	5,665.6	0.0	43
Maine	1,089.5	1,357.3	24.6	10
Massachusetts	11,199.1	12,945.8	15.6	25
New Hampshire	999.9	1,252.9	25.3	8
Rhode Island	922.5	897.4	−2.7	46
Vermont	1,370.5	1,619.7	18.2	18
Region II	**36,431.0**	**39,166.1**	**7.5**	
New Jersey	10,518.6	11,071.0	5.3	4
New York	25,912.4	28,095.1	8.4	39
Region III	**29,726.0**	**33,438.0**	**12.5**	
Delaware	1,497.5	1,401.5	−6.4	47
District of Columbia	546.1	230.7	−57.8	51
Maryland	4,873.9	5,222.8	7.2	40
Pennsylvania	11,650.3	13,030.9	11.9	33
Virginia	9,572.5	11,512.4	20.3	15
West Virginia	1,585.7	2,039.7	28.6	5
Region IV	**58,516.0**	**70,322.0**	**20.2**	
Alabama	3,894.7	4,764.0	22.3	14
Florida	16,286.8	18,908.8	16.1	22
Georgia	8,237.1	10,290.6	24.9	9
Kentucky	4,802.8	5,252.5	9.4	37
Mississippi	1,646.4	2,591.7	57.4	1
North Carolina	11,663.3	14,312.8	22.7	12
South Carolina	5,235.9	6,423.3	22.7	13
Tennessee	6,749.0	7,778.3	15.3	26
Region V	**86,532.2**	**95,465.1**	**10.3**	
Illinois	19,096.9	22,163.3	16.1	23
Indiana	8,255.5	10,382.8	25.8	6
Michigan	25,830.0	25,274.5	−2.2	45
Minnesota	6,620.5	7,746.5	17.0	20
Ohio	19,006.9	20,966.6	10.3	35
Wisconsin	7,722.4	8,931.4	15.7	24

Table A.28 *Exports by SBA Region and State, 1994 and 1995 (Millions of Dollars)*—Continued

	1994	1995	Percent Change	Rank
Region VI	**70,375.8**	**83,413.5**	**18.5**	
Arkansas	1,671.9	1,993.6	19.2	17
Louisiana	14,549.3	19,792.5	36.0	3
New Mexico	526.1	432.1	−17.9	49
Oklahoma	2,110.1	2,079.1	−1.5	44
Texas	51,518.4	59,116.2	14.7	28
Region VII	**11,352.4**	**12,909.7**	**13.7**	
Missouri	3,540.6	3,876.0	9.5	36
Iowa	3,213.6	3,842.2	19.6	16
Kansas	3,025.4	3,432.7	13.5	30
Nebraska	1,572.8	1,758.8	11.8	34
Region VIII	**7,596.6**	**9,426.0**	**24.1**	
Colorado	3,801.5	4,460.2	17.3	19
Montana	327.8	358.4	9.3	38
North Dakota	457.5	525.9	15.0	27
South Dakota	295.1	387.8	31.4	4
Utah	2,354.6	3,282.3	39.4	2
Wyoming	360.1	411.4	14.2	29
Region IX	**73,674.1**	**85,760.8**	**16.4**	
Arizona	6,466.5	7,326.5	13.3	31
California	66,291.6	77,528.7	17.0	21
Hawaii	295.5	241.1	−18.4	50
Nevada	620.5	664.5	7.1	41
Region X	**33,653.7**	**34,121.6**	**1.4**	
Alaska	2,455.9	2,771.9	12.9	32
Idaho	1,465.6	1,803.6	23.1	11
Oregon	6,103.1	7,666.8	25.6	7
Washington	23,629.1	21,879.3	−7.4	48

Source: U.S. Small Business Administration, Office of Advocacy, based upon data from the Bureau of the Census, Foreign Trade Division, Exhibit 2A., 1994 and 1995.

Table A.29 *Twenty Small-Business-Dominated Industries Generating the Most New Jobs, December 1994 to December 1995 (Thousands of Jobs)*

SIC Code (1987)	Industry	December 1994	December 1995	Absolute Change 1994–1995	Rank
17[2]	Special Trade Contractors	3,139.0	3,281.5	142.5	1
58	Eating and Drinking Places	7,134.7	7,242.8	108.1	2
87	Engineering, Accounting, Research	1,015.6	1,117.9	102.3	3
50	Durable Goods	2,607.9	2,685.0	77.1	4
801	Offices of Physicians	1,564.3	1,617.4	53.1	5
007	Agricultural Services	538.9	586.5	47.6	6
799	Miscellaneous Amusement and Recreation Services	906.3	949.8	43.5	7
171	Plumbing, Heating and Air Conditioning	717.8	758.1	40.3	8
804	Offices of Other Health Practitioners	393.4	429.8	36.4	9
173	Electrical Work	595.4	630.2	34.8	10
802	Offices of Dentists	585.4	614.6	29.2	11
551	New and Used Car Dealers	986.0	1,014.5	28.5	12
872	Accounting, Auditing, and Bookkeeping	515.6	543.8	28.2	13
79	Amusement and Recreation Services	258.0	283.9	25.9	14
734	Services to Buildings	867.0	892.8	25.8	15
411	Local and Suburban Passenger Transportation	210.2	235.0	24.8	16
653	Real Estate Agents and Managers	651.7	674.4	22.7	17
836	Residential Care	620.4	642.4	22.0	18
553	Auto and Home Supply Stores	372.7	394.0	21.3	19
731	Advertising	230.4	250.0	19.6	20

[1]Represents sum of three-digit components, which are also shown separately.

[2]Represents two-digit industries with three-digit industry breakout. However, because of the inability to distribute all industry employment, industry components do not equal the specified two-digit total. If the industry was clearly large-business-dominated or small-business-dominated, the two-digit industry was listed to represent the overall two-digit industry total.

[3]Each two-digit subcomponent industry reflects both the sum of the separately enumerated three-digit components and a residual component representing industries not covered by the Bureau of Labor Statistics.

Note: Excludes self-employed workers. Small-business-dominated industries are industries in which a minimum of 60 percent of employment is in firms with fewer than 500 employees. While 99.9 percent of industry employment was allocated to small, large, and indeterminate industries, about 2 percent of employment in the manufacturing and service sectors could not be allocated because of SIC code inconsistencies.

Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from the U.S. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings* (March 1996),

Table A.30 *Twenty Fastest Growing Small-Business-Dominated Industries, December 1994 to December 1995 (Thousands of Jobs)*

SIC Code (1987)	Industry	December 1994	December 1995	Percent Change 1994–1995	Rank
52[3]	Building Materials and Garden Supplies	31.3	36.1	15.3	1
411	Local and Suburban Passenger Transportation	210.2	235.0	11.8	2
473	Arrangement of Transportation of Freight and Cargo	172.1	190.7	10.8	3
412	Taxicabs	33.0	36.4	10.3	4
87	Engineering, Accounting, Research	1,015.6	1,117.9	10.1	5
79	Amusement and Recreation Services	258.0	283.9	10.0	6
804	Offices of Other Health Practitioners	393.4	429.8	9.3	7
007	Agricultural Services	538.9	586.5	8.8	8
731	Advertising	230.4	250.0	8.5	9
415	School Bus Transportation	143.0	154.0	7.7	10
735	Miscellaneous Equipment Rental and Leasing	219.6	236.2	7.6	11
67	Holding and Investment Services	131.1	141.0	7.6	12
7532	Top, Body, and Upholstery Repair Shops	193.5	207.7	7.3	13
502	Furniture and Home Furnishings	146.8	157.3	7.2	14
55[2]	Automotive Dealers and Service Stations	161.4	172.9	7.1	15
733	Mailing, Reproduction, Stenographic	268.9	287.9	7.1	16
175	Carpentry and Flooring	216.7	231.6	6.9	17
824	Correspondence and Vocational Schools	77.9	83.2	6.8	18
3441	Fabricated Structural Metal	70.2	74.9	6.7	19
41[3]	Local and Interurban Passenger Transit	53.8	57.4	6.7	20

n.e.c. = Not elsewhere classified.

[1]Represents sum of three-digit components, which are also shown separately.

[2]Represents two-digit industries with three-digit industry breakout. However, because of the inability to distribute all industry employment, industry components do not equal the specified two-digit total. If the industry was clearly large-business-dominated or small-business-dominated, the two-digit industry was listed to represent the overall two-digit industry total.

[3]Each two-digit subcomponent industry reflects both the sum of the separately enumerated three-digit components and a residual component representing industries not covered by the Bureau of Labor Statistics.

Note: Excludes self-employed workers. Small-business-dominated industries are industries in which a minimum of 60 percent of employment is in firms with fewer than 500 employees. While 99.9 percent of industry employment was allocated to small, large, and indeterminate industries, about 2 percent of employment in the manufacturing and service sectors could not be allocated because of SIC code inconsistencies.

Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from the U.S. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings* (March 1996), Table B-12.

Table A.31 *Twenty Large-Business-Dominated Industries Generating the Most New Jobs, December 1994 to December 1995 (Thousands of Jobs)*

SIC Code (1987)	Industry	December 1994	December 1995	Absolute Change 1994–1995	Rank
541	Grocery Stores	2,982.5	3,050.8	68.3	1
7363	Personnel Supply Services	2,162.2	2,227.6	65.4	2
8062	Hospitals	3,484.6	3,535.2	50.6	3
781	Motion Picture Production	260.1	307.1	47.0	4
3674	Semiconductors and Related Devices	229.8	254.8	25.0	5
632	Medical Service and Health Insurance	300.3	321.4	21.1	6
367	Electronic Components and Accessories Manufacturing	305.7	325.4	19.7	7
7374	Computer Processing and Data Preparation	222.7	241.7	19.0	8
451	Air Transportation	609.5	626.9	17.4	9
484	Cable and Other Pay Television Services	150.2	167.3	17.1	10
80	Health Services	344.4	358.1	13.7	11
822	Colleges and Universities	1,171.2	1,184.5	13.3	12
5045	Computers and Computer Peripheral Equipment	275.0	286.3	11.3	13
7514	Passenger Car Rental	112.8	122.0	9.2	14
7375	Information Retrieval Services	51.1	59.5	8.4	15
45	Transportation by Air	36.9	45.1	8.2	16
458	Air Transportation Services	109.0	116.8	7.8	17
481	Telephone Communications	921.8	929.5	7.7	18
4833	Television Broadcasting Stations	125.2	132.8	7.6	19
615	Business Credit Institutions	86.6	94.1	7.5	20

Note: Excludes self-employed workers. Large-business-dominated industries are industries in which a minimum of 60 percent of employment is in firms with more than 500 employees. While 99.9 percent of industry employment was allocated to small, large, and indeterminate industries, about 2 percent of employment in the manufacturing and service sectors could not be allocated because of SIC code inconsistencies.

Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from the U.S. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings* (March 1996), Table B-12.

Table A.32 *Twenty Fastest Growing Large-Business-Dominated Industries, December 1994 to December 1995 (Thousands)*

SIC Code (1987)	Industry	December 1994	December 1995	Percent Change 1994–1995	Rank
45	Transportation by Air	36.9	45.1	22.2	1
781	Motion Picture Production	260.1	307.1	18.1	2
7375	Information Retrieval Services	51.1	59.5	16.4	3
484	Cable and Other Pay Television Services	150.2	167.3	11.4	4
3674	Semiconductors and Related Devices	229.8	254.8	10.9	5
615	Business Credit Institutions	86.6	94.1	8.7	6
7374	Computer Processing and Data Preparation	222.7	241.7	8.5	7
7514	Passenger Car Rental	112.8	122.0	8.2	8
2061	Cane Sugar, except Refining	7.5	8.1	8.0	9
458	Air Transportation Services	109.0	116.8	7.2	10
632	Medical Service and Health Insurance	300.3	321.4	7.0	11
301	Tires and Inner Tubes	78.3	83.8	7.0	12
367	Electronic Components and Accessories	305.7	325.4	6.4	13
2062	Cane Sugar Refining	4.7	5.0	6.4	14
4833	Television Broadcasting Stations	125.2	132.8	6.1	15
10	Metal Mining	25.9	27.3	5.4	16
3531	Construction Machinery and Equipment	74.8	78.8	5.3	17
5045	Computers and Computer Peripheral Equipment	275.0	286.3	4.1	18
3585	Air Conditioning Equipment	131.9	137.2	4.0	19
3533	Oil and Gas Field Machinery	35.1	36.5	4.0	20

Note: Excludes self-employed workers. Large-business-dominated industries are industries in which a minimum of 60 percent of employment is in firms with more than 500 employees. While 99.9 percent of industry employment was allocated to small, large, and indeterminate industries, about 2 percent of employment in the manufacturing and service sectors could not be allocated because of SIC code inconsistencies.

Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from the U.S. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings* (March 1996), Table B-12.

Table A.33 *Twenty Indeterminate Industries Generating the Most New Jobs, December 1994 to December 1995 (Thousands of Jobs)*

SIC Code (1987)	Industry	December 1994	December 1995	Absolute Change 1994–1995	Rank
808	Home Health Care Services	587.8	630.1	42.3	1
8051	Skilled Nursing Care Facilities	1,239.5	1,274.3	34.8	2
7371	Computer Programming Services	218.2	247.6	29.4	3
7372	Prepackaged Software	159.8	184.5	24.7	4
7381	Detective, Guard, and Armored Services	519.1	543.4	24.3	5
421	Trucking and Courier Services	1,755.6	1,779.4	23.8	6
738	Miscellaneous Business Services	775.0	797.1	22.1	7
504	Professional and Commercial Equipment	328.3	347.1	18.8	8
8711	Engineering and Architectural Services	611.7	630.0	18.3	9
511	Paper and Paper Products	256.7	274.3	17.6	10
737	Computer and Data Processing Services	178.9	196.4	17.5	11
573	Radio, TV and Music Stores	125.6	141.9	16.3	12
5731	Radio, Television, and Consumer Electronics	166.2	179.8	13.6	13
355	Special Industry Machinery, except Metalworking Machinery	98.6	108.8	10.2	14
7373	Computer Integrated Systems Design	119.6	129.5	9.9	15
5047	Medical, Dental, and Hospital Equipment	169.6	179.3	9.7	16
616	Mortgage Bankers and Brokers	231.2	240.8	9.6	17
82	Educational Services	141.2	150.7	9.5	18
3679	Electronic Components, n.e.c.	133.1	142.3	9.2	19
701	Hotels, Motels, and Tourist Courts	1,514.1	1,522.6	8.5	20

n.e.c. = Not elsewhere classified.

Note: Excludes self-employed workers. Indeterminate industries are industries in which dominance by large or small firms is unclear. While 99.9 percent of industry employment was allocated to small, large, and indeterminate industries, about 2 percent of employment in the manufacturing and service sectors could not be allocated because of SIC code inconsistencies.

Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from the U.S. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings* (March 1996), Table B-12.

Table A.34 *Twenty Fastest Growing Indeterminate Industries, December 1994 to December 1995 (Thousands)*

SIC Code (1987)	Industry	December 1994	December 1995	Absolute Change 1994–1995	Rank
7372	Prepackaged Software	159.8	184.5	15.5	1
7371	Computer Programming Services	218.2	247.6	13.5	2
573	Radio, TV and Music Stores	125.6	141.9	13.0	3
61	Nondepository Credit Institutions	22.5	25.2	12.0	4
355	Special Industry Machinery, except Metalworking Machinery	98.6	108.8	10.3	5
737	Computer and Data Processing Services	178.9	196.4	9.8	6
3566	Speed Changers, Industrial High Speed Drives	15.6	17.0	9.0	7
7373	Computer Integrated Systems Design	119.6	129.5	8.3	8
5731	Radio, Television, and Consumer Electronics	166.2	179.8	8.2	9
3542	Machine Tools, Metal Forming Types	16.9	18.2	7.7	10
413	Intercity and Rural Bus Transportation	22.8	24.5	7.5	11
808	Home Health Care Services	587.8	630.1	7.2	12
873	Research, Development, and Testing Services	85.2	91.2	7.0	13
3541	Machine Tools, Metal Cutting Types	38.9	41.6	6.9	14
3679	Electronic Components, n.e.c.	133.1	142.3	6.9	15
511	Paper and Paper Products	256.7	274.3	6.9	16
82	Educational Services	141.2	150.7	6.7	17
7382	Security Systems Services	45.9	48.8	6.3	18
2064	Candy and Other Confectionery Products	54.0	57.4	6.3	19
353	Construction, Mining, and Materials	16.2	17.2	6.2	20

Note: Excludes self-employed workers. Interminate industries are industries in which dominance by large or small firms is unclear. While 99.9 percent of industry employment was allocated to small, large, and indeterminate industries, about 2 percent of employment in the manufacturing and service sectors could not be allocated because of SIC code inconsistencies.

Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from the U.S. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings* (March 1996), Table B-12.

Appendix B

Financing Small Business

Synopsis

Small businesses use a variety of financing sources, including informal resources such as friends and business associates, financial intermediaries such as banks and finance companies, and the public markets. Both small business lending and equity investment in small firms were up in 1995.

Moderate growth in demand for credit and the easing of credit policy by the Federal Reserve Board contributed to declines in most interest rates in the credit markets in 1995. Although long-term interest rates declined by some 180 basis points, however, small firm borrowing costs showed only limited declines. The prime rate—the index rate for most small business variable-rate loans—declined only 35 basis points in 1995.

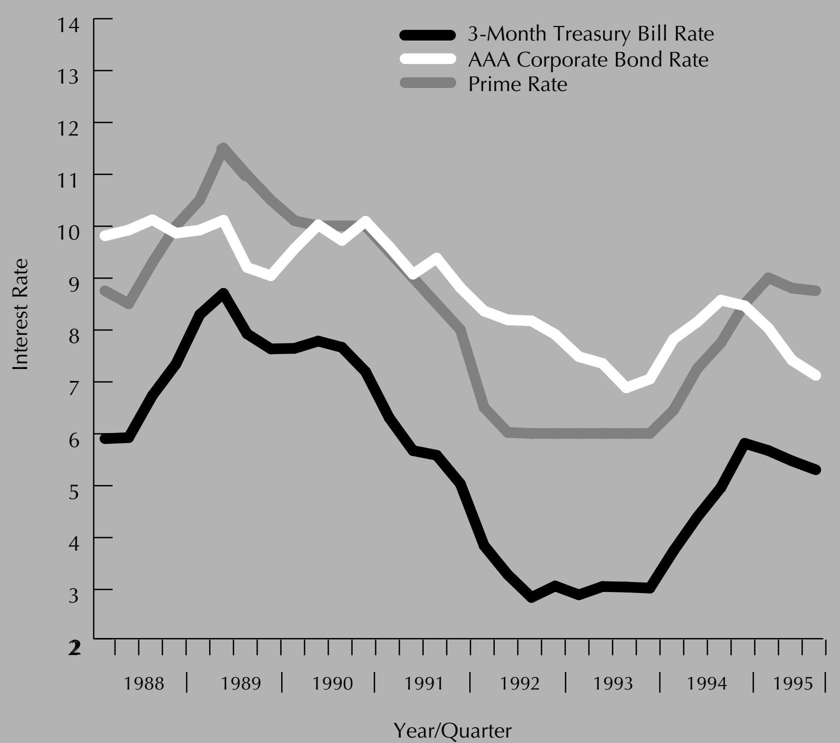
While overall borrowing by U.S. domestic sectors showed only moderate increases, business borrowing surged to an annual rate of $211 billion in 1995, a level comparable to the high levels of 1986–1988. Lending to small firms, including bank and finance company lending, increased significantly during the year. Because large C&I loans were increasing so rapidly, however, the small business share of total loans declined slightly, from 40.4 percent in June 1994 to 39.2 percent in June 1995.

A booming stock market contributed to a very active small business equity capital market. Initial public offerings were up significantly. Funds raised by venture capital firms reached a new high of $4.4 billion.

Credit Conditions for U.S. Businesses in 1995

High interest rates in 1994 continued to slow business activity in the United States into 1995. Moderate growth in the demand for credit resulted in declines in most interest rates in the credit markets in 1995, except small business rates, which remained high. With the Federal Reserve Board easing up on the credit markets after spring 1995, long-term interest rates declined steadily. AAA corporate bond rates declined from 8.68 percent in November 1994 to 6.82 percent in December 1995. The yield curve flattened significantly, as long-term rates declined faster than short-term rates during this period (Chart B.1).

Chart B.1 *Long- and Short-Term U.S. Interest Rates Rates, January 1988–December 1995*



Source: U.S. Board of Governors of The Federal Reserve System, *Federal Reserve Bulletin*, various issues.

Uses of Funds by Major Sectors

Overall borrowing by U.S. domestic sectors increased moderately in 1995 after a slight decrease in 1994. Most of the increases in 1995 came from the business sector. Borrowing by other sectors changed little or declined slightly. Business borrowing surged to an annual rate of $211 billion in 1995, a level comparable to the high levels of the 1986-1988 period. Borrowing by the nonfarm, noncorporate sector also increased in 1995 to an annual rate of $38 billion (Tables B.3 and B.5). Increases in capital expenditures contributed much to the increase in demand for financing by the business sector.

Small Business Borrowing

Small businesses use a variety of financing sources, including internal resources such as owners' savings, business retained earnings, and depreciation; "informal" external sources, such as friends and business associates; financial intermediaries, such as banks and finance companies; and the public markets, where standardized financial instruments are sold to many buyers.

Small businesses use many different types of credit (Table B.2).[1] Preliminary results of the 1993 National Survey of Small Business Finances indicates that some 55 percent of small firms used selected credit and 61 percent used trade credit.

An ample supply of funds and continued high borrowing costs characterized the small firm financing markets in 1995. Although other market interest rates declined steadily in 1995, borrowing costs paid by small firms showed slight upward movement (Tables B.6 and B.7).

Loans rates paid by small firms have remained the same or declined somewhat in the recent past. While market interest rates declined from their peak in early 1995 by about 180 basis points for long-term rates and about 60 basis points for three-month Treasury bill rates, the prime rate quoted by banks declined only 35 basis points. The prime rate has become the index rate for small business loans; a lower-than-prime rate is now normally charged to prime borrowers.[2] The rate spread between small loan rates and the below-prime rates paid by larger borrowers widened in 1995. Higher margins, however, did motivate bankers to promote small business lending.

Lending to Small Businesses by Commercial Banks

While the lack of time series data on small business lending prevents analysis of changes in the availability of bank credit to businesses, indications are that bank lending to small businesses increased further during 1995.[3]

[1] Efforts to analyze changes in financing used by small firms are hampered by a lack of statistics. Some data are available, however, on the volume of financing provided by some suppliers. In an effort to obtain additional information, the U.S. Small Business Administration and the Federal Reserve Board have sponsored a second nationwide survey of small business financing, the 1993 National Survey of Small Business Finances. For tabulations, see John Wolken and Rebel Cole, "Financial Services Used by Small Businesses: Evidence from the 1993 National Survey of Small Business Finances," *Federal Reserve Bulletin* , July 1995.

[2] Below prime lending to larger firms is very common. More than 60 percent of bank loans with 1- to 12-month maturities were made at below the prime rate in 1995. Computed from loan rate data from *Survey of Terms of Bank Lending*, various issues.

[3] Data on bank lending to small businesses became available with the June 1993 call reports filed with financial regulatory authorities. However, because of data reporting and collection difficulties, it is still difficult to measure changes in the number and amount of small loans from June 1994 to June 1995. All commercial banks are required to report in their June call report filings the number and dollar amount of their commercial and industrial and nonresidential real estate loans by loan size.

- A survey of bankers indicated that a still significant net number of domestic respondents reported strong demand for loans by small and medium-sized businesses.[4]

- Lending by small banks showed a significant increase in 1995. Commercial and industrial (C&I) loans by small banks, a proxy for small business lending, increased at an annual rate of 11.7 percent during 1995, compared with a 5.1 percent increase in 1994 (Table B.8). Lending by large banks increased by 10.8 percent during this period, although the increase in total assets was even larger.[5]

- Lending by banks that made primarily small loans (less than $1 million) also increased. Total business loans (C&I and business real estate loans) by small banks that extend mostly small loans increased by about 12.8 percent from June 1994 to June 1995 (Table B.9).[6]

Profile of Bank Lending to Small Businesses in 1995

Some 5.9 million small business loans were outstanding from 10,149 federally insured domestic banks in June 1995.[7] These loans totaled $316 billion and accounted for 39.2 percent of total business loan dollars (Chart B.2). The small business total includes $165 billion in C&I loans and $151 billion in nonfarm, nonresidential real estate loans (Table B.10). Small loans represent a larger proportion (52 percent) of total nonresidential real estate loans than of total C&I loans (32 percent) (Chart B.3).

The small business share of total business loans declined slightly, from 40.4 percent in June 1994 to 39.2 percent in June 1995 (Chart B.2). Larger increases in large C&I loans during this period contributed to the decline (Table B.11).[8]

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[4] Federal Reserve Board, *Senior Loan Officer Opinion Survey on Bank Lending Practices* (Washington, D.C.: Board of Governors of the Federal Reserve System, November 1995).

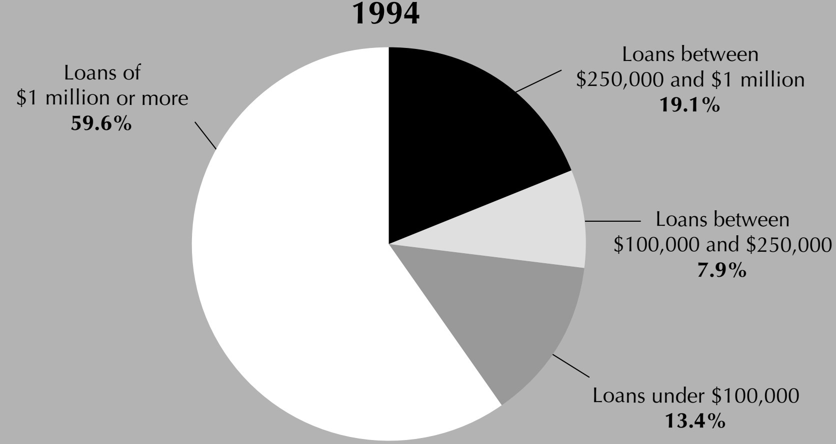
[5] The total assets of large weekly reporting banks have increased much faster than those of other (small) banks.

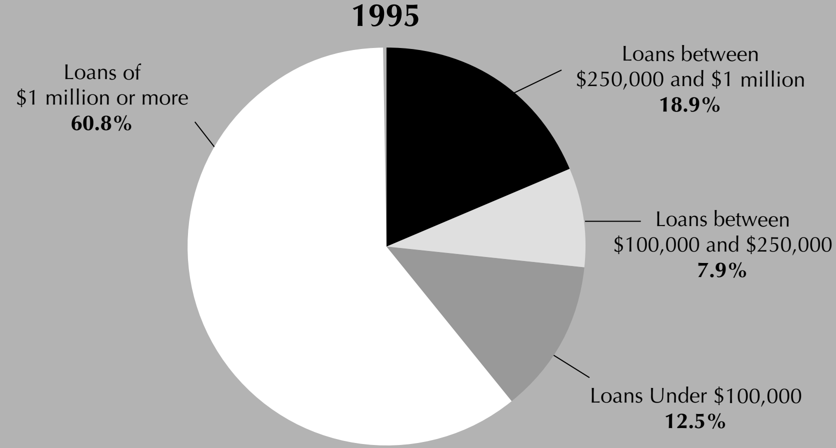
[6] Federal Reserve Board, *Information on Depository Credit for Small Businesses and Small Farms* (Washington, DC: Board of Governors of the Federal Reserve System, December 1995), Table A.5. C&I loans for these banks increased by 12.7 percent between June 1994 and June 1995, a rate quite comparable to that for small banks.

[7] Small business loans are defined here as business loans of less than $1 million. This is the definition used by the Federal Reserve Board and the Comptroller of Currency. The U.S. Small Business Administration's Office of Advocacy used a different definition in compiling *Small Business Lending in the United States, 1995 Edition*. There were about 4.44 million C&I loans of less than $250,000 with a total outstanding value of $98.3 billion and 1.0 million nonresidential real estate loans of less than $250,000 valued at $65.6 billion.

[8] This development contradicts observations in Table B.8, where growth in lending was found to be greater in small banks than in large banks between December 1994 and December 1995.

Chart B.2 *Distribution of Total Business Loan Dollars by Loan Size, 1994 and 1995 (Percent)*

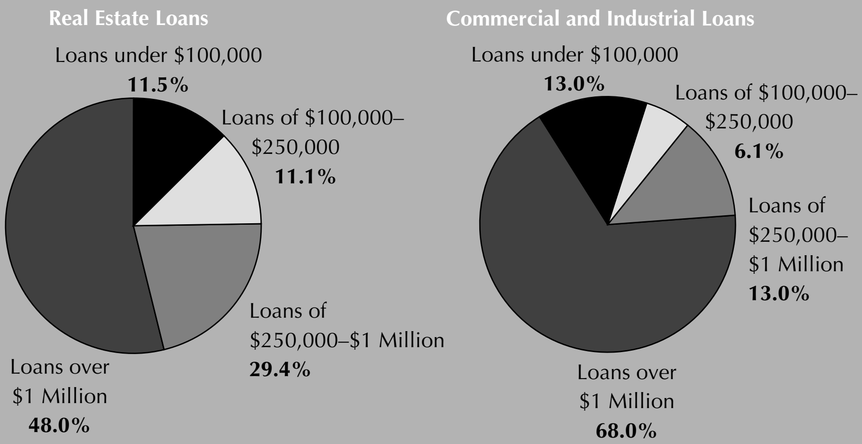




Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from special tabulations of the June 1994 call reports *(Consolidated Reports of Condition and Income for U.S. Banks)* prepared by james Kolari, Texas A&M University, College Station, Texas.

The 193 largest banks—banks with assets of more than $3 billion—supplied 40.6 percent and 34.8 percent, respectively, of small business C&I and mortgage loans, compared with 38 percent and 32 percent, respectively, in 1994 (Chart B.4). The growth was attributable as much to increases in both

Chart B.3 *Distribution of Commercial and Industrial and Real Estate Loan Dollars by Loan Size, June 1995 (Percent)*



Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from special tabulations of June 1995 call reports *(Consolidated Reports of Condition and Income for U.S. Banks)* prepared by James Kolari, Texas A&M University, College Station, Texas.

the number and total assets of these larger banks as to an increased small business share of their lending.[9]

The largest banks' share of the smallest C&I and real estate loans—those under $100,000—also increased, from 26 percent and 16 percent, respectively, in 1994 to 29.3 percent and 19.3 percent in 1995 (Table B.12). Small banks with assets under $300 million are the major suppliers of loans under $100,000, accounting for more than two-thirds of mortgage loans and more than 50 percent of C&I loans (Chart B.5).

In sum, banks of all sizes have been active in small business lending, and it appears that a number of large banks became more active in 1995. Small banks, however, remained the predominent lenders to very small borrowers.

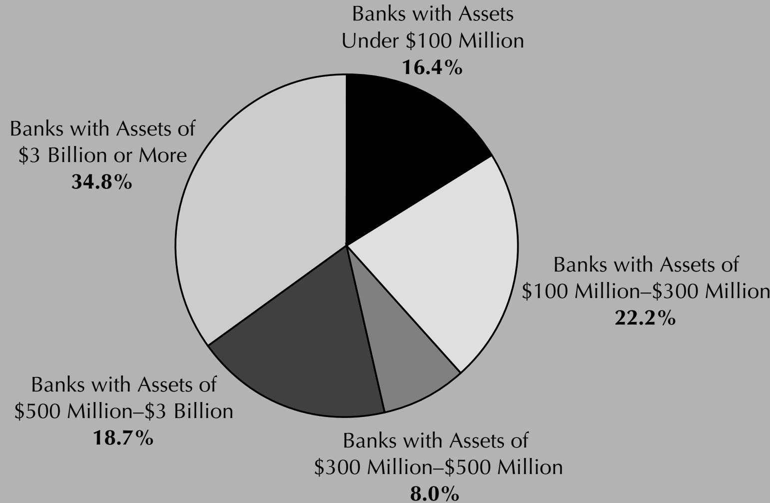
Lending Under the SBA's Guarantee Programs

The number of business loans guaranteed by the U.S. Small Business Administration (SBA) increased significantly in 1995, although the total dollar

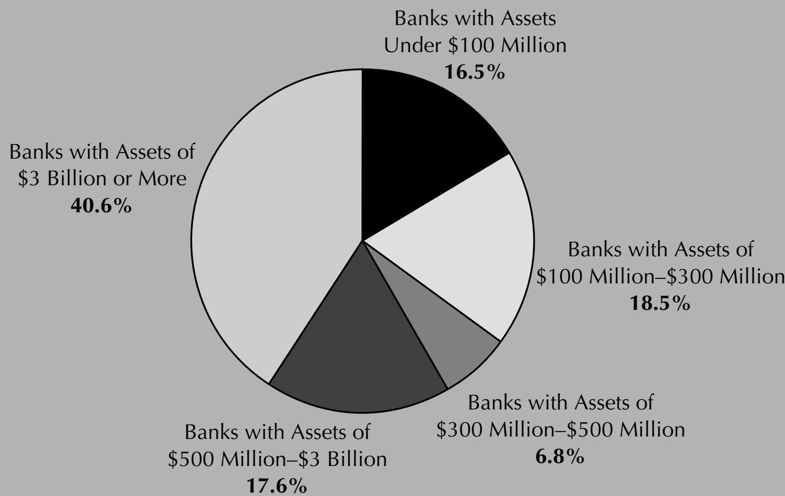
[9] The share of total assets in the industry for this group increased from 60.6 percent in June 1994 to 63 percent in June 1995. The ratio of small business loans to total assets for 175 giant banks (with assets of $3 billion or more) increased from 2.1 percent in 1994 to 2.26 percent in 1995.

