

2015 THE KAUFFMAN INDEX

mainstreetentrepreneurship

STATE TRENDS

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TABLE OF CONTENTS

Foreword.....	3
Introducing the New Kauffman Index: Main Street Entrepreneurship	4
Executive Summary	5
Figure 1: Kauffman Index: Main Street Entrepreneurship (1997–2015)	5
Understanding the Indicators of the Kauffman Index: Main Street Entrepreneurship.....	7
State Trends in Main Street Entrepreneurship.....	9
Table 1: Larger State Rankings — Kauffman Index: Main Street Entrepreneurship Twenty-Five Largest U.S. States by Population	10
Figure 2: 2015 Larger State Rank for the Kauffman Index: Main Street Entrepreneurship by State	11
Table 2: Smaller State Rankings — Kauffman Index: Main Street Entrepreneurship Twenty-Five Smallest U.S. States by Population	12
Figure 3: 2015 Smaller State Rank for the Kauffman Index: Main Street Entrepreneurship by State	13
Table 3: 2015 Combined All States List — Kauffman Index: Main Street Entrepreneurship	14
State Trends in Rate of Business Owners	15
Figure 4: 2015 Rate of Business Owners of the Kauffman Index: Main Street Entrepreneurship by State Twenty-Five Largest U.S. States by Population	15
Figure 5: 2015 Rate of Business Owners of the Kauffman Index: Main Street Entrepreneurship by State Twenty-Five Smallest U.S. States by Population	16
State Trends in Established Small Business Density	17
Figure 6: 2015 Established Small Business Density Component of the Kauffman Index: Main Street Entrepreneurship by State Twenty-Five Largest States by Population	17
Figure 7: 2015 Established Small Business Density Component of the Kauffman Index: Main Street Entrepreneurship by State Twenty-Five Smallest States by Population	18
A Big Tent Approach to Entrepreneurship	19
Table 4: Rate of Business Owners Compared to Rate of New Entrepreneurs for the United States (1996–2014).....	19
Table 5: Established Small Business Density Component Compared to Startup Density for the United States (1994–2012)	20
Appendix 1: Larger State Rankings	
State Rankings, State Profiles Ordered By Rank, and Business Owner Demographics	21
Table 1: Larger State Rankings—Kauffman Index: Main Street Entrepreneurship	21
Rank 1: Minnesota	22–23
Rank 2: Colorado	24–25
Rank 3: Massachusetts	26–27
Rank 4: New York.....	28–29
Rank 5: New Jersey	30–31
Rank 6: Wisconsin	32–33
Rank 7: Washington.....	34–35
Rank 8: Missouri	36–37
Rank 9: Illinois.....	38–39
Rank 10: Florida.....	40–41
Rank 11: Pennsylvania.....	42–43
Rank 12: Louisiana.....	44–45

Rank 13: Maryland.....	46–47
Rank 14: California	48–49
Rank 15: Michigan.....	50–51
Rank 16: Virginia	52–53
Rank 17: Ohio	54–55
Rank 18: Indiana.....	56–57
Rank 19: North Carolina	58–59
Rank 20: Georgia.....	60–61
Rank 21: South Carolina	62–63
Rank 22: Alabama.....	64–65
Rank 23: Tennessee	66–67
Rank 24: Texas.....	68–69
Rank 25: Arizona	70–71

Appendix 2: Smaller State Rankings

State Rankings, State Profiles Ordered By Rank, and Business Owner Demographics72

Table 2: Smaller State Rankings—Kauffman Index: Main Street Entrepreneurship	73
Rank 1: Vermont.....	74–75
Rank 2: Montana.....	76–77
Rank 3: North Dakota	78–79
Rank 4: South Dakota	80–81
Rank 5: Wyoming	82–83
Rank 6: Maine.....	84–85
Rank 7: Nebraska.....	86–87
Rank 8: New Hampshire.....	88–89
Rank 9: Rhode Island	90–91
Rank 10: Iowa.....	92–93
Rank 11: Oregon.....	94–95
Rank 12: Idaho.....	96–97
Rank 13: Kansas.....	98–99
Rank 14: Connecticut.....	100–101
Rank 15: Alaska	102–103
Rank 16: Oklahoma	104–105
Rank 17: Hawaii	106–107
Rank 18: Delaware	108–109
Rank 19: Arkansas.....	110–111
Rank 20: New Mexico	112–113
Rank 21: Utah.....	114–115
Rank 22: West Virginia	116–117
Rank 23: Mississippi.....	118–119
Rank 24: Kentucky	120–121
Rank 25: Nevada	122–123

Methodology and Framework 124

Data Sources and Component Measures126

Advantages Over Other Possible Measures of Entrepreneurship..... 127

References..... 129



Foreword

By Maria Contreras-Sweet, 24th Administrator of the U.S. Small Business Administration

Main Street entrepreneurship is at the heart of the American economy. We must remember that, year in and year out, most jobs come from the local restaurants, shoe stores, barber shops, and many other establishments that shape our communities and that we walk by every day.

The Kauffman Foundation defines a Main Street business as one with fewer than fifty employees and in existence for longer than five years. Using those parameters, Main Street businesses represent two-thirds of firms in this country and employ about 24 million workers. These businesses, which have a median age of fifteen years, grow deep roots in their respective communities. What Main Street businesses lack in individual size, they make up for in history and collective impact.

But these firms are much more than an economic force; they are an irreplaceable part of our American experience, a channel to grow our middle class and a path to economic opportunity. The entrepreneurs behind these small, local businesses are leaders in their communities. They support local charities, provide young people their first jobs, and create a multiplier effect as they attract more businesses to their local economies.

This Main Street Entrepreneurship Index takes the Kauffman Foundation's exacting analytical methods and focuses them on these "mom and pop" enterprises and the entrepreneurs behind them. We should all take note. The data presented here are essential to effective policymaking at every level of government. Successful government policies can help ensure that our entrepreneurial ecosystem remains healthy. That is a national priority and essential to the American dream.

As this index shows, the representation of small business owners is changing. In 2015, the

index experienced the second largest year-over-year growth in more than two decades. Businesses owned by women, minorities, and immigrants are increasing. The number of small business owners with college degrees is also increasing, from 34 percent in 1997 to 39 percent today. However, despite the dynamic leadership potential of our Millennials and veterans, Kauffman's new index suggests that young entrepreneurs (ages 20-34) and veteran-owned firms are actually declining.

At the U.S. Small Business Administration (SBA), our mission is to support the success of our nation's small businesses. We do this in four ways: capital, counseling, contracts, and disaster relief. SBA works with approved lenders to take on some of the risk for small business owners who need better access to loans to grow their ventures. We also direct the world's largest network of free business advisers, counselors, and mentors to provide customized assistance to entrepreneurs. We work with our partners in federal government to level the playing field so small business owners, especially those from underserved backgrounds, can more successfully compete for federal contracting dollars. And in the unforeseen case of natural disasters, we offer loans to help businesses reopen as quickly as possible. Each piece of SBA's work is focused on the same mission: to empower our nation's small businesses.

The Kauffman Foundation shares the values at the heart of SBA's mission. Chief among these are values of entrepreneurship, social upward mobility, and economic mobility. We all have a stake in creating a future where these values are realized and our Main Street businesses are more successful than ever. But to get there, we need better data than ever. This index is an important step forward, equipping us with the information required to make wise policy decisions and ensure the continued vitality of our entrepreneurial ecosystem. Together, we can use good data to bring our country's businesses to new heights.

We should all take note. The data presented here are essential to effective policymaking at every level of government.

Introducing the New Kauffman Index: Main Street Entrepreneurship

The United States has a great tradition of both big and small business. Today, we focus in on the small businesses and, specifically, on measures of what we call “Main Street” entrepreneurship. Earlier this year, the Kauffman Foundation released the first in a new series of reports—the Kauffman Index: Startup Activity—which provided a way of looking at startup activity across time and geographies in the United States. In this report, we introduce the first-ever Kauffman Index: Main Street Entrepreneurship—the second of various research installments under the umbrella of the new Kauffman Index of Entrepreneurship.

For the past ten years, the original Kauffman Index—authored by Robert W. Fairlie—has been an early indicator for entrepreneurship in the United States, used by entrepreneurs and policymakers from the federal to state and local levels. The Kauffman Index also has been one of the most-requested and far-reaching entrepreneurship indicators in the United States and, arguably, the world.

In the policy world, the Index has been referenced in multiple testimonies to the U.S. Senate and House of Representatives, by U.S. Embassies and Consulates across various countries—including nations like Spain, Ukraine, and the United Kingdom—by multiple federal agencies, by state governments and governors from fifteen states—from Arizona to New York—and by the White House’s Office of the President of the United States. On the academic side, more than 200 research papers quote the Kauffman Index. In media circles, the Kauffman Index has been highlighted in hundreds of media channels, including most major publications like *The New York Times*, *The Wall Street Journal*, *TIME*, *CNN*, the *Financial Times*, and the *Harvard Business Review*.

Originally, the Kauffman Index tracked one of the earliest measures of business creation: when people first start working for themselves and became entrepreneurs. Now, we are expanding it to include other dimensions of entrepreneurship.

The new and expanded Kauffman Index of Entrepreneurship 2015 remains focused primarily on entrepreneurial outcomes, as opposed to inputs. That

means we are more concerned with actual results of entrepreneurial activity—things like new companies, business density, and growth rates.

The Kauffman Index: Main Street Entrepreneurship takes a dual approach for understanding Main Street business activity, looking both at locally established business entities (companies with fewer than fifty employees and older than five years) and the business owners (incorporated or unincorporated and with or without employees).

We understand “Main Street” is a broad concept that can take many connotations, from industry-based perspectives, to size-based, to location-based. We recognize there are other approaches to the concept, and welcome conversations on the topic as we further explore indicators of Main Street entrepreneurship.

And, with the Kauffman Index of Entrepreneurship 2015, all these data will be presented at three geographic levels:

- National
- State
- Metropolitan—covering the forty largest U.S. metropolitan areas by population

Wherever possible, the Kauffman Index also presents demographic characteristics of the business owners examined in different contexts.

The new Kauffman Index of Entrepreneurship is based on extensive entrepreneurship research, and our algorithm attempts to present a balanced perspective on how to measure entrepreneurship. Nonetheless, entrepreneurship is a complex phenomenon, and we expect to further build out and enhance the Index in the coming years, particularly as new data become available from the Annual Survey of Entrepreneurs, a forthcoming project from a major public-private partnership between the U.S. Census Bureau and the Kauffman Foundation.

To help state and local leaders access the data relevant to their locales, the Index will offer enhanced, customizable data visualization, benchmarking tools, and detailed reports diving into the trends of different ecosystems across the United States.

We hope that you can use what we developed here to learn more about, and foster, your own entrepreneurial ecosystem.

Originally, the Kauffman Index tracked one of the earliest measures of business creation: when people first start working for themselves and became entrepreneurs. Now, we are expanding it to include other dimensions of entrepreneurship.

Executive Summary

The Kauffman Index: Main Street Entrepreneurship is a novel indicator of small business activity in the United States, integrating high-quality sources of timely information into one composite indicator. The Index captures business activity in all industries, and is based on both a nationally representative sample size of roughly 900,000 responses each year and on the universe of all employer businesses in the United States. The focus here is on established small businesses—employer firms older than five years and with fewer than fifty employees—and the business owners based on a location. As such, we examine both the business owners and the businesses they own.

This report presents trends in Main Street entrepreneurship activity over the past two decades for all fifty states of the United States.

Main Street entrepreneurship is an important aspect of the U.S. economy and society. Established small businesses make up 63 percent of all employer firms in the United States¹ and are a source of local economic activity.

