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THE

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STATE

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OF

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SMALL

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BUSINESS

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A REPORT

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OF THE

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PRESIDENT

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1999–2000

Together with the Office of Advocacy's Annual  
Report on Small Business and Competition

United States Government Printing Office  
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\*For detailed tables of contents of *The Annual Report on Small Business and Competition*, and *The Annual Report on Federal Procurement Preference Goals*, see pages 13 and 135.

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THE  
STATE  
OF  
SMALL  
BUSINESS

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A REPORT  
OF THE  
PRESIDENT

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# The State of Small Business:

## A Report of the President

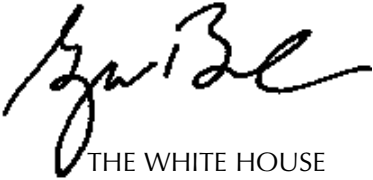
*To the Congress of the United States:*

**T**his report documents the state of small business at the end of the 20<sup>th</sup> century. Small businesses have always been the backbone of our economy. They perennially account for most innovation and job creation, and not just when our economy is robust and growing. Small businesses have sustained the economy in weaker times as well, and put us back on the track to long-term growth.

It is vital that we work together to give small businesses the climate they need to thrive. Small businesses are disproportionately affected by Government regulations and paperwork, and my Administration is committed to reducing this burden. We should regulate only where there is a real need, fully justified through rigorous cost-benefit analysis and clear legal authority. And when Government must regulate, it must adopt common sense approaches. Regulations work best when agencies anticipate and analyze the effects their proposals will have on small firms. Rules need to reflect the ability of the regulated to comply.

Another barrier to unleashing the full potential of small business is our tax code. My Administration is committed to reducing taxes for all Americans—and that includes small businesses. We must eliminate the estate tax, which so often has impeded the orderly transfer of small businesses from one generation to the next, and too often has spelled the death of the business after the death of its founder. Our tax code should encourage investment in small businesses, and particularly in new and growing businesses. If we remember that the innovations that drive tomorrow's economy come from entrepreneurial small businesses, we will help them to enter the marketplace, not impede them before they get there. Above all, small businesses need a tax code that is understandable and stable. Fairness, simplicity, transparency, and accountability should be our goals, and my Administration is committed to this end.

Small business embodies so much of what America is all about. Self-reliance, hard work, innovation, the courage to take risks for future growth: these are values that have served our Nation well since its very beginning. They are values to be passed on from generation to generation. We must ensure that our small businesses continue to thrive and prosper, not just for their own sakes, but for all of us.



THE WHITE HOUSE

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THE ANNUAL  
REPORT ON  
SMALL  
BUSINESS  
AND COMPETITION

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U.S. SMALL BUSINESS  
ADMINISTRATION  
OFFICE OF ADVOCACY

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# Letter of Transmittal

*Dear Mr. President:*

The United States Small Business Administration herewith submits its 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. The report covers the data years of 1998–1999, but was not sent by the previous administration in a timely manner. Subsequent reports will again be submitted annually.

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

Respectfully submitted,

  
JOHN WHITMORE  
Acting Administrator

  
SUSAN M. WALTHALL  
Acting Chief Counsel for Advocacy



# Executive Summary

Small businesses represent 99 percent of businesses, employ more than half of the American work force, and create two-thirds of the net new jobs. Because entrepreneurial small firms are such an important part of the American economy, what is good for the overall economy is also generally good for small business. Small businesses fared reasonably well during the 1998–1999 period covered by this report.

Real (inflation-adjusted) gross domestic product (GDP) rose to more than \$8.5 trillion in 1998 and to \$8.9 trillion in 1999, an 8.8 percent increase over 1997. The nation's unemployment rate fell to 4.5 percent in 1998 and 4.2 percent in 1999. Nonfarm private employment rose by 2.9 million in 1998 and 2.6 million in 1999, a 5.3-percent rise over the two-year period. Inflation, as gauged by annual changes in the consumer price index (CPI), remained moderate at 2.2 percent in 1999, although up from 1.6 percent in 1998.

Against this backdrop, the federal budget emerged from a deficit of \$22.0 billion in 1997 to a surplus of \$69.2 billion in 1998 and \$124.6 billion in 1999. The interest rate of 10-year U.S. Treasury notes rose slightly from 5.3 percent in 1998 to 5.7 percent in 1999, but was still lower than the 6.4 percent rate that prevailed in 1997. The prime rate, the interest rate at which major commercial banks lend money to their best customers, declined from 8.44 percent in 1997 to 8.35 percent in 1998 to an even 8 percent by 1999.

## Business Income

After falling by 2.3 percent in 1997–1998, corporate profits, which come primarily from large businesses, rose by a substantial 5.0 percent between 1998 and 1999, and by a total of 2.7 percent over the 1997–1999 period. Nonfarm proprietors' income, sometimes used as a proxy for small business earnings, fared considerably better, increasing by 7.9 percent in 1998 and 7.2 percent in 1999—and by a total of 15.7 percent over the two-year period. Compensation of wage-and-salary workers rose by 7.2 percent in 1998 and 6.3 percent in 1999 and by 13.9 percent over the 1997–1999 period. Consumer confidence was reflected in an increase of 14.5 percent in retail sales.

## Growth in the Number of Businesses

In the economy of 1998–1999, the number of businesses, with and without employees, continued to increase. A large share of the total and much of the increase in the number of business tax returns was in sole proprietorships. The number of businesses with paid employees rose by some 5 percent, from 5.5 million in 1997 to an estimated 5.8 million in 1999.

## **Businesses Owned by Women and Minorities**

Small business continued to be an important means by which women, minorities, and immigrants entered the American economic mainstream and managed to increase their share in the economy. Women-owned sole proprietorships increased their share of average net income as well as their share of the number of businesses overall, and new data from the Bureau of the Census showed women owning 26 percent of the nation's 20.8 million nonfarm businesses.

The number of businesses owned by minorities, including Hispanic and African Americans, has also been increasing. Excluding C corporations, the number of African-American-owned businesses increased by 26 percent over the 1992–1997 period, compared with an increase of 7 percent in the number of all businesses. The number of Hispanic-owned businesses, excluding C corporations, rose by 30 percent from 1992 to 1997 and their receipts rose by 49 percent, exceeding the 40 percent increase in all comparable U.S. businesses.

## **Small Business Employment**

Total private nonfarm employment in the United States grew by 5.2 percent between 1997 and 1999. Services led all other sectors in the number of jobs created, adding nearly 3 million over this period. Small businesses accounted for about 55 percent of service industry employment in 1997, the most recent year for which employment data by firm size are available.

## **Financing of Small Businesses**

Major domestic sectors borrowed extensively in the credit markets in 1998. Total credit use by all nonfinancial corporations increased to \$1.043 trillion, a 30 percent increase from 1997. Borrowing continued to increase in 1999, although at slower rates, to an annual total of \$1.12 trillion, a 7.4 percent increase.

Borrowing by noncorporate businesses changed little over the 1998–1999 period—from \$107 billion in 1997 to \$103 billion in 1998 and \$106 billion in 1999. The slight drop in financing among these small businesses does not seem to be an indication of inadequate supply. It is likely that small firms were able to generate adequate internal funds to support their capital expenditures or that they were using alternative sources such as personal or home equity credit lines, or personal credit cards.

## **Procurement from Small Firms**

In FY 1998, small businesses won \$71.3 billion in federal contract awards, including \$41.7 billion in direct contract awards from the federal government and an additional \$29.6 billion in subcontracts from prime contractors

working directly for the federal government. Although the FY 1998 totals were increases from FY 1997, the small business totals decreased again in FY 1999 to \$69.3 billion in overall contract awards, \$41.5 billion in prime contract awards and \$27.9 billion in subcontracts from prime contractors working for the federal government.

The FY 1998 \$71.3 billion small business total represented 35.6 percent of the \$200.3 billion in contract actions awarded by the federal government in FY 1998, an increase from the previous year's 32.6 percent small business share. In FY 1999, the share dropped again to 34.5 percent of the \$200.8 billion in total federal contract awards.

The percentage of prime contracts awarded in FY 1998 and FY 1999 to small minority- and women-owned businesses remained at levels consistent with FY 1997. In FY 1998, minority-owned firms were awarded \$11.9 billion in prime contracts or 6 percent of total federal contract dollars; the amount increased to \$12 billion in FY 1999. Women-owned firms were awarded \$4.1 billion in prime contracts or 2 percent of federal buys in FY 1998; again total dollars and the women-owned share both increased in FY 1999 to \$4.5 billion and 2.2 percent respectively.

## **Regulatory Flexibility: A 20-Year Success Story in Small Business Policy**

**T**he Regulatory Flexibility Act of 1980 is an important statute that has changed the way federal regulatory agencies relate to small businesses in crafting regulations. The law seeks to level the regulatory playing field for small businesses and preserve competition in the marketplace by forcing agencies to undertake a thorough analysis of the economic impact of their proposed regulations and to consider alternatives that will achieve the same public policy goals, but with more equitable impact on small entities.



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# Acknowledgments

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Chapter 1	Richard Boden, Charles Ou, Robert Berney, and Brian Headd
Chapter 2	Mary K. Ryan and staff of the Office of Interagency Affairs
Appendix A	Brian Headd
Appendix B	Major Clark

The Office of Advocacy appreciates the interest of all who reviewed the report. Thanks are also extended to the U.S. Government Printing Office for their assistance.



# Chapter 1

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## The State of Small Business

### Synopsis

**S**mall businesses represent 99 percent of businesses, employ more than half of the American work force, and create two-thirds of the net new jobs. Because entrepreneurial small firms are such an important part of the American economy, what is good for the overall economy is also generally good for small business. And the economy and small businesses fared well during the 1998–1999 period covered by this report. Real gross domestic product (GDP) was up; unemployment and inflation were down; interest rates remained stable.

The growth in employment made it difficult for some small businesses to find qualified employees; this put some pressure on labor costs and required firms to offer better benefit packages. Small businesses, which tend to be more labor-intensive, felt more of the burden of this pressure than did large firms.

All major domestic sectors borrowed extensively in the credit markets in 1998. Total credit use by all nonfinancial corporations increased to \$1.043 trillion, a 30 percent increase from 1997. Borrowing continued to increase in 1999, although at slower rates, to an annual total of \$1.12 trillion, a 7.4 percent increase.

Borrowing by noncorporate businesses changed little over the 1998–1999 period—from \$107 billion in 1997 to \$103 billion in 1998 and \$106 billion in 1999. The slight drop in financing among these small businesses does not seem to be an indication of inadequate supply. It is likely that small firms were able to generate adequate internal funds to support their capital expenditures or that they were using alternative sources such as personal or home equity credit lines, or personal credit cards.

In the economy of 1998–1999, the number of businesses, with and without employees, continued to increase. A large share of the total and much of the increase in the number of business tax returns was in sole proprietorships. But the number of businesses with paid employees also rose by some 5 percent, from 5.5 million in 1997 to an estimated 5.8 million in 1999.

Small business continued to be an important means by which women, minorities, and immigrants entered the American economic mainstream and managed to increase their share in the economy. Women-owned sole proprietorships increased their share of average net income as well as their share of the number of businesses overall, and new data from the Bureau of

the Census showed women owning 26 percent of the nation's 20.8 million nonfarm businesses.

The number of businesses owned by minorities, including Hispanic and African Americans, has also been increasing rapidly. Excluding C corporations, the number of African-American-owned businesses increased by 26 percent over the 1992–1997 period, compared with an increase of 7 percent in the number of all businesses. The number of Hispanic-owned businesses, excluding C corporations, rose by 30 percent from 1992 to 1997 and their receipts rose by 49 percent, exceeding the 40 percent increase in all comparable U.S. businesses.

Total private nonfarm employment in the United States grew by 5.2 percent between 1997 and 1999. Services led all other sectors in the number of jobs created, adding nearly 3 million new jobs over this period. Small businesses accounted for about 55 percent of service industry employment in 1997, the most recent year for which employment data by firm size are available.

## Introduction

The 20<sup>th</sup> century witnessed the nation's progress—much of it led by small businesses—from an economy still dominated by its agrarian roots and early industrialization to an economy increasingly responsive to demands for services and customization. At the turn of the 21<sup>st</sup> century, the evidence of entrepreneurs at work was everywhere—and proliferating, not only in information technologies, but in manufacturing processes, service delivery, and many other industries. Small firms continued to make important contributions to the U.S. economy.<sup>1</sup>

## The Economy

The economy proved favorable to small businesses at the end of the 20<sup>th</sup> century. Real (inflation-adjusted) GDP rose to more than \$8.5 trillion in 1998 and to \$8.9 trillion in 1999, an 8.8 percent increase over 1997 (Table 1.1). The nation's unemployment rate fell to 4.5 percent in 1998 and 4.2 percent in 1999. Nonfarm private employment rose by 2.9 million in 1998 and 2.6 million in 1999, a 5.3-percent rise over the two-year period. The tight labor market put some upward pressure on the employment cost index, despite continued gains in labor productivity. High labor costs may be especially problematic for small businesses, which tend to be more labor-intensive than larger businesses. Yet inflation, as gauged by annual changes in the consumer price index (CPI), remained moderate at 2.2 percent in 1999, although up from 1.6 percent in 1998.

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<sup>1</sup> Small businesses are defined here as businesses with fewer than 500 employees.

**Table 1.1 Selected Macroeconomic Indicators, 1997–1999**

	1997	1998	1999	Percent Change		
				1997–1998	1998–1999	1997–1999
Real Gross Domestic Product (GDP) (Billions of 1992 Dollars)	8,159.5	8,515.7	8,875.8	4.4	4.2	8.8
Sales (Billions of Dollars)						
Manufacturing	753.4	779.4	833.1	3.5	6.9	10.6
Wholesale Trade	208.4	212.9	228.5	2.2	7.3	9.6
Retail Trade	217.5	228.8	249.6	5.2	9.1	14.8
Income (Billions of Dollars)						
Compensation of Employees	4,651.3	4,984.2	5,299.8	7.2	6.3	13.9
Nonfarm Proprietors' Income	551.5	595.2	638.2	7.9	7.2	15.7
Corporate Profits	833.8	815.0	856.0	22.3	5.0	2.7
Output and Productivity (1992=100)						
Output	122.5	128.6	134.8	5.0	4.8	10.0
Hours of All Persons Worked	113.6	116.1	118.4	2.2	2.0	4.2
Productivity (Output per Hour)	107.8	110.8	113.8	2.8	2.7	5.6
Employment and Compensation						
Nonfarm Private Employment (Millions)	103.1	106.0	108.6	2.8	2.4	5.3
Unemployment Rate (Percent)	4.9	4.5	4.2	28.2	26.7	214.3
Total Compensation Cost Index (Dec.) (June 1989=100)	135.1	139.8	144.6	3.5	3.4	7.0
Bank Loans, Interest Rates, and Yields						
Bank Commercial and Industrial Loans (Billions of Dollars)	855.4	949.5	1,003.0	11.0	5.6	17.3
Prime Rate (Percent)	8.44	8.35	8.00	21.1	24.2	25.2
U.S. Treasury 10-Year Bond Yields (Percent)	6.35	5.26	5.65	217.2	7.4	211.0
Federal Budget Surplus or Deficit (Fiscal Year)	222.0	69.2	124.6	2414.5	80.1	2666.4
Consumer Price Index (Urban) (1982–1984 = 100)	160.5	163.0	166.6	1.6	2.2	3.8

Source: Council of Economic Advisers, *Economic Indicators*, March 2001.

Against this backdrop, the federal budget emerged from a deficit of \$22.0 billion in 1997 to a surplus of \$69.2 billion in 1998 and \$124.6 billion in 1999. The interest rate of 10-year U.S. Treasury notes rose slightly from 5.3 percent in 1998 to 5.7 percent in 1999, but was still lower than the 6.4 percent rate that prevailed in 1997. The prime rate, the interest rate at which major commercial banks lend money to their best customers, declined from 8.44 percent in 1997 to 8.35 percent in 1998 to an even 8 percent by 1999. Small firms found a ready supply of credit: total credit outstanding rose more than 30 percent in 1998 and increased by about 7.4 percent in 1999. As the stock market set new records in 1998 and 1999, the initial public offering (IPO) market declined slightly during a volatile period in 1998, then resumed its growth in 1999.

After falling by 2.3 percent in 1997–1998, corporate profits, which come primarily from large businesses, rose by 5.0 percent between 1998 and 1999, and by a total of 2.7 percent over the 1997–1999 period. Nonfarm proprietors' income, sometimes used as a proxy for small business earnings, fared considerably better, increasing by 7.9 percent in 1998 and 7.2 percent in 1999—and by a total of 15.7 percent over the two-year period. Compensation of wage-and-salary workers rose by 7.2 percent in 1998 and 6.3 percent in 1999 and by 13.9 percent over the 1997–1999 period. Consumer confidence was reflected in a 14.8 percent increase in retail sales.

## Small Business Financing

All major domestic sectors borrowed extensively in the credit markets in 1998. Total credit use by all nonfinancial corporations increased to \$1.043 trillion, a 30 percent increase from 1997. Borrowing continued to increase in 1999, although at slower rates, to an annual total of \$1.12 trillion, a 7.4 percent increase.

Nonfinancial corporations did most of the borrowing in 1998 and 1999; their borrowing increased by 56 percent in 1998, from \$266 billion to \$416 billion, and by another 15 percent in 1999, to \$480 billion. Continued increases in capital expenditures and a surge in merger and acquisition activity at a time of slower profit growth led to the increase in borrowing in 1998.

Borrowing by farm and nonfarm noncorporate businesses changed little over the 1998–1999 period—from \$107 billion in 1997 to \$103 billion in 1998 and \$106 billion in 1999 (Tables 1.2 and 1.3). The slight drop in demand for financing among these small businesses does not seem to be an indication that they were experiencing difficulties locating financing, however. It is likely that they were able to generate adequate internal funds to support increases in capital expenditures or that they were using alternative sources such as personal credit lines, home equity credit lines, or personal credit cards.

Overall, demand for bank loans remained active in 1998 and the first two quarters of 1999. While the supply of funds appeared to be adequate, the cost

**Table 1.2 Credit Market Borrowing by Nonfinancial Borrowing Sector, 1986–1999 (Billions of Dollars)\***

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
<b>Total Domestic Borrowing</b>	<b>863.6</b>	<b>733.7</b>	<b>767.7</b>	<b>720.3</b>	<b>669.4</b>	<b>480.6</b>	<b>544.5</b>	<b>589.4</b>	<b>575.2</b>	<b>712.0</b>	<b>731.4</b>	<b>804.3</b>	<b>1,042.9</b>	<b>1,120.4</b>
<b>Government</b>														
Federal	216.0	143.9	155.1	146.4	278.2	304.0	256.1	155.9	155.9	144.4	145.0	23.1	252.6	271.2
State and Local	73.4	91.1	54.5	246.9	46.6	81.6	31.0	74.7	246.2	251.5	26.8	56.1	80.3	52.3
<b>Business</b>														
Farm	217.4	211.6	210.2	0.6	1.0	2.1	1.3	2.6	4.4	2.9	4.8	6.2	7.7	5.2
Nonfarm Noncorporate	94.3	55.5	84.2	69.6	1.1	211.0	216.0	3.2	3.3	30.6	81.4	107.0	103.3	105.7
Nonfinancial Corporate	236.3	148.7	225.0	183.2	110.0	253.0	42.7	45.5	142.3	243.7	148.8	266.1	416.3	480.3
Total Business	313.2	192.6	299.0	253.4	112.1	261.9	28.0	51.3	150.0	277.2	235.0	379.3	527.1	591.2
<b>Households</b>	261.1	306.5	259.1	269.5	263.7	182.7	160.7	205.9	316.3	350.3	358.1	345.8	488.1	548.1
<b>Foreign Borrowing in the United States</b>	9.7	6.2	6.4	10.2	23.9	14.8	23.7	69.8	213.9	71.1	88.4	71.8	43.3	25.3

\*Excluding equity and borrowing by financial institutions. Major revisions in estimates for several sectors in 1995–1998.

Source: Board of Governors of the Federal Reserve System, *Flow of Funds Accounts, Second Quarter 2000: Flows and Outstandings* (November 2000).

**Table 1.3 Major Sources and Uses of Funds by Nonfarm, Noncorporate Businesses, 1986–1999 (Billions of Dollars)\***

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Net Income	306.7	331.9	378.2	407.0	434.9	464.1	441.0	473.9	495.3	534.2	569.7	609.9	651.4	694.7
Gross Investment	64.0	67.7	72.8	77.0	80.6	67.5	82.9	84.4	64.7	56.4	110.8	119.5	128.4	138.0
Fixed Capital Expenditures	106.6	107.4	112.9	118.0	106.4	91.1	96.8	93.5	94.6	99.2	109.6	93.4	114.3	164.5
Changes in Inventories	0.6	1.5	1.1	1.6	0.3	20.1	0.1	1.3	2.5	1.9	1.1	3.0	3.8	2.2
Net Financial Investments	243.1	241.2	241.2	242.6	226.1	223.5	214.1	210.5	232.5	244.7	0.0	23.1	10.3	228.7
Net Increase in Credit Market Debt	48.1	25.7	87.6	61.1	13.8	215.0	216.4	3.2	3.3	23.9	81.4	107.0	103.2	105.7
Mortgages	82.7	39.9	68.5	56.1	4.1	29.9	215.1	21.5	213.8	22.2	50.9	79.3	71.0	79.6
Net Investment by Proprietors	253.1	228.0	215.6	228.1	20.3	18.5	28.6	26.9	61.8	51.9	218.1	260.8	250.2	224.0

\*Revisions for 1996–1998.

Source: Board of Governors of the Federal Reserve System, *Flow of Funds Accounts, Second Quarter 2000: Flows and Outstandings* (November 2000).



of borrowing remained high and became an increasing concern to small firms in late 1999. Commercial banks began to tighten credit standards and raised credit terms, especially during the last two quarters of 1999, according to the Federal Reserve Board's Senior Loan Officer Survey.

### Lending to Small Businesses by Commercial Banks

The number of banks in the United States continued to decline in 1998 and 1999, although the number of very large banks with more than \$1 billion in assets increased from 363 to 384. Just 57 large multi-billion-dollar bank holding companies held almost 70 percent of the total assets of commercial banks and accounted for 43 percent of outstanding small business loans—those under \$1 million (Table 1.4). Although many of these very large banks are active small business lenders, several trends seem to indicate a falling off in their commitment to small business lending, especially the smaller loans, including large increases in their total assets relative to increases in their small business lending; smaller increases in their shares of small business lending relative to their shares of assets; and declining ratios of small business loans to total assets. Continued monitoring of bank holding companies' commitment to small business lending is warranted.

Small business loans continued to decline in importance in the portfolios of commercial banks overall in 1998 and 1999. Total small business loans outstanding (under \$1 million) amounted to \$371 billion in June 1998 and \$398 billion in June 1999, up 6.3 percent and 7.4 percent respectively from the previous year. At the same time, total business loans increased more—by 10.5 percent to \$1.02 trillion in 1998 and by 12.0 percent to \$1.14 trillion in June 1999 (Tables 1.5 and 1.6). The substantial increases in large business loans over \$1 million overwhelmed the moderate increases in small loans.

The very modest increases in the smallest loans were a concern. Loans under \$100,000 grew just 3.0 percent in 1998 and 2.5 percent in 1999 (Table 1.7). This small increase occurred in spite of major credit card issuers' promotion of small business credit cards, which are included in the category of loans under \$100,000. While it is difficult to separate the growth in credit card lending from other small business lending, it is safe to argue that the non-credit card portion of small business loans in this group showed little increase over the 1998–1999 period. The increase in credit card use contributed to an increase in the number of small business loans: they grew by 16.7 percent in 1998 and by 9.6 percent in 1999. Most of the increase was in the smallest loans under \$100,000, which increased by 19 and 10 percent respectively (Table 1.8).

### Lending under the SBA's Guarantee Program

Both the number and value of loans made under the U.S. Small Business Administration's loan guarantee programs declined slightly from 45,288 loans valued at \$9.5 billion in FY 1997 to 42,270 worth \$9.0 billion in FY 1998, then jumped by more than 10 percent in value to 43,639 loans worth \$10.1

**Table 1.4** *Small Business Loans, All Business Loans, and Assets of Very Large Bank Holding Companies as a Share of All Banks in the United States, 1998–1999*

	1999			1998		
	Billions of Dollars		BHCs as Percentage of All Banks	Billions of Dollars		BHCs as Percentage of All Banks
	All Banks	Very Large BHCs		All Banks	Very Large BHCs	
Small Business Loans						
Less than \$100,000	111.5	35.9	32.2	108.2	33.3	30.7
Less than \$1 Million	370.8	157.3	42.4	348.7	145.9	41.8
Less than \$250,000	187.8	68.7	36.6	178.8	63.6	35.6
\$100,000–\$250,000	76.3	32.8	43.0	70.6	30.4	43.0
\$250,000–\$1 Million	183.0	88.6	48.4	169.9	82.3	48.4
Total Business Loans	1,019.8	699.2	68.6	923.2	612.3	66.3
Total Assets	4,418.6	3,028.9	68.5	4,046.4	2,688.7	66.4

Note: Very large BHCs are bank holding companies whose domestic assets exceed \$10 billion.

Source: U.S. Small Business Administration, Office of Advocacy: *Bank Holding Company Study* (March 2000).

billion in FY 1999. The value of small loans under \$100,000 continued to decline from \$1.43 billion in FY 1997 to \$1.27 billion in FY 1998 to \$1.13 billion in FY 1999. Loans to minority-owned businesses, on the other hand, increased significantly in FY 1999.

### Lending by Finance Companies

Lending to businesses by finance companies increased significantly, by 9.1 percent from 1997 to 1998 and by 16.6 percent from 1998 to 1999 (Table 1.9). Because data are not available on the size of these loans, little can be said about the extent to which small business finance company borrowing is changing relative to large business borrowing.

### Borrowing in the Public Issue Markets

The U.S. stock market overcame a large correction in the fall of 1998 to end the year on an upsurge, which continued in 1999, propelling all major stock indices into record territory by the end of the year. However, stock price advances were not broad-based, and more stocks declined than increased.

A volatile, although rising secondary market provided little help to the IPO market in 1998. The IPO market declined further from record highs achieved in 1996. IPO volume declined almost 15 percent, from \$43.3 billion in 1997 to \$36.9 billion in 1998, then rebounded to a new high of \$68.7 billion in 1999 (Table 1.10). Small issue offerings from companies with pre-offering assets of less than \$10 million showed a similar pattern, although the

**Table 1.5 Number and Amount of Business Loans Outstanding by Loan Size and Bank Size, June 1998**

Bank Asset Size (Millions of Dollars)	Loan Size									
	Under \$100,000		\$100,000–\$250,000		\$250,000–\$1 Million		Under \$1 Million		Over \$1 Million	
	Number	Amount (Billions of Dollars)	Number	Amount (Billions of Dollars)	Number	Amount (Billions of Dollars)	Number	Amount (Billions of Dollars)	Number	Amount (Billions of Dollars)
<b>Commercial and Industrial Loans</b>										
<b>All Banks</b>	<b>7,286,282</b>	<b>79.05</b>	<b>358,133</b>	<b>38.24</b>	<b>273,454</b>	<b>79.95</b>	<b>7,917,869</b>	<b>197.23</b>	<b>477.06</b>	<b>674.30</b>
0–\$100	969,334	16.05	30,832	3.53	16,401	4.81	1,016,567	24.39	1.30	2,569
\$100–\$500	1,775,818	21.04	86,679	9.48	56,628	15.80	1,919,125	46.32	9.82	56,114
\$500–\$1,000	1,238,573	5.64	29,522	3.14	22,200	6.29	1,290,295	15.07	9.48	24,55
\$1,000–\$10,000	969,830	13.94	86,961	8.71	71,408	20.22	1,128,199	42.87	81.04	123,91
Over \$10,000	2,332,727	22.38	124,139	13.37	106,817	32.83	2,563,683	68.59	375.42	444,01
<b>Nonfarm Nonresidential Real Estate Loans</b>										
<b>All Banks</b>	<b>735,719</b>	<b>32.45</b>	<b>293,022</b>	<b>38.09</b>	<b>269,631</b>	<b>103.06</b>	<b>1,298,372</b>	<b>173.60</b>	<b>172.29</b>	<b>345.89</b>
0–\$100	202,466	9.46	29,993	3.98	22,036	7.91	254,495	21.35	1.68	23.03
\$100–\$500	257,221	11.93	86,943	11.50	72,812	28.09	416,976	51.52	17.28	68.80
\$500–\$1,000	46,178	2.07	27,766	3.60	26,873	9.96	100,817	15.64	10.99	26.62
\$1,000–\$10,000	117,214	4.80	64,778	8.45	62,336	24.41	244,328	37.66	43.74	81.40
Over \$10,000	112,640	4.18	83,542	10.56	85,574	32.69	281,756	47.43	98.61	146.04
<b>Total Business Loans</b>										
<b>All Banks</b>	<b>8,022,001</b>	<b>111.50</b>	<b>651,155</b>	<b>76.33</b>	<b>543,085</b>	<b>183.01</b>	<b>9,216,241</b>	<b>370.84</b>	<b>649.35</b>	<b>1,020.2</b>
0–\$100	1,171,800	25.51	60,825	7.52	38,437	12.72	1,271,062	45.75	2.98	48.72
\$100–\$500	2,033,039	32.97	173,622	20.99	129,440	43.89	2,336,101	97.84	27.10	124.94
\$500–\$1,000	1,284,751	7.72	57,288	6.73	49,073	16.25	1,391,112	30.70	20.47	51.17
\$1,000–\$10,000	1,087,044	18.74	151,739	17.16	133,744	44.63	1,372,527	80.53	124.78	205.31
Over \$10,000	2,445,367	26.57	207,681	23.93	192,391	65.53	2,845,439	116.02	474.03	590.05

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 1998 call reports (Consolidated Reports of Condition and Income for U.S. Banks) prepared by James Kolari, Texas A&M University, College Station, Texas.

**Table 1.6 Number and Amount of Business Loans Outstanding by Loan Size and Bank Size, June 1999**

Bank Asset Size (Millions of Dollars)	Loan Size									
	Under \$100,000		\$100,000–\$250,000		\$250,000–\$1 Million		Under \$1 Million		Over \$1 Million	
	Number	Amount (Billions of Dollars)	Number	Amount (Billions of Dollars)	Number	Amount (Billions of Dollars)	Number	Amount (Billions of Dollars)	Number	Amount (Billions of Dollars)
<b>Commercial and Industrial Loans</b>										
<b>All Banks</b>	<b>7,017,544</b>	<b>81.67</b>	<b>377,850</b>	<b>40.10</b>	<b>291,889</b>	<b>87.56</b>	<b>7,687,283</b>	<b>209.33</b>	<b>544.69</b>	<b>754.01</b>
0–\$100	685,183	14.75	32,920	3.62	20,610	5.20	738,713	23.57	1.49	25.06
\$100–\$500	1,646,618	21.38	90,189	9.85	57,697	17.29	1,794,504	48.52	11.21	59.72
\$500–\$1,000	233,127	4.71	28,026	3.08	20,500	6.42	281,653	14.21	8.36	22.57
\$1,000–\$10,000	1,484,399	12.77	83,274	8.34	70,074	19.95	1,637,747	41.07	73.20	114.28
Over \$10,000	2,968,217	28.05	143,441	15.21	123,008	38.70	3,234,666	81.96	450.43	532.38
<b>Nonfarm Nonresidential Real Estate Loans</b>										
<b>All Banks</b>	<b>709,384</b>	<b>32.18</b>	<b>308,665</b>	<b>41.02</b>	<b>292,313</b>	<b>115.92</b>	<b>1,310,362</b>	<b>189.13</b>	<b>199.19</b>	<b>388.32</b>
0–\$100	178,371	8.57	29,935	4.08	22,714	8.38	231,020	21.03	1.95	22.98
\$100–\$500	246,132	11.56	90,189	12.19	78,194	31.17	415,228	54.92	19.86	74.78
\$500–\$1,000	44,915	2.07	26,461	3.40	26,551	10.19	97,927	15.66	12.44	28.10
\$1,000–\$10,000	106,661	4.31	64,485	8.63	64,394	26.21	235,540	39.16	48.80	87.95
Over \$10,000	133,305	5.68	143,441	12.72	100,460	39.97	330,647	58.36	116.14	174.50
<b>Total Business Loans</b>										
<b>All Banks</b>	<b>7,726,928</b>	<b>113.85</b>	<b>686,515</b>	<b>81.12</b>	<b>584,202</b>	<b>203.48</b>	<b>8,997,645</b>	<b>398.45</b>	<b>743.88</b>	<b>1,142.33</b>
0–\$100	863,554	23.32	62,855	7.70	43,324	13.58	969,733	44.60	3.44	48.04
\$100–\$500	1,892,750	32.94	181,091	22.03	135,891	48.46	2,209,732	103.44	31.07	134.50
\$500–\$1,000	278,042	6.79	54,487	6.48	47,051	16.60	379,580	29.87	20.80	50.67
\$1,000–\$10,000	1,591,060	17.08	147,759	16.98	134,468	46.17	1,873,287	80.23	122.00	202.23
Over \$10,000	3,101,522	33.73	240,323	27.93	223,468	78.66	3,565,313	140.32	566.57	706.89

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 1999 call reports (Consolidated Reports of Condition and Income for U.S. Banks) prepared by James Kolari, Texas A&M University, College Station, Texas.

**Table 1.7** *Change in the Dollar Amount of Business Loans by Loan Size, 1995–1999 (Percent)*

<i>Loan Size</i>	1995–1996	1996–1997 <sup>1</sup>	1997–1998 <sup>1</sup>	1998–1999 <sup>2</sup>
Less than \$100,000	4.8	2.9	3	2.5
\$100,000–\$250,000	5.7	5.2	8.1	6.3
\$250,000–\$1 Million	5.7	5.7	7.7	11.2
Greater than \$1 Million	5.1	11.5	13	14.6

<sup>1</sup> Changes for 1996–1997 and 1997–1998 were estimated based on revised estimates for Keycorp in 1997.

<sup>2</sup> So that 1998–1999 trends could be shown, 1998 figures were revised to exclude the credit card operation of Mountain West Financial, which was purchased by a non-bank financial intermediary and thus excluded from 1999 data.

Source: U.S. Small Business Administration, Office of Advocacy, *Small Business Lending in the United States, 1999*.

**Table 1.8** *Change in the Number of Small Business Loans by Loan Size, 1994–1999 (Percent)*

<i>Loan Size</i>	1994–1995	1995–1996	1996–1997 <sup>1</sup>	1997–1998 <sup>1</sup>	1998–1999 <sup>2</sup>
Less than \$100,000	8.6	8.8	26.6	19.3	10.1
\$100,000–\$250,000	10.7	6	8.6	1.8	5.4
\$250,000–\$1 Million	11.6	7.5	8	1.4	7.6
Greater than \$1 Million	9.1	8.4	23.5	16.7	9.6

<sup>1</sup> Changes for 1996–1997 and 1997–1998 were estimated based on revised estimates for Keycorp in 1997.

<sup>2</sup> Data were adjusted to make the computation of changes from 1998 to 1999 meaningful.

Source: U.S. Small Business Administration, Office of Advocacy, *Small Business Lending in the United States, 1999*.

volume of IPO issues failed to surpass the high of 1996, reaching just \$4.1 billion in 1999. The market is increasingly dominated by very large deals.

### Venture Capital Funds

Fundraising by venture capital firms continued to grow in 1998 and then boomed in 1999, setting historic highs in the volume of capital commitments for both years. Funds raised grew by 78 percent in 1998 and another 66 percent in 1999, reaching \$46 billion (Table 1.11).

In line with the explosion in venture investment, disbursements to small businesses by small business investment companies (SBICs) continued to

**Table 1.9** *Business Loans Outstanding from Finance Companies, December 31, 1980–December 31, 1999*

	Total Receivables Outstanding		Annual Change in Chain-Type <sup>1</sup> Price Index for GDP (Percent)
	Billions of Dollars	Change (Percent)	
December 31, 1999	405.2	16.6	1.5
December 31, 1998	347.5	9.1	1.1
December 31, 1997	318.5	2.9	1.7
December 31, 1996	309.5	2.6	1.8
December 31, 1995 <sup>2</sup>	301.6	9.7	2.4
December 31, 1994 <sup>2</sup>	274.9	NA	2.5
December 31, 1993 <sup>2</sup>	294.6	22.3	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		

NA = Not available.

<sup>1</sup> Changes from the fourth quarter of the year before.

<sup>2</sup> Major data revision for 1994–1996.

Sources: Federal Reserve Board, *Federal Reserve Bulletin*, various issues; U.S. Department of Commerce, Bureau of Economic Analysis, *Business Conditions Digest*, various issues; and idem., *Survey of Current Business*, various issues.

**Table 1.10** *Common Stock Initial Public Offerings by All and Small Issuers, 1988–1999*

	Offerings by								
	Offerings by All Issuers			Offerings by Issuers with Assets of \$10 Million or Less			Nonfinancial Issuers with Assets of \$10 Million or Less		
	Number	Amount (Millions of Dollars)	Average Size	Number	Amount (Millions of Dollars)	Average Size	Number	Amount (Millions of Dollars)	Average Size
1999	543	68,663	126.5	101	4,129	40.9	95	4030	42.4
1998	375	36,865	98.3	62	1,429	23.1	60	1412	23.5
1997	630	43,253	68.7	159	2,622	16.5	148	2413	16.3
1996	871	49,878	57.3	280	5,246	18.7	268	5152	19.2
1995	580	30,013	51.7	165	2,545	15.4	158	2428	15.4
1994	610	28,447	46.6	203	2,080	10.2	186	3057	16.4
1993	707	41,283	58.4	203	2,798	13.8	190	1975	10.4
1992	517	24,139	46.7	171	2,241	13.1	189	2043	10.8
1991	368	16,846	45.8	116	1,334	11.5	164	1919	11.7
1990	177	4,822	27.2	86	1,310	15.2	108	879	8.1
1989	209	6,082	29.1	89	584	6.6	67	951	14.2
1988	228	5,940	26.1	83	656	7.9	84	562	6.7

Note: 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 data for offerings registered with the SEC.

**Table 1.11** *New Commitments, Disbursements, and Total Capital Pool of the Venture Capital Industry, 1982–1999*

Year	New Commitments to Venture Capital Firms (Billions of Dollars)	Disbursements to Funded Companies (Billions of Dollars)	Number of Funded Companies		Capital under Management <sup>1</sup>
			First	Follow-up	
1999 <sup>2</sup>	46.5	49.9	NA		
1998 <sup>2</sup>	28.0	21.7	1,391	1,718	84.2
1997 <sup>2</sup>	15.7	17.4	1,410	1,418	59.6
1996 <sup>2</sup>	10.6	11.2	1,066	1,189	46.2
1995	8.2	6.0	635	891	38.5
1994	7.2	5.5	471	880	34.8
1993	3.9	5.3	398	901	31.9
1992	4.6	5.2	463	1,015	30.6
1991	1.5	2.9	291	900	31.6
1990	2.7	3.9	428	1,045	39.0
1989	5.2	5.8	636	1,092	33.5
1988	3.5	5.6	676	1,038	29.5
1987	4.0	4.9	752	1,170	27.0
1986	3.6	4.7	692	992	23.4
1985	3.0	3.8	551	975	19.3
1984	3.0	5.3	695	942	15.8
1983	4.1	3.7	766	740	12.2
1982	1.6	1.9	553	516	7.8

NA = not available.

<sup>1</sup>The capital pool at year's 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 that had not been included in the prior estimate.)

<sup>2</sup>Revised numbers, including additional institutional funding partners.

Source: Capital Publishing Corporation, *Venture Capital Journal* (various issues), and NVCA, *1999 National Venture Capital Association Yearbook*.

increase, by 37 percent to \$3.2 billion in FY 1998 and by another 30 percent to \$4.2 billion in FY 1999 (Table 1.12).

## Characteristics of U.S. Businesses

### Number of U.S. Businesses

In the context of the healthy climate for small business growth in 1998 and 1999, the number of businesses with paid employees rose from 5.5 million in 1997 to an estimated 5.8 million in 1999 (Table 1.13). Among businesses with

<sup>2</sup> There are no paid employees in the vast majority of these businesses, and many returns, such as a 1040C (sole proprietorship return) filed by a professor who did some part-time consulting, do not reflect what most would consider “real” businesses. Still, nonfarm business income tax returns are associated with many businesses that represent the seedstock for future U.S. employers.

**Table 1.12** *Disbursements to Small Businesses by Small Business Investment Companies, Initial vs. Follow-on, Fiscal Year 1989–Fiscal Year 1999*  
(Amounts in Millions of Dollars)

Fiscal Year	Initial Financing		Follow-on Financing		Total	
	Number	Amount	Number	Amount	Number	Amount
1999	1,379	2,926	1,717	1,295	3,096	4,221
1998	1,721	2,037	1,725	1,202	3,456	3,239
1997	1,360	1,658	1,371	711	2,731	2,369
1996	1,081	1,022	1,026	594	2,107	1,616
1995	1,322	725	899	524	2,221	1,249
1994	1,241	517	1,107	484	2,348	1,001
1993	1,086	443	906	364	1,992	806
1992	1,056	322	943	222	1,999	544
1991	1,084	285	899	205	1,983	490
1990	1,420	268	1,204	260	2,624	628
1989	1,820	466	1,813	271	2,633	736

Source: U.S. Small Business Administration, Investment Division.

**Table 1.13** *Number of Businesses, 1989–1999 (Millions)*

Year	Employer Firms	Self-Employment	Nonfarm Business Tax Returns
1999	5.80e.	10.09	24.81
1998	5.58	10.30	24.29
1997	5.54	10.51	23.86
1996	5.48	10.49	23.12
1995	5.37	10.48	22.56
1994	5.28	10.65	22.19
1993	5.19	10.28	20.87
1992	5.10	9.96	20.48
1991	5.05	10.27	20.50
1990	5.07	10.10	20.22
1989	5.02	10.01	19.56

e.=estimated

Sources: U.S. Small Business Administration, Office of Advocacy, from data provided by the U.S. Department of Commerce, Bureau of the Census; U.S. Department of Labor, Bureau of Labor Statistics; and U.S. Department of the Treasury, Internal Revenue Service.

paid employees, small businesses with fewer than 500 employees account for roughly 51 percent of total private nonfarm employment.

A broader measure of U.S. businesses is the number of nonfarm income tax returns filed.<sup>2</sup> Nonfarm business tax returns totaled 24.8 million in 1999,



up from 23.9 million in 1997, a 4 percent increase over the two-year period that is part of an upward trend since the 1970s. Much of the increase has come from sole proprietorships, which represent about three-quarters of all business income tax returns.

## Business Formation and Dissolution

The net change in the number of businesses over the course of a year masks the churning that occurs below the surface—the numbers of businesses that open and close. Over the 1996–1997 period, the latest period for which data are available, 590,644 businesses opened and 530,003 closed, resulting in a net change in the number of businesses with paid employees of 60,641 (Table 1.14).<sup>3</sup> This net change was an increase over the 1995–1996 net change of 85,390, but lower than the net change of 97,123 between 1994 and 1995. Of the business startups, 95.5 percent had between 1 and 19 employees.

Business closings may be voluntary or involuntary; involuntary bankruptcies reflect failed businesses. Between 1997 and 1999, business bankruptcies in the United States declined steadily and dramatically (by 30.1 percent), from 53,800 in 1997 to 44,200 in 1998 to 37,600 in 1999. In fact, by 1999, the number of business bankruptcies was just over half the number recorded for 1991.<sup>4</sup>

## Men's and Women's Ownership of Nonfarm Sole Proprietorships

A data series from the Internal Revenue Service based on Schedule C tax forms permits researchers to examine sole proprietorships by the gender of the owner. Women-owned sole proprietorships showed steady growth in their numbers for 1982 through 1998, the most recent year for which data are available (Table 1.15).<sup>5</sup> The women-owned shares of sole proprietorship receipts and income have also been rising steadily. In 1998, women-owned sole proprietorships generated more than \$165 billion in receipts and accrued \$43.6 billion in net income (Table 1.16). Businesses owned by men generated \$731.1 billion in receipts and had total net income of \$156.6 billion. Thus, women-owned sole proprietorships accounted for about one-fifth of the receipts and net income attributable to sole proprietorships.

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<sup>3</sup> The Office of Advocacy relies on a longitudinal data series to measure the formation and dissolution of U.S. businesses with paid employees. Although estimates are presented, hard data on these business dynamics are not yet available for the years 1998 and 1999.

<sup>4</sup> Source: Administrative Office of the U.S. Courts.

<sup>5</sup> The figures in Table 1.15 were calculated from Schedule Cs on Internal Revenue Service Form 1040 tax returns for the year shown. Many men and women file more than one Schedule C in any given year.

<sup>6</sup> In 2001, the Census Bureau released its quinquennial economic census estimates on the numbers of women- and minority-owned businesses in 1997. These estimates are the products of the Bureau's Survey of Women-Owned Business Enterprises (SWOBE) and Survey of Minority-Owned Business Enterprises (SMOBE). The figures on women-owned businesses used a new 51-percent ownership criterion; in contrast, for the 1992 SWOBE, a business was classified as women-owned if 50 percent or more of its owners were identified as women. In addition to firms with 51 percent ownership by men or women, another 3.6 million were owned equally by men and women.

**Table 1.14** *Business Turnover, 1989–1999 (Thousands)*

Year	New Employer Firms	Employer Terminations	Net Change (Percent)	Bankruptcies
1999	588.9e.	528.6e.	11.4	37.6
1998	591.2e.	537.9e.	9.9	44.2
1997	590.6	530.0	11.4	53.8
1996	597.8	512.4	16.7	53.2
1995	594.4	497.2	19.5	50.5
1994	570.6	503.6	13.3	50.8
1993	564.5	492.7	14.6	62.4
1992	544.6	521.6	4.4	69.8
1991	541.1	546.5	21.0	70.6
1990	584.9	531.4	10.1	63.9
1989	NA	NA		62.4

e. = estimated

NA = Not available

Sources: U.S. Small Business Administration, Office of Advocacy, from data provided by the U.S. Department of Commerce, Bureau of the Census; U.S. Department of Labor, Employment and Training Administration; and Administrative Office of the U.S. Courts.

## Women-Owned Businesses

The larger universe of women-owned businesses is reflected in 1997 data newly available from the Bureau of the Census (Table 1.17). In 1997, 5.4 million women-owned businesses generated \$818.7 billion in receipts.<sup>6</sup> Women-owned businesses accounted for 26 percent of the nation's 20.8 million nonfarm businesses and 4.4 percent of their total receipts. An additional 3.6 million businesses were jointly owned (50 percent each) by men and women. Of the 5.4 million women-owned businesses, 847,000 had employees—a total of 7.1 million of them in 1997.

The number of women-owned businesses rose by 16 percent between 1992 and 1997, compared with a 6 percent increase in the number of all U.S. firms.<sup>7</sup> Their receipts increased by 33 percent, compared with a 24 percent increase in the receipts of all firms.

## Minority-Owned Businesses

According to new Census information, the number of minority-owned businesses grew faster than businesses overall between 1992 and 1997.<sup>8</sup> Of the 20.8 million nonfarm businesses in the United States in 1997, 823,500 (4 per-

<sup>7</sup> Comparisons for the two years were made using comparable data based on the previous 50-percent women-owned definition of women-owned firms.

<sup>8</sup> The rate of growth for all businesses over this period was 7 percent.

<sup>9</sup> The 1997 SMOBE included C corporations for the first time. The Census Bureau produced comparable numbers for comparisons between 1992 and 1997 at the national level.

**Table 1.15 Trends in Nonfarm Sole Proprietorships by Gender, 1982–1998**

Year	Number of Nonfarm Sole Proprietorships (Thousands)			Share of Total Operated by Women (Percent)			Ratio of Female- to Male-Operated (Percent)		
	Total	Owned by Women	Owned by Men	Gender Unknown	Number	Receipts	Net Income	Receipts per Proprietorship	Net Income per Proprietorship
1998	19,377	7,126	11,947	304	37	18	22	38	47
1997	19,219	6,714	11,762	743	36	18	20	38	45
1996	19,032	6,466	11,798	768	35	17	20	37	45
1995	18,391	6,136	11,526	730	35	16	18	36	41
1994	18,109	6,047	11,276	786	35	15	18	34	42
1993	17,714	5,852	11,393	470	34	15	18	35	43
1992	17,292	5,698	11,154	440	34	15	17	34	41
1991	16,958	5,549	10,993	416	34	15	18	36	44
1990	16,596	5,348	10,807	442	33	15	16	36	40
1989	15,921	4,977	10,454	489	32	13	16	33	41
1988	15,159	4,611	10,028	520	31	14	16	34	42
1987	14,549	4,462	9,576	510	32	14	16	34	42
1986	13,798	4,121	9,244	433	31	14	16	35	41
1985	13,297	3,738	9,076	483	29	13	15	35	41
1984	12,495	3,383	8,643	469	28	11	12	33	34
1983	11,781	3,254	8,065	462	29	12	11	34	31
1982	11,170	2,942	7,788	440	27	10	10	30	31

Note: Before 1998, the Internal Revenue Service recorded gender based on first name; if the name was ambiguous or if both names of spouses filing joint returns appeared on a Schedule C, the name was reported as "male and female jointly operated," shown here as "unknown." Unknown names were excluded in calculating the female-operated shares.

Source: U.S. Small Business Administration, Office of Advocacy, calculations derived from tabulations of Schedule Cs (nonfarm business income) filed with individual Income tax returns, provided under contract by the U.S. Department of the Treasury, Internal Revenue Service (IRS) Statistics of Income Division.

**Table 1.16** *Number, Receipts, and Net Income of Nonfarm Sole Proprietorships by Gender of Owner and Industry Division, 1998 (Thousands)*

	Female-Operated			Male-Operated		
	Number of Businesses	Business Receipts	Net Income	Number of Businesses	Business Receipts	Net Income
Agriculture, Forestry, and Fishing	102.1	2,118.0	175.0	481.2	24,297.3	3,645.2
Mining, Construction, and Manufacturing	290.1	11,463.2	1,777.8	2,493.8	151,884.8	26,725.2
Transportation, Communications, and Public Utilities	170.9	5,131.2	925.4	771.9	43,320.9	6,395.3
Wholesale and Retail Trade	1,568.1	44,890.7	2,775.1	1,783.3	187,186.0	15,839.6
Finance, Insurance, and Real Estate	585.4	23,206.5	8,934.5	989.6	76,398.9	20,048.0
Services	4,409.8	78,288.4	28,988.8	5,426.8	247,989.8	83,966.0
Total, All Industries	7,126.4	165,098.0	43,576.6	11,946.6	731,077.7	156,619.3

Note: Excluded from these data are firms (of which there were 304,000 in 1998) for which the gender of the owners or the proportion of joint ownership by men and women is unknown.

Source: U.S. Small Business Administration, Office of Advocacy, calculations derived from tabulations of Schedule Cs (for nonfarm business income) filed with individual income tax returns, provided under contract by the U.S. Department of the Treasury, Internal Revenue Service (IRS) Statistics of Income Division.

cent) were owned by African Americans (Table 1.17). Black-owned businesses in the United States employed 718,300 people and accrued total receipts of \$71.2 billion. Excluding C corporations, the number of African-American-owned businesses increased by 26 percent over this period and their receipts increased by 33 percent.<sup>9</sup>

Businesses owned by Hispanic Americans totaled 1.2 million in 1997 and had total sales of just over \$186 billion. The number of Hispanic-owned businesses, excluding C corporations, rose by 30 percent from 1992 to 1997 and their receipts rose by 49 percent, exceeding the 40 percent increase in all comparable U.S. businesses. There were 913,000 Asian- and Pacific Islander-owned businesses in 1997 and 197,300 firms owned by American Indians and Alaska Natives. They had \$161 billion and \$34.3 billion in sales, respectively.

### Employment Change by Firm Size

Employment changes by firm size can be viewed from both static and dynamic perspectives. Small business' static shares of employment show the impor-

<sup>10</sup> Static and dynamic data differ in their end year classification of the employment size of firms. Static data reclassify firms in each time period, thus providing a "snapshot" of the number in each size category at a given time. With dynamic data, firms are classified by their initial firm size class regardless of whether they changed firm size classes, and growth is tracked for each firm. Static and dynamic firm size data are available from the Office of Advocacy's web site at [http://www.sba.gov/advo/stats/int\\_data.html](http://www.sba.gov/advo/stats/int_data.html).

<sup>11</sup> See Appendix A. While employment changes by industry are available with little time lag, employment changes by firm size are available with a lag time of a few years.

<sup>12</sup> No corresponding data are available on any measures of assets by firm employment size.

**Table 1.17** Number and Receipts of Women- and Minority-Owned Businesses by Industry Division, 1997 (Receipts in Thousands of Dollars)

	Women		Hispanic		Black		Asian/Pacific Islander		American Indian/ Alaska Native	
	Number of Firms	Receipts	Number of Firms	Receipts	Number of Firms	Receipts	Number of Firms	Receipts	Number of Firms	Receipts
<b>Total, All Industries</b>	<b>5,417,034</b>	<b>818,669,084</b>	<b>1,199,896</b>	<b>186,274,582</b>	<b>823,499</b>	<b>71,214,662</b>	<b>912,960</b>	<b>306,932,982</b>	<b>197,300</b>	<b>34,343,907</b>
Agriculture, Forestry and Fishing	74,444	5,852,901	40,040	2,279,397	12,464	417,169	12,988	1,140,670	8,942	360,484
Mining	20,030	7,186,113	1,909	429,446	231	21,551	660	253,329	947	543,908
Construction	157,173	67,632,059	152,573	21,923,384	56,508	7,712,059	27,711	7,485,505	27,435	5,384,815
Manufacturing	121,108	113,722,304	25,552	28,684,759	10,447	3,682,510	23,242	28,952,417	6,717	2,503,417
Transportation, Communications and Utilities	128,999	32,944,160	84,554	8,293,935	71,586	6,376,645	37,501	5,625,483	6,291	1,620,515
Wholesale Trade	125,645	188,488,639	31,480	40,386,625	8,120	5,818,734	50,400	105,466,223	4,365	3,155,143
Retail Trade	919,990	152,041,311	155,061	32,280,310	87,568	13,803,266	195,691	67,895,241	14,768	4,618,484
Finance, Insurance, and Real Estate	479,469	56,021,358	56,629	6,644,826	37,934	3,088,582	68,765	11,398,069	4,616	1,190,741
Services	2,981,266	186,161,274	500,449	39,177,767	437,646	25,925,092	406,010	67,762,462	34,144	5,202,704
Not Elsewhere Classified	411,596	8,618,965	151,931	6,174,133	101,128	4,369,056	90,509	10,953,582	89,243	9,763,696

Source: U.S. Small Business Administration, Office of Advocacy, from data supplied by U.S. Department of Commerce, Bureau of the Census, 1997 Survey of Women-Owned Business Enterprises (SWOBE) and 1997 Survey of Minority-Owned Business Enterprises (SMOBE).

tance of small businesses at different points in time. Small business dynamic growth is measured by using the beginning year employment size of the firm to classify the firm's size, then tracking changes in establishments and establishment employment in subsequent periods.<sup>10</sup>

Tracking firms through entry, exit, expansions, and contractions shows that small firms accounted for about 75 percent of the net new jobs during the early and mid-1990s (Table A.9).<sup>11</sup> This trend should have continued into the late 1990s.

The formation and dissolution of businesses results in job turnover and allows the economy to evolve, but employment changes associated with births and deaths can often cancel each other out, giving the impression of a static environment. However, the 1990s period was very positive, with employment from firm expansions overwhelming firm contractions and with firm births overwhelming firm deaths.

The proportion of all firms that are small was virtually unchanged in the 1990s, while small businesses' static share of total employment declined slightly over this period. Small firms employed about 51 percent of workers in the private sector economy in 1998, a slight decline from their 54 percent share in 1990; this share changed less than one percent in any one year over the 1990–1998 period (Table A.3.) The small business share in 1999 is believed to have remained at about 51 percent. The decline in the share of small firm employment may be the result of small firms growing into large firms and/or of a general increase in entry barriers that would adversely affect the viability of new small business ventures, or of small firms becoming more capital-intensive and relying less on labor.<sup>12</sup>

### 1997–1999 Employment Change by Industry

Total private nonfarm employment in the United States grew by 5.2 percent between 1997 and 1999 (Tables 1.18 and A.19). Services led all other sectors in the number of jobs created, adding nearly 3 million over this period. Small businesses accounted for about 55 percent of service industry employment in 1997, the most recent year for which data on employment by firm size are available, but this share has been declining steadily. Between 1997 and 1999, mining and manufacturing posted modest net declines in employment.

The five major industries that created the most jobs in 1997–1999 were business services, engineering and management, special trade contractors, social services, and eating and drinking places (Table 1.19). The small business shares of employment in these industries in 1997 were 45.7 percent, 62.4 percent, 92.9 percent, 80.5 percent, and 64.5 percent, respectively.

The five industries that showed the largest employment increases relative to their overall employment size in 1997–1999 were nondepository institutions, holding and other investment offices, unclassified service industries, business

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<sup>13</sup> These figures are based upon special tabulations of the Statistics of U.S. Businesses (SUSB). A small business is defined in this context as a business with fewer than 500 employees. At the time of the writing of this report, the most recent year for which data were available was 1997.

**Table 1.18** *Nonfarm Private Employment by Industry, 1997–1999 (Thousands)*

Industry	Annual Employment			Percent Change		
	1997	1998	1999	1997–1998	1998–1999	1997–1999
<b>Total Private Employment</b>	<b>103,120.0</b>	<b>106,007.0</b>	<b>108,455.0</b>	<b>2.8</b>	<b>2.3</b>	<b>5.2</b>
Agricultural Services	679.1	705.5	758.6	3.9	7.5	11.7
Mining	592.0	590.0	535.0	20.3	29.3	29.6
Construction	5,686.0	5,985.0	6,273.0	5.3	4.8	10.3
Manufacturing	18,657.0	18,772.0	18,432.0	0.6	21.8	21.2
Transportation, Communications, and Public Utilities	6,395.0	6,600.0	6,792.0	3.2	2.9	6.2
Wholesale Trade	6,648.0	6,831.0	7,004.0	2.8	2.5	5.4
Retail Trade	22,011.0	22,296.0	22,787.0	1.3	2.2	3.5
Finance, Insurance, and Real Estate	7,091.0	7,407.0	7,632.0	4.5	3.0	7.6
Services	35,360.9	36,820.5	38,241.4	4.1	3.9	8.1

Note: Agricultural services data are for 1996 because of disclosure restrictions on the 1997 data.

Sources: U.S. Small Business Administration, Office of Advocacy, from employment data provided by the U.S. Department of Labor, Bureau of Labor Statistics and employment firm size data from the U.S. Department of Commerce, Bureau of the Census.

**Table 1.19** *Employment Growth: Fastest Growing Industries and Those Generating the Most New Jobs, 1997–1999 (Thousands)*

SIC Codes (1987)	Industry	Annual Employment		Absolute Change	Percent Change	Percent Small 1997
		1997	1999			
<b>Fastest Growing Industries in Employment, Ranked by Percent Change</b>						
6100	Nondepository Institutions	567.2	713.7	146.5	25.8	34.9
6700	Holding and Other Investment Offices	221.8	266.2	44.4	20.0	52.0
8900	Services, nec	49.6	56.8	7.2	14.5	75.3
7300	Business Services	7,982.7	9,123.4	1,140.7	14.3	45.7
8700	Engineering and Management Services	3,004.8	3,419.5	414.7	13.8	62.4
<b>Industries Generating the Most Jobs, Ranked by Absolute Change</b>						
7300	Business Services	7,982.7	9,123.4	1,140.7	14.3	45.7
8700	Engineering and Management Services	3,004.8	3,419.5	414.7	13.8	62.4
1700	Special Trade Contractors	3,574.7	3,978.0	403.3	11.3	92.9
8300	Social Services	2,513.8	2,782.3	268.5	10.7	80.5
5800	Eating and Drinking Places	7,635.8	7,904.3	268.5	3.5	64.5

nec = not elsewhere classified

Source: Office of Advocacy, U.S. Small Business Administration from employment data provided by the U.S. Department of Labor, Bureau of Labor Statistics and employment firm size data provided by the U.S. Department of Commerce, Bureau of the Census.

services, and engineering and management services (Table 1.19). The small business shares of employment in these industries in 1997 were, respectively, 34.9 percent, 52.0 percent, 75.3 percent, 45.7 percent, and 62.4 percent.<sup>13</sup>

## **Conclusion**

**T**he climate was generally supportive for the growth of small businesses over the 1998–1999 period. Consumer confidence was up, and the major indices of U.S. stock markets created a market for initial public offerings. The supply of funds available to small businesses appeared to be adequate, although the cost of borrowing was of increasing concern in late 1999. Starting a small business continued to be a means by which women and minorities entered the economic mainstream in growing numbers. Total private nonfarm employment grew by 5.2 percent, and services led other industries in the number of jobs created.





# Chapter 2

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## The Regulatory Flexibility Act: Changing the Culture of Federal Agencies

### Synopsis

**T**he Regulatory Flexibility Act of 1980 (RFA) is an important statute that has changed the way federal regulatory agencies relate to small businesses in crafting regulations. The law seeks to level the regulatory playing field for small businesses and preserve competition in the marketplace by forcing agencies to undertake a thorough analysis of the economic impact of their proposed regulations and to consider alternatives that will achieve the same public policy goals, but with more equitable impact on small entities.

While it took nearly 20 years of persistent effort on the part of Congress, the Small Business Administration's (SBA) Office of Advocacy, and small businesses, as well as litigation and amendments to the law, the Regulatory Flexibility Act has changed how regulatory agencies evaluate regulations.

### Introduction

**B**efore the Regulatory Flexibility Act was enacted in 1980, federal agencies generally did not recognize the impact their rules would have on small businesses, nor did they readily understand the fact that small businesses would suffer disproportionately—compared with large businesses—from those regulations.<sup>1</sup> More often than not, the agencies failed to recognize or understand the important role small businesses play in the economy.

### The 1980 White House Conference on Small Business

**I**n 1980, when hundreds of small business owners from across the country convened in Washington, D.C., to participate in the first White House Conference on Small Business, their message to President Jimmy Carter and the Congress was loud and clear. They demanded relief from burdensome federal government mandates and argued for more flexible regulations.

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<sup>1</sup> The Regulatory Flexibility Act, Pub. L. No. 96-354, 94 Stat. 1164 (codified at 5 U.S.C. § 601 *et seq.*), became law on September 19, 1980.

Small businesses argued that when a federal agency issues a regulation, the burden of that law often falls hardest on them. This occurs, not through any intentional desire by the agency to overregulate them, but rather because “one-size-fits-all” regulations impose disproportionate costs on small entities. For example, the direct costs involved in complying with a regulation are approximately the same for a large company as for a small company. But since a large company is able to spread the compliance cost—such as additional staff time and resources and fees for professional services—over larger output, it has the ability to maintain a competitive advantage over a small company.

Additionally, because large businesses can afford to hire more people—both within their companies and as professional representatives in Washington—to monitor proposed agency regulations and thereby have easier, more direct input in the regulatory process, small businesses are inherently at a disadvantage in their ability to influence the outcome of regulatory decisions.

## Congressional Response to Small Business Concerns

Recognizing the disparity in the level of input during the rulemaking process, as well as the disparate impact on small businesses upon implementation of regulations, the U.S. Congress responded to small business concerns by enacting the RFA. Congress agreed with small businesses and made specific findings in the preamble to the RFA that “laws and regulations designed for application to large scale entities have been applied uniformly to small [entities, . . .] even though the problems that gave rise to the government action may not have been caused by those small entities.”<sup>2</sup> As a result, Congress found that these regulations have “imposed unnecessary and disproportionately burdensome demands” upon small businesses with limited resources, which, in turn, have “adversely affected competition.”<sup>3</sup>

To counteract the traditional, one-size-fits-all regulatory mindset of the regulators, the RFA establishes “as a principle of regulatory issuance that agencies shall endeavor, consistent with the objectives of the rule and of applicable statutes, to fit regulatory and informational requirements to the scale of the businesses.”<sup>4</sup> To achieve this principle, Congress mandated that “agencies are required to solicit and consider flexible regulatory proposals and to explain their rationale for their actions to assure that such proposals are given serious consideration.”<sup>5</sup>

## Requirements of the Regulatory Flexibility Act

Specifically, the RFA requires agencies to review their regulatory proposals and determine if any new rule is likely to have a “significant economic impact on a substantial number of small entities.”<sup>6</sup> If such impact is likely to

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<sup>2</sup> Findings and Purposes, Pub. L. No. 96–354.

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

occur, the RFA then requires the agencies to prepare and make available for public comment an “initial regulatory flexibility analysis,” describing in detail the potential economic impact of the proposed rule on small entities.<sup>7</sup>

As an essential part of this analysis, agencies are required to identify alternatives to the proposed rule that accomplish the stated objectives of applicable statutes but minimize any significant economic impact of the proposed rule on small entities.<sup>8</sup> A similarly detailed regulatory flexibility analysis is also required for final rules, which also must be made available to the public.<sup>9</sup>

By mandating this economic analysis, the RFA seeks to ensure that agencies spend the necessary time and resources to identify and understand the potential impact of their regulations on small entities before it is too late to pursue alternative measures. To accomplish this, agencies must solicit meaningful input from the small business community early in the rulemaking process.

The RFA was also based on the rationale that when an agency undertakes a careful analysis of its proposed regulations—with sufficient small business input—the agency can, and will, identify the disproportionate economic impact on small businesses. Once an agency realizes that a rule will have such an impact on small businesses, it is expected to seek alternative measures to reduce or eliminate the disproportionate burden without compromising public policy objectives.

The RFA also contains measures to ensure agency compliance with the law, such as authorizing the chief counsel for advocacy to appear as *amicus curiae* (“friend of the court”) when an entity appeals an agency’s final action.<sup>10</sup>

## Federal Agencies’ Response to the Regulatory Flexibility Act

In monitoring agencies’ compliance with the law over the years as RFA mandates, the Office of Advocacy (Advocacy) found that federal agencies, more often than not, failed to conduct the analyses mandated by the RFA. Some agencies ignored the RFA altogether, while others asserted that the RFA did not apply to them. Other agencies recognized the RFA’s applicability to their regulatory process yet failed to comply with the letter and spirit of the law. For example, the RFA authorizes an agency to forego the preparation and publication of initial and final regulatory flexibility analyses for public comment “if the head of the agency certifies that the rule will not, if promulgated, have a significant economic impact on a substantial number of small entities.”<sup>11</sup> Several congressional hearings documented that many agencies simply fell into a habit of certifying that their rules would have no impact without demonstrating the basis for such a conclusion. It was clear

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<sup>6</sup> 5 U.S.C. §§ 602(a)(1), 605(b).

<sup>7</sup> *Id.* § 603.

<sup>8</sup> *See id.* § 603(c).

<sup>9</sup> *See id.* § 604.

<sup>10</sup> *Id.* § 612(b).

<sup>11</sup> *Id.* § 605(b).

that using “boilerplate” language in rule after rule did not comport with the RFA’s mandate.

Equally troubling was the finding that agencies often did not understand or accept the possibility that less burdensome regulatory alternatives may, in fact, be equally effective in achieving public policy objectives. This mistaken assumption meant that many agencies failed—or even refused—to consider valid alternatives for their proposals even when such options were brought to their attention by small businesses during the rulemaking process. The agencies’ failure to weigh alternatives properly not only defeats the core purpose of the RFA; it effectively excludes small businesses from a meaningful opportunity to influence the regulatory development process as the Congress intended.

Finally, because the RFA as originally enacted in 1980 did not provide for judicial review of compliance with the RFA, the small business community was left with no remedy to enforce compliance. Similarly, while the RFA authorized the SBA’s chief counsel for advocacy to file *amicus* briefs in regulatory appeals, the issue of agency noncompliance could not be raised because the courts did not have jurisdiction over the question.

## The 1995 White House Conference on Small Business

Small businesses had an opportunity to point out these shortcomings in the RFA at the 1995 White House Conference on Small Business. They urged the administration and the Congress to pass amendments that would add “teeth” to the law.

In response, in 1996, Congress enacted the Small Business Regulatory Enforcement Fairness Act (SBREFA), which amended the RFA in several critical respects.<sup>12</sup> With agencies’ pattern and practice of noncompliance in mind, Congress designed the SBREFA amendments to the RFA to ensure meaningful small business input during the earliest stages of the regulatory development process.<sup>13</sup> The amendments also required agencies to provide more detailed and substantive analyses of regulatory economic impacts. SBREFA reaffirmed the authority of the chief counsel for advocacy to file *amicus curiae* briefs in regulatory appeals brought by small entities.