Chart B.4 *Banks' Share of Small Business Commercial and Industrial and Real Estate Loans under $1 Million, by Bank Size, June 1995 (Percent of Loan Dollars)*

Real Estate Loans



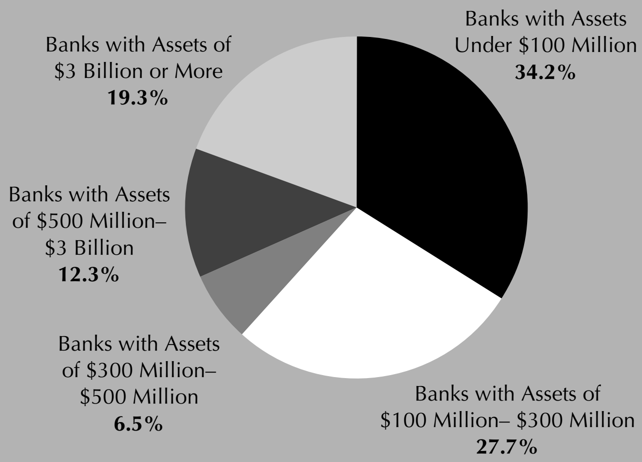
Commercial and Industrial Loans



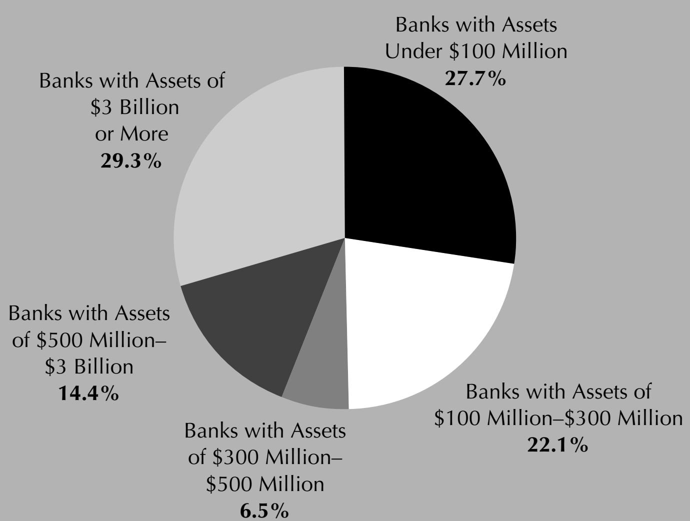
Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from special tabulations of June 1995 call reports *(Consolidated Reports of Condition and Income for U.S. Banks)* prepared by James Kolari, Texas A&M University, College Station, Texas.

Chart B.5 *Banks' Share of Small Business Commercial and Industrial and Real Estate Loans Under $100,000, by Bank Size, June 1995 (Percent of Loan Dollars)*

Real Estate Loans



Commercial and Industrial Loans



Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from special tabulations of June 1995 call reports *(Consolidated Reports of Condition and Income for U.S. Banks)* prepared by James Kolari, Texas A&M University, College Station, Texas.

amount was up only 1 percent, to $8.26 billion.[10] Much of the increase was the result of SBA's efforts to promote the microloan, export revolving line-of-credit, women-owned business loan prequalification and low-documentation loan programs. The number of 7(a) loans increased by 52.4 percent from 36,480 in FY 1994 to 55,596 in FY 1995. Loans under $100,000 more than doubled over the fiscal year, from 15,527 to 36,039, and low-documentation loans increased fivefold, from 5,862 to 30,880.

Lending by Finance Companies

Lending by finance companies continued to increase during the first nine months of 1995, although at a slower pace (Table B.13). Finance companies have been steadily expanding small business lending by entering various niche markets."Captive" finance companies—those owned by major nonfinancial corporations—offered vehicle and equipment financing for their parent manufacturing companies.[11]

Borrowing in the Public Issue Markets

A booming stock market resulted in explosive initial public offering (IPO) activity during 1995. Common stock IPOs increased significantly, totaling $29.7 billion for 579 issues, as compared with $28.5 billion for 608 issues in 1994 (Table B.14). The average size of IPOs also increased from $46.8 million to $51.2 million per issue. Offerings by firms having less than $10 million in total assets before the public issue increased from $2.1 billion in 1994 to $3.1 billion, a record high compared with the levels of the previous seven years.[12]

Venture Capital Funds

Fundraising by venture capital funds continued to increase in 1995. Total funds raised by venture capital firms amounted to $4.4 billion, a historic high (Table B.15).[13] Increased commitments from families and individuals and from banks and insurance companies accounted for the largest increases (Table B.16). The soaring venture-backed IPO markets contributed to strong

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[10] Finance companies continued to be the major lender in SBA's loan guarantee program. Most finance companies sell SBA- guaranteed loans on the secondary market immediately.

[11] Preliminary results of a study by George Haynes show that finance companies were very active in vehicle loans, equipment loans, and leasing. See George W. Haynes, *Finance Companies and Small Business Borrowers*, report no. PB96-146485, prepared for the U.S. Small Business Administration, Office of Advocacy (Springfield, Va: National Technical Information Service, June 1995).

[12] "IPOs Down, But Not Out," *Venture Capital Journal*, February 1995. [13] The venture capital market hit bottom when total commitments amounted to $1.27 billion in 1991.

[13] The venture capital market hit bottom when total commitments amounted to $1.27 billion in 1991.

enthusiasm for venture capital investment in 1995. The number of venture-backed IPOs increased to 181 valued at $6.74 billion.[14] An active public offering market led to rates of return of more than 50 percent for venture capital investments.[15] Increasingly, many believed that current fundraising levels are too high and that the high rates of return will not be sustained.[16]

Disbursements to small businesses by small business investment companies (SBICs) continued to increase significantly, rising more than 5.7 percent to $1.2 billion for 2,173 firms in 1995 (Table B.17).

Research on Current Credit Conditions: SBA's Banking Studies

The availability of call report information allows researchers to study bank lending behavior with respect to small business. For the second year, the SBA's Office of Advocacy produced a national directory of banks ranked by their "small business friendliness."[17] All insured commercial banks (some 10,000) are rank-ordered in state directories by the sum of their commercial and industrial and commercial mortgage lending to small businesses.[18] The process developed for the ranking involved selecting five variables considered important indicators of small business lending:

(1) The ratio of small business loans (defined here as loans of less than $250,000) to assets.

(2) The ratio of small business loans to total business loans.

(3) The ratio of small business loans to deposits.

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[14] A sizzling stock market fueled the boom in initial public offerings (IPOs) and in the secondary offering market for venture-backed companies in 1995. One hundred fifty-two secondary offerings were issued in 1995, compared with 56 and 68 in 1994 and 1993 respectively. See *Venture Capital Journal*, February and April 1996 issues.

[15] "Venture Returns Skyrocket to 50.7 Percent," *Venture Capital Journal*, May 1996, 7.

[16] "Fundraising Swells to Record-Breaking High," *Venture Capital Journal*, July 1994, 40.

[17] The information for the study comes from the June 1995 call reports filed by each commercial bank with their bank regulatory agency. Reports are available for every state and the District of Columbia. See U.S. Small Business Administration, Office of Advocacy, *Small Business Lending in the United States,1995 Edition*, report no. PB96-139001; for an IBM-PC compatible floppy disk, PB96-500814 (Springfield, Va.: National Technical Information Service, December 1995). The data are also available on the Internet: http://www.sbaonline.sba.gov/SmallBusinessLending1995/.

[18] As with all data sets, these state directories of small business lending are not perfect. For example: (1) Small business loans made with credit cards or as a second mortgage on the business owner's home may or may not be included as a business loan in the call reports. They may be included as a consumer loan instead. (2) Large banks may refer their small business borrowers to their consumer loan division or to their nonbank finance company. (3) If a small business lending bank places a portion of the loan into the secondary market, the dollar amount of loans will appear low, while the number of loans may appear high if they continue to service the loan. (4) Banks may provide lines of credit to small firms; if the credit is not drawn on, loans will not appear in the call report. Still, much useful information is found in the call reports and it is not clear whether the missing information affects the active small business lending banks more or less severely than the inactive banks. However, the missing information may bias the results against the large banks, since they are more likely to have nonbank financial services and consumer loan divisions. This area needs further research.

(4)The total amount of small business loans.

(5)The total number of small business loans.

The variables were then converted to decile rankings within each state so that they could be added together. The maximum score a bank could receive on the summary ranking was 50. Such a score would indicate that the bank was in the top decile (tenth decile) in each variable.[19] The minimum score was 5, which would indicate that the bank would fall in the lowest decile in all five categories.

The goals of this project were:

(1) To provide more information to the users of banking services on the lending behavior of the commercial banks in their area. This information will allow depositors and borrowers to make wiser financial decisions and improve the market's efficiency.

(2) To encourage small business advocates in the various states to publicize banks with the highest summary statistic as a way of encouraging more lending to small business. Increased competition to make loans to small firms will make more credit available, with better terms and at lower interest rates.

Additional research has been undertaken using the call report data. One study compared large and small banks' involvement in small business lending. The ratios of small business loans to total assets showed that most large banks are not active in small business lending. In general, the ratios of small business lending to assets, to total business loans, and to deposits decline as bank size increases. However it is measured, the probability of obtaining a small business loan is greater if the bank is small, and it decreases with increasing bank size.

It is true that these measurement methods favor small banks, whose loan limits require them to make only small loans. Less size-biased alternative indicators are being explored.

As expected, both the number and the dollar amount of loans increase with bank asset size, implying that larger banks, on average, make more loans than smaller banks. Clearly, both large and small banks are needed to meet the credit needs of small firms.

Nevertheless, small banks with less than $100 million in assets and medium-sized banks with $100 million-$300 million in assets are the leaders in small business lending across the board. Not only do they rank in the top deciles in the ratios as expected, but they are also in the top deciles where large banks are expected to dominate, in the number and dollar amount of small loans.

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[19] A decile ranking denotes in which 10-percent portion of the distribution of the variable a bank falls. A bank in the top decile is above 90 percent of the banks in that category. A bank in the bottom decile falls below 90 to 100 percent of the banks; that is, it ranks among the lowest 10

A look at the distribution of banks by their small business loan-to-asset ratio indicates that 15.7 percent of the smallest banks in the less-than-$100-million size class and 14.9 percent of the banks in the $100 million–$300 million size class make almost no small business loans. That is, they invest less than .05 percent of their assets in small loans. Then the percentages jump dramatically: 28.4 percent in the $300 million-$500 million size class; 42.9 percent in the $500 million–$3 billion size class and 88.3 percent in the less-than-$3-billion size class make almost no small loans relative to their asset size.

A sample of small banks was queried about their lack of small business lending. Some two-thirds of the banks were limited-charter banks that accepted no deposits and/or made no loans. They serviced credit cards or provided cash management, controlled disbursements, investment banking, or import-export services.

Large banks have many options for their loan funds and often set up special nonbank subsidiaries to handle small business financing needs. Small business borrowers may be referred to the consumer credit section or credit card division of the bank, or a finance company subsidiary. Thus, call report information may underreport large bank loans to small businesses.

If "small-business-friendly" banks are defined as banks with a greater-than-30-percent small business loan-to-asset ratio, it is clear that smaller banks are more small-business-friendly. That is, the small-business-friendly banks are most likely to be found in the $100 million-$300 million or the less-than-$100-million asset size classes.

Profitability Study

Using a data base that included data from the 1994 and 1995 banking studies, Kolari, Berney and Ou analyzed whether banks that were small-business-friendly were more profitable than banks that did less small business lending.[20] The general results showed that the small-business-friendly banks were more profitable that the banks that did not actively lend to small firms. The results were strongest for the smaller banks than for the larger banks. When profits were adjusted for different measures of risk, the results were what economists would expect, that banks carried out their investing in small busi-

[20] James Kolari, Robert Berney and Charles Ou, *The Effects of Small Business Lending on Bank Profits and Risk* (Springfield, Va.: National Technical Information Service, l996). The study compares all banks in the top decile with banks in the bottom decile, banks in the second and third deciles with those in the eighth and ninth deciles, and the top three deciles with the bottom three. The study found there was a statistically significant difference using t-tests for three measures of profitability. When the data were adjusted for risk, the banks making the most small business loans were as profitable as those making any other investments. Comparisons of the 1994 data with the 1995 data indicate that the statistical relationships are getting stronger. While small business loans have a negligible effect on the profitability of large banks, they have either a neutral or a positive effect on the profitability of small banks, holding constant risk and other control variables.

ness to the point that the return in this area was equal to the return in any other area in which they might invest.

The Large Bank Studies

The Office of Advocacy completed a second banking study on the behavior of large banks in 1995.[21] The variable used for the rank ordering was the dollar amount of small business loans, although the study provides additional information on asset size and ratio values.

When the lending of all their constituent banks is added together, the top two holding companies each provided more than $3 billion in small business loans (loans of less than $250,000), with both making some 100,000 loans. Twenty-three holding companies made more than $1 billion in small business loans.

When the large banks were analyzed on a state-by-state basis, six banks, located in California, Florida, North Carolina and New Jersey, had more than $1 billion in small business loans.

Future research will explore such topics as the effects of changing state and federal bank regulations on merging and branching.[22]

Conclusion

Small businesses use a variety of financing sources, including internal resources, informal external sources such as friends and business associates, financial intermediaries such as banks and finance companies, and the public markets.

Moderate growth in the demand for credit and the easing of credit policy by the Federal Reserve Board contributed to declines in interest rates in the credit markets in 1995. Business borrowing surged to an annual rate of $211 billion in 1995, a level comparable to the high levels of 1986-1988. A booming stock market contributed to a very active small business equity capital market.

Recent studies of banks' "small business friendliness"—measured in terms of percentages of loan portfolios dedicated to small firms—indicate that smaller banks are more small-business-friendly overall. However, a number of large banks are also important small business lenders in total dollars going to small firms.

[21] U.S. Small Business Administration, Office of Advocacy, *The Top Small Business Lending Banks in the United States, 1995 Edition* (Springfield, Va.: National Technical Information Service, June 1996).

[22] Two contracts have been let by the Office of Advocacy to study the changing bank structure: James Kolari and Asghar Zardkoohi, Department of Finance, Texas A & M University, on The Impact of Structural Change in the Banking Industry on Small Business Lending and Joe Peek, Department Of Economics, Boston College on The Effect of Interstate Banking on Small Business Lending.

Appendix B Tables

Table B.1 *Major Sources of Business Financing, 1995*[1] *(Billions of Dollars)*

	All Business	Dollar Amount: Large Business	Dollar Amount: Small Business
Assets and Debt: December 1994			
Total Assets	11,166	6,680	4,486
Total Debt[2]	5,499	3,363	2,136
Total Net Worth[2]	5,667	3,317	2,350
Other Debt and Net Worth Estimates[3]			
Commercial Paper[4]	163	163	0
Commercial Mortgages by Banks[5]	290	224	66
Commercial and Industrial Loans by Banks[5]	516	418	98
Trade Debt[6]	871	638	233
Finance Company Receivables from Businesses[7]	362	272	91
Initial Public Offerings of Common Stock[8]	127	117	10
Venture Capital Pool[9]	34	0	34

[1] Most estimates are stock estimates valued at June 1995 or as specified. Small businesses include all noncorporate businesses and small corporations with assets under $25 million.

[2] Estimates by the Federal Reserve Board for nonfarm, nonfinancial corporations and nonfarm, noncorporate businesses. Total assets and debt for small corporations were estimated by applying 17.5 percent and 19.0 percent, respectively, to that of all corporations. Net worth is treated as a residual. (These ratios were estimated by using corporate tax return data published by the U.S. Department of the Treasury, Internal Revenue Service).

[3] Debt estimates below are as of June 1995. These estimates are obtained from sources using different methodologies. They are not strictly comparable and should not be summed for a total.

[4] Small business loans are defined as commercial mortgage debt outstanding for the nonfarm, noncorporate sector.

[5] Small business loans are defined as loans under $250,000.

[6] The total represents the sum of trade payables for the nonfarm, noncorporate sector and small corporations. Totals for small corporations are estimated by applying 20 percent to trade credit for all nonfinancial corporations.

[7] The small business share was derived by applying a 25 percent share to the total.

[8] For December 1994. The total estimated cumulative value of initial public offerings of common stock for the period 1988 through 1994. Small businesses are businesses with assets under $10 million before offering.

[9] For December 1994.

NA = Not available.

Source: Board of Governors of the Federal Reserve System, *Balance Sheets for the U.S. Economy 1945–1994* (Washington, D.C.: Board of Governors of the Federal Reserve System, June 1995); Tables B.103 and B.104, and Flow of Funds Accounts, Fourth Quarter (March 8, 1996).

Table B.2 *Small Businesses Using Selected Financial Services by Firm Size, 1993 (Percent)**

	Credit Lines, Loans, and Capital Leases							Nontraditional Credit			
									Credit Card		
Category	Any	Credit Line	Mortgage	Vehicle	Equipment	Capital Lease	Other	Loan from Owner	Personal	Business	Trade Credit
All Firms	**55.48**	**25.54**	**6.18**	**24.09**	**14.00**	**9.20**	**11.68**	**16.67***	**39.22**	**27.63**	**60.77**
Firms by Employment Size (Number of Full-Time-Equivalent Employees)											
0-1	41.87	15.75	5.72	16.85	8.10	4.42	9.37	9.44	40.55	20.64	49.93
2-4	54.51	23.37	6.08	24.49	12.31	6.92	11.81	14.59	39.97	24.74	62.82
5-9	67.04	31.59	6.14	32.12	17.62	11.99	12.74	25.33	41.90	39.42	69.64
10-19	75.89	39.55	7.45	35.35	24.74	20.18	17.69	29.63	36.11	34.53	73.40
20-49	77.83	52.64	5.44	30.43	31.40	20.28	13.22	27.61	30.43	40.84	74.14
50-99	86.16	56.38	5.55	33.10	30.07	30.39	14.10	29.11	22.85	46.07	72.25
100-499	88.46	59.53	18.99	26.44	28.84	30.25	19.17	34.14	24.80	37.13	84.31

* Loans from sole proprietors not included.

Source: Tabulations from 1993 National Survey of Small Business Finances. See John Wolken and Rebel Cole, "Financial Services Used by Small Businesses: Evidence from the 1993 National Survey of Small Business Finances," *Federal Reserve Bulletin,* July 1995.

Table B.3 *Credit Borrowing by Borrowing Sector, 1980–1995 (Billions of Dollars)**

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Total Domestic Borrowing	**337.1**	**382.1**	**420.8**	**562.2**	**780.2**	**965.1**	**863.6**	**733.7**	**767.7**	**720.3**	**669.4**	**480.6**	**545.3**	**625.9**	**617.0**	**716.7**
Government																
Federal	77.4	85.5	161.3	185.2	197.2	225.7	216.0	143.9	155.1	146.4	246.9	278.2	304.0	256.1	155.9	144.4
State and Local	10.9	16.3	30.4	34.6	52.5	163.6	73.4	91.1	54.5	51.0	46.6	81.6	21.1	62.3	−43.4	−51.5
Business																
Farm	15.8	16.3	6.7	3.9	−0.4	−14.5	−17.4	−11.6	−10.2	0.6	1.0	2.1	1.3	2.0	2.8	1.7
Nonfarm - Noncorporate	55.8	44.7	71.2	72.2	109.2	121.2	94.3	55.5	84.2	69.6	1.1	−11.0	−16.0	7.0	12.1	37.9
Nonfinancial Corporate	66.2	115.5	68.1	81.0	198.7	168.4	236.3	148.7	225.0	183.2	110.0	−53.0	34.0	52.0	129.3	211.1
Households	111.2	103.9	83.2	185.3	223.0	300.8	261.1	306.5	259.1	269.5	263.7	182.7	200.7	246.5	360.3	371.1
Foreign Borrowing in the United States	NA	23.5	16.0	17.3	8.4	1.2	9.7	6.2	6.4	10.2	23.9	14.8	22.6	68.8	−20.3	67.4

NA = Not available.
* Excluding equity and borrowing by financial institutions. Major revisions in estimates were made in 1994, 2nd quarter issue.
Source: Board of Governors of the Federal Reserve System, Flow of Funds Accounts, Fourth Quarter 1993: Flows and Outstandings (March 1995).

Table B.4 *Major Sources and Uses of Funds by Nonfarm, Nonfinancial Corporate Businesses, 1980–1995 (Billions of Dollars)*

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Before-Tax Profit	181.1	180.9	133.0	156.0	191.0	167.6	151.3	214.9	200.0	236.5	236.5	217.1	256.7	302.8	371.4	394.4
Domestic Undistributed Profit	69.2	64.2	30.6	30.5	46.4	21.7	−2.1	41.3	73.6	32.2	20.5	4.7	29.8	17.5	54.8	57.0
Depreciation with Capital Consumption Adjustment	154.8	186.2	215.1	251.5	279.1	310.7	312.8	324.0	338.3	349.3	354.3	362.8	371.0	385.1	412.7	430.3
Total Internal Funds, on Book Basis	224.0	250.3	245.7	282.0	329.1	336.7	315.5	370.1	418.4	384.8	377.9	371.1	404.7	433.3	494.2	512.7
Net Increase in Liability	130.6	151.8	84.1	152.3	318.9	379.7	190.0	273.9	443.7	347.4	183.5	67.1	161.3	139.3	264.1	347.1
Funds Raised in Credit Markets	66.2	115.5	68.1	81.0	198.7	168.4	236.3	148.7	225.0	183.2	110.0	−53.0	34.1	52.0	129.3	211.1
Net New Equity Issues	10.4	-13.5	1.9	20.0	−79.0	−84.5	−85.0	−75.5	−129.5	−124.2	−63.0	18.3	27.0	21.3	−44.9	−79.0
Capital Expenditures	255.8	313.0	278.8	294.0	387.5	369.6	347.3	357.4	373.3	399.4	394.5	370.9	386.9	430.6	485.0	551.5
Net Financial Investment	−33.5	−43.4	−19.6	−35.9	-40.9	−105.6	-18.0	−39.4	-60.7	−113.9	−68.3	62.7	6.2	42.1	19.6	−60.4

Note: Major data revisions in September 1994.
Source: Board of Governors of the Federal Reserve System, *Flow of Funds Accounts, Fourth Quarter 1995: Flows and Outstandings* (March 1996).

Table B.5 *Major Sources and Uses of Funds by Nonfarm, Noncorporate Businesses, 1980–1995 (Billions of Dollars) **

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Net Income	176.0	182.3	183.5	213.4	274.3	298.1	306.7	331.9	378.2	407.0	434.9	450.1	504.2	517.5	548.4	587.4
Gross Investment	48.7	56.7	63.1	65.2	55.8	59.6	64.0	67.7	72.8	77.0	80.6	83.7	88.0	90.1	91.9	76.7
Fixed Capital Expenditures	63.6	72.2	70.6	69.9	92.6	104.1	106.6	107.4	112.9	118.0	106.4	92.3	85.4	99.6	120.0	136.1
Changes in Inventories	−.2	0.8	−1.0	0.5	3.1	10.0	0.6	1.5	1.1	1.6	0.3	0.1	−0.1	1.3	2.3	2.0
Net Financial Investments	−14.7	−16.3	−6.4	−5.1	−39.9	−45.5	−43.1	−41.2	−41.2	−42.6	−26.1	−8.5	2.4	−10.9	−30.5	−61.5
Net Increase in Credit Market Debt	55.8	44.7	71.6	86.7	109.2	111.6	48.1	25.7	87.6	61.1	13.8	1.8	10.9	24.0	44.0	76.7
Mortgages	45.7	23.3	76.0	74.0	83.8	109.1	82.7	39.9	68.5	56.1	4.1	−5.9	−15.1	6.1	−5.9	16.7
Net Investment by Proprietors	−42.1	−37.9	−76.4	−65.0	−23.3	−26.5	−53.1	−28.0	−15.6	−28.1	20.3	−0.6	11.8	10.2	24.7	28.3

* Major revisions for 1984-1994.
Source: Board of Governors of the Federal Reserve System, *Flow of Funds Accounts, Fourth Quarter 1995: Flows and Outstandings* (March 1996).

Table B.6 *Short-Term and Long-Term Loan Rates for Small Loans by All Commercial Banks, February 1986–November 1995*[1]

	Short-Term Loans[2]			Long-Term Loans	
	Fixed Rate	Floating Rate	Prime Rate	Fixed Rate	Floating Rate
1995					
November	10.01	10.22	8.75	9.77	10.12
August	10.09	10.24	8.75	10.03	10.05
May	9.56	10.29	9.00	10.12	10.40
February	9.33	10.30	9.00	9.82	10.12
1994					
November	7.96	9.11	8.15	9.42	9.21
August	8.74	8.54	7.51	8.92	8.46
May	8.01	8.12	6.99	8.57	8.24
February	7.96	7.49	6.00	7.35	7.64
1993					
November	8.08	7.41	6.00	8.33	7.60
August	8.50	7.40	6.00	8.59	7.63
May	8.27	7.48	6.00	8.80	7.77
February	8.43	7.42	6.00	8.98	8.13
1992					
November	8.64	7.53		9.28	7.95
August	8.94	7.48	6.00	9.41	7.71
May	7.89	7.78	6.50	9.17	7.79
February	8.18	7.80	6.50	9.07	7.84
1991					
November	9.35	8.95	7.50	10.05	9.03
August	11.20	10.16	8.50	11.26	10.37
May	11.19	10.22	8.50	11.24	10.64
February	11.29	10.68	9.00	11.73	11.12
1990					
November	11.90	11.87	10.00	12.30	12.06
August	12.06	11.84	10.00	12.15	12.08
May	11.87	11.96	10.00	11.99	12.05
February	12.12	11.96	10.00	12.29	12.19
1989					
November	12.38	12.45	10.50	12.28	12.48
August	12.67	12.49	10.50	12.42	12.66
May	13.37	13.46	11.50	13.16	13.74
February	12.26	12.54	10.93	14.08	12.66
1988					
November	11.94	11.90	10.05	12.65	12.05
August	11.43	11.48	9.84	11.53	11.59
May	10.90	10.38	8.84	11.77	10.62
February	11.17	10.48	8.51	11.90	10.88
1987					
November	11.29	10.78	8.78	11.93	11.28
August	10.66	10.15	8.70	12.11	10.15
May	11.10	9.85	8.25	11.22	10.08
February	10.51	9.41	7.50	11.04	9.81
1986					
November	10.55	9.51	7.5	11.35	9.41
August	10.94	9.90	7.9	11.84	9.99
May	11.34	10.42	8.5	12.28	10.54
February	12.52	11.46	9.5	13.02	11.77

[1] Small loans refer to loans under $100,000.

[2] For rates before November 1990, averages of loan rates for three loan sizes: under $25,000, $25,000 to under $50,000, and $50,000 to under $100,000.

Source: Board of Governors of the Federal Reserve System, *Survey of Terms of Bank Lending,* Statistical Release E.2, various issues; and *Federal Reserve Bulletin,* various issues.

Table B.7 *Loan Rates Charged by Banks on Loans Made in November 1994 and November 1995*

	Loan Size (Thousands of Dollars)			
	1–99	100–499	500–999	1,000+
November 1995				
Large Banks				
Short-Term Loans				
Fixed Rate	8.98	7.96	7.44	*6.72
Floating Rate	10.04	9.64	9.20	*7.82
Term Loans				
Fixed Rate	9.32	8.32	8.22	7.71
Floating Rate	9.81	9.42	9.06	8.12
Small Banks				
Short-Term Loans				
Fixed Rate	10.11	9.04	7.83	6.69
Floating Rate	10.32	9.76	9.56	8.23
Term Loans				
Fixed Rate	9.81	9.31	8.86	7.22
Floating Rate	10.22	9.59	9.41	8.21
November 1994				
Large Banks				
Short-Term Loans				
Fixed Rate	7.41	6.78	6.61	*5.75
Floating Rate	8.87	8.51	8.16	*6.60
Term Loans				
Fixed Rate	9.21	7.82	6.94	6.40
Floating Rate	8.60	8.40	8.15	7.14
Small Banks				
Short-Term Loans				
Fixed Rate	7.78	8.23	6.68	5.78
Floating Rate	9.21	8.67	8.46	7.24
Term Loans				
Fixed Rate	9.43	9.00	7.01	6.82
Floating Rate	9.4	8.46	8.17	7.54

*Averages of loan rates for three loan sizes: $1 million—$5 million, $5 million—$10 million, and $10 million and over.

Source: Board of Governors of the Federal Reserve System, *Survey of Terms of Bank Lending,* Statistical Release E.2 (December 16, 1994 and December 13, 1995).

Table B.8 *Commercial and Industrial Loans by Large Weekly Reporting and Other Commercial Banks, December 31, 1980–December 31, 1995 (Billions of Dollars)*[1]

	All Banks		Large Weekly Reporting Banks		Other Banks		Annual Change in GDP Deflator[2] (Percent)
	Amount	Change (Percent)	Amount	Change (Percent)	Amount	Change (Percent)	
December 31, 1995	716.6	11.3	348.3	10.8	368.3	11.7	2.1
December 31, 1994	643.9	9.7	314.3	14.8	329.6	5.1	2.5
December 31, 1993	586.9	−2.3	273.7	−1.5	313.6	−2.8	2.3
December 31, 1992	600.6	−3.1	277.9	−4.3	322.7	−2.0	2.5
December 31, 1991	619.1	−4.5	290.1	−8.4	329.0	−0.8	2.6
December 31, 1990	648.0	0.8	316.6	−0.7	331.4	2.7	3.4
December 31, 1989	642.6	3.4	318.8	5.6	322.8	6.9	4.6
December 31, 1988	605.0	6.8	302.0	8.1	303.0	4.5	3.9
December 31, 1987	566.4	5.1	279.5	−3.3	289.9	16.0	4.0
December 31, 1986	539.0	7.3	289.1	11.2	249.9	3.2	3.2
December 31, 1985	502.1	5.7	260.0	3.4	242.1	8.1	2.5
December 31, 1984	474.9	14.2	251.4	12.3	223.9	16.7	3.5
December 31, 1983	415.7	4.9	223.9	2.5	191.8	7.9	3.8
December 31, 1982	396.2	10.0	218.5	10.9	177.7	9.0	5.3
December 31, 1981	360.1	10.7	197.0	11.9	163.1	9.3	8.5
December 31, 1980	325.3		176.1		149.2		

[1] Not seasonally adjusted. Large weekly reporting banks are banks with domestic assets of $1.4 billion or more as of December 31, 1982.
[2] Changes from the fourth quarter of the previous year.
Source: Board of Governors of the Federal Reserve System, *Federal Reserve Bulletin,* various issues; idem, "Revised Bank Credit Series," March 9, 1988; U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business,* various issues.

Table B.9 *Growth of Business Loans at U.S. Commercial Banks[1] that Make Loans Primarily to Small Businesses, 1989–1995[2]*

Year	Total Business[3]	Type of Loan: Commercial and Industrial	Type of Loan: Nonfarm, Nonresidential Real Estate
Amount Outstanding, June 30 (Billions of Dollars)			
1995	68.9	35.5	33.4
1994	61.6	31.5	29.6
1993	55.5	29.0	26.5
1992	53.4	28.8	24.6
1991	51.2	29.0	22.2
1990	49.1	29.2	19.9
1989	45.5	27.8	17.7
Percentage Change, June to June			
1995	12.8	12.7	12.8
1994	10.3	8.6	11.7
1993	4.1	0.7	7.7
1992	4.3	−0.7	10.8
1991	4.5	−0.7	11.6
1990	7.9	5.0	12.4

[1] U.S. domestically chartered commercial banks, excluding credit card banks and U.S. branches and agencies of foreign banks. U.S. branches and agencies of foreign banks held approximately $156 billion in commercial and industrial loans on June 30, 1995, almost all of which were greater than $1 million; credit card banks held less than $1 billion of commercial and industrial loans.