Entrepreneurship is a multi-dimensional phenomenon, and the Kauffman Index of Entrepreneurship series—the umbrella initiative for all Kauffman Index reports—studies

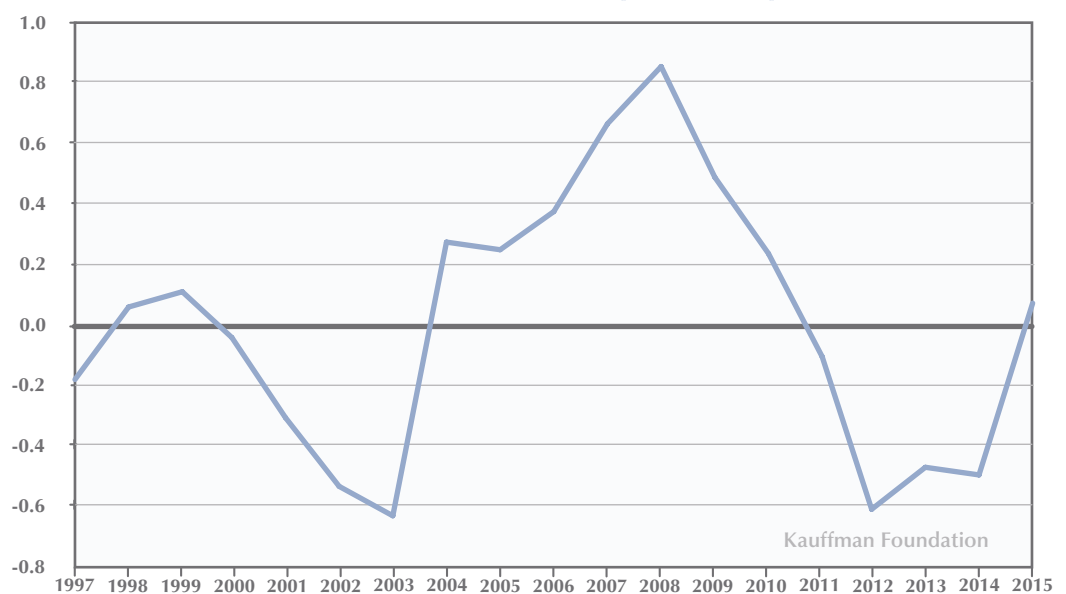
and analyzes entrepreneurship from various perspectives. Another report, the Kauffman Index: Startup Activity, seeks to view the beginnings of entrepreneurship, focusing on new business creation, market opportunity, and startup density. This report, the Kauffman Index: Main Street Entrepreneurship, takes a different angle and attempts to understand prevalence of local small business.

This report presents trends in Main Street entrepreneurship activity for the fifty states of the United States, and analyzes trends for states looking at them in two different cohorts: one for the twenty-five largest states by population and another for the twenty-five smallest states by population.

Main Street entrepreneurship activity—an indicator of the number of established small businesses and the number of business owners in a location—experienced a large increase in 2015, reversing a six-year downward and stagnant trend in the United States, as shown in Figure 1 below.

However, despite the recent year's improvement, long-term trends for the nation are discouraging. The Rate of Business Owners—the percentage of the adult population that owns a business—has been on a downward trend since 1996, the first year we measured it in our data series, despite the small uptick in the latest year. The Established Small Business Density—the number of employer firms older than five years and with fewer

Figure 1
Kauffman Index: Main Street Entrepreneurship (1997–2015)



SOURCE: Authors' calculations using the CPS, BDS, and BEA. For an interactive version, please see: www.kauffmanindex.org.

The Main Street Entrepreneurship Index rose in 2015, but the Index remains below pre-recessionary levels.

1. Authors' calculations from U.S. Census Bureau Business Dynamics Statistics data.

than fifty employees per 100,000 people—has mostly plateaued, even though the last year has seen a strong increase. Each of these trends is covered in the *Kauffman Index: Main Street Entrepreneurship | National Trends* report.

Looking at city-level indicators, Main Street entrepreneurship activity was particularly high among metros in the Northeast, Midwest, and certain metros on the West Coast. The highest-performing cities were New York, Providence, and Boston. An analysis of metropolitan-level Main Street business activity can be found in the *Kauffman Index: Main Street Entrepreneurship | Metropolitan Area and City Trends* report.

Throughout this report, to facilitate comparison across peer groups of states, we focus our analysis looking at states in two different groups: the twenty-five largest states by population and the twenty-five smallest states by population.

Key findings for Main Street entrepreneurship activity at the state level include:

State Trends in Main Street Entrepreneurship

Main Street Entrepreneurship and Rankings

- Main Street entrepreneurship activity was higher in forty-nine of the fifty U.S. states in the 2015 Index when compared to the 2014 Index. The exception to this was the state of Tennessee.
- Among the twenty-five larger states, the five states with the highest Main Street entrepreneurship activity were Minnesota, Colorado, Massachusetts, New York, and New Jersey.
- Among the twenty-five smaller states, the five states with the highest Main Street entrepreneurship activity were Vermont, Montana, North Dakota, South Dakota, and Wyoming.

Rate of Business Owners

- Looking at the components of the Main Street Entrepreneurship Index, the Rate of Business Owners varies widely across states. Among the larger states, it goes from a low of 4,040 business owners for every 100,000 adults (Alabama) to a high of 8,350 business owners for every 100,000 adults (Colorado). Among the smaller states, it ranges from 3,940 business owners for every 100,000 adults (West Virginia) to 10,470 business owners for every 100,000 adults (South Dakota).

Established Small Business Density

- Established Small Business Density—a component of the Index measuring the number of established (older than five years) small businesses (with fewer than fifty employees) in a location per 100,000 people—

has a high variation across states. Among the larger population states, it goes from 721.7 established small businesses per 100,000 in Arizona to 1,229.5 established small businesses per 100,000 people in Minnesota. Among the smaller population states, it ranges from 711.6 established small businesses per 100,000 people in Nevada to 1,713.7 established small businesses per 100,000 people in Vermont.

Select Demographic Trends for States on Main Street Entrepreneurship

Below are select demographic trends at the state level for the latest year, calculated on a three-year moving average and including only states with at least 1,000 survey responses per sub-demographic group per state.

Historical demographic trends on the following demographics as well as on immigration, race, and education for each of the fifty states in this study are available on the profiles in the appendix.

Female Business Owners

- Among the larger states, the five locations with the highest Rate of Business Owners for females were, in this order, Colorado (p. 25), Minnesota (p. 23), California (p. 49), Washington (p. 35), and Wisconsin (p. 33).
- Among the smaller states, the five locations with the highest Rate of Business Owners for females were, in this order, Vermont (p. 75), Montana (p. 77), Wyoming (p. 83), Oregon (p. 95), and South Dakota (p. 81).

Younger Business Owners—Ages 20–34

- Among the larger states, the five locations with the highest Rate of Business Owners for younger adults were, in this order, Florida (p. 41), Colorado (p. 25), Texas (p. 69), Louisiana (p. 45), and Missouri (p. 37).
- Among the smaller states, the five locations with the highest Rate of Business Owners for younger adults were, in this order, South Dakota (p. 81), North Dakota (p. 79), Montana (p. 77), Wyoming (p. 83), and Vermont (p. 75).

Older Business Owners—Ages 55–64

- Among the larger states, the five locations with the highest Rate of Business Owners for older adults were, in this order, Colorado (p. 25), California (p. 49), Minnesota (p. 23), Massachusetts (p. 27), and Florida (p. 41).
- Among the smaller states, the five locations with the highest Rate of Business Owners for older adults were, in this order, South Dakota (p. 81), Vermont (p. 75), North Dakota (p. 79), Montana (p. 77), and Nebraska (p. 87).

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Rate of Business
Owners



Established Small
Business Density

Understanding the Indicators of the Kauffman Index: Main Street Entrepreneurship

The Kauffman Index: Main Street Entrepreneurship presents a novel index measure of small business activity in the United States—across national, state, and metropolitan-area levels. The Index captures business activity along two dimensions. First, it captures the Rate of Business Owners in the economy—the annual percentage of adults owning businesses, on average. Second, it captures Established Small Business Density, the ratio of established small employer businesses to the person population in the economy. The combination of these two distinct and important dimensions provides a view of small business activity in the country, across national, state, and metropolitan-area levels. These businesses make up a large share of firms in the nation, with established small businesses representing 63 percent of all employer firms in the United States, according to the Census’ Business Dynamics Statistics.

The Main Street Entrepreneurship Index captures all types of small business activity and is based on nationally representative sample sizes of more than 900,000 observations each year and on administrative data covering the universe of employer business entities. The separate components of the Index also provide evidence on potentially different trends in small business activity—trends we analyze based on both Rate of Business Owners from household surveys and Established Small Business Density measures from business-level data. The Main Street Entrepreneurship Index improves over other possible measures of business activity because of its timeliness, exclusion of “casual” businesses, and inclusion of all types of business activity, regardless of industry.

The Components of the Kauffman Index: Main Street Entrepreneurship

The Kauffman Index: Main Street Entrepreneurship provides a broad index measure of small business activity in the United States, looking at both businesses and business owners.

On the business side, the Index tracks locally established small business with employees. This means employer businesses older than five years—so that we are not looking at startups and young businesses—with fewer than fifty employees. This measure only takes into account firms established locally.

On the firm owner side, we track local business owners—incorporated or unincorporated, with or without employees.

The Main Street Entrepreneurship Index is an equally weighted index of two normalized measures of business activity.² The two component measures of the Main Street Index are:

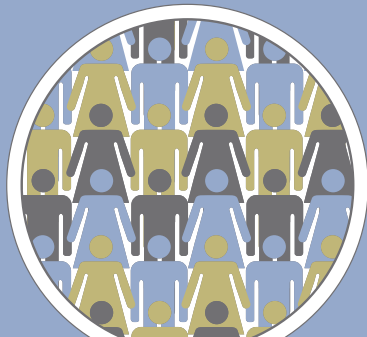
- i) The Rate of Business Owners in the economy, calculated as the percentage of adults owning businesses as their main job.
- ii) The Established Small Business Density, measured as the number of established small employer businesses normalized by population.

Before presenting trends in the Main Street Entrepreneurship Index, we briefly discuss each component measure (see Methodology and Framework for more details).

First, the Rate of Business Owners captures the percentage of the adult population that owns a business. The Rate of Business Owners as measured here captures all business owners, including those who

2. We normalize each of two measures by subtracting the mean and dividing by the standard deviation for that measure (i.e., create a z-score for each variable). This creates a comparable scale for including the two measures in the Main Street Entrepreneurship Index. We use annual estimates from a nineteen-year period back from the latest year available (2012 or 2014) to calculate the mean and standard deviations for each component measure (see Methodology and Framework for more details).

Rate of Business Owners



- Broad measure of business ownership.
- Measures the percentage of the U.S. adult population that owns a business as their main job.
- Includes entrepreneurs with incorporated or unincorporated businesses, with or without employees.
- Data based on the Current Population Survey jointly produced by the U.S. Census Bureau and the U.S. Bureau of Labor Statistics.
- What the number means:
 - For example, the United States Rate of Business Owners was 6.0 percent in the 2015 Index. This means that 6,000 out of every 100,000 adults own businesses in the United States.

own incorporated or unincorporated businesses, and those who are employers or non-employers.³ The Rate of Business Owners is calculated from data from the Current Population Survey (CPS), a monthly survey conducted by the U.S. Bureau of the Census and the Bureau of Labor Statistics. Although the Rate of Business Owners also captures owners of very large firms, it is overwhelmingly represented by owners of small businesses.

The second component measure of the Main Street Entrepreneurship Index is a measure of the ratio of established small employer businesses to the population. These established small employer businesses generally are larger than established non-employer businesses are. Established Small Business Density is defined as the number of established (over the age of five years) small (fewer than fifty employees) employer businesses to the total population (in 100,000s). The number of established small employer businesses is from the U.S. Census

Business Dynamics Statistics (BDS) and is taken from the universe of businesses with payroll tax records in the United States, as recorded by the Internal Revenue Service. With established small businesses representing a large share of all businesses, they are an important group for economic activity in the “Main Street” economy.

In this report, we present national estimates of the Main Street Entrepreneurship Index first. We then present trends in each of the two component measures of the Index. The first component measure, the Rate of Business Owners, provides information that allows for a presentation of trends by demographic groups.

We understand “Main Street” is a concept that can take different forms, from industry-based perspectives, to size-based, to location-based. We recognize there are other approaches to the idea, and welcome further explorations on indicators of Main Street entrepreneurship.

Established Small Business Density



- The number of established small businesses by total population.
- Established small businesses are defined as employer firms over the age of five employing at least one, but less than fifty, employees.
- Measures the number of established small businesses normalized by the population of an area.
- Data based on the U.S. Census Business Dynamics Statistics and Bureau of Economic Analysis.
- What the number means:
 - For example, the 2015 Index Established Small Business Density for the New York metropolitan area was 1,267.1. That means that, for every 100,000 people living in the New York metro area, there were 1,267.1 employer businesses older than five years, employing less than fifty employees.

3. The U.S. Census Bureau notes that the definitions of non-employers and self-employed business owners are not the same. Although most self-employed business owners are non-employers, about a million self-employed business owners are classified as employer businesses. <http://www.census.gov/econ/nonemployer/index.html>.

State Trends in Main Street Entrepreneurship

This first-ever Kauffman Index: Main Street Entrepreneurship calculates a broad index measure of small and local business activity across all fifty states of the United States. The Index takes the dual approach of tracking business owners and small business entities. On the owner side, the Index measures the Rate of Business Owners—the percentage of the adult population owning a business, with or without employees, by location. On the business entity side, the Index tracks the Established Small Business Density—the number of employer firms older than five years with fewer than fifty employees for every 100,000 residents of a location.