Most important, the SBREFA amendments added two new provisions to the RFA:

*Small Business Advocacy Review Panel Process:* SBREFA mandates that structured review panels be convened to ensure small business participation in the development of rules by the Environmental Protection Agency (EPA) and the Occupational Safety and Health Administration (OSHA) when such

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<sup>12</sup> The Small Business Regulatory Enforcement Fairness Act of 1996, Pub. L. No. 104–121, 110 Stat. 857 (codified at 5 U.S.C. § 601 *et seq.*), was signed by President Clinton on March 29, 1996.

<sup>13</sup> See Findings, Pub. L. No. 104–121 (“Congress finds that—[RFA requirements] have too often been ignored by government agencies, resulting in greater regulatory burdens on small entities than necessitated by statute.”).

rules are anticipated to have a significant impact on a substantial number of small entities.

*Judicial Review of Agency Compliance:* SBREFA authorizes aggrieved small businesses appealing from agency final actions to seek judicial review of agency failure to comply with the RFA.

## **Federal Agencies' Response to the SBREFA Amendments to the RFA**

In the years since SBREFA amended the RFA, the regulatory environment for small businesses has begun to change for the better. As highlighted in the chief counsel for advocacy's annual reports on RFA, over the past few years, small businesses have played active roles in bringing about some fundamental changes in the way federal agencies view the RFA and their responsibilities under the law.<sup>14</sup>

Numerous agencies have implemented changes to their regulatory processes, including noticeably enhanced outreach efforts to small businesses and internal training and resources committed to ensure adequate regulatory flexibility analyses. Other agencies are learning to comply with the RFA the hard way through litigation and are carefully monitoring the latest court cases resulting from the judicial review provisions of the RFA.

Most significantly, agencies and the Congress are paying special attention to the changes brought about by the addition of the small business advocacy review panel process. As a procedure for gathering public comments, this SBREFA amendment to the RFA mandates that small business representatives be consulted by policymakers of EPA and OSHA, two agencies that have major impact on a wide range of industries dominated by small businesses. The panel process allows small business to find its seat at the regulatory table, and this new process is making a difference.

### **Agencies are Conducting More Effective Small Business Outreach**

Thanks to the RFA and SBREFA, agency outreach to small businesses has grown significantly. Almost every federal agency today incorporates a wide variety of mechanisms to reach out to the communities affected by its regulations. For example, agencies routinely participate at industry conferences; host regional roundtable meetings; answer inquiries from small businesses via mail, fax, and electronic mail; and use the Internet and toll-free telephone numbers to encourage easy access to information for small businesses.

The outreach efforts of the Department of Housing and Urban Development (HUD) are especially noteworthy. Like many other agencies,

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<sup>14</sup> See, e.g., U.S. Small Business Administration, Office of Advocacy, *Annual Report of the Chief Counsel for Advocacy on Implementation of the Regulatory Flexibility Act*, reports for calendar years 1996, 1997, 1998, 1999.

HUD uses its Office of Small and Disadvantaged Business Utilization (OSDBU) to monitor RFA compliance. However, HUD has worked hard to identify the most appropriate small-entity representatives to receive its information. HUD's OSDBU has written to more than 700 trade associations and minority- and woman-owned business chambers of commerce advising them of the small business rights under the RFA as amended by SBREFA. From the very beginning of the process, HUD has also taken aggressive measures to include small businesses in "negotiated rulemakings" on regulations dealing with manufactured housing, real estate settlement procedures, Indian housing, lead-based paint, and public housing.

While outreach is certainly a necessary first step, the test of the process' effectiveness is whether the agency considers small business input in its decisions. Few agencies—although an increasing number—can cite instances in which they changed proposed regulations as a result of discussion with small business entities.

One independent agency, the Securities and Exchange Commission (SEC), provides a compelling success story. The SEC has had a long history of engaging in deregulatory efforts to assist small businesses in their capital-raising transactions. In order to determine where regulatory assistance might be most useful, the SEC initiated a series of "town hall" meetings across the nation to learn from the entrepreneurs they regulate. Since 1982, the SEC has also hosted an annual forum on small business capital formation where small business owners and their advocates spend two days with government officials to discuss regulatory changes that could address their concerns. Members of Congress and other interested parties receive written summaries of the discussions and the recommendations that resulted and many recommendations have been implemented.

The SEC also actively educates its staff about small business issues. The SEC's internal training activities for its compliance and enforcement personnel incorporate information on RFA and SBREFA. SEC staff, including economists, who engage in rulemaking activities receive specialized training in all aspects of legally required administrative procedures.

This intensive outreach effort and RFA training paid off on at least one occasion when a proposed SEC rule was revised because of a thorough regulatory flexibility analysis. Rule 504 of the SEC regulations permitted small companies to raise up to \$1 million in "seed capital" in a twelve-month period with minimal compliance requirements.<sup>15</sup> Because of the simplicity of the rule's requirements, however, unscrupulous securities promoters abused the rule. In addressing the abuse, the SEC proposed a change that would restrict securities issued pursuant to Rule 504 from subsequent transferability. During the rulemaking process and its accompanying regulatory flexibility analysis, the SEC realized the proposed revision would adversely impact companies—especially the smallest ones—by making it more difficult to raise capital. The

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<sup>15</sup> 17 C.F.R. § 230.504.

small businesses that commented on the rule explained that amending the liquidity option would increase the cost of raising capital, and in some cases even eliminate the market.

Upon further analysis and careful consideration of alternatives, the SEC revised the proposal to preserve the liquidity option for small companies while still addressing the potential for abuse. By complying with the RFA, the SEC achieved its policy objective of protecting investors and limiting the potential for abuse without harming small business interests.

## Agencies Are Working to Comply with the RFA

In addition to outreach, more and more agencies are asking for guidance in complying with the RFA and redirecting agency resources to the actual task of complying. In addition to benefiting small business, seeking compliance with the RFA early in the regulatory process saves time, produces better regulatory proposals, and avoids litigation for the agencies.

The Department of Agriculture (USDA) is a typical example. For a number of years, the USDA's Agricultural Marketing Service (AMS) refused to acknowledge that its regulations were subject to the requirements of the RFA. Shortly after passage of SBREFA, however, AMS agreed to train its employees in compliance with the RFA, with the result that the Organic Program Office sought input on a new regulation to impose federal standards for labeling and producing organic products. This organic regulation marked the first time since the passage of the RFA in 1980 that AMS sought assistance and input on RFA compliance prior to publishing a proposal. Subsequently, AMS has tried to include initial or final regulatory flexibility analyses in nearly all of its proposed and final regulations.

The Department of Health and Human Services's Health Care Financing Administration (HCFA) provides another example. Since SBREFA amended the RFA, HCFA has instituted new procedures to seek input on controversial or burdensome regulations during the earliest stages of rulemaking, and the administrators of HCFA and SBA have met to discuss RFA compliance and related issues. In addition, SBA conducted two day-long RFA/SBREFA training sessions for HCFA employees. HCFA's commitment to comply with the RFA has been apparent on a number of occasions when HCFA submitted draft rules for early small business impact review.

One of the best examples of the benefits to be derived from efforts to ensure compliance with the RFA comes from the Department of Transportation (DOT). To implement provisions of the Americans with Disabilities Act, DOT proposed a regulation in March 1998 that would have required all newly purchased over-the-road buses to be accessible to passengers with disabilities. The rule also would have required all motor carriers, tour bus operators, and other transportation companies to provide accessible over-the-road bus service. Advocacy advised DOT that its proposed rule would have a serious impact on the small bus industry and would cause these small businesses to reduce transportation services to the entire public, especially to those residing in rural



areas. Advocacy also suggested that a service-based alternative to the proposed rule would provide better long- and short-term transportation to all passengers, including those with disabilities, and would also meet the DOT's goals.

DOT staff and representatives of the affected small businesses met to discuss the regulation and its alternative, an important step in the DOT's RFA analysis. The meeting provided a meaningful opportunity for small businesses to discuss cost projections and other relevant data related to the proposed rule. After carefully studying the entire public docket that included the information provided by small businesses, the DOT in September 1998 published a final rule adopting an innovative approach recommended by small bus operators. The revised rule not only achieved the agency's objectives, but also struck a sensible balance among all public policy concerns raised during the public review period. Essentially, DOT transitioned the redesign of all buses to accommodate passengers with disabilities while maintaining service for those who rely on small bus companies for essential transportation. Small businesses welcomed DOT's final rule, expected to save the small business industry about \$180 million while guaranteeing transportation for the disabled.

## **The Advocacy Review Panel Process: Better Regulatory Analyses**

One of the more significant provisions of the 1996 SBREFA amendments to the RFA was the establishment of the small business advocacy review panel process. The EPA and OSHA are now required to reach out and include small businesses in the development of regulations.<sup>16</sup> Whenever the administrator of either agency cannot certify under the RFA that a regulatory proposal will not have a significant economic impact on a substantial number of small entities, the SBREFA amendment requires the agency to convene a panel and prepare a regulatory flexibility analysis.

Each panel consists of representatives from the rulemaking agency, the chief counsel for advocacy, and the administrator of the Office of Information and Regulatory Affairs within the Office of Management and Budget. The panel conducts its own outreach to small entities likely to be affected by the proposal, seeks their input on the proposed regulation, and prepares a report to the administrator of either the EPA or OSHA with recommendations, where appropriate and equitable, for reducing the potential impact of the rule on small businesses. The panel, which must be convened prior to publication of the proposed rule for public comment, has 60 days in which to prepare and submit the report on its findings to the administrator. The report becomes a part of the public rulemaking record. After the panel's report is received, the

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<sup>16</sup> See generally 5 U.S.C. § 609(b)–(e).

agency may reconsider and modify its proposal in response to its economic impact analysis and the information received.

Advocacy's experience in working with panels has demonstrated that the agencies' analytical process has been greatly improved. It is fair to conclude that the panel process has had a salutary effect on the work of the EPA and OSHA, and that the time spent on the panels has been, and continues to be, productive for both agencies and small businesses.

The panel process generates better agency analysis. By collecting and identifying relevant economic data from the regulating agency, the panel process provides an objective basis from which to judge the impact of the regulatory proposal upon small business, the cause and scope of the problems addressed by the proposal, and the comparative contribution to the problem made by different-sized firms within an industry. The quality and extent of discussions generated through the panel process have been invaluable in identifying alternatives for achieving the agency's statutory objective while minimizing undue costs and burden on small businesses.

The direct input from small-entity representatives providing "real world" perspectives is valuable to the panel process. Small businesses, armed with agency data and analysis at the pre-proposal stage, have an opportunity to provide valuable input on the potential impact of the rule and its design before the agency becomes committed to a particular approach. Their input is particularly useful to the agency because it is based on actual experiences rather than potentially flawed assumptions and cost analyses developed by agency staff in a vacuum. Their input can also help the agency identify alternatives that might accomplish the same policy objectives with much less burden on small businesses.

The panel process does not entail any additional agency resources but uses available resources more efficiently. Under SBREFA, a panel is convened once an agency determines that a proposed rule is likely to have a significant impact on a substantial number of small entities. The RFA already requires the agency to perform a regulatory flexibility analysis once it is determined, at this stage of rulemaking, that there will be such impact. The SBREFA panel approach accomplishes the same objectives by reviewing impact data and alternatives—but in a more structured process that ensures small business input when it matters most. Thus, the panel process marshals the same resources to undertake the same analysis that agencies already are required to do under the RFA and does it within an early timeframe to ensure timely development of a workable proposal. By working with small businesses on the panel early in the rulemaking process, agencies can eliminate problematic provisions before publishing a rule for public comment. This can actually save agencies time and resources that would otherwise be spent on reviewing and responding to written comments.

## Environmental Protection Agency Panels

Since SBREFA's enactment, more than 250 small-entity representatives have participated on 15 completed Environmental Protection Agency panels. Each of these panels produced positive outcomes for the EPA and small businesses. In response to small business input, the panels made more than 140 concrete recommendations to the EPA's administrator that address small business concerns without compromising EPA's environmental objectives. When EPA publishes a rule for comment, it explicitly addresses each panel recommendation and makes the panel report part of the public record.

The following EPA rules reviewed by SBREFA panels demonstrate how alternative regulatory measures can indeed be less burdensome on small businesses, at the same time that they are effective in achieving public policy objectives.

### *Effluent Limitations Guidelines and Pretreatment Standards for the Industrial Laundries Point Source Category*

Relying on data from the 1980s, the EPA identified 1,700 industrial laundries as a potential source of hazardous waste solvents discharged to publicly owned treatment works and initiated action in 1992 to address the problem.

Since this rulemaking involved potentially significant economic impacts on a substantial number of small businesses, a panel was convened in June 1997. The panel issued a report in August 1997 making a number of substantive recommendations to the agency, including specific exclusion options for small businesses. The panel recommended that the agency solicit public comment on a "no-regulation" option in the proposed rule. The recommendations were considered and subsequently addressed in the proposed rule, published in December 1997.

Following publication of the proposal, EPA continued to work with the industry, which is dominated by small businesses, and supported the industry's proposal for a strong voluntary pollution prevention program that includes working with the industry's customers to encourage further pollution prevention efforts.

Comments raised by the small-entity representatives during the panel process and by subsequent commenters on the proposal convinced the agency that the industry discharges were not significant enough to warrant national regulation of the entire industry. In July 1999, the EPA withdrew its proposed rule and announced that it would not impose national clean water standards on industrial laundries.

The decision by the agency to select one of the alternative options generated through the panel process as the agency's final decision is a clear demonstration that the process established by SBREFA is effective in producing rational public policy and that consideration of small business impacts need not compromise public policy objectives.

### *Tier 2 Light-Duty Vehicle and Light-Duty Truck Emission Standards,*

## *Heavy-Duty Gasoline Engine Standards, and Gasoline Sulfur Standards*

As the EPA took steps to regulate the sulfur content of gasoline in order to enable light-duty vehicles to lower sulfur emissions, it convened a panel in June 1998. This rulemaking became known as the “Tier 2/Gasoline Sulfur” rule, and the panel completed its report in October 1998.

Panel members visited Frontier Oil Company’s refinery in Cheyenne, Wyoming, at the company’s invitation. The panel noted that this was a unique opportunity to gain a firsthand perspective on what a small refinery would have to do in order to comply with the rule.

What the panel learned was that the cost of compliance would effectively put small refiners out of business, with a resultant increase in gasoline prices. The panel also learned that the small refiners’ product did not contribute significantly to the overall sulfur emission problem that EPA was trying to address.

The panel then considered a wide range of options and regulatory alternatives for providing small businesses with flexibility in complying with potential Tier 2 vehicle emission and gasoline sulfur standards. In response to the comments received, as well as additional business and technical information gathered concerning the affected small entities, the panel ultimately recommended several alternatives. In light of the potentially severe impacts of the regulation on small refiners, the panel agreed on a recommendation to delay application of its rule to small refiners for several years, an option that also met EPA’s environmental goals.

In May 1999, the EPA issued its proposed rule based on the panel’s recommendation. The EPA’s action met with approval from the regulated industries. The proposed rule that resulted from the panel process was clearly an appropriate regulatory solution to achieving the desired environmental results without unnecessarily jeopardizing small refiners, the major source of competition in the industry.

## Occupational Safety and Health Administration Panels

Since the 1996 SBREFA amendments to the RFA, OSHA has convened several panels that have submitted reports to the OSHA administrator. The following is a brief description of one OSHA panel that serves as a solid case study on the effectiveness of the panel, not only in analyzing the impact of small entities, but in identifying where conflicting public policies need to be reconciled.

### *Tuberculosis Exposure*

In 1996, the first OSHA panel was convened under SBREFA to consider a proposed rule addressing occupational exposure to tuberculosis (TB). TB is a disease that afflicts the most vulnerable members of our society—the sick, the poor, the elderly, and the homeless.

In order to control and reduce instances of on-the-job employee exposure to TB, OSHA proposed a series of specific workplace safety requirements for

which all employers would be responsible. Specifically, the OSHA proposal required employers to develop and implement a written plan to control worker exposure to TB, comply with detailed requirements for work practice and engineering controls, and keep extensive medical records on employees who may have been exposed to TB. The proposed rule also required employees to use respirators when performing certain job functions or providing patient care.

The fact that potential exposure to TB is most likely to occur, if at all, at very small organizations such as homeless shelters, nursing facilities, home health care units, and clinics raised concerns about the potential significant economic impact of this proposed rule on small entities. Economic analysis indicated that the average cost to comply with this rule for homeless shelters alone would be about \$1,000 per year, and the compliance cost for a homeless shelter confronted with an active case of TB would be about \$41,000. Hospices, substance abuse treatment centers, and personnel service providers, also very small entities, faced similar and equally devastating compliance costs.

These costs raised the specter that compliance would conflict with equally important public policy objectives—namely, providing shelter for the homeless, dealing with substance abuse, and providing cost-effective services that allow patients to stay at home.

The panel finalized its report in November 1996, and OSHA subsequently published its proposed rule in October 1997. The documentation provided in support of the published proposal indicated that OSHA did take into consideration some of the panel's concerns and adopted some changes from those recommended by the panel, such as clarifying definitions of ambiguous terms. OSHA also agreed to undertake an extensive study on the effects of the rule on nonprofit organizations that provide services to the homeless.

In anticipation of the public comment period on the rule, OSHA staff met with representatives of various small entities that had earlier submitted comments to the panel. As expected, the representatives of homeless shelters, nursing facilities, home health care, and clinics continued to express strong objections to the proposed rule because of the potential burden imposed on the small entities. Not only did the rule propose requirements that needlessly duplicate local infectious disease control efforts for which small entities are already responsible, but the health care organizations were concerned that OSHA was mandating procedures that may conflict with the need for medical care.

The entities that would face dramatic impacts from the rule urged OSHA to view this rulemaking in a new light and to consider the practical limitations of the small entities that must comply with the rule. For example, would the hospices, substance abuse centers, and homeless shelters be able to allocate their very limited resources to manage TB exposure through costly engineering controls and patient outplacement? Would the OSHA-mandated controls be enforceable in these workplaces, which are dependent on volunteer workers and charitable financial support, or would the rule simply impose greater compliance and enforcement problems?

They also urged OSHA to consider the possibility that entities that serve high-risk populations may be forced to reduce or eliminate services because of high OSHA compliance costs. By forcing homeless shelters to close their doors due to high costs and potential liabilities imposed upon their volunteer staff, the proposed rule may indirectly cause even greater TB exposure to the society at large by keeping the homeless on the streets rather than in shelters.

OSHA was encouraged to view the issue in a broader context than chiefly workplace safety and to engage both public and private health care specialists in a search for the best approach to controlling the disease overall—to bring conflicting national policies into balance. In thinking “outside the box” from its role as a government regulator, OSHA could serve as a change agent, not only in developing controls that employers could implement in their workplaces but in helping to limit the general public’s exposure to TB, work that could be done cooperatively with state and local health care agencies.

As a result of these meetings and discussions, a larger coalition of small and large health care entities, nonprofit service providers, epidemiologists, infectious disease experts, and other health care officials was formed to provide more comments on OSHA’s proposed rule.

As of November 1999, OSHA was continuing to review additional public comments before finalizing this rule. It is clear, however, that the SBREFA panel process provided the critical venue that allowed for more extensive analysis to be received during the regulatory development process.

## **Judicial Review under SBREFA is an Incentive for Agencies to Comply with the Law**

As amended by SBREFA, the RFA now allows courts to review agency compliance with the RFA in appeals from final agency actions.<sup>17</sup> A review of litigation on the RFA over the past three years reveals that small entities are not hesitant to initiate court challenges in appropriate cases, usually through their trade associations. In addition, a significant body of legal precedents has already developed under the RFA, and more cases are sure to arise in the future.

Adding value to the RFA litigation is the role of the chief counsel and the Office of Advocacy. As part of its congressionally mandated responsibilities under the RFA, Advocacy routinely critiques agencies’ regulatory proposals and their compliance with the RFA. These communications are a matter of public record that can be used—and have in fact been cited—in judicial appeals. As a result of SBREFA’s judicial review amendment, the chief counsel’s comments on agencies’ regulatory proposals are having greater impact and agencies are now taking them more seriously than ever before.

One agency noted for its RFA reforms is the National Oceanic and Atmospheric Administration’s National Marine Fisheries Service (NMFS) with-

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<sup>17</sup> *Id.* § 611.

in the Department of Commerce, which has defended nine cases or groups of cases brought against the agency. In 1999 testimony before Congress, the NMFS Assistant Administrator for Fisheries readily admitted that “efforts to comply with the Regulatory Flexibility Act, though well intentioned, have not always met with judicial favor. We recognize that there is room for improvement in our economic analyses.”<sup>18</sup> If the first step in complying with the law is to identify the problem, then it is clear that agencies such as NMFS have learned from SBREFA that regulations affecting small businesses deserve serious and appropriate analysis.

This was further reinforced by a court decision in a case in which the chief counsel filed the first *amicus curiae* brief as authorized by the RFA.<sup>19</sup> In *Northwest Mining v. Babbitt*,<sup>20</sup> the District Court for the District of Columbia ruled in favor of small businesses. The case, brought by a trade association against the Department of the Interior’s Bureau of Land Management (BLM), raised an issue about BLM’s failure to use the proper size standard for determining the number of small businesses that may be harmed by the regulation. In an *amicus* brief filed in January 1998, the chief counsel challenged the agency’s use of a small business size standard that was not in compliance with the SBA’s standards published under the authority of the Small Business Act.<sup>21</sup> The brief also raised concerns about the agency’s failure to comply with the Administrative Procedure Act<sup>22</sup> and about the quality of the economic analysis put on the record by BLM.

In May 1998, the District Court issued its ruling and agreed with the issues raised by the chief counsel, holding that BLM’s certification in its final rule violated the RFA by failing to incorporate the correct definition of “small entity.” Accordingly, the Court remanded the case to the agency so that the plaintiff small business trade association would have an opportunity to provide input into the regulatory process.<sup>23</sup> Filing the *amicus* brief in this case unquestionably increased agency awareness of the risks in failing to comply with the RFA.

In addition to the direct influence that an *amicus* brief can have, as in the above example, even the mere possibility of the chief counsel’s intervention in litigation can have tremendous impact on the agency’s regulatory process. For example, in the case of *Grand Canyon Air Tour Coalition v. FAA*,<sup>24</sup> the chief counsel filed a “Notice of Intent to File an *Amicus Curiae* Brief.” The case involved a DOT, Federal Aviation Administration (FAA) rule that restricted access to the Grand Canyon National Park by small aircraft tour operators.

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<sup>18</sup> *Regulatory Flexibility Act Implementation: Hearings Before the Subcomm. on Fisheries, Conservation, Wildlife and Oceans, Comm. on Resources*, 106<sup>th</sup> Cong., 1<sup>st</sup> Sess. (1999) (Statement of Penelope D. Dalton, Assistant Administrator for Fisheries, National Marine Fisheries Service, National Oceanic and Atmospheric Admin., U.S. Department of Commerce).

<sup>19</sup> 5 U.S.C. § 612.

<sup>20</sup> F. Supp. 2<sup>d</sup> 9 (D.D.C. 1998).

<sup>21</sup> 15 U.S.C. § 631 *et seq.*

<sup>22</sup> 5 U.S.C. § 551 *et seq.*

<sup>23</sup> 5 F. Supp. 2<sup>d</sup> 9 at 14–15.

<sup>24</sup> 332 U.S. Ct. App. D.C. 133 (1998).

In its RFA analysis, the FAA certified that the rule would not have a significant economic impact on a substantial number of small entities. Yet the proposal applied to an industry dominated by small businesses and limited small business tour operators' access to fly into certain areas, the time for flying, and the frequency of flights. The proposal and its analysis were criticized during the FAA rulemaking process.

In response to the imminent threat of the chief counsel's court intervention, DOT agreed that the FAA would submit to the court a statement detailing its analysis of new data regarding the number of aircraft subject to the regulation, as well as a clear statement that the agency erroneously certified under the RFA that the rule would not have a significant economic impact on small businesses. The notice of intent to file the brief was then withdrawn and the court subsequently found that the FAA satisfied the requirements necessary to demonstrate a rational decision-making process as required by the RFA.<sup>25</sup>

## Conclusion

Federal agencies have begun to respond positively to the RFA as amended by SBREFA. While some agencies still are not totally in compliance with the law, it is clear that many of them now see the value of the analytical process mandated by the RFA and that the analyses produce better and more informed regulatory decisions. Many have demonstrated that they are more eager than ever before to meet their compliance obligations.

Compliance with the RFA, as amended by SBREFA, can result in a win-win situation for all parties. The DOT rule on over-the-road-buses, the SEC rule on raising capital, the EPA rule on industrial laundries, and the OSHA rule on tuberculosis all demonstrate that less burdensome regulations that minimize economic impact on small business can be equally effective in achieving public policy objectives.

Because of the 1996 SBREFA amendments and diligent oversight and active involvement by Congress, the courts, small businesses, the SBA's Office of Advocacy and the administration, federal agencies are doing a better job of analyzing how best to solve social problems without harming competition or unduly burdening small businesses—the major source of competition and innovation in the U.S. economy.

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<sup>25</sup> *Id.* at 154.





# Appendix **A**

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## Supplementary Tables

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**Table A.1** *U.S. Macroeconomic Data, 1990, 1997–1999*

	1990	1997	1998	1999	Percent Change 1998–1999
<b>Gross Domestic Product (GDP) (Billions of Dollars)<sup>1</sup></b>					
Current Dollars	5,803.2	8,318.4	8,790.2	9,299.2	5.8
Constant Dollars (Billions of 1992 Dollars)	6,707.9	8,159.5	8,515.7	8,875.8	4.2
Personal Consumption Expenditures (Real)	4,474.5	5,423.9	5,678.7	5,978.8	5.3
<b>Sales (Millions of Dollars)<sup>2</sup></b>					
Manufacturing	545.9	753.4	779.4	833.1	6.9
Wholesale Trade	149.5	208.4	212.9	228.5	7.3
Retail Trade	153.7	217.5	228.8	249.6	9.1
<b>Income (Billions of Dollars)</b>					
Compensation of Employees <sup>3</sup>	3,352.8	4,651.3	4,984.2	5,299.8	6.3
Nonfarm Proprietors' Income	338.6	551.3	595.2	638.2	7.2
Farm Proprietors' Income	35.4	29.7	25.4	25.3	20.4
Corporate Profits <sup>3</sup>	397.1	833.8	815.0	856.0	5.0
<b>Output and Productivity (Business Sector Indexes, 1992=100)</b>					
Output	97.6	122.5	128.6	134.8	4.8
Hours of All Persons Worked	102.6	113.6	116.1	118.4	2.0
Productivity (Output per Hour)	95.2	107.8	110.8	113.8	2.7
<b>Employment and Compensation</b>					
Nonfarm Private Employment (Millions) <sup>2</sup>	91.1	103.1	106.0	108.5	2.3
Unemployment Rate (Percent)	5.6	4.9	4.5	4.2	26.7
Total Compensation Cost Index (Dec.) (June 1989=100)	107.0	135.1	139.8	144.6	3.4
Wage and Salary Index (Dec.) (June 1989=100)	106.1	132.3	137.4	142.2	3.5
Employee Benefits Cost Index (Dec.) (June 1989=100)	109.4	141.8	145.2	150.2	3.4
<b>Bank Loans, Interest Rates, and Yields</b>					
Bank Commercial and Industrial Loans (Billions of Dollars)	645.8	855.4	949.5	1,003.0	5.6
Prime Rate (Percent)	10.01	8.44	8.35	8.00	24.2
U.S. Treasury 10-Year Bond Yields (Percent)	8.55	6.35	5.26	5.65	7.4
<b>Investments by Nonfarm Nonfinancial Corporate Business</b>					
Capital Expenditures	430.5	783.6	847.1	907.0	7.1
Increase in Financial Assets	107.9	150.3	347.1	691.4	99.2
<b>Federal Budget (Fiscal Year)</b>					
Receipts	1,032.0	1,579.3	1,721.8	1,827.5	6.1
Outlays	1,253.2	1,601.3	1,652.6	1,703.0	3.0
Surplus or Deficit	2221.2	222.0	69.2	124.5	79.9
<b>Price Indices (Inflation Measures)</b>					
Consumer Price Index (Urban) (1982–1984=100)	130.7	160.5	163.0	166.6	2.2
Producer Price Index (Finished Goods) (1982=100)	119.2	131.8	130.7	133.0	1.8
GDP Implicit Price Deflator (1996=100)	86.5	102.0	103.2	104.7	1.5

<sup>1</sup> *Small Business Share of Private, Nonfarm Gross Domestic Product* by Joel Popkin and Company found small businesses (fewer than 500 employees) created 51 percent of the total nonfarm private output in 1992.

<sup>2</sup> *Statistics of U.S. Businesses*, Bureau of the Census, showed that in 1997, small firms (fewer than 500 employees) accounted for 24.8 percent of manufacturing sales, 52.6 percent of retail sales, 46.8 percent of wholesale sales, 45.6 percent of annual payroll, and 51.8 percent of total nonfarm private employment.

<sup>3</sup> With inventory valuation adjustment and capital consumption adjustments.

Source: U.S. Small Business Administration, Office of Advocacy, from the Council of Economic Advisers, *Economic Indicators*, March 2000 and March 2001.

**Table A.2** *U.S. Data Related to Small Business, 1990, 1997–1999*

	1990	1997	1998	1999	Percent Change 1998–1999
<b>Number of Businesses<sup>1</sup></b>					
Employer Firms <sup>2</sup>	5,073,795	5,541,918	5,579,129	5,797,500 e.	3.9
Self-Employment	10,098,000	10,513,000	10,303,000	10,087,000	22.1
<b>Business Turnover</b>					
Employer Firm Births <sup>2</sup>	584,892	590,644	591,200 e.	588,900 e.	20.4
Employer Firm Terminations <sup>2</sup>	531,400	530,003	537,900 e.	528,600 e.	21.7
Bankruptcies	63,912	53,819	44,197	37,639	214.8
<b>Income (Billions of Constant 1999 Dollars)</b>					
Wage-and-Salary Income	3,511.2	4,036.7	4,280.2	4,467.8	4.4
Nonfarm Proprietors' Income	449.4	572.4	608.4	638.2	4.9
State Corporate Taxes	27.7	31.7	31.8	30.7	23.5
<b>Private Sector Employment (Millions)<sup>3</sup></b>					
Total	NA	113.6	115.1	117.1	1.8
Small Business (<500 Employees)	NA	65.6	66.9	68.2	—
Large Business (500+ Employees)	NA	48.0	48.2	48.9	—

e.=estimated; NA=not available

<sup>1</sup>Self-employment represents individuals whose primary occupation is self-employment and who might have employees (about another 1 million have self-employment as secondary occupations).

<sup>2</sup>Data for 1998 and 1999 are estimated from 1997 data from the Bureau of the Census; yearly percent changes in similar data provided by the Department of Labor, Employment and Training Administration and rounded. Births and terminations are from prior year's March through current year's March.

<sup>3</sup>Size of employer determined from employee responses. Year-to-year changes do not necessarily represent job creation as firms can change size classes.

Source: U.S. Small Business Administration, Office of Advocacy, from data provided by the U.S. Department of Commerce, Bureau of the Census and Bureau of Economic Analysis; U.S. Department of Labor, Bureau of Labor Statistics, Employment and Training Administration; and Administrative Office of the U.S. Courts.

**Table A.3** Employer Firms, Establishments, Employment, and Annual Payroll by Employment Size, 1988–1998

Item	Year	Total	Employment Size of Firm									
			0 *	0–4 *	5–9	10–19	20	20–99	100–499	500	5001	
Employer Firms	1998	5,579,129	711,892	3,376,330	1,011,843	600,157	4,988,330	574,421	80,072	5,562,751	16,378	
	1997	5,541,918	719,978	3,358,048	1,006,897	593,696	4,958,641	487,491	79,707	5,525,839	16,079	
	1996	5,478,047	717,991	3,327,783	996,356	585,844	4,909,983	476,312	76,136	5,462,431	15,616	
	1995	5,369,068	688,584	3,249,573	981,094	576,866	4,807,533	469,869	76,222	5,353,624	15,444	
	1994	5,276,964	691,141	3,208,235	964,985	563,097	4,736,317	452,383	73,267	5,261,967	14,997	
	1993	5,193,642	671,306	3,139,518	962,481	559,602	4,661,601	445,900	71,512	5,179,013	14,629	
	1992	5,095,356	644,453	3,075,280	945,802	551,912	4,572,994	439,084	69,156	5,081,234	14,122	
	1991	5,051,025	NA	3,036,304	941,296	551,299	4,528,899	439,811	68,338	5,037,048	13,977	
	1990	5,073,795	NA	3,020,935	952,030	562,610	4,535,575	453,732	70,465	5,059,772	14,023	
	1989	5,021,315	NA	3,003,224	937,202	553,449	4,493,875	443,959	69,608	5,007,442	13,873	
	1988	4,954,645	NA	2,979,905	923,580	540,988	4,444,473	430,640	66,708	4,941,821	12,824	
	1998	6,941,739	713,505	3,382,798	1,025,898	639,793	5,048,489	981,768	307,277	6,030,257	911,482	
	1997	6,894,869	721,844	3,364,434	1,022,901	639,090	5,026,425	682,580	308,633	6,017,638	877,231	
	1996	6,738,476	720,241	3,338,051	1,013,353	624,610	4,976,014	636,285	280,635	5,892,934	845,542	
	1995	6,612,721	690,772	3,259,795	998,264	618,268	4,876,327	638,616	283,993	5,798,936	813,785	
1994	6,509,065	693,992	3,218,076	982,695	608,804	4,809,575	631,324	283,782	5,724,681	784,384		
1993	6,401,233	673,408	3,147,991	980,865	608,922	4,737,778	631,873	285,184	5,654,835	746,398		
1992	6,319,300	646,065	3,082,325	964,863	606,276	4,653,464	634,713	283,719	5,571,896	747,404		
1991	6,200,859	NA	3,048,830	961,391	593,302	4,603,523	593,248	260,595	5,457,366	743,493		
1990	6,175,559	NA	3,032,253	970,580	599,529	4,602,362	590,496	254,747	5,447,605	727,954		
1989	6,106,922	NA	3,014,009	956,347	592,901	4,563,257	586,494	252,335	5,402,086	704,836		
1988	6,016,367	NA	2,989,964	943,442	583,301	4,516,707	581,622	244,697	5,343,026	673,341		
1998	108,117,731	0	5,584,470	6,643,285	8,047,650	20,275,405	19,377,614	15,411,390	55,064,409	53,053,322		
1997	105,299,123	0	5,546,306	6,610,374	7,962,136	20,118,816	19,109,691	15,316,863	54,545,370	50,753,753		
1996	102,187,297	0	5,485,712	6,541,288	7,854,502	19,881,502	18,643,192	14,649,808	53,174,502	49,012,795		
1995	100,314,946	0	5,395,432	6,440,349	7,734,080	19,569,861	18,422,228	14,660,421	52,652,510	47,662,436		

**Table A.3 Employer Firms, Establishments, Employment, and Annual Payroll by Employment Size, 1988–1998—Continued**

Item	Year	Total	Employment Size of Firm									
			0 *	0–4 *	5–9	10–19	20	20–99	100–499	500	5001	
Employment	1994	96,721,594	0	5,318,961	6,332,580	7,543,777	19,195,318	17,693,995	14,118,375	51,007,688	45,713,906	
	1993	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	
	1992	92,825,797	0	5,178,909	6,202,861	7,390,874	18,772,644	17,121,010	13,307,187	49,200,841	43,624,956	
	1991	92,307,559	0	5,151,143	6,174,730	7,386,939	18,712,812	17,146,411	13,143,390	49,002,613	43,304,946	
	1990	93,469,275	0	5,116,914	6,251,632	7,543,360	18,911,906	17,710,042	13,544,849	50,166,797	43,302,478	
	1989	91,626,094	0	5,054,429	6,152,151	7,420,196	18,626,776	17,353,444	13,373,640	49,353,860	42,272,234	
	1988	87,844,303	0	5,006,203	6,060,724	7,252,715	18,319,642	16,833,702	12,761,379	47,914,723	39,929,580	
Annual Payroll	1998	3,309,406	31,635	168,433	159,689	207,063	535,185	531,231	446,353	1,512,769	1,796,636	
(Millions of	1997	3,047,907	29,732	158,448	150,877	193,805	503,130	494,617	418,453	1,416,200	1,631,707	
Dollars)	1996	2,848,623	27,583	150,825	144,692	185,491	481,009	465,230	384,020	1,330,258	1,518,365	
	1995	2,665,922	25,787	141,538	137,083	175,388	454,009	437,065	361,061	1,252,135	1,413,787	
	1994	2,487,960	24,081	134,649	131,667	166,476	432,792	408,053	335,574	1,176,419	1,311,541	
	1993	2,363,208	22,362	128,968	127,133	159,153	415,255	385,005	316,184	1,116,443	1,246,765	
	1992	2,272,392	21,433	124,592	122,382	152,831	399,805	368,969	298,174	1,066,948	1,205,444	
	1991	2,145,016	NA	118,234	116,794	146,517	381,545	352,033	279,437	1,013,014	1,132,002	
	1990	2,103,971	NA	116,857	114,006	144,451	375,314	352,391	279,452	1,007,156	1,096,815	
	1989	1,989,942	NA	112,462	108,003	136,795	357,260	332,733	264,144	954,137	1,035,804	
	1988	1,858,652	NA	108,801	103,041	130,326	342,168	315,751	244,647	902,567	956,085	

NA=not available.

\* Employment is measured in March, thus some firms (start-ups after March, closures before March, and seasonal firms) will have zero employment and some annual payroll. Note: Establishments are locations with active payroll in any quarter. Firms are an aggregation of all establishments owned by a parent company. This table illustrates the changing importance of firm sizes over time. It does not illustrate job growth as firms can grow or decline and change firm size cells over time.

Source: U.S. Small Business Administration, Office of Advocacy, from data provided by the U.S. Department of Commerce, Bureau of Economic Analysis.

**Table A.4** Employers by State and Employment Size, 1998 (Annual Payroll in Thousands of Dollars)

State	Total	Employment Size of Firm							5001
		0*	20	20-99	100-499	500	5001		
<b>United States</b>	Firms	5,579,177	4,988,367	494,357	80,075	5,562,799	16,378		
	Establishments	6,941,822	5,048,528	674,503	307,294	6,030,325	911,497		
	Employment	108,117,731	20,275,405	19,377,614	15,411,390	55,064,409	53,053,322		
	Annual Payroll	3,309,405,533	535,184,511	531,231,157	446,353,485	1,512,769,153	1,796,636,380		
<b>Alabama</b>	Firms	81,096	69,650	7,523	1,776	78,949	2,147		
	Establishments	100,316	70,335	10,091	4,918	85,344	14,972		
	Employment	1,604,110	297,134	277,593	215,113	789,840	814,270		
	Annual Payroll	40,330,597	6,415,408	6,521,152	5,200,596	18,137,156	22,193,441		
<b>Alaska</b>	Firms	15,677	13,878	1,087	245	15,210	467		
	Establishments	18,212	14,102	1,594	687	16,383	1,829		
	Employment	196,135	52,119	38,558	27,915	118,592	77,543		
	Annual Payroll	6,883,920	1,608,388	1,209,164	941,954	3,759,506	3,124,414		
<b>Arizona</b>	Firms	90,374	77,292	8,454	2,131	87,877	2,497		
	Establishments	110,245	78,181	10,756	5,101	94,038	16,207		
	Employment	1,763,508	315,754	311,122	247,376	874,252	889,256		
	Annual Payroll	49,052,246	8,029,520	7,696,139	6,342,762	22,068,421	26,983,825		
<b>Arkansas</b>	Firms	52,094	45,262	4,309	1,004	50,575	1,519		
	Establishments	62,353	45,701	5,890	2,861	54,452	7,901		
	Employment	944,935	184,419	155,900	123,566	463,885	481,050		
	Annual Payroll	21,764,625	3,709,278	3,256,660	2,614,810	9,580,748	12,183,877		
<b>California</b>	Firms	642,156	563,623	61,285	11,834	636,742	5,414		
	Establishments	773,925	570,118	78,884	32,720	681,722	92,203		
	Employment	12,026,989	2,285,494	2,344,306	1,791,143	6,420,943	5,606,046		
	Annual Payroll	406,481,070	68,580,568	69,782,811	58,696,525	197,059,904	209,421,166		
<b>Colorado</b>	Firms	110,993	96,913	9,151	2,183	108,247	2,746		
	Establishments	130,354	97,759	11,700	4,845	114,304	16,050		
	Employment	1,757,628	368,521	332,321	229,912	930,754	826,874		
	Annual Payroll	53,790,978	9,962,125	8,973,509	6,757,956	25,693,590	28,097,388		
<b>Connecticut</b>	Firms	78,821	67,976	7,084	1,739	76,799	2,022		
	Establishments	92,362	68,613	8,816	3,929	81,358	11,004		
	Employment	1,493,964	280,085	261,578	208,788	750,451	743,513		
	Annual Payroll	58,225,763	9,457,094	9,226,230	7,419,354	26,102,678	32,123,085		



**Table A.4** *Employers by State and Employment Size, 1998 (Annual Payroll in Thousands of Dollars)—Continued*

State		Total	Employment Size of Firm							5001
			0*	20	20-99	100-499	500	5001		
<b>Delaware</b>	Firms	19,487	2,724	15,980	1,708	562	18,250	1,237		
	Establishments	22,871	2,725	16,134	2,095	1,046	19,275	3,596		
	Employment	354,643	0	61,184	59,322	44,001	164,507	190,136		
<b>District of Columbia</b>	Annual Payroll	11,831,134	120,633	1,624,949	1,669,140	1,197,356	4,491,445	7,339,689		
	Firms	16,411	1,526	12,608	1,959	792	15,359	1,052		
	Establishments	19,571	1,534	12,685	2,287	1,376	16,348	3,223		
<b>Florida</b>	Employment	402,070	0	54,012	65,091	73,060	192,163	209,907		
	Annual Payroll	17,358,137	134,199	2,353,572	2,668,933	3,015,486	8,037,991	9,320,146		
	Firms	348,523	48,714	314,174	24,866	5,465	344,505	4,018		
<b>Georgia</b>	Establishments	420,638	48,831	317,016	31,614	14,565	363,195	57,443		
	Employment	5,756,353	0	1,159,695	924,403	707,703	2,791,801	2,964,552		
	Annual Payroll	149,936,849	1,857,345	29,778,905	23,302,505	18,592,113	71,673,523	78,263,326		
<b>Hawaii</b>	Firms	156,431	20,849	135,235	13,717	3,660	152,612	3,819		
	Establishments	194,213	20,881	136,464	17,443	8,550	162,457	31,756		
	Employment	3,198,950	0	535,596	493,430	404,912	1,433,938	1,765,012		
<b>Idaho</b>	Annual Payroll	94,687,270	1,061,775	14,451,060	13,375,434	11,397,727	39,224,221	55,463,049		
	Firms	23,977	2,337	20,496	2,200	505	23,201	776		
	Establishments	29,603	2,343	20,883	3,197	1,761	25,841	3,762		
<b>Illinois</b>	Employment	416,571	0	88,093	81,757	63,215	233,065	183,506		
	Annual Payroll	11,291,978	107,262	2,244,923	1,989,986	1,625,028	5,859,937	5,432,041		
	Firms	31,140	4,588	27,145	2,532	540	30,217	923		
<b>Indiana</b>	Establishments	35,961	4,589	27,412	3,480	1,482	32,374	3,587		
	Employment	423,615	0	108,631	87,820	53,550	250,001	173,614		
	Annual Payroll	10,595,285	121,242	2,231,786	1,900,547	1,205,695	5,338,028	5,257,257		
<b>Iowa</b>	Firms	252,757	30,959	217,729	24,670	6,047	248,446	4,311		
	Establishments	304,533	31,025	219,990	31,103	13,515	264,608	39,925		
	Employment	5,221,782	0	888,521	925,796	759,821	2,574,138	2,647,644		
<b>Kansas</b>	Annual Payroll	175,703,556	1,402,826	26,295,457	28,328,156	23,912,749	78,536,362	97,167,194		
	Firms	117,141	12,409	99,502	11,864	2,913	114,279	2,86		
	Establishments	146,197	12,431	100,642	15,861	7,999	124,502	21,695		
<b>Kentucky</b>	Employment	2,540,866	0	437,052	444,095	375,978	1,257,125	1,283,741		
	Annual Payroll	71,435,864	492,612	9,955,651	11,147,806	9,875,553	30,979,010	40,456,854		

<b>Iowa</b>	Firms	66,078	7,170	56,982	6,041	1,424	64,447	1,631
	Establishments	80,838	7,175	57,751	8,796	4,354	70,901	9,937
	Employment	1,213,285	0	237,172	227,101	181,923	646,196	567,089
<b>Kansas</b>	Annual Payroll	30,409,574	178,495	4,751,137	5,211,434	4,358,455	14,321,026	16,088,548
	Firms	61,212	6,661	52,253	5,694	1,380	59,327	1,885
	Establishments	74,019	6,666	52,915	7,858	3,502	64,275	9,744
<b>Kentucky</b>	Employment	1,081,941	0	213,646	208,103	164,592	586,341	495,600
	Annual Payroll	28,747,577	208,351	4,691,267	4,972,605	4,143,941	13,807,813	14,939,764
	Firms	72,795	7,727	61,867	7,041	1,748	70,656	2,139
<b>Louisiana</b>	Establishments	89,593	7,750	62,464	9,363	4,332	76,159	13,434
	Employment	1,443,015	0	265,161	255,362	211,900	732,423	710,592
	Annual Payroll	36,889,001	275,256	5,580,864	5,874,790	5,053,613	16,509,267	20,379,734
<b>Maine</b>	Firms	82,138	8,361	69,915	8,312	1,862	80,089	2,049
	Establishments	100,667	8,382	70,737	10,806	4,848	86,391	14,276
	Employment	1,577,220	0	304,347	317,616	238,637	860,600	716,620
<b>Maryland</b>	Annual Payroll	40,802,387	334,218	6,731,245	7,038,813	5,790,838	19,560,896	21,241,491
	Firms	33,273	5,102	29,445	2,435	586	32,466	807
	Establishments	38,334	5,103	29,705	3,290	1,668	34,663	3,671
<b>Massachusetts</b>	Employment	456,715	0	111,526	90,709	76,332	278,567	178,148
	Annual Payroll	11,559,136	130,309	2,441,426	2,104,663	1,895,319	6,441,408	5,117,728
	Firms	104,750	13,213	89,735	10,063	2,465	102,263	2,487
<b>Michigan</b>	Establishments	126,577	13,237	90,595	12,694	5,404	108,693	17,884
	Employment	1,938,727	0	372,699	366,117	293,099	1,031,915	906,812
	Annual Payroll	59,817,673	576,021	10,326,270	10,372,661	8,814,873	29,513,804	30,303,869
<b>Minnesota</b>	Firms	140,843	16,590	121,191	13,475	3,323	137,989	2,854
	Establishments	167,929	16,611	122,404	16,532	8,557	147,943	20,436
	Employment	2,924,913	0	499,538	509,612	447,669	1,456,819	1,468,094
<b>Mississippi</b>	Annual Payroll	105,871,311	940,520	15,704,566	16,764,805	15,277,496	47,746,867	58,124,444
	Firms	193,730	24,581	167,781	18,969	3,955	190,705	3,025
	Establishments	235,403	24,618	169,569	24,870	11,252	205,691	29,712
<b>Montana</b>	Employment	3,919,567	0	720,603	721,257	579,851	2,021,711	1,897,856
	Annual Payroll	128,649,484	1,002,394	19,541,703	20,663,265	17,414,760	57,619,728	71,029,756
	Firms	113,297	15,553	97,288	11,087	2,545	110,920	2,377
<b>Nebraska</b>	Establishments	134,981	15,623	98,321	14,479	6,821	119,621	15,360
	Employment	2,271,671	0	398,400	420,002	352,314	1,170,716	1,100,955
	Annual Payroll	70,094,975	519,746	10,139,865	11,378,837	9,936,699	31,455,401	38,639,574

**Table A.4 Employers by State and Employment Size, 1998 (Annual Payroll in Thousands of Dollars)—Continued**

State	Total	Employment Size of Firm						
		0*	20	20-99	100-499	500	5001	
<b>Mississippi</b>	Firms	5,347	42,313	4,177	1,023	47,513	1,503	
	Establishments	5,353	42,704	5,955	3,187	51,486	8,285	
	Employment	0	174,158	150,424	124,811	449,393	487,630	
<b>Missouri</b>	Annual Payroll	162,428	3,406,181	3,224,808	2,660,047	9,291,036	11,775,754	
	Firms	13,289	101,791	11,212	2,587	115,590	2,692	
	Establishments	13,319	102,923	14,838	6,708	124,469	19,443	
<b>Montana</b>	Employment	0	414,168	419,827	314,869	1,148,864	1,161,258	
	Annual Payroll	475,859	9,733,905	10,542,440	8,417,020	28,693,365	35,976,109	
	Firms	3,939	24,456	1,917	370	26,743	599	
<b>Nebraska</b>	Establishments	3,943	24,667	2,624	1,085	28,376	2,581	
	Employment	0	93,333	67,742	38,593	199,668	77,476	
	Annual Payroll	87,382	1,720,420	1,337,649	847,910	3,905,979	2,054,708	
<b>Nevada</b>	Firms	4,551	35,187	3,577	810	39,574	1,267	
	Establishments	4,553	35,630	4,979	2,358	42,967	5,688	
	Employment	0	146,050	131,832	95,951	373,833	346,419	
<b>New Hampshire</b>	Annual Payroll	178,520	3,035,606	3,081,085	2,425,023	8,541,714	9,636,524	
	Firms	5,936	31,408	3,606	1,097	36,111	1,606	
	Establishments	5,981	31,734	4,400	2,177	38,311	6,302	
<b>New Jersey</b>	Employment	0	125,878	127,949	103,112	356,939	443,922	
	Annual Payroll	321,682	3,616,114	3,541,628	2,847,497	10,005,239	11,842,095	
	Firms	3,987	27,268	2,903	671	30,842	1,037	
<b>New Mexico</b>	Establishments	3,993	27,510	3,550	1,551	32,611	4,231	
	Employment	0	110,733	104,427	75,893	291,053	227,473	
	Annual Payroll	152,845	3,052,521	2,944,224	2,052,769	8,049,514	6,814,315	
<b>New York</b>	Firms	26,146	178,085	16,145	3,830	198,060	3,107	
	Establishments	26,167	179,300	18,841	7,651	205,792	25,068	
	Employment	0	675,276	597,759	475,460	1,748,495	1,619,870	
<b>North Carolina</b>	Annual Payroll	1,258,712	22,022,938	19,942,020	16,043,247	58,008,205	67,778,940	
	Firms	4,236	30,485	3,186	777	34,448	1,327	
	Establishments	4,260	30,787	4,218	2,010	37,015	5,593	
<b>Ohio</b>	Employment	0	124,799	112,636	80,415	317,850	222,336	
	Annual Payroll	162,260	2,616,859	2,352,003	1,912,777	6,881,639	6,252,068	

<b>New York</b>	Firms	418,277	54,197	374,713	32,439	6,971	414,123	4,154
	Establishments	481,962	54,243	377,351	39,123	16,962	433,436	48,526
	Employment	6,993,814	0	1,395,677	1,224,694	1,054,362	3,674,733	3,319,081
<b>North Carolina</b>	Annual Payroll	274,634,982	2,955,483	44,320,159	41,203,071	37,443,347	122,966,577	151,668,405
	Firms	160,381	19,223	139,743	14,172	3,284	157,199	3,182
	Establishments	198,690	19,263	141,241	19,082	9,286	169,609	29,081
<b>North Dakota</b>	Employment	3,223,178	0	575,528	522,556	425,832	1,523,916	1,699,262
	Annual Payroll	86,780,877	753,811	13,658,750	12,920,785	11,069,000	37,648,535	49,132,342
	Firms	17,416	1,936	14,919	1,571	398	16,888	528
<b>Ohio</b>	Establishments	20,288	1,939	15,131	2,156	996	18,283	2,005
	Employment	249,476	0	61,228	58,344	43,767	163,339	86,137
	Annual Payroll	5,533,810	62,328	1,179,296	1,147,503	931,081	3,257,880	2,275,930
<b>Oklahoma</b>	Firms	214,406	23,220	183,137	22,586	4,985	210,708	3,698
	Establishments	270,343	23,273	185,564	29,971	13,515	229,050	41,293
	Employment	4,806,046	0	806,155	861,749	701,134	2,369,038	2,437,008
<b>Oregon</b>	Annual Payroll	140,265,358	975,872	19,917,173	22,877,804	19,134,543	61,929,520	78,335,838
	Firms	70,491	7,863	61,218	6,103	1,372	68,693	1,798
	Establishments	84,881	7,883	61,875	8,173	3,600	73,648	11,233
<b>Pennsylvania</b>	Employment	1,167,709	0	245,491	225,896	165,821	637,208	530,501
	Annual Payroll	28,667,008	235,030	5,148,088	4,945,992	3,787,270	13,881,350	14,785,65
	Firms	84,387	11,147	73,480	7,287	1,665	82,432	1,955
<b>Rhode Island</b>	Establishments	99,183	11,174	74,166	9,666	4,772	88,604	10,579
	Employment	1,310,750	0	296,147	261,468	199,723	757,338	553,412
	Annual Payroll	37,722,920	326,493	6,938,264	6,822,860	5,449,658	19,210,782	18,512,138
<b>South Carolina</b>	Firms	237,142	24,432	205,088	23,090	5,133	233,311	3,831
	Establishments	292,659	24,474	207,528	30,005	13,807	251,340	41,319
	Employment	4,906,190	0	873,000	872,413	727,430	2,472,843	2,433,347
<b>Tennessee</b>	Annual Payroll	145,569,019	1,089,211	21,675,350	23,543,569	20,451,566	65,670,485	79,898,534
	Firms	25,378	3,000	21,840	2,167	551	24,558	820
	Establishments	28,245	3,006	21,989	2,488	1,152	25,629	2,616
<b>Virginia</b>	Employment	402,485	0	84,624	80,265	68,081	232,970	169,515
	Annual Payroll	11,115,638	90,239	2,154,084	2,088,341	1,764,615	6,007,040	5,108,598
	Firms	77,017	9,109	66,510	6,691	1,675	74,876	2,141
<b>Washington</b>	Establishments	94,985	9,128	67,227	8,831	4,389	80,447	14,538
	Employment	1,526,106	0	278,113	240,259	193,175	711,547	814,559
	Annual Payroll	38,559,169	344,032	6,186,252	5,351,255	4,696,411	16,233,918	22,325,251

**Table A.4** Employers by State and Employment Size, 1998 (Annual Payroll in Thousands of Dollars)—Continued

State	Total	Employment Size of Firm						
		0*	20	20-99	100-499	500	5001	
<b>South Dakota</b>	Firms	2,528	17,667	1,713	435	19,815	630	
	Establishments	2,530	17,906	2,299	1,249	21,454	2,067	
	Employment	0	71,584	60,555	46,511	178,650	110,772	
	Annual Payroll	58,960	1,334,952	1,261,071	1,028,597	3,624,620	2,778,856	
<b>Tennessee</b>	Firms	11,198	88,633	10,003	2,541	101,177	2,850	
	Establishments	11,207	89,534	13,124	6,292	108,950	22,160	
	Employment	0	371,759	369,624	307,838	1,049,221	1,250,127	
	Annual Payroll	525,848	8,921,416	9,726,964	7,990,948	26,639,328	35,801,848	
<b>Texas</b>	Firms	43,252	319,782	34,338	7,320	361,440	4,810	
	Establishments	43,368	323,721	46,067	21,075	390,863	72,012	
	Employment	0	1,326,798	1,291,671	982,605	3,601,074	3,969,746	
	Annual Payroll	2,430,685	35,310,915	33,644,352	27,381,834	96,337,101	132,848,732	
<b>Utah</b>	Firms	6,842	37,193	4,317	965	42,475	1,562	
	Establishments	6,859	37,541	5,441	2,340	45,322	6,703	
	Employment	0	152,631	158,056	110,909	421,596	444,550	
	Annual Payroll	244,029	3,511,846	3,748,959	2,749,526	10,010,331	12,189,602	
<b>Vermont</b>	Firms	2,458	16,697	1,418	331	18,446	559	
	Establishments	2,460	16,823	1,873	932	19,628	1,633	
	Employment	0	64,925	50,250	43,358	158,533	80,501	
	Annual Payroll	61,658	1,392,035	1,191,542	1,095,450	3,679,027	2,228,962	
<b>Virginia</b>	Firms	16,078	118,863	12,499	3,117	134,479	3,007	
	Establishments	16,160	120,180	16,551	7,861	144,592	27,590	
	Employment	0	491,310	453,629	377,502	1,322,441	1,378,148	
	Annual Payroll	602,149	12,380,844	12,411,446	11,103,293	35,895,583	45,365,492	
<b>Washington</b>	Firms	19,214	120,147	11,580	2,564	134,291	2,522	
	Establishments	19,220	121,342	15,766	6,731	143,839	17,634	
	Employment	0	474,025	419,945	307,174	1,201,144	933,454	
	Annual Payroll	605,807	11,905,628	11,602,291	9,369,590	32,877,509	40,390,679	

<b>West Virginia</b>	Firms	34,354	3,617	29,666	2,904	659	33,229	1,125
	Establishments	41,703	3,622	29,989	3,884	1,973	35,846	5,857
	Employment	547,234	0	122,705	104,188	72,317	299,210	248,024
	Annual Payroll	13,278,895	89,329	2,304,949	2,258,774	1,495,424	6,059,147	7,219,748
<b>Wisconsin</b>	Firms	115,373	13,332	98,552	11,972	2,579	113,103	2,270
	Establishments	138,635	13,354	99,680	15,886	6,951	122,517	16,118
	Employment	2,319,343	0	426,597	453,252	379,952	1,259,801	1,059,542
	Annual Payroll	64,912,499	467,818	10,093,420	11,283,342	10,212,009	31,588,771	33,323,728
<b>Wyoming</b>	Firms	15,808	2,152	13,863	1,141	268	15,272	536
	Establishments	17,888	2,152	13,989	1,573	591	16,153	1,735
	Employment	163,791	0	53,311	37,233	22,425	112,969	50,822
	Annual Payroll	3,980,094	49,508	1,039,519	805,334	511,375	2,356,228	1,623,866

\* Employment is measured in March, thus some firms will have zero employment and some annual payroll.

Notes: For state data, a firm is defined as an aggregation of all establishments owned by a parent company within a state. Establishments are locations with active payroll in any quarter.

Source: 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 Employers by Metropolitan Statistical Area and Employment Size, 1998**

Metropolitan Statistical Area	Firms					Employment				
	Total	Employment Size of Firm				Total	Employment Size of Firm			
		20	500	5001	5001		20	500	5001	5001
Abilene, TX	3,112	2,407	2,810	302	48,503	10,103	26,292	22,211		
Akron, OH	14,932	11,982	14,095	837	287,987	53,326	157,224	130,763		
Albany, GA	2,516	1,830	2,183	333	47,439	8,325	24,907	22,532		
Albany-Schenectady-Troy, NY	16,979	13,989	16,047	932	323,468	58,542	161,343	162,125		
Albuquerque, NM	15,037	12,024	14,010	1,027	276,365	49,348	142,873	133,492		
Alexandria, LA	2,760	2,095	2,481	279	45,683	9,419	25,950	19,733		
Allentown-Bethlehem-Easton, PA	12,905	10,550	12,112	793	249,627	45,788	118,744	130,883		
Altoona, PA	2,897	2,236	2,621	276	49,527	9,888	28,106	21,421		
Amarillo, TX	4,921	3,872	4,491	430	79,684	16,237	41,679	38,005		
Anchorage, AK	6,874	5,664	6,455	419	107,084	23,005	56,928	50,156		
Ann Arbor, MI	12,427	11,806	11,806	621	222,798	42,871	116,152	106,646		
Anniston, AL	2,279	1,767	2,042	237	39,928	7,640	19,746	20,182		
Appleton-Oshkosh-Neenah, WI	7,849	6,017	7,279	570	180,515	27,367	86,832	93,683		
Asheville, NC	5,875	4,711	5,385	490	95,337	18,916	49,038	46,299		
Athens, GA	3,235	2,550	2,902	333	51,474	10,998	24,931	26,543		
Atlanta, GA	88,326	74,550	85,094	3,232	1,894,836	281,407	799,712	1,095,124		
Atlantic-Cape May, NJ	9,284	8,104	8,882	402	146,021	28,396	62,273	83,748		
Auburn-Opelika, AL	1,847	1,384	1,634	213	30,235	6,114	16,420	13,815		
Augusta-Aiken, GA-SC	8,179	6,541	7,472	707	165,449	27,446	66,835	98,614		
Austin-San Marcos, TX	25,434	20,757	23,991	1,443	479,731	83,125	233,339	246,392		
Bakersfield, CA	9,311	7,491	8,693	618	142,507	31,551	84,598	57,909		
Baltimore, MD	51,663	43,311	49,781	1,882	991,749	181,383	509,652	482,097		
Bangor, ME	2,581	1,970	2,346	235	42,864	8,662	26,108	16,756		
Barnstable-Yarmouth, MA	5,047	4,377	4,839	208	48,894	15,865	33,022	15,872		
Baton Rouge, LA	12,566	9,902	11,718	848	247,957	43,821	131,908	116,049		
Beaumont-Port Arthur, TX	7,085	5,633	6,525	560	129,920	24,319	64,139	65,781		
Bellingham, WA	4,973	4,142	4,678	295	55,623	16,616	39,497	16,126		
Benton Harbor, MI	3,692	2,978	3,465	227	60,344	12,802	35,349	24,995		
Bergen-Passaic, NJ	41,354	35,921	40,197	1,157	611,339	132,405	350,670	260,669		
Billings, MT	4,348	3,445	3,987	361	53,847	14,241	34,735	19,112		

Biloxi-Gulfport-Pascagoula, MS	6,256	5,126	5,830	426	123,677	21,356	51,716	71,961
Binghamton, NY	4,384	3,417	4,012	372	92,610	15,277	42,424	50,186
Birmingham, AL	19,100	15,374	17,912	1,188	423,492	67,434	189,079	234,413
Bismarck, ND	2,679	2,094	2,486	193	40,019	8,588	25,100	14,919
Bloomington, IN	2,579	2,002	2,351	228	45,630	9,208	24,766	20,864
Bloomington-Normal, IL	3,095	2,272	2,718	377	76,943	9,890	27,306	49,637
Boise City, ID	10,606	8,666	9,904	702	176,686	35,564	88,730	87,956
Boston, MA-NH	83,233	70,320	80,888	2,345	1,863,513	290,176	874,019	989,494
Boulder-Longmont, CO	9,685	8,118	9,161	524	136,146	30,508	77,307	58,839
Brazoria, TX	3,373	2,672	3,074	299	56,950	11,407	27,513	29,437
Bremerton, WA	4,585	3,886	4,318	267	45,673	14,535	32,155	13,518
Bridgeport, CT	10,019	8,223	9,442	577	174,003	34,210	93,377	80,626
Brockton, MA	4,681	3,775	4,422	259	79,531	15,902	46,506	33,025
Brownsville-Harlingen-San Benito, TX	4,860	3,869	4,522	338	79,534	15,631	42,592	36,942
Bryan-College Station, TX	2,878	2,210	2,579	299	42,899	9,742	26,253	16,646
Buffalo-Niagara Falls, NY	22,817	18,824	21,747	1,070	466,370	80,965	239,053	227,317
Burlington, VT	5,339	4,358	4,982	357	85,147	18,591	49,934	35,213
Canton-Massillon, OH	8,628	6,883	8,097	531	166,770	30,489	90,024	76,746
Casper, WY	2,399	2,157	2,157	242	24,563	7,593	16,486	8,077
Cedar Rapids, IA	4,572	3,385	4,099	473	110,504	15,231	46,019	64,485
Champaign-Urbana, IL	3,568	2,685	3,215	353	67,242	11,601	35,458	31,784
Charleston, WV	5,976	4,667	5,390	586	106,243	20,297	50,957	55,286
Charleston-North Charleston, SC	11,638	9,400	10,845	793	204,989	39,294	99,579	105,410
Charlotte-Gastonia-Rock Hill, NC-SC	33,547	27,256	31,606	1,941	726,913	112,937	315,531	411,382
Charlottesville, VA	4,154	3,357	3,827	327	63,682	13,578	33,916	29,766
Chattanooga, TN-GA	9,562	7,527	8,827	735	198,319	32,517	95,897	102,422
Cheyenne, WY	2,150	1,675	1,927	223	25,338	6,983	16,698	8,640
Chicago, IL	173,865	147,963	170,185	3,680	3,741,075	594,461	1,799,363	1,941,712
Chico-Paradise, CA	4,068	3,343	3,808	260	49,894	13,513	32,857	17,037
Cincinnati, OH-KY-IN	32,733	26,117	31,027	1,706	789,795	114,954	365,264	424,531
Clarksville-Hopkinsville, TN-KY	3,236	2,505	2,891	345	52,325	10,407	26,913	25,412
Cleveland-Lorain-Elyria, OH	49,530	41,142	47,641	1,889	1,043,092	176,253	521,959	521,133
Colorado Springs, CO	11,461	9,410	10,700	761	194,751	35,475	92,584	102,167
Columbia, MO	3,371	2,641	3,039	332	58,592	11,012	26,535	32,057
Columbia, SC	11,664	9,254	10,735	929	233,393	39,526	103,081	130,312
Columbus, GA-AL	4,872	3,837	4,402	470	101,005	16,744	40,540	60,465
Columbus, OH	29,518	23,569	27,882	1,636	724,046	102,105	315,250	408,796



**Table A.5** Employers by Metropolitan Statistical Area and Employment Size, 1998—Continued

Metropolitan Statistical Area	Firms					Employment				
	Total	Employment Size of Firm				Total	Employment Size of Firm			
		20	500	5001	5001		20	500	5001	5001
Corpus Christi, TX	7,740	6,093	7,108	632	128,979	26,590	65,446	63,533		
Corvallis, Oregon	1,857	1,517	1,737	120	29,170	6,306	15,349	13,821		
Cumberland, MD-WV	2,090	1,684	1,909	181	29,036	7,161	16,099	12,937		
Dallas, TX	71,325	58,718	68,467	2,858	1,747,902	239,341	714,320	1,033,582		
Danbury, CT	5,941	4,942	5,572	369	83,625	18,979	NA	NA		
Danville, VA	2,231	1,788	2,020	211	37,618	7,420	16,495	21,123		
Davenport-Moline-Rock Island, IA-IL	7,970	6,172	7,340	630	159,134	26,992	81,866	77,268		
Daytona Beach, FL	10,261	8,873	9,765	496	134,415	32,810	72,100	62,315		
Dayton-Springfield, OH	17,297	13,670	16,236	1,061	414,619	63,031	189,478	225,141		
Decatur, AL	2,938	2,267	2,658	280	51,824	9,513	24,212	27,612		
Decatur, IL	2,473	1,830	2,196	277	54,225	8,290	23,293	30,932		
Denver, CO	53,500	45,016	51,196	2,304	969,914	170,374	467,146	502,768		
Des Moines, IA	10,757	8,348	9,876	881	245,713	35,693	108,984	136,729		
Detroit, MI	86,848	73,428	84,573	2,275	1,927,121	314,437	914,580	1,012,541		
Dothan, AL	3,272	2,541	2,958	314	56,966	10,703	28,759	28,207		
Dover, DE	2,680	2,050	2,410	270	42,453	8,569	22,371	20,082		
Dubuque, IA	2,311	1,741	2,085	226	47,588	7,559	25,002	22,586		
Duluth-Superior, MN-WI	5,859	4,806	5,502	357	89,666	21,499	50,812	38,854		
Dutchess County, NY	6,026	5,161	5,670	356	82,574	19,148	43,085	39,489		
Eau Claire, WI	3,391	2,597	3,092	299	58,683	11,599	34,236	24,447		
El Paso, TX	10,394	8,308	9,618	776	198,571	34,552	99,591	98,980		
Elkhart-Goshen, IN	4,416	3,328	4,093	323	109,830	16,291	55,072	54,75		
Elmira, NY	1,690	1,211	1,472	218	36,456	5,617	18,913	17,543		
Enid, OK	1,564	1,208	1,396	168	20,739	5,075	12,533	8,206		
Erie, PA	5,906	4,618	5,469	437	116,678	20,649	64,608	52,070		
Eugene-Springfield, OR	8,778	7,210	8,324	454	114,500	29,962	78,539	35,961		
Evansville-Henderson, IN-KY	6,799	5,222	6,233	566	143,201	24,146	71,595	71,606		
Fargo-Moorhead, ND-MN	4,608	3,485	4,244	364	85,860	15,613	50,282	35,578		
Fayetteville, NC	4,583	3,557	4,153	430	86,766	15,951	40,613	46,153		
Fayetteville-Springdale-Rogers, AR	6,344	5,199	5,904	440	123,754	20,528	49,822	73,932		