[2] Data include banks that reported that 95 percent or more of their total business loans were in original amounts of less than $1 million. The number of such banks totaled 7,375 on June 30, 1995. About 300 of these banks were excluded from the calculations because they were not in operation six years prior to 1995. These numbers do not include the growth of small business loans at banks that lend to larger businesses as well as to small businesses, and hence should not be interpreted as the growth rate of total small business loans.

[3] Construction and land development loans not included.

Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from Federal Reserve Board estimates based on call reports (Consolidated Reports of Condition and Income for U.S. Banks), 1989–1995.

Table B.10 *Number and Amount of Loans by Loan Size and Asset Size of Bank, June 30, 1995*

Bank's Asset Size (Millions of Dollars)	Loan Sizes									
	Under $100,000		$100,000–$250,000		$250,000–$1 Million		Under $1 Million		Over $1 Million (Millions of Dollars)	Total, All Sizes (Millions of Dollars)
	Number	Amount (Millions of Dollars)	Number	Amount (Millions of Dollars)	Number	Amount (Millions off Dollars)	Number	Amount (Millions of Dollars)		
Commercial and Industrial Loans										
0-$100	898,479	18,559	36,634	3,945	17,457	4,744	952,570	27,249	954	28,203
$100-$300	710,458	14,838	54,284	5,791	35,166	9,907	799,908	30,536	5,076	35,612
$300-$500	218,401	4,362	22,229	2,336	15,822	4,519	256,452	11,216	4,321	15,538
$500-$3,000	999,813	9,629	62,573	5,959	48,822	13,547	1,111,208	29,135	35,482	64,617
Over $3,000	1,308,731	19,611	126,778	13,293	117,833	34,231	1,553,342	67,135	305,127	372,262
Total	4,135,882	66,999	302,498	31,324	235,100	66,948	4,673,480	165,271	350,960	516,232
Nonfarm, Nonresidential Real Estate Loans										
0-$100	255,436	11,409	36,722	4,736	25,771	8,576	317,839	24,721	1,373	26,094
$100-$300	199,467	9,230	55,932	7,091	47,139	17,060	302,538	33,382	8,016	41,398
$300-$500	49,506	2,198	21,079	2,717	18,425	7,084	89,010	11,999	5,287	17,287
$500-$3,000	93,441	4,100	48,809	6,309	45,674	17,771	187,924	28,179	24,995	53,175
Over $3,000	151,424	6,438	88,811	11,339	89,345	34,583	329,580	52,360	99,446	151,805
Total	749,184	33,374	251,353	32,193	226,354	85,074	1,226,891	150,641	139,118	289,759
Total Business Loans										
0-$100	1,153,825	29,968	73,356	8,682	43,228	13,320	1,270,409	51,970	2,327	54,297
$100-$300	909,925	24,069	110,216	12,882	82,305	26,967	1,102,446	63,917	13,092	77,010
$300-$500	267,907	6,560	43,308	5,053	34,247	11,603	345,462	23,216	9,609	32,824
$500-$3,000	1,093,254	13,729	111,382	12,268	94,496	31,318	1,299,132	57,314	60,478	117,792
Over $3,000	1,460,155	26,049	215,589	24,632	207,178	68,814	1,882,922	119,495	404,572	524,068
Total	4,885,066	100,374	553,851	63,517	461,454	152,022	5,900,371	315,912	490,078	805,991

Note: Loans are reported by loan size; loans under $1 million are assumed to represent small business lending.

Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from special tabulations of the June 1995 call reports (Consolidated Reports of Condition and Income for U.S. Banks) prepared by James Kolari, Texas A&M University, College Station, Texas.

Table B.11 *Small Business Lending by Loan Size, 1994 and 1995 (Amount in Millions of Dollars)*

	Loan Sizes													
	Under $100,000		$100,000–$250,000		Total Under $250,000		Under $250,000—$1 Million		Total Under $1 Million		Over $1 Million		Total All Sizes	
	Dollar Amount	Percent of Total	Dollar Amount	Percent of Total	Dollar Amount	Percent of Total	Dollar Amount	Percent of Total	Dollar Amount	Percent of Total	Dollar Amount	Percent of Total	Dollar Amount	Percent of Total
June 1994														
Commercial and Industrial Loans	64,073	14.1	28,637	6.3	92,710	20.3	61,875	13.6	154,585	33.9	301,170	66.1	455,755	100.0
Nonfarm, Nonresidential Real Estate Loans	33,602	12.3	29,228	10.7	62,830	23.0	77,001	28.2	139,831	51.2	133,129	48.8	272,960	100.0
Total Business Loans	97,675	13.4	57,866	7.9	155,541	21.3	138,876	19.1	294,417	40.4	434,299	59.6	728,716	100.0
June 1995														
Commercial and Industrial Loans	66,999	13.0	31,324	6.1	98,323	19.0	66,948	13.0	165,271	32.0	350,960	68.0	516,232	100.0
Nonfarm, Nonresidential Real Estate Loans	33,374	11.5	32,193	11.1	65,567	22.6	85,074	29.4	150,641	52.0	139,118	48.0	289,759	100.0
Total Business Loans	100,374	12.5	63,517	7.9	163,891	20.3	152,022	18.9	315,912	39.2	490,078	60.8	805,991	100.0
Changes from 1994 to 1995														
Commercial and Industrial Loans	2,926.4	4.6	2,686.8	9.4	5,613.2	6.1	5,072.9	8.2	10,686.1	6.9	49,790.4	16.5	60,476.5	13.3
Nonfarm, Nonresidential Real Estate Loans	(227.6)	−0.7	2,965.0	10.1	2,737.3	4.4	8,072.8	10.5	10,810.1	7.7	5,989.0	4.51	6,799.1	6.2
Total Business Loans	2,698.8	2.8	5,650.8	9.8	8,349.5	5.4	13,145.7	9.5	21,495.2	7.3	55,779.4	12.8	77,274.6	10.6

Note: Loans under $1 million are assumed to represent small business lending.

Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from special tabulations of the June 1995 call reports (Consolidated Reports of Condition and Income for U.S. Banks) prepared by James Kolari, Texas A&M University, College Station, Texas.

Table B.12 *Share of Loans by Loan Type and Size and Asset Size of Bank, June 30, 1995 (Percent)*

	Loan Sizes									
	Under $100,000		$100,000–$250,000		$250,000–$1 Million		Under $1 Million		Over $1 Million (Dollar Amount)	Total, (Dollar Amount)
Bank's Asset Size (Millions of Dollars)	Number	Dollar Amount	Number	Dollar Amount	Number	Dollar Amount	Number	Dollar Amount		
Commercial and Industrial Loans										
0-$100	21.7	27.7	12.1	12.6	7.4	7.1	20.4	16.5	0.3	5.5
$100-$300	17.2	22.1	17.9	18.5	15.0	14.8	17.1	18.5	1.4	6.9
$300-$500	5.3	6.5	7.3	7.5	6.7	6.7	5.5	6.8	1.2	3.0
$500-$3,000	24.2	14.4	20.7	19.0	20.8	20.2	23.8	17.6	10.1	12.5
Over $3,000	31.6	29.3	41.9	42.4	50.1	51.1	33.2	40.6	86.9	72.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Nonfarm, Nonresidential Real Estate Loans										
0-$100	34.1	34.2	14.6	14.7	11.4	10.1	25.9	16.4	1.0	9.0
$100-$300	26.6	27.7	22.3	22.0	20.8	20.1	24.7	22.2	5.8	14.3
$300-$500	6.6	6.6	8.4	8.4	8.1	8.3	7.3	8.0	3.8	6.0
$500-$3,000	12.5	12.3	19.4	19.6	20.2	20.9	15.3	18.7	18.0	18.4
Over $3,000	20.2	19.3	35.3	35.2	39.5	40.7	26.9	34.8	71.5	52.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total Business Loans										
0-$100	23.6	29.9	13.2	13.7	9.4	8.8	21.5	16.5	0.5	6.7
$100-$300	18.6	24.0	19.9	20.3	17.8	17.7	18.7	20.2	2.7	9.6
$300-$500	5.5	6.5	7.8	8.0	7.4	7.6	5.9	7.3	2.0	4.1
$500-$3,000	22.4	13.7	20.1	19.3	20.5	20.6	22.0	18.1	12.3	14.6
Over $3,000	29.9	26.0	38.9	38.8	44.9	45.3	31.9	37.8	82.6	65.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Note: Loans under $1 million are assumed to represent small business lending.

Source: Adapted by the U.S. Small Business Administration, Office of Advocacy, from special tabulations of the June 1995 call reports (Consolidated Reports of Condition and Income for U.S. Banks) prepared by James Kolari, Texas A&M University, College Station, Texas.

Table B.13 *Business Loans Outstanding from Finance Companies, December 31, 1980–September 30, 1995*

	Total Receivables Outstandins		Annual Change in Chaiin-Type[1] Price Index for GDP (Percent)
	Billions of Dollars	Change (Percent)	
September 30, 1995	362.4	7.4[2]	2.1
December 31, 1994	331.6	14.6	2.5
December 31, 1993	294.6	-2.3	2.3
December 31, 1992	301.3	1.9	2.5
December 31, 1991	295.8	0.9	2.6
December 31, 1990	293.6	14.6	3.4
December 31, 1989	256.0	9.1	4.6
December 31, 1988	234.6	13.9	3.9
December 31, 1987	206.0	19.7	4.0
December 31, 1986	172.1	9.3	3.2
December 31, 1985	157.5	14.3	2.5
December 31, 1984	137.8	21.9	3.5
December 31, 1983	113.4	12.9	3.8
December 31, 1982	100.4	0	5.3
December 31, 1981	100.3	11.1	8.5
December 31, 1980	90.3		

[1]Changes from the fourth quarter of the year before.
[2]Annualized rate of change.
Source: Board of Governors of the Federal Reserve System, *Federal Reserve Bulletin,* Table 1.52, various issues; U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business,* various issues.

Table B.14 *Common Stock Initial Public Offerings by All and Small Issuers, 1988–1995 (Millions of Dollars)**

	Common Stock	
	Number	Amount
Offerings by All Issuers		
1995	579	29,671
1994	608	28,446
1993	709	41,721
1992	517	24,139
1991	367	16,411
1990	172	4,519
1989	209	6,082
1988	228	5,940
Offerings by Issuers with Assets of $10 Million or Less		
1995	189	3,147
1994	201	2,079
1993	203	2,798
1992	171	2,241
1991	109	1,227
1990	65	412
1989	89	584
1988	83	656
Offerings by Nonfinancial Issuers with Assets of $10 Million or Less		
1995	182	3,099
1994	189	1,974
1993	189	2,043
1992	164	1,919
1991	103	1,182
1990	58	354
1989	84	562
1988	71	366

*Excludes closed-end funds. Registered offerings data from the Securities and Exchange Commission are no longer available. Data provided by Securities Data Company are not as inclusive as those registered with the SEC.

Source: Special tabulations prepared for the U.S. Small Business Administration, Office of Advocacy, by Securities Data Company, Inc., 1996.

Table B.15 *New Commitments, Disbursements, and Total Capital Pool of the Venture Capital Industry, 1982–1995*

Year	New Commitments to Venture Capital Firms (Billions of Dollars)	Disbursements to Funded Companies (Billions of Dollars)	Number of Funded Companies	Total Investment Capital Pool At End of Year* (Billions of Dollars)
1995	4.4	NA	NA	NA
1994	3.8	2.7	1,011	34.1
1993	2.5	3.1	969	34.8
1992	2.5	2.5	1,207	31.1
1991	1.3	1.4	792	32.9
1990	1.8	2.3	1,176	36.0
1989	2.4	3.4	1,465	34.4
1988	2.9	3.8	1,530	31.1
1987	4.1	4.0	1,740	29.0
1986	3.3	3.2	1,512	24.1
1985	3.3	2.7	1,388	19.6
1984	4.2	2.7	1,410	16.3
1983	4.5	2.5	1,236	12.1
1982	1.7	1.4	828	6.7

NA—not available

*The capital pool at year end should equal the total pool at the end of the previous year plus new commitments, minus the amount of net withdrawal (or liquidation) from the funds. For 1983, an additional $600 million was identified which had not been included in the prior estimate.

Source: Capital Publishing Corporation, *Venture Capital Journal* (various issues).

Table B.16 *Sources of Capital Committed to Independent Venture Funds, 1983–1995 (Percent)*

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Total (Billions of Dollars)	**3.4**	**3.2**	**2.3**	**3.3**	**4.2**	**2.8**	**2.4**	**1.8**	**1.3**	**2.5**	**2.5**	**3.8**	**4.4**
Share Contributed by:													
Pension Funds	31	34	33	50	39	46	36	53	42	42	59	46	38
Foreign Sources/ Others	16	18	23	11	13	14	13	7	12	11	4	2	3
Corporations	12	14	12	11	11	11	20	7	4	3	8	9	2
Endowments	8	6	8	6	10	12	12	13	24	19	11	21	22
Individuals	21	15	13	12	12	8	6	11	12	11	7	12	17
Banks/Insurance Companies	12	13	11	10	15	9	13	9	6	15	11	9	18
Total	100	100	100	100	100	100	100	100	100	100	100	100	100

Note: Data may not add to 100 percent because of rounding.
Source: Capital Publishing Corporation, *Venture Capital Journal* (various issues).

Table B.17 *Disbursements to Small Business by Small Business Investment Companies (SBICs) and 301(d) SBICs, 1980–1995 (Millions of Dollars)*

	Total		SBICs		301(d)*	
Year	Number	Amount	Number	Amount	Number	Amount
1995	2,173	1,184.4	1,045	1,036.1	1,128	148.3
1994	2,375	1,120.6	1,070	965.2	1,305	155.4
1993	2,302	923.6	986	784.9	1,316	138.7
1992	1,633	484.2	767	395.7	866	88.5
1991	2,044	460.1	1,036	364.2	1,008	95.9
1990	2,367	645.2	1,334	545.9	1,033	99.3
1989	3,322	690.0	1,876	542.4	1,446	147.6
1988	3,724	750.9	2,227	614.4	1,497	136.5
1987	4,128	680.5	2,522	537.9	1,606	142.6
1986	4,333	620.8	2,675	75.9	1,658	144.9
1985	4,205	542.3	2,756	434.6	1,449	107.7
1984	3,990	513.9	2,755	425.5	1,235	88.0
1983	3,247	468.8	2,464	412.9	783	55.9
1982	2,941	369.9	2,177	322.9	764	47.0
1981	3,176	387.1	2,434	332.7	742	54.4
1980	2,637	337.4	2,090	295.2	547	42.2

*301(d) companies are minority or economically disadvantaged small business investment companies.

Source: U.S. Small Business Administration, Investment Division.

Appendix C

Procurement

Synopsis

The passage of the Federal Acquisition Streamlining Act of 1994 has given small firms a significant boost in the federal procurement markets. Fiscal years 1994 and 1995 were banner years for small government contractors. In FY 1995, small businesses won $66.7 billion in federal contract awards, including $42.9 billion in direct contract awards from the federal government and an additional $23.8 billion awarded to small businesses as subcontractors to prime contractors working directly for the federal government.

The $66.7 billion total represents 33 percent of the $202.3 billion in contract actions awarded by the federal government in FY 1995, and is an increase from the previous year's 31.4 percent small business share valued at $61.7 billion. In FY 1993 and FY 1992, the small firm shares were 29.9 percent and 30.8 percent, respectively.

Small minority- and women-owned businesses experienced significant gains of $1.5 billion (a 16.1 percent increase) and $508.7 million (a 22.0 percent gain) in contract dollars, respectively, over FY 1994, outperforming small businesses overall and the economy in general. These segments of the small business population have not experienced a decline in their shares of federal contracting awards for several years, even when overall federal contracting levels declined and the total small business share of such awards was declining.

Introduction

In fiscal year 1995, the federal government awarded $202.3 billion in contract actions for the purchase of goods and services, an amount equal to approximately 2.8 percent of the 1995 gross domestic product ($7.3 trillion) of the United States. This amount includes contracting for the purchase of goods and services such as research and development, educational and training courses, paint, tools, toiletries, military weapons, housing, and hardware. Costs associated with payment for these goods and services support federal civilian and military personnel around the world.

The government awarded small businesses $42.9 billion in direct contract actions—21.2 percent of the total $202.3 billion in contract actions, including $31.8 billion in actions of more than $25,000 and $11.1 billion in actions of less than $25,000 (Table C.1 and Chart C.1).[1] Adding the dollar value of small business subcontracts increases the dollar value by an additional $23.8 billion, to a total of $66.7 billion. On this basis, the small business share of total federal procurement in FY 1995 was 33 percent.[2]

Size of Federal Contract Actions

The federal contracting process involves a relatively small number of very substantial purchases and a large number of smaller awards. Nearly 90 percent ($180.9 billion) of the FY 1995 federal procurement dollars were awarded in contract actions of $25,000 or more. These large transactions, however, accounted for only 2 percent of the contract actions executed during the period. Conversely, 98 percent of the total number of contract actions (valued at $21.4 billion) were issued in individual awards of less than $25,000.[3]

Small businesses are three times more successful in competing for smaller awards than they are in competing for larger contracts. They were awarded more than one-half (51.9 percent) of total federal dollars in contract actions of less than $25,000, but just 17.6 percent of the larger awards in excess of $25,000.[4] The financial returns are, of course, much greater for the small businesses that win larger awards: nearly three-fourths of the total dollar value garnered by small businesses in FY 1995 was in contract actions of $25,000 or more. The Federal Acquisition Streamlining Act of 1994 (FASA), signed into law on October 13, 1994, simplified and improved the federal contracting process for small businesses. Prior to enactment of FASA, only procurements of less than $25,000 were routinely set aside for small businesses. Government procurement personnel may now follow a simplified small business acquisition process for purchases between $2,500 and $100,000 as long as there is a reasonable expectation of bids being received

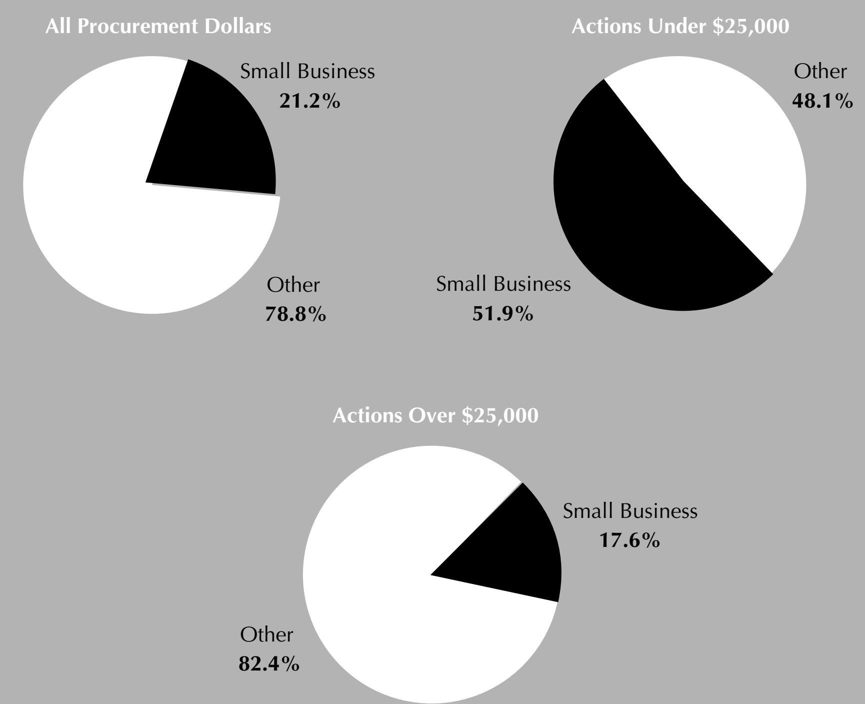
[1] For the purpose of participating in the U. S. Small Business Administration's procurement programs, a business bidding on a government contract is generally regarded as small if it has fewer than 500 employees. For detailed definitions, see SBA's small business size regulations at 13 CFR 121.9, published January 1, 1996.

[2] Data on subcontracting awards are based on federal agency reports required by Public Law 95-507, Section 221(h). Reports and data from the SBA's Office of Procurement Assistance (OPA) published at the end of this report and titled "The Annual Report on Federal Procurement Preference Goals," are also based on federal agency reports provided directly to OPA as required by Public Law 95-507.

[3] The Federal Procurement Data System (FPDS) has been publishing data on contract awards since FY 1979. From FY 1979 to FY 1983, the FPDS published detailed data on all contract awards over $10,000. Starting in FY 1983, the Department of Defense (DOD) increased its reporting threshold from $10,000 to $25,000; for civilian agencies, a similar change began in FY 1986. For FY 1994, the threshold was raised to $100,000 for civilian agencies and the DOD. Unless otherwise stated, the discussions of federal procurement in this and subsequent sections of this report reflect individual awards of $25,000 or more.

[4] Of course, more than 60 percent of the dollar value of awards under $25,000 is subject to a small business preference program, such as a small business set-aside, a combined labor-surplus area small business set-aside, or an award issued under Section 8(a) of the Small Business Act.

Chart C.1 *Federal Contract Dollars by Size of Contract Action, FY 1995*



Source: Federal Procurement Data System, *The FPDS Federal Procurement Report,* January 29, 1996.

from two or more responsible small businesses whose bids are competitive and commensurate with market expectations.

Based on a sample afforded by two years of experience under FASA, it is apparent that the new provisions have benefited small business contractors. The small business share of prime contract awards has begun to climb after remaining in the 14–16 percent range for 15 years (Table C.2). The 16.3 percent and 17.6 percent small business shares in FY 1994 and FY 1995, respectively, represent record levels of procurement from small firms.

Sources of Small Business Awards by Agency/Department

Nearly 61 percent ($19.3 billion) of the total $31.8 billion in prime contract dollars awarded to small businesses in FY 1995 resulted from Department of

Defense (DOD) awards (Table C.3). The next largest source of federal contracting awards to small businesses was the General Services Administration, which accounted for 5.8 percent ($1.8 billion) of the total dollars awarded to small businesses in FY 1995, followed by the Department of Transportation with 4.8 percent ($1.5 billion), and the Department of Agriculture with 3.4 percent ($1.1 billion).

Small Business Share of Purchasing Agency Awards

The small business share of agency procurement budgets is one measure of small businesses' ability to win contracts from the principal procurement centers of the federal government. For example, although the Department of Defense accounted for 60.7 percent ($19.3 billion) of all contract dollars over $25,000 awarded to small businesses in FY 1995 (Table C.3), this amounted to only 16.3 percent of DOD's total (Table C.5).

As measured by their share of agency budgets, small businesses were most successful in winning awards from the Smithsonian Institution, garnering 65.8 percent of the agency's total award dollars, followed by the Nuclear Regulatory Commission (57.0 percent), the Securities and Exchange Commission (54.4 percent), the Department of the Interior (47.5 percent) and the United States Information Agency (46.1 percent) (Table C.5). Small businesses won less than 45 percent of prime contract award dollars in all other federal agencies in FY 1995.

Product/Service Categories

The federal contracting markets encompass four major categories of goods and services: services, supplies and equipment, research and development, and construction (Table C.6). The volume of award dollars in each of the four major procurement categories shifted slightly as a percentage of total awards from FY 1994 to FY 1995.

The services category, which includes activities as diverse as architectural and engineering services, data processing, telecommunications, natural and conservation services, administrative and management support services, increased modestly from 39.2 percent in FY 1994 to 39.5 percent in FY 1995. Expenditures for supplies and equipment, the second largest category, decreased slightly, from 36.0 percent to 35.7 percent. Research and development also lost ground slightly, accounting for 15.7 percent of awards in FY 1995, compared with 15.8 percent in FY 1994. Awards for construction grew from 9.0 percent of all awards in FY 1994 to 9.1 percent in FY 1995.

Small businesses experienced an increase in their respective shares in all major categories from FY 1994 to FY 1995. In construction, the small business share jumped from 45.0 percent to 47.7 percent (Table C.7). Small firms increased their shares of service contract awards from 16.2 to 17.8 percent, supplies and equipment from 13.6 to 15.0 percent, and research and development from 10.2 to 11.2 percent.

Small Business Innovation Research

FY 1995 was the thirteenth year of the Small Business Innovation Research (SBIR) program. Eleven government agencies with extramural R&D obligations over $100 million participate by setting aside a small percentage of their external R&D budgets for the program.[5] The percentage was 1.25 percent in FY 1992, 1.5 percent in FY 1993 and FY 1994, and 2.0 percent in FY 1995 and FY 1996. The small business percentage increases to 2.5 percent beginning in FY 1997.

The SBIR program has three phases. Phase I is a limited effort, usually for six months, to determine the scientific and technical merit and feasibility of an idea. This phase has been restricted by the new legislation to ideas "that appear to have commercial potential." The amount that can be awarded in Phase I has been raised from $50,000 to $100,000.[6]

Only those small businesses that win Phase I are eligible to apply for Phase II, the detailed research and development phase that lasts about two years and often ends with the development of a prototype product or process. Commercial potential also receives increased emphasis in Phase II. The amount that can be awarded in Phase II has been raised from $500,000 to $750,000.

Small businesses conduct Phase III with non-SBIR funds to pursue commercial applications of the R&D funded in Phases I and II. Phase III is the keystone of the program and involves private sector investment and support for introducing the innovation into the marketplace. Phase III may involve non-SBIR R&D or production contracts with a federal agency for products or processes intended for use by the federal government.

In the first 13 years of the program, more than $5.5 billion has been awarded to small businesses in 37,393 projects (Table C.8). The program has been very competitive: on average, eight proposals have been received for every Phase I award.

Agencies using SBIR contracts include the Departments of Commerce, Defense, Education, and Transportation, the Environmental Protection Agency, the National Aeronautics and Space Administration, the Nuclear Regulatory Commission and, initially, the Department of the Interior. SBIR awards are made in the form of grants at the Departments of Agriculture, Energy, and Health and Human Services, and the National Science Foundation, and thus are not included in any R&D data in other tables in this appendix.

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[5] The Small Business Innovation Research program began as a government-wide program in FY 1983. The most recent extension of the program was authorized in the Small Business Innovation Research Program Reauthorization Act of 1992. This act expanded the size of the program and reauthorized it for an additional seven years, through FY 2000.

[6] The maximum amount that can be awarded may vary by agency.

Procurement from Minority- and Women-Owned Businesses

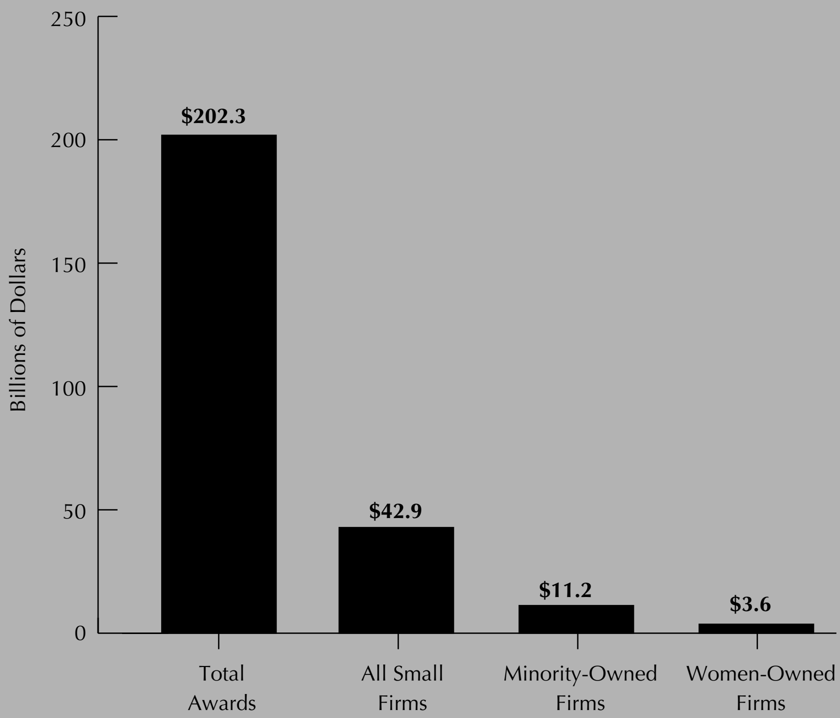
Relative to their representation in the business population, small women- and minority-owned businesses still account for a small percentage of total federal award dollars (Chart C.2). The gap is greatest for women-owned businesses, which constitute approximately one-third of the total nonagricultural business population of the United States. Small women-owned businesses obtained only 1.8 percent of the FY 1995 federal contract dollars (Table C.9). Minority-owned businesses make up 9 percent of the business population of the United States; however, small minority-owned businesses won just 5.5 percent of the award dollars.[7]

Ninety-four percent of the FY 1995 dollar awards to small minority-owned businesses were in contract actions over $25,000; small women-owned firms received 78 percent of the value of their contract actions in this category. Conversely, 22 percent of award dollars to small women-owned businesses were in smaller awards of less than $25,000, compared with only 6 percent of minority-owned contractors' awards.

Federal contract data indicate that, despite their underrepresentation in federal contracting markets, small women- and minority-owned businesses have been particularly successful in increasing their contract dollars over the years, especially in comparison with the small business sector overall (Table C.10). Since FY 1980, small women- and minority-owned businesses each have seen only one year of decline in the value of contract action dollars. In contrast, the value of contract dollars to the small business sector overall has declined in six of the 16 years. Dollar awards to small women- and minority-owned businesses grew consistently, even during the period of declining federal award levels (FY 1986-FY 1989). The last decrease in federal contract awards to small women-owned businesses occurred in FY 1982; to small minority-owned businesses, in FY 1985.

[7] For additional information, see Harry J. Chmelynski and Jonathan Skolnik, *The Pattern of Federal Procurement From Minority and Women-Owned Small Business,* report no. PB93-182582, prepared by Jack Faucett Associates for the U.S. Small Business Administration, Office of Advocacy, Washington, D. C. (Springfield, Va.: National Technical Information Service, 1993). The Faucett study indicates that women-owned firms, after adjustments were made for comparable procurement/industry characteristics, competed for and won contracts over a five-year period with a value that exceeded the annual rate of growth in federal contracting overall and in the gross domestic product. The latest Bureau of the Census data available indicate that there were 5.9 million women-owned businesses in 1992 and 1.2 million minority-owned businesses in the United States in 1987. Also see U.S. Department of Commerce, Bureau of the Census, *1987 Survey of Minority-Owned Business Enterprises, Summary* (Washington, D. C.: U. S. Government Printing Office, August 1991) and idem; *Women-Owned Business,* 1992, (Washington, D. C.: U.S. Government Printing Office, August 1990).

Chart C.2 *Federal Contract Actions to Small, Minority-Owned, and Women-Owned Businesses, FY 1995*



Source: Federal Procurement Data System, *The FPDS Federal Procurement Report,* January 29, 1996.

Procurement Reform

Two recent laws, the Federal Acquisition Streamlining Act of 1994 and the Federal Acquisition Reform Act (FARA) as included in the National Defense Authorization Act of 1996, have had, and will continue to have, a compelling and unprecedented impact on the federal procurement process. The new laws put in place many of the recommendations made in the Vice President's National Performance Review, simplifying and streamlining the procurement process and saving taxpayer money.

FASA repealed or substantially modified more than 225 provisions of law to reduce paperwork burdens, facilitate the acquisition of commercial products, enhance the use of simplified procedures for small purchases, transform the acquisition process to electronic commerce, and improve the efficiency of the laws governing the procurement of goods and services.

On February 10, 1996, President Clinton signed into law the Federal Acquisition Reform Act. It further streamlines the procurement process, implementing commercial practices and making it easier for agencies to buy goods and services.

Increased Threshold for Small Business Set-Asides

It is estimated that more than 95 percent of all federal contract actions are for amounts under $100,000. The new simplified and streamlined acquisition procedures exempt contracting agencies and contractors from numerous requirements for such purchases and contracts.