As shown on the Main Street Entrepreneurship numbers on the National Trends report, the 2015 Index shows an increase in Main Street activity, reversing a six-year downward trend in the United States. Long-term trends of Main Street entrepreneurship do not look as encouraging, as this gain remains below pre-recession levels and just above the historical norm, as shown in Figure 1 on Page 5.

The vast majority of states followed a similar positive trajectory in the 2015 Index, with forty-nine of them experiencing an increase in Main Street entrepreneurship activity. The exception to this was the state of Tennessee.

Throughout this report, to facilitate comparison across peer groups of states, we focus our analysis looking at states in two different groups: the twenty-five largest states by population and the twenty-five smallest states by population.⁴ As such, the twenty-five smallest states have a median population of 1.8 million people, with resident populations ranging from more than 500,000 residents to fewer than 4.5 million residents. The twenty-five largest states have a median population of 6.9 million people, with resident populations ranging from more than 4.5 million residents to about 38 million residents.

While the states are grouped by population, they tend to share an additional similarity: larger states are overwhelmingly urban, while smaller states less so. Among the twenty-five largest states, twenty-four of them have 65 percent or more urban population, and sixteen of them are among the twenty-five most urban states in the United States.⁵ On the other hand, among the twenty-five smallest states, populations tend to be more dispersed, with twelve of them having fewer than 65 percent urban population, and just nine of them are among the twenty-five U.S. states with the highest share of urban population.

While most states experienced an increase in Main Street entrepreneurship activity, changes in state rankings—which measure relative yearly performance across states, as opposed to performance relative to a state's own Main Street entrepreneurship rates in the previous year—largely were stable. We present those changes in Table 1.

Main Street Entrepreneurship—Trends in Larger States

For the twenty-five largest states in the country, nine ranked higher than they did last year, eight experienced no changes in rankings, and another eight ranked lower. Minnesota was top among the larger states, followed by Colorado, Massachusetts, New York, and New Jersey.

Nine larger states had modest increases in rank in 2015:

States with Increases in Ranks Among Twenty-Five Larger States by Population			
State	Rank 2015	Rank 2014	Change
California	14	16	2
New York	4	5	1
New Jersey	5	6	1
Illinois	9	10	1
Florida	10	11	1
Louisiana	12	13	1
Indiana	18	19	1
Georgia	20	21	1
Alabama	22	23	1

Eight larger states experienced decreases in ranks in 2015—decreases that also were modest. These states were:

States with Decreases in Ranks Among Twenty-Five Larger States by Population			
State	Rank 2015	Rank 2014	Change
Pennsylvania	11	9	-2
Wisconsin	6	4	-2
Tennessee	23	22	-1
South Carolina	21	20	-1
North Carolina	19	18	-1
Virginia	16	15	-1
Michigan	15	14	-1
Maryland	13	12	-1

4. We use the Bureau of Economic Analysis population data for 2012 to do this grouping.

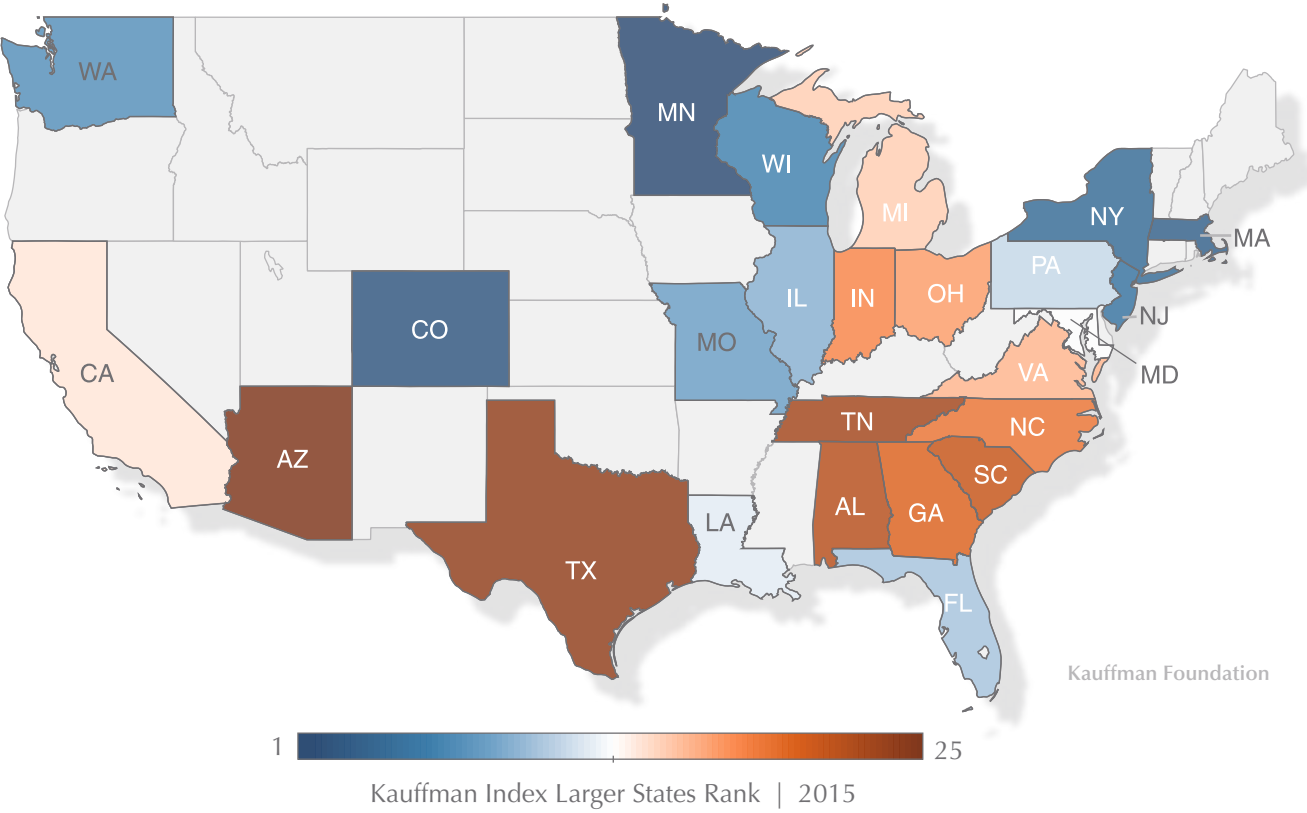
5. According to the U.S. Census Bureau data (<https://www.census.gov/geo/reference/ua/urban-rural-2010.html>)

TABLE 1
Larger States Rankings—Kauffman Index: Main Street Entrepreneurship
Twenty-Five Largest U.S. States by Population

Rank 2015	Index 2015	State	Rank 2014	Change in Rank	Rate of Business Owners	Established Small Business Density
1	6.61	Minnesota	1	0	7.17%	1229.5
2	6.49	Colorado	2	0	8.35%	1183.9
3	4.68	Massachusetts	3	0	6.17%	1186.3
4	4.25	New York	5	1	5.35%	1197.1
5	4.06	New Jersey	6	1	5.37%	1188.8
6	3.92	Wisconsin	4	-2	6.42%	1147.0
7	1.75	Washington	7	0	5.88%	1078.3
8	1.35	Missouri	8	0	6.12%	1054.2
9	1.21	Illinois	10	1	5.35%	1074.9
10	1.13	Florida	11	1	7.16%	1009.1
11	0.93	Pennsylvania	9	-2	5.00%	1075.9
12	-0.03	Louisiana	13	1	6.25%	994.0
13	-0.16	Maryland	12	-1	5.66%	1009.1
14	-0.64	California	16	2	6.97%	944.8
15	-0.84	Michigan	14	-1	5.11%	1000.5
16	-0.86	Virginia	15	-1	5.56%	984.2
17	-1.35	Ohio	17	0	5.20%	976.9
18	-1.93	Indiana	19	1	4.83%	966.5
19	-2.22	North Carolina	18	-1	5.83%	919.9
20	-3.95	Georgia	21	1	5.83%	850.9
21	-3.99	South Carolina	20	-1	4.60%	891.6
22	-4.76	Alabama	23	1	4.04%	879.9
23	-4.81	Tennessee	22	-1	5.44%	829.3
24	-5.36	Texas	24	0	5.93%	790.4
25	-6.78	Arizona	25	0	6.27%	721.7

For an interactive version of the rankings, please see: www.kauffmanindex.org.

Figure 2
2015 Larger States Rank for the Kauffman Index: Main Street Entrepreneurship by State



For an interactive version of the map, please see: www.kauffmanindex.org.

Main Street Entrepreneurship—Smaller States

For the twenty-five smallest states in the country, Vermont, Montana, North Dakota, South Dakota, and Wyoming led the pack in terms of the Main Street Entrepreneurship Index. These states had especially high levels of both components—the Rate of Business Owners and Established Small Business Density (Table 2).

Looking at changes in the last year, only four of the smaller states experienced increases in ranks for 2015, while seventeen saw no changes and four experienced declines in ranks. The four smaller states experiencing increases in ranks in 2015 were:

States with Increases in Ranks Among Twenty-Five Smaller States by Population			
State	Rank 2015	Rank 2014	Change
Maine	6	7	1
Oklahoma	16	17	1
Utah	21	22	1
Mississippi	23	24	1

The four smaller states experiencing decreases in ranks in 2015 were:

States with Decreases in Ranks Among Twenty-Five Smaller States by Population			
State	Rank 2015	Rank 2014	Change
Kentucky	24	23	-1
West Virginia	22	21	-1
Hawaii	17	16	-1
Nebraska	7	6	-1

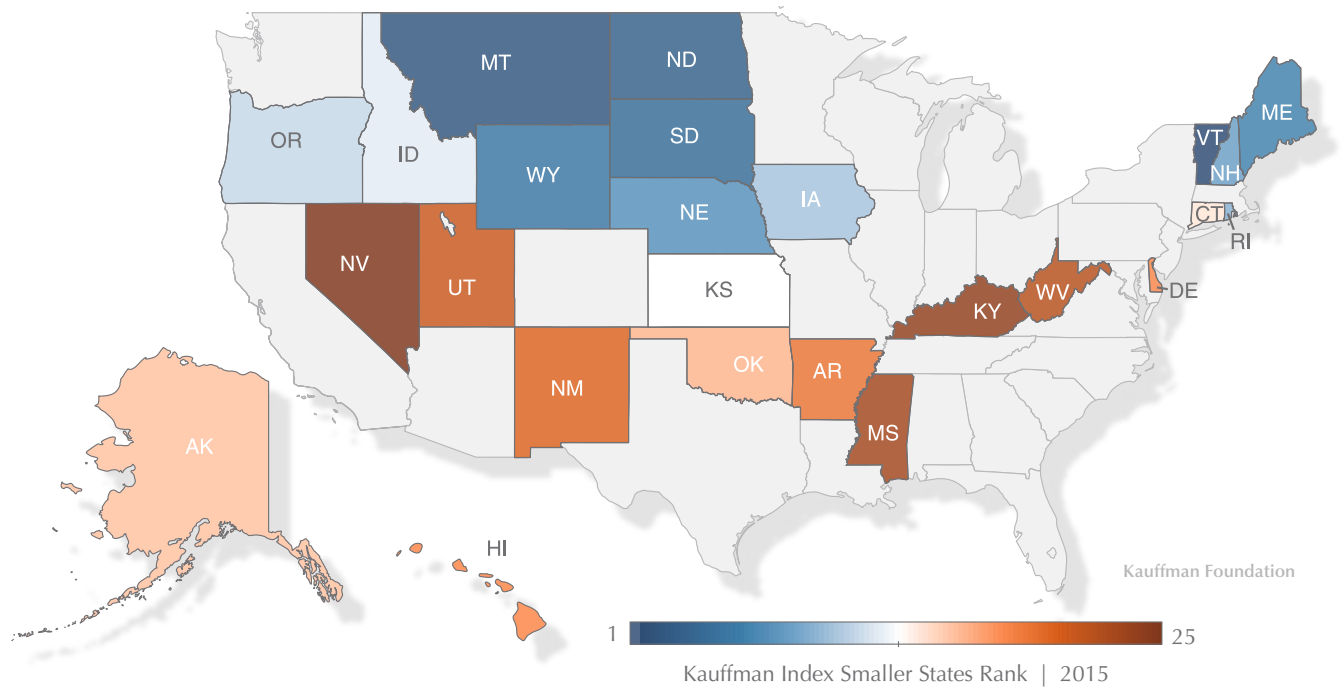
TABLE 2

Smaller States Rankings—Kauffman Index: Main Street Entrepreneurship Twenty-Five Smallest U.S. States by Population

Rank 2015	Index 2015	State	Rank 2014	Change in Rank	Rate of Business Owners	Established Small Business Density
1	21.04	Vermont	1	0	9.97%	1713.7
2	20.70	Montana	2	0	10.13%	1694.5
3	18.07	North Dakota	3	0	9.63%	1606.2
4	17.10	South Dakota	4	0	10.47%	1538.2
5	16.90	Wyoming	5	0	7.71%	1625.0
6	10.93	Maine	7	1	8.27%	1365.6
7	10.68	Nebraska	6	-1	7.93%	1367.1
8	8.75	New Hampshire	8	0	7.69%	1297.7
9	7.45	Rhode Island	9	0	5.88%	1307.8
10	7.30	Iowa	10	0	7.14%	1258.3
11	6.65	Oregon	11	0	7.84%	1208.0
12	5.49	Idaho	12	0	7.85%	1161.1
13	5.02	Kansas	13	0	6.44%	1190.7
14	4.36	Connecticut	14	0	6.34%	1167.4
15	3.61	Alaska	15	0	6.20%	1142.3
16	1.33	Oklahoma	17	1	6.54%	1038.7
17	0.86	Hawaii	16	-1	6.00%	1038.4
18	0.30	Delaware	18	0	5.22%	1042.5
19	-2.02	Arkansas	19	0	4.86%	962.0
20	-2.22	New Mexico	20	0	6.02%	913.6
21	-2.38	Utah	22	1	5.68%	919.2
22	-3.24	West Virginia	21	-1	3.94%	944.1
23	-4.10	Mississippi	24	1	5.11%	869.4
24	-4.26	Kentucky	23	-1	4.42%	886.7
25	-8.21	Nevada	25	0	4.89%	711.6

For an interactive version of the rankings, please see: www.kauffmanindex.org.