Fitchburg-Leominster, MA	2,851	2,256	2,647	204	48,080	9,632	27,815	20,265
Flagstaff, UT-AZ	3,227	2,621	2,986	241	38,488	11,123	24,213	14,275
Flint, MI	7,857	6,387	7,400	457	149,767	27,573	72,330	77,437
Florence, AL	3,110	2,512	2,852	258	49,097	10,832	25,722	23,375
Florence, SC	2,939	2,220	2,618	321	54,875	9,806	27,276	27,599
Fort Collins-Loveland, CO	7,026	5,793	6,573	453	87,930	22,899	53,538	34,392
Fort Lauderdale, FL	44,085	38,894	42,683	1,402	585,668	132,147	311,354	274,314
Fort Myers-Cape Coral, FL	10,312	8,620	9,639	673	134,701	32,413	77,564	57,137
Fort Pierce-Port St. Lucie, FL	7,108	6,089	6,700	408	85,342	22,082	50,547	34,795
Fort Smith, AR-OK	4,394	3,451	4,037	357	89,985	14,660	39,428	50,557
Fort Walton Beach, FL	4,170	3,359	3,818	352	55,450	13,042	30,615	24,835
Fort Wayne, IN	10,971	8,543	10,210	761	250,226	38,840	123,923	126,303
Fort Worth-Arlington, TX	30,538	24,940	29,030	1,508	637,361	105,179	293,867	343,494
Fresno, CA	14,728	12,090	13,930	798	228,001	50,779	128,188	99,813
Gadsden, AL	1,993	1,544	1,791	202	33,001	6,846	16,754	16,247
Gainesville, FL	4,579	3,656	4,164	415	75,584	16,103	36,771	38,813
Galveston-Texas City, TX	4,201	3,353	3,838	363	68,024	13,286	34,538	33,486
Gary, IN	11,669	9,515	11,012	657	224,929	42,494	113,423	111,506
Glens Falls, NY	2,947	2,424	2,734	213	41,344	8,425	22,031	19,313
Goldensboro, NC	2,113	1,609	1,907	206	36,626	6,855	19,441	17,185
Grand Forks, ND-MN	2,348	1,766	2,156	192	36,323	7,913	24,187	12,136
Grand Junction, CO	3,297	2,682	3,052	245	39,408	11,059	25,869	13,539
Grand Rapids-Muskegon-Holland, MI	22,635	18,296	21,617	1,018	515,774	84,226	269,979	245,795
Great Falls, MT	2,319	1,853	2,125	194	26,152	7,770	16,501	9,651
Greeley, CO	3,464	2,821	3,211	253	52,895	11,222	25,813	27,082
Green Bay, WI	5,384	4,065	4,985	399	121,799	18,447	61,185	60,614
Greensboro-Winston-Salem-High Pt., NC	26,980	22,131	25,672	1,308	598,402	92,300	279,132	319,270
Greenville, NC	2,731	2,050	2,447	284	50,143	8,787	24,031	26,112
Greenville-Spartanburg-Anderson, SC	20,347	16,687	19,182	1,165	466,291	70,309	190,257	276,034
Hagerstown, MD	2,841	2,153	2,534	307	51,788	9,687	26,946	24,842
Hamilton-Middletown, OH	5,472	4,301	5,106	366	102,274	19,102	54,852	47,422
Harrisburg-Lebanon-Carlisle, PA	12,425	9,828	11,535	890	296,313	44,243	125,211	171,102
Hartford, CT	25,535	21,168	24,332	1,203	545,578	90,341	256,649	288,929
Hattiesburg, MS	2,536	1,948	2,273	263	40,966	8,119	21,422	19,544
Hickory-Morganton, NC	6,889	5,526	6,470	419	158,148	23,785	74,772	83,376
Honolulu, HI	17,177	14,401	16,443	734	309,487	61,848	166,954	142,533
Houma, LA	3,960	3,181	3,711	249	68,532	14,172	41,433	27,099

**Table A.5 Employers by Metropolitan Statistical Area and Employment Size, 1998—Continued**

Metropolitan Statistical Area	Firms					Employment				
	Total	Employment Size of Firm				Total	Employment Size of Firm			
		20	500	5001	5001		20	500	5001	5001
Houston, TX	78,892	66,059	76,232	2,660	1,761,037	272,592	783,696	977,341		
Huntington-Ashland, WV-KY-OH	5,890	4,747	5,466	424	98,156	20,945	53,050	45,106		
Huntsville, AL	7,113	5,522	6,501	612	136,188	23,338	64,468	71,720		
Indianapolis, IN	33,708	27,284	31,942	1,766	762,800	117,904	352,692	410,108		
Iowa City, IA	2,371	1,790	2,135	236	45,266	7,917	21,949	23,317		
Jackson, MI	3,116	2,399	2,847	269	53,517	11,036	30,791	22,726		
Jackson, MS	9,430	7,321	8,628	802	199,211	30,669	89,710	109,501		
Jackson, TN	2,628	1,898	2,300	328	53,047	8,268	24,630	28,417		
Jacksonville, FL	22,634	18,766	21,256	1,378	459,459	75,057	190,353	269,106		
Jacksonville, NC	2,297	1,823	2,103	194	28,155	7,671	17,447	10,408		
Jamestown, NY	2,804	2,250	2,589	215	46,937	9,416	24,437	22,500		
Janesville-Beloit, WI	2,987	2,320	2,722	265	60,340	10,257	27,956	32,384		
Jersey City, NJ	11,907	10,028	11,395	512	210,152	36,324	109,118	101,034		
Johnson City-Kingsport-Bristol, TN-VA	8,693	7,096	8,102	591	171,863	30,092	78,228	93,635		
Johnstown, PA	4,792	3,941	4,490	302	70,402	16,892	43,910	26,492		
Jonesboro, AR	2,083	1,602	1,889	194	32,834	6,760	17,647	15,187		
Joplin, MO	3,623	2,888	3,314	309	70,204	11,397	28,859	41,345		
Kalamazoo-Battle Creek, MI	8,953	7,029	8,355	598	186,237	31,932	94,804	91,433		
Kankakee, IL	2,117	1,629	1,887	230	57,571	6,878	17,684	39,887		
Kansas City, MO-KS	39,081	32,027	37,212	1,869	825,691	132,855	398,598	427,093		
Kenosha, WI	2,819	2,173	2,562	257	46,908	9,141	25,402	21,506		
Killeen-Temple, TX	3,994	3,176	3,663	331	80,253	13,910	34,328	45,925		
Knoxville, TN	15,542	12,510	14,511	1,031	292,374	52,481	144,487	147,887		
Kokomo, IN	2,105	1,581	1,862	243	47,828	7,334	17,305	30,523		
La Crosse, WI-MN	3,006	2,306	2,734	272	59,931	10,512	30,395	29,536		
Lafayette, IN	3,369	2,565	3,021	348	72,232	11,717	29,990	42,242		
Lafayette, LA	8,728	6,983	8,217	511	136,772	30,524	86,450	50,322		
Lake Charles, LA	3,730	2,818	3,354	376	71,390	13,008	35,954	35,436		
Lakeland-Winter Haven, FL	8,320	6,772	7,712	608	151,889	26,826	71,627	80,262		
Lancaster, PA	9,827	7,722	9,216	611	201,341	35,021	113,895	87,446		

Lansing-East Lansing, MI	8,958	7,018	8,332	626	166,071	32,019	91,779	74,292
Laredo, TX	3,579	2,839	3,287	292	46,888	12,039	29,626	17,262
Las Cruces, NM	2,893	2,292	2,649	244	34,739	9,670	22,256	12,483
Las Vegas, NV-AZ	25,732	21,002	24,406	1,326	585,646	85,918	252,734	332,912
Lawrence, KS	2,448	1,929	2,252	196	35,809	7,885	21,763	14,046
Lawrence, MA-NH	8,199	6,726	7,723	476	142,227	27,068	74,156	68,071
Lawton, OK	1,958	1,536	1,766	192	27,604	6,398	15,164	12,440
Lewiston-Auburn, ME	2,293	1,806	2,129	164	38,289	7,562	21,849	16,440
Lexington, KY	10,461	8,187	9,656	805	217,622	35,752	104,715	112,907
Lima, OH	3,466	2,653	3,142	324	68,686	12,261	34,380	34,306
Lincoln, NE	5,889	4,627	5,455	434	117,339	20,507	59,206	58,133
Little Rock-North Little Rock, AR	13,419	10,793	12,512	907	266,651	45,410	128,155	138,496
Longview-Marshall, TX	4,972	3,869	4,543	429	79,200	16,720	44,700	34,500
Los Angeles-Long Beach, CA	191,051	164,304	187,949	3,102	3,693,537	642,390	1,908,407	1,785,130
Louisville, KY-IN	22,461	17,979	21,165	1,296	493,737	78,278	242,604	251,133
Lowell, MA-NH	5,658	4,561	5,308	350	108,268	19,317	55,142	53,126
Lubbock, TX	5,731	4,463	5,231	500	90,311	19,458	51,869	38,442
Lynchburg, VA	4,717	3,816	4,365	352	87,448	15,788	42,840	44,608
Macon, GA	6,259	4,871	5,669	590	118,841	20,719	53,585	65,256
Madison, WI	10,345	8,046	9,676	669	214,837	35,603	117,890	96,947
Manchester, NH	5,233	4,011	4,718	515	92,739	17,331	49,338	43,401
Mansfield, OH	3,636	2,788	3,295	341	68,412	11,880	35,464	32,948
McAllen-Edinburg-Mission, TX	7,036	5,770	6,647	389	24,581	24,581	64,111	37,399
Medford-Ashland, OR	4,733	3,918	4,442	291	101,510	15,608	36,473	21,722
Memphis-Titusville-Palm Bay, FL	9,875	8,400	9,324	551	154,136	32,330	70,409	83,727
Memphis, TN-AR-MS	20,044	15,596	18,577	1,467	511,190	69,173	217,927	293,263
Merced, CA	2,617	2,078	2,403	214	37,537	8,328	21,162	16,375
Miami, FL	60,836	54,130	59,350	1,486	835,903	191,541	457,178	378,725
Middlesex-Somerset-Hunterdon, NJ	29,472	24,931	28,180	1,292	568,456	94,174	260,308	308,148
Milwaukee-Waukesha, WI	33,406	27,031	31,982	1,424	769,342	120,472	390,297	379,045
Minneapolis-St. Paul, MN-WI	68,037	56,789	65,932	2,105	1,538,957	228,152	742,211	796,746
Missoula, MT	3,298	2,676	3,082	216	37,491	10,813	27,139	10,352
Mobile, AL	11,239	8,937	10,444	795	200,357	37,864	108,434	91,923
Modesto, CA	7,145	5,759	6,679	466	113,536	24,491	63,488	50,048
Monmouth-Ocean, NJ	26,166	23,308	25,470	696	305,726	84,675	187,348	118,378
Monroe, LA	3,670	2,854	3,341	329	61,306	12,404	34,030	27,276
Montgomery, AL	6,801	5,296	6,218	583	122,349	23,728	66,270	56,079

**Table A.5 Employers by Metropolitan Statistical Area and Employment Size, 1998—Continued**

Metropolitan Statistical Area	Firms					Employment				
	Total	Employment Size of Firm				Total	Employment Size of Firm			
		20	500	5001	5001		20	500	5001	5001
Muncie, IN	2,382	1,707	2,094	288	288	49,162	7,895	24,837	24,325	24,325
Myrtle Beach, SC	6,210	5,094	5,798	412	412	80,708	20,770	52,231	28,477	28,477
Naples, FL	7,376	6,329	6,985	391	391	82,383	22,844	51,177	31,206	31,206
Nashua, NH	4,789	3,740	4,395	394	394	91,172	15,507	43,249	47,923	47,923
Nashville, TN	27,118	22,019	25,497	1,621	1,621	612,035	92,339	264,789	347,246	347,246
Nassau-Suffolk, NY	80,330	72,374	79,038	1,292	1,292	1,019,809	255,343	600,166	419,643	419,643
New Bedford, MA	3,655	3,019	3,433	222	222	56,288	12,270	31,540	24,748	24,748
New Haven-Meriden, CT	12,909	10,656	12,228	681	681	238,167	44,035	119,468	118,699	118,699
New London-Nonwich, CT-RI	6,252	5,206	5,895	357	357	118,707	22,235	55,210	63,497	63,497
New Orleans, LA	26,623	21,669	25,271	1,352	1,352	534,086	92,495	273,710	260,376	260,376
New York, NY	215,579	192,640	212,937	2,642	2,642	3,557,965	688,625	1,845,319	1,712,646	1,712,646
Newark, NJ	52,358	45,400	50,822	1,536	1,536	896,342	171,882	445,564	450,778	450,778
Newburgh, NY-PA	7,818	6,651	7,372	446	446	93,288	25,316	58,318	34,970	34,970
Norfolk-Virginia Beach-Newpt. News, VA	27,108	22,334	25,826	1,282	1,282	546,903	97,925	266,466	280,437	280,437
Oakland, CA	48,523	40,389	46,722	1,801	1,801	886,967	165,599	461,380	425,587	425,587
Ocala, FL	4,809	3,891	4,404	405	405	69,245	14,717	34,772	34,473	34,473
Odessa-Midland, TX	6,372	5,082	5,891	481	481	87,376	22,108	53,565	33,811	33,811
Oklahoma City, OK	24,897	20,809	23,678	1,219	1,219	426,425	81,522	217,645	208,780	208,780
Olympia, WA	4,592	3,820	4,300	292	292	49,668	14,810	32,194	17,474	17,474
Omaha, NE-IA	15,681	12,528	14,644	1,037	1,037	357,254	52,009	156,422	200,832	200,832
Orange County, CA	65,400	54,105	63,218	2,182	2,182	1,274,074	222,022	668,031	606,043	606,043
Orlando, FL	35,651	29,882	33,870	1,781	1,781	745,905	111,869	303,006	442,899	442,899
Owensboro, KY	2,141	1,894	2,141	247	247	39,917	7,385	20,670	19,247	19,247
Panama City, FL	3,735	2,970	3,423	312	312	54,230	12,836	32,131	22,099	22,099
Parkersburg-Marietta, WV-OH	3,503	2,757	3,180	323	323	59,359	12,018	30,522	28,837	28,837
Pensacola, FL	7,372	5,944	6,768	604	604	125,967	24,059	58,940	67,027	67,027
Peoria-Pekin, IL	7,162	5,599	6,614	548	548	157,458	24,980	76,304	81,154	81,154
Philadelphia, PA-NJ	103,652	88,593	100,992	2,660	2,660	2,112,593	367,440	1,029,427	1,083,166	1,083,166
Phoenix-Mesa, AZ	58,547	48,802	56,311	2,236	2,236	1,274,299	196,374	582,877	691,422	691,422
Pine Bluff, AR	1,493	1,144	1,339	154	154	26,837	4,909	12,569	14,268	14,268

Pittsburgh, PA	48,543	40,783	46,814	1,729	1,006,882	175,770	496,606	510,276
Pittsfield, MA	2,377	1,863	2,165	212	37,701	8,194	NA	NA
Pocatello, ID	1,698	1,279	1,512	186	23,376	5,933	12,726	10,650
Portland, ME	8,037	6,512	7,487	550	126,534	25,673	67,893	58,641
Portland-Vancouver, OR-WA	47,361	39,889	45,598	1,763	835,549	159,284	438,688	396,861
Portsmouth-Rochester, NH-ME	6,357	5,224	5,956	401	98,305	21,346	53,802	44,503
Providence-Fall River-Warwick, RI-MA	27,312	23,325	26,418	894	458,066	91,591	258,790	199,276
Provo-Orem, UT	5,858	4,686	5,485	373	132,096	18,873	58,913	73,183
Pueblo, CO	2,868	2,313	2,605	263	45,760	10,209	22,873	22,887
Punta Corda, FL	2,664	2,211	2,452	212	30,868	8,247	15,974	14,914
Racine, WI	3,845	3,004	3,558	287	76,877	13,045	40,066	36,811
Raleigh-Durham-Chapel Hill, NC	26,942	22,197	25,521	1,421	540,152	90,453	240,259	299,893
Rapid City, SD	2,908	2,318	2,683	225	38,208	10,031	25,140	13,068
Reading, PA	7,066	5,598	6,567	499	143,449	25,349	73,447	70,002
Redding, CA	4,007	3,289	3,732	275	44,494	13,600	29,243	15,251
Reno, NV	9,680	7,778	8,945	735	161,330	30,899	78,689	82,641
Richland-Kennebec-Pasco, WA	3,922	3,097	3,578	344	60,632	13,091	29,374	31,258
Richmond-Petersburg, VA	21,692	17,577	20,386	1,306	452,442	73,916	203,606	248,836
Riverside-San Bernardino, CA	42,897	35,662	41,306	1,591	766,953	149,022	418,331	348,622
Roanoke, VA	6,050	4,655	5,451	599	121,911	19,564	56,444	65,467
Rochester, MN	2,554	1,879	2,281	273	68,663	8,081	26,190	42,473
Rochester, NY	19,878	16,446	18,898	980	455,352	69,699	205,072	250,280
Rockford, IL	7,768	6,119	7,215	553	159,158	27,188	80,923	78,235
Rocky Mount, NC	2,848	2,193	2,554	294	57,771	9,466	25,729	32,042
Sacramento, CA	30,109	25,140	28,796	1,313	504,427	102,417	260,950	243,477
Saginaw-Bay City-Midland, MI	8,169	6,488	7,617	552	158,208	29,348	81,133	77,075
Salem, OR	7,587	6,272	7,143	403	104,344	26,081	63,922	40,422
Salinas, CA	27,873	22,813	26,497	1,376	589,820	94,168	272,504	317,316
Salt Lake City-Ogden, UT	2,291	1,785	2,070	221	34,098	7,183	18,157	15,941
San Angelo, TX	26,974	22,076	25,544	1,430	572,897	91,683	258,901	313,996
San Antonio, TX	54,832	46,416	53,044	1,788	961,014	186,238	524,135	436,879
San Diego, CA	53,585	45,161	51,951	1,634	962,037	181,022	505,689	456,348
San Francisco, CA	38,557	31,377	36,989	1,568	946,363	131,240	425,172	521,191
San Jose, CA	6,008	5,134	5,748	260	69,698	21,565	47,978	21,720
San Luis Obispo-Atascadero-Paso Robles, CA	9,455	7,799	8,967	488	129,260	33,003	85,048	44,212
Santa Barbara-Santa Maria-Lompoc, CA	6,216	5,295	5,943	273	74,213	21,993	50,952	23,261
Santa Cruz-Watsonville, CA								

**Table A.5** Employers by Metropolitan Statistical Area and Employment Size, 1998—Continued

Metropolitan Statistical Area	Firms					Employment				
	Total	Employment Size of Firm				Total	Employment Size of Firm			
		20	500	5001	5001		20	500	5001	5001
Santa Fe, NM	4,622	3,869	4,314	308	50,260	15,026	32,885	17,375	17,375	
Santa Rosa, CA	11,909	10,089	11,396	513	154,187	40,307	98,338	55,849	55,849	
Sarasota-Bradenton, FL	14,337	12,323	13,598	739	238,738	43,808	100,551	138,187	138,187	
Savannah, GA	6,430	4,972	5,819	611	112,080	20,762	57,072	55,008	55,008	
Scranton-Wilkes Barre-Hazleton, PA	12,913	10,620	12,261	652	245,900	43,306	132,793	113,107	113,107	
Seattle-Bellevue-Everett, WA	64,492	54,790	62,466	2,026	1,169,062	215,680	589,143	579,919	579,919	
Sharon, PA	2,657	2,024	2,391	266	44,553	8,764	26,045	18,508	18,508	
Sheboygan, WI	2,351	1,822	2,170	181	53,132	8,404	25,127	28,005	28,005	
Sherman-Denison, TX	2,290	1,804	2,048	242	38,179	7,415	17,977	20,202	20,202	
Shreveport-Bossier City, LA	7,781	6,135	7,171	610	146,661	27,168	73,565	73,096	73,096	
Sioux City, IA-NE	2,998	2,244	2,716	282	60,627	9,971	30,452	30,175	30,175	
Sioux Falls, SD	4,923	3,755	4,490	433	96,691	15,768	48,850	47,841	47,841	
South Bend, IN	5,785	4,329	5,239	546	120,449	20,237	62,383	58,066	58,066	
Spokane, WA	10,198	8,217	9,572	626	161,001	34,401	91,507	69,494	69,494	
Springfield, IL	5,006	3,914	4,548	458	82,178	16,303	41,817	40,361	40,361	
Springfield, MA	11,432	9,317	10,818	614	223,989	40,963	117,273	106,716	106,716	
Springfield, MO	8,201	6,591	7,647	554	144,195	27,532	71,782	72,413	72,413	
St. Cloud, MN	4,157	3,246	3,863	294	76,696	14,249	41,407	35,289	35,289	
St. Joseph, MO	2,348	1,808	2,112	236	36,831	7,307	20,098	16,733	16,733	
St. Louis, MO-IL	54,806	45,603	52,844	1,962	1,193,331	192,305	568,749	624,582	624,582	
Stamford-Norwalk, CT	13,600	11,428	12,902	698	217,393	43,558	107,328	110,065	110,065	
State College, PA	2,765	2,114	2,519	246	44,202	8,986	26,654	17,548	17,548	
Steubenville-Weirton, OH-WV	2,538	2,046	2,340	198	42,809	8,528	18,992	23,817	23,817	
Stockton-Lodi, CA	8,750	6,937	8,129	621	143,285	29,038	79,785	63,500	63,500	
Sumter, SC	1,748	1,329	1,551	197	34,515	5,969	17,402	17,113	17,113	
Syracuse, NY	14,063	11,386	13,212	851	287,709	48,347	139,097	148,612	148,612	
Tacoma, WA	13,540	11,275	12,896	644	190,567	44,281	112,693	77,874	77,874	
Tallahassee, FL	6,048	4,748	5,491	557	94,778	19,669	48,787	45,991	45,991	
Tampa-St. Petersburg-Clearwater, FL	50,519	43,625	48,570	1,949	976,883	161,736	405,151	571,732	571,732	
Terre Haute, IN	3,092	2,386	2,783	309	55,704	10,198	25,459	30,245	30,245	
Texarkana, TX-Texarkana, AR	2,576	1,968	2,320	256	39,921	8,651	22,218	17,703	17,703	

Toledo, OH	12,488	9,768	11,666	822	284,220	45,277	139,252	144,968
Topeka, KS	4,088	3,141	3,706	382	81,210	13,315	38,470	42,740
Trenton, NJ	8,365	6,761	7,778	587	156,991	27,465	76,645	80,346
Tucson, AZ	15,532	12,672	14,646	886	268,142	53,663	149,009	119,133
Tulsa, OK	18,802	15,401	17,753	1,049	357,212	63,378	175,355	181,857
Tuscaloosa, AL	3,571	2,771	3,285	286	65,228	12,542	33,437	31,791
Tyler, TX	4,407	4,020	4,425	387	70,510	14,528	37,567	32,943
Utica-Rome, NY	5,364	4,435	5,011	353	100,353	18,231	51,784	48,569
Vallejo-Fairfield-Napa, CA	8,742	7,097	8,202	540	133,172	29,964	78,056	55,116
Ventura, CA	14,711	12,030	13,917	794	217,737	48,300	130,358	87,379
Victoria, TX	2,045	1,556	1,823	222	29,345	7,082	17,544	11,801
Vineland-Millville-Bridgeton, NJ	2,830	2,302	2,631	199	44,863	9,972	26,064	18,799
Visalia-Tulare-Porterville, CA	5,268	4,285	4,928	340	73,205	17,892	47,725	25,480
Waco, TX	4,225	3,244	3,802	423	82,466	14,028	38,614	43,852
Washington, DC-MD-VA-WV	101,638	86,113	98,997	2,641	2,055,459	352,257	1,043,030	1,012,429
Waterbury, CT	4,806	3,900	4,489	317	73,834	16,603	44,238	29,596
Waterloo-Cedar Falls, IA	2,793	2,052	2,493	300	58,478	9,562	28,726	29,752
Wausau, WI	3,064	2,298	2,800	264	58,831	10,248	30,190	28,641
West Palm Beach-Boca Raton, FL	31,473	27,600	30,371	1,102	414,845	96,975	225,357	189,488
Wheeling, WV-OH	3,418	2,727	3,139	279	52,268	11,906	29,421	22,847
Wichita Falls, TX	3,178	2,501	2,877	301	47,654	10,349	24,706	22,948
Wichita, KS	11,593	9,119	10,803	790	256,215	38,390	120,819	135,396
Williamsport, PA	2,593	2,002	2,347	246	47,148	8,531	24,504	22,644
Wilmington, NC	6,943	5,714	6,494	449	88,404	23,602	52,882	35,522
Wilmington-Newark, DE-MD	14,821	11,855	13,688	1,133	283,521	44,924	124,620	158,901
Worcester, MA-CT	10,112	8,119	9,487	625	206,031	34,060	105,848	100,183
Yakima, WA	4,377	3,512	4,107	270	58,832	14,144	41,466	17,366
Yolo, CA	3,018	2,249	2,698	320	53,870	10,411	26,952	26,918
York, PA	6,949	5,427	6,452	497	149,419	24,276	74,913	74,506
Youngstown-Warren, OH	11,907	9,800	11,352	555	214,495	43,547	122,334	92,161
Yuba City, CA	2,242	1,799	2,063	179	25,657	7,196	16,320	9,337
Yuma, AZ	2,197	1,673	1,981	216	30,497	7,345	18,816	11,681

NA = Not available.

Notes: For metropolitan statistical areas, a firm is defined as an aggregation of all establishments owned by a parent company within an MSA. Establishments are locations with active payroll in any quarter. Employment is measured in March; thus, some firms will have no employment and some annual payroll.

Source: U.S. Small Business Administration, Office of Advocacy, from data provided by the U.S. Department of Commerce, Bureau of the Census.



**Table A.6 Employers by Industry and Employment Size, 1998 (Thousands, except Payroll in Millions of Dollars)**

Industry (NAICS basis)	Total	Employment Size of Firm						
		0*	20	100-499	500	5001		
<b>Total</b>	5,579.2	711.9	4,988.4	494.4	80.1	5,562.8	16.4	
Firms	6,941.8	713.5	5,048.5	674.5	307.3	6,030.3	911.5	
Establishments	108,117.7	0.0	20,275.4	19,377.6	15,411.4	55,064.4	53,053.3	
Employment	3,309,405.5	31,634.5	535,184.5	531,231.2	446,353.5	1,512,769.2	1,796,636.4	
Annual Payroll								
Firms	26.6	4.7	24.9	1.3	0.2	26.5	0.1	
Establishments	27.3	4.7	25.0	1.4	0.3	26.7	0.6	
Employment	187.1	0.0	90.0	46.1	27.7	163.7	23.4	
Annual Payroll	4,654.3	131.8	2,157.7	1,102.7	581.3	3,841.7	812.6	
<b>Agriculture, Forestry, Fishing, and Hunting</b>								
Firms	19.8	2.0	16.7	2.3	0.5	19.5	0.3	
Establishments	24.7	2.0	17.0	2.9	1.2	21.1	3.5	
Employment	497.8	0.0	69.1	86.2	63.9	219.2	278.7	
Annual Payroll	21,941.9	119.7	2,204.6	3,057.1	2,754.9	8,016.7	13,925.2	
<b>Utilities</b>								
Firms	6.6	0.4	5.2	0.9	0.3	6.4	0.2	
Establishments	15.9	0.4	5.3	1.4	1.0	7.7	8.2	
Employment	682.2	0.0	20.0	38.1	45.3	103.5	578.7	
Annual Payroll	38,097.2	72.5	600.5	1,554.3	2,098.3	4,253.1	33,844.2	
<b>Construction</b>								
Firms	686.3	106.3	630.4	49.6	5.4	685.4	0.9	
Establishments	693.0	106.3	630.5	50.3	6.8	687.5	5.5	
Employment	5,798.9	0.0	2,400.0	1,838.4	881.5	5,119.9	679.0	
Annual Payroll	198,547.0	3,777.3	69,463.6	65,268.8	34,863.9	169,596.3	28,950.8	
Firms	318.5	24.4	230.8	66.3	16.5	313.7	4.8	
Establishments	366.4	24.4	231.2	70.3	26.4	327.9	38.6	
Employment	16,946.1	0.0	1,308.2	2,747.0	2,959.6	7,014.8	9,931.3	
Annual Payroll	607,342.4	2,160.4	36,084.9	83,491.5	94,511.5	214,087.9	393,254.5	
<b>Wholesale Trade</b>								
Firms	363.5	35.7	310.8	41.4	7.9	360.1	3.3	
Establishments	454.0	35.8	316.0	58.2	24.7	398.9	55.1	
Employment	5,885.2	0.0	1,393.6	1,494.7	961.6	3,849.9	2,035.4	
Annual Payroll	233,924.5	1,790.3	48,905.5	53,715.1	36,755.6	139,376.2	94,548.2	

Retail Trade	Firms	738.9	76.2	667.6	60.4	8.5	736.5	2.4
	Establishments	1,113.9	76.5	683.6	102.8	52.2	838.6	275.2
	Employment	14,241.5	0.0	2,946.9	2,227.8	1,215.1	6,389.8	7,851.7
	Annual Payroll	260,349.7	2,125.5	52,464.4	53,637.8	29,919.3	136,021.5	124,328.2
Transportation and Warehousing	Firms	154.7	23.5	136.2	14.6	2.8	153.6	1.1
	Establishments	186.4	23.5	137.2	18.0	8.3	163.5	22.9
	Employment	3,462.6	0.0	507.6	559.7	439.7	1,506.9	1,955.7
	Annual Payroll	108,597.5	775.7	12,698.0	14,700.4	12,667.6	40,065.9	68,531.6
Information	Firms	75.3	12.2	64.0	8.4	1.9	74.3	1.0
	Establishments	120.6	12.2	64.6	10.4	5.6	80.6	40.0
	Employment	3,142.0	0.0	263.8	320.8	318.5	903.2	2,238.8
	Annual Payroll	146,824.7	1,154.5	10,282.4	12,078.6	14,525.6	36,886.6	109,938.1
Finance and Insurance	Firms	222.0	25.4	201.7	15.1	3.6	220.4	1.6
	Establishments	412.4	25.5	206.8	33.3	25.8	265.9	146.5
	Employment	5,770.3	0.0	672.9	604.3	603.4	1,880.6	3,889.7
	Annual Payroll	290,008.8	1,520.9	26,967.1	26,771.7	27,504.7	81,243.5	208,765.3
Real Estate and Rental and Leasing	Firms	242.5	33.7	228.5	10.4	2.3	241.2	1.3
	Establishments	292.5	33.8	232.8	18.7	10.4	261.9	30.6
	Employment	1,812.7	0.0	688.0	364.8	255.2	1,308.1	504.7
	Annual Payroll	49,888.0	1,220.4	17,358.7	9,887.5	7,453.8	34,700.0	15,188.0
Professional, Scientific, and Technical Services	Firms	641.6	96.1	601.4	32.8	5.2	639.5	2.2
	Establishments	688.0	96.1	604.7	42.1	14.6	661.4	26.6
	Employment	6,052.4	0.0	1,960.3	1,210.2	840.9	4,011.4	2,040.
	Annual Payroll	277,676.6	4,828.2	77,826.5	59,211.3	42,538.9	179,576.7	98,099.9
Management of Companies and Enterprises	Firms	26.4	1.4	6.5	5.8	7.6	19.9	6.6
	Establishments	43.7	1.4	6.6	6.1	8.6	21.2	22.5
	Employment	2,703.8	0.0	16.1	66.3	222.0	304.3	2,399.5
	Annual Payroll	175,648.7	290.9	1,140.3	2,982.5	10,857.7	14,980.5	160,668.2
Administration and Support and Waste Management and Remediation Services	Firms	302.9	52.1	266.8	25.7	7.6	300.0	2.9
	Establishments	351.1	52.1	268.0	29.4	13.6	311.0	40.1
	Employment	7,775.0	0.0	974.7	1,020.2	1,353.4	3,348.3	4,426.8
	Annual Payroll	163,707.4	2,291.6	24,012.9	22,940.3	26,259.0	73,212.2	90,495.2

**Table A.6 Employers by Industry and Employment Size, 1998 (Thousands, except Payroll in Millions of Dollars)—Continued**

Industry (NAICS basis)	Total	Employment Size of Firm					
		0*	20	20–99	100–499	500	5001
Educational Services	Firms	7.3	44.3	10.6	2.6	57.5	0.9
	Establishments	7.3	44.7	12.1	5.0	61.8	3.1
	Employment	0.0	199.3	441.2	452.3	1,092.8	1,231.0
Health Care and Social Assistance	Annual Payroll	265.8	3,766.1	8,369.4	9,801.7	21,937.2	30,350.1
	Firms	42.7	465.6	45.7	13.0	524.3	3.4
	Establishments	42.9	472.8	49.9	13.0	524.3	3.4
Arts, Entertainment, and Recreation	Employment	0.0	2,174.6	1,814.6	2,464.3	6,453.6	7,304.8
	Annual Payroll	3,476.1	76,795.7	51,080.3	55,021.0	182,897.0	212,581.4
	Firms	19.7	81.9	11.8	2.0	95.8	0.5
Accommodation and Food Services	Establishments	19.7	82.2	12.8	3.3	98.4	4.5
	Employment	0.0	305.5	471.5	331.2	1,108.2	475.6
	Annual Payroll	1,445.4	9,319.7	8,140.1	9,303.7	26,763.5	9,283.3
Other Services (except Public Administration)	Firms	58.7	338.2	70.7	7.9	416.7	1.6
	Establishments	59.1	340.8	85.0	32.5	458.2	86.4
	Employment	0.0	1,770.0	2,662.0	1,376.1	5,808.2	3,658.5
Auxiliaries, except Corporate, Subsidiary, and Regional Managing Offices	Annual Payroll	2,298.0	19,098.5	27,788.6	15,143.3	62,030.4	47,564.9
	Firms	56.0	616.1	37.9	4.0	658.1	1.2
	Establishments	56.1	621.8	50.1	15.0	686.9	32.5
Unclassified	Employment	0.0	2,450.1	1,343.7	556.5	4,350.3	688.5
	Annual Payroll	1,346.3	42,761.2	24,978.5	12,316.5	80,056.2	15,956.7
	Firms	0.0	0.4	1.1	1.6	3.1	2.3
Unclassified	Establishments	0.0	0.4	1.2	2.1	3.6	10.2
	Employment	0.0	1.1	11.5	43.2	55.8	860.6
	Annual Payroll	0.7	43.3	407.1	1,475.3	1,925.7	39,550.1
Unclassified	Firms	33.5	56.5	0.3	0.0	56.8	0.0
	Establishments	33.5	56.5	0.3	0.0	56.8	0.0
	Employment	0.0	63.3	8.7	0.0	72.0	0.0
Annual Payroll	1,300.4	1,232.9	67.5	0.0	1,300.4	0.0	

NA = not available.

\* Employment is measured in March, thus some firms (start-ups after March, closures before March, and seasonal firms) will have zero employment.

Note: Firms are an aggregation of all establishments owned by a parent company within an industry. Industry designations are based on the North American Industry Classification System (NAICS)

Source: U.S. Small Business Administration, Office of Advocacy, from data provided by the U.S. Department of Commerce, Bureau of the Census.

**Table A.7** Employer Firms, Establishments, Employment, Payroll, and Receipts by Employment and Receipts Size and Major Industry, 1997 (Annual Payroll and Receipts in Millions of Dollars)

Industry (SIC basis)		Total	Receipts Size of Firm					Employment Size of Firm				
			\$1 Million	\$.5 Million	\$5 Million–\$7.49 Million	\$7.5 Million–\$99.9 Million	\$100 Million or More	0–19	0–500	More than 500		
Total	Firms	5,541,918	4,496,925	5,281,033	81,169	166,728	12,988	4,958,641	5,525,839	16,079		
	Establishments	6,894,869	4,541,475	5,472,017	131,505	486,198	805,149	5,026,425	6,017,638	877,231		
	Employment	105,299,123	18,524,017	35,199,715	3,955,855	21,166,189	44,977,364	20,118,816	54,545,370	50,753,753		
	Annual Payroll	3,047,907	324,234	746,843	112,920	644,174	1,543,970	503,130	1,416,200	1,631,707		
Agricultural Services, Forestry, Fishing	Receipts	18,242,633	1,162,508	2,799,719	492,532	3,554,561	11,395,820	2,786,840	7,468,212	10,774,421		
	Firms	115,039	107,053	113,959	337	607	136	109,371	114,890	149		
	Establishments	116,973	114,115	114,115	387	1,041	1,430	109,419	115,388	1,585		
	Employment	727,465	396,991	561,178	17,841	68,968	79,478	393,914	NA	NA		
Mining	Annual Payroll	15,068	6,938	10,851	489	1,711	2,018	7,885	NA	NA		
	Receipts	51,398	23,613	36,193	1,957	7,592	5,656	30,398	NA	NA		
	Firms	20,685	14,824	18,548	498	1,206	433	17,438	20,306	379		
	Establishments	26,853	15,051	19,276	660	2,407	4,510	17,936	22,512	4,341		
Construction	Employment	586,239	51,785	119,092	17,839	96,897	352,411	71,388	233,544	352,695		
	Annual Payroll	27,818	1,277	3,533	668	4,201	19,417	2,382	8,826	18,992		
	Receipts	172,832	4,027	12,051	2,885	21,029	136,868	12,822	45,685	127,147		
	Firms	663,082	537,078	637,041	9,648	15,635	758	609,916	662,374	708		
Manufacturing	Establishments	669,380	537,133	637,999	9,793	17,509	4,679	610,055	664,593	4,787		
	Employment	5,513,414	1,748,067	3,343,488	350,366	1,284,406	535,154	2,329,334	4,922,479	590,935		
	Annual Payroll	175,987	35,718	85,358	12,871	53,338	24,420	62,396	151,370	24,617		
	Receipts	835,144	143,268	352,129	57,940	274,422	150,653	322,645	711,810	123,334		
Transportation, Communications, and Utilities	Firms	333,670	203,483	286,764	12,338	29,828	4,740	243,702	328,713	4,957		
	Establishments	393,840	203,668	288,720	13,477	45,356	46,287	244,124	345,703	48,137		
	Employment	18,633,065	1,009,931	2,972,893	641,872	4,105,579	10,912,721	1,359,740	7,277,143	11,355,922		
	Annual Payroll	688,657	19,279	73,105	19,591	132,303	463,658	36,790	217,509	471,148		
Other	Receipts	3,990,994	64,589	251,222	73,650	617,870	3,048,253	163,457	989,316	3,001,678		
	Firms	218,654	177,833	207,012	3,264	6,822	1,556	191,740	216,957	1,697		
	Establishments	301,628	179,304	213,460	5,178	21,337	61,653	193,852	237,301	64,327		
	Employment	6,246,969	679,216	1,348,151	175,034	898,740	3,825,044	746,448	2,216,815	4,030,154		
Annual Payroll		226,053	12,475	29,797	5,107	28,834	162,315	17,856	59,526	166,527		
	Receipts	1,263,952	43,076	103,536	18,909	125,187	1,016,320	86,240	276,306	987,646		

**Table A.7** Employer Firms, Establishments, Employment, Payroll, and Receipts by Employment and Receipts Size and Major Industry, 1997 (Annual Payroll and Receipts in Millions of Dollars)—Continued

Industry (SIC basis)	Total	Receipts Size of Firm						Employment Size of Firm						
		\$1 Million	\$5 Million	\$5 Million–\$7.49 Million	\$7.5 Million–\$99.9 Million	\$100 Million or More	0–19	20–50	51–99	100 or More				
Wholesale Trade														
Firms	413,690	209,868	335,781	21,304	51,243	5,362	354,386	410,261	3,429					
Establishments	530,967	210,587	343,712	25,418	86,869	74,968	361,656	463,313	67,654					
Employment	6,810,413	608,681	1,788,147	367,149	1,999,513	2,655,604	1,626,600	4,412,570	2,397,843					
Annual Payroll	255,888	12,626	47,597	12,620	75,901	119,770	52,956	149,274	106,613					
Receipts	4,222,553	76,960	363,506	126,412	1,011,379	2,721,256	788,738	1,974,554	2,248,000					
Retail Trade														
Firms	1,097,657	881,278	1,050,875	12,746	31,401	2,635	962,269	1,094,492	3,165					
Establishments	1,592,292	895,366	1,113,706	28,532	130,848	319,206	983,927	1,243,001	349,291					
Employment	22,003,645	4,518,570	8,042,788	601,961	3,285,905	10,072,991	4,431,685	11,149,164	10,854,481					
Annual Payroll	330,385	46,425	96,951	9,663	65,445	158,326	61,548	167,318	163,067					
Receipts	2,578,150	254,700	586,260	73,840	653,155	1,264,895	493,135	1,356,000	1,222,150					
Finance, Insurance, and Real Estate														
Firms	460,568	382,420	437,708	5,781	13,720	3,359	426,841	457,311	3,257					
Establishments	678,129	386,873	456,559	10,987	55,225	155,358	436,491	520,584	157,545					
Employment	7,367,192	1,041,486	1,843,657	191,810	1,128,659	4,203,066	1,307,804	3,097,430	4,269,762					
Annual Payroll	313,290	24,801	52,242	7,269	45,234	208,545	41,191	107,440	205,850					
Receipts	2,468,070	93,767	206,523	33,391	255,969	1,972,187	235,499	639,958	1,828,112					
Services														
Firms	2,224,348	1,954,088	2,170,826	17,637	31,553	4,332	2,016,246	2,215,414	8,934					
Establishments	2,553,603	1,975,416	2,253,881	37,068	125,596	137,058	2,037,877	2,374,040	179,563					
Employment	37,384,595	8,445,277	15,154,893	1,591,977	8,296,830	12,340,895	7,830,968	20,582,445	16,802,150					
Annual Payroll	1,014,186	164,183	346,846	44,643	237,195	385,502	219,587	541,681	472,505					
Receipts	2,657,047	456,514	885,981	103,520	587,815	1,079,732	651,527	1,427,055	1,229,992					
Unclassified														
Firms	31,204	30,990	31,189	5	10	0	31,088	31,203	1					
Establishments	31,204	30,990	31,189	5	10	0	31,088	31,203	1					
Employment	26,126	24,013	25,428	6	692	0	20,935	NA	NA					
Annual Payroll	576	512	563	1	12	0	539	NA	NA					
Receipts	2,492	1,993	2,319	29	145	0	2,379	NA	NA					

NA = Not available.

Notes: Employment is measured in March, thus some firms (start-ups after March, closures before March, and seasonal firms) will have zero employment. Firms are an aggregation of all establishments owned by a parent company within an industry. Industry classifications here are based on the older Standard Industrial Classification (SIC) system. Source: U.S. Small Business Administration, Office of Advocacy, from data provided by the U.S. Department of Commerce, Bureau of the Census.

**Table A.8 Business Income Tax Returns by Receipts Size of Tax Return, 1990 and 1995–1998**

Receipts Size of Tax Return (Dollars) <sup>1</sup>	1990	1995	1996	1997	1998
<b>Total Returns</b>	<b>20,052.9</b>	<b>22,446.0</b>	<b>23,240.7</b>	<b>23,645.4</b>	<b>NA</b>
Under 25,000 <sup>2</sup>	12,037.4	13,278.6	13,593.3	13,796.7	NA
25,000–49,999	2,038.2	2,404.6	2,517.5	2,567.5	NA
50,000–99,999	1,774.4	1,981.7	2,098.9	2,109.4	NA
100,000–499,999	2,828.3	3,119.1	3,291.0	3,380.7	NA
500,000–999,999	610.8	719.5	749.1	760.8	NA
1,000,000 or More	763.8	942.5	990.9	1,030.3	NA
<b>Corporations, Total</b>	<b>3,716.7</b>	<b>4,441.2</b>	<b>4,631.4</b>	<b>4,710.2</b>	<b>NA</b>
Under 25,000 <sup>2</sup>	878.7	1,030.0	1,059.7	1,106.1	NA
25,000–49,999	252.0	288.4	286.0	305.6	NA
50,000–99,999	358.9	446.8	480.4	453.4	NA
100,000–499,999	1,161.7	1,360.0	1,444.1	1,450.4	NA
500,000–999,999	416.0	512.7	520.8	532.8	NA
1,000,000 or More	649.4	803.3	840.4	861.9	NA
<b>Partnerships, Total<sup>3</sup></b>	<b>1,553.6</b>	<b>1,580.9</b>	<b>1,654.2</b>	<b>1,758.6</b>	<b>1,855.3</b>
Under 25,000 <sup>2</sup>	962.6	931.3	956.2	987.4	1,037.6
25,000–49,999	126.0	133.5	140.6	151.2	157.3
50,000–99,999	133.4	142.3	145.7	164.6	156.8
100,000–499,999	222.4	245.1	268.4	293.6	320.2
500,000–999,999	52.1	59.4	63.6	68.0	76.6
1,000,000 or More	57.1	69.3	79.7	93.8	106.8
<b>Nonfarm Sole</b>					
<b>Proprietorships, Total</b>	<b>14,782.6</b>	<b>16,423.9</b>	<b>16,955.1</b>	<b>17,176.6</b>	<b>17,408.8</b>
Under 2,500 <sup>2</sup>	3,750.1	4,139.5	4,261.2	4,292.7	4,246.4
2,500–4,999	1,714.5	1,954.1	1,963.9	1,994.1	2,055.6
5,000–9,999	2,011.7	2,254.4	2,258.6	2,309.1	2,407.0
10,000–24,999	2,719.8	2,969.3	3,093.7	3,107.3	3,058.3
25,000–49,999	1,660.2	1,982.7	2,090.9	2,110.7	2,111.9
50,000–99,999	1,282.1	1,392.6	1,472.8	1,491.4	1,590.1
100,000–499,999	1,444.2	1,514.0	1,578.5	1,636.7	1,686.3
500,000–999,999	142.7	147.4	164.7	160.0	175.1
1,000,000 or More	57.3	69.9	70.8	74.6	78.1

NA = Not available.

<sup>1</sup>Size classes are based on the sum of business receipts (gross amounts from sales and operations and gross rents for all industries) except for the finance, insurance, and real estate industry. For this industry, positive net rental income is included, which is the sum of business receipts and investment income.

<sup>2</sup>Includes returns with no receipts as defined above.

<sup>3</sup>Total receipts include, in part, only the net income or loss from farming and rentals. An effort is made to include rental (although not farm) gross receipts in the receipts used for the size distribution.

Note: Business tax returns overcount the number of businesses when businesses file more than one tax return.

Source: U.S. Small Business Administration, Office of Advocacy, from data provided by the U.S. Department of the Treasury, Internal Revenue Service.

**Table A.9** *Employer Firm Births and Deaths by Employment Size of Firm, 1989–1997*

Period	Industry	Total	Beginning Year Employment Size of Firm			Size Class as Percent of Total	
			20	500	5001	20	500
<b>Firms</b>							
1996–1997	Firm Births	590,644	564,197	590,335	309	95.5	99.9
	Firm Deaths	500,536	500,014	500,014	522	99.9	99.9
	Net Change	90,108	64,183	90,321	2213	71.2	—
1995–1996	Firm Births	597,792	572,442	597,503	289	95.8	100.0
	Firm Deaths	512,402	485,509	512,024	378	94.8	99.9
	Net Change	85,390	86,933	85,479	289	—	—
1994–1995	Firm Births	594,369	568,896	594,119	250	95.7	100.0
	Firm Deaths	497,246	472,441	496,874	372	95.0	99.9
	Net Change	97,123	96,455	97,245	2122	99.3	—
1993–1994	Firm Births	570,587	546,437	570,337	250	95.8	100.0
	Firm Deaths	503,563	476,667	503,125	438	94.7	99.9
	Net Change	67,024	69,770	67,212	2188	—	—
1992–1993	Firm Births	564,504	539,601	564,093	411	95.6	99.9
	Firm Deaths	492,651	466,550	492,266	385	94.7	99.9
	Net Change	71,853	73,051	71,827	26	—	100.0
1991–1992	Firm Births	544,596	519,014	544,278	318	95.3	99.9
	Firm Deaths	521,606	492,746	521,176	430	94.5	99.9
	Net Change	22,990	26,268	23,102	2112	—	—
1990–1991	Firm Births	541,141	515,870	540,889	252	95.3	100.0
	Firm Deaths	546,518	516,964	546,149	369	94.6	99.9
	Net Change	25,377	21,094	25,260	2117	—	—
1989–1990	Firm Births	584,892	558,478	584,660	232	95.5	100.0
	Firm Deaths	531,400	502,685	530,991	409	94.6	99.9
	Net Change	53,492	55,793	53,669	2177	—	—
1990–1995	Firm Births	1,797,117	1,679,831	1,795,661	1,456	93.5	99.9
	Firm Deaths	1,546,705	1,426,040	1,545,007	1,698	92.2	99.9
	Net Change	250,412	253,791	250,654	2242	—	—
<b>Employment</b>							
1996–1997	Firm Births	3,227,556	1,813,539	3,029,666	197,890	56.2	93.9
	Firm Deaths	3,274,604	1,620,797	2,960,814	313,790	49.5	90.4
	Continuing Firms	3,151,331	1,364,954	2,285,350	865,981	43.3	72.5
	Net Change	3,104,283	1,557,696	2,354,202	750,081	50.2	75.8
1995–1996	Firm Births	3,255,676	1,844,516	3,055,596	200,080	56.7	93.9
	Firm Deaths	3,099,589	1,559,598	2,808,493	291,096	50.3	90.6
	Continuing Firms	1,711,158	1,150,535	1,212,409	498,749	67.2	70.9
	Net Change	1,867,245	1,435,453	1,459,512	407,733	76.9	78.2
1994–1995	Firm Births	3,322,001	1,836,153	3,049,456	272,545	55.3	91.8
	Firm Deaths	2,822,627	1,516,552	2,633,587	189,040	53.7	93.3
	Continuing Firms	3,092,193	1,358,182	2,197,436	894,757	43.9	71.1
	Net Change	3,591,567	1,677,783	2,613,305	978,262	46.7	72.8

1993–1994	Firm Births	3,105,753	1,760,322	2,889,507	216,246	56.7	93.0
	Firm Deaths	3,077,307	1,549,072	2,800,933	276,374	50.3	91.0
	Continuing Firms	1,916,014	1,100,290	1,504,776	411,238	57.4	78.5
	Net Change	1,944,460	1,311,540	1,593,350	351,110	67.5	81.9
1992–1993	Firm Births	3,438,106	1,750,662	3,053,765	384,341	50.9	88.8
	Firm Deaths	2,906,260	1,515,896	2,697,656	208,604	52.2	92.8
	Continuing Firms	1,416,407	1,241,062	1,431,127	214,720	87.6	—
	Net Change	1,948,253	1,475,828	1,787,236	161,017	75.8	91.7
1991–1992	Firm Births	3,200,969	1,703,491	2,863,799	337,170	53.2	89.5
	Firm Deaths	3,126,463	1,602,579	2,894,127	232,336	51.3	92.6
	Continuing Firms	448,605	1,041,557	875,026	2426,421	—	—
	Net Change	523,111	1,142,469	844,698	2321,587	—	—
1990–1991	Firm Births	3,105,363	1,712,856	2,907,351	198,012	55.2	93.6
	Firm Deaths	3,208,099	1,723,159	3,044,470	163,629	53.7	94.9
	Continuing Firms	21,058,980	561,228	2570,399	2488,581	—	—
	Net Change	21,161,716	550,925	2707,518	2454,198	—	—
1989–1990	Firm Births	3,211,064	1,886,311	3,090,643	120,421	58.7	96.2
	Firm Deaths	3,198,829	1,683,174	2,988,436	210,393	52.6	93.4
	Continuing Firms	1,830,946	1,313,100	1,300,511	530,435	71.7	71.0
	Net Change	1,843,181	1,516,237	1,402,718	440,463	82.3	76.1
1990–1995	Firm Births	13,304,645	6,514,382	12,126,607	1,178,038	49.0	91.1
	Firm Deaths	11,808,721	5,611,968	11,113,149	695,572	47.5	94.1
	Continuing Firms	5,357,860	2,457,482	4,228,021	1,129,839	45.9	78.9
	Net Change	6,853,784	3,359,896	5,241,479	1,612,305	49.0	76.5

Notes: 1990–1995 represents firm births that survived until 1995, and firm deaths are firms that existed in 1990. The data represent activity from March of the beginning year to March of the ending year. Establishments with no employment in the first quarter of the beginning year were excluded. New firm births are classified by their employment size at the first quarter. Percent of size class is not calculated when size classes change in opposite directions. New firms represent new original establishments and deaths represent closed original establishments.

Source: U.S. Small Business Administration, Office of Advocacy, from data provided by the U.S. Department of Commerce, Bureau of the Census.



**Table A.10** *Employer Firms by State, 1998 and 1999*

	1998	1999	Percent Change	Rank
<b>United States</b>	<b>5,685,900 e.</b>	<b>5,797,500 e.</b>	<b>2.0</b>	
Alabama	87,256	86,139	21.3	51
Alaska	16,038	16,136	0.6	42
Arizona	99,654	101,149	1.5	27
Arkansas	59,061	59,554	0.8	37
California	881,400	906,092	2.8	11
Colorado	124,948	128,889	3.2	9
Connecticut	94,517	95,351	0.9	34
Delaware	23,537	24,178	2.7	14
District of Columbia	25,181	25,986	3.2	8
Florida	373,610	374,867	0.3	44
Georgia	178,172	184,458	3.5	5
Hawaii	27,496	27,489	0.0	49
Idaho	36,780	38,025	3.4	6
Illinois	275,207	277,313	0.8	39
Indiana	124,386	123,620	20.6	50
Iowa	68,324	68,859	0.8	38
Kansas	65,681	66,773	1.7	24
Kentucky	85,473	86,644	1.4	28
Louisiana	93,915	95,947	2.2	20
Maine	36,961	37,785	2.2	19
Maryland	126,313	127,817	1.2	29
Massachusetts	164,343	164,803	0.3	46
Michigan	212,401	219,552	3.4	7
Minnesota	124,538	126,451	1.5	26
Mississippi	51,475	52,907	2.8	13
Missouri	126,399	126,699	0.2	47
Montana	30,286	31,223	3.1	10
Nebraska	43,672	44,142	1.1	30
Nevada	41,196	42,922	4.2	2
New Hampshire	37,460	39,004	4.1	3
New Jersey	221,548	221,548 e.	0.0	48
New Mexico	40,622	41,712	2.7	16
New York	450,255	462,473	2.7	15
North Carolina	164,930	169,351	2.7	17
North Dakota	18,524	18,661	0.7	40
Ohio	232,249	238,755	2.8	12
Oklahoma	73,571	73,812	0.3	45
Oregon	97,643	98,027	0.4	43
Pennsylvania	246,154	250,367	1.7	23
Rhode Island	31,724	32,215	1.5	25
South Carolina	84,853	86,924	2.4	18
South Dakota	21,702	22,141	2.0	22
Tennessee	108,774	109,688	0.8	36
Texas	379,071	383,148	1.1	31
Utah	49,619	52,507	5.8	1
Vermont	19,976	20,391	2.1	21
Virginia	156,098	157,469	0.9	35
Washington	182,678	189,769	3.9	4
West Virginia	38,441	38,701	0.7	41
Wisconsin	120,266	121,400	0.9	32
Wyoming	18,181	18,347	0.9	33

e. = estimated.

Source: U.S. Small Business Administration, Office of Advocacy, from data provided by the U.S. Department of Labor, Employment and Training Administration and Bureau of Labor Statistics; U.S. Department of Commerce, Bureau of the Census.

**Table A.11 Business Turnover by State, 1998 and 1999**

	New Employer Firms			Business Terminations			Business Bankruptcies					
	1998	1999	Percent Change	Rank	1998	1999	Percent Change	Rank	1998	1999	Percent Change	Rank
<b>United States</b>	<b>591,200 e.</b>	<b>588,900 e.</b>	<b>20.4</b>		<b>537,900 e.</b>	<b>528,600 e.</b>	<b>21.7</b>		<b>44,197</b>	<b>37,639</b>	<b>214.8</b>	
Alabama	10,158	10,847	6.8	6	12,006	13,390	11.5	8	603	434	228.0	46
Alaska	2,319	2,374	2.4	17	2,501	2,651	6.0	13	127	115	29.4	16
Arizona	12,506	12,513	0.1	29	14,957	14,996	0.3	22	762	781	2.5	7
Arkansas	5,374	5,531	2.9	14	6,905	4,850	229.8	50	408	295	227.7	43
California	158,571	155,707	21.8	33	117,412	107,745	28.2	41	8,546	5,014	241.3	51
Colorado	20,671	19,109	27.6	46	16,603	10,138	238.9	51	402	347	213.7	21
Connecticut	9,169	9,375	2.2	18	12,132	11,523	25.0	37	164	142	213.4	20
Delaware	3,324	3,767	13.3	4	2,768	3,442	24.3	3	372	2,115	468.5	1
District of Columbia	3,532	3,556	0.7	28	3,359	4,716	40.4	1	88	81	28.0	15
Florida	59,445	61,118	2.8	15	56,535	59,582	5.4	15	1,867	1,723	27.7	14
Georgia	29,261	30,133	3.0	13	27,417	26,800	22.3	28	1,197	933	222.1	36
Hawaii	3,242	3,563	9.9	5	3,222	3,888	20.7	4	114	87	223.7	40
Idaho	5,637	5,877	4.3	11	6,408	6,176	23.6	34	435	340	221.8	35
Illinois	28,882	28,222	22.3	36	29,868	30,885	3.4	18	1,474	1,394	25.4	11
Indiana	14,304	13,515	25.5	44	15,870	16,797	5.8	14	613	501	218.3	30
Iowa	5,474	5,842	6.7	7	6,667	7,404	11.1	9	283	196	230.7	47
Kansas	7,758	5,755	225.8	51	8,809	6,194	229.7	49	264	172	234.8	48
Kentucky	9,498	9,158	23.6	40	9,050	9,111	0.7	20	356	281	221.1	34
Louisiana	10,477	10,333	21.4	32	10,064	11,086	10.2	10	600	589	21.8	10
Maine	5,136	5,007	22.5	37	6,086	4,720	222.4	47	244	197	219.3	32
Maryland	19,436	18,820	23.2	38	20,264	18,631	28.1	40	1,231	795	235.4	49
Massachusetts	16,693	16,375	21.9	34	17,528	19,667	12.2	7	739	566	223.4	39
Michigan	26,183	23,512	210.2	47	19,765	19,221	22.8	31	721	634	212.1	18
Minnesota	12,231	12,783	4.5	10	12,066	10,274	214.9	46	1,975	1,584	219.8	33
Mississippi	6,180	7,353	19.0	3	7,357	7,622	3.6	16	244	201	217.6	28
Missouri	14,286	13,685	24.2	41	19,602	18,898	23.6	33	424	358	215.6	23
Montana	3,904	3,977	1.9	22	4,280	3,946	27.8	39	145	121	216.6	25
Nebraska	4,117	4,179	1.5	24	5,422	5,203	24.0	35	129	158	22.5	3

**Table A.11 Business Turnover by State, 1998 and 1999**

	New Employer Firms			Business Terminations			Business Bankruptcies					
	1998	1999	Percent Change	Rank	1998	1999	Percent Change	Rank	1998	1999	Percent Change	Rank
Nevada	8,344	8,405	0.7	27	7,766	7,567	22.6	30	428	309	227.8	44
New Hampshire	5,103	4,256	216.6	50	5,261	6,165	17.2	6	417	348	216.5	24
New Jersey	26,059	26,059 e.	0.0	30	27,167	27,167 e.	0.0	23	876	877	0.1	9
New Mexico	4,519	5,703	26.2	2	6,949	6,351	28.6	42	338	554	63.9	2
New York	57,290	60,674	5.9	9	60,115	53,566	210.9	44	2,279	1,872	217.9	29
North Carolina	25,007	23,724	25.1	43	23,700	23,218	22.0	27	534	442	217.2	27
North Dakota	1,527	1,550	1.5	23	2,396	2,212	27.7	38	87	100	14.9	4
Ohio	23,447	22,918	22.3	35	24,419	24,151	21.1	24	1,161	1,195	2.9	6
Oklahoma	9,690	8,427	213.0	49	9,463	8,198	213.4	45	833	728	212.6	19
Oregon	12,876	13,685	6.3	8	15,458	16,665	7.8	11	2,660	2,939	10.5	5
Pennsylvania	29,418	29,741	1.1	26	31,284	32,359	3.4	17	1,685	1,397	217.1	26
Rhode Island	3,600	3,572	20.8	31	3,944	3,985	1.0	19	130	116	210.8	17
South Carolina	11,564	10,910	25.7	45	11,647	11,086	24.8	36	254	191	224.8	41
South Dakota	1,938	2,013	3.9	12	2,346	1,749	225.4	48	186	152	218.3	31
Tennessee	15,951	15,445	23.2	39	17,566	17,046	23.0	32	869	802	27.7	13
Texas	51,767	52,999	2.4	16	56,756	56,919	0.3	21	2,696	2,302	214.6	22
Utah	9,688	9,874	1.9	21	7,267	9,572	31.7	2	460	464	0.9	8
Vermont	1,933	2,530	30.9	1	2,603	2,543	22.3	29	88	83	25.7	12
Virginia	20,842	21,270	2.1	19	20,689	22,031	6.5	12	1,138	841	226.1	42
Washington	37,362	38,105	2.0	20	34,953	41,059	17.5	5	996	632	236.5	50
West Virginia	4,432	4,214	24.9	42	5,562	5,493	21.2	25	329	253	223.1	38
Wisconsin	13,865	12,447	210.2	48	14,764	13,358	29.5	43	1,137	819	228.0	45
Wyoming	2,245	2,271	1.2	25	2,888	2,842	21.6	26	89	69	222.5	37

Notes: U.S. totals for new firms and terminations are estimated from 1996 Bureau of the Census data, percent changes in the state totals and rounded. States do not add to the total as firms can be in more than one state. New firms are firms that plan to begin to hire employees, terminations are business closings, and bankruptcies are firms that file for bankruptcy with the U.S. court system. New Jersey fourth quarter 1998 and 1999 figures were estimated.

Source: U.S. Small Business Administration, Office of Advocacy, from data provided by U.S. Department of Labor, Employment and Training Administration; Administrative Office of the U.S. Courts; and Advocacy estimates.

**Table A.12** *Women-Owned Businesses and their Employment by State, 1997*

State	Firms	Employees
<b>United States</b>	<b>5,417,000</b>	<b>7,076,081</b>
Alabama	69,500	97,966
Alaska	16,600	16,520
Arizona	88,800	101,601
Arkansas	42,600	64,379
California	700,500	932,462
Colorado	114,800	132,506
Connecticut	72,400	78,598
Delaware	13,700	19,192
District of Columbia	14,000	17,320
Florida	337,800	371,412
Georgia	145,600	190,577
Hawaii	25,800	30,138
Idaho	25,800	25,873
Illinois	239,700	392,569
Indiana	107,100	131,778
Iowa	57,500	71,724
Kansas	54,500	58,497
Kentucky	66,000	95,453
Louisiana	70,600	116,063
Maine	30,600	28,263
Maryland	115,800	139,616
Massachusetts	142,700	155,191
Michigan	184,600	288,132
Minnesota	180,400	124,616
Mississippi	38,300	54,183
Missouri	103,600	134,301
Montana	22,400	22,240
Nebraska	33,500	42,044
Nevada	33,300	49,477
New Hampshire	27,300	33,911
New Jersey	155,300	247,040
New Mexico	38,700	48,236
New York	394,000	461,127
North Carolina	139,900	221,973
North Dakota	12,400	13,482
Ohio	205,000	291,361
Oklahoma	67,500	82,531
Oregon	80,500	91,379
Pennsylvania	203,000	257,841
Rhode Island	19,900	28,678
South Carolina	64,200	100,284
South Dakota	14,100	14,323
Tennessee	99,800	142,080
Texas	381,500	548,756
Utah	42,000	54,135
Vermont	17,000	13,524
Virginia	132,200	172,227
Washington	123,000	139,032
West Virginia	30,200	33,724
Wisconsin	89,300	146,450
Wyoming	11,100	11,296

Source: U.S. Department of Commerce, Bureau of the Census, Survey of Women-Owned Business Enterprises, 1997.