Until passage of FASA, the "small purchase threshold" was $25,000. The new simplified acquisition threshold for small businesses is $100,000. This higher threshold expands streamlined processes, making it easier for contractors to do business with the government as well as making it simpler and more efficient for agencies to solicit and process procurements.

The reform legislation requires that all federal purchases between $2,500 and $100,000 be reserved for small businesses, unless the contracting officer is unable to obtain offers from two or more small businesses that are competitive with price, quality, and delivery dates.

Also under FASA, all federal purchases of $2,500 or less are now considered "micro-purchases," no longer set aside for small businesses. For such micro-purchases, the government agency will rely on the judgment of its contracting officers to make off-the-shelf purchases, just like any consumer. This is a significant change in that small businesses will no longer have exclusive access to this small-purchase market; however, the extreme simplicity associated with such small government buys may make micro-purchases attractive for small businesses to target and aggressively pursue.

The Federal Acquisition Computer Network

FASA also established the Federal Acquisition Computer Network (FACNET), which will require the government to change its acquisition process from one driven by paperwork to an expedited process based on electronic data interchange.

The FACNET system is intended to provide a single face to industry and a common governmentwide electronic procurement process. A fully implemented electronic commerce system should greatly simplify purchasing procedures, promote greater customer service and increase cost-effectiveness. The FACNET system will open many new markets to competitive small businesses, even if those businesses are located in remote or rural areas. For example, under the new system, a small engineering business in Nashua, New Hampshire, can learn about and bid on a small Pentagon-based defense contract as quickly and easily as a business in Arlington, Virginia, without sending a single piece of paper through the mail.

Acquisition of Commercial Items

FASA and FARA establish a statutory preference for commercial items. The laws expand the scope of products and services that qualify for treatment as commercial items and strongly encourage agencies to buy commercially recognized end-items and components. The new government emphasis on acquiring items from commercial sources to the maximum extent practicable gives small businesses opportunities to satisfy federal needs with "off-the-shelf" products and services. The government, like any consumer, can now purchase materials by shopping around for the best price from the best source and purchasing only as many as it needs — so a $10 hammer will cost $10.

New Opportunities for Women-Owned Businesses

FASA establishes a new 5 percent governmentwide procurement goal for women-owned businesses. Women-owned businesses are specifically incorporated into the procurement preference goaling process established by statute for all government agencies. Each federal agency is required to establish a goal for participation of small business concerns owned and controlled by women at not less than 5 percent of the total value of the agency's prime and subcontract awards for the fiscal year.

Although the new legislation makes it very clear that government agencies are expected to expand procurement opportunities for women, it does not require that contracts be set aside exclusively for women. Agencies will, however, have a mandate to look for qualified women-owned businesses when filling contractual needs. Business ventures owned by women should capitalize on this opportunity and aggressively market their products and services to the federal government.

Modified Source Selection Requirements

FARA, although retaining the Competition in Contracting Act requirement for full and open competition, provides contracting officers more latitude in implementing competition requirements. Contracting officers can use their discretion in deciding how most efficiently to fulfill the government's procurement requirements. As a result, contracting officers have greater authority to limit competition and, in some circumstances, to use simplified procedures that do not require full and open competition.

Conclusion

Fiscal years 1994 and 1995 were banner years for small government contractors. In FY 1995, small firms won $66.7 billion in federal contracts or 33 percent of the total contracts awarded, up from $61.7 billion or 31.4 percent of the total awarded in 1994. The 1994 total was an increase from the FY 1993 share of 29.9 percent. It appears that the Federal Acquisition Streamlining Act of 1994 is having a significant effect in federal procurement markets. The new government emphasis on acquiring "off-the-shelf" items from commercial sources is giving small businesses new opportunities to satisfy government needs. It will be up to small firms to make the new law work for them, and it appears that many small firms are taking that approach.

Appendix C Tables

Table C.1 *Total Federal Prime Contract Actions, FY 1995 (Thousands of Dollars)*

	Total	Small Business	Small Business Share (Percent)
Total	**202,301,613**	**42,929,278**	**21.2**
Actions Under $25,000	21,449,638	11,122,015	51.9
Actions Over $25,000*	180,851,975	31,807,263	17.6

*Actions over $25,000 are reported individually.

Source: Federal Procurement Data System, *Federal Procurement Report* (Washington, D.C.: U.S. Government Printing Office, January 29, 1996).

Table C.2 *Federal Contract Actions Over $25,000, FY 1979–FY 1995*

Fiscal Year	Thousands of Dollars: Total	Thousands of Dollars: Small Business	Small Business Share (Percent)
1995	180,851,975	31,807,263	17.6
1994	174,687,951	28,423,033	16.3
1993	178,336,979	27,947,441	15.7
1992	177,786,381	28,229,749	15.9
1991	189,602,220	28,847,358	15.2
1990	171,300,890	25,401,626	14.8
1989	168,694,981	23,716,171	14.1
1988	174,097,585	25,671,318	14.7
1987	181,538,592	27,927,719	15.4
1986	183,650,227	28,780,092	15.7
1985	187,985,466	26,702,695	14.2
1984	167,933,486	25,506,023	15.2
1983	155,588,106	22,080,024	14.2
1982	152,397,884	23,558,563	15.5
1981	128,864,744	20,068,789	15.6
1980	100,893,385	15,326,121	15.2
1979	88,293,438	14,012,838	15.9

Note: Starting in FY 1983, the dollar threshold for reporting detailed information on DOD procurement actions increased from $10,000 to $25,000. For civilian agencies, a similar change was made starting in FY 1986.

Source: Federal Procurement Data System, *Federal Procurement Report* (Washington, D.C.: U.S. Government Printing Office, February 7, 1995 and January 29, 1996); and idem, "Special Report S89522C" (prepared for the U.S. Small Business Administration, Office of Advocacy, June 12, 1989).

Table C.3 *Distribution of Small Business Share of Dollars in Contract Actions Over $25,000 by Procuring Agency Source, FY 1995*

	Small Business (Thousands of Dollars)	Small Business Distribution (Percent)
Total, All Agencies	**31,807,263**	**100.0**
Department of Defense	19,300,799	60.7
General Services Administration	1,842,670	5.8
Department of Transportation	1,536,321	4.8
Department of Agriculture	1,065,595	3.4
Department of Health & Human Services	1,043,057	3.3
National Aeronautics and Space Administration	1,031,819	3.2
Department of Veterans Affairs	950,658	3.0
Tennessee Valley Authority	941,405	3.0
Department of the Interior	715,254	2.2
Department of Justice	656,126	2.1
Department of the Treasury	517,373	1.6
Department of Energy	486,278	1.5
Department of Commerce	325,994	1.0
Agency for International Development	271,664	0.9
Department of State	260,345	0.8
Environmental Protection Agency	214,465	0.7
Department of Labor	170,928	0.5
Federal Emergency Management Agency	71,146	0.2
Department of Education	66,941	0.2
Social Security Administration	66,648	0.2
Smithsonian Institution	66,323	0.2
Nuclear Regulatory Commission	41,218	0.1
United States Information Agency	32,947	0.1
Office of Personnel Management	27,683	*
Department of Housing & Urban Development	26,710	*
Securities and Exchange Commission	12,829	*
National Science Foundation	9,592	*
Federal Energy Regulatory Commission	8,665	*
National Archives and Records Administration	5,020	*
Executive Office of the President	4,864	*
National Labor Relations Board	4,104	*
Small Business Administration	3,738	*
Railroad Retirement Board	3,235	*
Corporation for National and Community Service	3,186	*
Federal Trade Commission	3,126	*
Peace Corps	2,416	*
U.S. Trade & Development Agency	2,191	*
National Gallery of Art	1,826	*
U.S. Soldiers & Airmen's Home	1,734	*
National Mediation Board	1,615	*
Equal Employment Opportunity Commission	1,580	*
Federal Communications Commission	1,511	*
Commodity Futures Trading Commission	1,506	*
U.S. Arms Control & Disarmament Agency	1,221	*
Interstate Commerce Commission	780	*
Consumer Product Safety Commission	588	*
National Foundation on the Arts	485	*
International Trade Commission	451	*
Federal Election Commission	288	*
Pennsylvania Avenue Development Corporation	206	*
National Foundation on the Humanities	77	*
Selective Service System	35	*
Federal Maritime Commission	27	*

*Less than 0.05 percent.

Source: Federal Procurement Data System, *Federal Procurement Report* (Washington, D.C.: U.S. Government Printing Office, January 29, 1996).

Table C.4 *Procurement Dollars in Contract Actions Over $25,000 by Major Agency Source, FY 1979–FY 1995*

Fiscal Year	Total (Billions of Dollars)	Percent of Total			
		DOD	DOE	NASA	Other
1995	180.9	65.5	9.3	6.5	18.7
1994	174.7	67.4	10.2	6.5	15.9
1993	178.3	68.1	10.3	6.6	15.0
1992	177.8	67.7	10.4	6.8	15.1
1991	189.6	71.1	9.7	6.2	13.0
1990	171.3	74.9	9.3	6.7	9.1
1989	168.7	75.1	10.4	5.8	8.7
1988	174.1	77.5	8.3	4.8	9.4
1987	181.5	78.6	7.7	4.2	9.5
1986	183.7	79.6	7.3	4.0	9.1
1985	188.0	80.1	7.7	4.0	8.2
1984	167.9	79.3	7.8	3.9	9.0
1983	155.6	79.2	8.3	4.0	8.5
1982	152.4	80.0	9.1	3.5	7.4
1981	128.9	75.4	9.1	3.7	11.8
1980	100.9	75.7	8.4	4.3	11.6
1979	88.3	72.7	10.4	4.2	12.7

Note: Starting in FY 1983, the dollar threshold for reporting detailed information on DOD procurement actions increased from $10,000 to $25,000. For civilian agencies, a similar change was made starting in FY 1986.

Source: Federal Procurement Data System, *Federal Procurement Report* (Washington, D.C.: U.S. Government Printing Office, February 7, 1995 and January 29, 1996); and idem, "Special Report 87458A" (prepared for the U.S. Small Business Administration, Office of Advocacy, May 19, 1988).

Table C.5 *Small Business Share of Dollars in Contract Actions Over $25,000 by Major Procuring Agency, Fiscal Years 1994 and 1995*

	FY 1995 (Thousands of Dollars)		Small Business Share (Percent)	
	Total	Small Business	1994	1995
Total, All Agencies [1]	**180,851,975**	**31,807,263**	**16.3**	**17.6**
Department of Agriculture	2,472,968	1,065,595	40.8	43.1
Department of Commerce	805,303	325,994	35.1	40.5
Department of Defense	118,430,244	19,300,799	15.8	16.3
Department of Education	387,752	66,941	16.0	17.3
Department of Energy	16,882,560	486,278	2.8	2.9
Department of Health and Human Services	2,951,778	1,043,057	21.2	35.3
Department of Housing and Urban Development	213,185	26,710	15.5	12.5
Department of the Interior	1,506,552	715,254	45.6	47.5
Department of Justice	1,863,581	656,126	26.1	35.2
Department of Labor	800,718	170,928	24.1	21.3
Department of State	740,334	260,345	35.5	35.2
Department of Transportation	3,559,964	1,536,321	38.6	43.2
Department of the Treasury	1,884,154	517,373	30.3	27.5
Department of Veterans Affairs	2,605,312	950,658	25.5	36.5
Environmental Protection Agency	927,060	214,465	23.9	23.1
Equal Employment Opportunity Commission	30,925	1,580	2.7	5.1

Federal Emergency Management Agency	251,180	71,146	42.5	28.3
Federal Energy Regulatory Commission	26,242	8,665	22.1	33.0
General Services Administration	5,362,074	1,842,670	30.5	34.4
National Aeronautics and Space Administration	11,740,715	1,031,819	8.7	8.8
National Archives and Records Administration	17,889	5,020	49.3	28.1
National Science Foundation	172,288	9,592	10.0	5.6
Nuclear Regulatory Commission	72,276	41,218	53.6	57.0
Office of Personnel Management	65,561	27,683	47.3	42.2
Securities and Exchange Commission	23,585	12,829	47.9	54.4
Smithsonian Institution	100,838	66,323	64.8	65.8
Social Security Administration	204,530	66,648	[2]	32.6
Tennessee Valley Authority[2]	5,293,855	941,405	14.0	17.8
U.S. Information Agency	71,603	32,947	27.0	46.1
U.S. International Development Cooperation Agency	1,300,448	271,664	13.8	20.9

NA = Not available.

[1] A total of 64 agencies are represented in the total dollars for FY 1995; the 29 organizations listed are those agencies that awarded at least $15 million in individual contract actions over $25,000 in FY 1995.

[2] The Federal Procurement Data System did not publish data separately for the Social Security Administration prior to FY 1995.

Source: Federal Procurement Data System, *Federal Procurement Report* (Washington, D.C.: U.S. Government Printing Office, February 7, 1995 and January 29, 1996).

Table C.6 *Distribution of Prime Contract Actions Over $25,000 by Major Product or Service Category, FY 1994 and FY 1995 (Percent)*

Product/Service Category	FY 1994	FY 1995
Total	**100.0**	**100.0**
Research and Development	15.8	15.7
Construction	9.0	9.1
Services	39.2	39.5
Supplies and Equipment	36.0	35.7

Source: Federal Procurement Data System, *Federal Procurement Report* (Washington, D.C.: U.S. Government Printing Office, February 7, 1995 and January 29, 1996).

Table C.7 *Small Business Share of Dollars in Contract Actions Over $25,000 by Major Product or Service Category, FY 1994 and FY 1995*

	FY 1994		FY 1995	
Product/Service Category	Thousands of Dollars	Small Business Share (Percent)	Thousands of Dollars	Small Business Share (Percent)
Research and Development				
Total	27,199,193		27,794,302	
Small Business	2,777,191	10.2	3,115,031	11.2
Construction				
Total	14,547,164		14,780,000	
Small Business	6,544,348	45.0	7,053,464	47.7
Services				
Total	64,805,252		67,621,190	
Small Business	10,547,834	16.2	12,023,639	17.8
Supplies and Equipment				
Total	59,122,224		59,858,589	
Small Business	8,057,564	13.6	8,972,398	15.0

Source: Federal Procurement Data System, *Federal Procurement Report* (Washington, D.C.: U.S. Government Printing Office, February 7, 1995 and January 29, 1996).

Table C.8 *Small Business Innovation Research Program, FY 1983–FY 1994*

	Phase I		Phase II		Total
Fiscal Year	Number of Proposals	Number of Awards	Number of Proposals	Number of Awards	Awards in Thousands of Dollars
Total	**218,165**	**27,909**	**22,324**	**9,484**	**5,553.7**
1995	20,185	3,085	2,856	1,263	864.5
1994	25,588	3,102	2,244	928	717.6
1993	23,640	2,898	2,532	1,141	698.0
1992	19,579	2,559	2,311	916	508.4
1991	20,920	2,553	1,734	788	483.1
1990	20,957	2,346	2,019	837	460.7
1989	17,233	2,137	1,776	749	431.9
1988	17,039	2,013	1,899	711	389.1
1987	14,723	2,189	2,390	768	350.5
1986	12,449	1,945	1,112	564	297.9
1985	9,086	1,397	765	407	199.1
1984	7,955	999	559	338	108.4
1983	8,814	686	127	74	44.5

Note: Phase I evaluates the scientific and technical merit and feasibility of an idea. Phase II expands on the results and further pursues the development of Phase I. Phase III commercializes the results of Phase II and requires the use of private or non-SBIR federal funding. The Phase II proposals and awards in FY 1983 were pursuant to predecessor programs that qualified as SBIR funding.

Source: U.S. Small Business Administration, Office of Innovation, Research and Technology (annual reports for FY 1983–FY 1994).

Table C.9 *Total Federal Contract Actions to Small, Women-Owned, and Minority-Owned Businesses, FY 1995 (Thousands of Dollars)*

	Total	Actions Over $25,000	Actions of $25,000 Or Less
Total	**202,301,613**	**180,851,975**	**21,449,638**
Small Business	42,929,278	31,807,263	11,122,015
Percent of Total	21.2	17.6	51.9
Women-Owned Business	3,621,427	2,820,248	801,179
Percent of Total	1.8	1.6	3.7
Minority-Owned Business	11,209,525	10,519,469	690,056
Percent of Total	5.5	5.8	3.2

Source: Federal Procurement Data System, *Federal Procurement Report* (Washington, D.C.: U.S. Government Printing Office, January 29, 1996).

Table C.10 *Annual Change in the Dollar Volume of Contract Actions Over $25,000 Awarded to Small, Women-Owned, and Minority-Owned Businesses, FY 1980–FY 1995 (Thousands of Dollars)*

	Total, All Business			Small Business			Women-Owned Business			Minority-Owned Business		
	Total (Thousands of Dollars)	Change From Prior Year: Thousands of Dollars	Change From Prior Year: Percent	Total (Thousands of Dollars)	Change From Prior Year: Thousands of Dollars	Change From Prior Year: Percent	Total (Thousands of Dollars)	Change From Prior Year: Thousands of Dollars	Change From Prior Year: Percent	Total (Thousands of Dollars)	Change From Prior Year: Thousands of Dollars	Change From Prior Year: Percent
1995	180,851,975	6,164,024	3.6	31,807,263	3,384,230	11.9	2,820,248	508,700	22.0	10,519,469	1,459,981	16.1
1994	174,687,951	−3,649,028	−2.0	28,423,033	475,592	1.7	2,311,548	262,828	12.8	9,059,488	255,468	2.9
1993	178,336,979	550,598	0.3	27,947,441	−282,302	−1.0	2,048,720	56,155	2.8	8,804,020	1,007,913	12.9
1992	177,786,381	−11,815,839	−6.2	28,229,749	−617,609	−2.1	1,992,565	227,399	12.9	7,796,107	1,309,818	20.2
1991	189,602,220	18,301,330	10.7	28,847,358	3,445,732	11.9	1,765,166	287,272	19.4	6,486,289	796,229	14.0
1990	171,300,890	2,605,909	1.5	25,401,626	1,685,455	7.1	1,477,894	74,955	5.3	5,690,060	356,172	6.7
1989	168,694,981	−5,402,604	−3.1	23,716,171	−1,955,147	−7.6	1,402,939	75,215	5.7	5,333,888	141,382	2.7
1988	174,097,585	−7,441,007	−4.1	25,671,318	−2,256,401	−8.1	1,327,724	74,839	6.0	5,192,506	343,381	7.1
1987	181,538,592	−2,111,635	−1.1	27,927,719	-852,373	−3.0	1,252,885	56,034	4.7	4,849,125	563,200	13.1
1986	183,650,227	−4,335,239	−2.3	28,780,092	2,077,397	7.8	1,196,851	102,643	9.4	4,285,925	401,286	10.3
1985	187,985,466	20,051,980	11.9	26,702,695	1,196,672	4.7	1,094,208	238,077	27.8	3,884,639	−119,500	-3.0
1984	167,933,486	12,345,380	7.9	25,506,023	3,425,999	15.5	856,131	244,755	40.0	4,004,139	817,048	25.6
1983	155,588,106	3,190,222	2.1	22,080,024	−1,478,539	−6.3	611,376	60,775	11.0	3,187,091	328,180	11.5
1982	152,397,884	23,533,140	18.3	23,558,563	3,489,774	17.4	550,601	−534,772	−49.3	2,858,911	223,903	8.5
1981	128,864,744	27,971,359	27.7	20,068,789	4,742,668	30.9	1,085,373	297,844	37.8	2,635,008	813,087	44.6
1980	100,893,385	—	—	15,326,121	—	—	787,529	—	—	1,821,921	—	—

Source: Federal Procurement Data System, "Special Report S89522C" (prepared for the U.S. Small Business Administration, Office of Advocacy, June 12, 1989); and idem, *Federal Procurement Report* (Washington, D.C.: U.S. Government Printing Office, July 10, 1990, March 13, 1991, February 11, 1993, February 3, 1994, February 7, 1995 and January 29, 1996).

THE ANNUAL REPORT ON FEDERAL PROCUREMENT PREFERENCE GOALS

FISCAL YEARS 1994 AND 1995

THE OFFICE OF
GOVERNMENT CONTRACTING
U.S. SMALL BUSINESS
ADMINISTRATION

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The Annual Report on Federal Procurement Preference Goals

Introduction

The policy of the United States, as stated in the Small Business Act, is that small businesses and small businesses owned and controlled by socially and economically disadvantaged individuals are to have the maximum practicable opportunity to participate in the performance of contracts let by the federal government. To that end, Public Law 95-507 requires the head of each federal agency, after consultation with the SBA, to establish realistic goals for the award of contracts to small and small disadvantaged businesses.

It is important to note that goals differ from agency to agency. This is true, in part, because each agency has a different procurement mix based on its specific agency mission. For example, while few small businesses produce the aircraft purchased by the Department of Defense, many small businesses supply the commodities purchased by the General Services Administration, such as paper clips, paper, computers, etc. It is therefore appropriate to establish different percentage goals for agencies with different mixes of purchased products.

In establishing goals, agencies consider a variety of factors, including historical performance, changes in mission or anticipated budget, and anticipated major acquisitions that may affect the procurement mix. If the recommended goals are not at levels consistent with the Small Business Administration's analysis, the SBA will not concur with the agency, and a goal at a more appropriate level will be negotiated.

SBA Guidance

Each year, federal agencies provide to the SBA estimates of the total dollar amount of (1) all prime contracts to be awarded during the year and (2) subcontracts to be awarded by all of the agency's "reporting prime contractors."[1] All goals are expressed in terms of numbers, dollars, and percentages. Where there is variance, up or down, from the projected base amounts upon which goals are established, the percentage goal is the controlling factor and is used to measure actual attainment. The categories are:

- Prime contract awards to small businesses;
- Prime contract awards under the authority of Section 8(a) of the Small Business Act;

[1] "Reporting prime contractors" are defined in the federal government's Standard Form 295. See the appendix for detailed instructions provided to agencies.

- Prime contract awards to small businesses owned and controlled by socially and economically disadvantaged individuals other than 8(a);
- Prime contract awards to small businesses owned and controlled by women;
- Subcontracts awarded by prime contractors to small businesses;
- Subcontracts awarded by prime contractors to small businesses owned and controlled by socially and economically disadvantaged individuals;
- Subcontracts awarded by prime contractors to small businesses owned and controlled by women.

If consultations between the SBA and an agency fail to result in a mutually agreed upon goal, the Office of Federal Procurement Policy (OFPP) at the Office of Management and Budget (OMB) makes the final determination of the goal.

At the end of each fiscal year, P.L. 95–507 requires the head of each agency to report to the SBA administrator on the agency's achievement of goals for the year, with appropriate justifications for failure to meet specific goals.[2]

Agencies must also consult with the administrator of the General Services Administration (GSA) and set goals for prime contract awards to business concerns in labor surplus areas, as authorized in Public Law 96–302.

Women-owned small businesses benefited significantly from procurement reform in 1994. The Federal Acquisition Streamlining Act of 1994 (P.L. 103–355 signed October 13, 1994) for the first time requires a 5 percent governmentwide goal for women-owned small businesses. Women-owned small businesses are specifically incorporated into the procurement preference goaling process and are added as a class for subcontract plan goals. This 5 percent goal is to be in effect for the FY 1996 goaling process.

The SBA's detailed analysis and comments cover only the 19 federal agencies with the largest contracting budgets. These 19 agencies represent approximately 99 percent of federal procurement awards reported to the SBA. Tabular data on many of the smaller agencies' goals and achievements are also included.

[2] Public Law 100–656 requires that the President include this information in each annual report to Congress on the state of small business.

The Report for Fiscal Year 1994

Synopsis

By law, federal agencies are required to give small and small disadvantaged businesses the "maximum practicable opportunity" to participate in federal contracts for goods and services. To this end, agencies consult annually with the U.S. Small Business Administration (SBA) and set goals for the percentage of dollars to be awarded through prime contracts or subcontracts to small firms, small disadvantaged firms (including those participating in the 8(a) program), women-owned firms, and firms in designated "labor surplus areas." At the end of the year, agencies report to the SBA on their success in meeting the goals. Last year SBA assigned account executives to the largest federal agencies. These individuals are charged with the responsibility of developing proactive strategies that will open new areas of opportunity to the small business community.

In fiscal year 1994, the executive branch of the federal government exceeded its overall small business prime contract goal of 22.9 percent by awarding 24.2 percent ($42.3 billion) of a total of $174.6 billion in federal prime contracts to small business. Federal agencies also exceeded the 1.7 percent goal for 8(a) firms, awarding 3.2 percent ($5.5 billion); and the 1.9 percent goal for women-owned business prime contracts, awarding 2.0 percent ($3.5 billion) of the $174.6 billion in total federal prime contracts. Federal agencies also exceeded the 1.7 percent goal for women-owned business subcontracting by achieving 2.5 percent ($1.5 billion) of a total of $57.5 billion in subcontracting dollars. These results were possible because of the outstanding efforts of many individual agencies.

In three categories, however, the overall federal effort fell short of established goals. For prime contracts to small disadvantaged businesses, the goal was 4.3 percent; agencies achieved 3.0 percent. For subcontracting dollars to small businesses, agencies nearly achieved the goal of 38.4 percent, awarding 38.3 percent to small firms. For subcontracting dollars to small disadvantaged businesses, the goal was 5.7 percent, with agencies achieving 5.5 percent.

In this report, the SBA summarizes federal agency performance in meeting their goals and provides detailed comments on the 19 federal agencies with the largest contracting budgets. In the goal-setting process, agencies are encouraged to set aggressive goals and make strong efforts to meet them; most were able to do that in most categories.

Small Business Prime Contract Awards

In FY 1994, the federal government awarded 24.2 percent, or $42.3 billion of a total $174.6 billion, in prime contract dollars to small businesses (Tables 1 and 2). Both the total dollar amount and the percentage awarded to small businesses exceeded the projected goals: small firms gained $5.6 billion more than had been estimated, and 1.3 percentage points more than the overall share goal of 22.9 percent.

Of the 19 agencies with the largest contracting budgets, 13 exceeded their percentage goals for FY 1994, five by more than $100 million. The Department of Defense (DOD) awarded $24.8 billion or 22.1 percent of the $112.0 billion in contracts to small businesses. The DOD exceeded its 19.7 percent goal by 2.4 percentage points, and the additional amount awarded to small businesses exceeded $5.1 billion.

Nine of the 19 agencies set more aggressive goals in FY 1994 than in FY 1993 and five of those—the Departments of Commerce (DOC), Defense, Health and Human Services (HHS), Labor (DOL), and Veterans Affairs (VA)—exceeded their goals.

Agency Shortfalls

The Small Business Administration is charged in P.L. 95–507 with the responsibility of analyzing and commenting on shortfalls by major reporting agencies. Seven of the 19 major agencies missed their percentage goals for prime contract awards to small businesses: the Departments of Agriculture (USDA), Energy (DOE), Justice (DOJ), and State, and the General Services Administration Non-Federal Supply Schedules, the Tennessee Valley Authority (TVA), and the U.S. Agency for International Development (USAID). This group includes three of the agencies that had set more aggressive goals than in FY 1993.

Department of Agriculture

The U. S. Department of Agriculture missed its small business prime contract goal of 53.1 percent by 10.9 percentage points. However, Agriculture exceeded its small business prime contract dollar goal of $1.5 billion by $100.9 million.

Department of Energy

The Department of Energy missed its small business prime contract goal by 5.5 percentage points and its dollar goal by more than $1.1 billion. The actual prime contract dollar amount awarded to small businesses in FY 1994 was $3.3 billion.

Department of Justice

The Department of Justice missed its small business prime contract goal of 36.5 percent by 1.5 percentage points, but exceeded its dollar goal of $652.0

million by $41.6 million. The department reported that a significant amount of money was spent with firms classified as "other than small" for projects such as jail cell construction to alleviate overcrowding in federal prisons and to reduce the need for housing federal inmates in state and local jails, national implementation of a fingerprinting system, and construction of a major departmental facility in West Virginia (an area with a limited number of small or minority-owned firms prepared to perform the contracts). These large business projects increased total procurement dollars expended while decreasing the percentage of dollars spent with small firms. The department has implemented initiatives to improve and meet goals for FY 1995.

Department of State

The Department of State missed its small business prime contract goal of 45.0 percent by 2.1 percentage points, but increased its small business prime contract dollars by $50.9 million. The State Department's report did not try to attribute this slight shortfall to any particular cause, but noted that in implementing a multiyear plan to modernize its information systems, the agency is spending a greater share of its budget on ADP hardware.

General Services Administration (Non-Federal Supply Schedule)

The General Services Administration missed its small business Non-Federal Supply Schedule goal of 36.0 percent by 2.4 percentage points, but exceeded its dollar goal by $219.5 million. The actual dollar amount awarded for small business prime contracts in FY 1994 was $2.2 billion. GSA's report says the dollars committed by the agency significantly exceeded projected obligations because of the award of several major construction projects that were not included in the base at the time the goals were established. A large number of the projects were not available for award to small businesses because of their high dollar value and correspondingly high bonding requirements. The inclusion of these high dollar value projects in the base resulted in a decrease in the percentage of awards to small, small disadvantaged, and women-owned businesses, even though the total dollars awarded to those businesses exceeded projections.

Tennessee Valley Authority

The Tennessee Valley Authority missed its small business prime contract goal of 41.0 percent by 22.2 percentage points. TVA's report says that in order to take advantage of efficiencies and low acquisition costs, it was necessary for TVA to consolidate many of its small requirements into large multi-year contracts. Because of a lower-than-anticipated percentage of small, disadvantaged, and women-owned businesses competing for and winning these contracts, TVA failed to meet many of the small business goals.

U.S. Agency for International Development

The U.S. Agency for International Development missed its small business prime contract goal of 35.0 percent by 21.0 percentage points, but exceeded its dollar goal of $144.6 million by $66.0 million.

Small Business Subcontract Awards

Federal prime contractors awarded $57.5 billion in federal funds to subcontractors in FY 1994 (Tables 3 and 4). Of the total, $22.0 billion—38.3 percent—went to small firms. This share was only one-tenth of a percentage point lower than projected. Subcontracts totaled $6.7 billion more than expected and the dollar share to small businesses was nearly $2.5 billion more than projected.

Prime contractors to the 19 agencies with the largest contracting budgets awarded 99.8 percent of the total small business subcontract dollars. Twelve of the 19 agencies—the Departments of Commerce, Education (DOEd), Energy, Health and Human Services, Housing and Urban Development, Justice, Transportation (DOT), Treasury, the Environmental Protection Agency (EPA), the National Aeronautics and Space Administration (NASA), the Tennessee Valley Authority, and the U.S. Agency for International Development—exceeded their both their percentage and their dollar goals for subcontracting to small business.

The largest single agency percentage increase over the projected total came from the Department of Education, which awarded 71.0 percent to small firms—31.0 percentage points more than projected. The next largest percentage gain was from the Department of Housing and Urban Development (HUD). HUD subcontracted 43.2 percent—21.2 percentage points more than projected.

The largest dollar increase over the projected total came from the Department of Defense, which missed its projected small business share by 0.4 percentage point, but increased its dollar total for small business by $1.7 billion to $17.4 billion. The second largest dollar share gain was from the National Aeronautics and Space Administration, which awarded $1.5 billion to small business—$421.0 million more than projected.

Of all the agencies, the Department of Labor set the highest percentage goal for small business at 63.5 percent. Labor achieved 60.7 percent—2.8 percentage points under the projected amount.

Eight agencies increased their percentage goals over FY 1993: six exceeded them. Seven other agencies that did not increase their goals achieved a larger percentage of subcontract dollars for small firms than in FY 1993.

Agency Shortfalls

Seven of the 19 agencies missed their percentage goals for subcontract dollars to small business. Of these, the Departments of Defense, Interior (DOI), Labor and State nevertheless awarded more in dollars than had been projected in their goals. The Departments of Defense, Interior, and State also achieved a higher percentage of subcontract dollars for small business than in FY 1993. The Department of Labor and the General Services Administration, two of the seven agencies that did not achieve their goals, had adopted more challenging goals than in FY 1993.

The Small Business Administration has reviewed the reports of the seven agencies that had shortfalls: the Departments of Agriculture, Defense, Interior, Labor, State, Veterans Affairs, and the General Services Administration.

Department of Agriculture

The U.S. Department of Agriculture missed its small business subcontracting goal by 17.1 percentage points and its dollar goal by $114.2 million. The actual dollar amount subcontracted to small business in FY 1994 was $38 million.

Department of Defense

The Department of Defense almost achieved its goal of 38.7 percent, subcontracting 38.3 percent to small firms. The DOD exceeded its dollar goal by more than $1.7 billion, awarding nearly $17.4 billion in subcontracts to small firms.