Figure 3
2015 Smaller States Rank for the Kauffman Index: Main Street Entrepreneurship by State



For an interactive version of the map, please see: www.kauffmanindex.org.

TABLE 3

Combined All States List—Kauffman Index: Main Street Entrepreneurship

Index 2015	State	Rate of Business Owners	Established Small Business Density
21.04	Vermont	9.97%	1713.7
20.70	Montana	10.13%	1694.5
18.07	North Dakota	9.63%	1606.2
17.10	South Dakota	10.47%	1538.2
16.90	Wyoming	7.71%	1625.0
10.93	Maine	8.27%	1365.6
10.68	Nebraska	7.93%	1367.1
8.75	New Hampshire	7.69%	1297.7
7.45	Rhode Island	5.88%	1307.8
7.30	Iowa	7.14%	1258.3
6.65	Oregon	7.84%	1208.0
6.61	Minnesota	7.17%	1229.5
6.49	Colorado	8.35%	1183.9
5.49	Idaho	7.85%	1161.1
5.02	Kansas	6.44%	1190.7
4.68	Massachusetts	6.17%	1186.3
4.36	Connecticut	6.34%	1167.4
4.25	New York	5.35%	1197.1
4.06	New Jersey	5.37%	1188.8
3.92	Wisconsin	6.42%	1147.0
3.61	Alaska	6.20%	1142.3
1.75	Washington	5.88%	1078.3
1.35	Missouri	6.12%	1054.2
1.33	Oklahoma	6.54%	1038.7
1.21	Illinois	5.35%	1074.9
1.13	Florida	7.16%	1009.1
0.93	Pennsylvania	5.00%	1075.9
0.86	Hawaii	6.00%	1038.4
0.30	Delaware	5.22%	1042.5
-0.03	Louisiana	6.25%	994.0
-0.16	Maryland	5.66%	1009.1
-0.64	California	6.97%	944.8
-0.84	Michigan	5.11%	1000.5
-0.86	Virginia	5.56%	984.2
-1.35	Ohio	5.20%	976.9
-1.93	Indiana	4.83%	966.5
-2.02	Arkansas	4.86%	962.0
-2.22	New Mexico	6.02%	913.6
-2.22	North Carolina	5.83%	919.9
-2.38	Utah	5.68%	919.2
-3.24	West Virginia	3.94%	944.1
-3.95	Georgia	5.83%	850.9
-3.99	South Carolina	4.60%	891.6
-4.10	Mississippi	5.11%	869.4
-4.26	Kentucky	4.42%	886.7
-4.76	Alabama	4.04%	879.9
-4.81	Tennessee	5.44%	829.3
-5.36	Texas	5.93%	790.4
-6.78	Arizona	6.27%	721.7
-8.21	Nevada	4.89%	711.6

In the following sections, we discuss state-level trends for each component of the Main Street Entrepreneurship Index: 1) Rate of Business Owners and 2) Established Small Business Density.



State Trends in Rate of Business Owners

The Rate of Business Owners component of the Kauffman Index measures the percentage of the adult population that owns a business in a location. It captures all business owners, including those who own incorporated or unincorporated businesses, and those with or without employees. The data source for this measure is the Bureau of Labor Statistics and U.S. Census Bureau's Current Population Survey. We calculate this measure on a three-year moving average for states, from 1998 to 2014—the latest year with data available.

The Rate of Business Owners varies across states, and varies at a higher range for smaller states than for larger states.

Rate of Business Owners—Trends in Larger States

Among the twenty-five largest states, the Rate of Business Owners ranged from 4.04 percent (in Alabama) to 8.35 percent (in Colorado) for the 2015 Index. A Rate of Business Owners of 4.04 percent means that, out of every 100,000 adults, approximately 4,040 are business owners. A Rate of Business Owners of 8.35 percent means that approximately 8,350 of every 100,000 adults are business owners.

Of the twenty-five largest states in the country, Colorado, Minnesota, Florida, and California fared particularly well on this component of the Kauffman Index: Main Street Entrepreneurship.

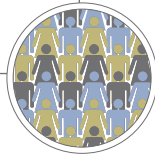
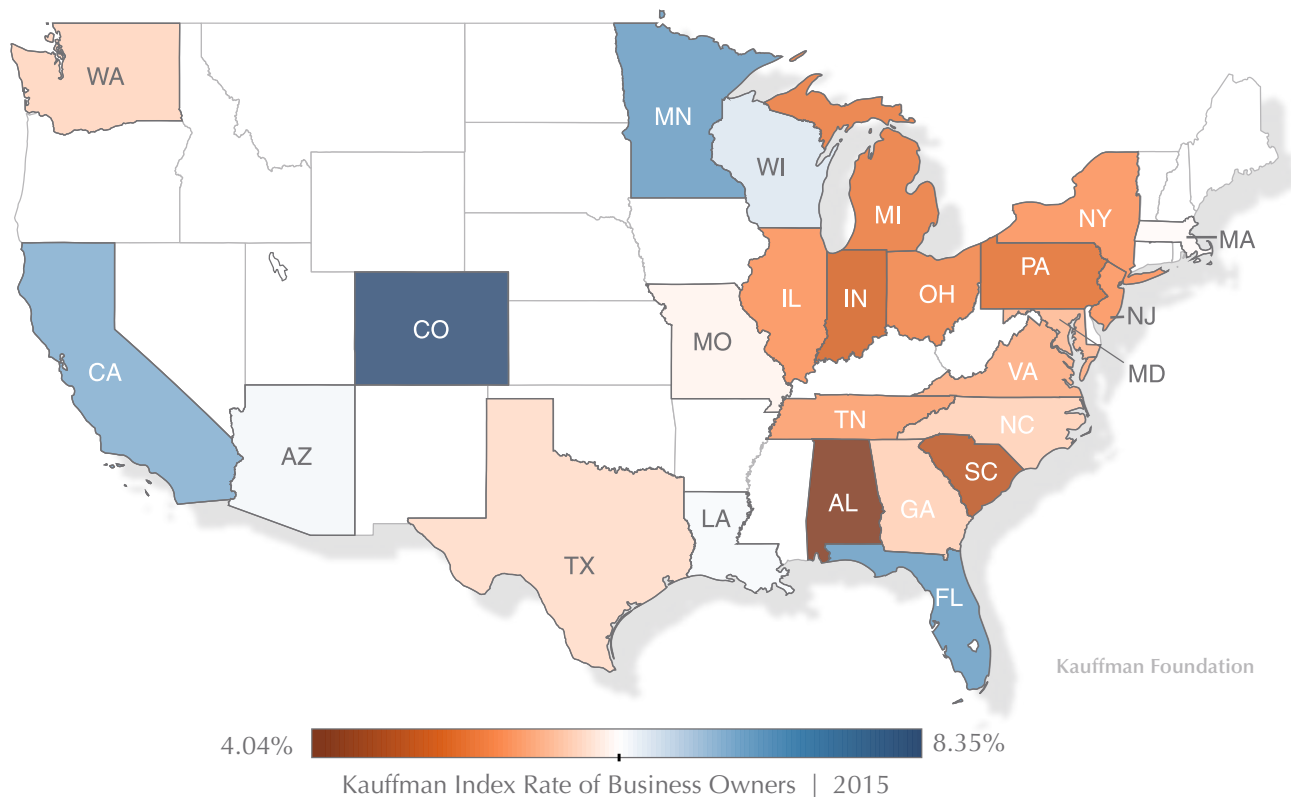


Figure 4

2015 Rate of Business Owners of the Kauffman Index: Main Street Entrepreneurship by State Twenty-Five Largest U.S. States by Population



For an interactive version of the map, please see: www.kauffmanindex.org.

Rate of Business Owners— Trends in Smaller States

Among the twenty-five smallest states in the country, the Rate of Business Owners ranged from 3.94 percent

(in West Virginia) to 10.47 percent (in South Dakota)—a wider range than among the largest states by population.

Of the twenty-five smallest states in the country, South Dakota, Montana, Vermont, and North Dakota did particularly well on this component this year.

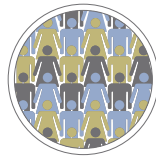
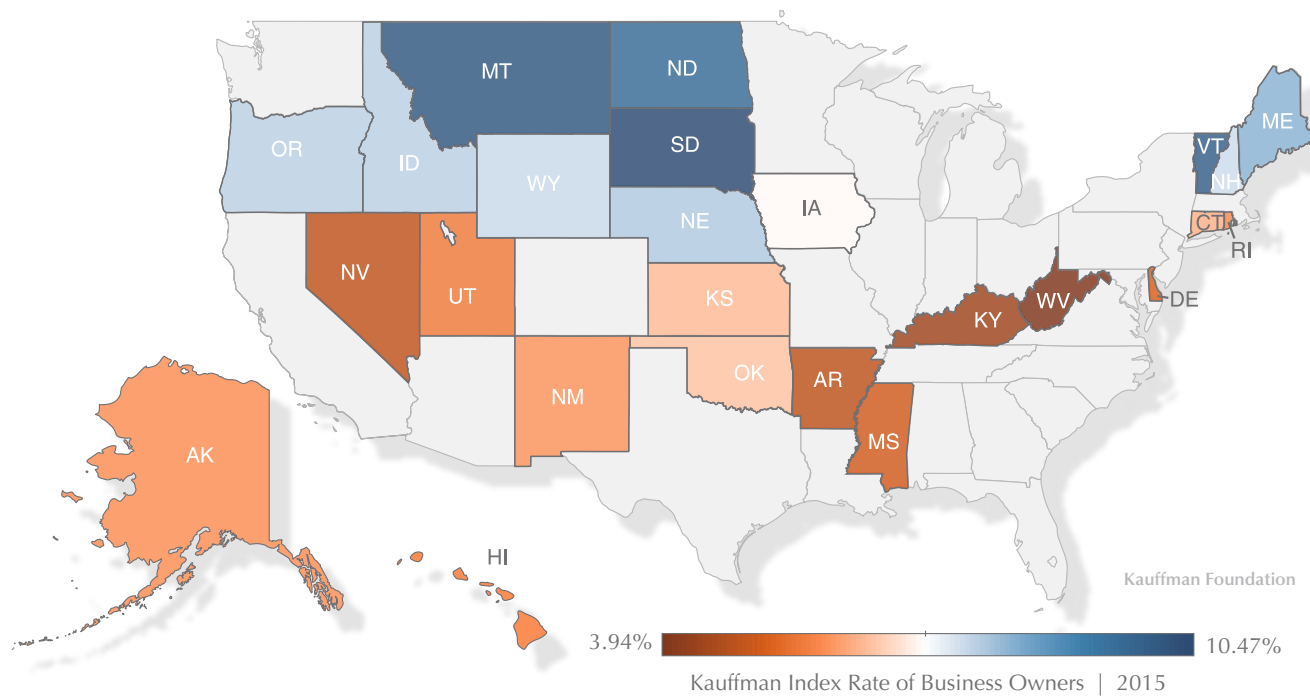


Figure 5

2015 Rate of Business Owners of the Kauffman Index: Main Street Entrepreneurship by State Twenty-Five Smallest U.S. States by Population



For an interactive version of the map, please see: www.kauffmanindex.org.