**Table A.13** *Minority-Owned Businesses, Employment, Sales, and Payroll by Race or Ethnicity and State, 1997*  
*(Sales and Payroll in Thousands of Dollars)*

State	Minority/Nonminority Group	Number of Firms	Sales of All Firms	Number of Employer Firms	Sales of Employer Firms	Number of Employees*	Annual Payroll	Number of Nonemployer Firms	Nonemployer Firms' Sales	
<b>United States</b>	All Firms	20,821,934	18,553,243,047	5,295,151	17,907,940,321	103,359,815	2,936,492,940	15,526,783	645,302,726	
	American Indian/Alaska Native	197,300	34,343,907	33,277	29,226,260	298,661	6,624,235	164,023	5,117,647	
	Asian	893,590	302,794,625	286,976	274,569,397	2,169,032	45,395,276	606,614	28,225,229	
	Black	823,499	71,214,662	93,235	56,377,860	718,341	14,322,312	730,264	14,836,803	
	Hispanic	1,199,896	186,274,582	211,884	158,674,537	1,388,746	29,830,028	988,012	27,600,045	
	Pacific Islander	19,370	4,138,357	3,023	3,724,948	34,047	784,243	16,347	413,409	
	White Non-Hispanic	17,316,796	7,763,010,611	4,372,817	7,252,270,327	54,084,357	1,395,150,230	12,943,980	510,740,283	
	<b>Alabama</b>	All Firms in the State	285,206	237,406,593	75,987	228,632,577	1,530,488	36,646,331	209,219	8,774,016
		American Indian/Alaska Native	3,513	459,539	592	382,184	4,001	75,893	2,921	77,355
		Asian	3,278	1,383,041	1,441	NA	10,000-24,999	NA	1,837	NA
Black		19,077	1,008,966	2,266	728,041	13,232	231,869	16,810	280,925	
Hispanic		2,919	396,775	426	355,509	3,950	91,369	2,493	41,266	
Pacific Islander		37	3,918	17	NA	250-499	NA	20	NA	
White Non-Hispanic		250,639	115,109,012	66,389	107,972,826	845,795	18,962,584	184,250	7,136,187	
<b>Alaska</b>		All Firms in the State	64,134	36,911,657	14,948	35,275,916	182,184	5,829,807	49,186	1,635,741
		American Indian/Alaska Native	6,820	1,709,448	828	1,505,318	8,131	264,928	5,992	204,131
		Asian	1,661	NA	592	NA	2,500-4,999	NA	1,069	41,320
	Black	876	55,713	117	44,394	704	13,094	759	11,320	
	Hispanic	1,385	192,077	331	155,239	1,802	31,440	1,054	36,839	
	Pacific Islander	155	NA	55	NA	100-249	NA	100	2,302	
	White Non-Hispanic	51,018	14,649,540	11,442	13,354,694	95,751	2,941,230	39,576	1,294,847	
	<b>Arizona</b>	All Firms in the State	329,031	247,191,482	86,302	237,960,022	1,666,364	41,788,366	242,729	9,231,460
		American Indian/Alaska Native	5,510	752,520	848	673,949	8,703	163,623	4,662	78,571
		Asian	6,898	1,882,400	2,540	NA	10,000-24,999	NA	4,358	NA
Black		3,582	314,497	503	252,736	5,704	92,407	3,080	61,761	
Hispanic		28,894	4,226,654	6,320	3,712,514	42,791	770,963	22,574	514,139	
Pacific Islander		246	119,440	92	NA	500-999	NA	154	NA	
White Non-Hispanic		276,147	111,744,406	70,116	104,013,965	868,393	20,081,021	206,032	7,730,441	

<b>Arkansas</b>										
All Firms in the State	193,424	143,570,776	49,341	135,575,701	915,826	19,926,386	144,083	7,995,075		
American Indian/Alaska Native	2,308	438,170	351	369,989	3,456	63,573	1,958	68,182		
Asian	1,502	NA	608	NA	2,500-4,999	NA	894	NA		
Black	6,721	386,958	761	264,831	2,464	40,975	5,961	122,127		
Hispanic	2,586	189,955	365	121,645	2,044	30,487	2,221	68,310		
Pacific Islander	27	NA	8	NA	20-99	NA	19	NA		
White Non-Hispanic	175,715	68,928,986	43,610	64,256,804	516,081	10,350,424	132,106	4,672,182		
<b>California</b>										
All Firms in the State	2,565,734	2,178,292,213	618,232	2,086,547,724	11,474,180	358,473,980	1,947,502	91,744,489		
American Indian/Alaska Native	26,603	5,835,958	5,039	5,067,499	77,803	1,894,671	21,564	768,459		
Asian	312,956	121,055,596	93,557	109,630,780	791,632	15,076,922	219,399	11,424,817		
Black	79,110	6,395,311	7,377	4,552,255	56,252	1,081,299	71,734	1,843,056		
Hispanic	336,405	511,682,136	50,223	42,872,261	392,434	8,082,903	286,182	8,809,876		
Pacific Islander	3,092	509,981	191	436,705	6,136	125,279	2,901	73,276		
White Non-Hispanic	1,762,449	851,616,827	424,264	787,626,267	5,630,572	163,647,881	1,338,183	63,990,560		
<b>Colorado</b>										
All Firms in the State	410,249	277,629,997	104,989	266,136,186	1,646,273	45,736,518	305,260	11,493,811		
American Indian/Alaska Native	3,390	515,072	405	415,046	3,539	110,075	2,985	100,026		
Asian	8,733	2,010,148	2,904	1,767,465	18,783	348,414	5,829	242,683		
Black	4,926	512,868	740	423,043	4,204	88,485	4,187	89,824		
Hispanic	20,859	3,068,288	4,102	2,665,587	27,620	603,750	16,758	402,701		
Pacific Islander	295	49,690	46	43,917	378	9,453	249	5,773		
White Non-Hispanic	361,601	122,290,677	89,119	112,470,172	902,840	22,678,968	272,482	9,820,503		
<b>Connecticut</b>										
All Firms in the State	284,022	314,909,364	76,539	304,204,471	1,473,721	51,816,980	207,483	10,704,893		
American Indian/Alaska Native	1,311	407,124	418	350,652	3,748	100,739	893	56,472		
Asian	5,820	2,506,940	2,146	NA	10,000-24,999	NA	3,674	NA		
Black	7,251	528,164	857	403,166	4,761	135,296	6,394	124,998		
Hispanic	6,594	1,162,806	1,078	879,929	9,670	266,018	5,516	282,877		
Pacific Islander	NA	NA	NA	NA	NA	NA	NA	NA		
White Non-Hispanic	255,021	125,539,640	65,714	117,133,443	761,202	25,003,041	189,308	8,406,196		
<b>Delaware</b>										
All Firms in the State	56,586	89,318,585	18,385	87,509,700	346,302	10,780,041	38,201	1,808,885		
American Indian/Alaska Native	288	55,226	56	49,898	1,423	18,542	231	5,328		
Asian	1,499	NA	732	472,660	2,976	73,546	766	NA		
Black	2,707	184,549	322	144,443	3,450	43,258	2,385	40,106		
Hispanic	898	503,859	159	426,546	1,517	33,284	739	77,313		
Pacific Islander	3	NA	0	0	0	0	3	NA		
White Non-Hispanic	47,034	21,028,393	13,578	19,487,688	162,477	4,003,710	33,456	1,540,705		

**Table A.13** *Minority-Owned Businesses, Employment, Sales, and Payroll by Race or Ethnicity and State, 1997*  
*(Sales and Payroll in Thousands of Dollars)—Continued*

State	Minority/Nonminority Group	Number of Firms	Sales of All Firms	Number of Employer Firms	Sales of Employer Firms	Number of Employees*	Annual Payroll	Number of Nonemployer Firms	Nonemployer Firms' Sales
<b>District of Columbia</b>									
All Firms in the State									
	American Indian/Alaska Native	45,297	52,900,995	14,500	51,303,513	345,685	13,482,410	30,797	1,597,482
	Asian	66	NA	32	NA	250-499	NA	34	NA
	Black	2,412	NA	1,529	NA	5,000-9,999	NA	883	NA
	Hispanic	10,909	1,334,651	1,232	NA	10,000-24,999	NA	9,677	NA
	Pacific Islander	2,153	663,650	377	619,753	4,349	163,579	1,776	43,897
	White Non-Hispanic	11	NA	6	NA	0-19	NA	4	NA
		25,562	19,614,137	7,929	18,678,258	141,756	5,737,854	17,633	935,879
<b>Florida</b>									
All Firms in the State									
	American Indian/Alaska Native	1,301,920	828,429,130	335,393	789,239,505	5,449,574	133,351,371	966,527	39,189,625
	Asian	10,546	1,518,789	1,789	1,265,839	10,593	201,623	8,758	252,949
	Black	32,280	10,341,917	12,563	9,433,034	95,924	1,496,921	19,717	908,883
	Hispanic	59,732	4,092,155	6,424	2,925,260	31,035	556,186	53,308	1,166,895
	Pacific Islander	193,902	35,351,266	40,877	31,634,998	192,761	4,591,368	153,025	3,716,268
	White Non-Hispanic	1,489	125,391	159	93,388	995	20,178	1,331	32,003
		983,675	358,641,382	254,246	327,075,306	2,558,429	61,444,542	729,428	31,566,075
<b>Georgia</b>									
All Firms in the State									
	American Indian/Alaska Native	568,552	580,344,999	146,841	561,811,488	3,047,650	81,591,286	421,711	18,533,511
	Asian	4,470	495,465	682	345,077	4,203	81,456	3,788	150,388
	Black	17,957	6,308,641	7,162	NA	25,000-49,999	NA	10,795	NA
	Hispanic	55,766	4,110,716	6,073	3,111,892	40,593	741,509	49,693	998,824
	Pacific Islander	11,741	1,887,924	1,772	1,612,910	12,543	292,330	9,968	275,014
	White Non-Hispanic	201	107,600	34	NA	500-999	NA	167	NA
		466,483	205,307,853	121,222	189,975,262	1,447,019	35,090,805	345,261	15,332,591
<b>Hawaii</b>									
All Firms in the State									
	American Indian/Alaska Native	93,981	55,361,257	23,415	52,869,179	412,304	10,418,079	70,566	2,492,078
	Asian	458	48,134	33	19,168	142	3,066	425	28,966
	Black	43,710	13,557,741	11,269	12,540,709	113,002	2,794,630	32,440	1,017,033
	Hispanic	638	34,165	168	20,562	561	7,502	470	13,603
	Pacific Islander	4,153	277,047	360	178,206	2,276	45,306	3,793	98,841
	White Non-Hispanic	6,924	965,430	962	848,589	10,642	220,230	5,963	116,841
		34,260	12,626,844	7,125	11,646,743	111,108	2,581,564	27,136	980,100





**Table A.13** *Minority-Owned Businesses, Employment, Sales, and Payroll by Race or Ethnicity and State, 1997*  
*(Sales and Payroll in Thousands of Dollars)—Continued*

State	Minority/Nonminority Group	Number of Firms	Sales of All Firms	Number of Employer Firms	Sales of Employer Firms	Number of Employees*	Annual Payroll	Number of Nonemployer Firms	Nonemployer Firms' Sales
<b>Kentucky</b>	All Firms in the State	281,551	245,795,924	68,328	238,602,609	1,389,368	33,299,966	213,223	7,193,315
	American Indian/Alaska Native	3,069	242,694	391	149,055	2,257	35,864	2,678	93,639
	Asian	2,515	NA	1,076	NA	10,000–24,999	NA	1,439	61,858
	Black	5,629	658,535	611	588,703	7,717	121,353	5,018	69,833
	Hispanic	1,481	282,916	388	249,136	3,085	67,295	1,093	33,780
	Pacific Islander	80	NA	39	NA	20–99	NA	41	355
	White Non-Hispanic	262,554	101,440,102	60,840	94,789,711	744,390	15,774,871	201,715	6,650,392
<b>Louisiana</b>	All Firms in the State	295,679	285,022,192	78,477	277,061,824	1,474,855	36,288,317	217,202	7,960,368
	American Indian/Alaska Native	3,230	561,178	300	473,514	3,942	86,176	2,930	87,664
	Asian	6,437	1,364,058	2,103	NA	10,000–24,999	NA	4,335	NA
	Black	25,782	1,917,295	3,050	1,451,135	27,441	464,477	22,732	466,160
	Hispanic	6,645	1,282,958	1,359	1,121,441	9,356	249,926	5,286	161,517
	Pacific Islander	52	8,875	9	NA	20–99	NA	43	NA
	White Non-Hispanic	246,695	110,196,854	66,135	103,370,493	848,349	18,835,210	180,560	6,826,362
<b>Maine</b>	All Firms in the State	127,467	63,626,180	31,539	59,925,775	447,772	10,830,416	95,928	3,700,405
	American Indian/Alaska Native	1,417	160,997	204	117,439	867	19,272	1,213	43,558
	Asian	642	NA	276	NA	1,000–2,499	NA	366	NA
	Black	257	28,088	36	23,600	346	6,871	221	4,488
	Hispanic	545	51,941	139	46,004	677	9,895	406	5,937
	Pacific Islander	4	NA	3	NA	0–19	NA	1	NA
	White Non-Hispanic	121,422	35,049,479	28,371	31,939,411	273,160	6,280,342	93,051	3,110,068
<b>Maryland</b>	All Firms in the State	400,203	285,924,027	99,761	274,434,271	1,906,435	54,616,809	300,442	11,489,756
	American Indian/Alaska Native	2,421	330,961	443	275,900	2,605	64,519	1,978	55,061
	Asian	21,977	5,665,949	7,707	NA	50,000–99,999	NA	14,271	NA
	Black	47,614	3,964,600	4,214	3,180,637	41,755	946,386	43,399	783,964
	Hispanic	11,158	1,567,197	1,793	1,334,552	13,688	398,018	9,365	232,645
	Pacific Islander	186	128,387	69	NA	2,500–4,999	NA	117	NA
	White Non-Hispanic	305,403	126,532,347	77,944	118,014,850	994,453	25,940,354	227,461	8,517,498

<b>Massachusetts</b>										
All Firms in the State	537,150	517,291,479	135,309	498,376,149	2,852,762	93,491,900	401,841	18,915,330		
American Indian/Alaska Native	3,428	295,317	579	195,226	2,668	82,551	2,849	100,091		
Asian	12,598	NA	4,375	NA	25,000-49,999	NA	8,222	NA		
Black	11,834	1,013,134	1,239	804,314	8,267	188,731	10,595	208,819		
Hispanic	12,725	1,622,815	1,627	1,316,470	11,146	287,511	11,098	306,345		
Pacific Islander	131	NA	3	NA	0-19	NA	128	NA		
White Non-Hispanic	482,684	217,628,929	117,043	202,162,370	1,399,440	41,300,856	365,641	15,466,560		
<b>Michigan</b>										
All Firms in the State	677,473	715,375,586	184,849	696,806,219	3,823,973	117,302,530	492,624	18,569,367		
American Indian/Alaska Native	5,802	720,384	1,016	594,295	7,055	127,831	4,786	126,089		
Asian	11,560	5,456,647	4,261	4,918,464	40,671	1,091,511	7,299	538,183		
Black	24,954	4,623,414	2,843	4,157,785	37,688	921,765	22,111	465,629		
Hispanic	9,997	1,967,086	1,487	1,745,979	13,763	330,976	8,509	221,107		
Pacific Islander	117	34,610	36	33,696	219	5,683	80	914		
White Non-Hispanic	611,030	302,347,579	164,185	286,028,336	2,078,945	55,800,340	446,846	16,319,243		
<b>Minnesota</b>										
All Firms in the State	410,634	382,363,126	104,802	369,836,727	2,138,561	60,829,888	305,832	12,526,399		
American Indian/Alaska Native	2,413	514,907	350	404,218	2,310	57,508	2,062	110,689		
Asian	5,330	1,697,579	1,683	1,506,698	15,753	259,432	3,647	190,880		
Black	4,024	523,126	472	459,125	4,352	99,939	3,553	64,002		
Hispanic	3,616	391,714	414	294,093	4,960	63,331	3,202	97,621		
Pacific Islander	105	14,514	42	8,039	169	1,821	63	6,474		
White Non-Hispanic	385,034	181,755,414	94,005	172,208,098	1,240,172	31,581,320	291,028	9,547,316		
<b>Mississippi</b>										
All Firms in the State	167,907	122,887,932	45,615	118,235,010	866,254	18,434,395	122,292	4,652,922		
American Indian/Alaska Native	1,088	209,854	222	179,764	1,648	30,658	865	30,089		
Asian	2,386	714,788	851	NA	5,000-9,999	NA	1,535	NA		
Black	17,617	852,824	2,205	559,182	9,773	121,522	15,412	293,642		
Hispanic	988	124,079	169	99,015	1,325	23,520	819	25,065		
Pacific Islander	NA	NA	NA	NA	NA	NA	NA	NA		
White Non-Hispanic	141,862	62,706,180	38,945	58,619,064	494,465	10,139,909	102,916	4,087,118		
<b>Missouri</b>										
All Firms in the State	411,403	382,797,052	111,852	372,254,747	2,196,997	57,986,062	299,551	10,542,305		
American Indian/Alaska Native	4,106	625,993	774	506,782	5,839	112,352	3,332	119,211		
Asian	4,834	1,279,682	2,229	NA	10,000-24,999	NA	2,606	NA		
Black	13,678	1,261,398	2,142	1,060,253	14,503	252,769	11,536	201,145		
Hispanic	4,107	586,821	786	460,460	6,141	146,268	3,320	126,361		
Pacific Islander	140	70,580	46	NA	500-999	NA	94	NA		
White Non-Hispanic	374,198	158,363,396	97,989	149,511,319	1,149,500	27,175,870	276,210	8,852,076		

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*(Sales and Payroll in Thousands of Dollars)—Continued*

State	Minority/Nonminority Group	Number of Firms	Sales of All Firms	Number of Employer Firms	Sales of Employer Firms	Number of Employees*	Annual Payroll	Number of Nonemployer Firms	Nonemployer Firms' Sales
<b>Montana</b>	All Firms in the State	93,677	37,668,225	25,974	35,570,987	269,469	5,447,948	67,703	2,097,238
	American Indian/Alaska Native	1,912	165,265	438	130,417	1,504	22,677	1,474	34,848
	Asian	369	NA	137	NA	1,000-2,499	NA	232	NA
	Black	62	NA	15	NA	20-99	NA	47	NA
	Hispanic	1,006	114,897	184	92,300	785	10,265	822	22,597
	Pacific Islander	74	NA	35	NA	100-249	NA	39	NA
	White Non-Hispanic	87,739	22,677,959	23,218	20,708,770	182,078	3,400,900	64,520	1,969,192
<b>Nebraska</b>	All Firms in the State	138,762	137,755,012	38,594	134,465,728	687,525	16,035,060	100,168	3,289,284
	American Indian/Alaska Native	799	99,826	107	90,889	1,157	21,770	691	8,937
	Asian	869	NA	389	NA	2,500-4,999	NA	479	NA
	Black	1,565	129,219	238	110,006	1,874	29,722	1,328	19,213
	Hispanic	1,437	141,202	346	109,844	2,357	29,144	1,091	31,358
	Pacific Islander	8	NA	1	NA	0-19	NA	7	NA
	White Non-Hispanic	130,254	57,874,707	34,529	54,851,288	381,931	8,261,078	95,725	3,023,419
<b>Nevada</b>	All Firms in the State	129,757	102,813,070	35,131	97,814,925	757,255	19,291,136	94,626	4,998,145
	American Indian/Alaska Native	1,231	244,734	183	202,138	1,475	36,787	1,048	42,595
	Asian	4,835	1,842,413	1,290	1,662,499	19,785	437,146	3,544	179,914
	Black	2,796	225,880	344	183,015	2,344	53,820	2,452	42,865
	Hispanic	6,565	1,220,858	1,661	1,064,118	11,487	243,002	4,904	156,740
	Pacific Islander	170	25,341	54	21,193	145	4,877	117	4,148
	White Non-Hispanic	109,282	53,465,671	28,204	49,521,490	429,870	10,803,488	81,078	3,944,181
<b>New Hampshire</b>	All Firms in the State	115,747	79,303,771	30,452	75,916,752	507,990	13,494,257	85,295	3,387,019
	American Indian/Alaska Native	1,038	156,740	123	126,752	897	19,741	915	29,987
	Asian	1,114	NA	586	NA	5,000-9,999	NA	528	NA
	Black	326	32,351	54	26,200	506	11,137	272	6,150
	Hispanic	735	116,696	122	98,137	1,043	25,749	613	18,559
	Pacific Islander	51	NA	27	NA	20-99	NA	24	NA
	White Non-Hispanic	109,311	38,988,681	27,038	35,781,187	290,934	7,186,890	82,273	3,207,494

<b>New Jersey</b>										
All Firms in the State										
American Indian/Alaska Native	654,227	690,007,714	194,118	667,137,703	3,298,375	113,091,959	460,109	22,870,011		
Asian	2,375	364,056	461	300,492	2,347	57,733	1,913	63,564		
Black	40,999	16,666,235	15,065	15,376,327	79,174	2,304,250	25,934	1,289,907		
Hispanic	26,500	2,160,441	3,236	1,580,808	16,862	375,877	23,264	579,634		
Pacific Islander	36,116	5,107,287	7,355	4,276,407	28,134	665,530	28,761	830,879		
White Non-Hispanic	433	67,836	89	59,989	466	10,044	344	7,847		
	534,493	275,937,451	155,731	257,739,817	1,702,519	50,932,927	378,763	18,197,634		
<b>New Mexico</b>										
All Firms in the State										
American Indian/Alaska Native	131,685	79,752,084	34,170	76,492,214	506,662	11,570,103	97,515	3,259,870		
Asian	6,838	579,671	566	473,630	3,398	85,477	6,272	106,041		
Black	2,384	544,889	961	488,803	5,972	129,249	1,423	56,085		
Hispanic	1,132	142,847	165	130,131	1,121	20,051	967	12,715		
Pacific Islander	28,285	3,667,526	6,737	3,143,851	39,951	651,717	21,548	523,675		
White Non-Hispanic	164	33,100	60	31,282	402	3,555	103	1,818		
	90,202	30,229,000	22,900	28,042,314	256,471	5,313,066	67,302	2,186,687		
<b>New York</b>										
All Firms in the State										
American Indian/Alaska Native	1,509,829	1,488,912,652	402,266	1,438,125,325	6,799,764	248,006,938	1,107,563	50,787,327		
Asian	6,443	1,417,279	1,074	1,206,603	5,270	155,336	5,369	210,675		
Black	122,753	31,441,072	34,086	28,372,628	184,855	4,195,107	88,667	3,068,444		
Hispanic	86,469	5,067,265	7,822	3,445,063	45,703	1,005,200	78,647	1,622,202		
Pacific Islander	104,189	10,311,271	13,667	8,120,010	56,464	1,607,504	90,522	2,191,261		
White Non-Hispanic	506	170,036	44	162,903	263	25,014	462	7,132		
	1,169,250	590,377,219	317,303	552,447,405	3,493,092	110,964,695	851,948	37,929,813		
<b>North Carolina</b>										
All Firms in the State										
American Indian/Alaska Native	570,484	518,648,589	149,186	500,546,338	3,067,214	77,145,248	421,298	18,102,251		
Asian	7,148	911,903	1,275	737,230	7,942	141,365	5,873	174,673		
Black	7,894	2,453,872	3,211	NA	10,000-24,999	NA	4,682	NA		
Hispanic	39,901	2,299,285	5,441	1,701,399	33,914	441,415	34,460	597,886		
Pacific Islander	7,270	1,080,439	1,384	908,909	8,305	193,271	5,887	171,529		
White Non-Hispanic	156	7,306	17	20-99	NA	NA	139	NA		
	496,340	215,325,597	128,389	201,980,139	1,619,411	36,727,819	367,951	13,345,456		
<b>North Dakota</b>										
All Firms in the State										
American Indian/Alaska Native	55,266	35,005,958	16,357	33,831,667	237,347	4,959,823	38,909	1,174,291		
Asian	752	147,068	178	118,990	1,111	16,721	575	28,079		
Black	276	NA	89	60,182	797	11,946	187	NA		
Hispanic	99	NA	8	NA	100-249	NA	91	NA		
Pacific Islander	444	22,459	78	17,050	614	3,219	366	5,409		
White Non-Hispanic	3	NA	0	0	0	0	3	NA		
	51,976	20,874,963	14,508	19,781,402	150,183	2,991,776	37,467	1,093,562		

**Table A.13** *Minority-Owned Businesses, Employment, Sales, and Payroll by Race or Ethnicity and State, 1997*  
*(Sales and Payroll in Thousands of Dollars)—Continued*

State	Minority/Nonminority Group	Number of Firms	Sales of All Firms	Number of Employer Firms	Sales of Employer Firms	Number of Employees*	Annual Payroll	Number of Nonemployer Firms	Nonemployer Firms' Sales
<b>Ohio</b>	All Firms in the State	781,284	796,505,791	202,528	775,731,513	4,647,653	128,334,527	578,756	20,774,278
	American Indian/Alaska Native	5,124	1,074,343	682	932,874	9,357	204,934	4,442	141,468
	Asian	11,021	4,336,430	4,678	NA	25,000-49,999	NA	6,344	NA
	Black	26,970	3,946,848	3,486	3,499,457	32,719	788,525	23,484	447,390
	Hispanic	6,448	1,512,809	1,199	1,283,564	11,353	310,617	5,249	229,245
	Pacific Islander	377	266,723	90	NA	1,000-2,499	NA	287	NA
	White Non-Hispanic	713,720	323,898,636	179,124	305,404,652	2,492,930	61,591,731	534,596	18,493,985
<b>Oklahoma</b>	All Firms in the State	280,722	172,370,196	66,272	164,997,318	1,077,678	25,171,033	214,450	7,372,878
	American Indian/Alaska Native	15,066	2,645,736	2,794	2,266,674	19,276	380,084	12,272	379,062
	Asian	3,892	882,845	1,401	NA	5,000-9,999	NA	2,490	NA
	Black	5,309	333,094	618	259,565	4,847	77,957	4,691	73,528
	Hispanic	4,349	771,529	648	690,334	5,985	125,248	3,701	81,194
	Pacific Islander	108	14,711	31	NA	250-499	NA	77	NA
	White Non-Hispanic	244,306	88,558,638	55,743	82,201,265	634,057	13,410,519	188,563	6,357,373
<b>Oregon</b>	All Firms in the State	291,596	220,084,989	80,443	211,804,567	1,277,418	34,397,004	211,153	8,280,422
	American Indian/Alaska Native	2,861	372,608	431	299,502	2,505	55,871	2,430	73,106
	Asian	7,172	2,033,444	2,492	NA	10,000-24,999	NA	4,680	NA
	Black	2,219	436,156	357	398,916	2,968	66,799	1,862	37,240
	Hispanic	6,022	1,073,638	1,225	950,676	9,665	210,796	4,798	122,962
	Pacific Islander	341	55,282	70	NA	250-499	NA	271	NA
	White Non-Hispanic	265,360	109,598,124	70,144	102,532,738	753,922	18,619,000	195,216	7,065,386
<b>Pennsylvania</b>	All Firms in the State	837,756	802,492,149	222,450	778,115,447	4,740,610	132,473,592	615,306	24,376,702
	American Indian/Alaska Native	5,161	505,273	951	388,532	5,288	73,590	4,210	116,741
	Asian	17,264	4,922,046	6,006	4,323,899	42,852	1,142,047	11,258	598,146
	Black	19,791	1,993,512	2,909	1,652,223	19,979	437,813	16,882	341,288
	Hispanic	7,893	1,273,320	1,785	984,265	10,090	227,006	6,108	289,055
	Pacific Islander	133	21,846	22	20,461	131	3,779	112	1,384
	White Non-Hispanic	769,496	359,182,314	196,492	337,081,308	2,503,221	64,496,312	573,006	22,101,006

**Rhode Island**

All Firms in the State	80,934	52,930,316	24,373	50,755,745	386,544	10,040,593	56,561	2,174,571
American Indian/Alaska Native	625	80,213	80	NA	250-499	NA	545	NA
Asian	1,065	NA	381	NA	2,500-4,999	NA	684	NA
Black	1,269	124,434	181	104,097	1,935	26,805	1,087	20,338
Hispanic	2,186	207,036	447	157,405	1,890	31,264	1,739	49,631
Pacific Islander	45	NA	39	NA	250-499	NA	6	NA
White Non-Hispanic	73,600	30,290,091	21,363	28,361,707	228,233	5,505,513	52,238	1,928,385

**South Carolina**

All Firms in the State	260,342	213,486,429	71,547	206,431,441	1,425,681	33,619,107	188,795	7,054,988
American Indian/Alaska Native	2,229	199,917	409	153,006	3,066	41,640	1,820	46,911
Asian	3,450	NA	1,524	10,000-24,999	NA	NA	1,926	NA
Black	23,216	1,408,925	3,148	1,030,411	17,713	234,660	20,068	378,514
Hispanic	2,036	250,730	505	212,435	2,783	40,148	1,531	38,294
Pacific Islander	81	NA	4	NA	20-99	NA	76	NA
White Non-Hispanic	222,772	91,765,211	61,179	85,567,750	752,420	16,401,357	161,594	6,197,460

**South Dakota**

All Firms in the State	65,791	50,181,052	19,093	48,715,035	275,019	5,553,107	46,698	1,466,017
American Indian/Alaska Native	955	221,916	178	198,998	2,773	37,177	777	22,918
Asian	300	NA	125	51,460	1,299	15,687	175	NA
Black	150	17,294	22	NA	20-99	NA	128	NA
Hispanic	261	58,514	75	54,803	346	6,633	186	3,711
Pacific Islander	3	NA	0	0	0	0	3	NA
White Non-Hispanic	62,241	25,182,766	17,117	23,799,990	174,306	3,393,755	45,123	1,382,777

**Tennessee**

All Firms in the State	415,934	362,587,045	98,063	347,224,486	2,199,361	55,445,181	317,871	15,362,559
American Indian/Alaska Native	3,746	546,041	568	471,084	4,518	101,939	3,178	74,958
Asian	5,176	1,749,406	2,017	NA	10,000-24,999	NA	3,159	NA
Black	20,196	1,644,529	2,730	1,276,080	17,583	334,204	17,466	368,449
Hispanic	3,639	684,426	702	557,852	7,330	139,067	2,937	126,573
Pacific Islander	120	13,483	17	NA	20-99	NA	102	NA
White Non-Hispanic	374,323	162,791,052	84,991	151,725,038	1,150,447	27,609,883	289,332	11,066,012

**Texas**

All Firms in the State	1,525,972	1,415,535,633	348,166	1,362,352,328	7,074,209	196,697,293	1,177,806	53,183,305
American Indian/Alaska Native	15,668	3,320,188	2,747	2,853,049	26,941	481,112	12,921	467,139
Asian	59,317	18,225,704	18,881	16,174,945	146,348	2,421,429	40,437	2,050,759
Black	60,427	6,857,330	6,684	5,695,691	70,904	1,469,459	53,742	1,161,639
Hispanic	240,396	39,481,767	44,837	33,854,797	289,142	5,659,883	195,559	5,626,970
Pacific Islander	908	623,629	252	612,632	1,853	62,940	656	10,997
White Non-Hispanic	1,125,932	509,068,565	254,372	472,125,809	3,419,893	85,679,447	871,561	36,942,756

**Table A.13** *Minority-Owned Businesses, Employment, Sales, and Payroll by Race or Ethnicity and State, 1997*  
*(Sales and Payroll in Thousands of Dollars)—Continued*

State	Minority/Nonminority Group	Number of Firms	Sales of All Firms	Number of Employer Firms	Sales of Employer Firms	Number of Employees*	Annual Payroll	Number of Nonemployer Firms	Nonemployer Firms' Sales
<b>Utah</b>	All Firms in the State	169,164	119,100,391	42,076	114,377,759	797,153	19,272,466	127,088	4,722,632
	American Indian/Alaska Native	1,428	140,070	187	108,884	1,317	20,041	1,241	31,186
	Asian	2,083	529,736	793	480,059	6,869	101,054	1,290	49,677
	Black	440	23,005	35	16,831	5,481	6,173	406	6,173
	Hispanic	4,740	455,385	847	372,776	5,947	85,310	3,893	82,608
	Pacific Islander	296	68,982	71	62,286	285	6,793	225	6,696
	White Non-Hispanic	156,050	60,739,644	37,149	56,424,794	472,078	10,649,865	118,902	4,314,851
<b>Vermont</b>	All Firms in the State	67,488	33,469,226	18,181	31,930,872	232,647	5,502,895	49,307	1,538,354
	American Indian/Alaska Native	751	178,902	116	159,164	732	18,053	634	19,738
	Asian	297	NA	139	NA	500-999	NA	157	NA
	Black	168	37,324	36	35,449	341	4,481	132	1,876
	Hispanic	898	184,130	157	168,964	1,551	29,797	741	15,166
	Pacific Islander	7	NA	4	NA	20-99	NA	3	NA
	White Non-Hispanic	63,321	18,619,355	16,060	17,167,111	143,062	3,079,422	47,261	1,452,244
<b>Virginia</b>	All Firms in the State	480,122	415,092,587	128,850	402,260,820	2,571,489	69,930,776	351,272	12,831,767
	American Indian/Alaska Native	3,280	621,617	646	571,739	5,924	178,260	2,634	49,878
	Asian	22,126	4,408,583	6,673	3,910,627	46,706	1,080,965	15,453	497,956
	Black	33,539	3,408,165	4,956	2,878,899	46,971	905,842	28,583	529,267
	Hispanic	13,703	1,808,975	2,189	1,596,173	19,375	529,580	11,515	212,802
	Pacific Islander	315	30,259	48	21,407	213	5,729	267	8,852
	White Non-Hispanic	395,262	168,456,870	104,982	158,166,870	1,312,868	32,668,525	290,281	10,290,583
<b>Washington</b>	All Firms in the State	447,433	357,322,932	129,780	344,895,438	2,023,814	60,792,792	317,653	12,427,494
	American Indian/Alaska Native	4,689	1,202,989	974	1,096,283	14,242	313,597	3,716	106,706
	Asian	22,890	7,818,212	7,254	7,154,502	47,438	924,746	15,636	663,710
	Black	5,553	504,109	893	411,968	8,321	125,629	4,660	92,141
	Hispanic	10,009	1,711,293	2,286	1,516,628	18,830	350,383	7,723	194,665
	Pacific Islander	420	189,304	96	184,936	914	37,311	324	4,368
	White Non-Hispanic	391,175	182,980,476	108,809	172,423,683	1,168,967	33,319,958	282,365	10,556,794

<b>West Virginia</b>										
All Firms in the State										
American Indian/Alaska Native	111,737	77,527,532	31,789	75,364,314	529,192	12,397,238	79,948	2,163,218		
Asian	1,017	127,306	171	111,356	1,078	17,910	846	15,950		
Black	1,235	NA	678	NA	5,000-9,999	NA	557	NA		
Hispanic	1,148	87,649	129	76,923	1,018	14,203	1,019	10,726		
Pacific Islander	940	95,910	179	81,758	1,160	26,584	761	14,152		
White Non-Hispanic	5	NA	2	NA	0-19	NA	3	NA		
	103,994	35,182,918	28,029	33,176,378	292,673	5,884,513	75,966	2,006,541		
<b>Wisconsin</b>										
All Firms in the State										
American Indian/Alaska Native	366,436	367,841,279	109,409	358,863,640	2,246,488	59,198,866	257,027	8,977,639		
Asian	2,338	1,135,975	699	1,080,481	6,738	202,160	1,639	55,494		
Black	3,620	1,414,290	1,405	1,249,378	14,414	368,036	2,214	164,912		
Hispanic	4,848	550,114	798	462,623	8,179	139,501	4,050	87,490		
Pacific Islander	3,020	816,817	494	719,827	5,358	149,629	2,526	96,991		
White Non-Hispanic	133	73,517	30	71,183	582	16,580	103	2,334		
	343,287	184,601,435	98,558	176,647,182	1,330,545	32,443,276	244,729	7,954,253		
<b>Wyoming</b>										
All Firms in the State										
American Indian/Alaska Native	49,376	26,742,915	14,920	25,722,961	153,878	3,504,436	34,456	1,019,954		
Asian	477	NA	95	NA	500-999	NA	382	NA		
Black	284	NA	146	NA	1,000-2,499	NA	138	5,683		
Hispanic	232	12,670	64	NA	100-249	NA	168	NA		
Pacific Islander	1,239	116,882	319	99,606	1,645	26,598	920	17,276		
White Non-Hispanic	10	NA	10	NA	100-249	NA	0	0		
	45,487	13,298,759	12,887	12,394,272	98,747	1,980,528	32,601	904,487		

NA = Not available because of small sample size.

Note: Where a range is shown, data are not available to provide a specific estimate.

Source: U.S. Department of Commerce, Bureau of the Census, Survey of Minority-Owned Business Enterprises.



**Table A.14** *Growth in Women- and Minority-Owned Firms, 1992–1997*  
(Adjusted Figures; Receipts in Millions of Dollars)

	1992	1997	Percent Change
<b>Firms by Gender<sup>1</sup></b>			
U.S. Firms	19,199,000	20,440,000	6.5
Receipts (Millions)	6,771,182	8,392,001	23.9
Receipts per Firm	352,684	410,568	16.4
Women-Owned Firms	6,403,000	7,452,000	16.4
Receipts (Millions)	1,236,605	1,642,556	32.8
Receipts per Firm	193,129	220,418	14.1
<b>Firms by Race and Origin<sup>2</sup></b>			
U.S. Firms	17,253,143	18,431,456	6.8
Receipts (Millions)	3,324,200	4,661,018	40.2
Receipts per Firm	192,672	252,884	31.3
African American-Owned Firms	620,912	780,770	25.7
Receipts (Millions)	32,197	42,671	32.5
Receipts per Firm	51,854	54,652	5.4
Asian / Pacific Islander-Owned Firms	603,426	785,480	30.2
Receipts (Millions)	95,714	161,142	68.4
Receipts per Firm	158,618	205,151	29.3
American-Owned Indian /			
Aleut Eskimo-Owned Firms	102,271	187,921	83.7
Receipts (Millions)	8,057	22,441	178.5
Receipts per Firm	78,781	119,417	51.6
Hispanic-Owned Firms	862,605	1,121,433	30.0
Receipts (Millions)	76,842	114,431	48.9
Receipts per Firm	89,081	102,040	14.5

<sup>1</sup>Excludes agricultural, publicly held, nonprofit and foreign-owned firms.

<sup>2</sup>Excludes C corporations and agricultural, nonprofit and foreign-owned firms.

NA = Not available.

Note: The definitions of the categories reported in this table were changed between 1992 and 1997; for purposes of comparison, the Census Bureau tabulated adjusted figures based on comparable definitions, which are reported here. Most of these differ from totals shown elsewhere.

Source: U.S. Small Business Administration, Office of Advocacy, from data provided by the U.S. Department of Commerce, Bureau of the Census.

**Table A.15** *Characteristics of Self-Employed Individuals, 1991, 1997–1999*

Characteristic	1991		1997		1998		1999		Rate	Percent Change 1991–1999
	Number	Percent	Number	Percent	Number	Percent	Number	Percent		
Total	12,379.4	100.0	12,301.2	100.0	12,110.1	100.0	11,631.6	100.0	7.8	26.0
Gender										
Female	4,406.8	35.6	4,689.2	38.1	4,678.4	38.6	4,564.6	39.2	6.5	3.6
Male	7,972.6	64.4	7,612.0	61.9	7,431.7	61.4	7,067.0	60.8	9.0	211.4
Race										
Asian / American Indian	461.2	3.7	542.4	4.4	552.7	4.6	550.7	4.7	7.9	19.4
Black	597.8	4.8	706.2	5.7	770.5	6.4	818.3	7.0	4.7	36.9
White	11,320.4	91.4	11,052.6	89.8	10,786.9	89.1	10,262.6	88.2	8.2	29.3
Origin or Descent										
Hispanic	607.3	4.9	748.2	6.1	790.5	6.5	792.1	6.8	5.1	30.4
Other	11,772.1	95.1	11,553.0	93.9	11,319.7	93.5	10,839.5	93.2	8.1	27.9
Age										
25	577.2	4.7	628.9	5.1	621.8	5.1	587.4	5.0	2.3	1.8
25–34	2,645.2	21.4	2,089.5	17.0	2,100.8	17.3	2,006.0	17.2	6.1	224.2
35–44	3,774.0	30.5	3,647.6	29.7	3,562.0	29.4	3,451.2	29.7	8.9	28.6
45–54	2,723.8	22.0	3,209.6	26.1	3,150.6	26.0	3,012.9	25.9	9.7	10.6
55–64	1,736.0	14.0	1,874.6	15.2	1,799.7	14.9	1,792.4	15.4	11.8	3.2
651	923.2	7.5	850.9	6.9	875.2	7.2	781.7	6.7	14.2	215.3
Educational Level										
High School or Less	5,519.8	44.6	4,975.9	40.5	4,755.1	39.3	4,637.5	39.9	6.9	216.0
Some College	3,063.7	24.7	3,396.7	27.6	3,305.1	27.3	3,184.0	27.4	7.4	3.9
Bachelor's Degree	2,154.1	17.4	2,427.8	19.7	2,541.5	21.0	2,301.2	19.8	8.8	6.8
Master's Degree or Above	1,641.9	13.3	1,500.7	12.2	1,508.4	12.5	1,508.9	13.0	11.8	28.1
Veteran Status	2,372.7	19.2	1,901.9	15.5	1,714.5	14.2	1,612.3	13.9	10.6	232.0
Disability	637.7	5.2	645.4	5.2	607.9	5.0	561.9	4.8	11.3	211.9
Born in the United States	NA		10,890.0	88.5	10,620.0	87.7	10,210.0	87.8	7.5	NA

NA = Not available.

Notes: Data represent individuals with any self-employment earnings in the year. Asian / American Indian = Asian, Pacific, American Indian, and Aleut Eskimo. Disability consists of disabilities or health problems that restrict or prevent the amount or kind of work. The rate is the percent with any self-employment earnings of the total number of individuals that had any job during the year.

Source: U.S. Small Business Administration, Office of Advocacy, from data provided by the U.S. Department of Commerce, Bureau of the Census.

**Table A.16** *Characteristics of the Private Sector Work Force by Employment Size of Firm, 1998 (Percent except as Otherwise Specified)*

Characteristic	Total	Employment Size of Firm					
		,10	10–24	25–99	100–499	,500	5001
<b>Number of Employees</b> (Thousands)	115,064	19,352	12,753	17,261	17,534	66,899	48,164
<b>Gender</b>							
Female	46.5	46.8	44.1	43.7	46.2	45.3	48.1
Male	53.5	53.2	55.9	56.3	53.8	54.7	51.9
<b>Race or Origin (Descent)</b>							
Asian/American Indian	4.7	5.3	4.2	4.3	4.2	4.5	5.0
Black	11.3	7.9	8.7	10.7	11.8	9.8	13.3
White	84.0	86.8	87.1	85.0	84.0	85.7	81.7
Hispanic	10.9	12.8	12.4	12.2	11.5	12.2	9.0
<b>Age</b>							
25	19.3	19.7	24.1	19.3	15.0	19.2	19.5
25–34	24.1	21.3	24.8	25.3	25.7	24.2	24.1
35–44	25.9	24.8	23.3	25.9	28.6	25.8	26.1
45–54	18.5	17.8	15.7	17.8	19.1	17.7	19.6
55–64	9.1	10.8	8.5	9.0	9.2	9.5	8.7
65+	3.0	5.6	3.7	2.6	2.5	3.6	2.0
<b>Educational Level</b>							
High School or Less	49.0	53.6	53.2	52.1	50.0	52.2	44.6
Some College	28.5	27.0	28.4	27.2	27.7	27.5	30.0
Bachelor's Degree	16.4	13.8	13.0	15.6	16.1	14.7	18.7
Master's Degree or Above	6.1	5.7	5.4	5.1	6.2	5.6	6.8
<b>Assistance</b>							
Financial Assistance	1.0	1.4	1.0	0.9	0.9	1.0	0.9
Public Assistance	1.0	0.8	0.9	0.9	0.9	0.9	1.1

Notes: Asian/American Indian includes Asian, Pacific Islander, American Indian, and Aleut Eskimo. Financial assistance is money (excluding loans) regularly received from outside the household during the year. Public assistance is assistance (excluding food stamps and supplemental security income) received from the government at any time in the year.

Source: U.S. Small Business Administration, Office of Advocacy, from data provided by the U.S. Department of Commerce, Bureau of the Census.

**Table A.17** *Characteristics of the Private Sector Work Force by Employment Size of Firm, 1999 (Percent except as Otherwise Specified)*

Characteristic	Total	Employment Size of Firm					
		,10	10–24	25–99	100–499	,500	5001
Number of Employees (Thousands)	117,148	19,874	13,007	17,854	17,490	68,225	48,924
Gender							
Female	46.5	46.8	44.5	43.8	45.5	45.2	48.2
Male	53.5	53.2	55.5	56.2	54.5	54.8	51.8
Race or Origin (Descent)							
Asian/American Indian	4.8	5.0	4.9	4.3	4.4	4.6	4.9
Black	11.4	8.4	7.9	9.9	12.3	9.7	13.8
White	83.9	86.6	87.2	85.9	83.4	85.7	81.3
Hispanic	11.3	12.0	13.7	13.7	11.8	12.7	9.3
Age							
25	19.6	20.0	23.2	20.2	15.6	19.5	19.6
25–34	23.3	21.1	22.2	23.9	25.2	23.1	23.5
35–44	25.8	23.4	25.6	26.8	28.2	25.9	25.7
45–54	19.0	18.5	16.8	17.9	19.4	18.2	20.1
55–64	9.2	10.8	8.6	8.0	9.6	9.3	8.9
65+	3.1	6.2	3.6	3.1	2.1	3.8	2.1
Educational Level							
High School or Less	48.1	52.9	53.8	51.3	48.3	51.5	43.3
Some College	29.1	26.9	27.8	28.4	28.3	27.8	30.9
Bachelor's Degree	16.5	13.9	13.8	15.2	16.9	15.0	18.7
Master's Degree or Above	6.3	6.3	4.7	5.1	6.6	5.7	7.1
Assistance							
Financial Assistance	1.0	1.4	1.0	0.9	0.9	1.0	0.9
Public Assistance	1.0	0.8	0.9	0.9	0.9	0.9	1.1

Notes: Asian / American Indian includes Asian, Pacific Islander, American Indian, and Aleut Eskimo. Financial assistance is money (excluding loans) regularly received from outside the household during the year. Public assistance is assistance (excluding food stamps and supplemental security income) received from the government at any time in the year.

Source: U.S. Small Business Administration, Office of Advocacy, from data provided by the U.S. Department of Commerce, Bureau of the Census.

**Table A.18 Employer Firm Survival, 1989–1996 (Percentages of Firms that Started between 1989 and 1992)**

Year Started	All Industries	Manufacturing	Retail Trade	Services	Other
Still Open After					
2 Years	66.0	69.4	67.2	71.5	66.2
4 Years	49.6	52.5	49.0	55.7	49.0
6 Years	39.5	NA	NA	NA	NA

NA = Not available.

Notes: Excludes farms and companies starting with multi-establishments (a relatively rare occurrence). All industries includes firms that opened and closed so quickly that an industry classification was not established and this group had a survival rate of 15.2 percent after two years and 9.4 percent after four years.

Source: U.S. Small Business Administration, Office of Advocacy, from an Advocacy-produced working paper, *Business Success*, published by the U.S. Department of Commerce, Bureau of the Census, Center for Economic Studies.

**Table A.19 Historical U.S. Business Measures, 1980–1999**

Year	Employer Firms	Establishments*	Self-Employment (Thousands)	Self-Employment Rate (Percent)	Nonfarm Business Tax Returns	New Employer Firms	Employer Terminations	Bankruptcies
1999	5,797,500 e.	NA	10,087	7.2	24,809,200	588,900 e.	528,600 e.	37,639
1998	5,579,129	6,941,739	10,303	7.5	24,285,900	591,200 e.	537,900 e.	44,197
1997	5,541,918	6,894,869	10,513	7.7	23,857,100	590,644	530,003	53,819
1996	5,478,047	6,738,476	10,490	7.8	23,115,300	597,792	512,402	53,200
1995	5,369,068	6,612,721	10,482	7.9	22,555,200	594,369	497,246	50,516
1994	5,276,964	6,509,065	10,648	8.1	22,191,000	570,587	503,563	50,845
1993	5,193,642	6,401,233	10,280	8.0	20,874,796	564,504	492,651	62,399
1992	5,095,356	6,319,300	9,960	7.8	20,476,775	544,596	521,606	69,848
1991	5,051,025	6,200,859	10,274	8.1	20,498,855	541,141	546,518	70,605
1990	5,073,795	6,175,559	10,097	8.0	20,219,400	584,892	531,400	63,912
1989	5,021,315	6,106,922	10,008	8.1	19,560,700	NA	NA	62,449
1988	4,954,645	6,016,367	9,917	8.2	18,619,400	NA	NA	62,845
1987	NA	5,937,061	9,624	8.0	18,351,400	NA	NA	81,463
1986	NA	5,806,973	9,327	7.9	17,524,600	NA	NA	79,926
1985	NA	5,701,485	9,269	8.0	16,959,900	NA	NA	70,644
1984	NA	5,517,715	9,338	8.2	16,077,000	NA	NA	64,211
1983	NA	5,306,787	9,143	8.2	15,245,000	NA	NA	62,412
1982	NA	4,633,960	8,898	8.1	14,546,000	NA	NA	69,242
1981	NA	4,586,510	8,735	8.0	13,858,000	NA	NA	48,086
1980	NA	4,543,167	8,643	8.1	13,021,600	NA	NA	43,252

NA = Not Available

e. = estimate

\*Units with paid employees in the fourth quarter through 1983. 1984 on includes units active in any quarter of the year.

Sources: U.S. Small Business Administration, Office of Advocacy, from the following data sources: employer firms and establishments from the U.S. Department of Commerce, Bureau of the Census, with estimates for 1999; self-employment (primary occupation) from the U.S. Department of Labor, Bureau of Labor Statistics; non-farm business tax returns from the U.S. Department of the Treasury, Internal Revenue Service; new employer firms from the U.S. Department of Commerce, Bureau of the Census, with estimates for 1998 and 1999; employer terminations from the U.S. Department of Commerce, Bureau of the Census, with estimates for 1998 and 1999; bankruptcies from the Administrative Office of the U.S. Courts, Statistical Analysis and Reports Division.

**Table A.20 Nonfarm Private Employment by Industry, 1997 and 1999 (Thousands of Jobs unless Specified Otherwise)**

SIC Codes (1987)	Employment 1997	Employment 1999	Absolute Change	Percent Change	Percent Small, 1997
<b>Total Private</b>	<b>103,120.0</b>	<b>108,455.0</b>	<b>5,335.0</b>	<b>5.2</b>	<b>51.8</b>
<b>Major Industries</b>					
Agricultural Services	679.1	758.6	79.5	11.7	89.2
Mining	592.0	535.0	257.0	29.6	39.8
Construction	5,686.0	6,273.0	587.0	10.3	89.3
Manufacturing	18,657.0	18,432.0	225.0	21.2	39.1
Transportation, Communications and Public Utilities	6,395.0	6,792.0	397.0	6.2	35.5
Wholesale Trade	6,648.0	7,004.0	356.0	5.4	64.8
Retail Trade	22,011.0	22,787.0	776.0	3.5	50.7
Finance, Insurance, and Real Estate Services	7,091.0	7,632.0	541.0	7.6	42.0
	35,360.9	38,241.4	2,880.5	8.1	55.1
<b>Specific Industries</b>					
740 Veterinary Services	181.6	201.8	20.2	11.1	97.6
780 Landscape and Horticultural Services	447.1	503.2	56.1	12.5	84.0
1000 Metal Mining	53.7	48.7	25.0	29.3	17.8
1010 Iron Ores	8.6	8.0	20.6	27.0	3.0
1020 Copper Ores	15.9	14.6	21.3	28.2	6.5
1200 Coal Mining	95.8	84.8	211.0	211.5	37.4
1220 Bituminous Coal and Lignite Mining	90.0	78.9	211.1	212.3	33.9
1300 Oil and Gas Extraction	334.6	293.1	241.5	212.4	39.9
1310 Crude Petroleum and Natural Gas	142.6	126.8	215.8	211.1	33.0
1380 Oil and Gas Field Services	187.0	162.6	224.4	213.0	47.9
1400 Nonmetallic Minerals, except Fuels	107.5	108.7	1.2	1.1	52.7
1420 Crushed and Broken Stone	41.3	42.8	1.5	3.6	53.0
1440 Sand and Gravel	35.8	36.1	0.3	0.8	72.2
1470 Chemical and Fertilizer Minerals	11.8	11.6	20.2	21.7	15.6
1500 General Building Contractors	1,316.3	1,433.7	117.4	8.9	87.8
1520 Residential Building Construction	681.7	742.2	60.5	8.9	97.0
1530 Operative Builders	27.0	28.6	1.6	5.9	80.0
1540 Nonresidential Building Construction	607.6	663.0	55.4	9.1	81.8
1600 Heavy Construction, except Building	795.2	861.8	66.6	8.4	75.5
1610 Highway and Street Construction	241.8	263.7	21.9	9.1	85.6
1620 Heavy Construction, except Highway	553.3	598.1	44.8	8.1	72.1

**Table A.20 Nonfarm Private Employment by Industry, 1997–1999 (Thousands of Jobs unless Specified Otherwise)—Continued**

SIC Codes (1987)	Employment 1997	Employment 1999	Absolute Change	Percent Change	Percent Small, 1997
1700	3,574.7	3,978.0	403.3	11.3	92.9
1710	792.3	865.0	72.7	9.2	92.1
1720	199.0	199.0	12.5	6.3	97.5
1730	681.4	730.8	86.4	12.7	90.5
1740	468.4	534.7	66.3	14.2	94.9
1750	253.9	290.2	36.3	14.3	97.5
1760	241.0	261.4	20.4	8.5	97.7
2000	1,691.0	1,684.7	26.3	20.4	27.6
2010	489.2	500.9	11.7	2.4	17.7
2020	141.9	141.0	20.9	20.6	31.8
2030	232.1	226.5	25.6	22.4	30.7
2040	125.3	124.3	21.0	20.8	34.7
2050	207.4	207.3	20.1	0.0	29.7
2060	98.0	93.3	24.7	24.8	33.9
2070	32.9	34.3	1.4	4.3	26.7
2080	180.8	183.1	2.3	1.3	33.3
2090	183.4	174.0	29.4	25.1	48.1
2100	41.2	38.6	22.6	26.3	9.0
2110	28.0	25.7	22.3	28.2	1.2
2200	615.5	561.6	253.9	28.8	30.6
2210	72.3	64.7	27.6	210.5	13.7
2220	64.3	59.6	24.7	27.3	15.3
2230	14.3	10.2	24.1	228.7	29.1
2240	21.4	21.1	20.3	21.4	52.3
2250	172.9	143.0	229.9	217.3	43.9
2260	67.0	61.0	26.0	29.0	45.9
2270	63.5	65.5	2.0	3.1	19.5
2280	86.0	82.7	23.3	23.8	18.2
2290	54.0	53.8	20.2	20.4	49.6
2300	825.6	684.6	2141.0	217.1	57.3
2310	29.4	23.3	26.1	220.7	36.9
2320	207.1	156.5	250.6	224.4	38.6
2330	252.2	203.2	249.0	219.4	77.3
2340	35.2	27.2	28.0	222.7	45.0
2360	30.6	20.9	29.7	231.7	67.0
2380	34.0	30.1	23.9	211.5	70.8

2390	Miscellaneous Fabricated Textile Products	219.4	208.1	211.3	208.1	25.2	62.3
2400	Lumber and Wood Products	793.1	826.2	33.1	4.2	4.2	63.8
2410	Logging	81.9	76.6	25.3	26.5	26.5	94.1
2420	Sawmills and Planing Mills	182.0	180.3	21.7	20.9	20.9	66.4
2430	Millwork, Plywood, and Structural Members	293.6	324.9	31.3	10.7	10.7	61.3
2440	Wood Containers	53.7	55.0	1.3	2.4	2.4	93.8
2450	Wood Buildings and Mobile Homes	92.5	101.0	8.5	9.2	9.2	33.9
2490	Miscellaneous Wood Products	89.4	88.4	21.0	21.1	21.1	61.9
2500	Furniture and Fixtures	510.1	540.1	30.0	5.9	5.9	50.7
2510	Household Furniture	276.8	285.7	8.9	3.2	3.2	45.2
2520	Office Furniture	63.4	69.2	5.8	9.1	9.1	37.2
2530	Public Building and Related Furniture	43.3	49.0	5.7	13.2	13.2	45.6
2540	Partitions and Fixtures	87.1	94.6	7.5	8.6	8.6	78.3
2590	Miscellaneous Furniture and Fixtures	39.5	41.6	2.1	5.3	5.3	58.8
2600	Paper and Allied Products	685.1	659.0	226.1	23.8	23.8	28.3
2620	Paper Mills	158.7	148.8	29.9	10.3	10.3	10.3
2630	Paperboard Mills	50.0	46.9	23.1	26.2	26.2	6.1
2650	Paperboard Containers and Boxes	220.0	214.7	25.3	22.4	22.4	38.9
2670	Miscellaneous Converted Paper Products	244.4	237.1	27.3	23.0	23.0	37.3
2700	Printing and Publishing	1,552.6	1,553.3	0.7	0.0	0.0	50.7
2710	Newspapers	441.1	442.2	1.1	0.2	0.2	28.4
2720	Periodicals	135.8	140.6	4.8	3.5	3.5	56.7
2730	Books	128.0	122.5	25.5	24.3	24.3	37.8
2740	Miscellaneous Publishing	87.8	92.1	4.3	4.9	4.9	54.2
2750	Commercial Printing	572.3	578.3	6.0	72.4	1.0	72.4
2760	Manifold Business Forms	43.0	40.0	23.0	27.0	27.0	48.3
2780	Blankbooks and Bookbinding	66.3	60.9	25.4	28.1	28.1	62.0
2790	Printing Trade Services	50.0	48.9	21.1	22.2	22.2	76.7
2800	Chemicals and Allied Products	1,033.8	1,034.7	0.9	0.1	0.1	21.1
2810	Industrial Inorganic Chemicals	117.2	111.5	25.7	24.9	24.9	15.5
2820	Plastics, Materials and Synthetics	158.3	151.2	27.1	24.5	24.5	12.9
2830	Drugs	267.2	289.5	22.3	8.3	8.3	20.9
2840	Soap, Cleaners, and Toilet Goods	156.0	152.4	23.6	22.3	22.3	40.3
2850	Paints and Allied Products	51.6	53.1	1.5	2.9	2.9	42.8
2860	Industrial Organic Chemicals	138.3	133.9	24.4	23.2	23.2	15.1
2870	Agricultural Chemicals	51.6	51.6	0.0	0.0	0.0	34.4
2890	Miscellaneous Chemical Products	93.7	91.6	22.1	22.2	22.2	44.7
2900	Petroleum and Coal Products	139.7	137.4	22.3	21.6	21.6	18.5
2910	Petroleum Refining	97.0	92.1	24.9	25.1	25.1	6.7
2950	Asphalt Paving and Roofing Materials	28.5	30.4	1.9	6.7	6.7	43.9
3000	Rubber and Miscellaneous Plastics Products	995.1	1,018.6	23.5	2.4	2.4	44.4



**Table A.20 Nonfarm Private Employment by Industry, 1997–1999 (Thousands of Jobs unless Specified Otherwise)—Continued**

SIC Codes (1987)	Employment 1997	Employment 1999	Absolute Change	Percent Change	Percent Small, 1997
3010	77.6	77.0	20.6	20.8	4.4
3020	6.9	5.4	21.5	221.7	36.6
3050	69.2	70.4	1.2	1.7	31.0
3060	111.7	111.4	20.3	20.3	43.1
3080	729.7	754.5	24.8	3.4	50.9
3100	90.2	73.7	216.5	218.3	47.0
3110	12.9	10.8	22.1	216.3	41.6
3140	40.5	31.4	29.1	222.5	31.5
3160	10.3	7.9	22.4	223.3	78.0
3170	9.6	7.8	21.8	218.8	NA
3200	552.3	569.4	17.1	3.1	47.1
3210	16.8	16.8	0.0	0.0	5.1
3220	72.0	69.6	22.4	23.3	11.1
3230	62.7	63.0	0.3	0.5	40.1
3240	17.3	17.5	0.2	1.2	25.7
3250	34.1	33.6	20.5	21.5	38.0
3260	39.2	37.3	21.9	24.8	50.4
3270	216.8	237.7	20.9	9.6	68.0
3290	78.6	78.1	20.5	20.6	43.9
3300	710.7	689.6	221.1	23.0	29.2
3310	235.4	222.1	213.3	25.6	15.1
3320	130.0	126.1	23.9	23.0	36.7
3330	39.3	37.2	22.1	25.3	11.4
3350	168.4	167.5	20.9	20.5	21.6
3360	91.3	90.7	20.6	20.7	58.4
3400	1,474.9	1,488.5	13.6	0.9	57.8
3410	37.7	35.5	22.2	25.8	18.2
3420	125.4	124.0	21.4	21.1	40.4
3430	58.6	58.3	20.3	20.5	40.9
3440	450.9	467.7	16.8	3.7	69.0
3450	104.4	103.8	20.6	20.6	79.2
3460	254.8	256.6	1.8	0.7	50.3
3470	138.2	141.7	3.5	2.5	83.4
3480	43.1	39.6	23.5	28.1	19.0
3490	262.0	261.5	20.5	20.2	53.7
3500	2,163.4	2,129.2	234.2	21.6	47.3

3510	Engines and Turbines	83.1	84.0	1.1	9.9
3520	Farm and Garden Machinery	104.1	95.7	28.4	36.2
3530	Construction and Related Machinery	243.3	243.4	0.1	45.0
3540	Metalworking Machinery	348.9	339.1	29.8	70.8
3550	Special Industry Machinery	180.0	169.5	210.5	58.5
3560	General Industrial Machinery	262.5	260.9	21.6	41.7
3570	Computer and Office Equipment	374.6	360.2	214.4	20.3
3580	Refrigeration and Service Machinery	202.4	201.0	21.4	28.3
3590	Miscellaneous Industrial and Commercial Machinery	364.6	375.6	11.0	83.5
3600	Electronic and Other Electrical Equipment	1,687.7	1,661.4	226.3	28.3
3610	Electric Distribution Equipment	82.3	82.3	0.0	30.9
3620	Electrical Industrial Apparatus	154.1	146.8	27.3	31.0
3630	Household Appliances	114.6	118.0	3.4	3.0
3640	Electric Lighting and Wiring Equipment	180.5	176.8	23.7	35.8
3650	Household Audio and Video Equipment	79.1	81.8	2.7	45.5
3660	Communications Equipment	275.8	274.5	21.3	24.0
3670	Electronic Components and Accessories	652.3	638.9	213.4	35.7
3690	Miscellaneous Electrical Equipment and Supplies	149.0	142.2	26.8	31.0
3700	Transportation Equipment	1,841.8	1,855.0	13.2	16.0
3710	Motor Vehicles and Equipment	985.1	1,000.1	15.0	17.1
3720	Aircraft and Parts	500.3	489.7	210.6	9.4
3730	Ship and Boat Building and Repairing	157.0	164.0	7.0	36.2
3740	Railroad Equipment	33.3	34.9	1.6	14.2
3760	Guided Missiles, Space Vehicles, and Parts	90.6	86.9	23.7	1.6
3790	Miscellaneous Transportation Equipment	53.1	56.9	3.8	44.9
3800	Instruments and Related Products	863.3	838.8	224.5	28.5
3810	Search and Navigation Equipment	160.5	155.0	25.5	7.3
3820	Measuring and Controlling Devices	299.4	294.2	21.7	41.1
3840	Medical Instruments and Supplies	275.9	276.7	0.8	36.9
3850	Ophthalmic Goods	35.3	33.4	21.9	31.3
3860	Photographic Equipment and Supplies	84.4	73.2	211.2	213.3
3870	Watches, Clocks, Watchcases, and Parts	7.8	6.3	21.5	33.6
3900	Miscellaneous Manufacturing Industries	389.3	387.4	21.9	66.9
3910	Jewelry, Silverware, and Plated Ware	48.9	49.6	0.7	75.2
3930	Musical Instruments	15.9	16.4	1.4	59.6
3940	Toys and Sporting Goods	109.8	101.2	28.6	60.6
3950	Pens, Pencils, Office and Art Supplies	30.9	29.8	21.1	60.8
3960	Costume Jewelry and Notions	23.6	20.5	23.1	67.5
3990	Miscellaneous Manufactures	160.2	169.8	9.6	73.7
4000	Railroad Transportation	226.9	230.2	3.3	NA
4100	Local and Interurban Passenger Transit	450.6	482.1	31.5	60.6

**Table A.20 Nonfarm Private Employment by Industry, 1997–1999 (Thousands of Jobs unless Specified Otherwise)—Continued**

SIC Codes (1987)	Employment 1997	Employment 1999	Absolute Change	Percent Change	Percent Small, 1997
4110	229.8	242.3	12.5	5.4	63.9
4120	30.6	31.4	0.8	2.6	82.9
4130	21.2	28.1	6.9	32.5	31.4
4150	135.7	145.9	10.2	7.5	51.9
4200	1,667.2	1,812.9	145.7	8.7	52.0
4210	1,506.9	1,630.9	124.0	8.2	50.8
4220	155.0	176.4	21.4	13.8	68.3
4400	180.4	180.9	0.5	0.3	47.3
4440	14.2	15.1	0.9	6.3	40.4
4490	121.2	119.9	21.3	21.1	52.7
4500	1,127.9	1,237.3	109.4	9.7	10.6
4510	964.8	1,051.5	86.7	9.0	4.5
4580	119.5	136.0	16.5	13.8	35.6
4600	14.3	13.3	21.0	27.0	10.3
4700	438.6	468.6	30.0	6.8	68.8
4720	216.3	221.8	5.5	2.5	69.4
4730	174.8	195.1	20.3	11.6	76.7
4800	1,423.5	1,521.9	98.4	6.9	18.9
4810	975.1	1,047.7	72.6	7.4	9.9
4830	242.6	247.5	4.9	2.0	48.4
4840	175.2	189.2	14.0	8.0	16.3
4900	865.9	844.6	221.3	22.5	18.2
4910	368.3	361.5	26.8	21.8	18.8
4920	142.5	131.7	210.8	27.6	7.8
4930	160.4	153.3	27.1	24.4	2.5
4950	162.2	164.3	2.1	1.3	46.2
5000	3,935.0	4,146.0	211.0	5.4	69.1
5010	513.6	532.4	18.8	3.7	69.7
5020	156.9	170.9	14.0	8.9	84.3
5030	256.2	275.9	19.7	7.7	77.0
5040	862.7	981.6	118.9	13.8	53.2
5050	147.0	154.6	7.6	5.2	68.4
5060	538.0	553.9	15.9	3.0	57.5
5070	300.6	307.3	6.7	2.2	75.1
5080	816.7	838.8	22.1	2.7	80.2
5090	343.4	330.2	213.2	23.8	79.6

5100	Nonurable Goods	2,713.0	2,858.0	145.0	5.3	58.5
5110	Paper and Paper Products	264.7	289.3	24.6	9.3	43.1
5120	Drugs, Proprieties, and Sundries	212.7	258.0	45.3	21.3	36.0
5130	Apparel, Piece Goods, and Notions	221.6	225.9	4.3	1.9	76.4
5140	Groceries and Related Products	903.5	936.8	33.3	3.7	51.3
5150	Farm-Product Raw Materials	106.6	109.9	3.3	3.1	81.5
5160	Chemicals and Allied Products	151.0	161.0	10.0	6.6	60.0
5170	Petroleum and Petroleum Products	156.0	153.5	22.5	21.6	67.5
5180	Beer, Wine, and Distilled Beverages	153.6	162.6	9.0	5.9	77.2
5190	Miscellaneous Wholesale Trade Nondurable Goods	543.2	561.2	18.0	3.3	68.2
5200	Building Materials and Garden Supplies	936.7	987.3	50.6	5.4	57.3
5210	Lumber and Other Building Materials	567.6	603.6	36.0	6.3	44.2
5220	Paint, Glass, and Wallpaper Stores	67.8	66.9	20.9	21.3	65.8
5230	Hardware Stores	163.2	168.9	5.7	3.5	85.4
5260	Retail Nurseries and Garden Stores	94.8	102.1	7.3	7.7	88.5
5300	General Merchandise Stores	2,717.9	2,774.6	56.7	2.1	2.8
5310	Department Stores	2,388.7	2,472.1	83.4	3.5	0.4
5330	Variety Stores	139.4	119.0	220.4	214.6	20.8
5390	Miscellaneous General Merchandise Stores	189.7	183.5	26.2	23.3	15.7
5400	Food Stores	3,495.7	3,483.1	212.6	20.4	36.5
5410	Grocery Stores	3,073.3	3,059.2	214.1	20.5	31.6
5420	Meat and Fish Markets	48.3	48.0	20.3	20.6	86.9
5450	Dairy Products Stores	14.3	14.4	0.1	0.7	NA
5460	Retail Bakeries	209.5	206.2	23.3	21.6	93.1
5500	Automotive Dealers and Service Stations	2,313.9	2,405.7	91.8	4.0	78.6
5510	New and Used Car Dealers	1,050.8	1,081.4	30.6	2.9	91.5
5530	Auto and Home Supply Stores	395.2	405.3	10.1	2.6	48.5
5540	Gasoline Service Stations	671.1	701.5	30.4	6.5	68.1
5590	Automotive Dealers, nec	9.5	10.1	0.6	4.3	NA
5600	Apparel and Accessory Stores	1,097.7	1,179.8	82.1	7.5	29.2
5610	Men's and Boys' Clothing Stores	81.0	79.6	21.4	21.7	51.8
5620	Women's Clothing Stores	281.8	276.4	25.4	21.9	32.4
5650	Family Clothing Stores	347.3	404.1	56.8	16.4	16.4
5660	Shoe Stores	200.7	221.3	20.6	10.3	10.3
5700	Home Furniture, Furnishings, and Equipment Stores	1,009.0	1,085.0	76.0	7.5	58.7
5710	Furniture and Home Furnishings Stores	517.5	548.7	31.2	6.0	70.5
5720	Household Appliance Stores	71.5	68.3	23.2	24.5	83.9
5730	Radio, Television, and Computer Stores	419.9	468.0	48.1	11.5	45.8
5800	Eating and Drinking Places	7,635.8	7,904.3	268.5	3.5	64.5
5900	Miscellaneous Retail Establishments	2,804.1	2,967.5	163.4	5.8	55.7
5910	Drug Stores and Proprietary Stores	627.5	674.9	47.4	7.6	28.2

**Table A.20 Nonfarm Private Employment by Industry, 1997–1999 (Thousands of Jobs unless Specified Otherwise)—Continued**

SIC Codes (1987)	Employment 1997	Employment 1999	Absolute Change	Percent Change	Percent Small, 1997
5920	111.4	110.9	20.5	20.4	57.7
5930	114.5	126.3	11.8	10.3	78.3
5940	991.8	1,051.3	59.5	6.0	59.5
5960	344.5	345.5	1.0	0.3	56.6
5980	98.1	97.6	20.5	20.5	73.7
5990	516.3	561.1	44.8	8.7	82.3
6000	2,027.0	2,046.5	19.5	1.0	32.4
6020	1,460.1	1,464.7	4.6	0.3	24.0
6030	261.5	255.7	25.8	22.2	39.8
6060	171.7	185.9	14.2	8.3	93.3
6100	567.2	713.7	146.5	25.8	34.9
6140	179.6	193.3	13.7	7.6	20.6
6150	615.0	132.1	17.9	15.7	26.8
6160	252.5	364.7	112.2	44.4	52.1
6200	596.8	679.1	82.3	13.8	17.6
6210	444.8	506.6	61.8	13.9	19.5
6230	25.1	25.6	0.5	2.0	14.2
6280	126.9	146.9	20.0	15.8	48.2
6300	1,535.4	1,634.6	99.2	6.5	9.4
6310	517.7	545.5	27.8	5.4	4.4
6320	339.4	367.4	28.0	8.2	10.5
6330	537.8	553.4	15.6	2.9	8.2
6360	71.6	90.9	19.3	27.0	13.4
6400	724.4	767.0	42.6	5.9	77.3
6510	580.8	584.0	3.2	0.6	87.5
6530	688.7	771.0	82.3	12.0	81.0
6550	115.9	129.4	13.5	11.6	68.7
6700	221.8	266.2	44.4	20.0	52.0
6710	106.1	115.5	9.4	8.9	39.2
7000	1,744.2	1,798.6	54.4	3.1	43.1
7010	1,692.6	1,736.7	44.1	2.6	42.5
7200	1,181.9	1,205.9	24.0	2.0	76.0
7210	438.8	433.8	25.0	21.1	78.8
7220	70.8	51.9	218.9	226.7	57.0
7230	397.0	420.0	23.0	5.8	88.6
7260	97.5	99.8	2.3	2.4	76.7

7290	Miscellaneous Personal Services	162.0	186.6	24.6	15.2	56.4
7300	Business Services	7,982.7	9,123.4	1,140.7	14.3	45.7
7310	Advertising	254.7	281.2	26.5	10.4	59.4
7320	Credit Reporting and Collection	134.0	149.8	15.8	11.8	64.9
7330	Mailing, Reproduction, and Stenographic Services	305.9	324.6	18.7	6.1	71.0
7340	Services to Buildings	937.4	988.2	50.8	5.4	65.0
7350	Miscellaneous Equipment Rental and Leasing	250.7	267.9	17.2	6.9	68.7
7360	Personnel Supply Services	2,968.4	3,404.7	436.3	14.7	30.3
7370	Computer and Data Processing Services	1,410.6	1,780.7	370.1	26.2	51.1
7380	Miscellaneous Business Services	1,720.9	1,926.4	205.5	11.9	51.1
7500	Auto Repair, Services, and Parking	1,124.3	1,184.5	60.2	5.4	78.5
7510	Automotive Rentals, without Drivers	197.5	207.8	10.3	5.2	30.8
7520	Automobile Parking	72.3	74.9	2.6	3.6	43.9
7530	Automotive Repair Shops	621.5	663.2	41.7	6.7	95.3
7540	Automotive Services, except Repair	232.9	238.7	5.8	2.5	87.1
7600	Miscellaneous Repair Services	375.9	396.7	20.8	5.5	78.7
7620	Electrical Repair Shops	115.1	118.7	3.6	3.1	65.4
7800	Motion Pictures	548.1	600.1	52.0	9.5	39.3
7810	Motion Picture Production and Services	233.4	265.4	32.0	13.7	35.8
7830	Motion Picture Theaters	131.8	144.2	12.4	9.4	29.5
7840	Video Tape Rental	162.9	170.5	7.6	4.7	58.6
7900	Amusement and Recreation Services	1,572.9	1,695.9	123.0	7.8	70.4
7930	Bowling Centers	81.4	82.0	0.6	0.7	83.5
7990	Miscellaneous Amusement and Recreation Services	1,152.0	1,268.4	116.4	10.1	69.0
8000	Health Services	9,719.5	9,972.6	253.1	2.6	41.0
8010	Offices and Clinics of Medical Doctors	1,742.9	1,865.2	122.3	7.0	79.5
8020	Offices and Clinics of Dentists	628.2	666.6	38.4	6.1	99.0
8040	Offices and Clinics of other Health Practitioners	439.3	452.4	13.1	3.0	88.8
8050	Nursing and Personal Care Facilities	1,754.5	1,755.1	0.6	0.0	53.2
8060	Hospitals	3,868.7	3,969.7	101.0	2.6	9.4
8070	Medical and Dental Laboratories	198.5	202.1	3.6	1.8	58.0
8080	Home Health Care Services	712.5	654.6	257.9	28.1	45.9
8100	Legal Services	947.3	1,001.9	54.6	5.8	90.3
8200	Educational Services	2,114.2	2,269.5	155.3	7.3	46.2
8210	Elementary and Secondary Schools	627.8	688.1	60.3	9.6	92.1
8220	Colleges and Universities	1,225.6	1,281.8	56.2	4.6	16.1
8240	Vocational Schools	82.1	93.8	11.7	14.3	80.9
8300	Social Services	2,513.8	2,782.3	268.5	10.7	80.5
8320	Individual and Family Services	675.3	755.0	79.7	11.8	83.4
8330	Job Training and Related Services	351.7	390.4	38.7	11.0	66.3
8350	Child Day Care Services	569.5	623.3	62.8	11.0	84.6

**Table A.20 Nonfarm Private Employment by Industry, 1997–1999 (Thousands of Jobs unless Specified Otherwise)—Continued**

SIC Codes (1987)	Employment 1997	Employment 1999	Absolute Change	Percent Change	Percent Small, 1997
8360 Residential Care	716.8	780.7	63.9	8.9	79.9
8390 Social Services, nec	200.5	224.0	23.5	11.7	80.6
8400 Museums and Botanical and Zoological Gardens	89.9	94.4	4.5	5.0	81.5
8600 Membership Organizations	2,248.2	2,401.6	153.4	6.8	91.2
8610 Business Associations	107.8	111.6	3.8	3.5	88.0
8620 Professional Organizations	59.1	65.7	6.6	11.2	91.3
8630 Labor Organizations	142.3	146.2	3.9	2.7	92.0
8640 Civic and Social Associations	443.2	472.7	29.5	6.7	87.6
8700 Engineering and Management Services	3,004.8	3,419.5	414.7	13.8	62.4
8710 Engineering and Architectural Services	869.1	943.9	74.8	8.6	68.5
8720 Accounting, Auditing, and Bookkeeping	599.5	668.8	69.3	11.6	67.4
8730 Research and Testing Services	592.4	649.0	56.6	9.6	53.8
8740 Management and Public Relations	943.7	1,157.9	214.2	22.7	59.6
8900 Services, nec	49.6	56.8	7.2	14.5	75.3

nec = Not elsewhere classified.