Department of the Interior

The Department of the Interior failed to reach its small business subcontract goal of 55.0 percent by 5.0 percentage points, but exceeded its dollar goal of $38.5 million by $21.6 million. The department's report stresses that the agency cannot directly influence subcontract awards, but DOI strongly encourages their large prime contractors to set aggressive small business subcontracting goals.

Department of Labor

Although the Department of Labor failed by 2.8 percentage points to meet its small business subcontract goal of 63.5 percent, it increased subcontracted dollars to small business from $73.7 million in FY 1993 to $89.0 million in FY 1994. In addition, Labor's total subcontract dollars were higher than predicted.

Department of State

The Department of State missed its small business subcontracting goal of 45.0 percent by 6.2 percentage points, but exceeded its dollar goal by $5.3 million. According to the agency's report, most of the subcontract dollars went through general contractors to host country companies to construct, repair, or renovate U.S. embassies.

Department of Veterans Affairs

The Department of Veterans Affairs failed to meet its small business subcontract goal of 40.0 percent by 16.2 percentage points. VA also failed by $65.2

million to meet its small business subcontract dollar goal. The dollar amount subcontracted to small businesses in FY 1994 was $254.8 million.

General Services Administration

The General Services Administration failed to meet both its small business subcontracting percentage goal (by 5.5 percentage points) and its dollar goal (by $226.0 million). The agency's report said that during this period, some of the small business subcontractors declared bankruptcy, merged with other companies, or were bought out by larger businesses. Economic difficulties also caused some large contractors to reduce their discretionary spending and to produce more of their product in house. Also, many large construction projects were awarded in FY 1994: these projects would have excellent subcontracting opportunities, but not before FY 1995. GSA also noted that the agency has very little leverage to negotiate higher subcontracting goals in public utility contracts.

Minority Small Business Awards: The 8(a) Program

Through the 8(a) program, the federal government contracts with small companies owned and controlled by socially and economically disadvantaged individuals. Under the program, the U.S. Small Business Administration acts as a prime contractor, entering into contracts with other federal agencies and then negotiating subcontracts with participating small 8(a) companies.

The federal government awarded $5.5 billion (3.2 percent) of the total amount awarded in prime contracts through the SBA to small disadvantaged businesses in the 8(a) program in FY 1994 (Tables 5 and 6). Both the total amount and the percentage awarded to 8(a) firms exceeded the projected figures: 8(a) companies gained $2.7 billion more than had been estimated, and 1.5 percentage points more than the overall goal of 1.7 percent.

The 19 federal agencies with the largest contracting budgets awarded 97.7 percent of the total 8(a) contract dollars. The U.S. Department of Defense generated 49.9 percent of the 8(a) dollars in FY 1994, proportionately considerably less than its 67.1 percent share of all federal prime contract dollars.

Thirteen of the 19 key agencies met or exceeded their goals for 8(a) contracts: the Departments of Agriculture, Commerce, Defense, Education, Health and Human Services, Housing and Urban Development, Interior, State, Transportation, Treasury, and Veterans Affairs, the General Services Administration (Federal Supply Service Schedule), and the National Aeronautics and Space Administration. Especially notable were the efforts of the Departments of the Treasury, Transportation, and Housing and Urban Development.

The Department of Defense has, by specific legislation, a goal of 5.0 percent for participation of small disadvantaged businesses, and it does not provide separate goals for 8(a) and other SDB awards. When both 8(a) and SDB are combined, DOD achieved 5.5 percent, exceeding the SDB goal of 5.0 percent by five-tenths of a percentage point.

The Department of the Treasury exceeded both its percentage and dollar goals for contracts to 8(a) firms: the goal was 9.7 percent ($145.0 million), the achievement, 14.8 percent ($194.6 million).

Several agencies achieved relatively smaller increases in 8(a) percentages than dollars because of increases in total prime contract dollars. The Department of Housing and Urban Development exceeded its projected goal of 3.5 percent by 4.3 percentage points and increased dollars by $29.0 million—7.8 percent of total dollars. Similarly, the Department of State exceeded its projected goal of 8.7 percent by 3.8 percentage points and increased dollars by $36.0 million. The Department of Commerce exceeded its goal of 8.0 percent by 2.6 percentage points and increased dollars by $23.4 million.

Agencies in the "all other" category exceeded their aggregate 9.3 percent goal by 4.0 percentage points and their total dollar goal by $43.4 million, with contracts to 8(a) firms totaling $124.3 million (Table 6). Several of these agencies significantly exceeded their 8(a) share and dollar goal figures: the Corporation for National Service (formerly ACTION) exceeded its goal of 3.2 percent ($260,000) by 51.6 percentage points and increased dollars by $2.8 million. The Equal Employment Opportunity Commission exceeded its goal of 6.0 percent ($540,000) by 19.4 percentage points, or $1.8 million. The Executive Office of the President exceeded its goal of 10.0 percent ($2.0 million) by 11.2 percentage points, or $2.4 million. The Federal Communications Commission exceeded its goal of 12.9 percent ($765,600) by 26.4 percentage points and increased dollars by $14.8 million. The National Labor Relations Board exceeded its goal of 22.0 percent ($848,000) by 25.6 percentage points and increased dollars by $2.1 million; and the Small Business Administration exceeded its goal of 37.0 percent ($10.2 million) by 7.3 percentage points and increased dollars by $4.4 million.

Agency Shortfalls

Seven of the 19 largest agencies failed to achieve their percentage goals for 8(a) contracts: the Departments of Energy, Justice, and Labor; the Environmental Protection Agency; the General Services Administration (Non-Federal Supply Schedule); the Tennessee Valley Authority; and the U.S. Agency for International Development. Of these, three—the Departments of Energy and Justice and the General Services Administration—had increased their goals from the FY 1993 level.

Department of Energy

The Department of Energy missed its 8(a) goal of 4.0 percent by 2.0 percentage points and its dollar goal by $379.5 million. Energy's report says the 8(a) prime goal for FY 1994 was 250 percent greater than the 8(a) accomplishment for FY 1993. The department fell short of achieving this goal by less than half a percentage point. Efforts included expansion of the 8(a) program for use by management and operating (M&O) contractors and small purchase programs for M&O contractors to reserve purchases of $50,000 or less exclusively for disadvantaged and women-owned business without competition, and to reserve purchases at any value for competition exclusively among disadvantaged or women-owned businesses. Further, all procurement requests over $3 million were sent to headquarters for additional set-aside consideration.

Department of Justice

The Department of Justice missed its 8(a) goal of 6.5 percent by six-tenths of a percentage point, but exceeded its dollar goal by $800,000. The actual dollars awarded to 8(a) firms totaled $116.9 million. Justice's report says that during FY 1994 the department spent more money with small businesses and small 8(a) firms than projected. Although DOJ missed the percentage goal slightly, the agency exceeded the monetary goal. DOJ expended significant funds with firms classified as "other than small" for major projects such as jail cell construction to alleviate the overcrowding in federal prisons and to reduce the need for housing federal inmates in state and local jails; continuation of the national implementation of a fingerprinting system; and a major departmental facility currently under construction in West Virginia, an area with a limited number of small and/or minority-owned firms. These large business projects increase the total procurement dollars expended, at the same time decreasing the percentages of dollars spent with small firms.

Department of Labor

The Department of Labor missed its 8(a) goal of 4.4 percent by seven-tenths of a percentage point and its dollar goal of $33.8 million by $2.6 million.

Environmental Protection Agency

The Environmental Protection Agency missed its 8(a) goal of 8.0 percent by 3.2 percentage points and its dollar goal of $104.0 million by $39.0 million. The agency's Office of Small and Disadvantaged Business Utilization (OSDBU) is working with EPA program offices to identify major new procurements for 8(a) and small business set-asides in FY 1995. The Superfund program office is supporting this effort by structuring some of its large procurements for performance by 8(a) firms and small businesses. This will allow more small firms to become prime contractors.

Tennessee Valley Authority

The Tennessee Valley Authority missed its 8(a) goal of 2.5 percent by 2.3 percentage points and its dollar goal of $42.5 million by $36.5 million. Total dollars awarded were $6.0 million. To take advantage of low acquisition costs, it was necessary for TVA to consolidate many of its small requirements into large multi-year contracts. Because of a lower-than-anticipated percentage of small, disadvantaged, and women-owned businesses competing for and winning the contracts, TVA failed to meet many of its small business goals.

U.S. Agency for International Development

The U.S. Agency for International Development missed its 8(a) goal of 8.8 percent by 5.4 percentage points, but exceeded its dollar goal of $36.4 million by $14.2 million.

Small Disadvantaged Business Prime Contracts

In FY 1994, the federal government awarded $5.1 billion, or 3.0 percent of the total $174.6 billion in prime contract dollars to small disadvantaged businesses (Tables 7 and 8). These figures do not include contracts awarded through the 8(a) program. The total missed the projected 4.3 percent share by 1.3 percentage points; the dollar amount missed the projected total by approximately $1.8 billion. The goal and achievement figures are not strictly comparable, however, because while the Department of Defense does not break out 8(a) contracts in its 5 percent goal for small disadvantaged business contracts, the agency does report achievements for 8(a) and other SDB awards separately. DOD awarded $2.8 billion in the 8(a) category.

All but $30.9 million of the SDB prime contract dollars were generated by the 19 agencies with the largest contracting budgets. More than $130.8 million of the increase over the projected total came from the Department of Transportation.

Thirteen of the 19 agencies met or exceeded their goals in the SDB prime category: the Departments of Agriculture, Commerce, Defense, Health and Human Services, Housing and Urban Development, Justice, Labor, State, Transportation, Treasury and Veterans Affairs; the National Aeronautics and Space Administration; and the U.S. Agency for International Development. The Department of Housing and Urban Development achieved the highest percentage goal for SDBs: 8.7 percent ($59.8 million) of its $685.3 million in prime contract dollars went to small disadvantaged businesses. The Departments of Transportation and Veterans Affairs, in addition to the U.S. Agency for International Development, exceeded their percentage goals, and total dollars were more than double their established goals.

Not only did nine of the 19 key agencies set more aggressive goals in FY 1994, but six of these—the Departments of Commerce, Labor, Treasury, and Veterans Affairs, the National Aeronautics and Space Administration, and the U.S. Agency for International Development—met or exceeded their goals.

Agency Shortfalls

The SBA has reviewed and provided specific comments on the reports of the six major agencies that did not achieve their goals for FY 1994: the Departments of Education, Energy, and Interior, the Environmental Protection Agency, the General Services Administration (FSS and NFSS), and the Tennessee Valley Authority.

Department of Education

The Department of Education missed its small disadvantaged business prime contract goal of 3.8 percent by 1.1 percentage points and its dollar goal of $10.8 million by $1.8 million, awarding a total of $9.0 million.

Department of Energy

The Department of Energy missed its small disadvantaged business prime contract goal of 6.0 percent by 3.2 percentage points and its dollar goal of $1.1 billion by $598.9 million. The total dollars awarded were $481.1 million. The agency nevertheless made an extraordinary effort, taking aim at an FY 1994 goal that was more than 200 percent greater than the accomplishment for FY 1993. A departmental decision to reduce support service contracting by up to 20 percent also adversely affected Energy's SDB results.

Department of the Interior

The Department of the Interior missed its small disadvantaged business prime contract goal of 4.0 percent by four-tenths of a percentage point and its dollar goal of $51.3 million by $1.6 million. The total dollars awarded were $49.7 million. The DOI report mistakenly indicated that the 4.0 percent goal had been met; the actual percentage achieved was 3.6 percent.

Environmental Protection Agency

The Environmental Protection Agency missed its small disadvantaged business prime contract goal of 2.0 percent by four-tenths of a percentage point and its dollar goal of $26.0 million by $3.9 million. EPA's report mistakenly indicated that the agency had met the 2.0 percent goal; the actual achievement was 1.6 percent.

General Services Administration

The General Services Administration missed its small disadvantaged business prime contract Federal Supply Service Schedule goal of 2.5 percent by one-tenth of a percentage point, and its Non-Federal Supply Service Schedule goal of 2.5 percent by two-tenths of a percentage point. GSA, however, exceeded its dollar goal for the Federal Supply Service Schedule of $6.9 million by $2.8 million, and the Non-Federal Supply Service Schedule of $135.7 million by $12.9 million. GSA's report says that the total dollars committed by the agency significantly exceeded projected obligations because several major construction projects were not included in the base at the time goals were established. Many of these projects were not available for award to small businesses because of the high dollar value and correspondingly high bonding requirements of the projects. The inclusion of these high-dollar-value projects in the base of dollars obligated resulted in a decrease in the percentage of awards to small, small disadvantaged and women-owned businesses, even though the total dollars awarded to those businesses exceeded projections.

Tennessee Valley Authority

The Tennessee Valley Authority missed its small disadvantaged business prime contract goal of 3.5 percent by 1.4 percentage points and its dollar goal of $59.5 million by $16.2 million. Dollars awarded totaled $43.3 million.

Small Disadvantaged Business Subcontracts

Prime contractors to the federal government awarded almost $3.2 billion, or 5.5 percent, of the total subcontract awards to small disadvantaged business subcontractors in FY 1994 (Tables 9 and 10). This achievement fell short of the 5.7 percent goal by two-tenths of a percentage point. The small disadvantaged business subcontracting dollar goal of $2.9 billion was exceeded by $248.3 million.

Prime contractors to the 19 agencies with the largest contracting budgets awarded 99.8 percent of the dollar value of these awards.

Seven of the 19 agency prime contracting groups met or exceeded their established goals in the SDB subcontracting category: prime contractors for the Departments of Defense, Energy, Housing and Urban Development, State, Transportation, and Veterans Affairs, and the U.S. Agency for International Development. Prime contractors to the Department of Transportation doubled both the share and dollar goals, increasing dollars from $25.7 million to $52.7 million. Prime contractors to the Department of Defense increased dollars to SDBs from $2.0 billion to $2.3 billion.

Agency Shortfalls

Twelve of the 19 key agencies failed to achieve their established percentage goals for SDB subcontracting: the Departments of Agriculture, Commerce, Education, Health and Human Services, Interior, Justice, Labor, and Treasury, the Environmental Protection Agency, the General Services Administration, the National Aeronautics and Space Administration, and the Tennessee Valley Authority. The Department of Health and Human Services came within one-tenth of a percentage point of achieving its goal.

Department of Agriculture

The U.S. Department of Agriculture missed its small disadvantaged business subcontracting goal of 5.0 percent by 1.4 percentage points and its dollar goal of $14.3 million by $10.5 million. Dollars awarded totaled $3.8 million.

Department of Commerce

The Department of Commerce missed its small disadvantaged business subcontracting goal of 8.0 percent by four-tenths of a percentage point but exceeded its dollar goal of $8.4 million by $3.1 million.

Department of Education

The Department of Education missed its small disadvantaged business subcontracting goal of 6.0 percent by three-tenths of a percentage point, but exceeded its dollar goal of $900,000 by $1.5 million.

Department of Health and Human Services

The Department of Health and Human Services missed its small disadvantaged business subcontracting goal of 8.4 percent by one-tenth of a percentage point, but exceeded its dollar goal of $21.0 million by $10.2 million.

Department of the Interior

The Department of the Interior missed its small disadvantaged business subcontracting goal of 7.8 percent by 1.1 percentage points, but exceeded its dollar goal of $5.5 million by $2.5 million.

Department of Justice

The Department of Justice missed its small disadvantaged business subcontracting goal of 5.5 percent by 1.7 percentage points and its dollar goal of $24.6 million by $5.1 million. The total dollar amount subcontracted to small disadvantaged businesses was $19.5 million. During FY 1994 the Justice Department expended more money with small businesses and small Section 8(a) firms than projected. DOJ expended significant funds with firms classified as "other than small" for major projects such as jail cell construction to alleviate the overcrowding in federal prisons and to reduce the need for housing federal inmates in state and local jails; continuation of the national implementation of a fingerprinting system; and a major departmental facility currently under construction in West Virginia, an area with a limited number of small and/or minority firms. Adding these large business projects increases the total and decreases the percentage spent with small firms.

Department of Labor

The Department of Labor missed its small disadvantaged subcontracting goal of 14.5 percent by five-tenths of a percentage point, but exceeded its dollar goal of $18.4 million by $2.1 million. The total dollar amount subcontracted to small disadvantaged businesses was $20.5 million.

Department of the Treasury

The Department of the Treasury missed its small disadvantaged business subcontract goal of 5.0 percent by three-tenths of a percentage point, but exceeded its dollar goal of $18.8 million by $2.4 million. The Department of the Treasury took aggressive initiatives to improve the SDB prime contracting and subcontracting program. In May 1994, 23 of Treasury's prime contractors signed a "Partnership Pledge" to form strategic alliances with small, minority- and women-owned businesses, identify and eliminate internal impediments to the maximum practicable use of small women-owned businesses as subcontractors, recommend and test innovative practices to increase subcontracting with small women-owned businesses, and share experiences relevant to expanding the use of small women-owned businesses as subcontractors. Another aggressive concept that has emphasized the importance of subcontracting with small minority businesses is the inclusion of the subcontracting plan as an evaluation factor in major solicitations.

Environmental Protection Agency

The Environmental Protection Agency missed its small disadvantaged business subcontract goal of 12.0 percent by nine-tenths of a percentage point, but exceeded its dollar goal of $19.8 million by $9.3 million. EPA's report indicates that the agency met the 12.0 percent goal; however, the actual achievement was 11.1 percent.

General Services Administration

The General Services Administration missed its small disadvantaged business subcontracting goal of 5.5 percent by 1.7 percentage points and its dollar goal of $165.0 million by $57.8 million. According to the GSA report, contractors informed the agency that, because of economic problems, some of the small business vendors went bankrupt, merged with other companies, or were bought out by large business concerns in fiscal year 1994. Some of the contractors reduced their discretionary spending in fiscal year 1994 in order to economize. GSA's prime contractors also produced more in house rather than subcontracting out. Many large construction projects were awarded in fiscal year 1994 that would have excellent subcontracting opportunities for small business concerns, but not until fiscal year 1995. Public utility contracts have historically posed a problem for the small, small disadvantaged and women-owned business programs. Because of the nature of public utility services, GSA maintains very little leverage to negotiate higher subcontracting goals in the small and disadvantaged business categories for these contracts.

National Aeronautics and Space Administration

The National Aeronautics and Space Administration missed its small disadvantaged business subcontract goal of 12.5 percent by 2.8 percentage points and its dollar goal of $436.2 million by $19.4 million. NASA's report says that with the exception of subcontracting by large prime contractors to small disadvantaged businesses, the agency exceeded all of its goals. It should be noted that 78 percent of the missed goal was attained even after the goal was increased by 74 percent over the previous year's goal.

Tennessee Valley Authority

The Tennessee Valley Authority missed its small disadvantaged business subcontracting goal of 10.0 percent by 5.2 percentage points and its dollar goal of $23.0 million by $3.6 million. Achieving subcontracting goals is difficult, according to TVA, because many of the agency procurements that have subcontracting requirements are for major components in the repair and maintenance of power-producing facilities. The availability of small firms to bid on these requirements is limited.

Women-Owned Small Business Prime Contracts

The federal government awarded $3.5 billion in prime contracts to women-owned businesses in fiscal year 1994 (Tables 11 and 12). The total exceeded the projected 1.9 percent share of prime contract dollars by one-tenth of a percentage point; the dollar amount exceeded the projected total by $391.7 million.

The Federal Acquisition Streamlining Act of 1994 (P.L. 103-355) established a five percent government-wide goal for women-owned businesses. Women-owned businesses were specifically incorporated into the procurement preference goaling process. Women-owned businesses were also added as a class for subcontract plan goals.

In addition, a definition of "women-owned businesses" was established. A "small business concern owned and controlled by women" is defined as a small business concern that is (or the stock of which is) at least 51 percent owned by one or more women, and whose management and daily business operations are controlled by one or more women.

All except $48.7 million (1.4 percent) of the total amount in prime contracts to women-owned businesses was generated by the 19 agencies with the largest contracting budgets. Some $357 million of the increase over the projected total came from the Department of Defense.

Eleven of the 19 largest agencies met or exceeded their women-owned business prime percentage goals. They are: the Departments of Agriculture, Defense, Health and Human Services, Housing and Urban Development, Interior, State, Transportation, Treasury, and Veterans Affairs, in addition to the General Services Administration and the National Aeronautics and Space Administration.

Of the 19 largest agencies, the Department of Housing and Urban Development contracted the largest share of its prime contract dollars to women-owned businesses—8.1 percent. Of all the reporting agencies, the National Endowment for the Humanities achieved the highest percentage in this category, at 30.0 percent of its prime contract dollars.

Agency Shortfalls

The SBA reviewed the reports of the seven major agencies that fell short of their percentage goals for FY 1994. They are the Departments of Commerce, Education, Justice, and Labor, in addition to the Environmental Protection Agency, the Tennessee Valley Authority, and the U.S. Agency for International Development.

Department of Commerce

The Department of Commerce missed its women-owned small business prime contract goal of 4.0 percent by four-tenths of a percentage point and its dollar goal of $27.9 million by $600,000.

Department of Education

The Department of Education missed its women-owned small business prime contract goal of 3.5 percent by eight-tenths of a percentage point and its dollar goal of $10.0 million by $1.1 million.

Department of Energy

The Department of Energy missed its women-owned small business prime contract goal by 1.1 percentage point and its dollar goal by more than $221.7 million.

Department of Justice

The Department of Justice missed its women-owned small business prime contract goal of 3.0 percent by six-tenths of a percentage point and its dollar goal of $53.6 million by $6.4 million. Justice's report says in the area of women-owned small businesses, the department achieved 88 percent of its goal. DOJ expended significant amounts of money with firms classified as "other than small" for major projects, such as jail cell construction, continuation of the national implementation of a fingerprinting system, and construction of a departmental facility in West Virginia, an area with a limited number of small and/or minority firms.

Department of Labor

The Department of Labor missed its women-owned small business prime contract goal of 4.2 percent by 2.2 percentage points and its dollar goal of $32.5 million by $15.2 million.

Environmental Protection Agency

The Environmental Protection Agency missed its women-owned small business prime contract goal of 2.0 percent by six-tenths of a percentage point and its dollar goal of $26.0 million by $7.5 million. EPA's report says action has been taken by the agency's Office of Small and Disadvantaged Business Utilization to increase the dollar value of requirements placed with 8(a) and women-owned firms. EPA worked with EPA program offices to identify major new procurements for 8(a) and small business set-asides in FY 1995. EPA has succeeded in gaining support of the Superfund program officials to structure some of their large procurements for performance by 8(a) firms and small businesses. The restructuring of these procurement packages will allow for more small firms, including women-owned firms, to become prime contractors.

Tennessee Valley Authority

The Tennessee Valley Authority missed its women-owned small business prime contract goal of 1.4 percent by seven-tenths of a percentage point and its dollar goal of $23.8 million by $9.7 million. The TVA reported that in order to take advantage of efficient and low acquisition costs, it was necessary to consolidate many of small requirements into large multi-year contracts. Because of a lower than anticipated percentage of small, disadvantaged, and women-owned businesses competing and winning these contracts, TVA failed to meet many of the small business goals.

U.S. Agency for International Development

The U.S. Agency for International Development missed its women-owned small business prime contract goal of 4.4 percent by 3.0 percentage points, but exceeded its dollar goal of $18.2 million by $3.5 million.

Women-Owned Small Business Subcontracts

The federal government awarded $1.5 billion in subcontracts (2.5 percent) to women-owned businesses in fiscal year 1994 (Tables 13 and 14). The total exceeded the 1.7 percent goal for women-owned small business subcontract dollars by eight-tenths of a percentage point. The dollar amount exceeded the projected total by $565.6 million.

All except $1.6 million (0.1 percent of the total) was generated by the 19 agencies with the largest contracting budgets. Some $374.6 million of the increase over the projected total came from the Department of Defense.

Fourteen of the 19 largest agencies met or exceeded their women-owned small business subcontracting goals: the Departments of Agriculture, Defense, Education, Energy, Interior, Justice, State, Transportation, Treasury, and the Veterans Affairs, in addition to the Environmental Protection Agency, the General Services Administration, the National Aeronautics and Space Administration, and the U.S. Agency for International Development.

Of the 19 largest agencies, the Department of Transportation's prime contractors achieved the highest percentage in subcontracting to women-owned firms—6.8 percent. Of all the reporting agencies, prime contractors to the Executive Office of the President awarded the largest percentage—11.6 percent—of their subcontract dollars to women-owned firms.

Agency Shortfalls

The SBA reviewed the reports of the five major agencies that fell short of their percentage goals for FY 1994. They are the Departments of Commerce, Health and Human Services, Housing and Urban Development, and Labor, and the Tennessee Valley Authority.

Department of Commerce

The Department of Commerce missed its women-owned small business subcontracting goal of 3.0 percent by three-tenths of a percentage point, but exceeded its dollar goal of $3.2 million by $900,000, awarding $4.1 million in subcontracts to women-owned firms.

Department of Health and Human Services

The Department of Health and Human Services missed its women-owned small business subcontracting goal of 1.0 percent by five-tenths of a percentage point and its dollar goal of $2.5 million by $800,000. HHS met all of its procurement preference goals for FY 1994 with the exception of the subcontracting awards to women-owned businesses. Although the department achieved just 50 percent of the subcontracting goal to women-owned businesses, HHS continues to commit maximum participation to women-owned businesses in all aspects of its procurement programs.

Department of Housing and Urban Development

The Department of Housing and Urban Development missed its women-owned small business subcontracting goal of 6.0 percent by two-tenths of a percentage point and its dollar goal of $7.3 million by $3.5 million.

Department of Labor

The Department of Labor missed its women-owned small business subcontracting goal of 5.0 percent by four-tenths of a percentage point, but exceeded its dollar goal of $6.3 million by $400,000.

Tennessee Valley Authority

The Tennessee Valley Authority missed its women-owned small business subcontracting goal of 5.0 percent by 2.6 percentage points and its dollar goal of $11.5 million by $1.7 million. TVA's report says that in order to take advantage of low acquisition costs, it was necessary to consolidate many small requirements into large multi-year contracts. Because a lower than anticipated percentage of small, disadvantaged, and women-owned businesses competed for and won these contracts, TVA failed to meet many of its small business goals.

The Report for Fiscal Year 1995

Synopsis

By law, federal agencies are required to provide small and small disadvantaged businesses the "maximum practicable opportunity" to participate in federal contracts for goods and services. To this end, agencies consult annually with the U.S. Small Business Administration and set goals for the percentage of dollars to be awarded through prime contracts or subcontracts to small firms, small disadvantaged firms (including those participating in the 8(a) program), small women-owned firms, and firms in designated "labor surplus areas." At the end of the year, agencies report to the SBA on their success in meeting the goals. SBA has assigned account executives to the largest federal agencies. These individuals work with the agencies to develop proactive strategies that will open new areas of opportunity to the small business community.

In fiscal year 1995, the executive branch of the federal government exceeded all of its small business prime contract goals with the exception of the small disadvantaged business goal. The agencies exceeded their overall small business prime contract goal of 22.6 percent by awarding 24.9 percent ($43.2 billion) of the $173.6 billion total dollars awarded in fiscal year 1995 to small business. The agencies also exceeded the 8(a) goal of 1.7 percent by awarding 3.7 percent ($6.5 billion) in 8(a) contracts and the women-owned small business goal of 2.1 percent by awarding 2.3 percent ($3.9 billion). Federal agencies, however, failed to achieve the small disadvantaged business prime contract goal of 4.3 percent, awarding just 3.2 percent ($5.5 billion) in prime contracts to small disadvantaged businesses.

Federal agencies also exceeded all of the small business subcontracting goals. The federal government's large business prime contractors subcontracted $56.9 billion to small businesses in fiscal year 1995. They awarded 41.9 percent ($23.8 billion) of the subcontracting total to small businesses, exceeding the 37.8 percent goal. They also awarded 6.6 percent ($3.8 billion)—more than the 5.7 percent goal—to small disadvantaged businesses and 3.0 percent ($1.7 billion) to women-owned small business subcontractors, exceeding the 2.4 percent goal.

In this report, the SBA summarizes federal agency performance in meeting their goals and provides detailed comments from the 19 federal agencies with the largest contracting budgets. In the goal-setting process, agencies are encouraged to set aggressive goals and make strong efforts to meet them; most were able to do that in most categories.

Small Business Prime Contract Awards

In FY 1995, the federal government awarded 24.9 percent, or $43.2 billion of a total $173.6 billion, in prime contract dollars to small business (Tables 1 and 2). Both the total dollar amount and the percentage awarded to small businesses exceeded the projected goals: small firms gained $6.5 billion more than had been estimated, and 2.3 percentage points more than the overall share goal of 22.6 percent.

Of the 19 agencies with the largest contracting budgets, 11 exceeded their percentage goals for FY 1995, eight by more than $100 million. The Department of Defense awarded $25.3 billion, or 23.0 percent of the $110.0 billion in contracts to small business. The DOD exceeded its 20.6 percent goal by 2.4 percentage points, and the additional amount awarded to small business exceeded $3.8 billion.

Eleven of the 19 agencies set more aggressive goals in FY 1995 than in FY 1994 and three of those—the Departments of Commerce and Defense, and the General Services Administration—exceeded their goals.

Agency Shortfalls

The Small Business Administration is charged in P.L. 95-507 to analyze and comment on shortfalls by major reporting agencies. Eight of the 19 major agencies missed their percentage goals for prime contract awards to small businesses: the Departments of Agriculture, Education, Health and Human Services, and Labor, and the Environmental Protection Agency, the National Aeronautics and Space Administration, the Tennessee Valley Authority, and the U.S. Agency for International Development. This group includes six of the agencies that had set more aggressive goals than in FY 1994.

Department of Agriculture

The U.S. Department of Agriculture missed its small business prime contract goal of 51.0 percent by 8.6 percentage points and its dollar goal by $27.4 million. The actual dollar amount awarded by the USDA in prime contracts to small business in FY 1995 was $1.3 billion. In an agency analysis of the last two years' failure record, the USDA found that there had been an increase in the use of full and open competition, in which small businesses have been less successful competing against large firms. The agency had also expanded the use of credit cards (to $60 million in charges) and third party drafts (to $58.7 million) and was unable to track small business participation in these transactions; the result is a significant impact on USDA's ability to monitor and report small business achievements.

Department of Education

The Department of Education missed its small business prime contract goal of 28.0 percent by 2.7 percentage points. Although the Department of Education did not meet its percentage goal, it exceeded its prime contract dollars to small business by $8.6 million, awarding a total of $95.4 million.

Department of Health and Human Services

The Department of Health and Human Services missed its small business prime contract goal of 39.0 percent by one-tenth of a percentage point, but exceeded the dollar goal of $1.1 billion by more than $130 million.

Department of Labor

The Department of Labor failed to reach its small business prime contract goal of 24.9 percent by 2.6 percentage points, but increased its prime contract dollars to small business by $2.7 million. Small business prime contract dollars totaled nearly $195 million.

Environmental Protection Agency

The Environmental Protection Agency missed its small business prime contract goal of 25 percent by 1.9 percentage points and its dollar goal by $85.8 million. EPA's report indicated that the percentages were lower and attributed the shortfall in small business procurement to lower budgets in several major program offices.

National Aeronautics and Space Administration

The National Aeronautics and Space Administration failed to meet its small business prime contract goal of 10.5 percent by three-tenths of a percentage point and its dollar goal of $1.1 billion by $86.8 million. NASA's total dollar awards fell short of the estimated amount of $10.6 billion by $534 million.

Tennessee Valley Authority

The Tennessee Valley Authority missed its small business prime contract goal of 30.0 percent by 12.3 percentage points and its dollar goal of $583.5 million by $58.8 million. TVA's estimate of total dollar awards was low at $1.9 billion; the agency actually awarded nearly $3 billion.

U.S. Agency for International Development

The U.S. Agency for International Development failed to meet its small business prime contract goal of 35.2 percent by 16.3 percentage points, but exceeded its dollar goal of $152.7 million by $118 million. USAID underestimated its total dollar awards by nearly $1 billion.

Small Business Subcontract Awards

Federal prime contractors awarded $56.9 billion in federal funds to subcontractors in FY 1995 (Tables 3 and 4). Of this total, $23.8 billion—41.9 percent—went to small firms. This share was 4.1 percentage points higher than projected. Subcontracts totaled $5.6 billion more than expected and the dollar share to small business was nearly $4.5 billion more than projected.