State Trends in Established Small Business Density

The Established Small Business Density component of the Kauffman Index: Main Street Entrepreneurship measures the number of established small businesses per 100,000 people. We define established small businesses as employer firms more than five years old employing fewer than fifty people. This is a yearly measure calculated from the U.S. Census Business Dynamics Statistics for firm data and the Bureau of Economic Analysis for population data.

We present this indicator from 1983 to 2012, the latest year for which the data were available at the time of the data collection for this report.

This measure differs from the Rate of Business Owners in two key ways: 1) the Rate of Business Owners is a measure based on individuals—the business owners themselves. As such, it tracks individuals who own businesses rather than tracking the business entity. 2) The Rate of Business Owners is a very broad measure of business ownership, including all business owners, regardless of how many people their businesses employ, if any, and it includes self-employed individuals with no

employees. Small Business Density only includes businesses employing at least one, but fewer than fifty, persons—thus measuring, in general, larger Main Street businesses. Both researchers and entrepreneurs have suggested density as a key indicator of vibrancy in entrepreneurial ecosystems in the context of startups and young firms (Stangler and Bell-Masterson 2015 and Feld 2012). Here, we use the density concept on the context of small businesses.

The Established Small Business Density has a high variation across states, and this range of variation of density is higher for the smaller states group.

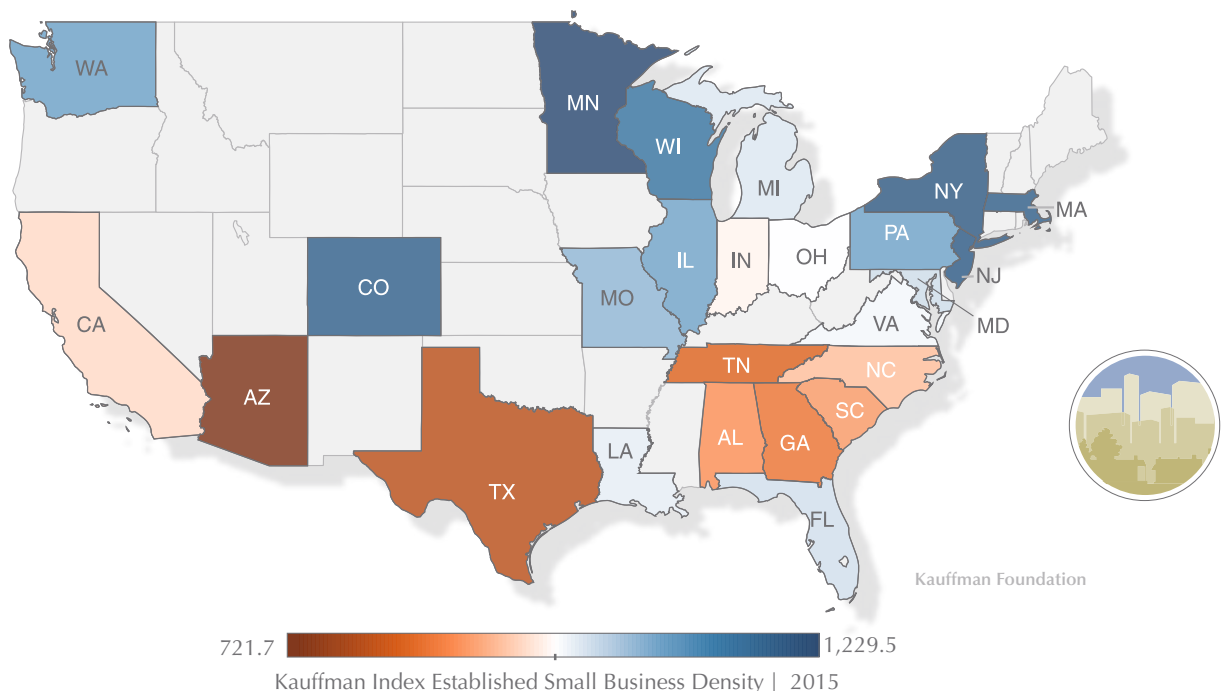
Established Small Business Density—Trends in Larger States

Among the twenty-five largest states, the Established Small Business Density ranged from 721.7 established small businesses per 100,000 people in Arizona to 1,229.5 established small businesses per 100,000 people in Minnesota.

Compared to the U.S. Established Small Business Density of 1,006.6 established small businesses per 100,000, twelve of the largest states had higher density levels.

Figure 6

2015 Established Small Business Density Component of the Kauffman Index: Main Street Entrepreneurship by State: Twenty-Five Largest U.S. States by Population



For an interactive version of the map, please see: www.kauffmanindex.org.

Established Small Business Density— Trends in Smaller States

Among the twenty-five largest states, the Established Small Business Density ranged from 711.6 established small businesses per 100,000 people in Nevada to 1713.7

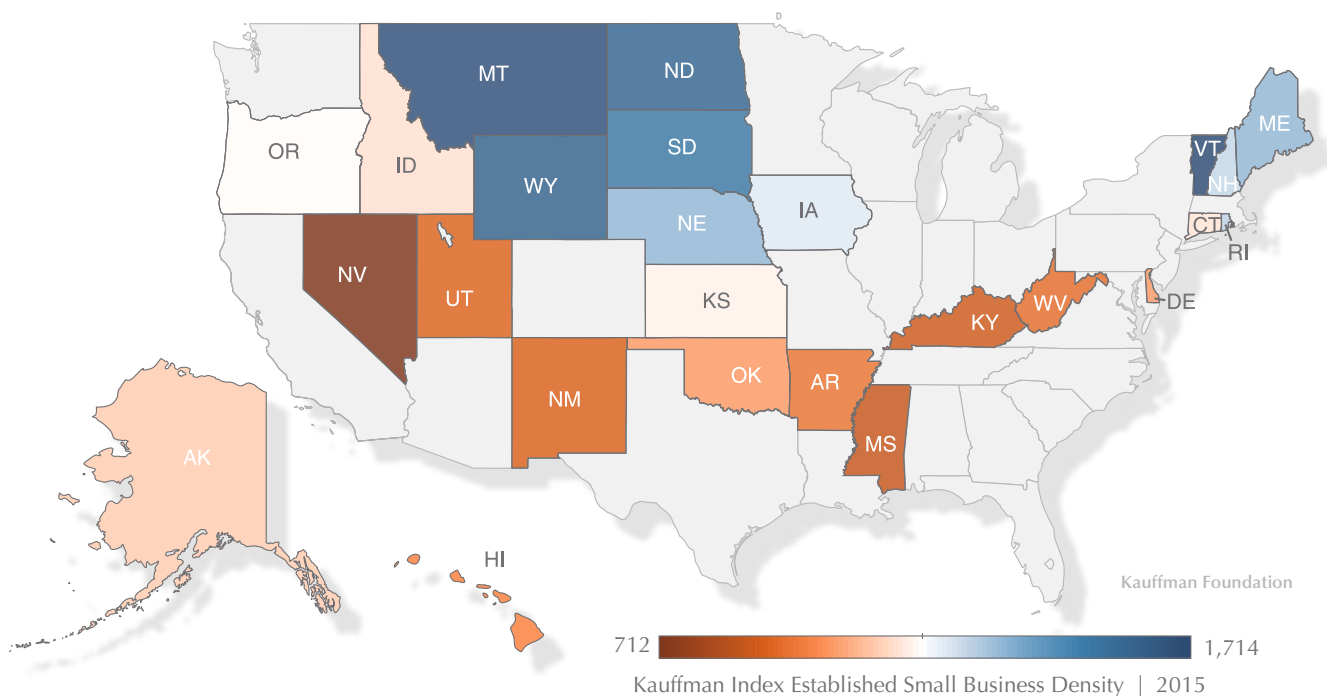
established small businesses per 100,000 people in Vermont.

Compared to the U.S. Established Small Business Density of 1,006.6 established small businesses per 100,000, eighteen of the smallest states had higher density levels.



Figure 7

2015 Established Small Business Density Component of the Kauffman Index: Main Street Entrepreneurship by State: Twenty-Five Smallest U.S. States by Population



For an interactive version of the map, please see: www.kauffmanindex.org.

A Big Tent Approach to Entrepreneurship

The Kauffman Index of Entrepreneurship—the umbrella under which all Kauffman Index reports reside—attempts to view the complex phenomenon of entrepreneurship from different angles. The Kauffman Index: Startup Activity seeks to view the beginnings of entrepreneurship, focusing on new business creation, market opportunity, and startup density. The components of the Kauffman Index: Main Street Entrepreneurship attempt to understand another dimension of entrepreneurship, the prevalence of local small business.

The Rate of Business Owners component of the Main Street Entrepreneurship Index looks at the stock, or the total number, of entrepreneurs in a locality at a given point in time. This component is parallel to the Startup Activity Index component, Rate of New Entrepreneurs, which focused on the transition into entrepreneurship at

a given point in time. While the Rate of Business Owners component includes all new entrepreneurs present in the Rate of New Entrepreneurs component, the trends seen in the components vary. The Rate of Business Owners has been relatively flat, seeing only small increases or decreases between years. On the other hand, the Rate of New Entrepreneurs has been on a slight upward trend, only showing decline shortly after the Great Recession, but has recovered between 2013 and 2014. A comparison of the components over time can be seen below.

The total number of business owners at a given time is impacted by the number of new entrepreneurs starting businesses (captured in the Startup Activity Index), the continuing business owners, and the number of business owners exiting their businesses—either pursuing other work activities or leaving the workforce entirely. These overall trends would indicate that the monthly flow of people into business—the Rate of New Entrepreneurs—hasn't changed much over time; however, other changes to the composition of business owners are

Table 4
Rate of Business Owners Compared to
Rate of New Entrepreneurs for the United States (1996–2014)

Year	Rate of Business Owners	Rate of New Entrepreneurs
1996	7.81%	0.31%
1997	7.81%	0.28%
1998	7.65%	0.29%
1999	7.35%	0.27%
2000	7.21%	0.27%
2001	7.01%	0.27%
2002	6.94%	0.28%
2003	7.17%	0.30%
2004	7.26%	0.30%
2005	7.21%	0.28%
2006	7.31%	0.30%
2007	7.30%	0.30%
2008	7.07%	0.32%
2009	6.63%	0.34%
2010	6.34%	0.34%
2011	6.09%	0.32%
2012	6.09%	0.30%
2013	5.98%	0.28%
2014	6.00%	0.31%

occurring. Perhaps there has been an increased outflow of businesses—some evidence of this exists starting during the Great Recession. But clearly, these two trend lines are moving quite differently.

The Established Small Business Density component of the Main Street Entrepreneurship Index looks at the number of businesses over the age of five with fewer than fifty employees per population. This component is parallel to the Startup Activity Index Component, Startup Density, which measured the number of new businesses per population. Though both of these components are similar, they do not overlap in the entrepreneurial trends we look at on this report. The Main Street Entrepreneurship Index looks at businesses that already are established in their areas—proxied by their age—but have not expanded their

business beyond fifty employees. The trends among these components vary as well. The Established Small Business Density component has been on a general upward trend, increasing 7.8 percent from 1994 to 2012. On the other hand, the Startup Density component has been on a downward trend, decreasing 30.9 percent from 1994 to 2012. A comparison of the components over time can be seen below.

Though components of these two reports use parallel data sources and calculations, both focus on different aspects and trends of entrepreneurship. These reports should be taken together as a tool for helping understand the broad spectrum of entrepreneurship in the United States.