NA = Not available. Some data are withheld to avoid disclosing individual company data.

Note: Agricultural services employment levels by firm size were withheld for 1997 so the 1996 percent for small business was used.

Source: U.S. Small Business Administration, Office of Advocacy, from employment data provided by the U.S. Department of Labor, Bureau of Labor Statistics, and employment firm size data provided by the U.S. Department of Commerce, Bureau of the Census

# Appendix **B**

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## Procurement

### Synopsis

**T**he federal government spends about \$200 billion a year on the procurement of goods and services. Small firms annually receive more than 20 percent of all prime contract dollars and another 10–14 percent of the federal procurement pie in subcontracts. Large firms receive more than 60 percent of all federal procurement dollars.

Federal contract markets are changing at an unparalleled pace. Two laws, the Federal Acquisition Streamlining Act (FASA), enacted in 1994, and the Federal Acquisition Reform Act (FARA) or Clinger-Cohen Act, enacted in 1996, have had an unprecedented impact on the federal procurement process. Additional reforms were enacted in December 1997 in the HUBZone and contract bundling legislation.

The 1994 and 1996 laws were designed to make the government operate more like a commercial buyer and make it easier and more appealing for businesses to participate in government markets. Many of the implemented changes are benefiting small firms, although some longstanding small business protections have been weakened or eliminated in the process. From this standpoint, the Office of Advocacy is now analyzing the use of such acquisition tools as credit card purchases, federal supply schedules, and contract bundling to determine their impact on small business purchases. As an example, data show that agencies have increased their credit card purchases from about \$5 billion in FY 1997 to nearly \$13 billion in FY 2000. For the same period, the number of actions has doubled from 11 million to nearly 22 million. Small businesses have historically been the beneficiary of small purchase orders. But reports suggest this may not be the case with credit cards.

In FY 1998, small businesses won \$71.3 billion in federal contract awards, including \$41.7 billion in direct contract awards from the federal government and an additional \$29.6 billion in subcontracts from prime contractors working directly for the federal government. Although the FY 1998 totals were increases from FY 1997, they decreased again in FY 1999 to \$69.3 billion in overall contract awards, \$41.5 billion in prime contract awards and \$27.9 billion in subcontracts from prime contractors working for the federal government.

The FY 1998 \$71.3 billion small business total represented 35.6 percent of the \$200.3 billion in contract actions awarded by the federal government



in FY 1998, an increase from the previous year's 32.6 percent small business share. In FY 1999, the share dropped again to 34.5 percent of the \$200.8 billion in total federal contract awards.

The percentage of prime contracts awarded in FY 1998 and FY 1999 to small minority- and women-owned businesses remained at levels consistent with FY 1997. In FY 1998, minority-owned firms were awarded \$11.9 billion in prime contracts or 6 percent of total federal contract dollars; the amount and share both increased—to \$12.1 billion, or 6 percent of the total in FY 1999. Women-owned firms were awarded \$4.1 billion in prime contracts or 2 percent of federal buys in FY 1998; again total dollars and the women-owned share both increased in FY 1999 to \$4.5 billion and 2.2 percent respectively.

## Introduction

In fiscal year 1998, the federal government awarded \$200.3 billion in contract actions for the purchase of goods; the total increased to \$200.8 billion in FY 1999. These totals include 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 \$41.7 billion in prime contract dollars in FY 1998, including \$34.1 billion in actions over \$25,000 and \$7.5 billion in actions of \$25,000 or less (Table B.1).<sup>1</sup> Slightly less, \$41.5 billion, went to small firms in FY 1999, of which \$34.7 billion was in actions over \$25,000 and \$6.9 billion was in actions of \$25,000 or less. In both years, small businesses received about 21 percent of all prime contract dollars awarded, including those in contracts for foreign military sales, directed sources of supply (National Industries for the Blind/National Industries for the Severely Handicapped), and educational institutions, nonprofit organizations, and state and local governments. Adding the dollar value of small business subcontracts increases the total by an additional \$29.6 billion, to \$71.3 billion in FY 1998 and by \$27.9 billion, to \$69.3 billion in FY 1999. The small business share of this total in FY 1998 was 35.6 percent; in FY 1999 it was 34.5 percent.<sup>2</sup>

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<sup>1</sup> A small firm is defined for procurement purposes by size standards established by the U.S. Small Business Administration. Typically, for most purposes, the SBA's Office of Advocacy defines a small business as having fewer than 500 employees and not dominant in its field. For detailed definitions for procurement purposes, see SBA's small business size regulations at 13 CFR 121.9, published January 1, 1996.

<sup>2</sup> Data on subcontracting awards are based on federal agency reports required by Public Law 95-507, Section 221(h).

## 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. More than 90 percent (\$183.9 billion in FY 1998 and \$185.1 billion in FY 1999) of federal procurement dollars were awarded in contract actions over \$25,000 (Table B.2). These large transactions, however, accounted for only 3 percent of the contract actions executed during the period. Conversely, 97 percent of the total number of contract actions were issued in contract actions of \$25,000 or less; these contracts were valued at \$16.4 billion in FY 1998 and \$15.7 billion in FY 1999.

Small businesses are significantly more successful in competing for smaller awards than they are in competing for larger contracts. They were awarded just under one-half (46 percent in FY 1998 and 44 percent in FY 1999) of total federal dollars in contract actions of \$25,000 or less, but just 18.6 percent in FY 1998 increasing slightly to 18.7 percent in FY 1999 of the dollar value of the larger awards over \$25,000. The financial returns are, of course, much greater for the small businesses that win larger awards.

The Federal Acquisition Streamlining Act of 1994 (FASA), signed into law on October 13, 1994, simplified the federal contracting process. Prior to enactment of FASA, only procurements of \$25,000 or less could be set aside for small businesses with limited competition. 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 from two or more responsible small businesses whose bids are competitive and commensurate with market expectations.

## Sources of Small Business Awards by Agency/Department

Just under 60 percent of the total \$34.1 billion in FY 1998 and \$34.6 billion in FY 1999 of prime contract dollars over \$25,000 awarded to small businesses resulted from Department of Defense (DOD) awards (Table B.3). The next largest source of federal contracting awards to small businesses was the General Services Administration, which accounted for 8.4 percent in FY 1998 (\$2.9 billion) and 8.0 percent in FY 1999 (\$2.6 billion) of the total dollars awarded to small businesses, followed by the Department of Transportation with 5 percent (\$1.7 billion) in FY 1998 and 4.9 percent (\$1.6 billion) in FY 1999.

## 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 59 percent of all contract dollars over \$25,000 awarded

to small businesses in FY 1998 (and 59.6 percent in FY 1999) (Table B.3), this amounted to only 16 to 17 percent of DOD's total in each year (Table B.5).

As measured by their share of agency budgets, small businesses were most successful in winning awards from the Nuclear Regulatory Commission, the Office of Personnel Management, and the Department of the Interior in FY 1998. In FY 1999, small businesses were most successful at the Office of Personnel Management, the Department of the Interior, and the Department of Transportation (Table B.5).

## Product/Service Categories

The federal contracting markets encompass three major categories of goods and services: supplies and equipment, research and development, and other services and construction (Table B.6). The volume of award dollars in each of the three major procurement categories shifted slightly as a percentage of total awards from FY 1998 to FY 1999.

The services and construction category, which includes activities as diverse as architectural and engineering services, data processing, telecommunications, general construction, and management support services, increased slightly from 50.5 percent in FY 1998 to 51.8 percent in FY 1999. Expenditures for supplies and equipment, the second largest category, decreased, from 35.5 percent in FY 1998 to 34.9 percent in FY 1999. Research and development (R&D) continued to lose some ground, accounting for 14.0 percent of awards in FY 1998 and 13.3 percent in FY 1999.

The small business market shares shifted from declines over the FY 1997–FY 1998 period to increases over the FY 1998–FY 1999 period in two major categories. Small businesses increased their share of research and development from 12.3 percent in FY 1998 to 14.3 percent in FY 1999 (Table B.7). Their share of services and construction contract actions increased from 22.2 percent to 22.4 percent. Small firms, however, decreased their market share of supplies and equipment from 15.9 percent to 15.4 percent.

## Small Business Innovation Research

FY 1999 was the seventeenth year of the Small Business Innovation Research (SBIR) program. Ten 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.<sup>3</sup> The required percentage was 1.25 percent in FY 1992, 1.5 percent in FY 1993 and FY 1994, 2.0 percent in FY 1995 and FY 1996, and 2.5 percent continuously beginning in FY 1997.

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<sup>3</sup>The Small Business Innovation Research (SBIR) program began as a government-wide program in FY 1983. The program was most recently reauthorized through the Consolidated Appropriations Act of 2001 (P.L. 106–554), which was signed into law December 21, 2000. It reauthorized the program for a period of eight years, through September 30, 2008.

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 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.

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 17 years of the program, more than \$9.8 billion has been awarded to small businesses in 52,113 Phase I and II projects (Table B.8). The program has been very competitive. Participating agencies received a total of 21,255 Phase I and Phase II proposals in FY 1998 and 21,492 proposals in FY 1999. A total of 37,458 Phase I and 14,655 Phase II awards have been made since the beginning of the program.

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.

In both FY 1998 and FY 1999, awards were made in every state, the District of Columbia, and Puerto Rico, with concentrations in technology-rich California and Massachusetts (Table B.9).

## **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. 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 2 percent of federal contract dollars in both FY 1998 and FY 1999 (Table B.10). Minority-owned businesses make up 9 percent of the business population of the United States; however, small minority-owned businesses won just 6 percent of

the award dollars in both years.<sup>4</sup> For both women- and minority-owned businesses, the share increased slightly, however.

Of the FY 1998 and FY 1999 dollar awards to small minority-owned businesses, more than 95 percent of the dollar value was in contract actions over \$25,000; small women-owned firms received more than 85 percent of the value of their contract actions in this category. Conversely, 13.6 percent of award dollars to small women-owned businesses in FY 1998 and just 12.2 percent in FY 1999 were in smaller awards of less than \$25,000. Only about 4.5 percent of minority-owned contractors' awards were in this category of smaller awards in both years. The percentage of contract dollars awarded in both FY 1998 and FY 1999 to small minority- and women-owned businesses remained at levels consistent with FY 1997.

## Changes in the Procurement Markets

Federal contract markets continue to change. The Federal Acquisition Streamlining Act (FASA), enacted in 1994, and the Federal Acquisition Reform Act (FARA), enacted in 1996, have had unprecedented impacts on the federal procurement process. The 1994 and 1996 laws were designed to save money, reduce paperwork burdens on federal contractors, 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. Additional reforms implemented in the December 1997 enactment of both HUBZone and contract bundling legislation are also affecting the small business procurement markets.<sup>5</sup>

The Small Business Administration has instituted an electronic gateway to procurement information, the Procurement Marketing and Access Network, or Pro-Net. This Internet-based data base of information on small, small disadvantaged, and women-owned businesses serves as an automated source list for contracting officers, a marketing tool for small firms, and a link to procurement opportunities and important information on federal contracting.

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<sup>4</sup>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 (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. See also 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 1993).

<sup>5</sup>The contract bundling legislation that was enacted is intended to restrict unnecessary contract consolidations. The HUBZone legislation is intended to provide federal contracting opportunities for small businesses located in historically underutilized business zones. Both the HUBZone and contract bundling provisions were included in the Small Business Reauthorization Act of 1997 (P.L. 105-135), signed into law on December 2, 1997.

# Appendix B Tables

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**Table B.1** *Total Federal Prime Contract Actions, FY 1998 and FY 1999*

	Thousands of Dollars		Small Business Share (Percent)
	Total	Small Business	
<b>Total, FY 1999</b>	<b>200,802,875</b>	<b>41,520,431</b>	<b>20.7</b>
Actions under \$25,000	15,678,184	6,856,096	43.7
Actions over \$25,000*	185,124,691	34,664,335	18.7
<b>Total, FY 1998</b>	<b>200,266,757</b>	<b>41,676,080</b>	<b>20.8</b>
Actions under \$25,000	16,383,684	7,541,821	46.0
Actions over \$25,000*	183,883,073	34,134,259	18.6

\*Reported individually.

Source: General Services Administration, Federal Procurement Data Center.

**Table B.2** *Federal Contract Actions over \$25,000, FY 1984–FY 1999*

Fiscal Year	Thousands of Dollars		Small Business Share (Percent)
	Total	Small Business	
1999	185,124,691	34,664,335	18.7
1998	183,883,073	34,134,259	18.6
1997	178,817,245	33,070,824	18.5
1996	183,418,403	33,709,450	18.4
1995	185,101,960	33,909,283	18.3
1994	181,500,339	30,318,281	16.7
1993	184,426,948	30,548,921	16.6
1992	183,081,207	29,523,629	16.1
1991	193,550,425	30,121,644	15.6
1990	179,286,902	27,565,861	15.4
1989	172,612,189	25,753,580	14.9
1988	176,544,042	26,481,763	15.0
1987	181,750,326	28,046,374	15.4
1986	183,681,389	28,863,410	15.7
1985	188,186,629	26,708,810	14.2
1984	168,101,394	25,536,585	15.2

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: General Services Administration, Federal Procurement Data Center, and *Special Report S89522C*, prepared for the U.S. Small Business Administration, Office of Advocacy (Washington, D.C.: U.S. Government Printing Office, June 12, 1989).

**Table B.3** *Distribution of Small Business Share of Dollars in Contract Actions over \$25,000 by Procuring Agency Source, FY 1998 and FY 1999*

	Total Small Business (Thousands of Dollars)		Small Business Distribution (Percent)		Rank	
	FY 1999	FY 1998	FY 1999	FY 1998	FY 1999	FY 1998
<b>Total, All Agencies</b>	<b>34,664,335</b>	<b>34,134,259</b>				
Advisory Committee on Federal Prevaling Rate	75	757	*	*	47	44
Agency for International Development	95,255	78,141	0.27	0.23	19	21
Commodity Futures Trading Commission		95		*		51
Consumer Product Safety Commission	2,058	1,448	0.01	*	38	41
Corporation for National and Community Service	2,275	1,694	0.01	*	37	39
Department of Agriculture	1,198,059	1,081,653	3.46	3.17	4	6
Department of Commerce	407,803	370,991	1.18	1.09	12	13
Department of Defense	21,454,705	19,963,720	61.89	58.49	1	1
Department of Education	79,427	78,978	0.23	0.23	20	20
Department of Energy	466,256	464,678	1.35	1.36	11	12
Department of Health and Human Services	1,108,201	1,134,045	3.20	3.32	6	4
Department of Housing and Urban Development	255,738	87,752	0.74	0.26	15	19
Department of Justice	759,460	776,487	2.19	2.27	9	9
Department of Labor	202,178	179,279	0.58	0.53	16	16
Department of State	391,148	182,420	1.13	0.53	13	15
Department of the Interior	549,142	686,739	1.58	2.01	10	10
Department of the Treasury	779,976	684,485	2.25	2.01	8	11
Department of Transportation	1,380,086	1,714,328	3.98	5.02	3	3
Department of Veterans Affairs	789,115	983,531	2.28	2.88	7	7
Environmental Protection Agency	280,326	243,998	0.81	0.71	14	14
Equal Employment Opportunity Commission	3,047	1,926	0.01	0.01	35	38
Executive Office of the President	16,180	14,296	0.05	0.04	28	29
Federal Communications Commission		287		*		49
Federal Election Commission	244	54,619	*	0.16	46	22
Federal Emergency Management Agency	60,531	47,370	0.17	0.14	22	24
Federal Labor Relations Authority		250		0.00		50



**Table B.3** *Distribution of Small Business Share of Dollars in Contract Actions over \$25,000 by Procuring Agency Source, FY 1998 and FY 1999*

	Total Small Business (Thousands of Dollars)		Small Business Distribution (Percent)		Rank	
	FY 1999	FY 1998	FY 1999	FY 1998	FY 1999	FY 1998
Federal Trade Commission	6,948	3,775	0.02	0.01	31	34
General Services Administration	2,691,928	2,871,509	7.77	8.41	2	2
International Trade Commission	1,467	1,137	*	*	42	42
Merit Systems Protection Board		59		*		52
National Aeronautics and Space Administration	1,186,185	1,100,854	3.42	3.23	5	5
National Archives and Records Administration	9,718	9,753	0.03	0.03	30	31
National Capital Planning Commission		349		*		48
National Foundation on the Arts and the Humanities	813	551	*	*	43	46
National Labor Relations Board	3,982	6,847	0.01	0.02	32	32
National Mediation Board	1,657	1,096	*	*	40	43
National Science Foundation	20,067	15,626	0.06	0.05	26	28
Nuclear Regulatory Commission	28,778	48,752	0.08	0.14	24	23
Office of Personnel Management	102,954	103,604	0.30	0.30	18	18
Peace Corps	3,737	3,860	0.01	0.01	33	33
Railroad Retirement Board	1,591	2,373	*	0.01	41	37
Securities and Exchange Commission	9,934	10,443	0.03	0.03	29	30
Selective Service System	600	495	*	*	45	47
Small Business Administration	21,650	21,806	0.06	0.06	25	26
Smithsonian Institution	45,470	46,831	0.13	0.14	23	25
Social Security Administration	144,991	170,638	0.42	0.50	17	17
Tennessee Valley Authority	71,991	856,088	0.21	2.51	21	8
U.S. Arms Control and Disarmament Agency	1,949	1,538	0.01	*	39	40
U.S. Holocaust Memorial Museum	701	715	*	*	44	45
U.S. Information Agency	19,647	16,504	0.06	0.05	27	27
U.S. Soldiers' and Airmen's Home	2,918	2,387	0.01	0.01	36	36
U.S. Trade and Development Agency	3,374	2,702	0.01	0.01	34	35

\* Less than 0.01 percent

Source: General Services Administration, Federal Procurement Data Center.

**Table B.4** Procurement Dollars in Contract Actions over \$25,000 by Major Agency Source, FY 1984–FY 1999

Fiscal Year	Total (Billions of Dollars)	Percent of Total			
		DOD	DOE	NASA	Other
1999	185.1	66.8	8.4	5.9	18.9
1998	183.9	64.2	8.2	5.9	21.6
1997	178.8	65.5	8.9	6.3	19.3
1996	183.4	66.5	8.7	6.2	18.6
1995	185.1	64.4	9.1	6.3	20.2
1994	181.5	65.4	9.9	6.3	18.4
1993	184.4	66.7	10.0	6.4	16.8
1992	183.1	66.3	10.1	6.6	16.9
1991	193.6	70.2	9.5	6.1	14.2
1990	179.3	72.0	9.7	6.4	11.9
1989	172.6	75.0	8.8	5.7	10.6
1988	176.5	76.9	8.2	4.9	10.0
1987	181.8	78.6	7.7	4.2	9.5
1986	183.7	79.6	7.3	4.0	9.0
1985	188.2	80.0	7.7	4.0	8.3
1984	168.1	79.3	7.9	3.9	9.0

Note: DOD = Department of Defense; DOE = Department of Energy; NASA = National Aeronautics and Space Administration. 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: General Services Administration, Federal Procurement Data Center and *Special Report 87458A*, prepared for the U.S. Small Business Administration, Office of Advocacy (Washington, D.C.: U.S. Government Printing Office, May 19, 1988).

**Table B.5** *Small Business Share of Dollars in Contract Actions over \$25,000 by Top 25 Major Procuring Agencies, Fiscal Years 1998 and 1999*

Agency	FY 1999 (Thousands of Dollars)		Small Business Share (Percent)		FY 1999 Share Rank
	Total	Small Business	1998	1999	
<b>Total, All Agencies</b>	<b>185,124,691</b>	<b>34,664,335</b>	<b>18.60</b>	<b>18.70</b>	
Department of Defense	123,598,945	21,454,705	16.15	17.36	20
Department of Energy	15,638,402	466,256	2.97	2.98	25
National Aeronautics and Space Administration	10,937,232	1,186,185	10.07	10.85	23
General Services Administration	6,949,932	2,691,928	41.32	38.73	6
Department of Health and Human Services	4,393,700	1,108,201	25.81	25.22	14
Department of the Treasury	3,281,670	779,976	20.86	23.77	15
Department of Agriculture	3,253,642	1,198,059	33.24	36.82	8
Department of Justice	3,215,795	759,460	24.15	23.62	16
Department of Transportation	2,839,558	1,380,086	60.37	48.60	3
Department of Veterans Affairs	2,604,289	789,115	37.77	30.30	12
Department of Labor	1,100,165	202,178	16.30	18.38	19
Department of Commerce	1,095,243	407,803	33.87	37.23	7
Department of the Interior	1,085,841	549,142	63.24	50.57	2
Environmental Protection Agency	1,066,198	280,326	22.88	26.29	13
Department of State	955,203	391,148	19.10	40.95	5
Department of Housing and Urban Development	775,334	255,738	11.32	32.98	10
Department of Education	694,182	79,427	11.38	11.44	22
Agency for International Development	513,116	95,255	15.23	18.56	18
Social Security Administration	458,480	144,991	37.22	31.62	11
Smithsonian Institution	377,904	45,470	12.39	12.03	21
Federal Emergency Management Agency	289,572	60,531	16.36	20.90	17
National Science Foundation	213,015	20,067	7.34	9.42	24
Office of Personnel Management	158,406	102,954	65.40	64.99	1
Nuclear Regulatory Commission	67,443	28,778	72.29	42.67	4
U.S. Information Agency	54,816	19,647	30.11	35.84	9

Note: All agencies are represented in the total dollars for FY 1999; the organizations listed are those agencies that awarded at least \$100 million in individual contract actions over \$25,000 in FY 1999.

Source: General Services Administration, Federal Procurement Data Center.

**Table B.6** *Distribution of Prime Contract Actions over \$25,000 by Major Product or Service Category for FY 1998 and FY 1999 (Percent)*

Product/Service Category	FY 1998	FY 1999
<b>Total</b>	<b>100.0</b>	<b>100.0</b>
Research and Development	14.0	13.3
Other Services and Construction	50.5	51.8
Supplies and Equipment	35.5	34.9

Source: General Services Administration, Federal Procurement Data Center.

**Table B.7** *Small Business Share of Dollars in Contract Actions over \$25,000 by Major Product or Service Category, FY 1998 and FY 1999*

	FY 1998		FY 1999	
	Thousands of Dollars	Small Business Share (Percent)	Thousands of Dollars	Small Business Share
<b>Research and Development</b>				
Total	25,752,111		24,595,627	
Small Business	3,162,881	12.3	3,518,418	14.3
<b>Other Services and Construction</b>				
Total	92,879,736		95,834,678	
Small Business	20,586,258	22.2	21,511,690	22.4
<b>Supplies and Equipment</b>				
Total	65,251,226		64,694,386	
Small Business	10,385,120	15.9	9,634,227	14.9

Source: General Services Administration, Federal Procurement Data Center.

**Table B.8** *Small Business Innovation Research Program, FY 1983–FY 1999*

Fiscal Year	Phase I		Phase II		Total Awards (Millions of Dollars)
	Number of Proposals	Number of of Awards	Number of Proposals	Number of of Awards	
<b>Total</b>	<b>293,922</b>	<b>40,477</b>	<b>32,378</b>	<b>14,655</b>	<b>9,850.4</b>
1999	19,016	3,334	2,476	1,256	1,096.5
1998	18,775	3,022	2,480	1,320	1,100.0
1997	19,585	3,371	2,420	1,404	1,066.7
1996	18,378	2,841	2,678	1,191	916.3
1995	20,185	3,085	2,856	1,263	981.7
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 1999).

**Table B.9 SBIR Awards by State, FY 1999 (Thousands of Dollars)**

State	Phase I		Phase II		Total	
	Awards	Dollars	Awards	Dollars	Awards	Dollars
Alabama	70	6,356	15	8,290	85	14,646
Alaska	1	59	0	0	1	59
Arizona	72	6,044	26	14,127	98	20,171
Arkansas	9	906	1	393	10	1,299
California	689	64,102	221	136,248	910	200,350
Colorado	152	13,059	82	50,721	234	63,780
Connecticut	70	6,270	23	12,756	93	19,026
Delaware	14	1,364	4	1,838	18	3,202
District of Columbia	17	1,577	8	4,629	25	6,207
Florida	67	5,639	29	16,110	96	21,750
Georgia	28	2,404	18	10,399	46	12,803
Hawaii	21	1,665	6	1,875	27	3,540
Idaho	5	339	2	755	7	1,094
Illinois	53	4,927	20	8,203	73	13,130
Indiana	21	1,811	10	5,298	31	7,109
Iowa	6	502	3	1,454	9	1,955
Kansas	14	1,155	3	1,720	17	2,875
Kentucky	7	523	5	2,279	12	2,802
Louisiana	6	418	1	400	7	818
Maine	15	1,261	3	823	18	2,084
Maryland	186	17,397	57	32,817	243	50,214
Massachusetts	516	47,206	192	115,297	708	162,503
Michigan	51	4,868	20	10,231	71	15,099
Minnesota	42	3,633	19	10,046	61	13,679
Mississippi	11	896	0	0	11	896
Missouri	16	1,082	5	2,920	21	4,003
Montana	12	1,041	4	2,497	16	3,537
Nebraska	3	287	2	667	5	954
Nevada	7	570	2	1,157	9	1,727
New Hampshire	41	3,363	14	8,106	55	11,468
New Jersey	106	9,528	39	23,535	145	33,064
New Mexico	65	5,659	28	18,485	93	24,144
New York	129	11,997	50	29,436	179	41,433
North Carolina	36	3,642	15	9,450	51	13,092
North Dakota	4	339	1	225	5	564
Ohio	110	10,146	47	29,744	157	39,889
Oklahoma	6	569	5	2,802	11	3,371
Oregon	39	3,610	20	9,710	59	13,321
Pennsylvania	91	8,220	49	28,685	140	36,905
Puerto Rico	1	62	0	0	1	62
Rhode Island	7	559	4	1,783	11	2,341
South Carolina	5	456	3	1,205	8	1,661
South Dakota	4	399	3	1,244	7	1,643
Tennessee	25	2,091	9	4,815	34	6,906
Texas	112	9,963	51	28,921	163	38,884
Utah	37	3,358	12	6,130	49	9,488
Vermont	12	1,097	5	2,187	17	3,283
Virginia	164	14,062	77	48,988	241	63,051
Washington	86	8,520	32	16,841	118	25,361
West Virginia	3	265	2	1,479	5	1,744
Wisconsin	39	3,657	12	6,421	51	10,078
Wyoming	9	779	0	0	9	779

Note: Based on awards issued and funding obligations for new awards only.

Source: U.S. Small Business Administration, Office of Advocacy, based on data from SBA's Office of Technology.

**Table B.10** Total Federal Contract Actions to Small, Women-Owned, and Minority-Owned Businesses, FY 1998 and FY 1999  
(Thousands of Dollars)

	Total Actions		Actions Over \$25,000		Actions of \$25,000 or Less	
	Thousands of Dollars	Share of Total (Percent)	Thousands of Dollars	Share of Total (Percent)	Thousands of Dollars	Share of Total (Percent)
<b>Total, FY 1998</b>	<b>200,266,757</b>		<b>183,883,073</b>		<b>16,383,684</b>	
Small Business	41,675,857	20.8	34,134,259	18.6	7,541,598	46.0
Women-Owned Business	4,059,993	2.0	3,509,469	1.9	550,524	3.4
Minority-Owned Business	11,941,271	6.0	11,396,554	6.2	544,717	3.3
<b>Total, FY 1999</b>	<b>200,802,875</b>		<b>185,124,691</b>		<b>15,678,184</b>	
Small Business	41,520,431	20.7	34,664,335	18.7	6,856,096	43.7
Women-Owned Business	4,510,489	2.2	3,959,722	2.1	550,767	3.5
Minority-Owned Business	12,099,543	6.0	11,560,128	6.2	539,415	3.4

Source: General Services Administration, Federal Procurement Data Center.

**Table B.11 Annual Change in the Dollar Volume of Contract Actions Over \$25,000 Awarded to Small, Women-Owned, and Minority-Owned Businesses, FY 1980–FY 1999 (Thousands of Dollars)**

	Total, All Business						Small Business			Women-Owned Business			Minority-Owned Business		
	Total (Thousands of Dollars)	Change from Prior Year		Total (Thousands of Dollars)	Year	Change from Prior Year		Total (Thousands of Dollars)	Total (Thousands of Dollars)	Change from Prior Year		Total (Thousands of Dollars)	Total (Thousands of Dollars)	Change from Prior	
		Thousands of Dollars	Percent			Thousands of Dollars	Percent			Thousands of Dollars	Percent			Thousands of Dollars	Percent
1999	187,973,230	3,862,225	2.1	35,745,192	1,485,753	4.3	4,027,739	485,838	13.7	11,859,223	414,203	3.6			
1998	184,111,005	211,175,936	25.7	34,259,439	27,013,742	217.0	3,541,901	248,406	21.3	11,445,020	312,398	2.8			
1997	195,286,941	17,218,902	9.7	41,273,181	8,082,760	24.4	3,590,307	621,845	20.9	11,132,622	491,851	4.6			
1996	178,068,039	22,783,936	21.5	33,190,421	1,383,158	4.3	2,968,462	148,214	5.3	10,640,771	121,302	1.2			
1995	180,851,975	6,164,024	3.5	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	23,649,028	22.0	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	2282,308	21.0	2,048,720	56,155	2.8	8,804,020	1,007,913	12.9			
1992	177,786,381	211,815,839	26.2	28,229,749	2617,609	22.1	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	13.6	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	25,402,604	23.1	23,716,171	21,955,147	27.6	1,402,939	75,215	5.7	5,333,888	141,382	2.7			
1988	174,097,585	27,441,007	24.1	25,671,318	22,256,401	28.1	1,327,724	74,839	6.0	5,192,506	343,381	7.1			
1987	181,538,592	22,111,635	21.1	27,927,719	2852,373	23.0	1,252,885	56,034	4.7	4,849,125	563,200	13.1			
1986	183,650,227	24,335,239	22.3	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	2119,500	23.0			
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	21,478,539	26.3	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	2534,772	249.3	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



**Table B.12** *Contract Actions Over \$25,000, FY 1984–FY 1999, with Annual 8(a) Set-Aside Breakout*

Fiscal Year	Thousands of Dollars		8(a) Share (Percent)
	Total	8(a) Set-Aside	
1999	185,124,691	5,971,393	3.2
1998	183,883,073	6,498,002	3.5
1997	178,817,245	6,501,253	3.6
1996	183,418,403	6,754,441	3.7
1995	185,101,960	6,895,881	3.7
1994	181,500,339	5,977,455	3.3
1993	184,426,948	5,483,544	3.0
1992	183,081,207	5,205,080	2.8
1991	193,550,425	4,147,148	2.1
1990	179,286,902	3,743,970	2.1
1989	172,612,189	3,449,860	2.0
1988	176,544,042	3,528,790	2.0
1987	181,750,326	3,341,841	1.8
1986	183,681,389	2,935,633	1.6
1985	188,186,629	2,669,174	1.4
1984	168,101,394	2,517,738	1.5

Source: General Services Administration, Federal Procurement Data Center.

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THE ANNUAL  
REPORT ON  
FEDERAL  
PROCUREMENT  
PREFERENCE GOALS

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THE  
U.S. SMALL BUSINESS  
ADMINISTRATION

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OFFICE OF  
GOVERNMENT  
CONTRACTING AND  
MINORITY ENTERPRISE  
DEVELOPMENT

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# Letter of Transmittal

The President  
The White House  
Washington, DC 20500

*Dear Mr. President:*

We are pleased to present, for your consideration, the FYs 1998 and 1999 report on participation in Federal procurement by small business concerns, including those owned and controlled by women and socially and economically disadvantaged individuals, and those firms participating in the 8(a) Business Development (8(a) BD) program.

The efforts of the Small Business Administration (SBA) in the goaling program during FY 1999 have been to enhance the validity and emphasis on the program through creation of an Internet Website and the creation of a new award program. The procurement preference goaling Website contains both current and historical goaling data, frequently asked questions, program information, methodology for establishing goals, agencies' proposed goals, and of course the annual achievements. The goaling Website is located at: <http://www.sba.gov/GC/goals/>. The new *Gold Star Award for Excellence* program was established to recognize the exemplary performance of the Federal personnel within the Office of Small and Disadvantaged Business Utilization (OSDBU) who have the primary responsibility for the aggressive goals and strategic initiatives that ensure small business a role in the Federal marketplace. These will be annual awards presented at SBA's Annual Procurement Conference held in Washington, DC.

In FY 1998, the Executive Branch of the Federal Government exceeded the government-wide small business goal of 23 percent and the small disadvantaged business (SDB) goal of 5 percent established by the Small Business Act 15(g)(1), but failed to achieve the 5 percent women-owned small business goal. The agencies exceeded the small business prime contract goal by awarding 23.4 percent (\$42.5 billion) to small businesses out of the \$181.7 billion awarded in FY 1998. The agencies exceeded the government-wide small disadvantaged business prime contract goal of 5 percent by awarding 6.5 percent (\$11.8 billion, which includes SDB and 8(a) contracts) to those firms. Federal agencies, however, failed to achieve the 5 percent women-owned small business prime contract goal, awarding only 2.2 percent (\$4.0 billion) to women-owned small businesses.

The Federal Government's large business prime contractors subcontracted \$67.8 billion in FY 1998. While there is no statutory government-wide small business subcontract goal, the aggregate achievement by Federal prime contractors was 40.4 percent (\$27.4 billion) to small businesses. Although the subcontracting share percentage to small businesses was slightly below the projection, small businesses received nearly \$4.4 billion more than projected.

The small disadvantaged business subcontracting goal of 6 percent was also exceeded by the awarding of 6.2 percent (\$4.2 billion). The Federal Government's large prime contractors failed to achieve the women-owned small business subcontracting goal of 5 percent, awarding 4.6 percent (\$3.1 billion) to women-owned small businesses.

In FY 1999, the Executive Branch of the Federal Government exceeded the government-wide small business goal of 23 percent and the small disadvantaged business (SDB) goal of 5 percent established by the Small Business Act 15(g)(1), but failed to achieve the 5 percent women-owned small business goal. The agencies exceeded the small business prime contract goal by awarding 23.1 percent (\$42.9 billion) to small businesses out of the \$185.7 billion awarded in fiscal year 1998. The agencies exceeded the government-wide small disadvantaged business prime contract goal of 5 percent by awarding 6.7 percent (\$12.4 billion, which includes SDB and 8(a) contracts) to those firms. Federal agencies, however, failed to achieve the 5 percent women-owned small business prime contract goal, awarding only 2.5 percent (\$4.6 billion) to women-owned small businesses.

The Federal Government's large business prime contractors subcontracted \$69 billion in FY 1999. While there is no statutory government-wide small business subcontract goal, the aggregate achievement by Federal prime contractors was 40.4 percent (\$27.9 billion) to small businesses. Although the subcontracting share percentage to small businesses was below the projection, small businesses received nearly \$4.2 billion more than projected. The small disadvantaged business subcontracting goal of 6.2 percent was also exceeded by the awarding of 6.5 percent (\$4.5 billion). The Federal Government's large prime contractors failed to achieve the women-owned small business subcontracting goal of 5 percent, awarding 4.3 percent (\$3 billion) to women-owned small businesses.

The main reasons cited by all the Federal agencies as the barriers to achieving their small business goals were the result of procurement reform, reduction in the number of procurement personnel, bundling, government-wide agency contracts with large businesses, and the increased use of the credit card for micro-purchases.

Please note that while we are reporting the accomplishments of each of the departments and agencies that establish goals, we have restricted our analysis and comments to data from 20 Federal agencies with the largest contracting budgets. These 20 agencies represent approximately 99 percent of Federal prime and subcontracts awarded.

Respectfully submitted,



AIDA ALVAREZ  
Administrator

Enclosure

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# The Annual Report on Federal Procurement Preference Goals

## Synopsis

By law, federal agencies are required to provide small, women-owned small businesses, 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) Business Development (8(a) BD) program, and small women-owned firms. At the end of the year, agencies report to the SBA on their success in meeting the goals. SBA has Procurement Center Representatives (PCRs) assigned to the largest federal agencies to work with the agencies to develop proactive strategies that will open new areas of opportunity to the small business community.

This report includes both FY 1998 and FY 1999 procurement preference goaling information. Part I of this report addresses FY 1998 and Part II of this report addresses FY 1999.

## Introduction

The policy of the United States, as stated in the Small Business Act, is that all small businesses, small business concerns owned and controlled by socially and economically disadvantaged individuals, and small business concerns owned and controlled by women are to have the maximum practicable opportunity to participate in providing goods and services to the government. To ensure that small businesses get their fair share, the SBA negotiates annual procurement preference goals with each federal agency and reviews each agency’s results. To that end, Public Law 95–507, as amended, requires the head of each federal agency, after consultation with the SBA, to establish aggressive, yet achievable, goals for the award of contracts to small, small disadvantaged and women-owned small businesses.

The statutory goals are established on a government-wide basis on the aggregate of all federal dollars expected during the fiscal year. It is important to note that proposed goals differ from agency to agency. Goals are established on an individual agency-by-agency basis because each agency has a different procurement mix based on its specific mission. For example, the Department of Defense (DOD) purchases a large number of aircraft, and there are not many small businesses providing this end product, whereas the General Services Administration (GSA) purchases common commodities like paper clips, paper, computers, etc., where there are numerous small business suppliers. It is therefore appropriate to establish different dollar and percent-



age goals for these agencies. It is the mission of the SBA to work with federal agencies to establish challenging yet meaningful goals that will encourage agencies to take risks that will enhance the ability of small businesses to participate in the government's prime and subcontracting opportunities.

In establishing goals, agencies use judgment based on their careful consideration of a variety of factors such as historical performance, anticipated budget or mission changes affecting their procurement needs, changes in acquisition procedures, and anticipated major acquisitions that will deviate from "usual" award practices. If these goals are not set at recommended levels consistent with our analysis, the SBA will not concur with the agency, and a goal at a more appropriate level will be negotiated and subsequently established.

## SBA Guidance

Each year, federal agencies provide the SBA with 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."<sup>1</sup> All goals are expressed in terms of dollars and percentages. However, if there is a 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. The individual goaling categories are:

- Prime contract awards to small businesses;
- Prime contract awards under the authority of Section 8(a) of the Small Business Act;
- 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; and,
- Subcontracts awarded by prime contractors to small businesses owned and controlled by women.

In the unlikely event that consultations between SBA and an agency fail to result in a mutually agreeable goal, the Office of Federal Procurement Policy (OFPP) at the Office of Management and Budget (OMB) shall make the final determination of what goals are appropriate under the circumstances.

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<sup>1</sup> "Reporting prime contractors" are defined in the Federal Government's Standard Form 295. See the appendix for detailed instructions provided to agencies.

At the end of each fiscal year, Public Law 95–507, as amended, requires the head of each agency to report to the SBA administrator on the agency’s achievement of goals for the year, with appropriate justification for failure to meet specific goals.<sup>2</sup>

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), more commonly known as FASA, requires a 5 percent government-wide goal for women-owned small businesses. Women-owned small businesses were incorporated into the procurement preference goaling process and added as a class for subcontract plan goals.

The SBA’s detailed analysis and comments cover only the 20 federal agencies with the largest contracting budgets. These 20 agencies represent approximately 99 percent of federal procurement awards reported to the Federal Procurement Data Center. Tabular data on many of the smaller agencies are also included.

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<sup>2</sup> Public Law 100–656 requires this information in the annual state of small business report.



# PART I

## Fiscal Year 1998 Report

In FY 1998, the executive branch of the federal government met or exceeded the three government-wide statutory contract goaling categories (Table A).

SBA negotiates seven individual goaling categories with each federal department and agency. Agency projections or goals may be compared with the actual achievements toward each category in both the prime and subcontract categories (Tables B and C).

In this report, the SBA summarizes federal agency performance in meeting their goals and provides detailed comments from the 20 federal agencies with the largest contracting budgets, which represent over 99.4 percent of the total dollars awarded. In the goal-setting process, agencies are encouraged to set aggressive goals and make determined efforts to meet them. Most agencies were able to do that in many of the categories. In addition, many agencies have developed innovative small business initiatives and they have been included to recognize the special efforts made by the agencies to meet their small business goals.

### Small Business Prime Contract Awards

In FY 1998, the federal government awarded 23.4 percent, or \$42.5 billion of a total \$181.7 billion, in prime contract dollars to small businesses (Tables 1 and 2). The total dollar amount exceeded the projected goal and the 23.4 percent awarded to small businesses, met the projected goals: small firms gained \$3.6 billion more than had been estimated. For purposes of this report, the General Services Administration's Federal Supply Service (FSS) projections and achievements will be evaluated as part of each agencies' expenditures and are not included as part of GSA projections and achievements, as appropriate.

The Departments of Agriculture, Education, Health and Human Services, Housing and Urban Development, Justice, Transportation, Treasury, Veterans Affairs, the Environmental Protection Agency, the General Services Administration, the National Aeronautics and Space Administration, the Social Security Administration, and the Tennessee Valley Authority all either met or exceeded their percentage goals for prime contracting to small business. Eleven of those agencies also exceeded their dollar goals.

The largest single agency percentage increase over the projected total came from the Department of Transportation, which achieved 24.9 percentage points more than projected, awarding 55.4 percent of its prime contract awards to small business. The next largest percentage gain was from the Department of Education, which awarded 34.9 percent—11.9 percentage points higher than projected.

**Table A. Federal Government Procurement Package Goals, 1998**

Category	Statutory Goal	Actual Percentage
Small Business <i>(Includes prime contract data only)</i>	23	23.4
Small Disadvantaged Business <i>(Includes prime and subcontract data, 8(a) program prime and subcontract data)</i>	5	12.7
Women-Owned Small Business <i>(Includes prime and subcontract data)</i>	5	6.8

Source: Compiled by the U.S. Small Business Administration, Office of Government Contracting and Minority Enterprise Development.

**Table B. Prime Contracts, FY 1998**

	Small Business		Small Disadvantaged Business		8(a)		Women-owned Small Business	
	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual
<b>Millions of Dollars</b>	38,885.8	42,494.5	7,213.8	5,288.3	2,758.0	6,947.0	7,560.6	4,012.8
<b>Percent</b>	23.3	23.4	4.3	2.9	1.6	3.6	4.5	2.2

Notes: Goals are based on projected procurement obligations of \$167,234.2 (100 percent). Actuals are based on reported procurement obligations of \$181,714.8 (100 percent).

Source: Compiled by the U.S. Small Business Administration, Office of Government Contracting and Minority Enterprise Development.

**Table C. Subcontracts, FY 1998**

	Small Business		Small Disadvantaged Business		Women-owned Small Business	
	Goal	Actual	Goal	Actual	Goal	Actual
<b>Millions of Dollars</b>	22,989.4	27,375.2	3,348.1	4,212.5	2,846.2	3,094.4
<b>Percent</b>	41.0	40.4	6.0	6.2	5.1	4.6

Notes: Goals are based on \$56,085.8 projected subcontracting projections. Actuals are based on \$67,758.9 reported subcontracting obligations.

Source: Compiled by the U.S. Small Business Administration, Office of Government Contracting and Minority Enterprise Development.

The largest dollar increase over the projected total came from the Department of Veterans Affairs, which also exceeded the projected percentage goal by 1.5 percentage points. VA increased its dollar total for small business by \$685.7 million, to almost \$1.7 billion. The second largest dollar share gain was from the Department of Transportation. It awarded more than \$1 billion to small businesses—\$575.7 million more than projected.

## Agency Shortfalls

The Small Business Administration is charged in Public Law 95–507, as amended, with the responsibility to analyze and comment on shortfalls by major reporting agencies. The Departments of Commerce, Defense, Energy, Interior, Labor, State, and the U.S. Agency for International Development missed their percentage goals for prime contract awards to small business concerns.

### *Department of Commerce*

The U.S. Department of Commerce (Commerce) failed to reach its small business prime contract goal of 44 percent by 5.5 percentage points. The goal for dollars to small businesses was also missed by \$109.2 million. The actual prime contract dollar amount awarded to small businesses in FY 1998 was slightly less than \$500 million.

Commerce stated that procurements to small businesses have decreased as a result of procurement reform, bundling, government-wide agency contracts with large businesses, and micro-purchases. The Commerce management team recognized the decline in awards to small businesses and implemented a plan called “SDB 2000 Program in FY 1999.” Some of the SDB 2000 initiatives include:

- Bureau chief financial officer’s performance plans that include language focusing on small, minority and women-owned business goals;
- Bureau-specific small business goals negotiated between the Commerce chief financial officer/assistant secretary for administration and bureau chief financial officers;
- Awards of government-wide agency contracts for high-end information technology solutions to small, minority (including 8(a) firms) and women-owned small businesses;
- Streamlined acquisitions under \$100,000 (pilot program);
- Establishment of a quick reaction task ordering program with minority firms for management consulting services;
- Monitoring of the top 20 upcoming contracts to ensure maximum inclusion of small, minority-owned and women-owned firms;
- Hosting of focus groups with Commerce’s top large business contractors to increase subcontracting opportunities for small, minority and women-owned firms

### *Department of Defense*

The Department of Defense (DOD) failed to reach its small business prime contract goal of 22 percent by 1.1 percentage points. DOD missed its small business prime contract dollar goal of \$24.8 billion by \$605.9 million. The actual prime contract dollars awarded to small businesses in FY 1998 totaled just under \$24.2 billion.

### *Department of Energy*

The Department of Energy (DOE) failed to reach its small business prime contract goal of 21 percent by 2.9 percentage points. DOE also missed its small business prime contract dollar goal of \$3.2 billion by \$405 million. The actual prime contract dollar amount awarded to small businesses in FY 1998 was \$2.7 billion. According to DOE's report, the shortfall can be attributed to the overall downsizing of the federal sector, along with various federal procurement mechanisms and practices, e.g., government-wide acquisition contracts and consolidation of requirements, may have contributed to the decline in small business contracting opportunities.

DOE stated that in FY 1998, they continued to work aggressively to increase achievement in all small business categories with a significant portion funded by DOE entities and programs which are involved in nonnuclear research, development, and demonstration.

### *Department of the Interior*

The Department of the Interior (DOI) failed to reach its small business prime contract goal of 58 percent by 3.6 percentage points; however, DOI exceeded its small business prime contract dollar goal of \$454.8 million by \$349.9 million. The actual small business prime contract dollar amount awarded was \$804.7 million.

### *Department of Labor*

The Department of Labor (DOL) missed its small business prime contract goal by 5.7 percentage points, awarding 17.5 percent of its prime contracts to small business concerns. In addition, DOL failed to meet its small business prime contract dollar goal of \$205.6 million by \$9.7 million. The actual prime contract dollar amount awarded to small businesses in FY 1998 was \$195.9 million. DOL reported that the failure to reach the FY 1998 goals stemmed from a significant increase in funds to large businesses for the award of two large optical character recognition contracts and for the operation of job training centers. (Training centers primarily account for the Department's subcontracting successes.) In addition, in the fourth quarter of FY 1998, DOL awarded two contracts for a "fluff" in the design and operation of an optical character recognition system. The decision to award two contracts resulted in an increase to DOL's awards to large businesses and

thus a decrease in the percentage of small businesses. Although this negatively impacted DOL's prime contract awards to small business concerns, it was matched by a marked increase in their subcontracting with small business.

### *Department of State*

The Department of State (State) missed its small business prime contract goal by 2 percentage points, awarding 41.9 percent of its prime contracts to small business concerns. In addition, the department failed to meet its small business prime contract dollar goal of \$276.6 million by \$39.8 million. The actual prime contract dollar amount awarded to small businesses in FY 1998 was \$236.8 million. The State Department reported that the failure to reach their FY 1998 goals was attributable to several things, including the increase in credit card purchases, which are not captured by the Federal Procurement Data Center, and the department spent more than \$16 million in credit card purchases in FY 1998. The State Department also attributed the failure to reach their FY 1998 goals to the increase in government-wide area contracts available to agencies as tools for the expedient award of task or delivery orders. Despite missing their FY 1998 goals for small business, the department has some examples of substantial achievements that have ensured small business participation in State Department procurement contracts above the Small Business Act requirements. For example, the department uses the 8(a) program for major construction projects abroad and voluntarily complies with subcontracting plan requirements for construction projects over \$1 million that will be performed entirely outside the United States. The State Department planned to continue their outreach to small businesses in FY 1999 and to focus on accurate reporting of contract award statistics.

### *U.S. Agency for International Development*

The U.S. Agency for International Development (USAID) failed to reach its small business prime contract goal of 35.2 percent by 12 percentage points and missed its small business prime contract dollar goal of \$169 million by \$89.5 million. The actual prime contract dollar amount awarded to small businesses in FY 1998 was \$79.5 million.

## **Small Business Subcontract Awards**

Federal prime contractors awarded almost \$68 billion in federal funds to subcontractors in FY 1998 (Tables 3 and 4). Of this total, over \$27 billion—40.4 percent—went to small firms. This share was 0.6 percentage point lower than projected. Despite barely missing the small business subcontract percentage, the total subcontract dollars awarded exceeded that projected by



almost \$11.7 billion while the dollar share to small business was nearly \$4.4 billion more than projected.

Prime contractors to the 20 agencies with the largest contracting budgets awarded approximately 99.7 percent of the total small business subcontract dollars.

The following agencies either met or exceeded their percentage subcontracting goals to small business: the Departments of Agriculture, Commerce, Defense, Education, Energy, Housing and Urban Development, Interior, Transportation, Treasury, National Aeronautics and Space Administration, and the Social Security Administration. All of these agencies, except the Department of Education, also exceeded the dollar goal for subcontract awards to small business concerns. The Department of Education missed its dollar goal by about \$4 million.

Despite missing the percentage goal for subcontract awards to small businesses, the Departments of Health and Human Services, Labor, State, and Veterans Affairs, the Environmental Protection Agency, and the U.S. Agency for International Development exceeded their projected dollar goals.

The largest single agency percentage increase over the projected total came from the Social Security Administration, which awarded 38 percentage points more than projected, making 63 percent of its subcontract awards to small business. The next largest percentage gain was from the Department of Interior, which subcontracted 66.7 percent—28.7 percentage points higher than projected.

The largest dollar increase over the projected total came from the Department of Defense. Its prime contractors increased the dollar total for small business by almost \$4.3 billion, to over \$22.2 billion. The second largest dollar share gain was from the Department of Veterans Affairs, whose prime contractors awarded \$605.3 billion to small businesses—almost \$500 million more than projected.

Of all the agencies, the Department of the Interior achieved the highest percentage goal for small business subcontracts at 66.7 percent. The Social Security Administration achieved the second highest percentage at 63 percent.

### Agency Shortfalls

The following agencies failed to meet their percentage goals for subcontract dollars to small businesses: the Departments of Health and Human Services, Justice, Labor, State, and Veterans Affairs, the Environmental Protection Agency, the General Services Administration, the Tennessee Valley Authority, and the U.S. Agency for International Development. Despite missing the percentage goal for small business subcontracts, the Departments of Health and Human Services, Labor, State, and Veterans Affairs, the Environmental Protection Agency, and the U.S. Agency for International Development exceeded the dollar totals projected for small business subcontract awards. Only the Department of Justice, the General Services Administration, and the Tennessee Valley Authority missed both their percentage and dollar goals for subcontract

awards to small business. The Department of Education exceeded its percentage goal but missed the dollar goals for subcontract awards.

### *Department of Health and Human Services*

The Department of Health and Human Services (HHS) did not meet its percentage goal for subcontract awards to small business concerns. Despite missing its percentage goal by 2.9 percent, HHS exceeded the dollar goal by \$17 million. In total, HHS's prime contractors awarded \$138 million in subcontracts—30.7 percent—to small businesses in FY 1998.

### *Department of Justice*

The Department of Justice (DOJ) failed to reach its small business subcontract share goal of 53 percent by 10.1 percentage points and its dollar goal of \$450.5 million by \$209.9 million. The actual dollar amount subcontracted to small businesses in FY 1998 was \$240.6 million. DOJ attributed the failure to reach the FY 1998 goals to the department's prime contractors falling short of both dollars and percentages pertaining to goals. DOJ is currently reviewing a new automated system for monitoring subcontracting plans as well as other procurement goals. If the system is instituted, DOJ anticipates increased opportunities for small businesses as subcontractors and more accurate data collection.

### *Department of Labor*

The Department of Labor (DOL) failed to reach its small business subcontract goal of 59.3 percent by 0.8 percentage point, but exceeded its small business subcontract dollar goal of \$101.8 million by \$46.7 million. The actual dollar amount subcontracted to small businesses in FY 1998 was \$148.5 million.

### *Department of State*

The Department of State missed its percentage goal for small business subcontract awards by 3.9 percentage points, awarding 44.3 percent, but exceeded its dollar goal by \$20.3 million. Its prime contractors reported small business subcontract awards totaling \$44.3 million in FY 1998. The State Department has planned to combat this failure to meet the goal by ensuring that its large prime contractors understand the importance of accurate subcontract reporting through annual subcontract training seminars for its large prime contractors.

### *Department of Veterans Affairs*

The Department of Veterans Affairs (VA) missed its percentage goal for small business subcontract awards by 15.9 percentage points, awarding 18.1 percent. However, VA exceeded its dollar goal by \$469.3 million. Its prime contractors reported small business subcontract awards totaling \$605.3 million in FY 1998. VA stated that as a result of "reinventing government" and downsizing, VA

acquisition operations are being merged with each other geographically and with other administrative functions within medical centers. The trend in the VA is to consolidate acquisition opportunities. The VA is the largest provider of health care in the country, and purchases and products are being standardized and consolidated into national contracts. VA works with its prime contractors to ensure more accurate reporting.

### *Environmental Protection Agency*

The Environmental Protection Agency (EPA) missed its percentage goal for small business subcontract awards by 3.1 percentage points—awarding 46.9 percent. However, EPA exceeded its dollar goal by \$16.9 million. Its prime contractors reported small business subcontract awards totaling \$106.9 million in FY 1998.

### *General Services Administration*

The General Services Administration's (GSA) Non-Federal Supply Service (NFSS) failed to reach its small business subcontract percentage and dollar goals. GSA missed its percentage goal for small business subcontract awards by 1 percent—awarding 41 percent. GSA missed its dollar goal by \$838.7 million. Its prime contractors reported small business subcontract awards totaling \$631.3 million in FY 1998. When it had a major acquisition, GSA convened presolicitation conferences for the small business community. These conferences allowed participants the opportunity to meet and talk with some of the potential prime contractors for the procurement to explore the possibility of teaming and subcontracting opportunities. Prime contractors are required to establish aggressive small business goals and GSA consistently monitors the subcontracting program. In addition, in 1998, GSA held its second annual national Subcontract Report Process Workshop for GSA Prime Contractors, in which GSA explained subcontracting plan reporting requirements and compliance initiatives.

### *Tennessee Valley Authority*

The Tennessee Valley Authority (TVA) failed to reach its small business subcontract percentage and dollar goals. TVA missed its percentage goal for small business subcontract awards by 3 percentage points, awarding 32 percent. TVA missed its dollar goal by \$84.9 million. Its prime contractors reported small business subcontract awards totaling \$37.6 million in FY 1998. Over the past four years, total TVA procurement for materials and services has decreased more than 30 percent. As a result, TVA experienced a significant reduction in the total number of suppliers, which made it difficult for TVA to meet its subcontracting goal. TVA is currently reviewing and planning to strengthen second-tier requirements to help in achieving subcontracting goals.

## *U.S. Agency for International Development*

The U.S. Agency for International Development (USAID) missed its small business subcontract goal of 52.3 percent by almost 10 percentage points, awarding 42.4 percent. However, USAID exceeded its dollar goal by \$81.3 million. Its prime contractors reported small business subcontract awards totaling \$85.8 million in FY 1998.

### **Minority Small Business Awards: The 8(a) Program**

The 8(a) Business Development (BD) program helps eligible small disadvantaged business concerns compete in the American economy through business development. The 8(a) BD program provides federal government contracts to small companies owned and controlled by socially and economically disadvantaged individuals who are certified by the U.S. Small Business Administration (SBA). Under the program, the SBA, which acts as the prime contractor in the process, works with other federal agencies to identify requirements suitable for the 8(a) BD program. The federal agencies, with SBA assistance, then negotiate subcontracts with certified 8(a) BD program participants.

The federal government awarded almost \$6.5 billion (or 3.6 percent) of the total amount awarded in prime contracts through the SBA to firms participating in the 8(a) BD program in FY 1998 (Tables 5 and 6). The total exceeded both the percentage and dollar goals established for awards to 8(a) firms.

The following three agencies either met or exceeded their percentage goals for 8(a) BD: The Departments of State, Transportation and Veterans Affairs. The following eight agencies either met or exceeded their dollar goals: the Departments of Agriculture, Health and Human Services, Interior, Labor, State, Transportation, Treasury, and Veterans Affairs. Despite missing their percentage goals, the Departments of Agriculture, Health and Human Services, Interior, and Labor exceeded their dollar goals for awards to 8(a) firms.

The Department of Defense (DOD) has, by specific legislation, a goal of 5 percent for participation of small disadvantaged business and it does not provide a separate goal for 8(a) and other SDB awards, but sets a single goal for total SDB participation. When both 8(a) and SDB are combined, DOD achieved 5.8 percent, exceeding the SDB goal of 5 percent by almost one percentage point.

The largest single agency percentage increase over the projected total came from the Department of Veterans Affairs, which awarded 4.6 percentage points more than projected, allocating 7.1 percent to 8(a) firms. The next largest gain was from the Department of State, which awarded 12.3 percent, 3.5 percentage points higher than projected.

The largest dollar increase over the projected total came from the Department of Veterans Affairs, which increased its total for 8(a) contracts by \$238.7 million, to \$301.4 million. The second largest dollar share gain was from the Department of Health and Human Services, which awarded \$440 million to 8(a) firms, \$203 million more than projected.

## Agency Shortfalls

The following agencies failed to achieve their percentage goals for 8(a) contracts: the Departments of Agriculture, Commerce, Education, Energy, Housing and Urban Development, Interior, Justice, Labor, and Treasury, the Environmental Protection Agency, the General Services Administration, the National Aeronautics and Space Administration, the Social Security Administration, the Tennessee Valley Authority, and the U.S. Agency for International Development.

The following agencies failed to achieve their dollar goals for 8(a) contracts: the Departments of Commerce, Education, Energy, Housing and Urban Development, and Justice, the Environmental Protection Agency, the General Services Administration, the National Aeronautics and Space Administration, the Social Security Administration, the Tennessee Valley Authority, and the U.S. Agency for International Development.

### *Department of Agriculture*

The Department of Agriculture (USDA) missed its 8(a) contract percentage goal, but exceeded its dollar goal. USDA projected a percentage goal of 5 percent of its prime contract awards to 8(a) firms, but achieved only 4.1 percent. It should be noted that USDA increased its awards to 8(a) firms by \$8.5 million by awarding \$120.4 million in 8(a) prime contract awards.

### *Department of Commerce*

The Department of Commerce (DOC) failed to reach its 8(a) contract percentage goal of 12 percent by 4.7 percentage points. DOC also missed its 8(a) contract dollar goal of \$94.3 million by \$7.5 million. The actual dollar amount to 8(a) contracts was \$86.9 million. DOC stated that its procurements to small business have decreased as a result of procurement reform, bundling, government-wide agency contracts with large businesses, and micro-purchases. DOC recognizes the decline in the awards and has developed a plan to be implemented for small and minority-owned businesses.

### *Department of Education*

The Department of Education (DOEd) failed to reach its 8(a) prime contract goal of 4 percent by 2.1 percentage points. DOEd also missed its 8(a) contract dollar goal of \$25.8 million by \$7.2 million. The actual dollar amount to 8(a) contracts was \$18.6 million. Specifically, DOEd plans to emphasize the use of tools recently implemented to streamline business processes for the award of contracts under the Section 8(a) authority.

### *Department of Energy*

The Department of Energy (DOE) did not make its 8(a) contract goal, missing it by 0.3 percentage point. DOE also failed to reach its 8(a) dollar goal of \$375

million by \$41.7 million. The actual dollar amount to 8(a) contracts in FY 1998 was \$333.3 million.

### *Department of Housing and Urban Development*

The Department of Housing and Urban Development (HUD) did not meet its percentage goal for awards to 8(a) firms, missing it by 4 percentage points. HUD also missed its dollar goal for awards to 8(a) firms by \$25.5 million. HUD awarded \$13.6 million in prime contracts to 8(a) firms. To increase small business participation in HUD prime contracts, the department has instituted an aggressive outreach program. The outreach efforts are focused and specifically targeted to underrepresented minority-owned businesses and to geographic areas where underrepresented minority-owned businesses contracting with HUD and with HUD grantees are evident. HUD has hired a new staff person to focus on this effort.

### *Department of the Interior*

The Department of the Interior (DOI) missed its 8(a) contract percentage goal, but exceeded its dollar goal. DOI projected a percentage goal of 9.3 percent of its prime contract awards to 8(a) firms and narrowly missed its goal. It should be noted that DOI increased its awards to 8(a) firms by \$59.5 million by awarding \$132.4 million in 8(a) prime contract awards.

### *Department of Justice*

The Department of Justice (DOJ) missed its percentage goal for awards to 8(a) firms by 2.4 percentage points. DOJ also missed its dollar goal for awards to 8(a) firms by \$12.8 million, nevertheless awarding \$190.9 million in prime contracts to 8(a) firms. DOJ staff believe they missed the goal because of a coding problem in the data submitted to the Federal Procurement Data System. DOJ has reviewed coding procedures and anticipates these problems will be corrected in the next fiscal year.

### *Department of Labor*

The Department of Labor (DOL) missed its 8(a) contract percentage goal, but exceeded its dollar goal. DOL projected a percentage goal of 3.4 percent of its prime contract awards to 8(a) firms and missed its goal by just 0.1 percentage point. It should be noted that DOL increased its awards to 8(a) firms by \$7.2 million by awarding \$37.1 million in 8(a) prime contract awards.

DOL reported that the failure to reach its FY 1998 goals was because of a significant increase in funds to large businesses for the award of two large optical character recognition contracts and for the operation of job training centers. (Training centers account primarily for the department's subcontracting successes.) In addition, in the fourth quarter of FY 1998, DOL awarded two contracts for a "fluff" in the design and operation of an optical character

recognition system. The decision to award two contracts resulted in an increase in DOL's awards to large businesses and thus a decrease in the percentage that went to small businesses. Although this decision negatively impacted DOL's prime contract awards to small business concerns, the shortfall was matched by a marked increase in small business subcontracting achievements. DOL has developed a plan to achieve the department's small business goals. Most of DOL's contracting activity is performed in the Employment and Training Administration's Job Corps program. These contracts are primarily for operating Job Corps training centers and outreach admission and placement contracts. In FY 1999, DOL will award its first 100 percent small business set-aside contract for the operation of a Job Corps training center. In addition, DOL has been working with SBA on the 8(a) mentor-protégé program to assist in locating and developing 8(a) firms to meet Job Corps procurement requirements. In FY 1999, DOL will be issuing its first competitive 8(a) requirement for the operation of a Job Corps training center.

### *Department of the Treasury*

The Department of the Treasury exceeded its dollar goal of prime contract awards to 8(a) firms by \$23 million. Treasury awarded \$129.4 million in prime contracts to 8(a) concerns. However, the department missed its 8(a) percentage goal by 2.2 percentage points. Treasury awarded 7.3 percent of its prime contracting opportunities to 8(a) firms. Treasury is committed to an effective small business program, and plans to continue to work to promote small, small disadvantaged, and women-owned small business participation in its procurement program.

### *Environmental Protection Agency*

The Environmental Protection Agency (EPA) failed to reach its 8(a) contract goal of 6 percent by 2.3 percentage points. EPA also missed its 8(a) contract dollar goal of \$72 million by \$30.8 million. The actual dollar amount in 8(a) contracts was \$41.2 million. EPA has undertaken many initiatives to improve its performance in awards to 8(a) firms. Specifically, EPA plans to commit to a "rule of one" to encourage solicitation of at least one minority-owned business in each procurement under the simplified acquisition threshold. EPA plans to continue its outreach efforts to continuously improve upon its programs for small businesses.