Prime contractors to the 19 agencies with the largest contracting budgets awarded 99.9 percent of both the total small business subcontract dollars and the small business subcontract percentage. Thirteen of the 19 agencies—the Departments of Agriculture, Commerce, Defense, Education, Energy, Housing and Urban Development, Justice, Labor, State, Transportation, Treasury, and Veterans Affairs, and the General Services Administration—either met or exceeded their percentage goals for subcontracting to small business; nine of those agencies also exceeded their dollar goals.

The largest single agency percentage increase over the projected total came from the Department of Housing and Urban Development, which awarded 42.4 percent, or 17.4 percentage points more than projected, to small business. The next largest percentage gain was from the Department of Energy, which subcontracted 56.3 percent to small firms—16.3 percentage points more than projected.

The largest dollar increase over the projected total came from the Department of Defense, which increased its dollar total for small business by $3.7 billion, to $19.2 billion. The second largest dollar share gain was from the National Aeronautics and Space Administration, which awarded $1.6 billion to small business—$357.0 million more than projected.

Of all the agencies, the Department of Labor set the highest percentage goal for small business at 62.5 percent—and achieved even more—63.1 percent.

Nine agencies increased their percentage goals over FY 1994; five of these exceeded their goals. Six other agencies that did not increase their goals still achieved a larger percentage of subcontract dollars for small firms than in FY 1994.

Six of the 19 agencies missed their percentage goals for subcontract dollars to small business. Of these, the Department of Interior, the U.S. Agency for International Development, the Environmental Protection Agency, the National Aeronautics and Space Administration, and the Tennessee Valley Authority, while missing their percentage goals, awarded more in dollars than had been projected. The Department of the Interior, USAID, and NASA also achieved a higher percentage of subcontract dollars for small business than in FY 1994. Four of the six agencies that did not achieve their goals had adopted more challenging goals than in FY 1994: the Department of Health and Human Services, USAID, EPA, and NASA.

Agency Shortfalls

The U.S. Small Business Administration has reviewed the reports of the six agencies that had shortfalls: the Departments of Health and Human Services and Interior, the Agency for International Development, the Environmental Protection Agency, the National Aeronautics and Space Administration, and the Tennessee Valley Authority.

Department of Health and Human Services

The Department of Health and Human Services missed its small business subcontract goal by 13.1 percentage points and its dollar goal by $20.6 million. The dollar amount subcontracted to small business in FY 1995 was $115.2 million. HHS exceeded its goals in both FY 1993 and FY 1994.

Department of the Interior

The Department of the Interior failed to reach its small business subcontracting goal of 45.0 percent by 3.1 percentage points, but exceeded its dollar goal of $22.5 million by $55.6 million. Interior's report stresses that the agency cannot directly influence subcontract awards, but DOI continues to strongly suggest to their large prime contractors that small business subcontracting goals be aggressive.

Environmental Protection Agency

The Environmental Protection Agency failed to reach its small business subcontract goal by 15.2 percentage points, but exceeded its dollar goal by $31.1 million, awarding a total of $115.1 million. EPA exceeded its goals in both FY 1993 and FY 1994.

National Aeronautics and Space Administration

The National Aeronautics and Space Administration came very close to its small business subcontract goal, but missed it by four-tenths of a percentage point. NASA exceeded its dollar goal by $357.0 million. Actual subcontract dollars awarded to small businesses in FY 1995 totaled $1.6 billion.

Tennessee Valley Authority

The Tennessee Valley Authority missed its small business subcontract goal by eigth-tenths of a percentage point but exceeded its dollar goal by $45.5 million. TVA notes that its procurements are for major components in the repair and maintenance of its power-producing facilities and that small firms often are not available to bid on these requirements.

U.S. Agency for International Development

The U.S. Agency for International Development failed to meet its small business subcontract goal of 54.4 percent by 5.6 percentage points, but exceeded its dollar goal by $46.6 million. USAID awarded $50.8 million in small business subcontracts in FY 1995. The agency's report states that its new automated system captures more complete and accurate subcontract data than in previous years.

Minority Small Business Awards: The 8(a) Program

The 8(a) program provides federal government contracts to small companies owned and controlled by socially and economically disadvantaged individuals. Under the program, the U.S. Small Business Administration acts as a prime contractor, entering into contracts with other federal agencies and then negotiating subcontracts with small companies participating in the program.

The federal government awarded $6.5 billion (or 3.7 percent) of the total amount awarded in prime contracts through the SBA to small disadvantaged businesses in the 8(a) program in FY 1995 (Tables 5 and 6). Both the total amount and the percentage awarded to 8(a) firms exceeded the projected figures: 8(a) firms gained $3.6 billion more than had been estimated and 2.0 percentage points more than the overall goal of 1.7 percent.

Eleven of the 19 key agencies met or exceeded their goals for 8(a) contracts: the Departments of Commerce, Defense, Education, Health and Human Services, Housing and Urban Development, Interior, State, Transportation, Treasury, and Veterans Affairs; and the National Aeronautics and Space Administration. Especially notable were the efforts of the Departments of Commerce, Housing and Urban Development, Interior, State, and the Treasury.

The Department of Defense has, by specific legislation, a goal of 5.0 percent for participation of small disadvantaged business. DoD sets a single goal for SDB participation, rather than separating goals for 8(a) and other SDB awards. DoD achieved 6.2 percent for both types of awards, exceeding its 5.0 percent goal by 1.2 percentage points.

The Department of the Treasury exceeded its percentage goal and the dollar amount for contracts to 8(a) firms, from a goal of 10.7 percent ($160.0 million) to an actual 8(a) share of 16.2 percent ($207.1 million).

Of all the agencies, the Department of Transportation set the highest percentage goal for 8(a) at 11.5 percent. Transportation achieved 15.3 percent—3.8 percentage points more than the projected amount.

Fourteen agencies increased their percentage goals over FY 1994 and eight exceeded them.

Agency Shortfalls

Eight of the 19 largest agencies failed to achieve their percentage goals for 8(a) contracts: the Departments of Agriculture, Energy, Justice, and Labo, the Environmental Protection Agency, the General Services Administration, the Tennessee Valley Authority, and the U.S. Agency for International Development. Of these, five—the Departments of Agriculture, Justice, Labor, the General Services Administration, and the U.S. Agency for International Development—had increased their goals from the FY 1994 level.

Department of Agriculture

The U.S. Department of Agriculture missed its 8(a) goal of 5.0 percent by 1.4 percentage points and its dollar goal of $132.2 million by $21.1 million.

Department of Energy

The Department of Energy missed is 8(a) goal of 3.0 percent by three-tenths of a percentage point and its dollar goal of $494.4 million by $49.2 million. The actual dollar amount for 8(a) contracts awarded in FY 1995 was $445.2 million, up more than $100 million from the $340.5 million of FY 1994.

Department of Justice

The Department of Justice failed to meet its 8(a) goal of 7.9 percent by one-tenth of a percentage point and its dollar goal of $155.2 million by $3.4 million.

Department of Labor

The Department of Labor missed its 8(a) goal of 5.5 percent by 1.1 percentage points and its dollar goal of $42.1 million by $4.1 million. According to Labor's report, the 8(a) dollars awarded represented an increase of 18 percent over dollars awarded in FY 1994.

Environmental Protection Agency

The Environmental Protection Agency missed its 8(a) goal of 6.8 percent by 1.5 percentage points and its dollar goal of $95.2 million by $34.5 million. EPA's report attributed the lower percentages to decreases in the budgets of several major program offices, which resulted in relatively fewer new procurements being set aside for small business.

General Services Administration

The General Services Administration missed its 8(a) Federal Supply Schedule goal of 0.1 percent by seven-hundredths of a percentage point. Although GSA did not meet its percentage goal, it increased its dollar awards by $2.9 million.

GSA also missed its non-Federal Supply Schedule 8(a) goal of 4.0 percent by eight-tenths of a percentage point and its dollar goal of $217.7 million by $11.4 million. According to the GSA report, some of the services historically procured from 8(a) firms have been added to the procurement list of supplies and services required to be purchased from the workshops for the blind and severely handicapped. Because procurement from the workshops is mandatory, these requirements can no longer be awarded to 8(a) businesses. In addition, several 8(a) contracts expected to be awarded in fiscal year 1995 were delayed until fiscal year 1996.

Tennessee Valley Authority

The Tennessee Valley Authority missed its 8(a) goal of 2.5 percent by 1.6 percentage points and its dollar goal of $48.6 million by $22.6 million.

U.S. Agency for International Development

Although the U.S. Agency for International Development failed to meet its 8(a) goal of 10.4 percent by 5.8 percentage points, it exceeded its dollar goal of $45.1 million by more than $20 million. The 8(a) dollar awards in FY 1995 totaled $65.6 million.

Small Disadvantaged Business Prime Contracts

In FY 1995, the federal government awarded $5.5 billion, or 3.2 percent of the total $173.6 billion in prime contract dollars, to small disadvantaged businesses (Tables 7 and 8). These figures do not include contracts awarded through the 8(a) program. The total missed the projected 4.3 percent share by 1.1 percentage points and the projected dollar total by approximately $1.4 billion. The goal and achievement figures are not strictly comparable, however, because while the Department of Defense does not break out 8(a) contracts in its 5 percent goal for small disadvantaged business contracts, the agency does report achievements for 8(a) and other SDB awards separately. DOD reported $3.3 billion in the 8(a) category.

All but $24.6 million of the SDB prime contract dollars were generated by the 19 agencies with the largest contracting budgets. More than $170.3 million of the increase over the projected total came from the Department of Transportation.

Twelve of the 19 agencies met or exceeded their goals in the SDB prime category: the Departments of Commerce, Defense, Energy, Health and Human Services, Housing and Urban Development, Interior, State, Transportation, and Veterans Affairs, the General Services Administration, the National Aeronautics and Space Administration, and the U.S. Agency for International Development.

The Department of Housing and Urban Development achieved the highest percentage goal for SDBs: 11.9 percent ($79.7 million) of its $668.9 million in prime contract dollars went to small disadvantaged businesses. The Departments of Transportation and Veterans Affairs and the U.S. Agency for International Development, exceeded their percentage goals, and their total dollars were more than double the established goals.

Eight of the 19 key agencies set more aggressive goals in FY 1995, and the Department of Energy exceeded its more aggressive goal.

Agency Shortfalls

The SBA has reviewed and provided specific comments on the reports of the seven major agencies that did not achieve their goals for FY 1995: the Departments of Agriculture, Education, Justice, Labor, and Treasury, the Environmental Protection Agency, and the Tennessee Valley Authority.

Department of Agriculture

The U.S. Department of Agriculture failed to meet its small disadvantaged business prime contract goal of 5.0 percent by 3.2 percentage points and its dollar goal of $132.2 million by $76.3 million. A USDA analysis of the last two fiscal years' performance found there had been an increase in the use of full and open competition, in which small businesses have been less successful competing against large firms. USDA also expanded the use of credit cards (to $60 million) and and third-party drafts (to $58.7 million); the result was a significant impact on USDA's ability to monitor and report small business achievements.

Department of Education

The Department of Education missed its small disadvantaged business prime contract goal of 4.0 percent by 1.3 percentage points and its dollar goal of $12.4 million by $2.4 million.

Department of Justice

The Department of Justice failed to meet its small disadvantaged business prime contract goal of 3.0 percent by 1.5 percentage points and its dollar goal of $58.9 million by $28.9 million.

Department of Labor

The Department of Labor missed its small disadvantaged business prime contract goal of 6.2 percent by eight-tenths of a percentage point, but met its dollar goal of $47.2 million.

Department of the Treasury

The Department of the Treasury failed to meet its small disadvantaged business goal of 2.6 percent by 1.0 percentage point and its dollar goal of $39.0 million by $17.9 million.

Environmental Protection Agency

The Environmental Protection Agency missed its small disadvantaged business prime contract goal of 2.5 percent by seven-tenths of a percentage point and its dollar goal of $35.0 million by $14.9 million. EPA's report attributed the lower percentages to decreases in the budgets of several major program offices in FY 1995; the result was fewer new procurements being set aside for small business.

Tennessee Valley Authority

The Tennessee Valley Authority missed its small disadvantaged business prime contract goal of 4.0 percent by 1.9 percentage points and its dollar goal of $77.8 million by $15.9 million.

Small Disadvantaged Business Subcontracts

Prime contractors to the federal government awarded $3.8 billion, or 6.6 percent, of the total subcontract awards to small disadvantaged business subcontractors in FY 1995 (Tables 9 and 10).

This achievement exceeded the established 5.7 percent goal by nine-tenths of a percentage point and the dollar goal of $2.9 billion by $817.5 million.

Prime contractors to the 19 agencies with the largest contracting budgets awarded 99.7 percent of the dollar value of these awards.

Ten of the 19 agency prime contracting groups met or exceeded their established goals in the SDB subcontracting category: prime contractors for the Departments of Defense, Education, Energy, Labor, State, Transportation, Treasury, and Veterans Affairs, the National Aeronautics and Space Administration, and the U.S. Agency for International Development. Prime contractors to the Department of Transportation achieved twice the level of both their share and dollar goals, increasing the dollars to SDBs from $25.4 million to $84.9 million. Prime contractors to the Department of Defense increased dollars to SDBs from a goal of $2.0 billion to actual contract dollars worth $2.6 billion.

Agency Shortfalls

Nine of the 19 key agencies failed to achieve their established percentage goals for SDB subcontracting: the Departments of Agriculture, Commerce, Health and Human Services, Housing and Urban Development, Interior, and Justice, the Environmental Protection Agency, the General Services Administration, and the Tennessee Valley Authority.

Department of Agriculture

The U.S. Department of Agriculture missed its small disadvantaged business subcontracting goal of 5.0 percent by 2.8 percentage points and its dollar goal of $36.2 million by $29.6 million.

Department of Commerce

The Department of Commerce missed its small disadvantaged business subcontracting goal of 15.0 percent by 6.4 percentage points and its dollar goal of $15.1 million by $1.7 million.

Department of Health and Human Services

The Department of Health and Human Services failed by 2.2 percentage points to meet its small disadvantaged business subcontracting goal of 8.5 percent. HHS also missed its dollar goal of $24.6 million by $3.3 million.

Department of Housing and Urban Development

The Department of Housing and Urban Development failed by 4.9 percentage points to meet its small disadvantaged business subcontracting goal of 19.0 percent and missed its $19.2 million goal by $2.2 million.

Department of the Interior

The Department of the Interior missed its small disadvantaged business subcontracting goal of 6.5 percent by 1.7 percentage points, but exceeded its dollar goal of $3.3 million by $5.7 million.

Department of Justice

The Department of Justice missed its small disadvantaged business subcontracting goal of 10.5 percent by 3.6 percentage points. DOJ also fell short of the small disadvantaged business subcontracting dollar goal of $42.0 million by $27.1 million.

Environmental Protection Agency

The Environmental Protection Agency missed its small disadvantaged business subcontracting goal of 12.0 percent by 3.5 percentage points, but exceeded its dollar goal of $18.0 million by $5.9 million. EPA's report attributed the lower percentages to significant decreases in several major program offices; the result was fewer new procurements being set aside for SDBs.

General Services Administration

The General Services Administration failed to meet its small disadvantaged business subcontracting goal of 6.0 percent by 1.2 percentage points and missed its dollar goal of $133.7 million by $38.0 million. GSA's report said that many large construction projects were awarded and that some of the small business vendors went bankrupt, merged with other companies, or were bought out by large business concerns in fiscal year 1995. Public utility contracts have historically posed a problem to the small, small disadvantaged and women-owned business program. Because of the nature of the service required, GSA maintains very little leverage in the utility industry to negotiate higher subcontracting goals in the small and small disadvantaged business categories.

Tennessee Valley Authority

The Tennessee Valley Authority missed its small disadvantaged business subcontract goal of 10.0 percent by 6.9 percentage points and its dollar goal of $25.0 million by $12.1 million. TVA's report said that achieving subcontracting goals for all small businesses is difficult since many of the procurements that have subcontracting requirements are for major components in the repair and maintenance of TVA's power-producing facilities. The availability of small firms to bid on these requirements is limited.

Women-Owned Small Business Prime Contracts

The federal government awarded $3.9 billion in prime contracts to women-owned businesses in fiscal year 1995 (Tables 11 and 12). The total exceeded the projected 2.1 percent share of prime contract dollars by two-tenths of a percentage point; the dollar amount exceeded the projected total by $586.1 million.

The Federal Acquisition Streamlining Act of 1994 (P.L. 103–355) established a 5 percent government-wide goal for women-owned businesses. Women-owned businesses were specifically incorporated into the procurement preference goaling process and were also added as a class for subcontract plan goals.

In addition, a definition of "women-owned businesses" was established. A "small business concern owned and controlled by women" is defined as a small business concern that is (or the stock of which is) at least 51 percent owned by one or more women, and whose management and daily business operations are controlled by one or more women.

The 19 agencies with the largest contracting budgets generated all except $40.6 million (1.0 percent) of the total. The Department of Defense was the source of $227.7 million of the increase over the projected total.

Twelve of the 19 largest agencies met or exceeded their women-owned business prime percentage goals: the Departments of Commerce, Defense, Energy, Health and Human Services, Housing and Urban Development, Interior, State, Transportation, Treasury, and Veterans Affairs, the General Services Administration (non-Federal Supply Schedules) and the National Aeronautics and Space Administration.

Of the 19 largest agencies, the Department of Housing and Urban Development contracted with women-owned firms for the largest share of its prime contract dollars—7.5 percent. Of all the reporting agencies, the National Endowment for the Humanities awarded women-owned firms the highest percentage—37.4 percent.

Agency Shortfalls

The SBA reviewed the reports of the eight major agencies that fell short of their percentage goals for FY 1995. They are the Departments of Agriculture, Education, Justice, and Labor, in addition to the Environmental Protection Agency, the General Services Administration (Non-Federal Supply Schedules), the Tennessee Valley Authority, and the U.S. Agency for International Development.

Department of Agriculture

The U.S. Department of Agriculture missed its women-owned small business prime contract goal of 3.5 percent by seven-tenths of a percentage point and its dollar goal of $92.5 million by $5.1 million. A USDA analysis of the last two fiscal years' performance found that there had been an increase in the use of full and open competition, in which small businesses have been less successful competing against large firms. USDA also expanded the use of credit cards (to a level of $60 million) and third-party drafts (to $58.7 million); the agency reports that this practice has had a significant impact on USDA's ability to monitor and report small business achievements.

Department of Education

The Department of Education failed to achieve its women-owned small business prime contract goal of 5.0 percent by 1.6 percentage points and its dollar goal of $15.5 million by $2.8 million.

Department of Justice

The Department of Justice missed its women-owned small business prime contract goal of 3.0 percent by five-tenths of a percentage point and its dollar goal of $58.9 million by $9.7 million.

Department of Labor

The Department of Labor missed its women-owned small business prime contract goal of 5.2 percent by 2.4 percentage points and its dollar goal of $39.8 million by $15.7 million. DOL did increase the amount of dollars awarded women owned firms by 30 percent over the FY 1994 level.

Environmental Protection Agency

The Environmental Protection Agency missed its women-owned small business prime contract goal of 5.0 percent by 2.7 percentage points and its dollar goal of $70.0 million by $43.5 million. EPA's report attributed the lower percentages to significant decreases in the budgets of several major program offices in FY 1995; as a result, fewer new procurements were set aside for small businesses.

General Services Administration

The General Services Administration failed to achieve its non-Federal Supply Schedule women-owned prime contract goal of 3.0 percent by nine-tenths of a percentage point and its dollar goal of $163.3 million by $27.5 million. GSA reports it has created more aggressive marketing strategies to educate women-owned business about contracting with the federal government.

Tennessee Valley Authority

The Tennessee Valley Authority missed its women-owned small business prime contract goal of 1.6 percent by one-tenth of a percentage point, but exceeded its dollar goal of $31.1 million by $12.7 million.

U.S. Agency for International Development

The U.S. Agency for International Development missed its women-owned small business prime contract goal of 5.0 percent by 2.7 percentage points, but exceeded its dollar goal of $21.7 million by $11.4 million.

Women-Owned Small Business Subcontracts

The federal government awarded $1.7 billion in subcontracts (3.0 percent) to women-owned businesses in fiscal year 1995 (Tables 13 and 14). The total exceeded the 2.4 percent goal for women-owned small business subcontract dollars by six-tenths of a percentage point. The dollar amount exceeded the projected total by $487.1 million.

The 19 agencies with the largest contracting budgets generated all except $2.7 million (0.2 percent) of the total. The Department of Defense was the source of $378.3 million of the increase over the projected total.

Twelve of the 19 largest agencies met or exceeded their women-owned small business subcontracting goals: the Departments of Defense, Education, Energy, Health and Human Services, Interior, Labor, State, Transportation, and Treasury, the General Services Administration, the National Aeronautics and Space Administration, and the U.S. Agency for International Development. The Department of Veterans Affairs did not report women-owned small business subcontracting achievements.

Of the largest 19 agencies, the U.S. Agency for International Development's contractors subcontracted with women-owned firms for the largest share of their prime contract dollars—10.1 percent.

Agency Shortfalls

The SBA reviewed the reports of the seven major agencies that fell short of their percentage goals for FY 1995: the Departments of Agriculture, Commerce, Housing and Urban Development, and Justice, the Environmental Protection Agency, and the Tennessee Valley Authority.

Department of Agriculture

The U.S. Department of Agriculture failed to meet its women-owned small business subcontracting goal of 2.0 percent by six-tenths of a percentage point and its dollar goal of $14.5 million by $10.5 million.

Department of Commerce

The Department of Commerce missed its women-owned small business subcontracting goal of 5.0 percent by 1.0 percentage point, but exceeded its dollar goal of $5.0 million by $1.1 million.

Department of Housing and Urban Development

The Department of Housing and Urban Development failed to achieve its women-owned small business subcontracting goal of 7.0 percent by 4.5 percentage points and its dollar goal of $7.1 million by $4.1 million.

Department of Justice

The Department of Justice missed its women-owned small business subcontracting goal of 6.5 percent by 2.6 percentage points and its dollar goal of $26.0 million by $17.6 million.

Environmental Protection Agency

The Environmental Protection Agency failed to meet its women-owned small business subcontracting goal of 5.0 percent by 1.3 percentage points, but exceeded its women-owned small business subcontracting dollar goal of $7.5 million by $3.0 million. EPA attributed the lower percentages to significant decreases in the budgets of several major program offices; the result was fewer new procurements being set aside for women-owned firms.

Tennessee Valley Authority

The Tennessee Valley Authority missed its women-owned small business subcontracting goal of 5.0 percent by 2.1 percentage points and its dollar goal of $12.5 million by $600,000.

Appendix

Guidance on Goal Setting Under Procurement Preference Programs

Background

Section 221 of Public Law 95–507 requires the head of each federal agency, after consultation with the Small Business Administration, to establish realistic goals for awarding contracts to small business concerns and to small business concerns owned and controlled by socially and economically disadvantaged individuals. Section 221 also directs that all procurements under $25,000 subject to small purchase procedures be set aside for small business.

Executive Order 12138, dated May 18, 1979, established a National Women's Business Enterprise Policy. Pursuant to this Executive Order, national goals have been established for prime contract awards to women-owned firms.

Executive Order 12073, dated August 16, 1978, directed the Administrator of the General Services Administration to establish goals for procurement from concerns in labor surplus areas. Public Law 96–302 authorizes both total and partial labor surplus area set-asides.

Specific Guidance on Goal Setting Under Procurement Preference Programs

The head of each federal agency having procurement powers shall submit to the Administrator of the Small Business Administration not later than August 20, 1993, the following information for fiscal year 1994 and not later than August 19, 1994 the following information for fiscal year 1995:

(1) an estimate of the total dollar amount of all prime contracts regardless of dollar value to be awarded during the fiscal year, including awards to non-profit organizations, educational institutions, all transportation services, and real property leases; but excluding foreign military sales, nonappropriated funds contracts, contracts to be awarded and performed entirely outside the United States and, except for the General Services Administration (see Special Instruction (2), all Federal Supply Service Schedule orders.

(2) a goal for prime contract awards to be made to small business concerns during the fiscal year, expressed in dollars and as a percentage of (1) above. (Note: This dollar goal includes the dollar goals in (3), (4), and (5) below.)

(3) a goal for prime contract awards to be made to the Small Business Administration under the authority of Section 8(a) of the Small Business Act as amended by Public Law 95–507, expressed in dollars and as a percentage of (1) above.

(4) a goal for prime contract awards to be made to small business concerns owned and controlled by socially and economically disadvantaged individuals, other than 8(a), expressed in dollars and as a percentage of (1) above.

(5) a goal for prime contract awards to be made to small business concerns owned and controlled by women, expressed in dollars and as a percentage of (1) above.

(6) a goal for prime contract awards to business concerns in Labor Surplus Areas (LSA) on the basis of set-asides, expressed in dollars and as a percentage of (1) above. (This includes all categories of LSA set-asides authorized by Public Law 96-302.)

(7) an estimate of the total dollar amount of subcontracts to be awarded by all of an agency's "reporting prime contractors" (as identified in Standard Form 295) during the fiscal year.

(8) a goal for subcontracts to be awarded by prime contractors to small business concerns, expressed in dollars and as a percentage of (7) above. (NOTE: This dollar amount includes dollar goals in (9) and (10) below.)

(9) a goal for subcontracts to be awarded by prime contractors to small business concerns owned and controlled by socially and economically disadvantaged individuals, expressed in dollars and as a percentage of (7) above.

(10) a goal for subcontracts to be awarded by prime contractors to small business concerns owned and controlled by women, expressed in dollars and as a percentage of (7) above.

(11) a detailed written presentation of the method used to establish the estimates and goals submitted pursuant to paragraphs (1) through (10), along with copies of the historical data upon which the estimates and goals are based. Information about the types, kinds and numbers of contracts involved in the estimates submitted pursuant to paragraphs (2) through (10) is required. This information is needed to evaluate the estimates and the goals related thereto. In establishing contracting goals, identification and justification should be provided for each class of contracts and the projected total value thereof determined by an agency to have little or no subcontract possibilities.

Special Instructions

(1) Fiscal year 1994 (and fiscal year 1995) goals are expected to reflect measurable improvement.

(2) Federal Supply Service Schedule contracting dollars should not be included in proposed goals. In line with the policy established in FY 1981, GSA will submit separate, consolidated proposed figures and goals, i.e., for items (1) through (10) above, for all FSS contracts which will include all order requirements of all federal agencies.

(3) All goals are expressed in terms of dollars and percentages. However, if there is any variance, up or down, from the projected base amounts upon which goals are established, the percentage goal is the controlling factor and will be used to measure actual attainment.

(4) Reporting agencies are encouraged to coordinate goals required by Section 221(g) with the Minority Business Development Plans mandated by Executive Order 12432 dated July 14, 1983.

(5) In the event of extraordinary circumstances such as unexpected budget changes, requests for revised goals will be considered by SBA if received by December 31, 1993, for fiscal year 1994 or by December 31, 1994, for fiscal year 1995.

(6) Purchases paid for with credit cards do not require the reporting of socio-economic status of the supplier or vendor. Establishing a system to track these transactions for procurement preference goal setting and reporting would not be cost effective and would create an administrative paperwork burden. Credit card purchases are therefore exempt.

(7) Because of the rapid growth of the women-owned business segment of the small business community, we will consider the availability of these firms, in addition to historical data, when negotiating the goal for prime contract awards to women-owned business.

Interim Reports

Interim reports on quarterly progress toward procurement preference goals are no longer required.

Referrals to OFPP

The Administrator of the Small Business Administration shall, within 30 days of receipt of the agency goals, respond to each agency expressing agreement or indicating reasons for disagreement. If interagency consultation fails to resolve differences, such cases of disagreement shall be submitted by the Administrator of the Small Business Administration to the Administrator of the Office of Federal Procurement Policy for final determination.

Reports on Agency Achievements Against Established Goals

1. The head of each federal agency having procurement powers shall report to the Administrator of the Small Business Administration on the extent of achievements against the goals established in paragraphs (2), (3), (4), (5), (7), (8), (9), and (10) and to the Administrator of the General Services Administration on the extent of achievement against the goals established in paragraph (6). With the exception of subcontract goals, agency reports of goal achievements shall be based upon official SF–279/SF–281 data as recorded at the Federal Procurement Data Center. These reports shall be submitted no later than December 31, 1994 for fiscal year 1994 and December 31, 1995 for fiscal year 1995. The reports shall contain appropriate justification for failure to meet the goals established in the preceding paragraphs. Section 503 of Public Law 100–656 also requires that the report to the President noted in paragraph 2 below include the number and dollar value of contracts awarded to business concerns owned and controlled by economically disadvantaged individuals through noncompetitive negotiation, competition restricted to small disadvantaged concerns, competition restricted to small business concerns, and unrestricted competition. Please be prepared to provide this information at the end of FY 1994 and FY 1995.

2. The Administrator of the SBA will analyze the reports submitted by the individual agencies and submit a consolidated report to the President, as required by Section 503 of Public Law 100–656.

Tables

Table 1 *Small Business Share of Federal Prime Contracts: Performance by Major Federal Agencies, FY 1994 and FY 1995 (Millions of Dollars)*

	FY 1995						FY 1994					
	Agency Projections			Actual Awards			Agency Projections			Actual Awards		
	Total	Small Business Share		Total	Small Business Share		Total	Small Business Share		Total	Small Business Share	
	Dollars	Dollars	Percent	Dollars	Dollars	Percent	Dollars	Dollars	Percent	Dollars	Dollars	Percent
Total	**162,441.5**	**36,732.1**	**22.6**	**173,629.2**	**43,222.5**	**24.9**	**160,132.0**	**36,701.9**	**22.9**	**174,554.9**	**42,302.0**	**24.2**
Department of Agriculture	2,643.8	1,348.3	51.0	3,115.5	1,320.9	42.4	2,905.1	1,542.6	53.1	3,897.5	1,643.5	42.2
Department of Commerce	766.0	306.4	40.0	829.6	428.0	51.6	697.4	244.1	35.0	750.8	333.5	44.4
Department of Defense	103,900.0	21,403.4	20.6	110,033.0	25,274.0	23.0	100,000.0	19,700.0	19.7	112,013.0	24,805.0	22.1
Department of Education	310.0	86.8	28.0	376.6	95.4	25.3	284.0	70.0	24.6	329.9	83.5	25.3
Department of Energy	16,480.0	3,029.1	18.4	16,375.4	3,304.4	20.2	18,000.0	4,500.0	25.0	17,104.7	3,328.8	19.5
Department of Health and Human Services	2,818.1	1,099.0	39.0	3,163.0	1,229.9	38.9	2,538.5	937.3	36.9	3,119.3	1,273.7	40.8
Department of Housing and Urban Development	906.5	353.5	39.0	668.9	316.5	47.3	690.1	255.3	37.0	685.3	317.0	46.3
Department of the Interior	1,292.8	711.0	55.0	1,289.2	769.0	59.7	1,282.3	750.1	58.5	1,386.3	831.6	60.0
Department of Justice	1,964.0	677.6	34.5	1,941.3	777.4	40.1	1,786.4	652.0	36.5	1,983.3	693.6	35.0
Department of Labor	766.8	191.5	24.9	871.7	194.2	22.3	767.7	189.7	24.7	846.4	215.1	25.4
Department of State	500.0	225.0	45.0	636.1	287.3	45.2	475.0	213.8	45.0	616.6	264.7	42.9
Department of Transportation	3,363.1	1,025.7	30.5	2,513.8	1,270.3	50.5	3,601.0	1,098.3	30.5	2,471.9	1,346.2	54.5
Department of the Treasury	1,500.0	470.0	31.3	1,278.5	539.5	42.2	1,500.0	435.0	19.0	1,310.6	555.6	42.4
Department of Veterans Affairs	2,000.0	700.0	35.0	4,655.6	1,766.8	37.9	3,000.0	1,080.0	36.0	4,114.8	1,517.5	36.9
Environmental Protection Agency	1,400.0	350.0	25.0	1,144.8	264.2	23.1	1,300.0	299.0	23.0	1,342.1	342.0	25.5

General Services Administration												
Federal Supply Schedule*	2,465.3	817.1	74.6	2,806.8	760.2	77.4	2,459.3	686.3	69.7	1,801.0	598.2	74.3
Non-Federal Supply Schedule	5,443.0	1,741.8	32.0	6,531.9	2,472.3	37.9	5,428.6	1,954.3	36.0	6,461.9	2,173.8	33.6
National Aeronautics and Space Administration	10,643.0	1,117.0	10.5	10,109.0	1,030.2	10.2	10,430.0	938.7	9.0	9,766.0	1,011.8	10.4
Tennessee Valley Authority	1,945.0	583.5	30.0	2,956.2	524.7	17.7	1,700.0	697.0	41.0	2,112.0	398.1	18.8
U.S. Agency for International Development	433.9	152.7	35.2	1,431.1	270.7	18.9	413.3	144.6	35.0	1,505.5	210.6	14.0
All Others	900.2	342.7	38.1	901.0	326.6	36.2	873.3	313.8	35.9	936.0	358.2	38.3

Note: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted in year-end reports by some federal agencies. Information not given in written reports was obtained by telephone.