Table 5
Established Small Business Density Component
Compared to Startup Density for the United States (1994–2012)

Year	Established Small Business Density	Startup Density
1994	934.0	189.0
1995	943.6	192.7
1996	951.1	191.2
1997	955.4	190.7
1998	949.6	186.7
1999	947.5	178.0
2000	946.0	170.8
2001	974.3	165.3
2002	970.0	175.0
2003	977.3	174.7
2004	985.5	179.8
2005	993.3	185.8
2006	986.4	188.3
2007	991.7	175.6
2008	987.9	161.4
2009	976.3	133.4
2010	981.7	125.5
2011	984.4	128.8
2012	1006.6	130.6

Appendix 1:

LARGER STATE RANKINGS

STATE RANKINGS, STATE PROFILES ORDERED BY RANK, AND BUSINESS OWNER DEMOGRAPHICS

TABLE 1
Larger States Rankings—Kauffman Index: Main Street Entrepreneurship
Twenty-Five Largest U.S. States by Population

Rank 2015	Index 2015	State	Rank 2014	Change in Rank	Rate of Business Owners	Established Small Business Density
1	6.61	Minnesota	1	0	7.17%	1229.5
2	6.49	Colorado	2	0	8.35%	1183.9
3	4.68	Massachusetts	3	0	6.17%	1186.3
4	4.25	New York	5	1	5.35%	1197.1
5	4.06	New Jersey	6	1	5.37%	1188.8
6	3.92	Wisconsin	4	-2	6.42%	1147.0
7	1.75	Washington	7	0	5.88%	1078.3
8	1.35	Missouri	8	0	6.12%	1054.2
9	1.21	Illinois	10	1	5.35%	1074.9
10	1.13	Florida	11	1	7.16%	1009.1
11	0.93	Pennsylvania	9	-2	5.00%	1075.9
12	-0.03	Louisiana	13	1	6.25%	994.0
13	-0.16	Maryland	12	-1	5.66%	1009.1
14	-0.64	California	16	2	6.97%	944.8
15	-0.84	Michigan	14	-1	5.11%	1000.5
16	-0.86	Virginia	15	-1	5.56%	984.2
17	-1.35	Ohio	17	0	5.20%	976.9
18	-1.93	Indiana	19	1	4.83%	966.5
19	-2.22	North Carolina	18	-1	5.83%	919.9
20	-3.95	Georgia	21	1	5.83%	850.9
21	-3.99	South Carolina	20	-1	4.60%	891.6
22	-4.76	Alabama	23	1	4.04%	879.9
23	-4.81	Tennessee	22	-1	5.44%	829.3
24	-5.36	Texas	24	0	5.93%	790.4
25	-6.78	Arizona	25	0	6.27%	721.7

For an interactive version of the rankings, please see: www.kauffmanindex.org.

Main Street Rank Larger States

2015	2014
1	1

Minnesota

State Profile

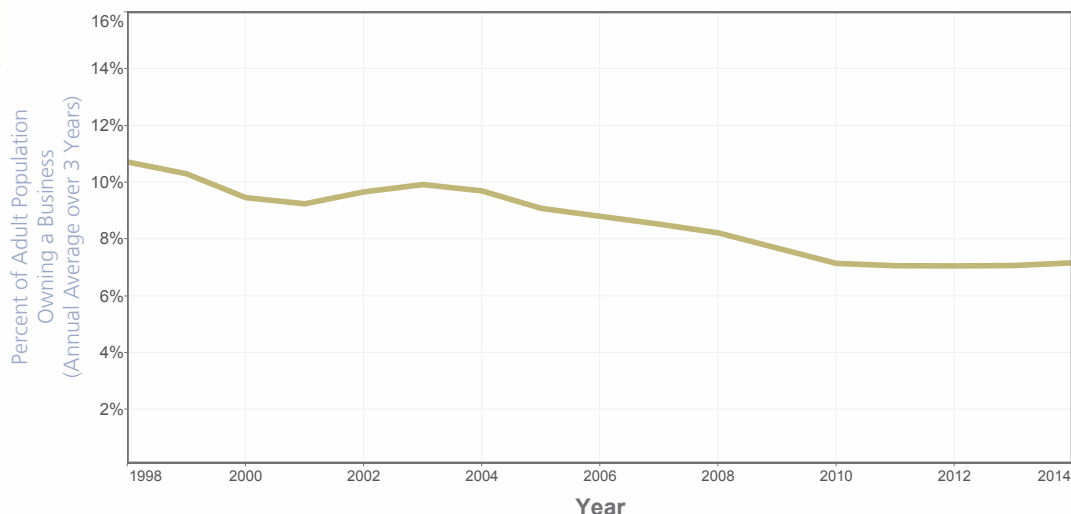
Rate of Business Owners

2015 Component	2014 Component
7.17%	7.07%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



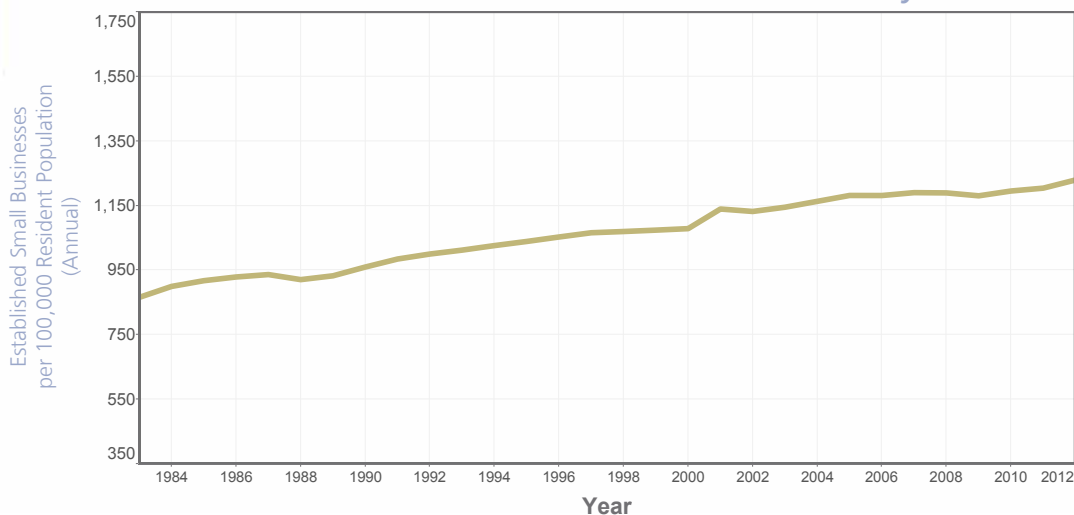
Established Small Business Density

2015 Component	2014 Component
1,229.5	1,204.2

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

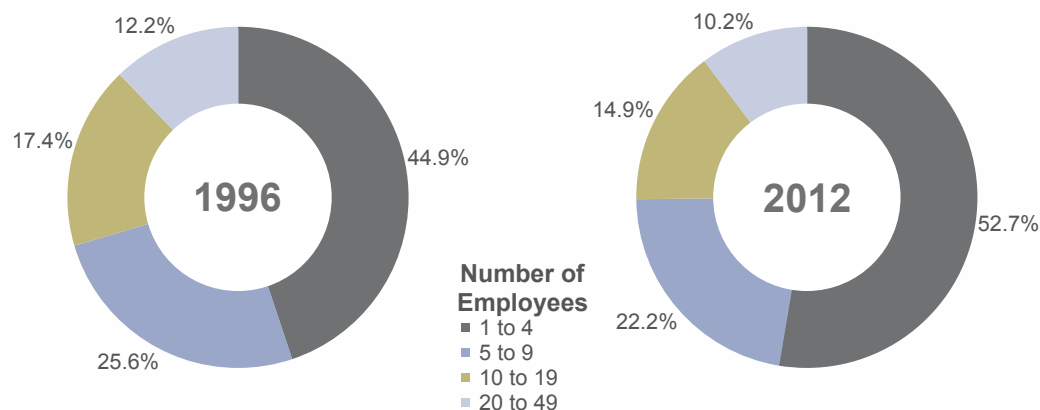


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Minnesota

Business Owner Demographics

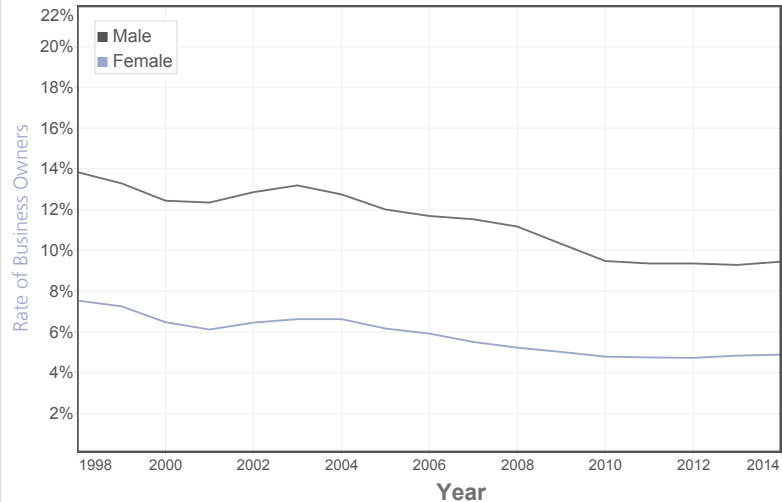
Rate of Business Owners by Demographic Group

The Rate of Business Owners is the percent of the adult population owning a business as their main job, calculated using a three-year moving average. We are able to calculate this rate for select demographic groups, including gender, race, nativity, age, and education. The Rate of Business Owners is calculated using the Current Population Survey.

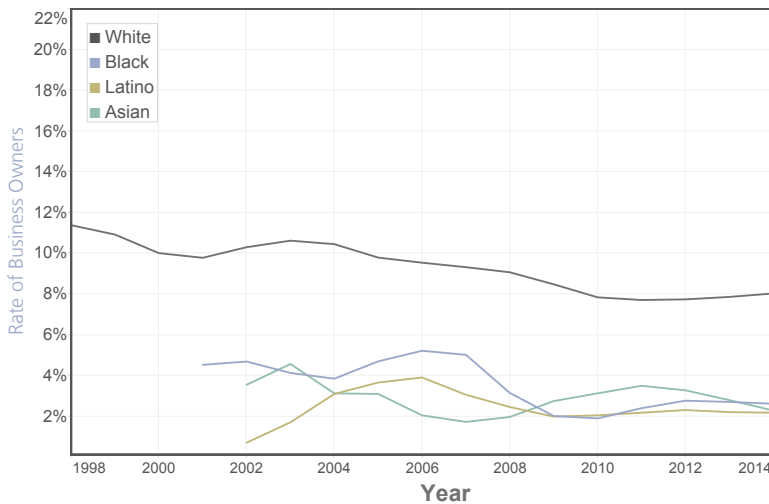
A Note on Confidence Intervals and Missing Data

Confidence intervals and sample sizes for each indicator can be found at KauffmanIndex.org. Though these breakdowns are presented in most years, it is possible—due to sample size and confidentiality concerns—that we are unable to report demographic breakdowns in certain years. This does not imply these demographic groups did not own businesses in that year, but simply that we could not report their rate of business owners.