### *General Services Administration*

The General Services Administration's (GSA) Non-Federal Supply Service missed both its percentage and dollar goals for awards to 8(a) firms. GSA failed to meet its percentage goal by 1.5 percentage points, while missing its dollar goal by \$92 million. GSA awarded \$415.5 million—5.2 percent—in prime contract awards to 8(a) firms. When GSA had a major acquisition, the agency convened presolicitation conferences for the small business community. These

conferences allowed participants the opportunity to meet and talk with some of the potential prime contractors for the procurement to explore the possibility of teaming and subcontracting opportunities. Prime contractors are required to establish aggressive small business goals and GSA consistently monitors the subcontracting program. In addition, in 1998, GSA held its second annual national Subcontract Report Process Workshop for GSA Prime Contractors, where the agency explains subcontracting plan reporting requirements and compliance initiatives.

### *National Aeronautics and Space Administration*

The National Aeronautics and Space Administration (NASA) missed both its percentage and dollar goals for awards to 8(a) firms. NASA failed to meet its percentage goal by 0.6 percentage point, while missing its dollar goal by \$13.9 million. NASA awarded \$317.1 million—2.9 percent—in prime contract awards to 8(a) firms.

### *Social Security Administration*

The Social Security Administration (SSA) missed both its percentage and dollar goals for awards to 8(a) firms. SSA failed to meet its percentage goal by 1.7 percentage points and missed its dollar goal by \$28.2 million, awarding \$58.4 million—11.3 percent—in prime contract awards to 8(a) firms. SSA has made continual efforts throughout the year to promote the socioeconomic programs. SSA staff attend several procurement fairs and one-on-one conferences with potential small business vendors and participate in panels during the year. In addition, SSA has hosted conferences for local small business vendors. According to SSA, the most significant influence on the ability to reach the fiscal year goals has been the use of GSA schedules. SSA also stated that the downsizing of staff, combined with more and more services being provided through GSA, has caused a decline in the overall share awarded to small businesses. SSA plans to continue to actively pursue methods to increase buyers' awareness of the need to support the small business community.

### *Tennessee Valley Authority*

The Tennessee Valley Authority (TVA) missed its 8(a) percentage goal by 0.3 percentage point. TVA also missed its 8(a) contract dollar goal of \$6.7 million by \$6.3 million. The actual dollar amount awarded in 8(a) contracts was \$0.4 million. According to TVA, material and services expenditures have decreased more than 30 percent annually, which has significantly reduced the number of suppliers providing material and services. To increase its awards to small businesses, TVA has incorporated aggressive minority business goals in business plans and made them part of TVA managers' performance appraisal. TVA plans to make significant efforts to increase minority business participation and emphasize planning, sourcing, communication, and commitment regarding minority business involvement. In addition, TVA plans to increase joint-venture



partnerships and alliances with large businesses and other minority suppliers. These efforts have already resulted in increased new procurement opportunities for several minority suppliers.

### *U.S. Agency for International Development*

The U.S. Agency for International Development (USAID) failed to reach its 8(a) contract goal of 10.4 percent by 7.1 percentage points. USAID also missed its 8(a) contract dollar goal of \$50 million by \$38.6 million. The actual dollar amount in 8(a) contracts was \$11.4 million.

## **Small Disadvantaged Business Prime Contracts**

In FY 1998, the federal government awarded almost \$5.3 billion or 2.9 percent of the total \$181.7 billion in prime contract dollars to small disadvantaged businesses (SDBs). These accomplishments do not include contracts awarded through the 8(a) program (Tables 7 and 8). The federal agencies missed the overall projected percentage goal by 1.4 percentage points and the projected dollar amount for SDB firms by \$1.9 billion in FY 1998.

The following 11 federal agencies met or exceeded their percentage goals for SDB: the Departments of Health and Human Services, Interior, Justice, Transportation, Treasury, and Veterans Affairs, the General Services Administration, the National Aeronautics and Space Administration, and the U. S. Agency for International Development. The following 12 federal agencies also exceeded their dollar goals: the Departments of Commerce, Education, Health and Human Services, Interior, Justice, Transportation, Treasury, and Veterans Affairs, the General Services Administration, the National Aeronautics and Space Administration, the Tennessee Valley Authority, and the U. S. Agency for International Development.

The largest single agency percentage increase over the projected total came from the U. S. Agency for International Development, which awarded 5.3 percentage points more than projected, achieving 11 percent in SDB prime contracts. The next largest gain was from the Department of the Treasury, which awarded 6.9 percent—4.6 percentage points higher than projected.

The largest dollar increase over the projected total came from the General Services Administration (GSA). GSA increased its dollar total of prime contract awards to SDB firms by \$166.3 million—awarding \$431.4 million to SDB firms in FY 1998. The second largest dollar increase was posted by the Department of Health and Human Services (HHS) for SDB prime contracts. HHS increased its dollar total of Federal Supply Schedule SDB prime contracts by \$118.6 million, to \$208.6 million.

Of all the agencies, the Department of Commerce established the highest percentage goal for SDB prime contracts at 6 percent. It achieved 5.5 percent for SDB contracts.

## Agency Shortfalls

The following agencies did not achieve their projected SDB prime contract goals: the Departments of Agriculture, Commerce, Defense, Education, Energy, Labor, State, the Social Security Administration, and the Tennessee Valley Authority.

SBA has reviewed and provided specific comments on the reports of the agencies that did not achieve their percentage goals for SDB prime contracts in FY 1998.

Two agencies exceeded their percentage goal for SDB prime contract awards, but missed their dollar goal in FY 1998: the Department of Housing and Urban Development and the Environmental Protection Agency.

### *Department of Agriculture*

The Department of Agriculture (USDA) failed to reach its SDB prime contract goal of 5 percent by 2.5 percentage points. USDA also missed its SDB prime contract dollar goal of \$111.9 million by \$38.7 million. The actual SDB prime contract dollar amount awarded was \$73.2 million. USDA gave several reasons for the shortfall. Commodities account for more than 50 percent of USDA's total procurement budget and there are relatively few, if any, minority- or women-owned food processing plants, largely because of high startup costs. USDA also stated that government-wide automation contracts and the practice of bundling automation requirements are on the rise at USDA, and accounted for significant shortfalls in the 8(a) and SDB achievements. The expanded use of credit cards has not helped the small business programs, and these transactions accounted for more than \$150 million in purchases in FY 1998. USDA plans to continue to put forth every effort to meet or exceed all of its procurement goals. For example, they will use tools such as memorandums of understanding with the SBA, the mentor-protégé initiative, partnerships with professional associations that represent SDBs, annual outreach plans for each USDA agency, and getting the small business programs included in senior management officials' performance appraisals.

### *Department of Commerce*

The Department of Commerce (DOC) failed by 0.5 percentage point to reach its SDB prime contract percentage goal of 6 percent. Despite missing its percentage goal, DOC exceeded its SDB contract dollar goal of \$47.1 million by \$18.2 million. The actual dollar amount to SDB contracts was \$65.3 million. DOC said its procurements to small disadvantaged businesses have decreased as a result of procurement reform, bundling, government-wide agency contracts with large businesses, and micro-purchases. DOC recognizes the decline in the awards and has developed a plan to be implemented for increasing awards to small and minority-owned businesses.

### *Department of Defense*

The Department of Defense (DOD) has, by specific legislation, a goal of 5 percent for participation of small disadvantaged businesses. The agency calculates the achievement toward this goal by adding the 8(a) and SDB contract awards together. When both 8(a) and SDB are combined, DOD achieved 5.8 percent, exceeding the SDB goal of 5 percent by almost 1 percentage point. When the SDB goal is reviewed separately from the 8(a) achievements, DOD achieved 2.8 percentage points for a total amount in SDB contracts of \$3,284.7 million, more than 62 percent of total federal dollars that go to small disadvantaged businesses.

### *Department of Education*

The Department of Education (DOEd) failed to reach its SDB prime contract goal of 1 percent by 0.3 percentage points. However, DOEd exceeded its SDB contract dollar goal of \$6.5 million by \$0.8 million. The actual dollar amount in 8(a) contracts was \$7.3 million. DOEd plans to increase attention to the individual goal components for each program area and emphasize the use of tools recently implemented to streamline business processes for the award of contracts.

### *Department of Energy*

The Department of Energy (DOE) missed its SDB contract goal by 1.1 percentage point. DOE also failed to reach its SDB dollar goal of \$450 million by \$164.6 million. The actual dollar amount in SDB contracts in FY 1998 was \$285.4 million. DOE stated that the decline in small business achievements parallels the decline in the agency's budget. Other factors that contributed to the decline in small business contracting opportunities were the overall downsizing of the federal sector and various federal procurement mechanisms and practices such as government-wide acquisition contracts and consolidation of requirements. DOE has established a plan to ensure success of small businesses in the future and is committed to ensure that a fair share of its prime contracts and subcontracts are awarded to small, small disadvantaged, and women-owned small businesses.

### *Department of Labor*

The Department of Labor (DOL) missed both its SDB contract percentage goal and its dollar goal. DOL projected a percentage goal of 5.1 percent of its prime contract awards to SDB firms and missed its goal by 3 percentage points. The department missed its projected dollar goal to SDB firms by \$21.4 million, awarding \$23.7 million in SDB prime contract awards. DOL attributed its failure to reach the FY 1998 goals to a significant increase in funds to large businesses for the award of two large optical character recognition contracts and for the operation of job training centers. (Training centers primarily account for the Department's subcontracting successes.) In addition, in the fourth quarter

of FY 1998, DOL awarded two contracts for a “fluff” in the design and operation of an optical character recognition system. The decision to award two contracts resulted in an increase in DOL’s awards to large businesses and thus a decrease in the percentage that went to small businesses. Although this decision negatively affected DOL’s prime contract awards to small business concerns, the shortfall was matched by a marked increase in small business subcontracting achievements. DOL has developed a plan to achieve the department’s small business goals. The majority of DOL’s contracting activity is performed in the Employment and Training Administration’s Job Corps program. These contracts are primarily for operating Job Corps training centers and outreach admission and placement contracts. In FY 1999, DOL will award its first 100 percent small business set-aside contract for the operation of a Job Corps training center. In addition, the department has been working with the SBA on the 8(a) mentor-protégé program to assist in locating and developing 8(a) firms to meet Job Corps procurement requirements. In FY 1999, DOL will be issuing its first competitive 8(a) requirement for the operation of a Job Corps training center.

### *Department of State*

The Department of State missed its SDB prime contract goal by 1.2 percentage points, awarding 3.8 percent of its prime contracts to SDB concerns. In addition, the department fell short by \$9.9 million of meeting its SDB prime contract dollar goal of \$31.5 million. The actual prime contract dollar amount awarded to SDB concerns in FY 1998 was \$21.6 million. The State Department attributed its failure to reach the FY 1998 goals to several factors, including an increase in credit card purchases, which are not captured by the Federal Procurement Data Center. The department spent more than \$16 million in credit card purchases in FY 1998. The State Department also attributed part of its failure to reach the FY 1998 goals to the increase in government-wide area contracts available to agencies as tools for the expedient awarding of task or delivery orders. Despite missing the FY 1998 goals for SDB, State has some examples of substantial achievements that have ensured small business participation in State Department procurement contracts above the Small Business Act requirements. For example, the department uses the 8(a) program for major construction projects abroad and voluntarily complies with subcontracting plan requirements for construction projects over \$1 million that will be performed entirely outside the United States. The State Department planned to continue outreach to small businesses in FY 1999 and to focus on accurate reporting of contract award statistics.

### *Social Security Administration*

The Social Security Administration (SSA) missed both its percentage and dollar goals for awards to SDB concerns. SSA failed to meet its percentage goal by 0.6 percentage point, while missing its dollar goal by \$10.9 million, award-

ing \$25.1 million—4.8 percent—in prime contract awards to SDB concerns. SSA has made continual efforts throughout the year to promote socioeconomic programs. SSA staff have attended several procurement fairs and one-on-one conferences with potential small business vendors, and have participated in panels during the year. In addition, the agency has hosted conferences for local small business vendors. SSA said that the most significant impact on the agency's ability to meet the FY 1998 goals was the use of GSA schedules. Also downsizing of staff, combined with more and more services being provided through GSA, has caused a decline in the overall percentage to small businesses. SSA plans to continue pursuing methods to increase buyers' awareness of the need to support the small business community.

### *Tennessee Valley Authority*

The Tennessee Valley Authority (TVA) missed its SDB percentage goal by 1.2 percentage points. Despite missing its percentage goal, TVA exceeded its SDB contract dollar goal of \$60.2 million by \$17.1 million. The actual dollar amount in SDB contracts was \$77.3 million. TVA stated that one of the major impacts to its small business program is that material and services expenditures have decreased more than 30 percent annually, which has significantly reduced the number of suppliers providing material and services. To increase its awards to small businesses, TVA has incorporated aggressive minority business goals in business plans and made them part of TVA managers' performance appraisals. TVA plans to make significant efforts to increase minority business participation by emphasizing planning, sourcing, communication, and commitment to minority business involvement. In addition, TVA plans to increase joint-venture partnerships and alliances with large businesses and other minority suppliers, which have already resulted in increased new procurement opportunities for several minority suppliers.

## **Small Disadvantaged Business Subcontracts**

Federal prime contractors awarded almost \$68 billion in federal funds to subcontractors in FY 1998. Of this total, a little more than \$4.2 billion—6.2 percent—went to small disadvantaged business subcontractors (Tables 9 and 10). This share was 0.2 percentage point higher than projected. Subcontracts to SDBs totaled \$864.5 million more than projected.

The following 12 federal agencies met or exceeded their percentage goals for SDB subcontracts: The Departments of Defense, Education, Energy, Housing and Urban Development, Interior, State, Transportation, and Treasury, the Environmental Protection Agency, the General Services Administration, the Tennessee Valley Authority, and the U.S. Agency for International Development. In addition, all except the following two agencies also exceeded their dollar goals: the General Services Administration and the Tennessee Valley Authority.

The largest single agency percentage increase over the projected total came from the Department of the Interior, which awarded 25.7 percent of its

dollars in SDB subcontracts, 21.8 percentage points more than projected. The next largest percentage gain was from the Department of Education. Its prime contractors made subcontract awards to SDBs valued at 6.8 percentage points above the share projected, or 12.1 percent in SDB subcontracts.

### Agency Shortfalls

The following eight of the 20 agencies missed their projected percentage and dollar goals for subcontract dollars to SDBs: the Departments of Agriculture, Commerce, Health and Human Services, Justice, Labor, and Veterans Affairs, the National Aeronautics and Space Administration, and the Social Security Administration. An analysis and comments on those agencies that missed their SDB subcontracting goals are provided below.

#### *Department of Agriculture*

The Department of Agriculture (USDA) exceeded its subcontract percentage goal to SDBs by 2 percentage points and actually awarded 3 percent of its subcontract dollars to SDB firms. USDA failed by \$7.8 million to meet its dollar goal to SDB firms. USDA's prime contractors awarded \$26.1 million in subcontracts to SDB firms in FY 1998. The agency said there are many reasons that it fell short in its achievement of its goals, the primary one being in the food commodity area, which accounts for more than 50 percent of USDA's total procurement budget. There are relatively few, if any, minority- or women-owned food processing plants, because of high start-up costs. USDA also stated that government-wide automation contracts and the practice of bundling automation requirements is on the upswing at USDA; this accounts for a significant impact on 8(a) and SDB achievements. The expanded use of credit cards has not helped the record for the small business programs; credit cards accounted for more than \$150 million in purchases in FY 1998. USDA plans to continue to put forth every effort to meet or exceed all of its procurement goals. For example, they will use tools such as their memorandum of understanding with the SBA, the mentor-protégé initiative, partnerships with professional associations that represent SDBs, annual outreach plans for each USDA agency, and inclusion of the small business programs in senior management officials' performance appraisals.

#### *Department of Commerce*

The Department of Commerce (DOC) failed to reach its SDB subcontracting share goal of 18 percent by 9.3 percentage points and its dollar goal of \$28.2 million by \$12.3 million. The actual dollar amount subcontracted to SDB in FY 1998 was \$15.9 million. DOC stated that procurements to small disadvantaged businesses have decreased as a result of procurement reform, bundling, government-wide agency contracts with large businesses, and micro-purchases. DOC recognizes the decline in the awards and has developed a plan to improve its procurement from small and minority-owned businesses.

### *Department of Health and Human Services*

The Department of Health and Human Services (HHS) failed to meet both its percentage and dollar goals for subcontract awards to SDB firms in FY 1998. HHS fell short of its percentage goal of subcontract awards to SDBs by 1.2 percentage points, and narrowly missed its dollar goal, by \$0.3 million. In FY 1998, HHS awarded 4.4 percent, or \$19.7 million, of its subcontracts to SDB firms. HHS said that there are many programmatic impacts on small business participation in HHS procurements. A primary reason for the decline in the percentage of awards is contract bundling—the trend toward increasing the size and scope of federal sector contracts to a size often too large to be performed by small businesses. In addition, HHS said that GWAC, IDIQ, and task order contracts are also decreasing prime contract opportunities for small businesses. HHS said that supporting the SDB program continues to be a top priority and the agency is constantly seeking innovative ways to take advantage of recent procurement reforms while maximizing its dollars awarded to small, disadvantaged, HUBZone, and women-owned small businesses.

### *Department of Justice*

The Department of Justice (DOJ) did not meet either its SDB subcontract percentage or dollar goal in FY 1998. DOJ projected that 6 percent of its SDB subcontract awards would be made to SDB firms but missed the goal by 0.9 percentage point. DOJ also missed its SDB subcontract dollar goal of \$51 million by \$22.2 million. The actual dollar amount subcontracted to SDBs in FY 1998 was \$28.8 million. The department said its prime contractors have fallen short of both dollar and percentage goals. DOJ accepts the Standard Form 295 data as accurate. They are currently reviewing a new automated system for monitoring subcontracting plans as well as other procurement goals. If the system is instituted, DOJ anticipates increased business opportunities for small business subcontractors.

### *Department of Labor*

The Department of Labor (DOL) exceeded its SDB subcontract dollar goal of \$20.3 million by \$1.8 million, but missed its percentage goal by 3.1 percentage points. The actual percentage amount subcontracted to SDBs in FY 1998 was 8.7 percent. The DOL is taking steps to reverse changes relating to its shortfalls and reports that the failure to reach FY 1998 goals was attributable to a significant increase in funds awarded to large businesses for two large optical character recognition contracts and for the operation of job training centers. (Training centers primarily account for the department's subcontracting successes.) In addition, in the fourth quarter of FY 1998, DOL awarded two contracts for a "fluff" in the design and operation of an optical character recognition system. The decision to award two contracts resulted in an increase in DOL's awards to large businesses and thus a decrease in the small

business percentage. Although this decision negatively affected DOL's prime contract awards to small business concerns, the shortfall was matched by a marked increase in subcontracting achievements with small businesses. DOL has developed a plan to achieve the department's small business goals. Most of DOL's contracting activity is performed in the Employment and Training Administration's Job Corps program. These contracts are primarily for operating Job Corps training centers and outreach admission and placement contracts. In FY 1999, DOL will award its first 100 percent small business set-aside contract for the operation of a Job Corps training center. In addition, DOL has been working with the SBA on the 8(a) mentor-protégé program to assist in locating and developing 8(a) firms to meet Job Corps procurement requirements. In FY 1999, DOL will be issuing its first competitive 8(a) requirement for the operation of a Job Corps training center.

### *Department of Veterans Affairs*

The Department of Veterans Affairs (VA) missed its percentage goal for SDB subcontract awards by 2.5 percentage points—awarding 2.5 percent. However, VA exceeded its dollar goal by \$62.8 million. Its prime contractors reported SDB subcontract awards totaling \$82.8 million in FY 1998. VA stated that as a result of “reinventing government” and downsizing, VA acquisition operations are being merged with each other geographically and with other administrative functions within medical centers. The trend in VA is to consolidate acquisition opportunities. The VA is the largest provider of health care in the country, and purchases and products are being standardized and consolidated into national contracts. VA works with its prime contractors to ensure more accurate reporting.

### *National Aeronautics and Space Administration*

The National Aeronautics and Space Administration (NASA) exceeded the projected dollar value of SDB subcontract awards by \$24.2 million. NASA's prime contractors awarded \$635.4 million in subcontracts to SDB firms. However, NASA missed its percentage goal for SDB subcontracts by 0.4 percentage point, awarding 14.2 percent of its FY 1998 subcontracts to SDB firms.

### *Social Security Administration*

The Social Security Administration (SSA) missed both its percentage and dollar goals for SDB subcontract awards. SSA barely missed its percentage goal by 0.2 percentage point, while missing its dollar goal by \$0.1 million. SSA awarded \$0.1 million—4.8 percent—in SDB subcontract awards. SSA has made continual efforts throughout the year to promote the socioeconomic programs. SSA staff attended several procurement fairs and one-on-one conferences with potential small business vendors and participated in panels during the year. In addition, SSA has hosted conferences for local small business



vendors. SSA stated that the most significant impact on its ability to reach goals for the fiscal year has been the use of GSA schedules. SSA also said that the downsizing of the agency, combined with more and more services being provided through GSA, has caused a decline in the overall percentage to small businesses. SSA plans to continue to actively pursue methods to increase buyers' awareness of the need to support the small business community.

## Women-Owned Small Business Prime Contracts

In FY 1998, the federal government awarded 2.2 percent, or more than \$4 billion of a total of 181.7 billion, in prime contracts to women-owned small businesses (Tables 11 and 12). Both the total dollar amount and the percentage awarded to women-owned small businesses fell below the projected goals established by the agencies. Women-owned small businesses received \$3.5 billion less than projected and 2.3 percentage points less than the overall share of the goal of 4.5 percent projected by the agencies.

The following three federal agencies met or exceeded their percentage goals for awards to women-owned small businesses (WOSB): the Departments of State and Veterans Affairs, and the National Aeronautics and Space Administration. The following four agencies exceeded their total dollar goal awards to WOSB even though they missed their percentage goal for awards to WOSB: The Departments of Interior, Justice, Treasury, and the Tennessee Valley Authority.

The largest single agency percentage increase over the projected total came from the Department of Veterans Affairs (VA), which awarded 1.4 percentage points more than projected, allocating 5.4 percent to WOSBs. The next largest percentage gain was from the Department of State, which awarded 1 percentage point more than projected.

The largest dollar increase over the projected total came from the VA. It increased its dollar total for women-owned small businesses by \$131.4 million. VA awarded \$231.4 million to WOSBs. The second largest dollar share gain was from the Department of State, which awarded \$33.7 million, \$2.2 million more than originally projected.

### Agency Shortfalls

Seventeen of the 20 major agencies missed their percentage goal for prime contracts to women-owned small businesses: the Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Housing and Urban Development, Interior, Justice, Labor, Transportation, and Treasury, the Environmental Protection Agency, the General Services Administration, the Social Security Administration, the Tennessee Valley Authority, and the U.S. Agency for International Development.

### *Department of Agriculture*

The Department of Agriculture (USDA) missed its percentage goal for prime contracts to WOSBs by 1.9 percentage points and missed its prime contract dollar goal of \$111.9 million by \$20.5 million. The actual prime contract dollar amount awarded to WOSBs in FY 1998 was \$91.4 million. USDA said there were many reasons it fell short of achieving its goals. The most significant was in the food commodity area, which accounts for more than 50 percent of USDA's total procurement budget. Relatively few, if any, processing plants are minority- or women-owned, because of the immense start-up costs. USDA also stated that government-wide automation contracts and the practice of bundling automation requirements are on the upswing at USDA and account for a significant share of the decrease in 8(a) and SDB achievements. USDA also said that the expanded use of credit cards has not helped the small business programs and accounted for more than \$150 million in purchases in FY 1998. USDA will continue to put forth every effort to meet or exceed all of its procurement goals. For example, they will use tools such as MOUs with SBA, the mentor-protégé initiative, partnerships with professional associations that represent women-owned businesses, annual outreach plans for each USDA agency, and inclusion of small business programs in senior management officials' performance appraisals.

### *Department of Commerce*

The Department of Commerce (DOC) failed to meet both its percentage and dollar goals for awards to WOSBs, awarding 5 percent—3 percentage points less than projected. DOC missed its dollar goal by \$3.3 million, awarding \$59.5 million in prime contracts to WOSBs in FY 1998. DOC said that WOSB procurements have decreased as a result of procurement reform, bundling, government-wide agency contracts with large businesses, and micro-purchases. DOC recognizes the decline in the awards and has developed a plan to increase awards to small minority- and women-owned businesses.

### *Department of Defense*

The Department of Defense (DOD) failed by 3.2 percentage points to reach its WOSB prime contract goal. DOD also missed its prime contract dollar goal of \$5.6 billion by \$3.5 billion. The actual prime contract dollar amount awarded to WOSBs in FY 1998 was \$2.1 billion. DOD's report states that although the department did not achieve the prime contract goal for awards to WOSBs, it was able to maintain a respectable level of dollar awards to these firms despite a decline in total business awards. Although DOD spending decreased at an annual rate of 2.2 percent from FY 1985 to FY 1998, prime contract awards to WOSBs grew. DOD awarded more than half of the total \$4 billion awarded to WOSBs in 1998.

### *Department of Education*

The Department of Education (DOEd) failed by 2.8 percentage points to reach its WOSB prime contract goal of 4 percent. DOEd also missed its WOSB contract dollar goal of \$26 million by \$14.2 million. Actual prime contract dollars awarded to WOSBs in FY 1998 totaled \$11.8 million. DOEd's report stated that most of the agency's spending is in the area of student financial aid delivery services and they plan to increase their emphasis on finding opportunities for the small business community in this program. DOEd plans to improve its performance by communicating the department's goals to each assistant secretary and program area. In addition, DOEd plans to increase emphasis on advanced acquisition planning to ensure that small businesses are included and to monitor each principal office in meeting their objectives and proactively identify potential opportunities. DOEd is committed to meeting its responsibilities to maximize opportunities for the small business community.

### *Department of Energy*

The Department of Energy (DOE) narrowly missed its WOSB prime contract goal of 3 percent by 0.1 percentage point. DOE also missed its WOSB prime contract dollar goal of \$450 million by \$9.9 million. The actual prime contract dollar total awarded to WOSBs in FY 1998 was \$440.1 million. DOE's report stated that the decline in small business achievements parallels the decline in the agency's budget. Other factors that contributed to the decline in small business contracting opportunities were the overall downsizing of the federal sector, along with various federal procurement mechanisms and practices, such as government-wide acquisition contracts and consolidation of requirements. DOE has established a plan to increase small business contracting in the future and is committed to ensuring that a fair share of its prime contracts and subcontracts are awarded to small, small disadvantaged and women-owned small businesses.

### *Department of Health and Human Services*

The Department of Health and Human Services (HHS) failed to meet both its percentage and dollar goals for prime contract awards to WOSB firms in FY 1998. HHS fell short of its percentage goal by 1.9 percent, and missed its dollar goal by \$6.1 million. In FY 1998, HHS awarded 3.4 percent or \$145.9 million of its prime contracts to WOSB firms. The agency's report noted that there are many programmatic impacts on small business participation at HHS, a primary one being a trend to increase the size and scope of federal sector contracts or contract bundling, which are too large to be performed by small businesses. In addition, HHS noted that GWAC, IDIQ, and task order contracts are also decreasing prime contract opportunities for small business. The HHS report said that supporting the SDB program continues to be a top priority and they are constantly seeking innovative ways to take advantage of recent procurement

reforms while maximizing the dollars awarded to small, disadvantaged, HUBZone, and women-owned small businesses.

### *Department of Housing and Urban Development*

The Department of Housing and Urban Development (HUD) met neither its percentage nor its dollar goal for prime contract awards to WOSBs. HUD missed its percentage goal by 2.5 percent, awarding 5.6 percent of its prime contracts to WOSB firms. The department also failed to meet its dollar goal for prime contracts to WOSBs by \$13.9 million. HUD awarded \$5.6 million in prime contracts to WOSBs. In order to increase small business participation in HUD prime contracts, the department has instituted an aggressive outreach program. HUD plans to launch a department-wide WOSB campaign to provide outreach, marketing, and training assistance. The agency will establish 10 more mentor-protégé agreements between the department and businesses. HUD efforts are focused and specifically targeted to underrepresented minority-owned businesses and to geographic areas where underrepresented minority-owned businesses contracting with HUD and HUD grantees are evident. HUD has hired a new staff person to focus on this effort.

### *Department of the Interior*

The Department of the Interior (DOI) missed its WOSB prime contract percentage goal, but exceeded its dollar goal. DOI projected a percentage goal of 5.1 percent of its prime contract awards to WOSB firms and missed its goal by 1 percentage point. It should be noted that DOI increased its awards to WOSB firms by \$20.3 million by awarding \$60.3 million in WOSB prime contract awards.

### *Department of Justice*

The Department of Justice (DOJ) missed its WOSB prime contract goal of 3 percent by just 0.1 percentage point. However, DOJ exceeded its WOSB prime contract dollar goal of \$74.5 million by \$21.1 million. The actual prime contract dollar amount awarded to WOSB firms in FY 1998 was \$95.6 million. DOJ staff believe they missed the goal because of a coding problem in the data that were submitted to the Federal Procurement Data System. DOJ has reviewed its coding procedures and anticipates these problems will be corrected in the next fiscal year.

### *Department of Labor*

The Department of Labor (DOL) failed to reach its WOSB prime contract goal of 5.6 percent by 4.2 percentage points. DOL also missed its WOSB prime contract dollar goal of \$34 million. The actual prime contract dollar amount awarded to WOSBs in FY 1998 was \$15.3 million. DOL reported that the failure to reach the FY 1998 goals was attributable to a significant increase in funds to large businesses for the award of two large optical character recogni-

tion contracts and for the operation of job training centers. (Training centers primarily account for the Department's subcontracting successes.) In addition, in the fourth quarter of FY 1998, DOL awarded two contracts for a "fluff" in the design and operation of an optical character recognition system. The decision to award two contracts resulted in an increase in DOL's awards to large businesses and thus a decrease in the percentage to small businesses. Although this negatively impacted DOL's prime contract awards to small business concerns, it was matched by a marked increase in their subcontract achievements to small business. DOL has developed a plan to achieve the Department's small business goals. Most of DOL's contracting activity is performed in the Employment and Training Administration's Job Corps program. These contracts are primarily for operating Job Corps training centers and outreach admission and placement contracts. In FY 1999, DOL will award its first 100 percent small business set-aside contract for the operation of a Job Corps training center. In addition, DOL has been working with SBA on the 8(a) mentor-protégé program to assist in locating and developing 8(a) firms to meet the Job Corps procurement requirements. In FY 1999, DOL will be issuing its first competitive 8(a) requirement for the operation of a Job Corps training center.

### *Department of Transportation*

The Department of Transportation (DOT) failed to reach its WOSB prime contract goal of 5 percent by 1.3 percentage points. DOT also missed its WOSB prime contract dollar goal of \$77.9 million by \$8.2 million. The actual prime contract dollar amount awarded to WOSBs in FY 1998 was \$69.7 million. DOT stated that although the agency did not achieve its WOSB goal, research and training efforts did place a high priority and emphasis on WOSB contracting. In fact, DOT was the first agency to sign a memorandum of understanding with SBA committing to specific initiatives to increase contracts awarded to WOSBs. One of the most significant initiatives was that the goals were to be made part of the performance plans of key department officials. DOT has set up specific marketing, outreach, and training for WOSBs. DOT continues to maintain its national information clearinghouse procurement database to assist WOSBs in identifying potential contracting opportunities. In addition, DOT provided funds to the National Women's Business Council to promote and encourage WOSBs in procuring federal contracts. Finally, DOT's ongoing bonding assistance program and its short-term lending program have improved WOSB access to financing.

### *Department of the Treasury*

The Department of the Treasury (Treasury) exceeded its dollar goal of prime contract awards to WOSBs by \$10.3 million; however, the department failed by 1.3 percentage points to achieve its percentage goal. Treasury awarded \$66.3 million in prime contracts and 3.7 percent of its prime contracting opportunities to WOSB concerns. Treasury is committed to an effective small

business program and plans to continue to work to promote small, small disadvantaged, and women-owned small business participation in its procurement program.

### *Environmental Protection Agency*

The Environmental Protection Agency (EPA) missed its WOSB prime contract goal of 3.5 percent by 0.9 percentage point. EPA also missed its WOSB prime contract dollar goal of \$42 million by \$12.6 million. The actual prime contract dollar amount awarded to WOSBs in FY 1998 was \$29.4 million.

### *General Services Administration*

The General Services Administration (GSA) Non-Federal Supply Schedule contract program failed to reach its WOSB prime contract goal of 5 percent by 1.7 percentage points. GSA also missed its WOSB prime contract dollar goal of \$378.8 million by \$110.1 million. The actual prime contract dollar amount awarded to WOSBs in FY 1998 was \$268.7 million. During FY 1998, GSA has launched a number of new initiatives designed to showcase new procurement opportunities across the country. GSA believes that these initiatives will assist the small business community, including WOSB firms, in successfully contracting with the agency.

### *Social Security Administration*

The Social Security Administration (SSA) missed both its WOSB prime contract percentage goal of 5 percent by 0.6 percentage point and its WOSB prime contract dollar goal of \$33.3 million by \$10.3 million. Actual prime contract dollars awarded to WOSBs in FY 1998 totaled \$23 million. SSA has made continual efforts throughout the year to promote the socioeconomic programs. SSA staff attended several procurement fairs and one-on-one conferences with potential small business vendors and participated in panels during the year. In addition, SSA has hosted conferences for local small business vendors. SSA stated that the most significant impact on its ability to reach its goals for the fiscal year has been the use of GSA schedules. The downsizing of the agency, combined with more and more services being provided through GSA, have caused a decline in the overall percentage to small businesses. SSA will actively pursue methods to increase the buyers' awareness of the need to support the small business community.

### *Tennessee Valley Authority*

The Tennessee Valley Authority (TVA) came very close to reaching its WOSB prime contract goal of 1.9 percent but missed it by 0.8 percentage point; however, TVA exceeded its WOSB prime contract dollar goal of \$42.1 million by awarding \$52.4 million to WOSBs. TVA stated that material and services expenditures have decreased more than 30 percent annually, which has sig-

nificantly reduced the number of suppliers providing material and services. To increase its awards to small businesses, TVA has incorporated aggressive minority business goals in business plans and has made them part of TVA managers' performance appraisals. TVA plans emphasize minority business participation, including planning, sourcing, communication, and commitment to minority business involvement. In addition, TVA plans to increase joint venture partnerships and alliances with large businesses and other minority suppliers; such efforts have already resulted in new procurement opportunities for several minority suppliers.

### *U.S. Agency for International Development*

The U.S. Agency for International Development (USAID) barely missed its WOSB prime contract goal of 5 percent by 0.5 percentage point. USAID also missed its WOSB prime contract dollar goal of \$24 million by \$8.6 million. Actual prime contract dollars awarded to WOSBs in FY 1998 totaled \$15.4 million.

## **Women-Owned Small Business Subcontracts**

Federal prime contractors awarded \$67.8 billion in federal funds to subcontractors in FY 1998 (Tables 13 and 14). Of this total, almost \$3.1 billion—4.6 percent—went to women-owned small businesses (WOSB). This share was 0.5 percentage point less than projected. However, subcontracts awarded to WOSBs totaled \$248.2 million more than the amount initially projected.

The following federal agencies met or exceeded their percentage goals for awards to women-owned small businesses (WOSB): the Departments of Education, Health and Human Services, Housing and Urban Development, Interior, Labor, State, Treasury, and Veterans Affairs, the Environmental Protection Agency, the National Aeronautics and Space Administration, the Social Security Administration, and the U.S. Agency for International Development.

The largest single agency percentage increase over the projected total came from the Social Security Administration, which awarded 11.3 percentage points more than projected, achieving 16.3 percent. The next largest percentage gain was from the Department of Housing and Urban Development, which subcontracted 14.1 percent—9 percentage points more than projected.

The largest dollar increase over the projected total came from the Department of Defense. It increased its dollar total for subcontracts to WOSBs by \$221 million, to almost \$2.4 billion. The second largest dollar share gain was from the Department of Veterans Affairs, which awarded \$69.8 million in subcontracts to WOSBs, or \$65.8 million more than projected.

Of all the 20 agencies, the Department of Commerce (DOC) set the highest percentage goal for subcontracts to WOSBs at 8 percent, but achieved only 4.6 percent of its projected amount.

## Agency Shortfalls

Seven of the 20 major agencies missed their percentage goals for subcontract dollars to WOSBs: the Departments of Agriculture, Commerce, Defense, Energy, Justice, and Transportation, and the General Services Administration.

### *Department of Agriculture*

The Department of Agriculture (USDA) missed its percentage goal for subcontract awards to WOSBs. USDA's prime contractors awarded 2.9 percent, which was 2.1 percentage points less than the 5 percent projected for award to WOSB firms. USDA also missed its dollar goal by \$9 million, awarding \$24.9 million in subcontracts to WOSBs in FY 1998. USDA said there were many reasons it fell short, the most significant being in the food commodity areas, which accounts for more than 50 percent of USDA's total procurement budget. There are relatively few, if any, minority- and women-owned food processing plants, largely because of immense start-up costs. USDA also stated that government-wide automation contracts and the practice of bundling automation requirements is on the upswing at USDA; these practices account for a significant impact on its 8(a) and SDB achievements. USDA also said that the expanded use of credit cards has not helped the small business programs and accounted for more than \$150 million in purchases in FY 1998. USDA plans to continue to put forth every effort to meet or exceed all of its procurement goals, using tools such as memorandums of understanding with SBA, the mentor-protégé initiative, partnerships with professional associations that represent SDBs, annual outreach plans for each USDA agency, and inclusion of small business programs in senior management officials' performance appraisals.

### *Department of Commerce*

The Department of Commerce (DOC) missed its WOSB subcontract goal by 3.4 percentage points, subcontracting 4.6 percent of its award dollars to WOSBs. DOC also failed by \$4.1 million to reach its WOSB dollar goal of \$12.5 million. The actual dollar amount subcontracted to WOSBs in FY 1998 was \$8.4 million. DOC procurements to WOSBs have declined as a result of procurement reform, bundling, government-wide agency contracts with large businesses, and micro-purchases. DOC recognizes the decline in the awards and has developed a plan to be implemented to increase awards to small and minority-owned businesses.

### *Department of Defense*

The Department of Defense (DOD) failed to reach its WOSB subcontract goal of 5 percent by 0.5 percentage point, but substantially exceeded its WOSB subcontract dollar goal of almost \$2.2 billion by \$221 million. The actual dollar amount subcontracted to women-owned small businesses in FY 1998 was almost \$2.4 billion.



### *Department of Energy*

The Department of Energy (DOE) met its dollar goal established for WOSB subcontract awards. DOE's prime contractors awarded \$28 million in subcontracts to WOSBs in FY 1998. DOE missed its percentage goal by 0.3 percentage point, awarding 3.7 percent of its subcontracts to WOSB firms. DOE said the decline in small business achievements parallels the decline in its overall budget. Other factors contributing to the decline in small business contracting opportunities were overall downsizing of the federal sector, along with various federal procurement mechanisms and practices, such as, for example, government-wide acquisition contracts and consolidation of requirements. DOE has established a plan to support the success of small businesses in the future and is committed to ensuring that a fair share of its prime contracts and subcontracts are awarded to small, small disadvantaged, and small women-owned businesses.

### *Department of Justice*

The Department of Justice (DOJ) missed its WOSB subcontract goal of 7 percent by 2 percentage points and its dollar goal of \$59.5 million by \$31.3 million. The actual dollar amount subcontracted to WOSB firms in FY 1998 was \$28.2 million. DOJ staff believe the data are accurate, but anticipate that DOJ's new system for monitoring subcontracting plans and procurement goals will aid them in assisting companies to meet their negotiated goals.

### *Department of Transportation*

The Department of Transportation (DOT) exceeded its WOSB subcontract dollar goal of \$15.1 million by \$3.7 million. The actual dollar amount subcontracted to WOSB firms in FY 1998 was \$18.8 million. However, DOT missed its WOSB goal of 5 percent by 1.2 percentage points, achieving 3.8 percent. Although DOT did not achieve its goal for WOSB subcontracts, the agency did place high priority and emphasis on WOSBs in their outreach and training efforts, according to the DOT report. In fact, DOT was the first agency to sign a memorandum of understanding (MOU) with SBA committing to specific initiatives to increase contracts awarded to WOSBs. One of the most significant initiatives DOT incorporated was that the goals were to be made part of the performance plans of key department officials. DOT has set up specific marketing, outreach, and training for WOSBs and continues to maintain a national information clearinghouse procurement database to assist WOSBs in identifying potential contracting opportunities. In addition, DOT provided funds to the National Women's Business Council to promote and encourage WOSBs in procuring federal contracts. Finally, DOT's ongoing bonding program and short-term lending programs have improved WOSB access to financing.

## *General Services Administration Non-Federal Supply Service*

The General Services Administration (GSA) Non-Federal Supply Service

(NFSS) failed to reach its women-owned small business goal of 5 percent by

0.8 percentage point. GSA also missed its women-owned small business sub-

contract dollar goal of \$175 million by \$110.7 million. The actual dollar

amount subcontracted to women-owned small businesses in FY 1998 was

\$64.3 million. GSA launched a number of new initiatives in FY 1998 designed

to showcase new procurement opportunities across the country. GSA believes

that these initiatives will assist the small business community, including

WOSB firms.

# Appendix

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## **FY 1998 Guidance on Goal Setting under Procurement Preference Programs**

### **Background**

Section 221 of Public Law 95–507 and Public Law 100–656, Sections 502 and 503, require the head of each federal agency, after consultation with the Small Business Administration, to establish realistic goals for the award of contracts to small business concerns and to small business concerns owned and controlled by socially and economically disadvantaged individuals. A government-wide goal of 20 percent of all prime contract awards for small business concerns was established, in addition to a government-wide goal of 5 percent of the total value of all prime contract and subcontract awards for each fiscal year for small business concerns owned and controlled by socially and economically disadvantaged individuals.

Public Law 103–355, dated October 13, 1994, established a government-wide goal of 5 percent of the total value of all prime contract and subcontract awards for small business concerns owned and controlled by women.

The SBA will not accept individual agency goals until the mandatory government-wide goals stated above are established.

### **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 December 20, 1996, the following information for fiscal year 1998:

(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) on page 3), all Federal Supply Service Schedule Orders. Purchases made with credit cards are exempt (see Special Instruction (6) on page 3);

(2) a goal for prime contract awards to be made to small business concerns during the fiscal year, expressed in numbers, 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, expressed in numbers, dollars, and as a percentage of (1) above (see Special Instruction (4) on page 3);

(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 numbers, dollars, and as a percentage of (1) above (see Special Instruction (9) on page 3);

(5) a goal for prime contract awards to be made to small business concerns owned and controlled by women, expressed in numbers, dollars, and as a percentage of (1) above;

(6) 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;

(7) a goal for subcontracts to be awarded by prime contractors to small business concerns, expressed in numbers, dollars, and as a percentage of (6) above (Note: This dollar amount includes dollar goals in (8) and (9) below.);

(8) 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 numbers, dollars, and as a percentage of (6) above;

(9) a goal for subcontracts to be awarded by prime contractors to small business concerns owned and controlled by women, expressed in numbers, dollars, and as a percentage of (6) above;

(10) a detailed written presentation of the method used to establish the estimates and goals submitted pursuant to paragraphs (1) through (9), along with copies of the historical data upon which the estimates and goals are based. Information about the numbers of contracts involved in the estimates submitted pursuant to paragraphs (2) through (9) 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 1998 goals are expected to reflect measurable improvement.

(2) Do not include Federal Supply Service (FSS) Schedule contracting dollars 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 (5) above, for all FSS contracts, which will include all order requirements of all federal agencies.

(3) All goals are expressed in terms of numbers, 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) In an effort to broaden the distribution of 8(a) contracts with a special emphasis on firms that have never received a contract, agencies are reminded to express the numbers of 8(a) contracts as well as the dollars and percentages.

(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, 1996.

(6) Purchases paid with credit cards do not require the reporting of socioeconomic status of the supplier or vendor. Establishing a system to track these transactions for procurement preference goal setting and reporting may not be cost effective and could create an unreasonable administrative paperwork burden. Credit card purchases are therefore exempt; however, if agencies do have a system for tracking these transactions they may be included.

(7) The close of fiscal year 1996 marked the first year that a government-wide goal for business concerns owned by women was in place. With the extraordinary growth in women-owned firms in the last few years, we believe that this goal has become even more important and achievable and we ask that you double your commitment to achieving this goal in fiscal year 1998.

(8) 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.

(9) Consistent with the Department of Justice affirmative action proposal published in the *Federal Register* last May, small disadvantaged business (SDB) (prime and subcontracting) goals may be adjusted in the latter part of this fiscal year, if appropriate, to reflect estimated industry benchmarks.

## 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 (OFPP) 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) through (9). 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. Agency reports of goal achievements in subcontracting shall be

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**Table 14**

*Women-Owned Small Business Share of Federal Subcontracts: Performance by Prime Contractors to Other Federal Agencies, FY 1998*

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**Table 1** *Small Business Share of Federal Prime Contracts: Performance by Major Federal Agencies, FY 1998 (Millions of Dollars)*

	Agency Projections			Actual Awards		
	Total Dollars	Small Business Prime Contracts		Total Dollars	Small Business Prime Contracts	
		Dollars	Percent		Dollars	Percent
<b>Total</b>	<b>167,234.2</b>	<b>38,885.8</b>	<b>23.3</b>	<b>181,714.8</b>	<b>42,494.5</b>	<b>23.4</b>
Agriculture	2,237.3	936.1	41.8	2,958.4	1,258.0	42.5
Commerce	785.5	345.6	44.0	1,182.0	454.8	38.5
Defense	112,600.0	24,772.0	22.0	115,656.8	24,166.1	20.9
Education	645.0	148.4	23.0	964.9	336.8	34.9
Energy	15,000.0	3,150.0	21.0	15,142.9	2,745.0	18.1
Health and Human Services	2,851.3	863.5	30.3	4,244.7	1,423.5	33.5
Housing and Urban Development	391.0	121.2	31.0	228.2	93.3	40.9
Interior	784.1	454.8	58.0	1,478.9	804.7	54.4
Justice	2,483.8	807.2	32.5	3,309.9	1,139.7	34.4
Labor	887.4	205.6	23.2	1,120.1	195.9	17.5
State	630.0	276.6	43.9	565.7	236.8	41.9
Transportation	1,557.0	474.9	30.5	1,897.2	1,050.6	55.4
Treasury	1,120.3	358.5	32.0	1,784.2	666.0	37.3
Veterans Affairs	2,500.0	887.5	35.5	4,250.0	1,573.2	37.0
Environmental Protection Agency	1,200.0	276.0	23.0	1,109.8	294.7	26.6
General Services Administration (NFSS)	7,575.0	2,651.2	35.0	8,039.6	3,162.6	39.3
National Aeronautics and Space Administration	9,600.0	1,018.0	10.6	10,972.3	1,239.1	11.3
Social Security Administration	666.2	233.2	35.0	517.7	201.2	38.9
Tennessee Valley Authority	2,228.	401.1	18.0	5,013.2	959.5	19.1
U.S. Agency for International Development	480.0	169.0	35.2	342.2	79.5	23.2
All Other Agencies—Total	1,012.1	335.4	33.1	936.2	413.6	44.2

Notes: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted. Where no figures are shown, the agency either did not set a goal in this category, or there were no reportable data in FPDS, or both.

Source: Compiled by the U.S. Small Business Administration, Office of Government Contracting and Minority Enterprise Development, from proposed goals submitted by each federal department or agency. The achievements are from the Federal Procurement Data Center.



**Table 2** *Small Business Share of Federal Prime Contracts: Performance by Other Federal Agencies, FY 1998 (Thousands of Dollars)*

	Agency Projections			Actual Awards		
	Total Dollars	Small Business Prime Contracts		Total Dollars	Small Business Prime Contracts	
		Dollars	Percent		Dollars	Percent
<b>Total</b>	<b>1,012,083.7</b>	<b>335,404.9</b>	<b>33.1</b>	<b>936,170.0</b>	<b>413,553.0</b>	<b>44.2</b>
American Battle Monuments Commission	—	—	0.0	247.0	97.0	39.3
Commission on Civil Rights	—	—	0.0	285.0	167.0	58.6
Commodity Futures Trading Commission	10,000.0	1,700.0	17.0	10,886.0	1,112.0	10.2
Consumer Product Safety Commission	3,291.4	1,974.8	60.0	5,585.0	2,545.0	45.6
Corporation for National Service	26,850.0	5,390.0	20.1	11,684.0	3,308.0	28.3
Equal Employment Opportunity Commission	11,450.0	5,152.5	45.0	38,792.0	5,362.0	13.8
Executive Office of the President	30,000.0	11,500.0	38.3	35,888.0	19,020.0	53.0
Federal Communications Commission	39,819.3	18,419.5	46.3	7,677.0	5,506.0	71.7
Federal Election Commission	—	—	0.0	3,004.0	1,321.0	44.0
Federal Emergency Management Agency	200,000.0	41,000.0	20.5	225,413.0	45,438.0	20.2
Federal Energy Regulatory Commission	17,922.5	5,938.3	33.1	25,536.0	9,769.0	38.3
Federal Maritime Commission	259.0	129.0	49.8	336.0	285.0	84.8
Federal Mediation and Conciliation Service	—	—	0.0	3,047.0	1,016.0	33.3
Federal Mine Safety and Health Review Commission	175.0	100.0	57.1	401.0	383.0	95.5
Federal Trade Commission	8,000.0	5,200.0	65.0	7,716.0	5,350.0	69.3
International Trade Commission	3,426.0	685.2	20.0	4,076.0	2,315.0	56.8
Merit Systems Protection Board	—	—	0.0	1,358.0	637.0	46.9
National Archives and Records Administration	46,800.0	14,101.6	30.1	26,394.0	11,229.0	42.5
National Capital Planning Commission	—	—	0.0	771.0	495.0	64.2
National Endowment for the Arts	—	—	0.0	1,213.0	850.0	70.1
National Endowment for the Humanities	1,100.0	800.0	72.7	1,330.0	1,088.0	81.8
National Labor Relations Board	3,999.0	2,051.0	51.3	11,849.0	8,071.0	68.1
National Science Foundation	192,285.5	15,594.4	8.1	49,975.0	18,471.0	37.0
National Transportation Safety Board	4,000.0	320.0	8.0	—	—	0.0
Nuclear Regulatory Commission	65,000.0	29,000.0	44.6	56,461.0	23,562.0	41.7
Occupational Safety and Health Review Commission	—	—	0.0	627.0	341.0	54.4
Office of Personnel Management	115,130.0	82,344.0	71.5	165,486.0	114,411.0	69.1
Securities and Exchange Commission	33,057.0	8,330.0	25.2	41,924.0	17,993.0	42.9
Selective Service System	1,449.0	742.5	51.2	2,238.0	880.0	39.3
Small Business Administration	30,000.0	16,500.0	55.0	32,474.0	24,075.0	74.1
Smithsonian Institution	120,000.0	54,000.0	45.0	86,769.0	54,764.0	63.1
U.S. Arms Control and Disarmament Agency	4,270.0	1,432.1	33.5	5,560.0	2,014.0	36.2
United States Information Agency	43,800.0	13,000.0	29.7	71,168.0	31,678.0	44.5

Notes: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted. Where no figures are shown, the agency either did not set a goal in this category, or there were no reportable data in FPDS, or both.

Source: Compiled by the U.S. Small Business Administration, Office of Government Contracting and Minority Enterprise Development, from proposed goals submitted by each federal department or agency. The achievements are from the Federal Procurement Data Center.

**Table 3** *Small Business Share of Federal Subcontracts: Performance by Prime Contractors to Major Federal Agencies, FY 1998 (Millions of Dollars)*

	Agency Projections			Actual Awards		
	Total Dollars	Small Business Subcontracts		Total Dollars	Small Business Subcontracts	
		Dollars	Percent		Dollars	Percent
<b>Total</b>	<b>56,085.8</b>	<b>22,989.4</b>	<b>41.0</b>	<b>67,758.9</b>	<b>27,375.2</b>	<b>40.4</b>
Agriculture	678.6	226.1	33.3	862.8	366.8	42.5
Commerce	156.4	68.8	44.0	181.8	82.7	45.5
Defense	43,400.0	17,967.6	41.4	53,119.0	22,237.0	41.9
Education	160.0	36.8	23.0	128.2	33.2	25.9
Energy	700.0	280.0	40.0	761.7	314.5	41.3
Health and Human Services	361.0	121.0	33.5	450.2	138.0	30.7
Housing and Urban Development	95.5	39.9	41.8	211.3	103.0	48.7
Interior	40.0	15.2	38.0	91.3	60.9	66.7
Justice	850.0	450.5	53.0	560.6	240.6	42.9
Labor	171.8	101.8	59.3	254.2	148.5	58.4
State	60.0	24.0	40.0	122.7	44.3	36.1
Transportation	303.0	151.5	50.0	496.7	248.9	50.1
Treasury	303.3	97.0	32.0	437.8	166.8	38.1
Veterans Affairs	400.0	136.0	34.0	3,335.3	605.3	18.1
Environmental Protection Agency	180.0	90.0	50.0	227.9	106.9	46.9
General Services Administration (NFSS)	3,500.0	1,470.0	42.0	1,540.6	631.3	41.0
National Aeronautics and Space Administration	4,187.0	1,516.0	36.2	4,469.4	1,632.5	36.5
Social Security Administration	3.8	1.0	25.0	2.7	1.7	63.0
Tennessee Valley Authority	350.0	122.5	35.0	117.4	37.6	32.0
U.S. Agency for International Development	8.6	4.5	52.3	202.5	85.8	42.4
All Other Agencies—Total	176.8	69.3	39.2	184.8	88.9	48.1

Notes: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted. Where no figures are shown, the agency either did not set a goal in this category, or there were no reportable data in FPDS, or both.

Source: Compiled by the U.S. Small Business Administration, Office of Government Contracting and Minority Enterprise Development, from proposed goals submitted by each federal department or agency. The achievements are from the Federal Procurement Data Center.

**Table 4** *Small Business Share of Federal Subcontracts: Performance by Prime Contractors to Other Federal Agencies, FY 1998 (Thousands of Dollars)*

	Agency Projections			Actual Awards		
	Total Dollars	Small Business Subcontracts		Total Dollars	Small Business Subcontracts	
		Dollars	Percent		Dollars	Percent
<b>Total</b>	<b>176,791.5</b>	<b>69,271.0</b>	<b>39.2</b>	<b>184,840.0</b>	<b>88,931.4</b>	<b>48.1</b>
American Battle Monuments Commission	—	—	0.0	—	—	0.0
Commission on Civil Rights	—	—	0.0	—	—	0.0
Commodity Futures Trading Commission	—	—	0.0	—	—	0.0
Consumer Product Safety Commission	—	—	0.0	—	—	0.0
Corporation for National Service	6,034.3	313.8	5.2	—	—	0.0
Equal Employment Opportunity Commission	—	—	0.0	57.6	31.0	53.8
Executive Office of the President	957.0	387.9	40.5	233.0	130.7	56.1
Federal Communications Commission	—	—	0.0	—	—	0.0
Federal Election Commission	—	—	0.0	—	—	0.0
Federal Emergency Management Agency	9,000.0	7,000.0	77.8	59,711.4	42,030.2	70.4
Federal Energy Regulatory Commission	13,364.9	5,478.9	41.0	681.9	293.8	43.1
Federal Maritime Commission	—	—	0.0	—	—	0.0
Federal Mediation and Conciliation Service	—	—	0.0	—	—	0.0
Federal Mine Safety and Health Review Commission	—	—	0.0	—	—	0.0
Federal Trade Commission	—	—	0.0	—	—	0.0
International Trade Commission	—	—	0.0	—	—	0.0
Merit Systems Protection Board	—	—	0.0	—	—	0.0
National Archives and Records Administration	4,000.0	920.0	23.0	—	—	0.0
National Capital Planning Commission	—	—	0.0	—	—	0.0
National Endowment for the Arts	—	—	0.0	—	—	0.0
National Endowment for the Humanities	—	—	0.0	—	—	0.0
National Labor Relations Board	—	—	0.0	—	—	0.0
National Science Foundation	115,405.2	41,765.1	36.2	93,486.5	30,748.6	32.9
National Transportation Safety Board	—	—	0.0	—	—	0.0
Nuclear Regulatory Commission	8,000.0	5,248.1	65.6	14,660.2	8,053.2	54.9
Occupational Safety and Health Review Commission	—	—	0.0	—	—	0.0
Office of Personnel Management	9,094.0	7,126.0	78.4	9,348.5	6,054.3	64.8
Securities and Exchange Commission	2,336.1	281.2	12.0	6,623.3	1,584.8	23.9
Selective Service System	—	—	0.0	—	—	0.0
Small Business Administration	—	—	0.0	—	—	0.0
Smithsonian Institution	1,500.0	750.0	50.0	—	—	0.0
U.S. Arms Control and Disarmament Agency	—	—	0.0	—	—	0.0
United States Information Agency	7,100.0	—	0.0	37.6	4.8	12.8

Notes: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted. Where no figures are shown, the agency either did not set a goal in this category, or there were no reportable data in FPDS, or both.

Source: Compiled by the U.S. Small Business Administration, Office of Government Contracting and Minority Enterprise Development, from proposed goals submitted by each federal department or agency. The achievements are from the Federal Procurement Data Center.

**Table 5** 8(a) Program Share of Federal Prime Contracts: Performance by Major Federal Agencies, FY 1998 (Millions of Dollars)

	Agency Projections			Actual Awards		
	Total Dollars	8(a) Program Contracts		Total Dollars	8(a) Program Contracts	
		Dollars	Percent		Dollars	Percent
<b>Total</b>	<b>167,234.2</b>	<b>2,758.0</b>	<b>1.6</b>	<b>181,714.8</b>	<b>6,497.0</b>	<b>3.6</b>
Agriculture	2,237.3	111.90	5.0	2,958.4	120.4	4.1
Commerce	785.5	94.3	12.0	1,182.0	86.9	7.3
Defense	112,600.0	—	—	115,656.8	3,433.2	3.0
Education	645.0	25.8	4.0	964.9	18.6	1.9
Energy	15,000.0	375.0	2.5	15,142.9	333.3	2.2
Health and Human Services	2,851.3	241.0	8.5	4,244.7	444.0	10.5
Housing and Urban Development	391.0	39.1	10.0	228.2	13.6	6.0
Interior	784.1	72.9	9.3	1,478.9	132.4	9.0
Justice	2,483.8	203.7	8.2	3,309.9	190.9	5.8
Labor	887.4	29.9	3.4	1,120.1	37.1	3.3
State	630.0	55.4	8.8	565.7	69.5	12.3
Transportation	1,557.0	179.1	11.5	1,897.2	270.6	14.3
Treasury	1,120.3	106.4	9.5	1,784.2	129.4	7.3
Veterans Affairs	2,500.0	62.8	2.5	4,250.0	301.4	7.1
Environmental Protection Agency	1,200.0	72.0	6.0	1,109.8	41.2	3.7
General Services Administration (NFSS)	7,575.0	507.5	6.7	8,039.6	415.5	5.2
National Aeronautics and Space Administration	9,600.0	331.0	3.4	10,972.3	317.1	2.9
Social Security Administration	666.2	86.6	13.0	517.7	58.4	11.3
Tennessee Valley Authority	2,228.2	6.7	0.3	5,013.2	0.4	0.0
U.S. Agency for International Development	480.0	50.0	10.4	342.2	11.4	3.3
All Other Agencies—Total	1,012.1	106.9	10.6	936.2	71.8	7.7

Notes: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted. Where no figures are shown, the agency either did not set a goal in this category, or there were no reportable data in FPDS, or both.

Source: Compiled by the U.S. Small Business Administration, Office of Government Contracting and Minority Enterprise Development, from proposed goals submitted by each federal department or agency. The achievements are from the Federal Procurement Data Center.

**Table 6** 8(a) Program Share of Federal Prime Contracts: Performance by Other Federal Agencies, FY 1998 (Thousands of Dollars)

	Agency Projections			Actual Awards		
	Total Dollars	8(a) Program Contracts		Total Dollars	8(a) Program Contracts	
		Dollars	Percent		Dollars	Percent
<b>Total</b>	<b>1,012,083.7</b>	<b>106,937.6</b>	<b>10.6</b>	<b>936,170.0</b>	<b>71,777.0</b>	<b>7.7</b>
American Battle Monuments Commission	—	—	0.0	247.0	—	0.0
Commission on Civil Rights	—	—	0.0	285.0	—	0.0
Commodity Futures Trading Commission	10,000.0	306.0	3.1	10,886.0	—	0.0
Consumer Product Safety Commission	3,291.4	822.9	25.0	5,585.0	989.0	17.7
Corporation for National Service	26,850.0	9,500.0	35.4	11,684.0	12.0	0.1
Equal Employment Opportunity Commission	11,450.0	801.5	7.0	38,792.0	430.0	1.1
Executive Office of the President	30,000.0	6,000.0	20.0	35,888.0	4,278.0	11.9
Federal Communications Commission	39,819.3	9,647.6	24.2	7,677.0	460.0	6.0
Federal Election Commission	—	—	0.0	3,004.0	—	0.0
Federal Emergency Management Agency	200,000.0	12,000.0	6.0	225,413.0	15,166.0	6.7
Federal Energy Regulatory Commission	17,922.5	4,428.9	24.7	25,536.0	759.0	3.0
Federal Maritime Commission	259.0	—	0.0	336.0	—	0.0
Federal Mediation and Conciliation Service	—	—	0.0	3,047.0	—	0.0
Federal Mine Safety and Health Review Commission	175.0	—	0.0	401.0	—	0.0
Federal Trade Commission	8,000.0	960.0	12.0	7,716.0	441.0	5.7
International Trade Commission	3,426.0	171.3	5.0	4,076.0	255.0	6.3
Merit Systems Protection Board	—	—	0.0	1,358.0	30.0	2.2
National Archives and Records Administration	46,800.0	1,750.0	3.7	26,394.0	858.0	3.3
National Capital Planning Commission	—	—	0.0	771.0	—	0.0
National Endowment for the Arts	—	—	0.0	1,213.0	160.0	13.2
National Endowment for the Humanities	1,100.0	—	0.0	1,330.0	—	0.0
National Labor Relations Board	3,999.0	1,395.0	34.9	11,849.0	707.0	6.0
National Science Foundation	192,285.5	6,730.0	3.5	49,975.0	7,305.0	14.6
National Transportation Safety Board	4,000.0	160.0	4.0	—	—	0.0
Nuclear Regulatory Commission	65,000.0	16,000.0	24.6	56,461.0	4,155.0	7.4
Occupational Safety and Health Review Commission	—	—	0.0	627.0	—	0.0
Office of Personnel Management	115,130.0	5,983.0	5.2	165,486.0	7,057.0	4.3
Securities and Exchange Commission	33,057.0	330.0	1.0	41,924.0	1,202.0	2.9
Selective Service System	1,449.0	74.8	5.2	2,238.0	—	0.0
Small Business Administration	30,000.0	12,000.0	40.0	32,474.0	16,371.0	50.4
Smithsonian Institution	120,000.0	12,000.0	10.0	86,769.0	9,475.0	10.9
U.S. Arms Control and Disarmament Agency	4,270.0	476.6	11.2	5,560.0	354.0	6.4
United States Information Agency	43,800.0	5,400.0	12.3	71,168.0	1,313.0	1.8

Notes: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted. Where no figures are shown, the agency either did not set a goal in this category, or there were no reportable data in FPDS, or both.

Source: Compiled by the U.S. Small Business Administration, Office of Government Contracting and Minority Enterprise Development, from proposed goals submitted by each federal department or agency. The achievements are from the Federal Procurement Data Center.

**Table 7** *Small Disadvantaged Business Share of Federal Prime Contracts: Performance by Major Federal Agencies, FY 1998 (Millions of Dollars)*

	Agency Projections			Actual Awards		
	Total Dollars	Small Disadvantaged Business Prime Contracts		Total Dollars	Small Disadvantaged Business Prime Contracts	
		Dollars	Percent		Dollars	Percent
<b>Total</b>	<b>167,234.2</b>	<b>7,213.8</b>	<b>4.3</b>	<b>181,714.8</b>	<b>5,288.3</b>	<b>2.9</b>
Agriculture	2,237.3	111.9	5.0	2,958.4	73.2	2.5
Commerce	785.5	47.1	6.0	1,182.0	65.3	5.5
Defense	112,600.0	5,630.0	5.0	115,656.8	3,284.7	2.8
Education	645.0	6.5	1.0	964.9	7.3	0.8
Energy	15,000.0	450.0	3.0	15,142.9	285.4	1.9
Health and Human Services	2,851.3	90.0	3.2	4,244.7	208.6	4.9
Housing and Urban Development	391.0	11.7	3.0	228.2	10.2	4.5
Interior	784.1	34.1	4.3	1,478.9	64.3	4.3
Justice	2,483.8	62.1	2.5	3,309.9	97.5	2.9
Labor	887.4	45.1	5.1	1,120.1	23.7	2.1
State	630.0	31.5	5.0	565.7	21.6	3.8
Transportation	1,557.0	31.1	2.0	1,897.2	52.4	2.8
Treasury	1,120.3	25.8	2.3	1,784.2	122.5	6.9
Veterans Affairs	2,500.0	62.8	2.5	4,250.0	123.8	2.9
Environmental Protection Agency	1,200.0	36.0	3.0	1,109.8	33.2	3.0
General Services Administration (NFSS)	7,575.0	265.1	3.5	8,039.6	431.4	5.4
National Aeronautics and Space Administration	9,600.0	115.0	1.2	10,972.3	203.7	1.9
Social Security Administration	666.2	36.0	5.4	517.7	25.1	4.8
Tennessee Valley Authority	2,228.2	60.2	2.7	5,013.2	77.3	1.5
U.S. Agency for International Development	480.0	27.0	5.6	342.2	37.5	11.0
All Other Agencies—Total	1,012.1	34.8	3.4	936.2	39.6	4.2

Notes: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted. Where no figures are shown, the agency either did not set a goal in this category, or there were no reportable data in FPDS, or both.

Source: Compiled by the U.S. Small Business Administration, Office of Government Contracting and Minority Enterprise Development, from proposed goals submitted by each federal department or agency. The achievements are from the Federal Procurement Data Center.

**Table 8** *Small Disadvantaged Business Share of Federal Prime Contracts: Performance by Other Federal Agencies, FY 1998 (Thousands of Dollars)*

	Agency Projections			Actual Awards		
	Total Dollars	Small Disadvantaged Business Prime Contracts		Total Dollars	Small Disadvantaged Business Prime Contracts	
		Dollars	Percent		Dollars	Percent
<b>Total</b>	<b>1,012,083.7</b>	<b>34,815.1</b>	<b>3.4</b>	<b>936,170.0</b>	<b>39,636.0</b>	<b>4.2</b>
American Battle Monuments Commission	—	—	0.0	247.0	—	0.0
Commission on Civil Rights	—	—	0.0	285.0	—	0.0
Commodity Futures Trading Commission	10,000.0	—	0.0	10,886.0	35.0	0.3
Consumer Product Safety Commission	3,291.4	329.1	10.0	5,585.0	120.0	2.1
Corporation for National Service	26,850.0	9,575.0	35.7	11,684.0	609.0	5.2
Equal Employment Opportunity Commission	11,450.0	801.5	7.0	38,792.0	278.0	0.7
Executive Office of the President	30,000.0	1,500.0	5.0	35,888.0	3,770.0	10.5
Federal Communications Commission	39,819.3	500.0	1.3	7,677.0	809.0	10.5
Federal Election Commission	—	—	0.0	3,004.0	—	0.0
Federal Emergency Management Agency	200,000.0	7,000.0	3.5	225,413.0	6,145.0	2.7
Federal Energy Regulatory Commission	17,922.5	421.6	2.4	25,536.0	5,735.0	22.5
Federal Maritime Commission	259.0	—	0.0	336.0	10.0	3.0
Federal Mediation and Conciliation Service	—	—	0.0	3,047.0	—	0.0
Federal Mine Safety and Health Review Commission	175.0	—	0.0	401.0	—	0.0
Federal Trade Commission	8,000.0	80.0	1.0	7,716.0	36.0	0.5
International Trade Commission	3,426.0	33.6	1.0	4,076.0	191.0	4.7
Merit Systems Protection Board	—	—	0.0	1,358.0	—	0.0
National Archives and Records Administration	46,800.0	700.0	1.5	26,394.0	1,488.0	5.6
National Capital Planning Commission	—	—	0.0	771.0	5.0	0.6
National Endowment for the Arts	—	—	0.0	1,213.0	174.0	14.3
National Endowment for the Humanities	1,100.0	33.0	3.0	1,330.0	55.0	4.1
National Labor Relations Board	3,999.0	850.0	21.3	11,849.0	378.0	3.2
National Science Foundation	192,285.5	903.7	0.5	49,975.0	1,557.0	3.1
National Transportation Safety Board	4,000.0	600.0	15.0	—	—	0.0
Nuclear Regulatory Commission	65,000.0	432.0	0.7	56,461.0	4,664.0	8.3
Occupational Safety and Health Review Commission	—	—	0.0	627.0	—	0.0
Office of Personnel Management	115,130.0	1,655.0	1.4	165,486.0	547.0	0.3
Securities and Exchange Commission	33,057.0	—	0.0	41,924.0	1,907.0	4.5
Selective Service System	1,449.0	80.0	5.5	2,238.0	256.0	11.4
Small Business Administration	30,000.0	3,000.0	10.0	32,474.0	2,391.0	7.4
Smithsonian Institution	120,000.0	3,000.0	2.5	86,769.0	5,261.0	6.1
U.S. Arms Control and Disarmament Agency	4,270.0	720.6	16.9	5,560.0	756.0	13.6
United States Information Agency	43,800.0	2,600.0	5.9	71,168.0	2,459.0	3.5

Notes: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted. Where no figures are shown, the agency either did not set a goal in this category, or there were no reportable data in FPDS, or both.