*GSA FSS goal percentages are based on number of contracts awarded.

Source: U.S. Small Business Administration, Office of Government Contracting, 1996.

Table 2 *Small Business Share of Federal Prime Contracts: Performance by Other Federal Agencies, FY 1994 and FY 1995 (Thousands of Dollars)*

	FY 1995						FY 1994					
	Agency Projections			Actual Awards			Agency Projections			Actual Awards		
	Total	Small Business Share		Total	Small Business Share		Total	Small Business Share		Total	Small Business Share	
	Dollars	Dollars	Percent	Dollars	Dollars	Percent	Dollars	Dollars	Percent	Dollars	Dollars	Percent
Total	**900,166.8**	**342,691.1**	**38.1**	**900,953.3**	**326,619.3**	**36.2**	**873,257.8**	**313,789.3**	**35.9**	**935,958.3**	**358,168.7**	**38.3**
Administrative Conference of the United States												
American Battle Monuments Commission												
Board for International Broadcasting												
Commodity Futures Trading Commission	7,000.0	1,078.0	15.4	10,530.0	1,742.0	16.5	7,000.0	942.0	13.4	10,024.0	1,832.0	18.3
Consumer Product Safety Commission	2,214.8	1,328.9	60.0	5,912.0	3,055.0	52.0	3,441.8	2,005.1	60.0	3,922.0	2,473.0	63.1
Corporation for National and Community Service	22,586.0	15,797.3	70.0	8,021.0	887.5	11.1	5,587.3	3,062.8	54.8			
Equal Employment Opportunity Commission	9,500.0	5,700.0	60.0	7,001.0	3,866.0	55.2	9,000.0	5,400.0	60.0	9,274.0	6,560.0	70.7
Executive Office of the President	21,000.0	11,130.0	53.0	18,415.9	8,285.3	45.0	20,000.0	10,000.0	50.0	20,992.0	10,986.0	52.3
Export-Import Bank												
Farm Credit Administration												
Federal Communications Commission	22,157.0	13,515.8	61.0	41,592.0	23,682.6	56.9	5,922.0	3,494.0	59.0	39,579.4	27,861.6	70.4
Federal Election Commission	2,075.0	664.0	32.0	3,267.0	1,132.0	34.7	1,734.4	504.7	29.1	2,802.0	837.0	29.9
Federal Emergency Management Agency	200,000.0	60,000.0	30.0	244,754.0	61,670.7	25.2	209,000.0	62,700.0	30.0	195,540.0	77,896.9	39.8
Federal Energy Regulatory Commission	19,047.0	4,722.0	24.8	24,682.5	8,034.3	32.6	18,428.9	4,685.9	25.4	31,205.8	8,379.7	26.9
Federal Maritime Commission	779.0	350.6	45.0	607.2	228.5	38.0	514.2	231.4	45.0	1,143.1	716.0	62.6
Federal Mediation and Conciliation Service												

Federal Mine Safety and Health Review Commission												
Federal Trade Commission	6,000.0	3,900.0	65.0	8,726.3	6,003.8	69.0	5,000.0	3,250.0	65.0	6,256.8	3,838.8	61.4
International Trade Administration	1,911.0	1,320.1	69.0	1,527.0	1,145.0	75.0	1,916.0	1,320.0	68.9			
Interstate Commerce Commissionn	1,150.0	800.0	66.0	1,328.0	573.0	43.1	1,264.0	800.0	63.3	1,838.0	755.0	41.1
Merit Systems Protection Board	700.0	609.0	87.0	933.0	549.0	63.7	700.0	602.0	86.0	1,105.0	698.0	63.2
National Archives and Records Administration	30,293.0	16,523.9	54.0				11,568.0	4,645.0	40.2	28,600.0	16,292.0	56.9
National Capital Planning Commission	792.0	625.0	78.9				757.5	700.0	92.4			
National Endowment for the Arts	900.0	750.0	83.0	1,104.0	1,071.0	97.0	1,250.0	1,100.0	88.0	1,000.0	957.0	95.7
National Endowment for the Humanities	1,550.0	1,255.5	81.0	1,227.0	914.0	74.5	1,500.0	1,225.0	82.0	1,743.0	1,338.0	77.0
National Labor Relations Board	4,430.0	3,265.0	74.0	7,322.0	5,962.0	81.4	3,886.0	2,769.0	71.0	6,245.0	5,063.0	81.1
National Science Foundation	162,900.0	11,000.0	6.9	179,600.0	24,700.0	13.8	166,600.0	18,326.0	11.0	176,400.0	21,100.0	12.0
National Transportation Safety Board	2,000.0	900.0	45.0	2,000.0	900.0	45.0	2,000.0	900.0	45.0			
Nuclear Regulatory Commission	85,000.0	40,000.0	47.06	95,288.1	49,098.9	51.5	80,000.0	39,000.0	48.7	87,977.0	40,538.0	46.1
Occupational Safety and Health Administration	400.0	250.0	63.0				300.0	150.0	50.0	300.0	130.0	43.3
Office of Personnel Management	86,576.0	33,765.0	39.0	97,948.0	49,280.0	50.3	104,136.0	39,571.7	38.0	98,441.0	37,763.0	38.4
Pennsylvania Avenue Development Corporation	2,075.5	1,520.0	73.0				1,807.0	790.0	44.0	1,760.5	578.7	32.9
Securities and Exchange Commission												
Selective Service System	150.0	75.0	50.0				200.0	100.0	50.0	1,739.6	881.0	50.6
Small Business Administration	27,000.0	14,850.0	55.0	29,477.0	20,251.0	68.7	27,500.0	14,575.0	53.0	32,832.0	20,089.0	61.2
Smithsonian Institution	100,000.0	56,000.0	56.0	113,712.3	53,498.2	47.0	95,000.0	52,250.0	55.0	112,607.8	48,170.2	42.8
U.S. Arms Control and Disarmament Agency	4,980.0	996.0	20.0	5,526.0	2,077.0	37.6	5,200.0	1,040.0	20.0	5,147.0	1,790.0	34.8
U.S. Commission on Civil Rights												
U.S. Information Agency	75,000.0	40,000.0	53.0				80,000.0	40,000.0	50.0	49,980.0	16,262.0	32.5

Note: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted in year-end reports by some federal agencies. Information not given in written reports was obtained by telephone. Where no figures are shown, the agency either did not goal in this category or did not submit an achievement report, or both, for FY 1994 or FY 1995.

Source: U.S. Small Business Administration, Office of Government Contracting, 1996.

Table 3 *Small Business Share of Federal Subcontracts: Performance by Prime Contractors to Major Federal Agencies, FY 1994 and FY 1995 (Millions of Dollars)*

	FY 1995						FY 1994					
	Agency Projections			Actual Awards			Agency Projections			Actual Awards		
	Total	Small Business Share		Total	Small Business Share		Total	Small Business Share		Total	Small Business Share	
	Dollars	Dollars	Percent	Dollars	Dollars	Percent	Dollars	Dollars	Percent	Dollars	Dollars	Percent
Total	**51,303.5**	**19,367.6**	**37.8**	**56,861.0**	**23,821.0**	**41.9**	**50,811.6**	**19,511.2**	**38.4**	**57,491.2**	**22,003.5**	**38.3**
Department of Agriculture	724.7	319.6	44.1	294.8	138.3	46.9	285.0	152.2	53.4	104.8	38.0	36.3
Department of Commerce	100.9	40.4	40.0	155.3	78.1	50.3	105.5	36.9	35.0	151.8	77.6	51.1
Department of Defense	40,700.0	15,466.0	38.0	45,032.0	19,160.0	42.5	40,400.0	15,634.8	38.7	45,364.0	17,365.0	38.3
Department of Education	7.0	2.8	40.0	8.3	3.3	40.0	15.4	6.2	40.0	41.4	29.4	71.0
Department of Energy	800.0	320.0	40.0	1,111.8	626.3	56.3	500.0	200.0	40.0	882.6	416.6	47.2
Department of Health and Human Services	289.0	135.8	47.0	339.5	115.2	33.9	249.9	114.4	45.8	374.2	180.2	48.2
Department of Housing and Urban Development	101.0	25.3	25.0	120.6	51.1	42.4	122.3	26.9	22.0	65.9	28.5	43.2
Department of the Interior	50.0	22.5	45.0	186.3	78.1	41.9	70.0	38.5	55.0	120.2	60.1	50.0
Department of Justice	400.0	208.8	52.2	216.9	128.6	59.3	448.1	232.5	51.9	506.9	355.8	70.2
Department of Labor	120.2	75.2	62.5	176.1	111.2	63.1	126.8	80.5	63.5	146.5	89.0	60.7
Department of State	34.0	15.3	45.0	40.1	22.6	56.0	30.0	13.5	45.0	48.3	18.8	38.8
Department of Transportation	241.7	120.9	50.0	384.9	210.7	54.7	245.1	122.5	50.0	255.5	142.3	55.7
Department of the Treasury	325.0	100.0	30.8	579.6	264.1	45.6	375.0	112.5	30.0	446.8	191.2	42.8
Department of Veterans Affairs	800.0	328.0	41.0	315.6	151.7	48.1	800.0	320.0	40.0	1,071.0	254.8	23.8
Environmental Protection Agency	150.0	84.0	56.0	282.3	115.1	40.8	165.0	91.0	55.2	263.1	153.4	58.3

General Services Administration	2,228.0	713.0	32.0	1,984.0	727.3	36.7	3,000.0	1,110.0	37.0	2,809.4	884.0	31.5
National Aeronautics and Space Administration	3,834.0	1,265.0	33.0	4,979.0	1,622.0	32.6	3,500.0	1,099.0	31.4	4,300.0	1,520.0	35.3
Tennessee Valley Authority	250.0	75.0	30.0	412.7	120.5	29.2	230.0	69.0	30.0	401.6	155.5	38.7
U.S. Agency for International Development	7.8	4.2	54.4	104.2	50.8	48.8	7.4	3.8	51.8	16.2	9.3	57.5
All Others	140.2	45.8	32.7	137.0	46.0	33.6	136.1	47.0	34.5	121.0	34.0	28.1

Note: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted in year-end reports by some federal agencies. Information not given in written reports was obtained by telephone.

Source: U.S. Small Business Administration, Office of Government Contracting, 1996.

Table 4 *Small Business Share of Federal Subcontracts: Performance by Prime Contractors to Other Federal Agencies, FY 1994 and FY 1995 (Thousands of Dollars)*

	FY 1995						FY 1994					
	Agency Projections			Actual Awards			Agency Projections			Actual Awards		
	Total Dollars	Small Business Share Dollars	Small Business Share Percent	Total Dollars	Small Business Share Dollars	Small Business Share Percent	Total Dollars	Small Business Share Dollars	Small Business Share Percent	Total Dollars	Small Business Share Dollars	Small Business Share Percent
Total	**140,162.9**	**45,848.0**	**32.7**	**137,027.1**	**46,027.1**	**33.6**	**136,062.0**	**46,985.5**	**34.5**	**120,993.3**	**33,986.9**	**28.1**
Administrative Conference of the United States												
American Battle Monuments Commission												
Board for International Broadcasting												
Commodity Futures Trading Commission												
Consumer Product Safety Commission												
Corporation for National & Community Service	864.6	636.6	74.0									
Equal Employment Opportunity Commission												
Executive Office of the President	201.0	90.5	45.0	2,927.6	303.3	10.4	201.0	90.5	45.0	347.8	142.3	40.9
Export-Import Bank												
Farm Credit Administration												
Federal Communications Commission												
Federal Election Commission												
Federal Emergency Management Agency	8,500.0	2,635.0	31.0	5,240.0	2,330.0	44.5	8,000.0	2,400.0	30.0	1,787.8	601.8	33.7
Federal Energy Regulatory Commission	2,189.0	743.0	33.9	5,001.7	2,255.0	45.1	4,774.0	992.0	20.8	6,761.6	1,696.6	25.1
Federal Maritime Commission												

Federal Mediation and Conciliation Service												
Federal Mine Safety and Health Review Commission												
Federal Trade Commission												
International Trade Administration												
Interstate Commerce Commission												
Merit Systems Protection Board												
National Archives and Records Administration	1,634.3	1,452.9	89.0	1,300.0	1,200.0	92.3	2,015.2	1,565.2	77.6			
National Capital Planning Commission												
National Endowment for the Arts												
National Endowment for the Humanities												
National Labor Relations Board												
National Science Foundation	105,700.0	31,200.0	29.5	102,200.0	32,600.0	31.9	100,260.0	33,400.0	33.3	87,500.0	21,600.0	24.7
National Transportation Safety Board												
Nuclear Regulatory Commission	3,000.0	1,950.0	65.0	1,983.0	1,269.0	64.0	3,200.0	2,275.0	71.1	2,487.0	1,754.0	70.5
Occupational Safety and Health Administration												
Office of Personnel Management	15,074.0	5,940.0	39.4	18,343.0	6,163.0	33.6	14,727.0	4,988.0	33.8	18,517.0	6,394.0	34.5
Pennsylvania Avenue Development Corporation												
Securities and Exchange Commission												
Selective Service System												
Small Business Administration												
Smithsonian Institution	2,000.0	800.0	40.0	1,331.8	1,106.8	83.1	2,600.0	1,040.0	40.0			
U.S. Arms Control and Disarmament Agency												
U.S. Commission on Civil Rights												
U.S. Information Agency	1,000.0	400.0	40.0	1,000.0	600.0	60.0	1,576.9	233.0	14.8			

Note: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted in year-end reports by some federal agencies. Information not given in written reports was obtained by telephone. Where no figures are shown, the agency either did not goal in this category or did not submit an achievement report, or both, for FY 1994 or FY 1995.

Source: U.S. Small Business Administration, Office of Government Contracting, 1996.

Table 5 *8(a) Program Share of Federal Prime Contracts: Performance by Major Federal Agencies, FY 1994 and FY 1995 (Millions of Dollars)*

	FY 1995						FY 1994					
	Agency Projections			Actual Awards			Agency Projections			Actual Awards		
	Total	Small Business Share		Total	Small Business Share		Total	Small Business Share		Total	Small Business Share	
	Dollars	Dollars	Percent	Dollars	Dollars	Percent	Dollars	Dollars	Percent	Dollars	Dollars	Percent
Total	**162,441.5**	**2,826.2**	**1.7**	**173,629.2**	**6,466.1**	**3.7**	**160,132.0**	**2,766.9**	**1.7**	**174,554.9**	**5,516.1**	**3.2**
Department of Agriculture	2,643.8	132.2	5.0	3,115.5	111.1	3.6	2,905.1	87.2	3.0	3,897.5	125.8	3.2
Department of Commerce	766.0	84.3	11.0	829.6	136.6	16.5	697.4	55.8	8.0	750.8	79.2	10.6
Department of Defense	103,900.0	0[1]	0	110,033.0	3,307.0	3.0	100,000.0	0[1]	0[1]	112,013.0	2,754.0	2.5
Department of Education	310.0	23.3	7.5	376.6	33.3	8.9	284.0	18.5	6.5	329.9	27.3	8.3
Department of Energy	16,480.0	494.4	3.0	16,375.4	445.2	2.7	18,000.0	720.0	4.0	17,104.7	340.5	2.0
Department of Health and Human Services	2,818.1	253.6	9.0	3,163.0	311.4	9.8	2,538.5	218.3	8.6	3,119.3	288.9	9.3
Department of Housing and Urban Development	906.5	54.4	6.0	668.9	70.4	10.5	690.1	24.2	3.5	685.3	53.2	7.8
Department of the Interior	1,292.8	90.5	7.0	1,289.2	141.4	11.0	1,282.3	87.2	6.8	1,386.3	141.4	10.2
Department of Justice	1,964.0	155.2	7.9	1,941.3	151.8	7.8	1,786.4	116.1	6.5	1,983.3	116.9	5.9
Department of Labor	766.8	42.1	5.5	871.7	38.0	4.4	767.7	33.8	4.4	846.4	31.2	3.7
Department of State	500.0	44.0	8.8	636.1	96.0	15.1	475.0	41.3	8.7	616.6	77.3	12.5
Department of Transportation	3,363.1	386.8	11.5	2,513.8	383.7	15.3	3,601.0	414.1	11.5	2,471.9	394.0	15.9
Department of the Treasury	1,500.0	160.0	10.7	1,278.5	207.1	16.2	1,500.0	145.0	9.7	1,310.6	194.6	14.8
Department of Veterans Affairs	2,000.0	90.0	4.5	4,655.6	217.4	4.7	3,000.0	90.0	3.0	4,114.8	131.2	3.2
Environmental Protection Agency	1,400.0	95.2	6.8	1,144.8	60.7	5.3	1,300.0	104.0	8.0	1,342.1	65.0	4.8

General Services Administration												
Federal Supply Schedule[2]	2,465.3	0.6[2]	0.1	2,806.8	3.5	0.03	2,459.3	0.6	0.1	1,801.0	0	0
Non-Federal Supply Schedule	5,443.0	217.7	4.0	6,531.9	206.3	3.2	5,428.6	173.7	3.2	6,461.9	200.4	3.1
National Aeronautics and Space Administration	10,643.0	298.0	2.8	10,109.0	342.4	3.4	10,430.0	277.3	2.7	9,766.0	314.3	3.2
Tennessee Valley Authority	1,945.0	48.6	2.5	2,956.2	26.0	0.9	1,700.0	42.5	2.5	2,112.0	6.0	0.2
U.S. Agency for International Development	433.9	45.1	10.4	1,431.1	65.6	4.6	413.3	36.4	8.8	1,505.5	50.6	3.4
All Others	900.2	110.2	12.2	901.0	111.2	12.3	873.3	80.9	9.3	936.0	124.3	13.3

Note: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted in year-end reports by some federal agencies. Information not given in written reports was obtained by telephone.

[1] The Department of Defense (DOD) has, by specific legislation, a goal of 5 percent for participation by small disadvantaged business. DOD has therefore never chosen to recognize or provide separate goals for 8(a) and other SDB awards, as all other agencies do. Rather, DOD has provided a single goal for total SDB participation.

[2] GSA FSS goal percentages are based on number of contracts awarded.

Source: U.S. Small Business Administration, Office of Government Contracting, 1996.

Table 6 *8(a) Program Share of Federal Prime Contracts: Performance by Other Federal Agencies, FY 1994 and FY 1995 (Thousands of Dollars)*

	FY 1995						FY 1994					
	Agency Projections			Actual Awards			Agency Projections			Actual Awards		
	Total	Small Business Share		Total	Small Business Share		Total	Small Business Share		Total	Small Business Share	
	Dollars	Dollars	Percent	Dollars	Dollars	Percent	Dollars	Dollars	Percent	Dollars	Dollars	Percent
Total	**900,166.8**	**110,196.0**	**12.2**	**900,953.3**	**111,247.9**	**12.3**	**873,257.8**	**80,864.1**	**9.3**	**935,958.3**	**124,343.5**	**13.3**
Administrative Conference of the United States												
American Battle Monuments Commission												
Board for International Broadcasting												
Commodity Futures Trading Commission	7,000.0	82.0	1.2	10,530.0	953.0	9.1	7,000.0	332.0	4.7	10,024.0	837.0	8.3
Consumer Product Safety Commission	2,214.8	553.7	25.0	5,912.0	1,476.0	25.0	3,441.8	835.5	25.0	3,922.0	1,028.0	26.0
Corporation for National and Community Service	22,586.0	15,797.3	70.0				8,021.0	260.0	3.2	5,587.3	3,062.8	54.8
Equal Employment Opportunity Commission	9,500.0	950.0	10.0	7,001.0	943.0	13.5	9,000.0	540.0	6.0	9,274.0	2,357.0	25.4
Executive Office of the President	21,000.0	4,620.0	22.0	18,415.9	3,379.7	18.4	20,000.0	2,000.0	10.0	20,992.0	4,441.0	21.2
Export-Import Bank												
Farm Credit Administration												
Federal Communications Commission	22,157.0	3,323.6	15.0	41,592.0	13,296.9	32.0	5,922.0	765.6	12.9	39,579.4	15,551.0	39.3
Federal Election Commission	2,075.0	0	0	3,267.0	0	0	1,734.4	0		2,802.0	0	
Federal Emergency Management Agency	200,000.0	20,000.0	10.0	244,754.0	16,803.3	6.9	209,000.0	12,500.0	6.0	195,540.0	21,516.0	11.0
Federal Energy Regulatory Commission	19,047.0	3,540.0	18.6	24,682.5	5,737.8	23.2	18,428.9	3,765.0	20.4	31,205.8	6,682.9	21.4
Federal Maritime Commission	779.0	0	0	607.2	0	0	514.2	0		1,143.1	0	
Federal Mediation and Conciliation Service												
Federal Mine Safety and Health Review Commission												

Federal Trade Commission	6,000.0	720.0	12.0	8,726.3	1,195.3	14.0	5,000.0	550.0	11.0	6,256.8	629.5	10.1
International Trade Administration	1,911.0	269.5	14.0				1,527.0	260.0	17.0	1,916.0	210.0	11.0
Interstate Commerce Commission	1,150.0	0	0	1,328.0	0	0	1,264.0	72.0	6.0	1,838.0	0	
Merit Systems Protection Board	700.0	0	0	933.0	43.0	4.6	700.0	0		1,105.0	0	
National Archives and Records Administration	30,293.0	3,675.4	12.0				11,568.0	2,033.0	17.6	28,600.0	4,997.4	17.5
National Capital Planning Commission	792.0	75.0	9.5				757.5	0				
National Endowment for the Arts	900.0	200.0	22.0	1,104.0	315.0	28.5	1,250.0	350.0	28.0	1,000.0	208.0	20.8
National Endowment for the Humanities	1,550.0	0	0	1,227.0	0	0	1,500.0	0		1,743.0	0	
National Labor Relations Board	4,430.0	949.0	21.0	7,322.0	4,386.0	59.9	3,886.0	848.0	22.0	6,245.0	2,971.0	47.6
National Science Foundation	162,900.0	3,200.0	2.0	179,600.0	3,500.0	1.9	166,600.0	5,300.0	3.2	176,400.0	4,030.0	2.3
National Transportation Safety Board	2,000.0	400.0	20.0	2,000.0	Not Reported			2,000.0	400.0	20.0		
Nuclear Regulatory Commission	85,000.0	22,000.0	25.88	95,288.1	28,007.0	29.4	80,000.0	18,000.0	22.5	87,977.0	23,385.0	26.6
Occupational Safety and Health Administration	400.0	0	0				300.0	0		300.0	0	
Office of Personnel Management	86,576.0	3,896.0	4.5	97,948.0	5,952.0	6.1	104,136.0	4,753.0	4.6	98,441.0	3,892.0	4.0
Pennsylvania Avenue Development Corporation	2,075.5	505.0	24.0				1,807.0	445.0	25.0	1,760.5	498.9	28.3
Securities and Exchange Commission												
Selective Service System	150.0	10.5	7.0				200.0	0	0	1,739.6	151.0	8.7
Small Business Administration	27,000.0	10,260.0	38.0	29,477.0	12,397.0	42.1	27,500.0	10,175.0	37.0	32,832.0	14,547.0	44.3
Smithsonian Institution	100,000.0	10,000.0	10.0	113,712.3	12,459.9	11.0	95,000.0	9,500.0	10.0	112,607.8	9,373.0	8.3
U.S. Arms Control and Disarmament Agency	4,980.0	169.0	3.4	5,526.0	403.0	7.3	5,200.0	180.0	3.4	5,147.0	273.0	5.3
U.S. Commission on Civil Rights												
U.S. Information Agency	75,000.0	5,000.0	6.6				80,000.0	7,000.0	8.8	49,980.0	3,702.0	7.4

Note: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted in year-end reports by some federal agencies. Information not given in written reports was obtained by telephone. Where no figures are shown, the agency either did not goal in this category or did not submit an achievement report, or both, for FY 1994 or FY 1995.

Source: U.S. Small Business Administration, Office of Government Contracting, 1996.

Table 7 *Small and Disadvantaged Business Share of Federal Prime Contracts: Performance by Major Federal Agencies, FY 1994 and FY 1995 (Millions of Dollars)*

	FY 1995						FY 1994					
	Agency Projections			Actual Awards			Agency Projections			Actual Awards		
	Total	Small Business Share		Total	Small Business Share		Total	Small Business Share		Total	Small Business Share	
	Dollars	Dollars	Percent	Dollars	Dollars	Percent	Dollars	Dollars	Percent	Dollars	Dollars	Percent
Total	**162,441.5**	**6,914.0**	**4.3**	**173,629.2**	**5,487.0**	**3.2**	**160,132.0**	**6,941.5**	**4.3**	**174,554.9**	**5,148.8**	**3.0**
Department of Agriculture	2,643.8	132.2	5.0	3,115.5	55.9	1.8	2,905.1	87.2	3.0	3,897.5	107.3	3.0
Department of Commerce	766.0	30.6	4.0	829.6	55.2	6.7	697.4	20.9	3.0	750.8	30.6	4.1
Department of Defense[1]	103,900.0	5,298.9	5.1	110,033.0	3,555.0	3.2	100,000.0	5,000.0*	5.0*	112,013.0	3,360.0	3.0
Department of Education	310.0	12.4	4.0	376.6	10.0	2.7	284.0	10.8	3.8	329.9	9.0	2.7
Department of Energy	16,480.0	543.8	3.3	16,375.4	533.9	3.3	18,000.0	1,080.0	6.0	17,104.7	481.1	2.8
Department of Health and Human Services	2,818.1	84.5	3.0	3,163.0	94.0	3.0	2,538.5	61.3	2.4	3,119.3	108.6	3.5
Department of Housing and Urban Development	906.5	87.9	9.7	668.9	79.7	11.9	690.1	48.3	7.0	685.3	59.8	8.7
Department of the Interior	1,292.8	51.7	4.0	1,289.2	54.9	4.3	1,282.3	51.3	4.0	1,386.3	49.7	3.6
Department of Justice	1,964.0	58.9	3.0	1,941.3	30.0	1.5	1,786.4	35.7	2.0	1,983.3	54.1	2.7
Department of Labor	766.8	47.2	6.2	871.7	47.2	5.4	767.7	58.7	7.7	846.4	68.5	8.1
Department of State	500.0	25.0	5.0	636.1	44.7	7.0	475.0	19.0	4.0	616.6	30.0	4.9
Department of Transportation	3,363.1	33.6	1.0	2,513.8	203.9	8.1	3,601.0	36.0	1.0	2,471.9	166.8	6.7
Department of the Treasury	1,500.0	39.0	2.6	1,278.5	21.1	1.6	1,500.0	30.0	2.0	1,310.6	25.6	2.0
Department of Veterans Affairs	2,000.0	60.0	3.0	4,655.6	146.6	3.1	3,000.0	60.0	2.0	4,114.8	132.4	3.2
Environmental Protection Agency	1,400.0	35.0	2.5	1,144.8	20.1	1.8	1,300.0	26.0	2.0	1,342.1	22.1	1.6

General Services Administration												
Federal Supply Schedule[2]	2,465.3	11.8[2]	2.5	2,806.8	12.4	2.7	2,459.3	6.9	2.5	1,801.0	9.7	2.4
Non-Federal Supply Schedule	5,443.0	163.3	3.0	6,531.9	193.2	3.0	5,428.6	135.7	2.5	6,461.9	148.6	2.3
National Aeronautics and Space Administration	10,643.0	80.0	0.75	10,109.0	127.3	1.3	10,430.0	73.7	0.7	9,766.0	99.6	1.0
Tennessee Valley Authority	1,945.0	77.8	4.0	2,956.2	61.9	2.1	1,700.0	59.5	3.5	2,112.0	43.3	2.1
U.S. Agency for International Development	433.9	23.9	5.5	1,431.1	115.4	8.1	413.3	20.2	4.9	1,505.5	111.1	7.4
All Others	900.2	16.5	1.8	901.0	24.6	2.7	873.3	20.3	2.3	936.0	30.9	3.3

Note: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted in year-end reports by some federal agencies. Information not given in written reports was obtained by telephone.

[1] The Department of Defense (DOD) has, by specific legislation, a goal of 5 percent for participation by small disadvantaged business.DOD has therefore never chosen to recognize or provide separate goals for 8(a) and other SDB awards, as all other agencies do. Rather, DOD has provided a single goal for total SDB participation.

[2] GSA FSS goal percentages are based on number of contracts awarded.

Table 8 *Small and Disadvantaged Business Share of Federal Prime Contracts: Performance by Other Federal Agencies, FY 1994 and FY 1995 (Thousands of Dollars)*

	FY 1995						FY 1994					
	Agency Projections			Actual Awards			Agency Projections			Actual Awards		
	Total	Small Business Share		Total	Small Business Share		Total	Small Business Share		Total	Small Business Share	
	Dollars	Dollars	Percent	Dollars	Dollars	Percent	Dollars	Dollars	Percent	Dollars	Dollars	Percent
Total	**900,166.8**	**16,451.6**	**1.8**	**900,953.3**	**24,587.0**	**2.7**	**873,257.8**	**20,349.8**	**2.3**	**935,958.3**	**30,912.6**	**3.3**
Administrative Conference of the United States												
American Battle Monuments Commission												
Board for International Broadcasting												
Commodity Futures Trading Commission	7,000.0	0	0	10,530.0	0	0	7,000.0	0		10,024.0	0	
Consumer Product Safety Commission	2,214.8	221.5	10.0	5,912.0	262.0	4.4	3,441.8	344.2	10.0	3,922.0	214.0	5.5
Corporation for National and Community Service	22,586.0	0	0	8,021.0	30.0	0.4	5,587.3	0				
Equal Employment Opportunity Commission	9,500.0	475.0	5.0	7,001.0	590.0	8.4	9,000.0	450.0	5.0	9,274.0	472.0	5.1
Executive Office of the President	21,000.0	840.0	4.0	18,415.9	376.4	2.0	20,000.0	380.0	1.9	20,992.0	721.0	3.4
Export-Import Bank												
Farm Credit Administration												
Federal Communications Commission	22,157.0	310.2	1.4	41,592.0	199.8	0.5	5,922.0	77.0	1.3	39,579.4	211.4	0.5
Federal Election Commission	2,075.0	0	0	3,267.0	0	0	1,734.4	02,802.0	0			
Federal Emergency Management Agency	200,000.0	2,400.0	1.2	244,754.0	7,442.4	3.0	209,000.0	2,100.0	1.0	195,540.0	12,870.0	6.6
Federal Energy Regulatory Commission	19,047.0	92.0	0.5	24,682.5	262.4	1.1	18,428.9	117.0	0.6	31,205.8	249.4	0.8
Federal Maritime Commission	779.0	0	0	607.2	0	0	514.2	0		1,143.1	0	

Federal Mediation and Conciliation Service												
Federal Mine Safety and Health Review Commission												
Federal Trade Commission	6,000.0	60.0	1.0	8,726.3	343.4	4.0	5,000.0	50.0	1.0	6,256.8	115.3	1.8
International Trade Administration	1,911.5	0	0				1,527.0	0		1,916.0	0	
Interstate Commerce Commission	1,150.0	20.0	2.0	1,328.0	47.0	3.5	1,264.0	12.0	1.0	1,838.0	43.0	2.3
Merit Systems Protection Board	700.0	7.0	1.0	933.0	8.0	0.9	700.0	49.0	7.0	1,105.0	9.0	0.8
National Archives and Records Administration	30,293.0	341.0	1.1				11,568.0	759.0	6.6	28,600.0	348.0	1.2
National Capital Planning Commission	792.0	50.0	6.3				757.5	50.0	6.6			
National Endowment for the Arts	900.0	25.0	3.0	1,104.0	46.0	4.2	1,250.0	25.0	2.0	1,000.0	124.0	12.4
National Endowment for Humanities	1,550.0	100.0	6.0	1,227.0	29.0	2.4	1,500.0	120.0	8.0	1,743.0	60.0	3.4
National Labor Relations Board	4,430.0	132.9	3.0	7,322.0	4.0	0.05	3,886.0	116.6	3.0	6,245.0	1.7	0.3
National Science Foundation	162,900.0	1,500.0	0.9	179,600.0	1,700.0	1.0	166,600.0	2,500.0	1.5	176,400.0	5,900.0	3.3
National Transportation Safety Board	2,000.0	100.0	5.0	2,000.0	100.0	5.0	2,000.0	100.0	5.0			
Nuclear Regulatory Commission	85,000.0	300.0	0.35	95,288.1	233.4	0.2	80,000.0	1,250.0	1.56	87,977.0	549.0	0.6
Occupational Safety and Health Administration	400.0	100.0	25.0			300.0	0		300.0	0		
Office of Personnel Management	86,576.0	4,385.0	5.1	97,948.0	7,013.0	7.2	104,136.0	5,088.0	4.9	98,441.0	4,296.0	4.4
Pennsylvania Avenue Development Corporation	2,075.5	410.0	20.0				1,807.0	225.0	12.45	1,760.5	390.7	22.2
Securities and Exchange Commission												
Selective Service System	150.0	12.0	8.0200.0	16.0	8.0	1,739.6	58.0	3.3				
Small Business Administration	27,000.0	540.0	2.0	29,477.0	2,763.0	9.4	27,500.0	275.0	0.1	32,832.0	736.0	2.2
Smithsonian Institution	100,000.0	3,000.0	3.0	113,712.3	2,885.2	2.5	95,000.0	2,185.0	2.3	112,607.8	2,692.1	2.4
U.S. Arms Control and Disarmament Agency	4,980.0	30.0	0.6	5,526.0	282.0	5.1	5,200.0	31.0	0.6	5,147.0	306.0	6.0
U.S. Commission on Civil Rights												
U.S. Information Agency	75,000.0	1,000.0	1.3				80,000.0	4,000.0	5.0	49,980.0	546.0	1.1

Note: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted in year-end reports by some federal agencies. Information not given in written reports was obtained by telephone. Where no figures are shown, the agency either did not goal in this category or did not submit an achievement report, or both, for FY 1994 or FY 1995.