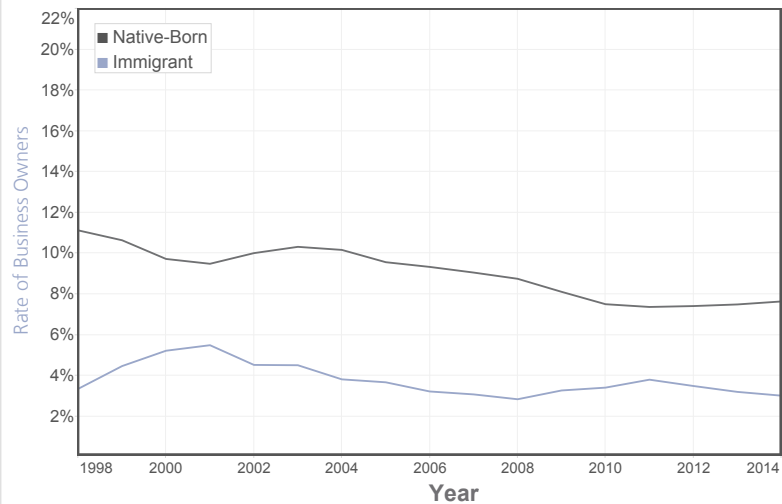
Gender



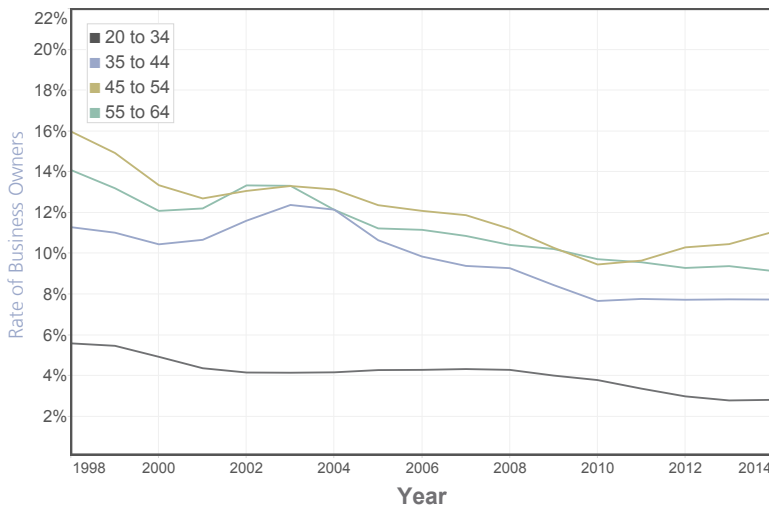
Race



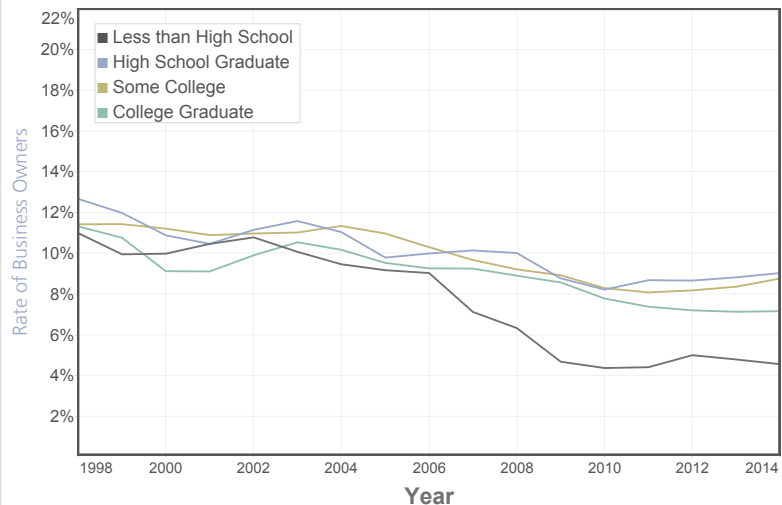
Nativity



Age



Education



Main Street Rank Larger States

2015	2014
2	2

Colorado

State Profile

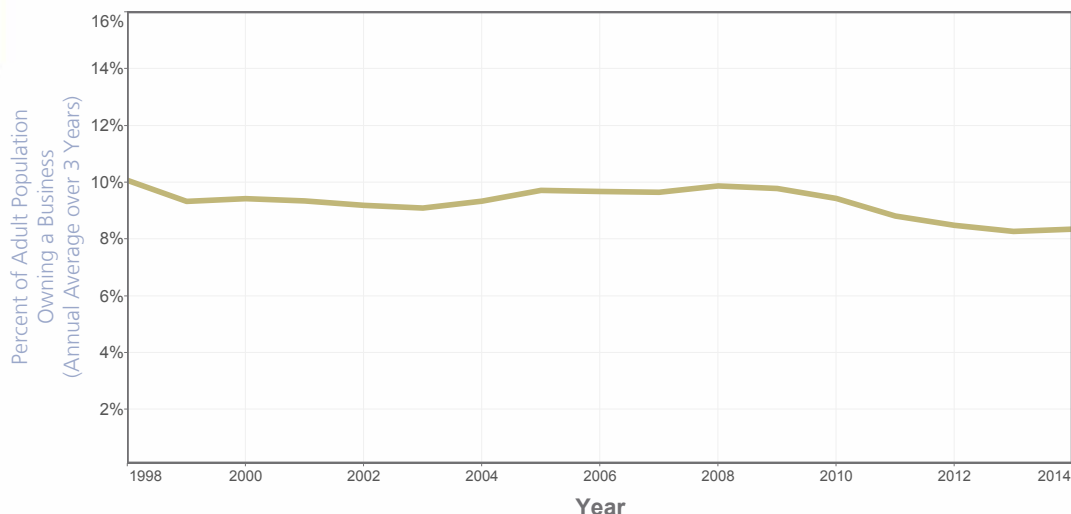
Rate of Business Owners

2015 Component	2014 Component
8.35%	8.27%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



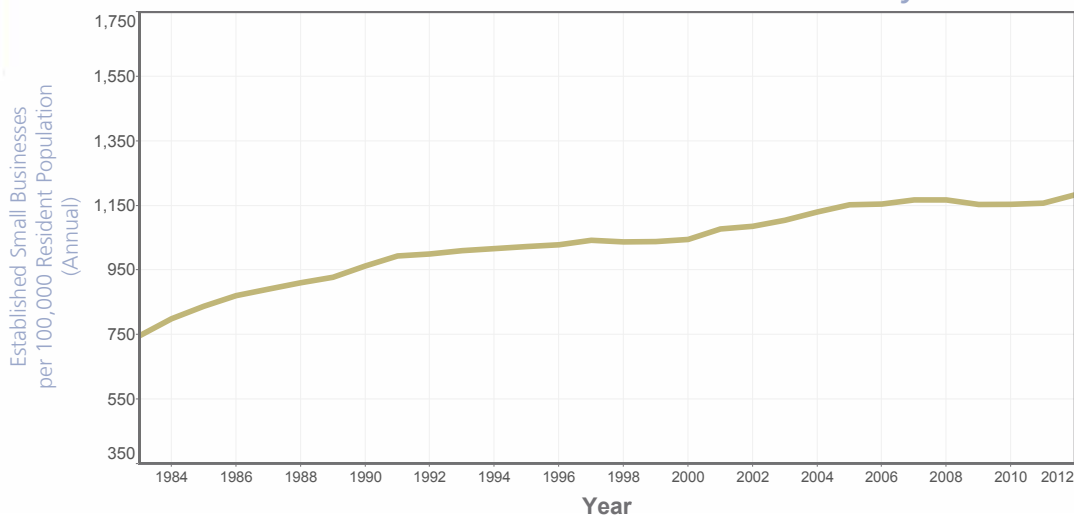
Established Small Business Density

2015 Component	2014 Component
1,183.9	1,157.6

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

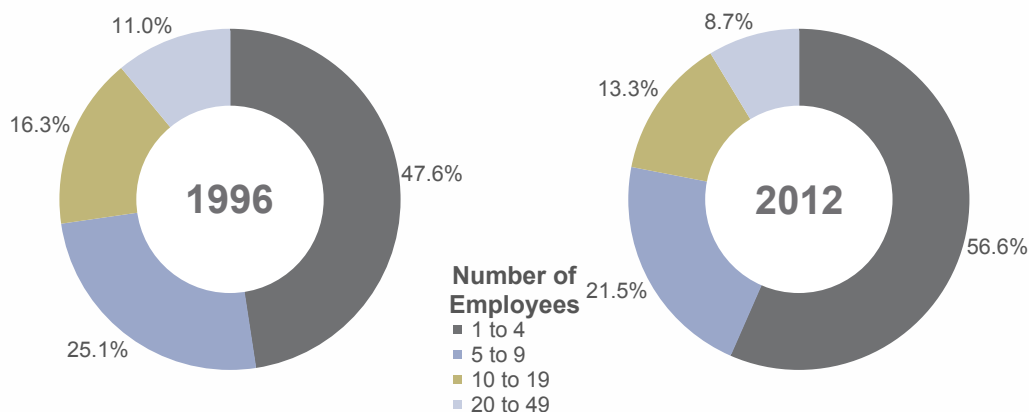


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Colorado

Business Owner Demographics

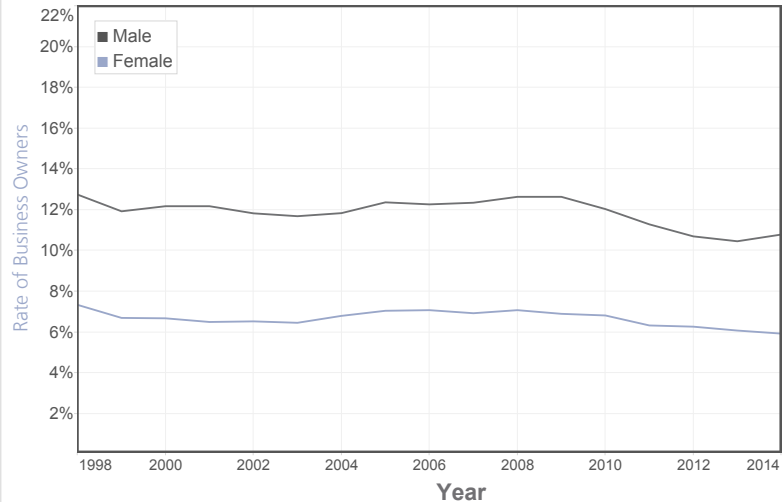
Rate of Business Owners by Demographic Group

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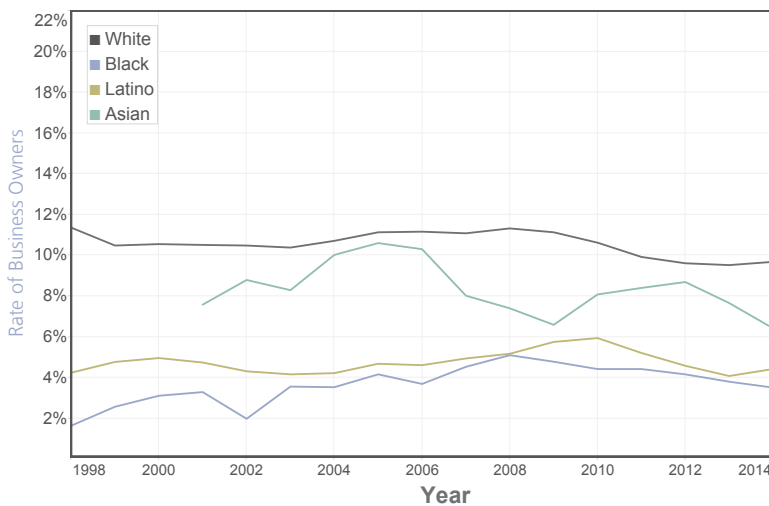
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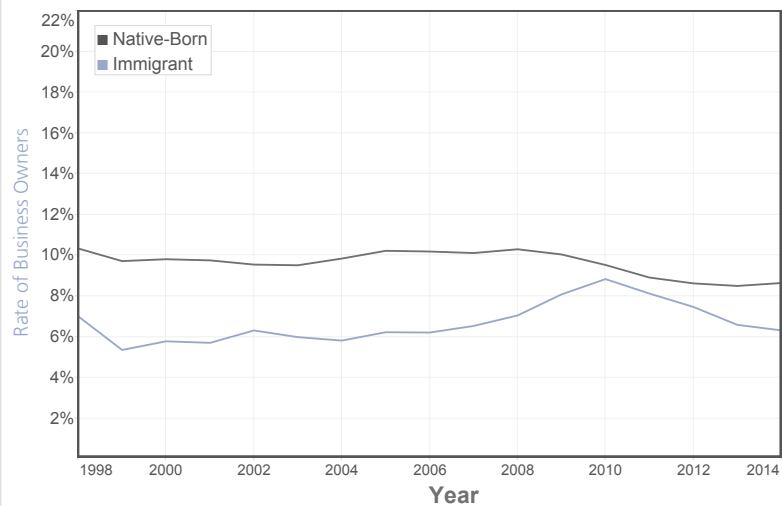
Gender