Source: Compiled by the U.S. Small Business Administration, Office of Government Contracting and Minority Enterprise Development, from proposed goals submitted by each federal department or agency. The achievements are from the Federal Procurement Data Center.

**Table 9** *Small Disadvantaged Business Share of Federal Subcontracts: Performance by Prime Contractors to Major Federal Agencies, FY 1998 (Millions of Dollars)*

	Agency Projections			Actual Awards		
	Total Dollars	Small Disadvantaged Business Subcontracts		Total Dollars	Small Disadvantaged Business Subcontracts	
		Dollars	Percent		Dollars	Percent
<b>Total</b>	<b>56,085.8</b>	<b>3,348.1</b>	<b>6.0</b>	<b>67,758.9</b>	<b>4,212.5</b>	<b>6.2</b>
Agriculture	678.6	33.9	5.0	862.8	26.1	3.0
Commerce	156.4	28.2	18.0	181.8	15.9	8.7
Defense	43,400.0	2,170.0	5.0	53,119.0	2,984.5	5.6
Education	160.0	8.5	5.3	128.2	15.5	12.1
Energy	700.0	35.0	5.0	761.7	46.7	6.1
Health and Human Services	361.0	20.0	5.5	450.2	19.7	4.4
Housing and Urban Development	95.5	12.4	13.0	211.3	28.3	13.4
Interior	40.0	1.6	3.9	91.3	23.5	25.7
Justice	850.0	51.0	6.0	560.6	28.8	5.1
Labor	171.8	20.3	11.8	254.2	22.1	8.7
State	60.0	3.0	5.0	122.7	8.3	6.8
Transportation	303.0	31.8	10.5	496.7	56.8	11.4
Treasury	303.3	15.2	5.0	437.8	36.0	8.2
Veterans Affairs	400.0	20.0	5.0	3,335.3	82.8	2.5
Environmental Protection Agency	180.0	18.0	10.0	227.9	25.4	11.1
General Services Administration (NFSS)	3,500.0	245.0	7.0	1,540.6	115.9	7.5
National Aeronautics and Space Administration	4,187.0	611.2	14.6	4,469.4	635.4	14.2
Social Security Administration	3.8	0.2	5.0	2.7	0.1	4.8
Tennessee Valley Authority	350.0	8.8	2.5	117.4	4.3	3.7
U.S. Agency for International Development	8.6	1.0	11.4	202.5	23.7	11.7
All Other Agencies—Total	176.8	13.1	7.4	184.8	12.7	6.9

Notes: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted. Where no figures are shown, the agency either did not set a goal in this category, or there were no reportable data in FPDS, or both.

Source: Compiled by the U.S. Small Business Administration, Office of Government Contracting and Minority Enterprise Development, from proposed goals submitted by each federal department or agency. The achievements are from the Federal Procurement Data Center.



**Table 10** *Small Disadvantaged Business Share of Federal Subcontracts: Performance by Prime Contractors to Other Federal Agencies, FY 1998 (Thousands of Dollars)*

	Agency Projections			Actual Awards		
	Total Dollars	Small Disadvantaged Business Subcontracts		Total Dollars	Small Disadvantaged Business Subcontracts	
		Dollars	Percent		Dollars	Percent
<b>Total</b>	<b>176,791.5</b>	<b>13,055.8</b>	<b>7.4</b>	<b>184,840.0</b>	<b>12,719.6</b>	<b>6.9</b>
American Battle Monuments Commission	—	—	0.0	—	—	0.0
Commission on Civil Rights	—	—	0.0	—	—	0.0
Commodity Futures Trading Commission	—	—	0.0	—	—	0.0
Consumer Product Safety Commission	—	—	0.0	—	—	0.0
Corporation for National Service	6,034.3	254.9	4.2	—	—	0.0
Equal Employment Opportunity Commission	—	—	0.0	57.6	3.0	5.2
Executive Office of the President	957.0	38.3	4.0	233.0	31.3	13.4
Federal Communications Commission	—	—	0.0	—	—	0.0
Federal Election Commission	—	—	0.0	—	—	0.0
Federal Emergency Management Agency	9,000.0	4,000.0	44.4	59,711.4	6,172.4	10.3
Federal Energy Regulatory Commission	13,364.9	1,536.9	11.5	681.9	—	0.0
Federal Maritime Commission	—	—	0.0	—	—	0.0
Federal Mediation and Conciliation Service	—	—	0.0	—	—	0.0
Federal Mine Safety and Health Review Commission	—	—	0.0	—	—	0.0
Federal Trade Commission	—	—	0.0	—	—	0.0
International Trade Commission	—	—	0.0	—	—	0.0
Merit Systems Protection Board	—	—	0.0	—	—	0.0
National Archives and Records Administration	4,000.0	200.0	5.0	—	—	0.0
National Capital Planning Commission	—	—	0.0	—	—	0.0
National Endowment for the Arts	—	—	0.0	—	—	0.0
National Endowment for the Humanities	—	—	0.0	—	—	0.0
National Labor Relations Board	—	—	0.0	—	—	0.0
National Science Foundation	115,405.2	5,077.8	4.4	93,486.5	3,141.3	3.4
National Transportation Safety Board	—	—	0.0	—	—	0.0
Nuclear Regulatory Commission	8,000.0	1,293.9	16.2	14,660.2	2,834.0	19.3
Occupational Safety and Health Review Commission	—	—	0.0	—	—	0.0
Office of Personnel Management	9,094.0	579.0	6.4	9,348.5	534.7	5.7
Securities and Exchange Commission	2,336.1	—	0.0	6,623.3	—	0.0
Selective Service System	—	—	0.0	—	—	0.0
Small Business Administration	—	—	0.0	—	—	0.0
Smithsonian Institution	1,500.0	75.0	5.0	—	—	0.0
U.S. Arms Control and Disarmament Agency	—	—	0.0	—	—	0.0
United States Information Agency	7,100.0	—	0.0	37.6	2.9	7.7

Notes: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted. Where no figures are shown, the agency either did not set a goal in this category, or there were no reportable data in FPDS, or both.

Source: Compiled by the U.S. Small Business Administration, Office of Government Contracting and Minority Enterprise Development, from proposed goals submitted by each federal department or agency. The achievements are from the Federal Procurement Data Center.

**Table 11** *Women-Owned Small Business Share of Federal Prime Contracts: Performance by Major Federal Agencies, FY 1998 (Millions of Dollars)*

	Agency Projections			Actual Awards		
	Total Dollars	Women-Owned Small Business Prime Contracts		Total Dollars	Women-Owned Small Business Prime Contracts	
		Dollars	Percent		Dollars	Percent
<b>Total</b>	<b>167,234.2</b>	<b>7,560.6</b>	<b>4.5</b>	<b>181,714.8</b>	<b>4,012.8</b>	<b>2.2</b>
Agriculture	2,237.3	111.90	5.0	2,958.4	91.4	3.1
Commerce	785.5	62.8	8.0	1,182.0	59.5	5.0
Defense	112,600.0	5,630.0	5.0	115,656.8	2,087.3	1.8
Education	645.0	26.0	4.0	964.9	11.8	1.2
Energy	15,000.0	450.0	3.0	15,142.9	440.1	2.9
Health and Human Services	2,851.3	152.0	5.3	4,244.7	145.9	3.4
Housing and Urban Development	391.0	19.5	5.0	228.2	5.6	2.5
Interior	784.1	40.0	5.1	1,478.9	60.3	4.1
Justice	2,483.8	74.5	3.0	3,309.9	95.6	2.9
Labor	887.4	49.3	5.6	1,120.1	15.3	1.4
State	630.0	31.5	5.0	565.7	33.7	6.0
Transportation	1,557.0	77.9	5.0	1,897.2	69.7	3.7
Treasury	1,120.3	56.0	5.0	1,784.2	66.3	3.7
Veterans Affairs	2,500.0	100.0	4.0	4,250.0	231.4	5.4
Environmental Protection Agency	1,200.0	42.0	3.5	1,109.8	29.4	2.6
General Services Administration (NFSS)	7,575.0	378.8	5.0	8,039.6	268.7	3.3
National Aeronautics and Space Administration	9,600.0	125.0	1.3	10,972.3	151.6	1.4
Social Security Administration	666.2	33.3	5.0	517.7	23.0	4.4
Tennessee Valley Authority	2,228.2	42.1	1.9	5,013.2	52.4	1.0
U.S. Agency for International Development	480.0	24.0	5.0	342.2	15.4	4.5
All Other Agencies—Total	1,012.1	34.0	3.4	936.2	58.4	6.2

Notes: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted. Where no figures are shown, the agency either did not set a goal in this category, or there were no reportable data in FPDS, or both.

Source: Compiled by the U.S. Small Business Administration, Office of Government Contracting and Minority Enterprise Development, from proposed goals submitted by each federal department or agency. The achievements are from the Federal Procurement Data Center.

**Table 12** *Women-Owned Small Business Share of Federal Prime Contracts: Performance by Other Federal Agencies, FY 1998 (Thousands of Dollars)*

	Agency Projections			Actual Awards		
	Total Dollars	Women-Owned Small Business Prime Contracts		Total Dollars	Women-Owned Small Business Prime Contracts	
		Dollars	Percent		Dollars	Dollars
<b>Total</b>	<b>1,012,083.7</b>	<b>34,002.7</b>	<b>3.4</b>	<b>936,170.0</b>	<b>58,438.0</b>	<b>6.2</b>
American Battle Monuments Commission	—	—	0.0	247.0	—	0.0
Commission on Civil Rights	—	—	0.0	285.0	27.0	9.5
Commodity Futures Trading Commission	10,000.0	—	0.0	10,886.0	285.0	2.6
Consumer Product Safety Commission	3,291.4	493.7	15.0	5,585.0	796.0	14.3
Corporation for National Service	26,850.0	1,500.0	5.6	11,684.0	29.0	0.2
Equal Employment Opportunity Commission	11,450.0	801.5	7.0	38,792.0	422.0	1.1
Executive Office of the President	30,000.0	1,500.0	5.0	35,888.0	6,066.0	16.9
Federal Communications Commission	39,819.3	287.0	0.7	7,677.0	—	0.0
Federal Election Commission	—	—	0.0	3,004.0	97.0	3.2
Federal Emergency Management Agency	200,000.0	4,500.0	2.3	225,413.0	11,805.0	5.2
Federal Energy Regulatory Commission	17,922.5	769.6	4.3	25,536.0	901.0	3.5
Federal Maritime Commission	259.0	—	0.0	336.0	3.0	0.9
Federal Mediation and Conciliation Service	—	—	0.0	3,047.0	—	0.0
Federal Mine Safety and Health Review Commission	175.0	20.0	11.4	401.0	—	0.0
Federal Trade Commission	8,000.0	400.0	5.0	7,716.0	681.0	8.8
International Trade Commission	3,426.0	171.3	5.0	4,076.0	163.0	4.0
Merit Systems Protection Board	—	—	0.0	1,358.0	79.0	5.8
National Archives and Records Administration	46,800.0	1,750.0	3.7	26,394.0	737.0	2.8
National Capital Planning Commission	—	—	0.0	771.0	15.0	1.9
National Endowment for the Arts	—	—	0.0	1,213.0	89.0	7.3
National Endowment for the Humanities	1,100.0	242.0	22.0	1,330.0	355.0	26.7
National Labor Relations Board	3,999.0	563.0	14.1	11,849.0	6,392.0	53.9
National Science Foundation	192,285.5	2,538.2	1.3	49,975.0	5,972.0	11.9
National Transportation Safety Board	4,000.0	280.0	7.0	—	—	0.0
Nuclear Regulatory Commission	65,000.0	6,800.0	10.5	56,461.0	3,542.0	6.3
Occupational Safety and Health Review Commission	—	—	0.0	627.0	66.0	10.5
Office of Personnel Management	115,130.0	2,654.0	2.3	165,486.0	1,211.0	0.7
Securities and Exchange Commission	33,057.0	—	0.0	41,924.0	—	0.0
Selective Service System	1,449.0	97.5	6.7	2,238.0	29.0	1.3
Small Business Administration	30,000.0	2,400.0	8.0	32,474.0	4,422.0	13.6
Smithsonian Institution	120,000.0	4,800.0	4.0	86,769.0	10,074.0	11.6
U.S. Arms Control and Disarmament Agency	4,270.0	234.9	5.5	5,560.0	184.0	3.3
United States Information Agency	43,800.0	1,200.0	2.7	71,168.0	3,996.0	5.6

Notes: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted. Where no figures are shown, the agency either did not set a goal in this category, or there were no reportable data in FPDS, or both.

Source: Compiled by the U.S. Small Business Administration, Office of Government Contracting and Minority Enterprise Development, from proposed goals submitted by each federal department or agency. The achievements are from the Federal Procurement Data Center.

**Table 13** *Women-Owned Small Business Share of Federal Subcontracts: Performance by Prime Contractors to Major Federal Agencies, FY 1998 (Millions of Dollars)*

	Agency Projections			Actual Awards		
	Total Dollars	Women-Owned Small Business Subcontracts		Total Dollars	Women-Owned Small Business Subcontracts	
		Dollars	Percent		Dollars	Percent
<b>Total</b>	<b>56,085.8</b>	<b>2,846.2</b>	<b>5.1</b>	<b>67,758.9</b>	<b>3,094.4</b>	<b>4.6</b>
Agriculture	678.6	33.90	5.0	862.8	24.9	2.9
Commerce	156.4	12.5	8.0	181.8	8.4	4.6
Defense	43,400.0	2,170.0	5.0	53,119.0	2,391.0	4.5
Education	160.0	6.3	3.9	128.2	6.0	4.7
Energy	700.0	28.0	4.0	761.7	28.0	3.7
Health and Human Services	361.0	9.0	2.5	450.2	14.7	3.3
Housing and Urban Development	95.5	4.8	5.0	211.3	29.7	14.1
Interior	40.0	0.8	2.0	91.3	6.5	7.1
Justice	850.0	59.5	7.0	560.6	28.2	5.0
Labor	171.8	9.1	5.3	254.2	14.0	5.5
State	60.0	3.0	5.0	122.7	10.5	8.6
Transportation	303.0	15.1	5.0	496.7	18.8	3.8
Treasury	303.3	15.2	5.0	437.8	28.2	6.4
Veterans Affairs	400.0	4.0	1.0	3,335.3	69.8	2.1
Environmental Protection Agency	180.0	6.3	3.5	227.9	15.9	7.0
General Services Administration (NFSS)	3,500.0	175.0	5.0	1,540.6	64.3	4.2
National Aeronautics and Space Administration	4,187.0	268.2	6.4	4,469.4	302.6	6.8
Social Security Administration	3.8	0.2	5.0	2.7	0.4	16.3
Tennessee Valley Authority	350.0	14.0	4.0	117.4	10.9	9.3
U.S. Agency for International Development	8.6	0.4	5.0	202.5	11.6	5.7
All Other Agencies—Total	176.8	10.8	6.1	184.8	10.0	5.4

Notes: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted. Where no figures are shown, the agency either did not set a goal in this category, or there were no reportable data in FPDS, or both.

Source: Compiled by the U.S. Small Business Administration, Office of Government Contracting and Minority Enterprise Development, from proposed goals submitted by each federal department or agency. The achievements are from the Federal Procurement Data Center.

**Table 14** *Women-Owned Small Business Share of Federal Subcontracts: Performance by Prime Contractors to Other Federal Agencies, FY 1998 (Thousands of Dollars)*

	Agency Projections			Actual Awards		
	Total Dollars	Women-Owned Small Business Subcontracts		Total Dollars	Women-Owned Small Business Subcontracts	
		Dollars	Percent		Dollars	Percent
<b>Total</b>	<b>176,791.5</b>	<b>10,830.3</b>	<b>6.1</b>	<b>184,840.0</b>	<b>9,950.7</b>	<b>5.4</b>
American Battle Monuments Commission	—	—	0.0	—	—	0.0
Commission on Civil Rights	—	—	0.0	—	—	0.0
Commodity Futures Trading Commission	—	—	0.0	—	—	0.0
Consumer Product Safety Commission	—	—	0.0	—	—	0.0
Corporation for National Service	6,034.3	49.8	0.8	—	—	0.0
Equal Employment Opportunity Commission	—	—	0.0	57.6	21.3	37.0
Executive Office of the President	957.0	38.3	4.0	233.0	15.8	6.8
Federal Communications Commission	—	—	0.0	—	—	0.0
Federal Election Commission	—	—	0.0	—	—	0.0
Federal Emergency Management Agency	9,000.0	3,500.0	38.9	59,711.4	3,168.9	5.3
Federal Energy Regulatory Commission	13,364.9	473.0	3.5	681.9	17.9	2.6
Federal Maritime Commission	—	—	0.0	—	—	0.0
Federal Mediation and Conciliation Service	—	—	0.0	—	—	0.0
Federal Mine Safety and Health Review Commission	—	—	0.0	—	—	0.0
Federal Trade Commission	—	—	0.0	—	—	0.0
International Trade Commission	—	—	0.0	—	—	0.0
Merit Systems Protection Board	—	—	0.0	—	—	0.0
National Archives and Records Administration	4,000.0	200.0	5.0	—	—	0.0
National Capital Planning Commission	—	—	0.0	—	—	0.0
National Endowment for the Arts	—	—	0.0	—	—	0.0
National Endowment for the Humanities	—	—	0.0	—	—	0.0
National Labor Relations Board	—	—	0.0	—	—	0.0
National Science Foundation	115,405.2	4,027.6	3.5	93,486.5	2,943.9	3.1
National Transportation Safety Board	—	—	0.0	—	—	0.0
Nuclear Regulatory Commission	8,000.0	1,396.5	17.5	14,660.2	1,735.0	11.8
Occupational Safety and Health Review Commission	—	—	0.0	—	—	0.0
Office of Personnel Management	9,094.0	1,064.0	11.7	9,348.5	1,952.2	20.9
Securities and Exchange Commission	2,336.1	6.1	0.3	6,623.3	95.7	1.4
Selective Service System	—	—	0.0	—	—	0.0
Small Business Administration	—	—	0.0	—	—	0.0
Smithsonian Institution	1,500.0	75.0	5.0	—	—	0.0
U.S. Arms Control and Disarmament Agency	—	—	0.0	—	—	0.0
United States Information Agency	7,100.0	—	0.0	37.6	—	0.0

Notes: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted. Where no figures are shown, the agency either did not set a goal in this category, or there were no reportable data in FPDS, or both.

Source: Compiled by the U.S. Small Business Administration, Office of Government Contracting and Minority Enterprise Development, from proposed goals submitted by each federal department or agency. The achievements are from the Federal Procurement Data Center.

# **PART II**

## **Fiscal Year 1999 Report**

In fiscal year 1999, the Executive Branch of the United States Government met or exceeded the three government-wide statutory contract goaling categories (Table A).

SBA negotiates seven individual goal categories with each federal department and agency. The following chart shows the agency projections or goals established, and the actual achievements in each category for both prime and subcontracts.

In this report, the U.S. Small Business Administration (SBA) summarizes federal agency performance in meeting their goals and provides comments from the 20 federal agencies with the largest contracting budgets, which represent nearly 99.5 percent of the total dollars awarded. In the goal-setting process, agencies are encouraged to set aggressive goals and make determined efforts to meet them. Most agencies were able to do that in many of the categories. In addition, many agencies have developed innovative small business programs, and information on these has been included to recognize the special efforts made by individual agencies to meet their small business goals.

### **Small Business Prime Contract Awards**

In FY 1999, the federal government awarded 23.1 percent, or \$42.9 billion of a total \$185.7 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 received over \$4.8 billion more than had been estimated. For this report, the General Services Administration's Federal Supply Service (FSS) projections and achievements will be evaluated as part of each agency's expenditures and are not included as part of GSA projections and achievements, as appropriate.

The Departments of Commerce, Defense, Housing and Urban Development, State, Transportation, and Treasury, and the Environmental Protection Agency, the General Services Administration, the National Aeronautics and Space Administration, and the Social Security Administration all either met or exceeded their percentage goals for prime contracting to small business in FY 1999. Thirteen agencies exceeded their dollar goals, including the Departments of Agriculture, Interior, Justice, Treasury, and Veterans Affairs, which all missed their percentage goals. Conversely, the Social Security Administration missed its FY 1999 dollar goal despite achieving its percentage goals.

**Table A. Federal Government Procurement Package Goals, 1999**

Category	Statutory Goal	Actual Percentage
Small Business <i>(Includes prime contract data only)</i>	23	23.1
Small Disadvantaged Business <i>(Includes prime and subcontract data, 8(a) program prime and subcontract data)</i>	5	13.2
Women-Owned Small Business <i>(Includes prime and subcontract data)</i>	5	6.8

Source: Compiled by the U.S. Small Business Administration, Office of Government Contracting and Minority Enterprise Development.

**Table B. Prime Contracts, FY 1999**

	Small Business		Small Disadvantaged Business		8(a)		Women-owned Small Business	
	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual
<b>Millions of Dollars</b>	38,101.6	42,933.2	7,659.2	6,149.0	2,828.1	6,284.3	7,725.3	4,585.0
<b>Percent</b>	22.2	23.1	4.5	3.3	1.6	3.4	4.5	2.5

Notes: Goals are based on projected procurement obligations of \$171,412.2 (100 percent). Actuals are based on reported procurement obligations of \$185,654.7 (100 percent).

Source: Compiled by the U.S. Small Business Administration, Office of Government Contracting and Minority Enterprise Development.

**Table C. Subcontracts, FY 1999**

	Small Business		Small Disadvantaged Business		Women-owned Small Business	
	Goal	Actual	Goal	Actual	Goal	Actual
<b>Millions of Dollars</b>	23,704.7	27,864.5	3,569.8	4,504.2	3,027.3	2,991.7
<b>Percent</b>	41.2	40.4	6.2	6.5	5.3	4.3

Notes: Goals are based on \$57,485.7 projected subcontracting values. Actuals are based on \$69,042.1 reported subcontractin.

Source: Compiled by the U.S. Small Business Administration, Office of Government Contracting and Minority Enterprise Development.

The largest single agency percentage increase over the projected totals for prime contract awards to small businesses in FY 1999 came from the Department of Transportation, which awarded 27.6 percentage points more than projected—awarding 58.1 percent of its prime contracts to small businesses. The next largest percentage gain was from the Department of State, which awarded 49.1 percent to small businesses in FY 1999—14.1 percentage points more than projected.

The largest dollar increase over the projected totals in FY 1999 came from the Department of Defense, which also exceeded its projected percentage goal by 0.6 percentage point. It increased its dollar total for prime contracting with small business by \$2.2 billion more than its FY 1999 goal, to \$25.3 billion. The second largest dollar share gain was from the Department of Transportation. It awarded prime contracts valued at nearly \$1.1 billion to small businesses in FY 1999—\$596.6 million more than projected. The General Services Administration was a close third in dollar share, awarding \$582.8 million more in FY 1999 than projected, for total prime contract awards of nearly \$3.1 billion to small business.

### Agency Shortfalls

The Small Business Administration is charged in Public Law 95–507, as amended, with the responsibility of analyzing and commenting on shortfalls by major reporting agencies. The Departments of Agriculture, Education, Energy, Health and Human Services, Interior, Justice, Labor, and Veterans Affairs, the Tennessee Valley Authority, and the U.S. Agency for International Development missed their percentage goals for prime contract awards to small business concerns in FY 1999.

#### *Department of Agriculture*

The U.S. Department of Agriculture (USDA) failed to reach its small business prime contract percentage goal of 45.1 percent by 7.1 percentage points in FY 1999, finishing at 38.0 percent. However, USDA exceeded its small business prime contract dollar projection of \$1.1 billion significantly, by \$318.4 million. Actual small business prime contract dollars awarded by USDA to small businesses in FY 1999 totaled more than \$1.3 billion.

USDA indicates that awards to small businesses have declined as a result of procurement reform, contract bundling, government-wide acquisition contracts (GWACs) with large businesses, and the rapid expansion of the use of credit cards for micro-purchases. USDA initiatives under way to correct these shortfalls include: an MOU between USDA and SBA to promote women-owned small business activity, establishing a mentor-protégé program, entering into partnerships with professional associations representing women-owned small businesses and small disadvantaged businesses, increased outreach for each USDA organization, and incorporation of small business procurement achievements in each senior management official's performance appraisal.



### *Department of Education*

The Department of Education (Education) failed to achieve its FY 1999 small business prime contract goal of 23.0 percent, at 14.1 percent, short by 8.9 percentage points. Education awarded \$96.2 million in small business prime contracts in FY 1999, missing its dollar target of \$184.0 million by \$87.8 million. Actual prime contract dollars awarded to small businesses by Education in FY 1999 totaled \$96.2 million. Education reported that the failure to reach the FY 1999 goals was due to the lack of new contract dollars in one of its largest program, the Office of Student Financial Assistance (SFA). In FY 1999, SFA awarded dollars accounting for over 40 percent of Education's total obligations, where most of these dollars were awarded under its legacy contracts (which are primarily large businesses) coupled with an exponential growth in its student loan volume. Education stressed its commitment to meet its responsibilities to maximize opportunities for the small and small disadvantaged business community to support the agency's mission. Education has made new awards to small and disadvantaged businesses, which they expect to contribute to growth in future years.

### *Department of Energy*

The Department of Energy (DOE) missed its small business prime contract projection of 18.0 percent by 1.3 percentage points in FY 1999, finishing at 16.7 percent. DOE also missed its FY 1999 small business prime contract dollar goal of \$2.6 billion by \$1.3 billion, with total actual prime contract dollars awarded to small businesses amounting to \$2.6 billion.

Energy reported that efforts to achieve its goals were diverted to resolving a dispute over the methodology used to report its small business prime contracting goal. DOE's small business prime contracting goals proposed to the Small Business Administration (SBA) were not approved until the Office of Federal Procurement Policy issued its ruling on the baseline for calculating the prime contract small business goal, which DOE stated caused them a delay in assigning departmental goals. DOE said other circumstances, which contributed collectively to the shortfall, included budget cuts, procurement reform, and credit card purchases. DOE continuously seeks new ways to ensure strong small business participation in its prime contracts.

### *Department of Health and Human Services*

The Department of Health and Human Services (HHS) awarded 27.4 percent of its FY 1999 prime contracts to small businesses, failing to reach its percentage goal of 32.3 percent by 4.9 percentage points. HHS also finished FY 1999 well short, by nearly \$120 million, of its small business prime contract dollar goal of \$1.5 billion. Actual small business prime contract dollars awarded by HHS in FY 1999 totaled \$1.4 billion.

HHS reported that its failure to achieve its goals is entirely a function of procurement reforms, specifically contract bundling, government-wide acquisition

contracts, GSA multiple awards contracts and schedule contracts, and micro-purchases with government credit cards. Corrective action under way at HHS includes: issuance of agency-wide policy guidelines to assure that bundling is necessary, increasing requirements and evaluation criteria points for small business participation in major acquisitions, formation of focus groups with the expressed intent of increasing small business participation, implementation of a mentor-protégé program, and the development of a “best practices” guide for improving the small business share of HHS acquisitions.

### *Department of the Interior*

The Department of the Interior (Interior) missed its FY 1999 small business prime contract percentage target by 4.8 percentage points. Interior’s goal was 59.0 percent, and it awarded 54.2 percent of its prime contracts to small business concerns. However, Interior exceeded its small business prime contract dollar projection of \$506.3 million by \$170.8 million in FY 1999. Actual prime contract dollars awarded by Interior to small businesses in FY 1999 totaled \$677.1 million.

Interior stated that to increase small business prime contracting goals they will continue to orient vendors to the neighbors they have in their communities that are part of the Interior Department. Another area the agency is monitoring is the growing use of “smart” cards for credit card purchases locally. General figures reported for credit card use in Interior for FY 2000 were at the \$540 million level. Interior believes that the MOU with GSA allowing 8(a) purchases to be counted for their accomplishments is another positive step.

### *Department of Justice*

The Department of Justice (DOJ) missed its FY 1999 small business prime contract goal of 31.5 percent by 2.0 percentage points, awarding 29.5 percent of its prime contracts to small business concerns. DOJ exceeded its small business prime contract dollar projection of \$936.2 million in FY 1999 by \$138.1 million, awarding nearly \$1.1 billion in prime contracts to small businesses in FY 1999.

DOJ attributed the failure to reach their FY 1999 goals to excessive utilization of Federal Supply Service (FSS) purchases from other than small businesses. The agency properly notes that its stellar achievement in the dollar value of contracts to small businesses, more than \$100 million over its goal, obviates its percentage shortfall. DOJ is also increasing its subcontracting goals in large contracts and improving its monitoring of contractors’ subcontracting, concentrating on buying from small businesses off the Federal Supply Schedule, and expanding its outreach to small businesses.

### *Department of Labor*

The Department of Labor (DOL) finished FY 1999 at 19.4 percent, short by 6.3 percentage points of the 25.7 percent goal for small business prime contracting.

The department also fell short by \$10.9 million of achieving its small business prime contract dollar projection of \$231.9 million, awarding a total of \$221.0 million in prime contracts to small businesses in FY 1999.

DOL reported that the failure to reach the FY 1999 goal stemmed from unanticipated unrestricted procurements by a DOL agency, which accounted for 81.0 percent of the department's total procurement budget. DOL is working with SBA to identify small businesses capable of performing on the department's requirements for potential future awards, including several significant awards in FY 2000.

### *Department of Veterans Affairs*

The Department of Veterans Affairs (VA) missed its small business prime contract percentage goal of 35.0 percent by just 0.1 percentage point, at 34.9 percent. However, VA substantially exceeded its small business prime contract dollar target of \$1.05 billion by \$292.1 million in FY 1999. Actual small business prime contract dollars awarded by VA in FY 1999 totaled more than \$1.3 billion.

The department reasoned that the slippage on small business goals in FY 1999 was attributable to contract bundling, competitiveness in the market for the unique products and services that it provides, the geographic considerations inherent in the delivery of its products and services, the growing use of the Federal Supply Service, and a "precipitous" decline in VA's construction budget. VA indicates that it has an active outreach and training program designed to improve opportunities for small businesses and that it is working to improve its reporting systems to capture small business activities with the agency.

### *Tennessee Valley Authority*

The Tennessee Valley Authority (TVA) failed to reach its small business prime contract goal of 21.3 percent by 5.3 percentage points in FY 1999, achieving 16.0 percent. TVA also was short by nearly \$46.1 million of its small business prime contract dollar projection for FY 1999 of \$475.0 million. Actual small business prime contract dollars awarded by TVA in FY 1999 totaled \$428.9 million.

TVA reported that the failure to achieve goals is a result of a 30 percent per year reduction in its procurement budget for the last four years, despite significant efforts to assure small business participation through mandatory small business programs training for TVA contracting personnel and including achievement of small business goals as an element in TVA's managerial performance appraisals.

### *U.S. Agency for International Development*

The U.S. Agency for International Development (AID) accomplished 19.4 percent on its FY 1999 small business prime contract goal of 28.0 percent, missing the target by 8.6 percentage points. AID failed by \$56.2 million to reach

its small business prime contract dollar goal of \$140.0 million. In FY 1999, TVA actually awarded \$83.8 million in prime contracts to small businesses.

AID attributed its failure to reach its FY 1999 goal to an inability to capture procurement statistics from its overseas missions, an inherent systematic weakness. AID is developing a system to capture all relevant data in FY 2000, and the agency has convened a working group to develop a strategy to increase small business participation in their procurements.

## Small Business Subcontract Awards

Federal prime contractors awarded more than \$69 billion in federal funds to subcontractors in FY 1999 (Tables 3 and 4), an increase of more than \$1 billion from the previous fiscal year. Of this total, more than \$27.8 billion—40.4 percent—was issued to small firms. This share was 0.9 percentage point lower than projected. Despite slightly missing the small business subcontracting percentage, total subcontract dollars awarded by federal prime contractors exceeded the projected amount by more than \$11.5 billion, and accordingly, the dollar share of subcontracts awarded to small businesses approached \$27.9 billion, nearly \$4.2 billion more than the \$23.7 billion projected.

Prime contractors to the 20 agencies with the largest contracting budgets awarded almost 99.8 percent of total small business subcontract dollars. In FY 1999, the following agencies either met or exceeded their percentage goals for subcontracting to small business: the Departments of Agriculture, Education, Energy, Housing and Urban Development, State, Transportation, and Treasury, and the Environmental Protection Agency, the Social Security Administration, and the U.S. Agency for International Development. All of these agencies, except the Departments of Education and Energy, also exceeded the dollar goal for subcontract awards to small business concerns in FY 1999. The Department of Education missed its dollar goal by \$21.9 million, and the Department of Energy missed its dollar goal by 96.3 million.

The largest single agency percentage increase over the projected amount in FY 1999 was posted by the Social Security Administration, which awarded 43.8 percentage points more than the 24.2 percent it projected—achieving 68.1 percent of subcontract awards to small business. The next largest percentage gain in FY 1999 was achieved by the Department of Transportation, which subcontracted 50.0 percent of its total subcontracts to small business—15.0 percentage points higher than its projection of 35.0 percent.

The largest dollar increase over the projected total for small business subcontracting in FY 1999 was established by the Department of Defense. The DOD's prime contractors exceeded the department's projected dollar total for subcontract awards to small business by more than over \$3.25 billion, from its target of \$18.3 billion to \$21.5 billion actually awarded. The Department of Veterans Affairs realized the second largest dollar share gain: its prime contractors awarded more than \$1.0 billion in subcontracts to small business in FY 1999—\$870.5 million more than its \$136 million projection.

Of all the agencies, the Social Security Administration achieved the highest percentage of small business subcontracts at 68.1 percent, followed by the Environmental Protection Agency at 57.6 percent. Also worthy of mention are the Department of Housing and Urban Development at 57.2 percent, the Department of Labor at 53.8 percent, the Department of State at 53.1 percent, and the Department of Transportation at 50 percent.

### Agency Shortfalls

The following agencies failed to meet their percentage goals for subcontract dollars to small businesses in FY 1999: the Departments of Commerce, Defense, Health and Human Services, Interior, Justice, Labor, and Veterans Affairs, and the General Services Administration, the National Aeronautics and Space Administration, and the Tennessee Valley Authority. Despite missing their FY 1999 percentage goals for subcontract awards to small businesses, the Departments of Defense, Interior, Labor, and Veterans Affairs, and the National Aeronautics and Space Administration exceeded their projected dollar goals. Only the Departments of Commerce, Health and Human Services, and Justice, the General Services Administration, and the Tennessee Valley Authority missed both their percentage and dollar goals for subcontract awards to small business. The Departments of Education and Energy exceeded their percentage goals but missed their dollar goals for subcontract awards.

#### *Department of Commerce*

The Department of Commerce missed its 44.0 percent goal for subcontract awards to small business concerns by a nominal 0.2 percentage points, but also missed its dollar goal of \$132.0 million by \$47.5 million. Commerce's prime contractors awarded \$193.1 million in subcontracts in FY 1999, with 43.8 percent—amounting to \$84.5 million—credited to small business.

#### *Department of Defense*

The Department of Defense (DOD) failed to reach its FY 1999 small business subcontracting goal of 41.6 percent by 0.5 percentage point, to finish the fiscal year at 41.1 percent. However, DOD substantially exceeded, by more than \$3.25 billion, its small business subcontract dollar goal of \$18.3 billion: the actual dollar amount subcontracted by DOD prime contractors to small businesses in FY 1999 was \$21.5 billion.

#### *Department of Health and Human Services*

The Department of Health and Human Services (HHS) failed to reach its FY 1999 small business subcontract percentage goal of 57.1 percent by 27.5 percentage points, with its prime contractors awarding 29.6 percent of total subcontracts to small business. In addition, HHS missed its small business subcontract dollar goal of \$226.0 million by \$21.0 million. The actual dollar

amount subcontracted to small business in FY 1999 was \$205.0 million. HHS has improved its criteria for making awards to prime contractors by assigning additional evaluation points for maximizing the participation of small businesses as subcontractors.

### *Department of the Interior*

The Department of the Interior missed its FY 1999 percentage goal for small business subcontract awards of 39.0 percent by 9.5 percentage points, awarding 29.5 percent. However, Interior exceeded its dollar goal by \$18.9 million: its prime contractors reported small business subcontract awards totaling \$34.5 million in FY 1999.

Interior stated that to increase the goals for small business prime contracting they will continue to orient vendors to the neighbors in their communities that are part of the Interior Department. Another area they are monitoring is the growing use of “smart” cards for credit card purchases at the local purchasing level. General figures reported for credit card use in Interior for FY 2000 were at the \$540 million level. Interior believes that the MOU with GSA allowing 8(a) purchases to be counted toward their accomplishments is another positive step.

### *Department of Justice*

The Department of Justice (DOJ) missed its 52.9 percent goal for small business subcontract awards in FY 1999 by 11.8 percentage points—awarding 41.1 percent. DOJ also failed to reach its \$450 million dollar goal, falling short by \$87 million. Its prime contractors reported small business subcontract awards totaling \$363 million in FY 1999.

DOJ is engaged in an extensive outreach program to attract small business subcontractors, and conducts monthly briefings to expose prime contractors to potential small business subcontractors. Further, the department is increasing its subcontracting goals in prime contracts and improving both reporting systems and monitoring of prime contractors’ accomplishments in achieving these goals.

### *Department of Labor*

The Department of Labor (DOL) fell short of its percentage goal of 58.8 percent for small business subcontract awards in FY 1999 by 5.0 percentage points, awarding 53.8 percent, but met its dollar goal exactly, at \$103.5 million awarded to small business subcontractors in FY 1999.

### *Department of Veterans Affairs*

The Department of Veterans Affairs (VA) missed its percentage goal for small business subcontract awards of 34.0 percent by 2.4 percentage points, awarding 31.6 percent of all FY 1999 subcontracts to small businesses. However, VA

substantially exceeded its dollar goal, by \$870.5 million, with its prime contractors reporting small business subcontract awards totaling more than \$1.0 billion in FY 1999.

The department asserts that its shortfall in subcontracting is a result of problems with reporting achievements by its prime contractors, exacerbated by the fact that the vast majority of VA's subcontracting opportunities are in the health care industry, which is dominated by other than small businesses. VA also reports that it has experienced a "precipitous" decline in its construction budget, normally an industry in which small business subcontracting is substantial.

VA is working diligently to improve reporting by prime contractors, and is expanding an already active program of outreach to small businesses.

### *General Services Administration*

The General Services Administration's (GSA) Non-Federal Supply Service (NFSS) failed to reach both its small business subcontracting percentage and dollar goals in FY 1999. GSA missed its 43.2 percent goal for small business subcontract awards by 5.4 percentage points, awarding 37.8 percent, and missed its FY 1999 dollar goal of \$1.6 billion by \$782.2 million. Its prime contractors reported small business subcontract awards totaling \$837.8 million in FY 1999. However, this value represents an increase of more than \$200 million from the previous fiscal year.

In its report, GSA offered the following reasons for not achieving its goals: some prime contractors reduced their discretionary spending in order to economize; GSA's prime contractors also produced more in-house rather than subcontracted out; and public utility contracts have historically been problematic to the small, small disadvantaged, and women-owned business programs. GSA asserts that because of the nature of the products and services required, the agency possesses very little leverage for negotiating higher subcontracting goals in the small and disadvantaged business categories.

However, GSA does continue to conduct major outreach and education activities to assist small businesses in contracting and subcontracting with GSA and its prime contractors.

### *National Aeronautics and Space Administration*

The National Aeronautics and Space Administration (NASA) fell slightly short, by 0.2 percentage points of its percentage goal of 36.3 percent for small business subcontract awards, but exceeded its dollar goal by \$249.6 million. The total value of subcontracts awarded to small businesses by NASA's prime contractors in FY 1999 was more than \$1.8 billion.

NASA reported that for the seventh year in a row, the agency exceeded its congressionally mandated small disadvantaged business goal of 8 percent, which also includes historically black colleges and universities, other minority educational institutions and small women-owned businesses. NASA states

that they will continue to give high priority to the full integration of small businesses into their competitive base.

### *Tennessee Valley Authority*

The Tennessee Valley Authority (TVA) failed to reach its percentage goal for small business subcontract awards by 2.3 percentage points in FY 1999, awarding 32.7 percent of its goal of 35.0 percent. TVA also had a shortfall of \$66.8 million on its dollar goal of \$122.5 million. Its prime contractors reported small business subcontract awards totaling \$55.7 million in FY 1999.

TVA attributed its lack of achievement to significant reductions in its procurement budget, but reports that initiatives are being instituted to improve its small business performance, including aggressive goals incorporated in managerial performance appraisals, facilitating alliances between prime contractors and small businesses, mandatory training on small business programs for contracting staff, and strengthening second-tier requirements.

## **Minority Small Business Awards: The 8(a) Program**

The 8(a) Business Development (BD) program assists eligible small disadvantaged business concerns to compete in the American economy through business development assistance, including contract support. The 8(a) BD program awards both negotiated and competitive federal contracts to small companies owned and controlled by socially and economically disadvantaged individuals certified by the U.S. Small Business Administration (SBA). Under the program, SBA, which acts as the prime contractor in the process, works with other Federal agencies to identify requirements suitable for the 8(a) BD program. Federal agencies, with SBA assistance, then negotiate subcontracts with certified 8(a) BD program participants.

The federal government awarded \$6.3 billion—3.4 percent—of the total amount awarded in prime contracts through the SBA to firms participating in the 8(a) BD program in FY 1999 (Tables 5 and 6). All federal agencies combined exceeded the 1.6 percent goal established for awards to 8(a) firms by more than double, and exceeded the FY 1999 dollar goal of \$2.8 billion established for awards to these firms by nearly \$3.5 billion. The total dollar value of awards to 8(a) firms in FY 1999 was \$6.3 billion.

The 20 agencies with the largest contracting budgets awarded 98.8 percent of total 8(a) contract dollars awarded in FY 1999. Nine of the 20 agencies—the Departments of Defense, Interior, Labor, State, Transportation, Treasury, and Veterans Affairs, the General Services Administration, and the National Aeronautics and Space Administration—exceeded their percentage goals for 8(a) contracting. All of these agencies also exceeded their dollar goals for contract awards to 8(a) small businesses, as did the Department of Agriculture, despite falling short of its percentage goal.

The Department of Defense (DOD) has, by specific legislation, a goal of 5.0 percent for participation of small disadvantaged businesses; therefore, it



does not provide a separate goal for 8(a) and other SDB awards, but a single goal for total SDB participation. When both 8(a) and SDB values are combined, DOD achieved 5.9 percent in FY 1999, exceeding the SDB goal of 5.0 percent by 0.9 percentage point.

The largest single agency percentage increase over the projected total in FY 1999 was achieved by the Department of State, which awarded 12.8 percentage points more than the 8.8 percent projected—or 21.6 percent of its total contract dollars to 8(a) firms. The next largest gain over the projected amount was posted by the Department of Treasury, at 2.9 percentage points higher than its 5.0 percent projection, for a total of 7.9 percent of total contract dollars awarded to 8(a) program participants in FY 1999.

The largest dollar increase over the projected FY 1999 total came from the Department of Veterans Affairs. It increased its dollar total for 8(a) contracts by \$114.9 million over its \$90.0 million goal, to \$204.9 million. The second largest dollar share gain was accomplished by the Department of State. It awarded \$194.9 million to 8(a) firms in FY 1999—\$106.9 million more than its \$88.0 million projection.

### Agency Shortfalls

The following agencies failed to achieve their percentage goals for 8(a) contracts: the Departments of Agriculture, Commerce, Education, Energy, Health and Human Services, Housing and Urban Development, and Justice, and the Environmental Protection Agency, the Social Security Administration, the Tennessee Valley Authority, and the U.S. Agency for International Development. All of these agencies, except the Department of Agriculture, also missed their dollar goals for 8(a) contract awards.

#### *Department of Agriculture*

The Department of Agriculture (USDA) missed its 8(a) contract percentage goal of 5.0 percent by 1.0 percentage points, awarding only 4.0 percent of its contract dollars to 8(a) firms in FY 1999. However, USDA awarded \$26.8 million more to 8(a) firms in FY 1999 than its goal of \$113.4 million, for total 8(a) award dollars of \$140.2 million.

USDA indicated that there are few 8(a) food processing companies, an industry that accounts for more than half of the department's procurement budget. It also attributes its shortfall to the expanding use of government-wide acquisition contracts (GWACs), contract bundling, and micro-purchases with credit cards.

The department's initiatives to improve its performance include the development of a mentor-protégé program, partnerships with appropriate professional associations, increased outreach activities, and making small business procurement achievements a factor in USDA performance appraisals.

### *Department of Commerce*

The Department of Commerce (Commerce) fell short of its 10.0 percent goal for 8(a) contracts by 3.0 percentage points in FY 1999, awarding 7.0 percent of its total to 8(a) program participants. Commerce also did not achieve its dollar goal for 8(a) contracts, awarding \$16.2 million less than its goal of \$100.0 million. Actual 8(a) contract awards in FY 1999 amounted to \$83.8 million.

Commerce's reasons for its failure to meet its 8(a) goals are: a lack of incentives for utilizing the 8(a) contracting process; limitations in the competitive 8(a) contracting process; award time considerations due to the barrier to informal competition; the comparative ease of utilizing GWAC vehicles; requirements for documentation and justification of 8(a) awards; increased use of GSA's Federal Supply Schedule; increased use of government credit cards; and procurement reforms providing many different opportunities for activities to bypass the procurement office entirely in the contracting process.

Examples of Commerce's initiatives for improvements in its 8(a) production include: internal cross-activity negotiation of 8(a) goals, combined with the inclusion of those goals in performance evaluations; the award of Census technology contracts to 8(a) firms; using GWACs to make awards to 8(a) firms; and the implementation of a Quick Response program with 8(a) companies under GSA's MOBIS program. The department has requested that SBA reengineer and streamline the 8(a) contracting process, including incentives and standardization, so that the 8(a) process can compete with other existing tools in ease of use and timeliness. Commerce reports that it has awarded 16 GWACs to 8(a) firms.

### *Department of Education*

The Department of Education (Education) failed to reach its 8(a) contract goal of 4.0 percent by 1.8 percentage point, reaching 2.2 percent in FY 1999. Education also missed its 8(a) contract dollar goal of \$32.0 million by \$17.2 million. The actual dollar amount of 8(a) contracts awarded by Education in FY 1999 was \$14.8 million.

Education reported that the reason for the agency's failure to reach the FY 1999 goals was a lack of new contract dollars in one of its largest programs, the Office of Student Financial Assistance (SFA). In FY 1999, a year which saw exponential growth in its student loan volume, SFA awarded dollars accounting for more than 40 percent of Education's total obligations; most of these dollars were awarded under its legacy contracts (to primarily large businesses). Education stressed its commitment to meeting its responsibilities to maximize opportunities for the small and small disadvantaged business community in support of the agency's mission. Education has made new awards to small and disadvantaged businesses, which they expect to contribute to growth in future years.

### *Department of Energy*

The Department of Energy (DOE) did not make its 2.2 percent 8(a) contract goal in FY 1999, missing it by 0.3 percentage point, at 1.9 percent. DOE also failed to reach its 8(a) dollar goal of \$319.0 million by \$26.1 million. The dollar value of DOE 8(a) contract awards in FY 1999 was \$292.9 million.

Energy reported that its failure to achieve its goals was diverted to resolving a dispute over the methodology used to report its small business prime contracting goal. DOE's small business prime contracting goals proposed to the Small Business Administration (SBA) were not approved until the Office of Federal Procurement Policy issued its ruling on the baseline for calculating the prime contract small business goal, which DOE said caused them a delay in assigning departmental goals. DOE stated that other circumstances, which contributed collectively to the shortfall, include budget cuts, procurement reform, and credit card purchases. DOE continuously seeks new ways to ensure strong small business participation in its prime contracts.

### *Department of Health and Human Services*

The Department of Health and Human Services (HHS) failed to meet both its percentage and dollar goals for awards to 8(a) firms in FY 1999. HHS projected 4.8 percent of its prime contract awards would be made to 8(a) firms, but fell short by 0.4 percentage point, at 4.4 percent. HHS projected \$223.0 million for 8(a) awards in FY 1999, and awarded \$221.1 million—\$1.9 million less than anticipated.

HHS reported that its failure to achieve its goals is due to procurement reform, specifically contract bundling, government-wide acquisition contracts (GWACs), GSA multiple awards contracts and Federal Supply Schedule contracts, and micro-purchases with government credit cards.

Corrective action under way at HHS includes: issuance of agency-wide policy guidelines to assure that bundling is necessary, increasing evaluation criteria points for small business participation in major acquisitions, formation of focus groups with the express intent of increasing small business participation, implementation of a mentor-protégé program, and the development of a "best practices" guide for improving the small business share of HHS acquisitions.

### *Department of Housing and Urban Development*

The Department of Housing and Urban Development (HUD) failed to meet the FY 1999 percentage goal for awards to 8(a) program participants by 7.7 percentage points, achieving only 2.3 percent on a goal of 10.0 percent. HUD also missed its dollar goal of \$106.8 million for awards to 8(a) firms by \$88.3 million. HUD awarded \$18.5 million in prime contracts through the 8(a) program in FY 1999.

HUD reported that 8(a) contractors have been displaced in the department's building operations and management, property management and marketing, and computer supplies and services areas as a result of contract

consolidations made necessary by shrinking resources. HUD plans to mitigate this effect by expanding subcontracting with small disadvantaged businesses.

The department is operating an aggressive outreach program specifically targeted to underrepresented small business groups, promoting opportunities on its Internet site, conducting seminars on contracting with HUD, publishing a Small Business Resource Guide, and identifying as well as implementing innovative contracting methods and vehicles designed to be attractive to small businesses. Of particular note is the department's utilization of "cascade" or "reserve" contracting alternatives, wherein first consideration for award is afforded to 8(a) bidders, then small disadvantaged businesses, then small businesses generally, and so on.

### *Department of Justice*

The Department of Justice (DOJ) achieved only 3.8 percent of total contracts in 8(a) awards in FY 1999, 4.4 percentage points less than its goal of 8.2 percent. DOJ also finished FY 1999 well short, by \$104.8 million, of its \$243.7 million dollar goal for 8(a) contracts. The actual dollar amount of 8(a) contracts awarded by the department was \$138.9 million.

DOJ attributed the failure to reach the FY 1999 goal to excessive utilization of GSA's Federal Supply Service purchases from other than small businesses. DOJ is establishing a priority on buying from 8(a) firms found on the GSA Federal Supply Schedule, and expanding its outreach to small disadvantaged businesses generally.

### *Environmental Protection Agency*

The Environmental Protection Agency (EPA) failed to reach its 8(a) contract goal of 6.0 percent by 3.7 percent in FY 1999, accomplishing a level of 2.3 percent. EPA also missed its 8(a) contract dollar goal of \$72.0 million by \$43.0 million. The actual dollar amount of 8(a) contracts awarded in FY 1999 by EPA was \$29.0 million.

EPA indicates that it will break larger contracts into smaller pieces and offer incentives for contracting and subcontracting to 8(a) and other small disadvantaged businesses. The agency is also supporting "teaming" arrangements, expanding and increasing its outreach efforts, modernizing its reporting systems, more closely monitoring achievements versus shortfalls, prioritizing compliance with socioeconomic goals, recognizing successes, and making clear to program offices its commitment to realizing those goals.

### *Social Security Administration*

The Social Security Administration (SSA) missed both its percentage and dollar goals for awards to 8(a) program participants in FY 1999. SSA failed to reach the 13.0 percentage goal by 3.4 percentage points, and its \$83.7 million dollar goal by \$36.2 million. In FY 1999, SSA awarded 9.6 percent of its total contract dollars to 8(a) firms, amounting to \$47.5 million.

SSA attributed its difficulty achieving its goals to the utilization of GSA's Federal Supply Schedule, and intends to expand its outreach efforts and utilize 8(a) firms when buying from the Federal Supply Schedule whenever possible.

### *Tennessee Valley Authority*

In FY 1999, the Tennessee Valley Authority (TVA) was 3.0 percent short of its 3.0 percentage goal for 8(a) contract awards, actually awarding only \$0.8 million of its goal of \$67.0 million, a shortfall of \$66.2 million.

TVA reported that its poor achievement in 8(a) contracting was a function of significant reductions in its procurement budget, but that initiatives are being pursued to improve its performance, including aggressive goals incorporated in managerial performance appraisals, facilitating alliances, mandatory training on small business programs for contracting staff, and effectively communicating its firm commitment to minority business development.

### *U.S. Agency for International Development*

The U.S. Agency for International Development (AID) failed to reach its 8(a) contract goal of 7.0 percent by 4.2 percentage points in FY 1999. AID also experienced a shortfall of \$22.8 million on its 8(a) contract dollar goal of \$35.0 million. The actual dollar amount of 8(a) contracts awarded in FY 1999 by AID was \$12.2 million, 2.8 percent of total contract dollars.

## **Small Disadvantaged Business Prime Contracts**

In FY 1999, the federal government awarded more than \$6.1 billion, or 3.3 percent of the total of \$185.7 billion in prime contract dollars, to small disadvantaged businesses (SDBs). However, these achievements fell 1.2 percentage points short of the goal of 4.5 percent for prime contract awards to SDBs. This also resulted in missing the government-wide dollar goal of \$7.7 billion by more than \$1.5 billion in FY 1999 (Tables 7 and 8). The 20 agencies with the largest contracting budgets awarded more than 99.4 percent of total SDB prime contract dollars.

SDB prime contract values do not include contracts awarded through the 8(a) program. Subcontract awards to 8(a) firms are categorized as SDB subcontracts.

In FY 1999, 13 of the 20 major agencies—the Departments of Commerce, Education, Energy, Housing and Urban Development, Interior, Justice, Transportation, Treasury, and Veterans Affairs, and the Environmental Protection Agency, the General Services Administration (both Federal Supply Service and Non-Federal Supply Service), the National Aeronautics and Space Administration, and the U.S. Agency for International Development met or exceeded their percentage goals for SDB prime contracting. All of those 13 agencies also exceeded their dollar goals

in FY 1999, as did the Department of Agriculture, despite falling short of its percentage goal.

The largest single agency percentage increase over the projected total in FY 1999 came from the U.S. Agency for International Development, which awarded 7.6 percentage points more than its projection of 3.0 percent—achieving 10.6 percent of total contract dollars awarded in SDB prime contracts. The next largest gain was from the Department of the Treasury, which awarded 7.8 percent—5.5 percentage points higher than its 2.3 percent projection.

The largest dollar increase in FY 1999 over the projected total came from the General Services Administration's Federal Supply Schedule (FSS) and Non-Federal Supply Schedule (NFSS). GSA exceeded its goal of \$248.9 million for prime contract awards to SDB firms by \$232.2 million, awarding \$481.1 million to SDBs in FY 1999. The second largest dollar increase was posted by the Department of the Treasury. Treasury increased the dollar total actually awarded to SDB prime contractors in FY 1999 by \$129.3 million over its goal of \$40.7 million, for a total of \$170.0 million in contracts awarded to SDBs.

### Agency Shortfalls

Seven of the 20 major federal agencies failed to meet their SDB prime contract percentage goals in FY 1999: the Departments of Agriculture, Defense, Health and Human Services, Labor, and State, the Social Security Administration, and the Tennessee Valley Authority. Additionally, of these seven agencies, only the Department of Agriculture exceeded its dollar goal for prime contract awards to SDBs.

#### *Department of Agriculture*

The Department of Agriculture (USDA) failed to reach its SDB prime contract goal of 5.0 percent by 1.7 percentage points, finishing FY 1999 at 3.3 percent. USDA, however, exceeded its SDB prime contract dollar goal of \$113.4 million by \$4.6 million. The actual SDB prime contract dollar total awarded by USDA in FY 1999 was \$118.0 million.

#### *Department of Defense*

In FY 1999, the Department of Defense (DOD) failed to meet both its percentage goal and its dollar goal for prime contracting with SDBs. DOD fell 1.9 percentage points short of its 5.0 percent goal in the SDB prime contracts category, awarding 3.1 percent of its prime contracts to SDBs. DOD awarded \$3.8 billion in prime contracts to SDBs in FY 1999, \$1.8 billion less than its goal of \$5.6 billion, a substantial margin.

#### *Department of Health and Human Services*

The Department of Health and Human Services (HHS) failed to reach its FY 1999 SDB prime contract goal of 10.4 percent by 7.4 percentage points, mak-

ing only 3.0 percent of its total prime contract awards to SDBs. HHS also missed its SDB prime contract dollar goal of \$479.0 million significantly, by \$329.7 million. The actual SDB prime contract dollar total awarded was \$149.3 million.

HHS reported that failure to achieve its goal is a result of procurement reform, specifically contract bundling, government-wide acquisition contracts (GWACs), GSA multiple awards and Federal Supply Schedule contracts, and micro-purchases with government credit cards. Corrective action under way at HHS includes: issuance of agency-wide policy guidelines to assure that bundling is necessary, increasing requirements and evaluation criteria for small business participation in acquisitions, formation of focus groups intended to increase small business participation, implementation of a mentor-protégé program, and the development of a “best practices” guide for improving small business’ share of HHS acquisitions.

### *Department of Labor*

The Department of Labor (DOL) finished FY 1999 short by 2.5 percentage points, half of its SDB prime contracting goal of 5.0 percent. DOL also missed its SDB prime contract dollar goal of \$45.2 million by \$16.5 million. Actual contract dollars awarded by DOL to SDB prime contractors in FY 1999 totaled \$28.7 million.

DOL reported that the failure to reach their FY 1999 goal was attributable to unanticipated unrestricted procurements by a DOL agency that accounts for 81 percent of the department’s total procurement budget. DOL is working with SBA to identify small disadvantaged businesses capable of performing the department’s requirements for potential future awards, including several significant awards in FY 2000.

### *Department of State*

The Department of State failed to reach its SDB prime contract goal of 5.0 percent by 2.9 percentage points, awarding 2.1 percent of its total contract dollars to SDBs in FY 1999. State also missed its SDB prime contract dollar goal of \$50.0 million by \$31.1 million. Actual prime contract dollars awarded in FY 1999 by State totaled \$18.9 million.

The department reported that the shortfall in its SDB prime contracting goals in FY 1999 was a result of misunderstanding what should be reported for achievements in this category, and that the combination of 8(a) and SDB awards would have equaled 23 percent. State reports that its efforts focus on assuring that qualified SDBs are aware of the department’s contracting opportunities.

### *Social Security Administration*

The Social Security Administration (SSA) fell slightly short of its 5.4 percent goal for prime contract awards to SDB firms in FY 1999, reaching 5.0 percent—a difference of 0.4 percentage point. SSA also failed to reach its dollar

goal of \$34.8 million for SDB contracting by \$10.2 million. SSA awarded \$24.6 million in prime contracts to SDB firms in FY 1999.

SSA attributed its difficulty achieving its goal to the utilization of GSA's Federal Supply Schedule; they intend to expand outreach efforts and utilize SDBs when buying from the Federal Supply Schedule whenever possible.

### *Tennessee Valley Authority*

The Tennessee Valley Authority (TVA) did not meet either its percentage or its dollar goal for prime contract awards to SDB firms in FY 1999. TVA's awards to SDBs amounted to 1.5 percent of total procurement, 0.8 percentage points less than its 2.2 percent goal. The dollar amount of TVA's prime contracts with SDBs in FY 1999 was \$39.1 million, short \$10.9 million of its \$50.0 million goal.

TVA reported that its substandard achievement in SDB prime contracting for FY 1999 was a function of significant reductions in its procurement budget. They also report that initiatives are being pursued to improve its performance, including aggressive goals incorporated in managerial performance appraisals, facilitating alliances, mandatory training on small business programs for contracting staff, and effectively communicating its firm commitment to small disadvantaged businesses.

## **Small Disadvantaged Business Subcontracts**

Federal prime contractors awarded more than \$69 billion in subcontracts in FY 1999. Of this total, more than \$4.5 billion—6.5 percent—accrued to small disadvantaged business (SDB) subcontractors (Tables 9 and 10). This share was 0.3 percentage point higher than the combined federal agencies' projection of 6.2 percent. Subcontract awards to SDBs in FY 1999 also totaled \$934.4 million more than the \$3.6 billion projected for SDB subcontract values.

Prime contractors to the 20 agencies with the largest contracting budgets awarded more than 99.7 percent of the total government-wide dollar value of these awards.

Ten of these 20 major agencies—the Departments of Commerce, Defense, Housing and Urban Development, Interior, Justice, State, Treasury, and Veterans Affairs, the Social Security Administration, and the Tennessee Valley Authority—exceeded their percentage goals for SDB subcontracting in FY 1999. Fourteen agencies exceeded their dollar goals. Achieving their percentage goals, but failing to accomplish their dollar goals for SDB subcontracting in FY 1999 were the Department of Commerce and the Tennessee Valley Authority; and conversely, failing to accomplish their percentage goals, but exceeding their dollar goals were the Departments of Health and Human Services, Labor, and Transportation, the Environmental Protection Agency, the National Aeronautics and Space Administration, and the U.S. Agency for International Development.



The largest single agency percentage increase in FY 1999 over the projected total was accomplished by the Department of State, which awarded 8.8 percentage points more than the 5.0 percent it had projected, achieving 13.8 percent in subcontracting to SDBs. The next largest percentage gain was achieved by the Department of the Treasury. Its prime contractors made 8.9 percent of its subcontract awards to SDBs in FY 1999, 3.9 percentage points more than the agency's 5.0 percent projection.

The best performance of FY 1999 by an agency exceeding the dollar goals projected for SDB subcontracting was turned in by the Department of Defense, which exceeded its \$2.2 billion projection by \$744.2 million. The total value of subcontracts issued to SDBs by the Department of Defense's prime contractors in FY 1999 was more than \$2.9 billion. The Department of Transportation was next, with its prime contractors awarding a total of \$90.8 million to SDB subcontractors in FY 1999, or \$59.3 million more than the agency's projection of \$31.5 million. The National Aeronautics and Space Administration, exceeded its \$620.7 million goal by \$58.4 million, with total SDB subcontracts amounting to \$679.1 million in FY 1999.

### Agency Shortfalls

Ten of the top 20 agencies did not achieve their percentage goals for subcontract dollars to SDBs: the Departments of Agriculture, Education, Energy, Health and Human Services, Labor, and Transportation, the Environmental Protection Agency, the General Services Administration's Non-Federal Supply Service, the National Aeronautics and Space Administration, and the U.S. Agency for International Development. In addition, while reaching their percentage goals for SDB subcontracting in FY 1999, the Department of Commerce and the Tennessee Valley Authority failed to reach their dollar goals, by \$18.5 million and \$3.4 million, respectively.

#### *Department of Agriculture*

The Department of Agriculture (USDA) experienced a shortfall in subcontracts awarded to SDBs, in both percentage and actual dollar measurements compared with its goals for FY 1999. The department was short of its percentage projection of 5.0 percent by 0.8 percentage point, with 4.2 percent of its total subcontract awards received by SDB firms; and short of its dollar goal of \$44.2 million by \$12.2 million. USDA's prime contractors issued \$32.0 million to SDB subcontractors in FY 1999.

USDA reasoned that there are few SDB food processing companies, an industry that accounts for more than half of the department's procurement budget. The department's initiatives to improve its performance include the development of a mentor-protégé program, partnerships with appropriate professional associations, increased outreach activities, and making small business procurement achievements a factor in USDA performance appraisals.

### *Department of Education*

The Department of Education missed its FY 1999 SDB subcontracting goal of 6.0 percent by 0.5 percentage point, reaching 5.5 percent. Education finished \$6.1 million short of its FY 1999 dollar goal of \$9.6 million, with actual subcontracts awarded to SDB firms in FY 1999 totaling \$3.5 million. While Education projected a total of \$160.0 million for total subcontracts in FY 1999, the department reported only \$64.2 million in total subcontract awards.

Education reported that the failure to reach the FY 1999 goals was because of the lack of new contract dollars in one of its largest program, the Office of Student Financial Assistance (SFA). In FY 1999, SFA awards accounted for more than 40 percent of Education's total obligations. Most of these dollars were awarded under its legacy contracts, primarily to large businesses. The SFA awards also reflected exponential growth in student loan volume. Education stressed its commitment to meeting its responsibilities to maximize opportunities for the small and small disadvantaged business community in support of the agency's mission. Education has made new awards to small and disadvantaged businesses, which are expected to contribute to growth in future years.

### *Department of Energy*

The Department of Energy (Energy) failed to meet both its percentage and dollar projections for subcontract awards to SDBs in FY 1999. Energy both missed its percentage goal of 10.0 percent by 2.9 percentage points, and its dollar goal of \$60.0 million by \$35.3 million. The agency's prime contractors awarded \$24.7 million, or 7.1 percent, of total subcontract opportunities to SDB companies in FY 1999.

Energy reported that its failure to achieve its goals was diverted to resolving a dispute over the methodology used to report its small business prime contracting goal. DOE's small business prime contracting goals proposed to the Small Business Administration (SBA) were not approved until the Office of Federal Procurement Policy issued its ruling on the baseline for calculating the prime contract small business goal, which DOE stated caused a delay in assigning departmental goals. Other circumstances that contributed collectively to the shortfall included budget cuts, procurement reform, and credit card purchases. DOE continuously seeks new ways to ensure strong small business participation in its prime contracts.

### *Department of Health and Human Services*

The Department of Health and Human Services (HHS) did not meet its percentage projection for subcontract awards to SDB firms in FY 1999, but exceeded its dollar goal for SDB subcontracting. HHS fell short of its percentage goal of 11.4 percent for subcontract awards to SDBs by 3.0 percentage points, achieving 8.4 percent. However, HHS prime contractors awarded \$58.0 million to SDB subcontractors in FY 1999, \$13.0 million more than its goal of \$45.0 million.

HHS has restructured its evaluation criteria to improve SDB subcontracting participation in major acquisitions by increasing points assigned for SDB subcontracting plans and history. The department has also formed a working group of acquisition experts to focus on improving SDB procurement program delivery and to ensure consistency. HHS has received a class waiver inclusive of SDB participation, is developing a “best practices” guide to improve small business participation in agency acquisitions, and will be implementing a mentor-protégé program.

### *Department of Labor*

The Department of Labor (DOL) slightly missed its percentage goal for SDB subcontracting in FY 1999, at the same time slightly exceeding its dollar projection for subcontract awards to SDB firms. DOL established an 11.7 percent goal for SDB subcontracts in FY 1999, finishing the year at 11.2 percent, a shortfall of 0.5 percentage point. The department passed its \$20.6 million dollar projection for SDB subcontract awards by \$0.9 million. DOL’s prime contractors awarded \$21.5 million in subcontracts to SDB firms in FY 1999.

### *Department of Transportation*

The Department of Transportation (DOT) fell just short of its FY 1999 percentage projection of 10.0 percent for subcontract awards to SDBs, by 0.5 percentage point, finishing the fiscal year at 9.5 percent. However, DOT substantially exceeded its SDB subcontract dollar goal of \$31.5 million by \$59.3 million. The actual dollar amount subcontracted to SDBs in FY 1999 by DOT prime contractors was \$90.8 million.

### *Environmental Protection Agency*

The Environmental Protection Agency (EPA) did not meet its SDB subcontracting percentage goal in FY 1999, but by a wide margin exceeded its dollar projection. EPA expected its prime contractors to subcontract 20.0 percent of their FY 1999 contracts to SDBs, but these awards amounted to 6.5 percentage points less, or 13.5 percent. While EPA projected \$48.0 million in SDB subcontract awards in FY 1999, actual dollars awarded totaled \$71.3 million, a gain of \$23.3 million for small disadvantaged businesses.