Source: U.S. Small Business Administration, Office of Government Contracting, 1996.

Table 9 *Small and Disadvantaged Business Share of Federal Subcontracts: Performance by Prime Contractors to Major Federal Agencies, FY 1994 and FY 1995 (Millions of Dollars)*

	FY 1995						FY 1994					
	Agency Projections			Actual Awards			Agency Projections			Actual Awards		
	Total	Small Business Share		Total	Small Business Share		Total	Small Business Share		Total	Small Business Share	
	Dollars	Dollars	Percent	Dollars	Dollars	Percent	Dollars	Dollars	Percent	Dollars	Dollars	Percent
Total	**51,303.5**	**2,941.2**	**5.7**	**56,861.0**	**3,758.7**	**6.6**	**50,811.6**	**2,907.0**	**5.7**	**57,491.2**	**3,155.3**	**5.5**
Department of Agriculture	724.7	36.2	5.0	294.8	6.6	2.2	285.0	14.3	5.0	104.8	3.8	3.6
Department of Commerce	100.9	15.1	15.0	155.3	13.4	8.6	105.5	8.4	8.0	151.8	11.5	7.6
Department of Defense	40,700.0	2,035.0	5.0	45,032.0	2,600.0	5.8	40,400.0	2,020.0	5.0	43,364.0	2,253.0	5.0
Department of Education	7.0	0.5	6.5	8.3	0.6	7.0	15.4	0.9	6.0	41.4	2.4	5.7
Department of Energy	800.0	68.8	8.6	1,111.8	107.2	9.6	500.0	42.8	8.6	882.6	76.5	8.7
Department of Health and Human Services	289.0	24.6	8.5	339.5	21.3	6.3	249.9	21.0	8.4	374.2	31.2	8.3
Department of Housing and Urban Development	101.0	19.2	19.0	120.6	17.0	14.1	122.3	12.1	9.9	65.9	12.8	19.4
Department of the Interior	50.0	3.3	6.5	186.3	9.0	4.8	70.0	5.5	7.8	120.2	8.0	6.7
Department of Justice	400.0	42.0	10.5	216.9	14.9	6.9	448.1	24.6	5.5	506.9	19.5	3.8
Department of Labor	120.2	15.4	12.8	176.1	28.0	15.9	126.8	18.4	14.5	146.5	20.5	14.0
Department of State	34.0	1.7	5.0	40.1	3.4	9.0	30.0	1.5	5.0	48.3	3.3	6.8
Department of Transportation	241.7	25.4	10.5	384.9	84.9	22.1	245.1	25.7	10.5	255.5	52.7	20.6
Department of the Treasury	325.0	16.3	5.0	579.6	40.5	7.0	375.0	18.8	5.0	446.8	21.2	4.7
Department of Veterans Affairs	800.0	48.0	6.0	315.6	48.9	15.5	800.0	40.0	5.0	1,071.0	58.3	5.4
Environmental Protection Agency	150.0	18.0	12.0	282.3	23.9	8.5	165.0	19.8	12.0	263.1	29.1	11.1

General Services Administration	2,228.0	133.7	6.0	1,984.0	95.7	4.8	3,000.0	165.0	5.5	2,809.4	107.2	3.8
National Aeronautics and Space Administration	3,834.0	402.6	10.5	4,979.0	598.9	12.0	3,500.0	436.2	12.5	4,300.0	416.8	9.7
Tennessee Valley Authority	250.0	25.0	10.0	412.7	12.9	3.1	230.0	23.0	10.0	401.6	19.4	4.8
U.S. Agency for International Development	7.8	0.9	11.5	104.2	22.0	21.1	7.4	0.7	9.8	16.2	2.1	12.8
All Others	140.2	9.5	6.8	137.0	9.6	7.0	136.1	8.3	6.1	121.0	6.0	5.0

Note: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted in year-end reports by some federal agencies. Information not given in written reports was obtained by telephone.

Source: U.S. Small Business Administration, Office of Government Contracting, 1996.

Table 10 *Small and Disadvantaged Business Share of Federal Subcontracts: Performance by Prime Contractors to Other Federal Agencies, FY 1994 and FY 1995 (Thousands of Dollars)*

	FY 1995						FY 1994					
	Agency Projections			Actual Awards			Agency Projections			Actual Awards		
	Total	Small Business Share		Total	Small Business Share		Total	Small Business Share		Total	Small Business Share	
	Dollars	Dollars	Percent	Dollars	Dollars	Percent	Dollars	Dollars	Percent	Dollars	Dollars	Percent
Total	**140,162.9**	**9,477.2**	**6.8**	**137,027.1**	**9,648.3**	**7.0**	**136,062.0**	**8,289.2**	**6.1**	**120,993.3**	**5,977.0**	**5.0**
Administrative Conference of the United States												
American Battle Monuments Commission												
Board for International Broadcasting												
Commodity Futures Trading Commission												
Consumer Product Safety Commission												
Corporation for National Service	864.6	352.8	41.0									
Equal Employment Opportunity Commission												
Executive Office of the President	201.0	46.2	23.0	2,927.6	52.7	1.8	201.0	46.2	23.0	347.8	61.6	17.7
Export-Import Bank												
Farm Credit Administration												
Federal Communications Commission												
Federal Election Commission												
Federal Emergency Management Agency	8,500.0	297.5	3.5	5,240.0	404.0	7.7	8,000.0	243.0	3.0	1,787.8	125.1	7.0
Federal Energy Regulatory Commission	2,189.0	425.0	19.4	5,001.7	768.4	15.4	4,774.0	404.0	8.5	6,761.6	423.3	6.3
Federal Maritime Commission												
Federal Mediation and Conciliation Service												
Federal Mine Safety and Health Review Commission												

Federal Trade Commission												
International Trade Administration												
Interstate Commerce Commission												
Merit Systems Protection Board												
National Archives and Records Administration	1,634.3	4.7	0.3				1,300.0	20.0	1.5	2,015.2	370.0	18.3
National Capital Planning Commission												
National Endowment for the Arts												
National Endowment for the Humanities												
National Labor Relations Board												
National Science Foundation	105,700.0	6,700.0	6.3	102,200.0	6,300.0	6.2	100,260.0	5,100.0	5.0	87,500.0	3,600.0	4.1
National Transportation Safety Board												
Nuclear Regulatory Commission	3,000.0	375.0	12.5	1,983.0	221.0	11.1	3,200.0	450.0	14.1	2,487.0	285.0	11.5
Occupational Safety and Health Administration												
Office of Personnel Management	15,074.0	1,131.0	7.5	18,343.0	1,091.0	5.9	14,727.0	1,896.0	12.8	18,517.0	1,112.0	6.0
Pennsylvania Avenue Development Corporation												
Securities and Exchange Commission												
Selective Service System												
Small Business Administration												
Smithsonian Institution	2,000.0	70.0	3.5	1,331.8	811.2	60.9	2,600.0	90.0	3.46	0	0	
U.S. Arms Control and Disarmament Agency												
U.S. Commission on Civil Rights												
U.S. Information Agency	1,000.0	75.0	7.5				1,000.0	40.0	4.0	1,579.9		Not Reported

Note: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted in year-end reports by some federal agencies. Information not given in written reports was obtained by telephone. Where no figures are shown, the agency either did not goal in this category, or did not submit an achievement report, or both, for FY 1994 and FY 1955.

Source: U.S. Small Business Administration, Office of Government Contracting, 1996.

Table 11 *Women-Owned Small Business Share of Federal Prime Contracts: Performance by Major Federal Agencies, FY 1994 and FY 1995 (Millions of Dollars)*

	FY 1995						FY 1994					
	Agency Projections			Actual Awards			Agency Projections			Actual Awards		
	Total	Small Business Share		Total	Small Business Share		Total	Small Business Share		Total	Small Business Share	
	Dollars	Dollars	Percent	Dollars	Dollars	Percent	Dollars	Dollars	Percent	Dollars	Dollars	Percent
Total	**162,441.5**	**3,360.1**	**2.1**	**173,629.2**	**3,946.2**	**2.3**	**160,132.0**	**3.075.2**	**1.9**	**174,554.9**	**3,466.9**	**2.0**
Department of Agriculture	2,643.8	92.5	3.5	3,115.5	87.4	2.8	2,905.1	72.6	2.5	3,897.5	123.0	3.2
Department of Commerce	766.0	38.3	5.0	829.6	54.4	6.6	697.4	27.9	4.0	750.8	27.3	3.6
Department of Defense	103,900.0	1,766.3	1.7	110,033.0	1,994.0	1.8	100,000.0	1,599.9	1.5	112,013.0	1,857.0	1.7
Department of Education	310.0	15.5	5.0	376.6	12.7	3.4	284.0	10.0	3.5	329.9	8.9	2.7
Department of Energy	16,480.0	415.0	2.5	16,375.4	505.5	3.1	18,000.0	639.9	3.5	17,104.7	418.2	2.4
Department of Health and Human Services	2,818.1	113.2	4.0	3,163.0	816.3	5.9	2,538.5	103.3	4.1	3,119.3	149.6	4.8
Department of Housing and Urban Development	906.5	63.5	7.0	668.9	49.9	7.5	690.1	38.0	5.5	685.3	55.5	8.1
Department of the Interior	1,292.8	53.0	4.1	1,289.2	63.5	4.9	1,282.3	51.3	4.0	1,386.3	65.0	4.7
Department of Justice	1,964.0	58.9	3.0	1,941.3	49.2	2.5	1,786.4	53.6	3.0	1,983.3	47.2	2.4
Department of Labor	766.8	39.8	5.2	871.7	24.1	2.8	767.7	32.5	4.2	846.4	17.3	2.0
Department of State	500.0	25.0	5.0	636.1	42.2	6.6	475.0	23.8	5.0	616.6	38.3	6.2
Department of Transportation	3,363.1	67.3	2.0	2,513.8	96.9	3.9	3,601.0	72.0	2.0	2,471.9	55.1	2.2
Department of the Treasury	1,500.0	78.0	5.2	1,278.5	66.7	5.2	1,500.0	60.0	4.0	1,310.6	64.0	4.9
Department of Veterans Affairs	2,000.0	60.0	3.0	4,655.6	226.7	4.9	3,000.0	72.0	2.4	4,114.8	155.9	3.8
Environmental Protection Agency	1,400.0	70.0	5.0	1,144.8	26.5	2.3	1,300.0	26.0	2.0	1,342.1	18.5	1.4

General Services Administration												
Federal Supply Schedule*	2,465.3	46.2	6.3	2,806.8	47.8	7.2	2,459.3	30.8	5.9	1,801.0	34.0	6.3
Non-Federal Supply Schedule	5,443.0	163.3	3.0	6,531.9	135.8	2.1	5,428.6	97.7	1.8	6,461.9	129.2	2.0
National Aeronautics and Space Administration	10,643.0	112.0	1.05	10,109.0	159.1	1.6	10,430.0	104.3	1.0	9,766.0	118.4	1.2
Tennessee Valley Authority	1,945.0	31.1	1.6	2,956.2	43.8	1.5	1,700.0	23.8	1.4	2,112.0	14.1	0.7
U.S. Agency for International Development	433.9	21.7	5.0	1,431.1	33.1	2.3	413.3	18.2	4.4	1,505.5	21.7	1.4
All Others	900.2	29.5	3.3	901.0	40.6	4.5	873.3	27.4	3.1	936.0	48.7	5.2

Note: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted in year-end reports by some federal agencies. Information not given in written reports was obtained by telephone.

* GSA FSS goal percentages are based on number of contracts awarded.

Source: U.S. Small Business Administration, Office of Government Contracting, 1996.

Table 12 *Women-Owned Small Business Share of Federal Prime Contracts: Performance by Other Federal Agencies, FY 1994 and FY 1995 (Thousands of Dollars)*

	FY 1995						FY 1994					
	Agency Projections			Actual Awards			Agency Projections			Actual Awards		
	Total Dollars	Small Business Share Dollars	Small Business Share Percent	Total Dollars	Small Business Share Dollars	Small Business Share Percent	Total Dollars	Small Business Share Dollars	Small Business Share Percent	Total Dollars	Small Business Share Dollars	Small Business Share Percent
Total	**900,166.8**	**29,466.5**	**3.3**	**900,953.3**	**40,630.2**	**4.5**	**873,257.8**	**27,377.7**	**3.1**	**935,958.3**	**48,712.0**	**5.2**
Administrative Conference of the United States												
American Battle Monuments Commission												
Board for International Broadcasting												
Commodity Futures Trading Commission	7,000.0	0	0	10,530.0	681.0	6.5	7,000.0	0	0	10,024.0	281.0	2.8
Consumer Product Safety Commission	2,214.8	332.2	15.0	5,912.0	994.0	16.8	3,441.8	501.1	15.0	3,922.0	1,086.0	27.7
Corporation for National and Commuity Service	22,586.0	2,036.0	9.0				8,021.0	30.0	0.4	5,587.3	400.0	7.2
Equal Employment Opportunity Commission	9,500.0	665.0	7.0	7,001.0	397.0	5.6	9,000.0	540.0	6.0	9,274.0	854.0	9.2
Executive Office of the President	21,000.0	1,050.0	5.0	18,415.9	901.2	4.9	20,000.0	500.0	2.5	20,992.0	875.0	4.2
Export-Import Bank												
Farm Credit Administration												
Federal Communications Commission	22,157.0	88.6	0.4	41,592.0	145.8	0.4	5,922.0	19.5	0.3	39,579.4	196.4	0.5
Federal Election Commission	2,075.0	125.0	6.0	3,267.0	195.0	6.0	1,734.4	74.6	4.3	2,802.0	158.0	5.6
Federal Emergency Management Agency	200,000.0	4,400.0	2.2	244,754.0	10,450.5	4.3	209,000.0	5,225.0	2.5	195,540.0	19,511.3	10.0
Federal Energy Regulatory Commission	19,047.0	700.0	3.7	24,682.5	1,432.9	5.8	18,428.9	0	0	31,205.8	673.2	2.2
Federal Maritime Commission	779.0	0	0	607.2	0	0	514.2	0	0	1,143.1	0	0
Federal Mediation and Conciliation Service												

Federal Mine Safety and Health Review Commission												
Federal Trade Commission	6,000.0	180.0	3.0	8,726.3	159.8	2.0	5,000.0	350.0	7.0	6,256.8	231.0	3.7
International Trade Administration	1,911.0	0	0				1,527.0	0	0	1,916.0	0	0
Interstate Commerce Commission	1,150.0	44.0	4.0	1,328.0	16.0	1.2	1,264.0	12.0	1.0	1,838.0	65.0	3.5
Merit Systems Protection Board	700.0	210.0	30.0	933.0	247.0	26.5	700.0	175.0	25.0	1,105.0	273.0	24.7
National Archives and Records Administration	30,293.0	2,306.7	7.6				11,568.0	2,282.0	19.7	28,600.0	2,089.0	7.3
National Capital Planning Commission	792.0	42.0	5.3				757.5	27.5	3.6			
National Endowment for the Arts	900.0	40.0	4.0	1,104.0	66.0	6.0	1,250.0	60.0	4.8	1,000.0	123.0	12.3
National Endowment for the Humanities	1,550.0	450.0	29.0	1,227.0	459.0	37.4	1,500.0	450.0	30.0	1,743.0	519.0	30.0
National Labor Relations Board	4,430.0	672.0	15.0	7,322.0	646.0	8.8	3,886.0	593.0	15.0	6,245.0	616.0	9.9
National Science Foundation	162,900.0	1,600.0	1.0	179,600.0	1,500.0	0.8	166,600.0	1,660.0	1.0	176,400.0	1,800.0	1.0
National Transportation Safety Board	2,000.0	400.0	20.0	2,000.0	200.0	10.0	2,000.0	400.0	20.0			
Nuclear Regulatory Commission	85,000.0	2,000.0	2.35	95,288.1	1,063.8	1.1	80,000.0	3,700.0	4.6	87,977.0	1,866.0	2.1
Occupational Safety and Health Administration	400.0	70.0	18.0				300.0	85.0	28.0	300.0	35.0	11.7
Office of Personnel Management	86,576.0	3,896.0	4.5	97,948.0	14,084.0	14.4	104,136.0	4,142.0	3.9	98,441.0	10,372.0	10.5
Pennsylvania Avenue Development Corporation	2,075.5	24.0	1.0				1,807.0	5.0	0.28	1,760.5	20.0	1.1
Securities and Exchange Commission												
Selective Service System	150.0	15.0	10.0				200.0	15.0	8.0	1,739.6	119.0	6.8
Small Business Administration	27,000.0	1,350.0	5.0	29,477.0	1,243.0	4.2	27,500.0	825.0	3.0	32,832.0	2,003.0	6.1
Smithsonian Institution	100,000.0	3,000.0	3.0	113,712.3	5,569.2	4.9	95,000.0	2,185.0	2.3	112,607.8	3,713.1	3.3
U.S. Arms Control and Disarmament Agency	4,980.0	20.0	0.4	5,526.0	179.0	3.2	5,200.0	21.0	0.4	5,147.0	44.0	0.9
U.S. Commission on Civil Rights												
U.S. Information Agency	75,000.0	3,750.0	5.0				80,000.0	3,500.0	4.4	49,980.0	789.0	1.6

Note: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted in year-end reports by some federal agencies. Information not given in written reports was obtained by telephone. Where no figures are shown, the agency either did not goal in this category or did not submit an achievement report, or both, for FY 1994 or FY 1995.

Source: U.S. Small Business Administration, Office of Government Contracting, 1996.

Table 13 *Women-Owned Small Business Share of Federal Subcontracts: Performance by Prime Contractors to Major Federal Agencies, FY 1994 and FY 1995 (Millions of Dollars)*

	FY 1995						FY 1994					
	Agency Projections			Actual Awards			Agency Projections			Actual Awards		
	Total	Small Business Share		Total	Small Business Share		Total	Small Business Share		Total	Small Business Share	
	Dollars	Dollars	Percent	Dollars	Dollars	Percent	Dollars	Dollars	Percent	Dollars	Dollars	Percent
Total	**51,303.5**	**1,212.0**	**2.4**	**56,861.0**	**1,699.1**	**3.0**	**50,811.6**	**887.3**	**1.7**	**57,491.2**	**1,452.9**	**2.5**
Department of Agriculture	724.7	14.5	2.0	294.8	4.0	1.4	285.0	2.9	1.0	104.8	4.3	4.1
Department of Commerce	100.9	5.0	5.0	155.3	6.1	4.0	105.5	3.2	3.0	151.8	4.1	2.7
Department of Defense	40,700.0	854.7	2.1	45,032.0	1,233.0	2.7	40,400.0	646.4	1.6	43,364.0	1,021.0	2.3
Department of Education	7.0	0.4	6.0	8.3	0.5	6.5	15.4	0.9	6.0	41.4	2.8	6.7
Department of Energy	800.0	16.0	2.0	1,111.8	58.9	5.3	500.0	10.0	2.0	882.6	33.9	3.8
Department of Health and Human Services	289.0	2.9	1.0	339.5	7.5	2.2	249.9	2.5	1.0	374.2	1.7	0.5
Department of Housing and Urban Development	101.0	7.1	7.0	120.6	3.0	2.5	122.3	7.3	6.0	65.9	3.8	5.8
Department of the Interior	50.0	1.0	2.0	186.3	4.6	2.4	70.0	1.4	2.0	120.2	7.2	6.0
Department of Justice	400.0	26.0	6.5	216.9	8.4	3.9	448.1	17.9	4.0	506.9	30.6	6.
Department of Labor	120.2	6.0	5.0	176.1	10.0	5.7	126.8	6.3	5.0	146.5	6.7	4.6
Department of State	34.0	1.7	5.0	40.1	2.1	9.0	30.0	0.9	3.0	48.3	2.3	4.7
Department of Transportation	241.7	7.3	3.0	384.9	21.4	5.6	245.1	6.1	2.5	255.5	17.4	6.8
Department of the Treasury	325.0	9.8	3.0	579.6	26.9	4.6	375.0	7.5	2.0	446.8	14.9	3.3
Department of Veterans Affairs	800.0	16.0	2.0	315.6	Not Reported		800.0	16.0	2.0	1,071.0	Not Reported	
Environmental Protection Agency	150.0	7.5	5.0	282.3	10.5	3.7	165.0	5.0	3.0	263.1	12.7	4.8

General Services Adminstration	2,228.0	66.8	3.0	1,984.0	61.7	3.1	3,000.0	66.0	2.2	2,809.4	63.3	2.3
National Aeronautics and Space Administration	3,834.0	153.0	4.0	4,979.0	215.4	4.3	3,500.0	70.0	2.0	4,300.0	213.9	5.0
Tennessee Valley Authority	250.0	12.5	5.0	412.7	11.9	2.9	230.0	11.5	5.0	401.6	9.8	2.4
U.S. Agency for International Development	7.8	0.4	5.0	104.2	10.5	10.1	7.4	0.3	4.5	16.2	0.9	5.7
All Others	140.2	3.4	2.4	137.0	2.7	2.0	136.1	5.2	3.8	121.0	1.6	1.3

Note: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted in year-end reports by some federal agencies. Information not given in written reports was obtained by telephone.

Source: U.S. Small Business Administration, Office of Government Contracting, 1996.

Table 14 *Women-Owned Small Business Share of Federal Subcontracts: Performance by Prime Contractors to Other Federal Agencies, FY 1994 and FY 1995 (Thousands of Dollars)*

	FY 1995						FY 1994					
	Agency Projections			Actual Awards			Agency Projections			Actual Awards		
	Total Dollars	Small Business Share Dollars	Small Business Share Percent	Total Dollars	Small Business Share Dollars	Small Business Share Percent	Total Dollars	Small Business Share Dollars	Small Business Share Percent	Total Dollars	Small Business Share Dollars	Small Business Share Percent
Total	**140,162.9**	**3,379.5**	**2.4**	**137,027.1**	**2,734.5**	**2.0**	**136,062.0**	**5,159.0**	**3.8**	**120,993.3**	**1,629.9**	**1.3**
Administrative Conference of the United States												
American Battle Monuments Commission												
Board for International Broadcasting												
Commodity Futures Trading Commission												
Consumer Product Safety Commission												
Corporation for National and Community Service	864.6	0	0									
Equal Employment Opportunity Commission												
Executive Office of the President	201.0	10.1	5.0	2,927.6	102.6	3.5	201.0	8.0	4.0	347.8	40.4	11.6
Import Bank												
Farm Credit Administration												
Federal Communications Commission												
Federal Election Commission												
Federal Emergency Management Agency	8,500.0	255.0	3.0	5,240.0	23.0	0.4	8,000.0	180.0	2.2	1,787.8	14.0	0.8
Federal Energy Regulatory Commission	2,189.0	13.0	0.6	5,001.7	76.5	1.5	4,774.0	148.0	3.1	6,761.6	0.9	0.01
Federal Maritime Commission												
Federal Mediation and Conciliation Service												

Federal Mine Safety and Health Review Commission												
Federal Trade Commission												
International Trade Administration												
Interstate Commerce Commission												
Merit Systems Protection Board												
National Archives and Records Administration	1,634.3	2.4	0.1				1,300.0	0	0	2,015.2	68.1	3.3
National Capital Planning Commission												
National Endowment for the Arts												
National Endowment for the Humanities												
National Labor Relations Board												
National Science Foundation	105,700.0	2,100.0	2.0	102,200.0	1,800.0	1.8	100,260.0	1,500.0	1.5	87,500.0	1,000.0	1.1
National Transportation Safety Board												
Nuclear Regulatory Commission	3,000.0	100.0	3.33	1,983.0	24.0	1.2	3,200.0	70.0	2.2	2,487.0	51.5	2.1
Occupational Safety and Health Administration												
Office of Personnel Management	15,074.0	754.0	5.0	18,343.0	701.0	3.8	14,727.0	3,092.0	20.9	18,517.0	455.0	2.5
Pennsylvania Avenue Development Corporation												
Securities and Exchange Commission												
Selective Service System												
Small Business Administration												
Smithsonian Institution	2,000.0	70.0	3.5	1,331.8	7.4	0.6	2,600.0	90.0	3.5			
U.S. Arms Control and Disarmament Agency												
U.S. Commission on Civil Rights												
U.S. Information Agency	1,000.0	75.0	7.5				1,000.0	71.0	7.1	1,576.9	Not Reported	

Note: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted in year-end reports by some federal agencies. Information not given in written reports was obtained by telephone. Where no figures are shown, the agency either did not goal in this category, or did not submit an achievement report, or both, for FY 1994 or FY 1995.

Source: U.S. Small Business Administration, Office of Government Contracting, 1996.

Glossary

Actions, reported in bulk: federal procurement contract actions of $25,000 or less. Federal agencies are required to report a summary of such actions to the Federal Procurement Data Center each quarter.

Actions, reported individually: federal procurement contract actions over $25,000. Federal agencies are required to file a detailed report, Standard Form 2790, for each of these contract actions with the Federal Procurement Data Center. Prior to FY 1983 for the Department of Defense, and FY 1986 for civilian agencies, the dollar threshold for reporting detailed information on procurement contracts was $10,000.

Bankruptcy: condition in which a business cannot meet its debt obligations and petitions a federal district court for either reorganization of its debts or liquidation of its assets.

Business birth (entry): formation of a new establishment or enterprise.

Business dissolution: for enumeration purposes, the absence from any current record of a business that was present in the prior time period.

Business failure: the closure of a business causing a loss to at least one creditor.

Capital expenditures: business spending on additional plant, equipment, and inventory.

Code of Federal Regulations: codification of the general and permanent rules of the federal government published in the *Federal Register.*

Corporation: firm granted a state charter to incorporate, thereby limiting the liability of its owner(s).

Cost-type contract: a contract that provides for payment to the contractor of allowable and reasonable costs plus a profit. Under such an arrangement, there is less financial risk to the contractor.

Current Population Survey (CPS): monthly survey conducted by the Bureau of the Census that provides estimates of the number of persons working, the number unemployed, and related employment data.

Debt capital: business financing that normally requires periodic interest payments and repayment of the principal within a specified time.

8(a) program: program, authorized under the Small Business Act, that directs federal contracts to small businesses owned and operated by socially and economically disadvantaged individuals.

Enterprise: aggregation of all establishments owned by a parent company. An enterprise may consist of a single, independent establishment, or it can include subsidiaries or other branch establishments under the same ownership and control.

Equity capital: an investment in exchange for partial business ownership. The investor's financial return comes from dividend payments and from growth in the net worth of a business.

Establishment: a single-location business unit, which may be independent—called a single-establishment enterprise—or owned by a parent enterprise.

Financial intermediary: a financial institution that acts as the intermediary between borrowers and lenders. Banks, savings and loan associations, finance companies, and venture capital companies are major financial intermediaries in the United States.

Fixed-price contract: a contract that provides for a specified price (or, in some cases, an adjustable price) for the supplies or services being procured, usually within a stipulated contract period. Under this type or agreement, maximum risk and responsibility are placed upon the contractor.

Full-time workers: generally, workers who work a regular schedule or more than 35 hours per week.

Gross domestic product (GDP): the most comprehensive single measure of aggregate economic output. Represents the market value of the total output of goods and services produced by a nation's economy.

Incorporation: filing of a certificate of incorporation with a state's secretary of state, thereby limiting the business owner's liability.

Indeterminate industry: industry in which the small or large business share of employment or sales falls between 40 and 60 percent of total industry employment.

Informal capital: financing from an informal, unorganized source; includes informal debt capital such as trade credit or loans from friends and relatives and informal equity capital from informal investors.

Initial public offering (IPO): a public offering of securities by a first-time issuer.

Innovation: introduction of a new idea into the marketplace in the form of a new product or service or an improvement in organization or process.

Large-business-dominated industry: industry in which a minimum of 60 percent of employment or sales is in firms with more than 500 workers.

Metropolitan Statistical Area (MSA): a geographic area defined by the Office of Management and Budget as a large population nucleus with at least 50,000 persons, together with adjacent communities that have a high degree of economic and social integration with that nucleus.

Minority-owned businesses: for the purposes of the Bureau of the Census' *Characteristics of Business Owners* (CBO) survey, businesses owned by members of the following minority groups: black, Hispanic, and other minority (primarily Asian, American Indian, and Alaska native).

Partnership: two or more parties who enter into a legal relationship to conduct business for profit. Defined by the Internal Revenue Code as joint ventures, syndicates, groups, pools, and other associations of two or more persons organized for profit that are not specifically classified in the IRS code as corporations or proprietorships.

Part-time workers: employees working fewer than 35 hours per week.

Prime contract: contract awarded directly by the federal government.

Proprietorship: the most common legal form of business ownership; about 85 percent of all small businesses are proprietorships. The liability of the owner is unlimited in this form of ownership.

Public equity markets: organized markets for trading in equity shares such as common stocks, preferred stocks, and warrants. Includes markets for both regularly traded and non-regularly traded securities.

Public offering: a general solicitation for participation in an investment opportunity. Interstate public offerings are supervised by the Securities and Exchange Commission.

Short-term interest rates: interest rates for short-term borrowing, usually for a term of one year or less.

Size standard: standard based on the amount of a business' annual gross receipts used to determine eligibility for small business set-aside programs in government procurement.

Small business: a business smaller than a given size as measured by its employment, business receipts, or business assets. The SBA's Office of Advocacy generally uses employment data as a basis for size comparisons, with firms having fewer than 100 or fewer than 500 employees defined as small.

Small-Business Innovation Development Act of 1982: federal statute requiring federal agencies with large extramural R&D budgets to allocate a certain percentage of these funds to small R&D firms.

Small Business Innovation Research (SBIR) program: program mandated by the Small Business Innovation Development Act of 1982, requiring federal agencies with $100 million or more of extramural R&D obligations to set aside 1.25 percent of these funds for small business. The program is designed to stimulate technological innovation and make greater use of small businesses in meeting national innovation needs.

Small business investment company (SBIC): privately owned company licensed and funded through the U.S. Small Business Administration and private sector sources to provide equity or debt capital to small businesses.

Socially and economically disadvantaged: individuals who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as a member of a group, without regard to their qualities as individuals, and whose ability to compete is impaired because of diminished opportunities to obtain capital and credit.

Sole proprietorship: unincorporated, one-owner business, farm, or professional practice. *See also* proprietorship.

Standard Industrial Classification (SIC) codes: a classification system established by the federal government that is used to categorize businesses by type of economic activity.

Subcontract: contract between a prime contractor and a subcontractor or between subcontractors to furnish supplies or services for performance of a prime contract or a subcontract.

Survey of Income and Program Participation (SIPP): a longitudinal survey conducted by the Bureau of the Census, designed to collect information about cash and noncash income, assets and liabilities, and taxes paid, and a variety of labor market data.

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