### *General Services Administration*

The General Services Administration (GSA) failed to achieve either its percentage or dollar goals for SDB subcontracting in FY 1999. While falling only 0.4 percentage point shy of its 8.0 percent projection for subcontracts to be issued to SDBs in FY 1999, GSA prime contractors were \$131.1 million short of the agency’s \$300.0 million projection for the dollar value of those SDB subcontract awards. Actual SDB subcontract awards amounted to \$168.9 million, or 7.6 percent of total GSA subcontract dollars in FY 1999.

GSA continues to operate an active and growing outreach program to improve SDB participation as subcontractors, including subcontracting-specific workshops for prime contractors. The agency requires prime contractors to establish aggressive subcontracting plans.

### *National Aeronautics and Space Administration*

The National Aeronautics and Space Administration (NASA) missed its projection of 14.2 percent for subcontract awards to SDBs in FY 1999 by 0.8 percentage points, finishing the fiscal year at 13.4 percent. However, NASA's SDB subcontractors did receive awards valued at \$58.4 million more than the agency's \$620.7 million goal. The actual dollar amount of subcontracts that NASA's prime contractors issued to SDBs in FY 1999 was \$679.1 million.

For the seventh year in a row, NASA was able to exceed its congressionally mandated small disadvantaged business goal of 8 percent, which also includes historically black colleges and universities, other minority educational institutions and small women-owned businesses. NASA will continue to give high priority to fully integrating small businesses into its competitive base.

### *U.S. Agency for International Development*

The U.S. Agency for International Development (USAID) prime contractors awarded \$23.4 million more than expected to SDB subcontractors in FY 1999, yet failed to meet the percentage goal by 5.4 percentage points. USAID's percentage goal for SDB subcontracting was 16.7 percent, but its percentage achievement was 11.3 percent. The agency's FY 1999 dollar goal was \$5.0 million, and actual SDB subcontract awards amounted to \$28.4 million.

The agency is improving its system for reporting procurement information, including subcontracting information, and has formed a working group to increase subcontracting opportunities.

## **Women-Owned Small Business Prime Contracts**

In FY 1999, the federal government awarded 2.5 percent, or \$3.6 billion of the total of \$185.7 billion, in prime contracts to women-owned small businesses (Tables 11 and 12). Both the dollar amount and the percentage awarded to women-owned small businesses (WOSB) in FY 1999 fell below the projected goals established by the agencies. Small businesses owned by women received \$3.1 billion less than projected, and 2.0 percentage points less than the goal of 4.5 percent projected by the agencies.

The 20 agencies with the largest contracting budgets awarded 98.6 percent of total WOSB prime contract dollars in FY 1999. Seven of these 20 agencies—the Departments of Commerce, Energy, Housing and Urban Development, Justice, State, and Veterans Affairs, and the National Aeronautics and Space Administration, either met or exceeded both their percentage and dollar goals for prime contracting to WOSBs. Of the 13 major

agencies that failed to reach their percentage goals, the Departments of Agriculture, Interior, and Treasury, and the General Services Administration were able to exceed their projections for the dollar value of prime contracts awarded to WOSBs in FY 1999.

The largest single agency percentage increase over the projected total for FY 1999 was posted by the Department of Housing and Urban Development, which awarded 9.9 percentage points more than its 5.0 percent projection, for a total of 14.9 percent. The Department of State realized the second largest percentage gain, awarding 8.3 percent of its total prime contracts to WOSBs in FY 1999, 3.3 percentage points more than its 5.0 percent projection.

VA accomplished the largest dollar increase over FY 1999's projected totals. The department increased its dollar total for prime contracts awarded to WOSBs by \$65.2 million more than its goal of \$150.0 million, to end the fiscal year at \$215.2 million. The Department of Housing and Urban Development awarded \$118.4 million in prime contracts to WOSBs, \$64.7 million more than the department's \$53.7 million projection.

### Agency Shortfalls

Thirteen of the 20 major agencies missed their percentage goals for prime contract awards to WOSB in FY 1999: the Departments of Agriculture, Defense, Education, Health and Human Services, Interior, Labor, Transportation, and Treasury, the Environmental Protection Agency, the General Services Administration, the Social Security Administration, the Tennessee Valley Authority, and the U.S. Agency for International Development.

#### *Department of Agriculture*

The Department of Agriculture (USDA) finished FY 1999 short of its percentage goal for WOSB prime contracts by 1.2 percentage points, at 3.8 percent on its projection of 5.0 percent. However, USDA exceeded its WOSB prime contracting dollar goal of \$113.4 million by \$21.0 million. Actual prime contract dollars awarded by USDA to WOSBs in FY 1999 totaled \$134.4 million.

#### *Department of Defense*

The Department of Defense (DOD) failed to meet both its percentage and dollar goals for prime contract awards to WOSBs in FY 1999. DOD awarded 1.9 percent—3.1 percentage points less than the 5.0 percent projected—in FY 1999 prime contracts to WOSBs. DOD also ended FY 1999 substantially short of its dollar goal of \$5.6 billion in prime contract awards to WOSBs, by \$3.3 billion, awarding \$2.3 billion.

#### *Department of Education*

The Department of Education (Education) did not achieve either its percentage or dollar goal for WOSB prime contracting in FY 1999. Education ended FY 1999 at 0.9 percent on its projection of 5.0 percent, a shortage of 4.1 percent-

age points. The department also fell \$34.1 million short of its \$40 million WOSB prime contract dollar goal in FY 1999. Actual prime contract dollars awarded by Education to WOSBs in FY 1999 totaled \$5.9 million.

Education reported that the failure to reach the FY 1999 goals was attributable to the lack of new contract dollars in one of its largest programs, the Office of Student Financial Assistance (SFA). In FY 1999, SFA-awarded dollars accounted for more than 40 percent of Education's total obligations. Most of these dollars were awarded under its legacy contracts, primarily to large businesses. The SFA also had exponential growth in its student loan volume in FY 1999. Education stressed its commitment to meeting its responsibilities to maximize opportunities for the small and small disadvantaged business community in support of the agency's mission. Education has made new awards to small and disadvantaged businesses, expected to contribute to growth in future years.

### *Department of Health and Human Services*

The Department of Health and Human Services (HHS) failed to achieve its WOSB prime contracting goal of 4.6 percent by 1.2 percentage points in FY 1999, reaching 3.3 percent. HHS also missed its dollar goal for contract awards to WOSB firms of \$210.0 million by \$44.0 million. Prime contract dollars actually awarded to WOSBs by HHS in FY 1999 totaled \$166.0 million.

HHS reported that its failure to achieve its goal is attributable to procurement reforms including contract bundling, government-wide acquisition contracts (GWACs), GSA multiple awards contracts and schedule contracts, and micro-purchases with government credit cards. Corrective action under way at HHS includes issuance of agency-wide policy guidelines to ensure that bundling is necessary, increasing requirements for small business participation in acquisitions, formation of focus groups with the expressed intent of increasing small business participation, implementation of a mentor-protégé program, and the development of a "best practices" guide for improving WOSB's share of HHS acquisitions.

### *Department of the Interior*

The Department of the Interior awarded 4.5 percent of its FY 1999 prime contracts to WOSBs, less than its projection of 4.7 percent by 0.2 percentage point. However, the department surpassed its dollar goal of \$40.3 million by \$15.7 million, awarding contracts totaling \$56.0 million to WOSBs in FY 1999.

Interior stated that to increase its performance on small business prime contracting the agency will continue to orient vendors to the neighbors they have in their communities that are part of the Interior Department. Another area Interior is monitoring is the growing use of "smart" cards for credit card purchases at the local purchasing level. General figures reported for credit card use in Interior for FY 2000 were at the \$540 million level. Interior

believes that the MOU with GSA allowing 8(a) purchases to be counted toward their accomplishments is another positive step.

### *Department of Labor*

The Department of Labor (DOL) completed FY 1999 short of both its percentage goal and its dollar goal for prime contract awards to WOSBs. DOL missed its FY 1999 percentage goal of 5.5 percent by 2.3 percentage points, awarding 3.1 percent of its prime contracts to WOSB firms. The department also failed by \$13.5 million in FY 1999 to meet its \$49.2 million dollar goal for prime contracting with WOSBs, awarding prime contracts valued at \$35.7 million.

### *Department of Transportation*

The Department of Transportation (DOT) awarded 4.1 percent of its prime contracts to WOSB firms in FY 1999, short of its goal of 5.0 percentage points by 0.9 percentage point. DOT also missed its WOSB prime contract dollar goal of \$78.1 million by \$2.8 million in FY 1999. Actual FY 1999 prime contract dollars awarded to WOSBs by DOT amounted to \$75.3 million.

Initiatives undertaken by DOT to improve WOSB procurement results include establishment of women's business advocates in each of its acquisition activities; inclusion of WOSB goals in its strategic plans and the performance plans of procurement managers; expanding its outreach and marketing programs; and promoting training, information dissemination, technical and financial assistance, and other types of assistance to WOSBs through partnerships with both public and private sector organizations and associations.

### *Department of Treasury*

The Department of the Treasury nearly reached its WOSB prime contracts goal of 5.0 percent in FY 1999, falling short by only 0.3 percentage point to finish the year at 4.7 percent. Still, the department was able in FY 1999 to accomplish its WOSB prime contracting dollar goal of \$88.4 million by awarding a total of \$101.9 million to WOSB firms, an excess of \$13.5 million over the agency's projection.

### *Environmental Protection Agency*

The Environmental Protection Agency (EPA) failed to accomplish either its percentage goal or its dollar projection for prime contracting with WOSBs in FY 1999. EPA's percentage WOSB prime contracting goal for FY 1999 was 5.0 percent, and its achievement of 3.0 percent fell short by 2.0 percentage points. EPA also missed its dollar goal of \$60.0 million by \$20.8 million, awarding \$39.2 million in prime contracts to WOSBs in FY 1999.

EPA has executed a WOSB memorandum of understanding (MOU) with SBA to increase participation of WOSBs in its procurements. The agency works closely with the Business Women's Network for the education and pro-

motion of WOSBs. EPA is also unilaterally breaking larger contracts into smaller pieces and offering incentives for contracting and subcontracting to WOSBs and other small businesses. The agency supports “teaming” arrangements, expanding and increasing its outreach efforts, modernizing its reporting systems, more closely monitoring achievements and shortfalls, prioritizing compliance with socioeconomic goals, recognizing successes, and making clear to program offices its commitment to realizing those goals.

### *General Services Administration (Non-Federal Supply Schedule)*

The General Services Administration Non-Federal Supply Schedule (GSA NFSS) did not quite reach its percentage goal for prime contracting with WOSBs in FY 1999, but topped its dollar projection in this category. In FY 1999, GSA NFSS missed its 5.0 percent WOSB prime contracts goal by just 0.2 percentage point, at 4.8 percent. However, GSA NFSS's total FY 1999 prime contracting with WOSBs was \$6.2 million than its dollar projection of \$345.9 million. In FY 1999, GSA NFSS awarded \$352.1 million in prime contracts to WOSBs.

### *Social Security Administration*

The Social Security Administration (SSA) failed by 1.2 percentage points to attain its WOSB prime contract goal of 5.0 percent, finishing FY 1999 at 3.9 percent. SSA also was deficient in its performance on its FY 1999 dollar goal of \$32.2 million for prime contracting with WOSBs, short by \$13.2 million. Actual prime contract dollars awarded by SSA to WOSBs in FY 1999 totaled \$19.0 million. SSA attributed its difficulty in achieving its goal to the use of GSA's Federal Supply Schedules, and intends to expand its outreach efforts and to use WOSBs when buying from the Federal Supply Schedule whenever possible.

### *Tennessee Valley Authority*

The Tennessee Valley Authority (TVA) failed to achieve both its percentage and its dollar goals for prime contracting with WOSBs in FY 1999. TVA issued 1.6 percent of its prime contracts to WOSB firms in FY 1999, 1.9 percentage points short of its 3.5 percent projection. TVA was also unsuccessful in accomplishing its \$77.0 million dollar goal for WOSB prime contracting, with awards totaling \$42.2 million in FY 1999, \$34.8 million less than its projection.

TVA reported that its failure to achieve its goal is a result of a reduction in its procurement budget of 30 percent per year for the last four years, despite significant efforts to ensure WOSB participation, including mandatory small business programs training for TVA contracting personnel, and making achievement of small business goals an element in TVA's managerial performance appraisals.



## *U.S. Agency for International Development*

The U.S. Agency for International Development (AID) was unable to reach its WOSB prime contracting goal of 5.0 percent by 0.6 percentage point, ending FY 1999 at 4.4 percent. AID also missed its WOSB prime contracting dollar goal of \$25.0 million in FY 1999 by only \$5.9 million, awarding \$19.1 million. AID has convened a working group to develop a strategy to increase small business participation in its procurements.

## **Women-Owned Small Business Subcontracts**

Federal prime contractors awarded more than \$69.0 billion to subcontractors in FY 1999 (Tables 13 and 14). Of this total, nearly \$3.0 billion—4.3 percent—was awarded to women-owned small businesses. The WOSB share was 0.9 percentage point less than the government-wide goal and \$35.6 million less than the government-wide projection of more than \$3.0 billion.

Prime contractors to the 20 major federal agencies with the largest contracting budgets awarded more than 99.7 percent of the government-wide dollar value of these subcontracts.

Twelve of these 20 agencies—the Departments of Energy, Housing and Urban Development, Interior, Labor, State, Treasury, and Veterans Affairs, and the Environmental Protection Agency, the National Aeronautics and Space Administration, the Social Security Administration, the Tennessee Valley Authority, and the U.S. Agency for International Development—exceeded their percentage goals for subcontracts awarded to WOSBs in FY 1999. Of this group, only the Department of Energy and the Tennessee Valley Authority failed to achieve their dollar projections for subcontracting with WOSBs in FY 1999, by \$13.0 million and \$6.6 million, respectively. The Department of Transportation, while missing its FY 1999 percentage goal in the WOSB subcontracting category, exceeded its dollar goal by \$22.4 million.

The Social Security Administration accomplished the largest single agency percentage increase over the FY 1999 projection for WOSB subcontracting, awarding 10.9 percent, 4.8 percentage points more than the 6.1 percent projection. The next largest percentage gains in FY 1999 were posted by the Department of State, at 4.7 percentage points more than its 5.0 percent projection or 9.7 percent total; and the U.S. Agency for International Development, at 4.4 percentage points above its goal of 3.3 percent, finishing FY 1999 with 7.8 percent of its subcontracting total awarded to WOSBs.

The Department of Veterans Affairs increased its projected dollar total for subcontracts awarded to WOSBs by the largest amount—\$161.9 million over its goal of 20.0 million, to \$181.9 million. The National Aeronautics and Space Administration achieved the next largest dollar share gain, at \$59.7 million more than its goal of \$288.0 million, with total WOSB subcontracting amounting to \$347.7 million.

## Agency Shortfalls

Eight of the 20 major agencies failed to achieve their FY 1999 percentage goals for subcontract awards to WOSBs: the Departments of Agriculture, Commerce, Defense, Education, Health and Human Services, Justice, and, Transportation, and the General Services Administration.

### *Department of Agriculture*

The Department of Agriculture (USDA) did not achieve its FY 1999 percentage goal of 5.0 percent for subcontract awards to WOSBs. USDA's prime contractors awarded 3.3 percent of their subcontracts to WOSB concerns, 1.7 percentage points less than projected. USDA also missed its dollar goal of \$44.2 million by \$24.9 million: its prime contractors awarded \$24.9 million in subcontracts to WOSBs.

USDA initiatives under way to correct this shortfall include: an MOU between USDA and SBA to promote women-owned small business activity, establishing a mentor-protégé program, entering into partnerships with professional associations representing women-owned small businesses and small disadvantaged businesses, increased outreach for each USDA organization, and incorporation of small business procurement achievements in each senior management official's performance appraisal.

### *Department of Commerce*

The Department of Commerce failed to accomplish its WOSB subcontracting goal for FY 1999 by 2.5 percentage points, reaching 5.5 percent of its projection of 8.0 percent. Commerce's subcontract awards to WOSBs amounted to \$10.7 million in FY 1999, short of its \$24.0 million goal by \$13.3 million.

Commerce attributes its shortfalls to the increased utilization of vehicles and tools available as a result of procurement reform, including government-wide acquisition contracts (GWACs), GSA's Federal Supply Schedule, and micro-purchases utilizing government credit cards. The department is working closely with GSA to ensure that socioeconomic designations for firms on the Federal Supply Schedule are available to prospective buyers. Further, Commerce has incorporated small business goals in its performance plans and has awarded GWACs to WOSBs.

### *Department of Defense*

The Department of Defense (DOD) finished FY 1999 under its WOSB subcontracting goal of 5.0 percent by 1.1 percentage points, at 3.9 percent total. DOD's prime contractors also failed by \$172.8 million to reach their FY 1999 dollar goal of \$2.2 billion for subcontract awards, awarding slightly more than \$2.0 billion.

### *Department of Education*

The Department of Education failed to meet both its percentage and dollar goals for subcontracting with WOSBs in FY 1999. The department was short by 2.0 percentage points of its 5.0 percent projection, awarding 3.0 percent of its total subcontracts to WOSB subcontractors. Education's shortfall in subcontract dollars issued to WOSBs was also significant: the agency projected its prime contractors would subcontract with WOSBs at a level of \$8.0 million in FY 1999, but actual subcontracting amounted to \$1.9 million, a shortfall of \$6.1 million.

Among the reasons for the shortfall, Education pointed to the lack of new contract dollars in one of its largest programs, the Office of Student Financial Assistance (SFA). In FY 1999, SFA dollars accounted for more than 40 percent of Education's total obligations; most of these dollars are awarded under legacy contracts, primarily with large businesses. Student loan volume also grew exponentially in FY 1999. Education stressed its commitment to meeting its responsibilities to maximize opportunities for the small and small disadvantaged business community to support the agency's mission. Education has made new awards to small and disadvantaged businesses, which they expect to contribute to growth in future years.

### *Department of Health and Human Services*

Department of Health and Human Services (HHS) prime contractors failed to achieve the department's percentage and dollar projections for FY 1999 subcontracting with WOSBs. HHS missed the FY 1999 percentage goal of 17.7 percent for WOSB subcontracting by 13.6 percentage points, with actual HHS accomplishment at 4.1 percent. HHS prime contractors also fell substantially short of the agency's WOSB subcontracting dollar goal for FY 1999 by \$41.9 million on the goal of \$70.0 million. Actual awards to WOSB subcontractors by HHS in FY 1999 totaled \$28.1 million.

HHS has restructured its evaluation criteria to improve SDB subcontracting participation in major acquisitions by increasing points assigned for WOSB subcontracting plans and history. The department has also formed a working group of acquisition experts to focus on improving WOSB procurement program delivery and to ensure consistency, has received a class waiver inclusive of WOSB participation, is developing a "best practices" guide to improve small business participation in agency acquisitions, and will be implementing a mentor-protégé program.

### *Department of Justice*

The Department of Justice (DOJ) was unable to reach either percentage or dollar goals for WOSB subcontracting in FY 1999. DOJ achieved a level of 5.5 percent in subcontract awards to WOSBs in FY 1999, short by 1.5 percentage points of its 7.0 percent projection. DOJ prime contractors also did not meet

the department's dollar goal of \$59.5 million in FY 1999, awarding \$48.7 million in subcontracts to WOSBs, less than expected by \$10.8 million.

Initiatives under way to improve DOJ's performance on its WOSB goals include expanding its outreach program, revising internal procedures to ensure accurate and timely reporting by DOJ prime contractors, substantially increasing subcontracting goals in prime contracts, and intensively training prime contractors on topics intended to improve subcontracting achievements.

### *Department of Transportation*

The Department of Transportation (DOT), while missing its percentage WOSB subcontracting target in FY 1999, exceeded its dollar projection in this category. DOT completed FY 1999 by awarding 4.0 percent of its subcontracts to WOSBs, a shortfall of 1.0 percentage points of its goal of 5.0 percent. However, DOT exceeded its \$15.8 million dollar projection for subcontracts issued to WOSBs by \$22.4 million. Actual subcontracts awarded to WOSBs by DOT's prime contractors in FY 1999 totaled \$38.2 million.

Initiatives undertaken by DOT to improve WOSB procurement performance include establishment of women's business advocates in each of its acquisition activities, inclusion of WOSB goals in strategic plans and the performance plans of procurement managers, expansion of its outreach and marketing programs, and promoting training, information dissemination, technical and financial assistance, and other types of assistance to WOSBs through partnerships with both public and private sector organizations and associations.

### *General Services Administration (Non-Federal Supply Service)*

The General Services Administration's Non-Federal Supply Service (GSA NFSS) failed to reach both its percentage and dollar goals for WOSB subcontracts in FY 1999. GSA NFSS projected 5.0 percent for WOSB subcontracting in FY 1999, missing this level by 0.5 percentage point, at 4.5 percent. GSA NFSS also fell short of its WOSB subcontracting dollar goal of \$187.6 million by \$88.2 million. Actual subcontract awards to WOSBs by GSA NFSS prime contractors amounted to \$99.4 million.

GSA continues to operate an active and growing outreach program to improve WOSB participation as subcontractors, offering subcontracting-specific workshops for prime contractors; and requiring prime contractors to establish aggressive subcontracting plans.



## **FY 1999 Guidance on Goal Setting under Procurement Preference Programs**

### **Background**

Section 221 of Public Law 95–507 and Public Law 100–656, Sections 502 and 503, require the head of each Federal agency, after consultation with the Small Business Administration, to establish realistic goals for the award of contracts to small business concerns and to small business concerns owned and controlled by socially and economically disadvantaged individuals.

A government-wide goal of 20 percent of all prime contract awards for small business concerns was established, in addition to a government-wide goal of 5 percent of the total value of all prime contract and subcontract awards for each fiscal year for small business concerns owned and controlled by socially and economically disadvantaged individuals.

Public Law 103–355, dated October 13, 1994, established a government-wide goal of 5 percent of the total value of all prime contract and subcontract awards for small business concerns owned and controlled by women.

The SBA will not accept individual agency goals until the mandatory government-wide goals stated above are established.

### **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 December 20, 1996, the following information for fiscal year 1999:

(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) on page 3), all Federal Supply Service Schedule Orders. Purchases made with credit cards are exempt (see Special Instruction (6) on page 3);

(2) a goal for prime contract awards to be made to small business concerns during the fiscal year, expressed in numbers, 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, expressed in numbers, dollars, and as a percentage of (1) above (see Special Instruction (4) on page 3);

(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 numbers, dollars, and as a percentage of (1) above (see Special Instruction (9) on page 3);

(5) a goal for prime contract awards to be made to small business concerns owned and controlled by women, expressed in numbers, dollars, and as a percentage of (1) above;

(6) 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;

(7) a goal for subcontracts to be awarded by prime contractors to small business concerns, expressed in numbers, dollars, and as a percentage of (6) above; (NOTE: This dollar amount includes dollar goals in (8) and (9) below.);

(8) 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 numbers, dollars, and as a percentage of (6) above;

(9) a goal for subcontracts to be awarded by prime contractors to small business concerns owned and controlled by women, expressed in numbers, dollars, and as a percentage of (6) above;

(10) a detailed written presentation of the method used to establish the estimates and goals submitted pursuant to paragraphs (1) through (9), along with copies of the historical data upon which the estimates and goals are based. Information about the numbers of contracts involved in the estimates submitted pursuant to paragraphs (2) through (9) 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 1999 goals are expected to reflect measurable improvement.

(2) Do not include Federal Supply Service (FSS) Schedule contracting dollars 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 (5) above, for all FSS contracts, which will include all order requirements of all federal agencies.

(3) All goals are expressed in terms of numbers, 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) In an effort to broaden the distribution of 8(a) contracts with a special emphasis on firms that have never received a contract, agencies are reminded to express the numbers of 8(a) contracts as well as the dollars and percentages.

(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, 1996.

(6) Purchases paid 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 may not be cost effective and could create an unreasonable administrative paperwork burden. Credit card purchases are therefore exempt; however, if agencies do have a system for tracking these transactions they may be included.

(7) The close of fiscal year 1996 marks the first year that a government-wide goal for business concerns owned by women has been in place. With the extraordinary growth in women-owned firms in the last few years, we believe that this goal has become even more important and achievable and we ask that you double your commitment to achieving this goal in fiscal year 1999.

(8) 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.

(9) Consistent with the Department of Justice affirmative action proposal published in the Federal Register last May, small disadvantaged business (SDB) (prime and subcontracting) goals may be adjusted in the latter part of this fiscal year, if appropriate, to reflect estimated industry benchmarks.

## 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) through (9). 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. Agency reports of goal achievements in subcontracting shall be based upon official SF-295 data. These reports shall be submitted to the Small Business Administration no later than April 30, 1999, for fiscal year 1999. 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 small business concerns and small business concerns owned and controlled by socially and economically disadvantaged individuals through noncompetitive negotiation, competition restricted to small business concerns owned and controlled by socially and economically disadvantaged individuals, competition restricted to small business concerns, and unrestricted competition. The numbers for each of these categories should be shown as follows: the number and dollar value of contracts awarded over \$25,000, and the number and dollar value of contracts awarded under \$25,000. Please be prepared to provide this information at the end of FY 1999. Include this information in two separate tables—one for small business concerns, and one for small disadvantaged business concerns. Each table must include information in all four categories listed above.

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.

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**Table 14**

*Women-Owned Small Business Share of Federal Subcontracts: Performance by Prime Contractors to Other Federal Agencies, FY 1999*

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**Table 1** *Small Business Share of Federal Prime Contracts: Performance by Major Federal Agencies, FY 1999 (Millions of Dollars)*

	Agency Projections			Actual Awards		
	Total Dollars	Small Business Prime Contracts		Total Dollars	Small Business Prime Contracts	
		Dollars	Percent		Dollars	Percent
<b>Total</b>	171,412.2	38,101.6	22.2	185,654.7	42,933.2	23.1
Agriculture	2,268.1	1,022.3	45.1	3,532.2	1,340.7	38.0
Commerce	1,000.0	350.0	35.0	1,203.9	491.6	40.8
Defense	112,114.0	23,095.5	20.6	119,732.7	25,330.7	21.2
Education	800.0	184.0	23.0	680.8	96.2	14.1
Energy	14,500.0	2,610.0	18.0	15,650.3	2,608.7	16.7
Health and Human Services	4,600.0	1,484.8	32.3	4,984.3	1,365.0	27.4
Housing and Urban Development	1,068.4	245.7	23.0	792.2	266.0	33.6
Interior	858.1	506.3	59.0	1,248.4	677.1	54.2
Justice	2,972.1	936.2	31.5	3,641.2	1,074.3	29.5
Labor	901.7	231.9	25.7	1,136.5	221.0	19.4
State	1,000.0	350.0	35.0	902.9	443.7	49.1
Transportation	1,562.0	476.4	30.5	1,847.4	1,073.0	58.1
Treasury	1,768.4	406.7	23.0	2,168.6	773.6	35.7
Veterans Affairs	3,000.0	1,050.0	35.0	3,846.1	1,342.1	34.9
Environmental Protection Agency	1,200.0	276.0	23.0	1,288.6	347.5	27.0
General Services Administration (NFSS)	6,924.6	2,492.6	36.0	7,405.4	3,075.4	41.5
National Aeronautics and Space Administration	10,474.0	1,194.0	11.4	11,003.3	1,312.7	11.9
Social Security Administration	643.5	225.2	35.0	493.5	175.6	35.6
Tennessee Valley Authority	2,230.0	475.0	21.3	2,679.7	428.9	16.0
U.S. Agency for International Development	500.0	140.0	28.0	431.5	83.8	19.4
All Other Agencies—Total	1,027.3	349.0	34.0	985.2	405.6	41.2

Notes: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted. Where no figures are shown, the agency either did not set a goal in this category, or there were no reportable data in FPDS, or both.

Source: Compiled by the U.S. Small Business Administration, Office of Government Contracting and Minority Enterprise Development, from proposed goals submitted by each federal department or agency. The achievements are from the Federal Procurement Data Center.

**Table 2** *Small Business Share of Federal Prime Contracts: Performance by Other Federal Agencies, FY 1999 (Thousands of Dollars)*

	Agency Projections			Actual Awards		
	Total Dollars	Small Business Prime Contracts		Total Dollars	Small Business Prime Contracts	
		Dollars	Percent		Dollars	Percent
<b>Total</b>	<b>1,027,338.0</b>	<b>349,005.9</b>	<b>34.0</b>	<b>985,169.0</b>	<b>405,630.0</b>	<b>41.2</b>
American Battle Monuments Commission	210.0	48.3	23.0	217.0	60.0	27.6
Commission on Civil Rights	9,000.0	100.0	1.1	404.0	149.0	36.9
Commodity Futures Trading Commission	11,610.0	950.0	8.2	—	—	0.0
Consumer Product Safety Commission	4,791.0	1,437.3	30.0	6,196.0	3,411.0	55.1
Corporation for National Service	27,080.4	5,420.0	20.0	18,359.0	4,793.0	26.1
Equal Employment Opportunity Commission	25,850.0	10,340.0	40.0	54,158.0	9,438.0	17.4
Executive Office of the President	50,000.0	30,000.0	60.0	39,573.0	20,951.0	52.9
Federal Communications Commission	—	—	0.0	—	—	0.0
Federal Election Commission	4,036.0	1,212.0	30.0	2,904.0	1,596.0	55.0
Federal Emergency Management Agency	232,000.0	53,000.0	22.8	292,171.0	62,836.0	21.5
Federal Energy Regulatory Commission	21,362.8	1,500.0	7.0	9,201.0	2,779.0	30.2
Federal Maritime Commission	300.0	150.0	50.0	271.0	236.0	87.1
Federal Mediation and Conciliation Service	—	—	0.0	2,112.0	835.0	39.5
Federal Mine Safety and Health Review Commission	—	—	0.0	321.0	107.0	33.3
Federal Trade Commission	11,600.0	6,600.0	56.9	16,831.0	9,002.0	53.5
International Trade Commission	4,162.0	957.3	23.0	4,349.0	2,413.0	55.5
Merit Systems Protection Board	1,000.0	600.0	60.0	2,622.0	658.0	25.1
National Archives and Records Administration	29,590.0	15,628.0	52.8	22,965.0	11,858.0	51.6
National Capital Planning Commission	—	—	0.0	688.0	200.0	29.1
National Endowment for the Arts	1,200.0	900.0	75.0	1,412.0	1,055.0	74.7
National Endowment for the Humanities	1,300.0	975.0	75.0	2,365.0	1,691.0	71.5
National Labor Relations Board	—	—	0.0	9,671.0	5,084.0	52.6
National Science Foundation	202,262.1	12,837.1	6.3	57,512.0	22,801.0	39.6
National Transportation Safety Board	4,280.0	342.4	8.0	5,191.0	3,398.0	65.5
Nuclear Regulatory Commission	58,000.0	15,000.0	25.9	72,056.0	31,567.0	43.8
Occupational Safety and Health Review Commission	326.4	114.0	34.9	359.0	123.0	34.3
Office of Personnel Management	163,656.0	113,584.0	69.4	171,271.0	112,223.0	65.5
Securities and Exchange Commission	33,131.3	15,969.1	48.2	37,567.0	14,586.0	38.8
Selective Service System	—	—	0.0	2,573.0	1,131.0	44.0
Small Business Administration	30,000.0	16,500.0	55.0	44,328.0	25,548.0	57.6
Smithsonian Institution	95,000.0	42,750.0	45.0	105,061.0	52,909.0	50.4
U.S. Arms Control and Disarmament Agency	5,590.0	2,091.4	37.4	2,461.0	2,192.0	89.1
United States Information Agency	—	—	0.0	—	—	0.0

Notes: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted. Where no figures are shown, the agency either did not set a goal in this category, or there were no reportable data in FPDS, or both.

Source: Compiled by the U.S. Small Business Administration, Office of Government Contracting and Minority Enterprise Development, from proposed goals submitted by each federal department or agency. The achievements are from the Federal Procurement Data Center.

**Table 3** *Small Business Share of Federal Subcontracts: Performance by Prime Contractors to Major Federal Agencies, FY 1999 (Millions of Dollars)*

	Agency Projections			Actual Awards		
	Total Dollars	Small Business Subcontracts		Total Dollars	Small Business Subcontracts	
		Dollars	Percent		Dollars	Percent
<b>Total</b>	<b>57,486.4</b>	<b>23,704.7</b>	<b>41.2</b>	<b>69,042.2</b>	<b>27,864.5</b>	<b>40.4</b>
Agriculture	883.9	251.8	28.5	761.5	298.8	39.2
Commerce	300.0	132.0	44.0	193.1	84.5	43.8
Defense	43,888.0	18,257.4	41.6	52,376.1	21,509.6	41.1
Education	160.0	36.8	23.0	64.2	14.9	23.2
Energy	600.0	240.0	40.0	349.5	143.7	41.1
Health and Human Services	396.0	226.0	57.1	691.4	205.0	29.6
Housing and Urban Development	161.5	75.9	47.0	219.4	125.5	57.2
Interior	40.0	15.6	39.0	117.1	34.5	29.5
Justice	850.0	450.0	52.9	883.0	363.0	41.1
Labor	176.1	103.5	58.8	192.3	103.5	53.8
State	90.0	36.0	40.0	178.1	94.6	53.1
Transportation	315.3	110.4	35.0	955.3	478.0	50.0
Treasury	311.7	106.0	34.0	470.6	192.2	40.8
Veterans Affairs	400.0	136.0	34.0	3,184.4	1,006.5	31.6
Environmental Protection Agency	240.0	120.0	50.0	527.5	304.0	57.6
General Services Administration (NFSS)	3,750.0	1,620.0	43.2	2,215.3	837.8	37.8
National Aeronautics and Space Administration	4,369.7	1,586.0	36.3	5,084.0	1,835.6	36.1
Social Security Administration	3.3	0.8	24.2	4.7	3.2	68.1
Tennessee Valley Authority	350.0	122.5	35.0	170.5	55.7	32.7
U.S. Agency for International Development	30.0	12.5	41.7	251.9	107.0	42.5
All Other Agencies—Total	170.9	65.5	38.3	152.3	66.9	43.9

Notes: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted. Where no figures are shown, the agency either did not set a goal in this category, or there were no reportable data in FPDS, or both.

Source: Compiled by the U.S. Small Business Administration, Office of Government Contracting and Minority Enterprise Development, from proposed goals submitted by each federal department or agency. The achievements are from the Federal Procurement Data Center.

**Table 4** *Small Business Share of Federal Subcontracts: Performance by Prime Contractors to Other Federal Agencies, FY 1999 (Thousands of Dollars)*

	Agency Projections			Actual Awards		
	Total Dollars	Small Business Subcontracts		Total Dollars	Small Business Subcontracts	
		Dollars	Percent		Dollars	Percent
<b>Total</b>	<b>170,949.8</b>	<b>65,511.3</b>	<b>38.3</b>	<b>152,341.6</b>	<b>66,898.9</b>	<b>43.9</b>
American Battle Monuments Commission	—	—	0.0	—	—	0.0
Commission on Civil Rights	—	—	0.0	—	—	0.0
Commodity Futures Trading Commission	—	—	0.0	—	—	0.0
Consumer Product Safety Commission	—	—	0.0	—	—	0.0
Corporation for National Service	1,782.0	351.1	19.7	—	—	0.0
Equal Employment Opportunity Commission	—	—	0.0	46.2	23.9	51.7
Executive Office of the President	2,000.0	800.0	40.0	1,231.6	794.1	64.5
Federal Communications Commission	—	—	0.0	—	—	0.0
Federal Election Commission	—	—	0.0	—	—	0.0
Federal Emergency Management Agency	10,000.0	7,000.0	70.0	26,107.5	16,983.9	65.1
Federal Energy Regulatory Commission	1,740.3	382.3	22.0	—	—	0.0
Federal Maritime Commission	—	—	0.0	—	—	0.0
Federal Mediation and Conciliation Service	—	—	0.0	—	—	0.0
Federal Mine Safety and Health Review Commission	—	—	0.0	—	—	0.0
Federal Trade Commission	—	—	0.0	—	—	0.0
International Trade Commission	—	—	0.0	—	—	0.0
Merit Systems Protection Board	—	—	0.0	—	—	0.0
National Archives and Records Administration	1,000.0	800.0	80.0	—	—	0.0
National Capital Planning Commission	—	—	0.0	—	—	0.0
National Endowment for the Arts	—	—	0.0	—	—	0.0
National Endowment for the Humanities	—	—	0.0	—	—	0.0
National Labor Relations Board	—	—	0.0	—	—	0.0
National Science Foundation	125,875.2	43,458.1	34.5	104,221.0	38,545.8	37.0
National Transportation Safety Board	—	—	0.0	—	—	0.0
Nuclear Regulatory Commission	6,500.0	2,081.0	32.0	8,561.3	3,791.0	44.3
Occupational Safety and Health Review Commission	—	—	0.0	—	—	0.0
Office of Personnel Management	9,384.0	6,054.0	64.5	8,513.3	5,509.9	64.7
Securities and Exchange Commission	6,668.3	1,584.8	23.8	3,660.7	1,250.3	34.2
Selective Service System	—	—	0.0	—	—	0.0
Small Business Administration	—	—	0.0	—	—	0.0
Smithsonian Institution	6,000.0	3,000.0	50.0	—	—	0.0
U.S. Arms Control and Disarmament Agency	—	—	0.0	—	—	0.0
United States Information Agency	—	—	0.0	—	—	0.0

Notes: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted. Where no figures are shown, the agency either did not set a goal in this category, or there were no reportable data in FPDS, or both.

Source: Compiled by the U.S. Small Business Administration, Office of Government Contracting and Minority Enterprise Development, from proposed goals submitted by each federal department or agency. The achievements are from the Federal Procurement Data Center.

**Table 5** 8(a) Program Share of Federal Prime Contracts: Performance by Major Federal Agencies, FY 1999 (Millions of Dollars)

	Agency Projections			Actual Awards		
	Total Dollars	8(a) Program Contracts		Total Dollars	8(a) Program Contracts	
		Dollars	Percent		Dollars	Percent
<b>Total</b>	171,412.2	2,828.1	1.6	185,615.1	6,284.3	3.4
Agriculture	2,268.1	113.4	5.0	3,532.2	140.2	4.0
Commerce	1,000.0	100.0	10.0	1,203.9	83.8	7.0
Defense	112,114.0	—	—	119,732.7	3,330.7	2.8
Education	800.0	32.0	4.0	680.8	14.8	2.2
Energy	14,500.0	319.0	2.2	15,650.3	292.9	1.9
Health and Human Services	4,600.0	223.0	4.8	4,984.3	221.1	4.4
Housing and Urban Development	1,068.4	106.8	10.0	792.2	18.5	2.3
Interior	858.1	81.5	9.5	1,248.4	138.2	11.1
Justice	2,972.1	243.7	8.2	3,641.2	138.9	3.8
Labor	901.7	34.5	3.8	1,136.5	53.4	4.7
State	1,000.0	88.0	8.8	902.9	194.9	21.6
Transportation	1,562.0	179.6	11.5	1,847.4	229.8	12.4
Treasury	1,768.4	88.4	5.0	2,168.6	171.7	7.9
Veterans Affairs	3,000.0	90.0	3.0	3,846.1	204.9	5.3
Environmental Protection Agency	1,200.0	72.0	6.0	1,288.6	29.0	2.3
General Services Administration (NFSS)	6,924.6	478.1	6.9	7,405.4	536.1	7.2
National Aeronautics and Space Administration	10,474.0	304.0	2.9	11,003.3	351.0	3.2
Social Security Administration	643.5	83.7	13.0	493.5	47.5	9.6
Tennessee Valley Authority	2,230.0	67.0	3.0	2,679.7	0.8	0.0
U.S. Agency for International Development	500.0	35.0	7.0	431.5	12.2	2.8
All Other Agencies—Total	1,027.3	88.4	8.6	945.6	73.9	7.8

Notes: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted. Where no figures are shown, the agency either did not set a goal in this category, or there were no reportable data in FPDS, or both.

Source: Compiled by the U.S. Small Business Administration, Office of Government Contracting and Minority Enterprise Development, from proposed goals submitted by each federal department or agency. The achievements are from the Federal Procurement Data Center.



**Table 6** *8(a) Program Share of Federal Prime Contracts: Performance by Other Federal Agencies, FY 1999 (Thousands of Dollars)*

	Agency Projections			Actual Awards		
	Total Dollars	8(a) Program Contracts		Total Dollars	8(a) Program Contracts	
		Dollars	Percent		Dollars	Percent
<b>Total</b>	<b>1,027,338.0</b>	<b>88,354.0</b>	<b>8.6</b>	<b>945,596.1</b>	<b>73,944.0</b>	<b>7.8</b>
American Battle Monuments Commission	210.0	—	0.0	217.0	—	0.0
Commission on Civil Rights	9,000.0	—	0.0	404.0	—	0.0
Commodity Futures Trading Commission	11,610.0	—	0.0	—	—	0.0
Consumer Product Safety Commission	4,791.0	335.4	7.0	6,196.0	1,170.0	18.9
Corporation for National Service	27,080.4	4,613.9	17.0	18,359.0	715.0	3.9
Equal Employment Opportunity Commission	25,850.0	1,292.5	5.0	54,158.0	286.0	0.5
Executive Office of the President	50,000.0	15,000.0	30.0	39,573.0	4,643.0	11.7
Federal Communications Commission	—	—	0.0	—	—	0.0
Federal Election Commission	4,036.0	80.0	2.0	2,904.0	—	0.0
Federal Emergency Management Agency	232,000.0	15,500.0	6.7	292,171.0	15,486.0	5.3
Federal Energy Regulatory Commission	21,362.8	1,903.2	8.9	9,201.0	26.0	0.3
Federal Maritime Commission	300.0	—	0.0	271.0	—	0.0
Federal Mediation and Conciliation Service	—	—	0.0	2,112.0	—	0.0
Federal Mine Safety and Health Review Commission	—	—	0.0	321.0	—	0.0
Federal Trade Commission	11,600.0	1,000.0	8.6	16,831.0	968.0	5.8
International Trade Commission	4,162.0	104.1	2.5	4,349.0	383.0	8.8
Merit Systems Protection Board	1,000.0	30.0	3.0	2,622.0	18.0	0.7
National Archives and Records Administration	29,590.0	901.0	3.0	22,965.0	716.0	3.1
National Capital Planning Commission	—	—	0.0	688.0	—	0.0
National Endowment for the Arts	1,200.0	160.0	13.3	1,412.0	198.0	14.0
National Endowment for the Humanities	1,300.0	—	0.0	2,365.0	—	0.0
National Labor Relations Board	—	—	0.0	9,671.0	28.0	20.1
National Science Foundation	202,262.1	5,243.1	2.6	57,512.0	7,552.0	13.1
National Transportation Safety Board	4,280.0	171.2	4.0	5,191.0	—	0.0
Nuclear Regulatory Commission	58,000.0	10,000.0	17.2	72,056.0	10,645.0	14.8
Occupational Safety and Health Review Commission	326.4	—	0.0	359.0	—	0.0
Office of Personnel Management	163,656.0	7,150.0	4.4	171,271.0	6,278.0	3.7
Securities and Exchange Commission	33,131.3	1,217.2	3.7	37,567.0	627.0	1.7
Selective Service System	—	—	0.0	2,573.0	41.0	1.6
Small Business Administration	30,000.0	12,000.0	40.0	44,328.0	13,794.0	31.1
Smithsonian Institution	95,000.0	9,975.0	10.5	105,061.0	12,142.0	11.6
U.S. Arms Control and Disarmament Agency	5,590.0	1,677.4	30.0	2,461.0	1,810.0	73.5
United States Information Agency	—	—	0.0	—	—	0.0

Notes: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted. Where no figures are shown, the agency either did not set a goal in this category, or there were no reportable data in FPDS, or both.

Source: Compiled by the U.S. Small Business Administration, Office of Government Contracting and Minority Enterprise Development, from proposed goals submitted by each federal department or agency. The achievements are from the Federal Procurement Data Center.

**Table 7** *Small and Disadvantaged Business Share of Federal Prime Contracts: Performance by Major Federal Agencies, FY 1999 (Millions of Dollars)*

	Agency Projections			Actual Awards		
	Total Dollars	Small and Disadvantaged Business Prime Contracts		Total Dollars	Small and Disadvantaged Business Prime Contracts	
		Dollars	Percent		Dollars	Percent
<b>Total</b>	<b>171,412.2</b>	<b>7,659.2</b>	<b>4.5</b>	<b>185,654.7</b>	<b>6,149.0</b>	<b>3.3</b>
Agriculture	2,268.1	113.4	5.0	3,532.2	118.0	3.3
Commerce	1,000.0	50.0	5.0	1,203.9	83.0	6.9
Defense	112,114.0	5,605.7	5.0	119,732.7	3,768.4	3.1
Education	800.0	8.0	1.0	680.8	23.5	3.5
Energy	14,500.0	391.5	2.7	15,650.3	427.1	2.7
Health and Human Services	4,600.0	479.0	10.4	4,984.3	149.3	3.0
Housing and Urban Development	1,068.4	16.1	1.5	792.2	22.8	2.9
Interior	858.1	36.0	4.2	1,248.4	58.2	4.7
Justice	2,972.1	74.3	2.5	3,641.2	146.4	4.0
Labor	901.7	45.2	5.0	1,136.5	28.7	2.5
State	1,000.0	50.0	5.0	902.9	18.9	2.1
Transportation	1,562.0	46.9	3.0	1,847.4	100.4	5.4
Treasury	1,768.4	40.7	2.3	2,168.6	170.0	7.8
Veterans Affairs	3,000.0	75.0	2.5	3,846.1	117.4	3.1
Environmental Protection Agency	1,200.0	42.0	3.5	1,288.6	53.4	4.1
General Services Administration (NFSS)	6,924.6	248.9	3.6	7,405.4	481.1	6.5
National Aeronautics and Space Administration	10,474.0	198.7	1.9	11,003.3	239.1	2.2
Social Security Administration	643.5	34.8	5.4	493.5	24.6	5.0
Tennessee Valley Authority	2,230.0	50.0	2.2	2,679.7	39.1	1.5
U.S. Agency for International Development	500.0	15.0	3.0	431.5	45.6	10.6
All Other Agencies—Total	1,027.3	38.0	3.7	985.2	34.0	3.5

Notes: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted. Where no figures are shown, the agency either did not set a goal in this category, or there were no reportable data in FPDS, or both.

Source: Compiled by the U.S. Small Business Administration, Office of Government Contracting and Minority Enterprise Development, from proposed goals submitted by each federal department or agency. The achievements are from the Federal Procurement Data Center.

**Table 8** *Small and Disadvantaged Business Share of Federal Prime Contracts: Performance by Other Federal Agencies, FY 1999 (Thousands of Dollars)*

	Agency Projections			Actual Awards		
	Total Dollars	Small and Disadvantaged Business Prime Contracts		Total Dollars	Small and Disadvantaged Business Prime Contracts	
		Dollars	Percent		Dollars	Percent
<b>Total</b>	<b>1,027,338.0</b>	<b>37,974.6</b>	<b>3.7</b>	<b>985,169.0</b>	<b>34,008.0</b>	<b>3.5</b>
American Battle Monuments Commission	210.0	—	0.0	217.0	—	0.0
Commission on Civil Rights	9,000.0	—	0.0	404.0	—	0.0
Commodity Futures Trading Commission	11,610.0	10.0	0.1	—	—	0.0
Consumer Product Safety Commission	4,791.0	143.7	3.0	6,196.0	695.0	11.2
Corporation for National Service	27,080.4	1,600.0	5.9	18,359.0	84.0	0.5
Equal Employment Opportunity Commission	25,850.0	1,551.0	6.0	54,158.0	774.0	1.4
Executive Office of the President	50,000.0	7,500.0	15.0	39,573.0	5,807.0	14.7
Federal Communications Commission	—	—	0.0	—	—	0.0
Federal Election Commission	4,036.0	25.0	0.6	2,904.0	47.0	1.6
Federal Emergency Management Agency	232,000.0	9,000.0	3.9	292,171.0	8,228.0	2.8
Federal Energy Regulatory Commission	21,362.8	3,200.7	15.0	9,201.0	142.0	1.5
Federal Maritime Commission	300.0	—	0.0	271.0	—	0.0
Federal Mediation and Conciliation Service	—	—	0.0	2,112.0	—	0.0
Federal Mine Safety and Health Review Commission	—	—	0.0	321.0	—	0.0
Federal Trade Commission	11,600.0	50.0	0.4	16,831.0	302.0	1.8
International Trade Commission	4,162.0	104.1	2.5	4,349.0	391.0	9.0
Merit Systems Protection Board	1,000.0	10.0	1.0	2,622.0	(12.0)	20.5
National Archives and Records Administration	29,590.0	2,412.0	8.2	22,965.0	1,034.0	4.5
National Capital Planning Commission	—	—	0.0	688.0	—	0.0
National Endowment for the Arts	1,200.0	165.0	13.8	1,412.0	142.0	10.1
National Endowment for the Humanities	1,300.0	39.0	3.0	2,365.0	250.0	10.6
National Labor Relations Board	—	—	0.0	9,671.0	662.0	6.9
National Science Foundation	202,262.1	869.7	0.4	57,512.0	1,454.0	2.5
National Transportation Safety Board	4,280.0	642.0	15.0	5,191.0	—	0.0
Nuclear Regulatory Commission	58,000.0	100.0	0.2	72,056.0	1,983.0	2.8
Occupational Safety and Health Review Commission	326.4	—	0.0	359.0	—	0.0
Office of Personnel Management	163,656.0	1,137.0	0.7	171,271.0	1,052.0	0.6
Securities and Exchange Commission	33,131.3	1,531.4	4.6	37,567.0	1,077.0	2.9
Selective Service System	—	—	0.0	2,573.0	602.0	23.4
Small Business Administration	30,000.0	3,000.0	10.0	44,328.0	3,313.0	7.5
Smithsonian Institution	95,000.0	4,750.0	5.0	105,061.0	5,908.0	5.6
U.S. Arms Control and Disarmament Agency	5,590.0	134.0	2.4	2,461.0	73.0	3.0
United States Information Agency	—	—	0.0	—	—	0.0

Notes: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted. Where no figures are shown, the agency either did not set a goal in this category, or there were no reportable data in FPDS, or both.

Source: Compiled by the U.S. Small Business Administration, Office of Government Contracting and Minority Enterprise Development, from proposed goals submitted by each federal department or agency. The achievements are from the Federal Procurement Data Center.

**Table 9** *Small and Disadvantaged Business Share of Federal Subcontracts: Performance by Prime Contractors to Major Federal Agencies, FY 1999 (Millions of Dollars)*

	Agency Projections			Actual Awards		
	Total Dollars	Small and Disadvantaged Business Subcontracts		Total Dollars	Small and Disadvantaged Business Subcontracts	
		Dollars	Percent		Dollars	Percent
<b>Total</b>	<b>57,486.4</b>	<b>3,569.8</b>	<b>6.2</b>	<b>69,042.2</b>	<b>4,504.2</b>	<b>6.5</b>
Agriculture	883.9	44.2	5.0	761.5	32.0	4.2
Commerce	300.0	54.0	18.0	193.1	35.5	18.4
Defense	43,888.0	2,194.4	5.0	52,376.1	2,938.6	5.6
Education	160.0	9.6	6.0	64.2	3.5	5.5
Energy	600.0	60.0	10.0	49.5	24.7	7.1
Health and Human Services	396.0	45.0	11.4	691.4	58.0	8.4
Housing and Urban Development	161.5	24.2	15.0	219.4	39.4	18.0
Interior	40.0	1.6	4.0	117.1	7.1	6.1
Justice	850.0	51.0	6.0	883.0	55.7	6.3
Labor	176.1	20.6	11.7	192.3	21.5	11.2
State	90.0	4.5	5.0	178.1	24.5	13.8
Transportation	315.3	31.5	10.0	955.3	90.8	9.5
Treasury	311.7	15.6	5.0	470.6	41.9	8.9
Veterans Affairs	400.0	20.0	5.0	3,184.4	165.4	5.2
Environmental Protection Agency	240.0	48.0	20.0	527.5	71.3	13.5
General Services Administration (NFSS)	3,750.0	300.0	8.0	2,215.3	168.9	7.6
National Aeronautics and Space Administration	4,369.7	620.7	14.2	5,084.0	679.1	13.4
Social Security Administration	3.3	0.2	6.1	4.7	0.3	6.4
Tennessee Valley Authority	350.0	8.8	2.5	170.5	5.4	3.2
U.S. Agency for International Development	30.0	5.0	16.7	251.9	28.4	11.3
All Other Agencies—Total	170.9	10.9	6.4	152.3	12.2	8.0

Notes: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted. Where no figures are shown, the agency either did not set a goal in this category, or there were no reportable data in FPDS, or both.

Source: Compiled by the U.S. Small Business Administration, Office of Government Contracting and Minority Enterprise Development, from proposed goals submitted by each federal department or agency. The achievements are from the Federal Procurement Data Center.

**Table 10** *Small and Disadvantaged Business Share of Federal Subcontracts: Performance by Prime Contractors to Other Federal Agencies, FY 1999 (Thousands of Dollars)*

	Agency Projections			Actual Awards		
	Total Dollars	Small and Disadvantaged Business Subcontracts		Total Dollars	Small and Disadvantaged Business Subcontracts	
		Dollars	Percent		Dollars	Percent
<b>Total</b>	<b>170,913.8</b>	<b>10,871.2</b>	<b>6.4</b>	<b>152,341.6</b>	<b>12,180.7</b>	<b>8.0</b>
American Battle Monuments Commission	—	—	0.0	—	—	0.0
Commission on Civil Rights	—	—	0.0	—	—	0.0
Commodity Futures Trading Commission	—	—	0.0	—	—	0.0
Consumer Product Safety Commission	—	—	0.0	—	—	0.0
Corporation for National Service	1,782.0	217.4	12.2	—	—	0.0
Equal Employment Opportunity Commission	—	—	0.0	46.2	20.7	44.8
Executive Office of the President	2,000.0	200.0	10.0	1,231.6	302.8	24.6
Federal Communications Commission	—	—	0.0	—	—	0.0
Federal Election Commission	—	—	0.0	—	—	0.0
Federal Emergency Management Agency	10,000.0	4,000.0	40.0	26,107.5	5,284.5	20.2
Federal Energy Regulatory Commission	1,740.3	60.3	3.5	—	—	0.0
Federal Maritime Commission	—	—	0.0	—	—	0.0
Federal Mediation and Conciliation Service	—	—	0.0	—	—	0.0
Federal Mine Safety and Health Review Commission	—	—	0.0	—	—	0.0
Federal Trade Commission	—	—	0.0	—	—	0.0
International Trade Commission	—	—	0.0	—	—	0.0
Merit Systems Protection Board	—	—	0.0	—	—	0.0
National Archives and Records Administration	1,000.0	100.0	10.0	—	—	0.0
National Capital Planning Commission	—	—	0.0	—	—	0.0
National Endowment for the Arts	—	—	0.0	—	—	0.0
National Endowment for the Humanities	—	—	0.0	—	—	0.0
National Labor Relations Board	—	—	0.0	—	—	0.0
National Science Foundation	125,875.2	4,810.4	3.8	104,221.0	4,469.2	4.3
National Transportation Safety Board	—	—	0.0	—	—	0.0
Nuclear Regulatory Commission	6,500.0	191.5	2.9	8,561.3	1,483.3	17.3
Occupational Safety and Health Review Commission	—	—	0.0	—	—	0.0
Office of Personnel Management	9,348.0	535.0	5.7	8,513.3	578.9	6.8
Securities and Exchange Commission	6,668.3	156.6	2.3	3,660.7	41.3	1.1
Selective Service System	—	—	0.0	—	—	0.0
Small Business Administration	—	—	0.0	—	—	0.0
Smithsonian Institution	6,000.0	600.0	10.0	—	—	0.0
U.S. Arms Control and Disarmament Agency	—	—	0.0	—	—	0.0
United States Information Agency	—	—	0.0	—	—	0.0

Notes: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted. Where no figures are shown, the agency either did not set a goal in this category, or there were no reportable data in FPDS, or both.

Source: Compiled by the U.S. Small Business Administration, Office of Government Contracting and Minority Enterprise Development, from proposed goals were submitted by each federal department or agency. The achievements are from the Federal Procurement Data Center.

**Table 11** *Women-Owned Small Business Share of Federal Prime Contracts: Performance by Major Federal Agencies, FY 1999 (Millions of Dollars)*

	Agency Projections			Actual Awards		
	Total Dollars	Women-Owned Business Prime Contracts		Total Dollars	Women-Owned Business Prime Contracts	
		Dollars	Percent		Dollars	Percent
<b>Total</b>	<b>171,412.2</b>	<b>7,725.3</b>	<b>4.5</b>	<b>185,654.7</b>	<b>4,585.0</b>	<b>2.5</b>
Agriculture	2,268.1	113.4	5.0	3,532.2	134.4	3.8
Commerce	1,000.0	50.0	5.0	1,203.9	63.4	5.3
Defense	112,114.0	5,605.7	5.0	119,732.7	2,304.3	1.9
Education	800.0	40.0	5.0	680.8	5.9	0.9
Energy	14,500.0	377.0	2.6	15,650.3	399.1	2.6
Health and Human Services	4,600.0	210.0	4.6	4,984.3	166.0	3.3
Housing and Urban Development	1,068.4	53.7	5.0	792.2	118.4	14.9
Interior	858.1	40.3	4.7	1,248.4	56.0	4.5
Justice	2,972.1	89.2	3.0	3,641.2	119.1	3.3
Labor	901.7	49.2	5.5	1,136.5	35.7	3.1
State	1,000.0	50.0	5.0	902.9	75.0	8.3
Transportation	1,562.0	78.1	5.0	1,847.4	75.3	4.1
Treasury	1,768.4	88.4	5.0	2,168.6	101.9	4.7
Veterans Affairs	3,000.0	150.0	5.0	3,846.1	215.2	5.6
Environmental Protection Agency	1,200.0	60.0	5.0	1,288.6	39.2	3.0
General Services Administration (NFSS)	6,924.6	345.9	5.0	7,405.4	352.1	4.8
National Aeronautics and Space Administration	10,474.0	146.5	1.4	11,003.3	180.7	1.6
Social Security Administration	643.5	32.2	5.0	493.5	19.0	3.9
Tennessee Valley Authority	2,230.0	77.0	3.5	2,679.7	42.2	1.6
U.S. Agency for International Development	500.0	25.0	5.0	431.5	19.1	4.4
All Other Agencies—Total	1,027.3	43.7	4.3	985.2	63.0	6.4

Notes: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted. Where no figures are shown, the agency either did not set a goal in this category, or there were no reportable data in FPDS, or both.

Source: Compiled by the U.S. Small Business Administration, Office of Government Contracting and Minority Enterprise Development, from proposed goals submitted by each federal department or agency. The achievements are from the Federal Procurement Data Center.

**Table 12** *Women-Owned Small Business Share of Federal Prime Contracts: Performance by Other Federal Agencies, FY 1999 (Thousands of Dollars)*

	Agency Projections			Actual Awards		
	Total Dollars	Women-Owned Business Prime Contracts		Total Dollars	Women-Owned Business Prime Contracts	
		Dollars	Percent		Dollars	Percent
<b>Total</b>	1,027,338.0	43,676.4	4.3	985,169.0	63,036.0	6.4
American Battle Monuments Commission	210.0	—	0.0	217.0	—	0.0
Commission on Civil Rights	9,000.0	50.0	0.0	404.0	26.0	6.4
Commodity Futures Trading Commission	11,610.0	150.0	1.3	—	—	0.0
Consumer Product Safety Commission	4,791.0	479.1	10.0	6,196.0	933.0	15.1
Corporation for National Service	27,080.4	1,360.0	5.0	18,359.0	193.0	1.1
Equal Employment Opportunity Commission	25,850.0	1,292.5	5.0	54,158.0	1,296.0	2.4
Executive Office of the President	50,000.0	7,500.0	15.0	39,573.0	2,557.0	6.5
Federal Communications Commission	—	—	0.0	—	—	0.0
Federal Election Commission	4,036.0	200.0	5.0	2,904.0	255.0	8.8
Federal Emergency Management Agency	232,000.0	7,000.0	3.0	292,171.0	12,904.0	4.4
Federal Energy Regulatory Commission	21,362.8	1,200.1	5.6	9,201.0	905.0	9.8
Federal Maritime Commission	300.0	—	0.0	271.0	—	0.0
Federal Mediation and Conciliation Service	—	—	0.0	—	—	0.0
Federal Mine Safety and Health Review Commission	—	—	0.0	321.0	60.0	18.7
Federal Trade Commission	11,600.0	600.0	5.2	16,831.0	1,517.0	9.0
International Trade Commission	4,162.0	208.1	5.0	4,349.0	298.0	6.9
Merit Systems Protection Board	1,000.0	250.0	25.0	2,622.0	97.0	3.7
National Archives and Records Administration	29,590.0	1,106.0	3.7	22,965.0	407.0	1.8
National Capital Planning Commission	—	—	0.0	688.0	—	0.0
National Endowment for the Arts	1,200.0	60.0	5.0	1,412.0	82.0	5.8
National Endowment for the Humanities	1,300.0	325.0	25.0	2,365.0	224.0	9.5
National Labor Relations Board	—	—	0.0	9,671.0	970.0	10.0
National Science Foundation	202,262.1	1,071.0	0.5	57,512.0	6,827.0	11.9
National Transportation Safety Board	4,280.0	299.6	7.0	5,191.0	—	0.0
Nuclear Regulatory Commission	58,000.0	8,000.0	13.8	72,056.0	11,289.0	15.7
Occupational Safety and Health Review Commission	326.4	66.0	20.2	359.0	19.0	5.3
Office of Personnel Management	163,656.0	4,059.0	2.5	171,271.0	5,063.0	3.0
Securities and Exchange Commission	33,131.3	20.0	0.1	37,567.0	1,525.0	4.1
Selective Service System	—	—	0.0	2,573.0	100.0	3.9
Small Business Administration	30,000.0	2,400.0	8.0	44,328.0	6,778.0	15.3
Smithsonian Institution	95,000.0	5,700.0	6.0	105,061.0	8,663.0	8.2
U.S. Arms Control and Disarmament Agency	5,590.0	280.0	5.0	2,461.0	48.0	2.0
United States Information Agency	—	—	0.0	—	—	0.0

Notes: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted. Where no figures are shown, the agency either did not set a goal in this category, or there were no reportable data in FPDS, or both.

Source: Compiled by the U.S. Small Business Administration, Office of Government Contracting and Minority Enterprise Development, from proposed goals submitted by each federal department or agency. The achievements are from the Federal Procurement Data Center.

**Table 13** *Women-Owned Small Business Share of Federal Subcontracts: Performance by Prime Contractors to Major Federal Agencies, FY 1999 (Millions of Dollars)*

	Agency Projections			Actual Awards		
	Total Dollars	Women-Owned Business Subcontracts		Total Dollars	Women-Owned Business Subcontracts	
		Dollars	Percent		Dollars	Percent
<b>Total</b>	<b>57,485.7</b>	<b>3,027.3</b>	<b>5.3</b>	<b>69,042.1</b>	<b>2,991.7</b>	<b>4.3</b>
Agriculture	883.9	44.2	5.0	761.5	24.9	3.3
Commerce	300.0	24.0	8.0	193.1	10.7	5.5
Defense	43,888.0	2,194.4	5.0	52,376.1	2,021.6	3.9
Education	160.0	8.0	5.0	64.2	1.9	3.0
Energy	600.0	36.0	6.0	349.5	23.0	6.6
Health and Human Services	396.0	70.0	17.7	691.4	28.1	4.1
Housing and Urban Development	161.5	8.1	5.0	219.4	18.3	8.3
Interior	40.0	0.9	2.2	117.1	5.2	4.4
Justice	850.0	59.5	7.0	883.0	48.7	5.5
Labor	176.1	9.5	5.4	192.3	12.1	6.3
State	90.0	4.5	5.0	178.1	17.2	9.7
Transportation	315.3	15.8	5.0	955.3	38.2	4.0
Treasury	311.7	15.6	5.0	470.6	33.8	7.2
Veterans Affairs	400.0	20.0	5.0	3,184.4	181.9	5.7
Environmental Protection Agency	240.0	14.4	6.0	527.5	42.8	8.1
General Services Administration (NFSS)	3,750.0	187.6	5.0	2,215.3	99.4	4.5
National Aeronautics and Space Administration	4,369.0	288.0	6.6	5,084.0	347.7	6.8
Social Security Administration	3.3	0.2	6.1	4.6	0.5	10.9
Tennessee Valley Authority	350.0	14.0	4.0	170.5	7.4	4.3
U.S. Agency for International Development	30.0	1.0	3.3	251.9	19.6	7.8
All Other Agencies—Total	170.9	11.6	6.8	152.3	8.7	5.7

Notes: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted. Where no figures are shown, the agency either did not set a goal in this category, or there were no reportable data in FPDS, or both.

Source: Compiled by the U.S. Small Business Administration, Office of Government Contracting and Minority Enterprise Development, from proposed goals submitted by each federal department or agency. The achievements are from the Federal Procurement Data Center.



**Table 14** *Women-Owned Small Business Share of Federal Subcontracts: Performance by Prime Contractors to Other Federal Agencies, FY 1999 (Thousands of Dollars)*

	Agency Projections			Actual Awards		
	Total Dollars	Women-Owned Business Subcontracts		Total Dollars	Women-Owned Business Subcontracts	
		Dollars	Percent		Dollars	Percent
<b>Total</b>	<b>170,913.8</b>	<b>11,623.4</b>	<b>6.8</b>	<b>152,341.5</b>	<b>8,698.2</b>	<b>5.7</b>
American Battle Monuments Commission	—	—	0.0	—	—	0.0
Commission on Civil Rights	—	—	0.0	—	—	0.0
Commodity Futures Trading Commission	—	—	0.0	—	—	0.0
Consumer Product Safety Commission	—	—	0.0	—	—	0.0
Corporation for National Service	1,782.0	90.0	5.1	—	—	0.0
Equal Employment Opportunity Commission	—	—	0.0	46.1	—	0.0
Executive Office of the President	2,000.0	200.0	10.0	1,231.6	281.9	22.9
Federal Communications Commission	—	—	0.0	—	—	0.0
Federal Election Commission	—	—	0.0	—	—	0.0
Federal Emergency Management Agency	10,000.0	3,000.0	30.0	26,107.5	4,332.2	16.6
Federal Energy Regulatory Commission	1,740.3	82.1	4.7	—	—	0.0
Federal Maritime Commission	—	—	0.0	—	—	0.0
Federal Mediation and Conciliation Service	—	—	0.0	—	—	0.0
Federal Mine Safety and Health Review Commission	—	—	0.0	—	—	0.0
Federal Trade Commission	—	—	0.0	—	—	0.0
International Trade Commission	—	—	0.0	—	—	0.0
Merit Systems Protection Board	—	—	0.0	—	—	0.0
National Archives and Records Administration	1,000.0	100.0	10.0	—	—	0.0
National Capital Planning Commission	—	—	0.0	—	—	0.0
National Endowment for the Arts	—	—	0.0	—	—	0.0
National Endowment for the Humanities	—	—	0.0	—	—	0.0
National Labor Relations Board	—	—	0.0	—	—	0.0
National Science Foundation	125,875.2	5,688.3	4.5	104,221.0	1,996.1	1.9
National Transportation Safety Board	—	—	0.0	—	—	0.0
Nuclear Regulatory Commission	6,500.0	116.3	1.8	8,561.3	674.7	7.9
Occupational Safety and Health Review Commission	—	—	0.0	—	—	0.0
Office of Personnel Management	9,348.0	1,951.0	20.9	8,513.3	1,308.8	15.4
Securities and Exchange Commission	6,668.3	95.7	1.4	3,660.7	104.5	2.9
Selective Service System	—	—	0.0	—	—	0.0
Small Business Administration	—	—	0.0	—	—	0.0
Smithsonian Institution	6,000.0	300.0	5.0	—	—	0.0
U.S. Arms Control and Disarmament Agency	—	—	0.0	—	—	0.0
United States Information Agency	—	—	0.0	—	—	0.0

Notes: Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted. Where no figures are shown, the agency either did not set a goal in this category, or there were no reportable data in FPDS, or both.

Source: Compiled by the U.S. Small Business Administration, Office of Government Contracting and Minority Enterprise Development, from proposed goals submitted by each federal department or agency. The achievements are from the Federal Procurement Data Center.

# 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 of 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.

**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.

**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).

**North American Industrial Classification System (NAICS):** The system used for classifying businesses by industry that replaced the Standard Industrial Classification (SIC) system. Economic Census is based on NAICS, rather than SIC, classifications.

**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. The Securities and Exchange Commission supervises interstate public offerings.

**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. The program is designed to stimulate technological innovation and make greater use of small businesses in meeting national innovation needs.

**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.

**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 business.

**Socially and economically disadvantaged:** individuals who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as a member or 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, used to categorize businesses by type of economic activity. The SIC system was replaced by the North American Industrial Classification System.

**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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