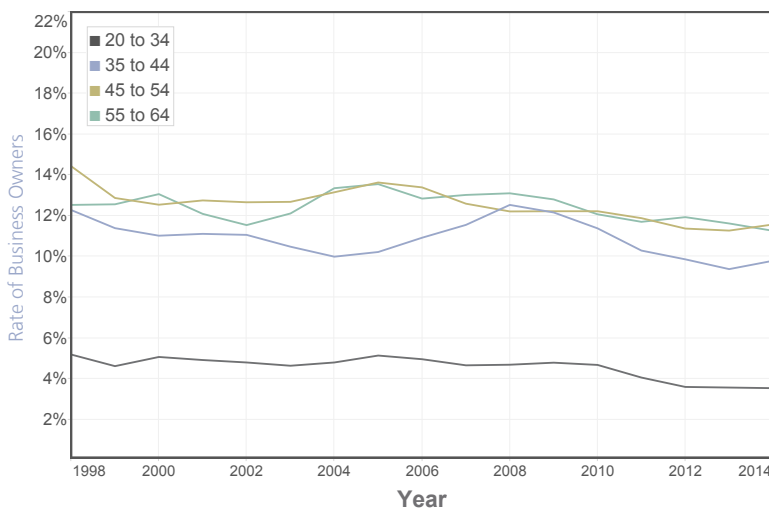
Race



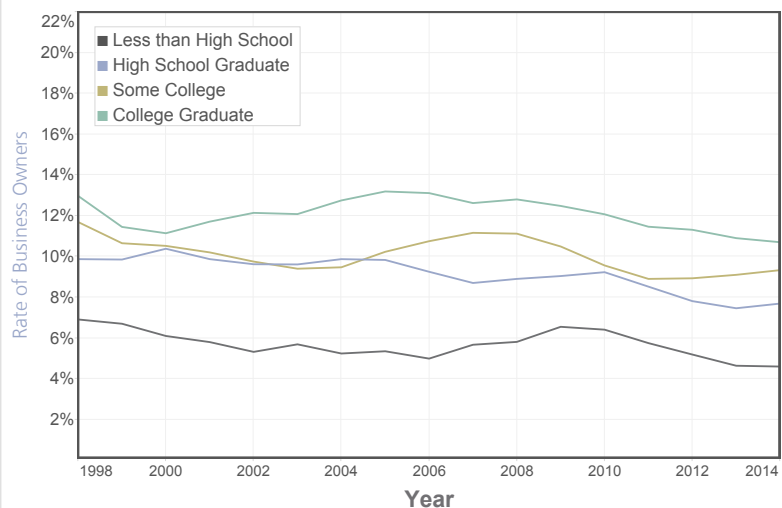
Nativity



Age



Education



Main Street Rank Larger States

2015

3

2014

3

Massachusetts State Profile

Rate of Business Owners

2015
Component

6.17%

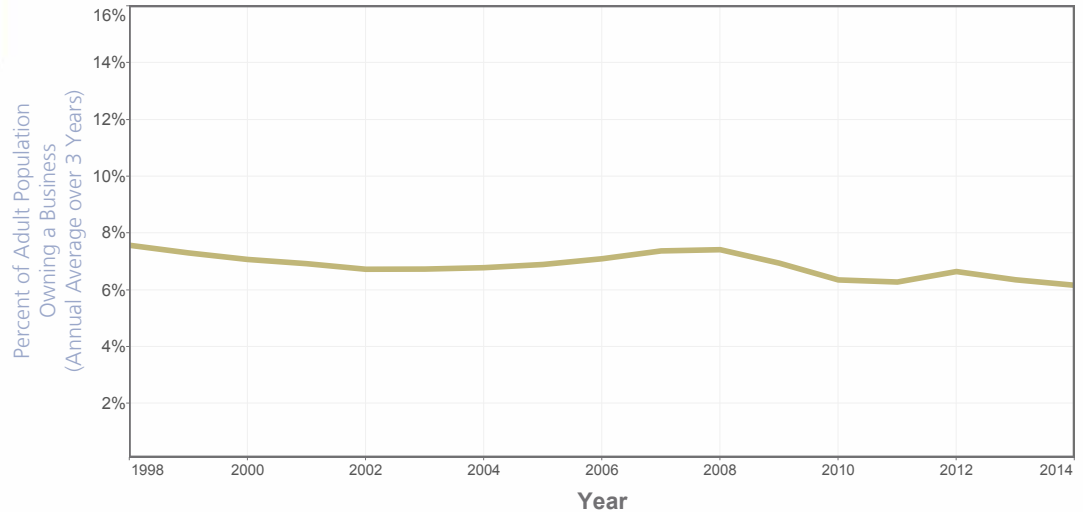
2014
Component

6.36%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



Established Small Business Density

2015
Component

1,186.3

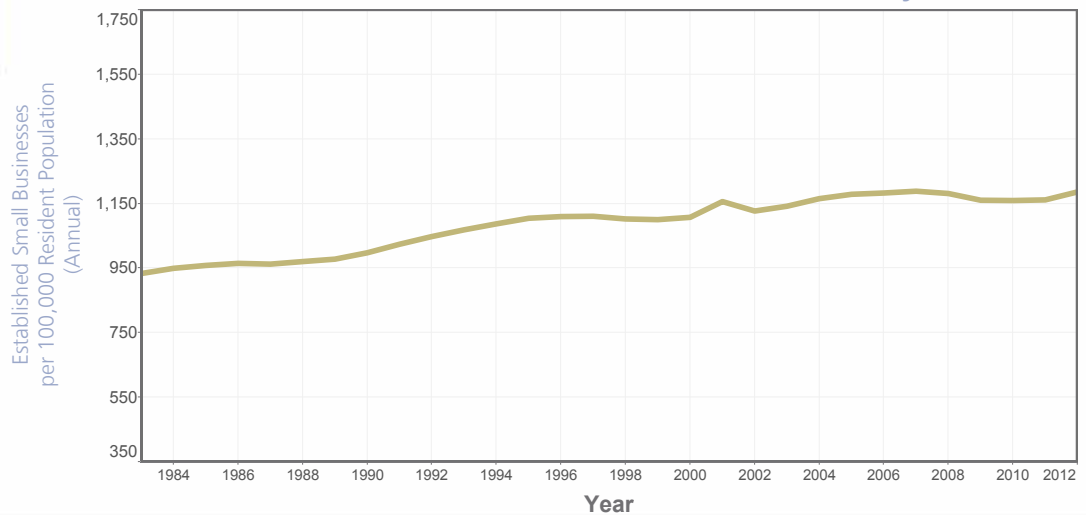
2014
Component

1,161.5

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

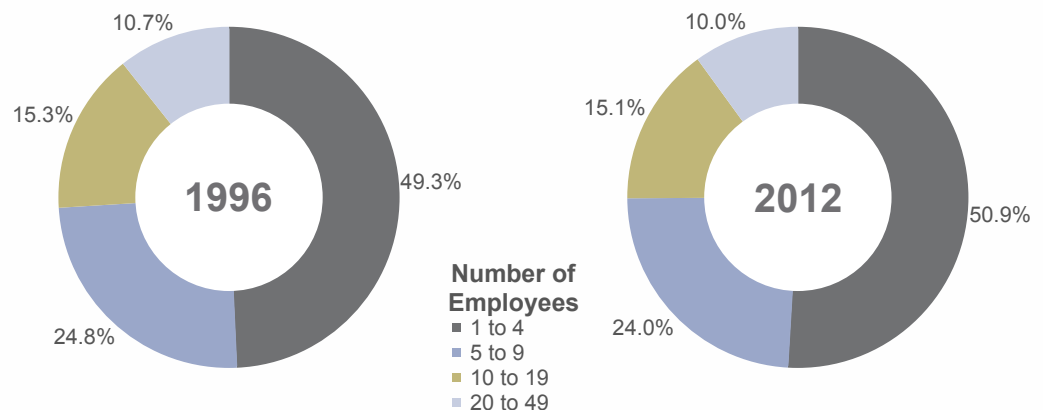


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Massachusetts

Business Owner Demographics

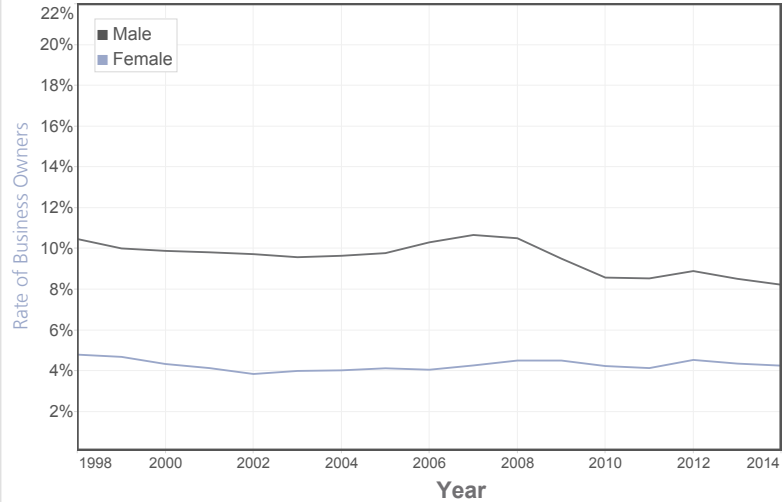
Rate of Business Owners by Demographic Group

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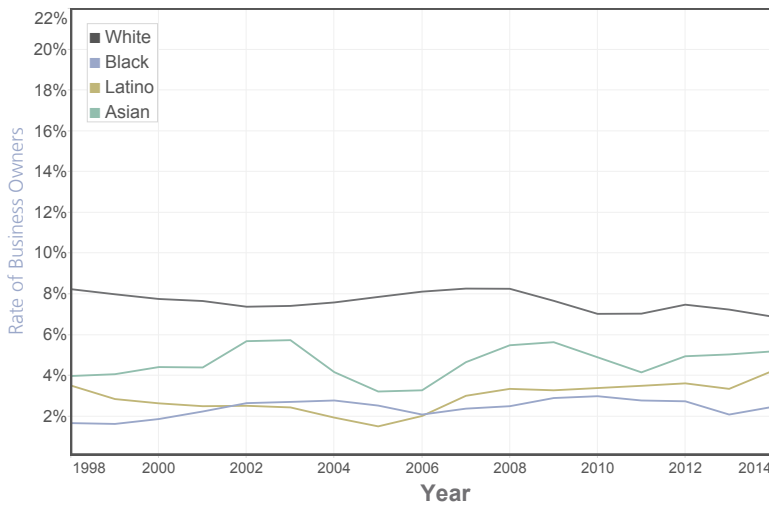
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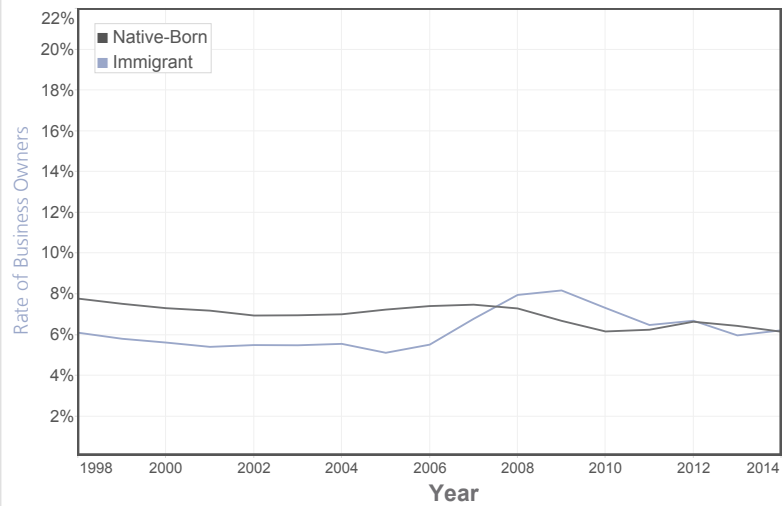
Gender



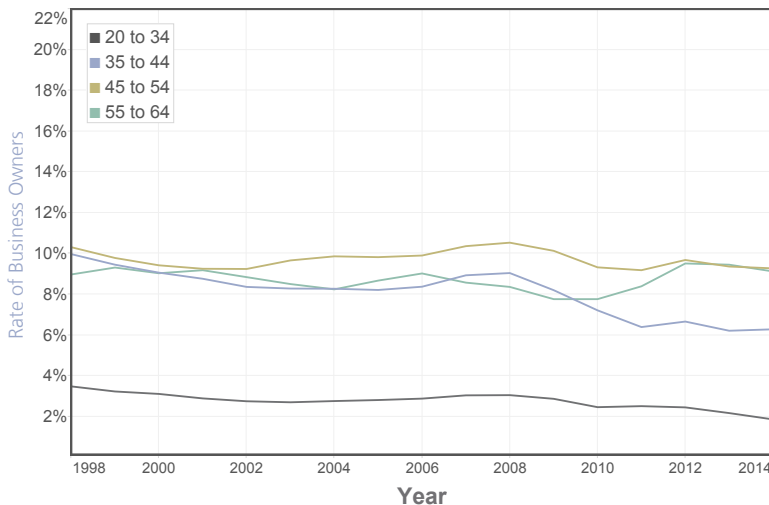
Race



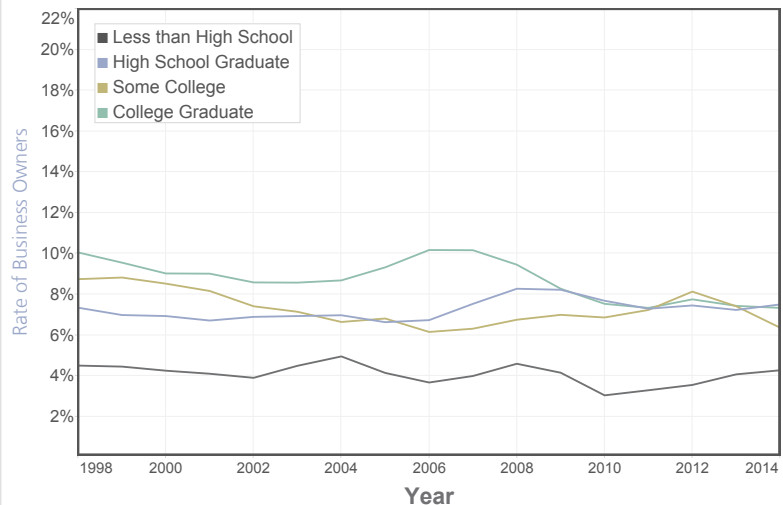
Nativity



Age



Education



Main Street Rank Larger States

2015	2014
4	5

New York

State Profile

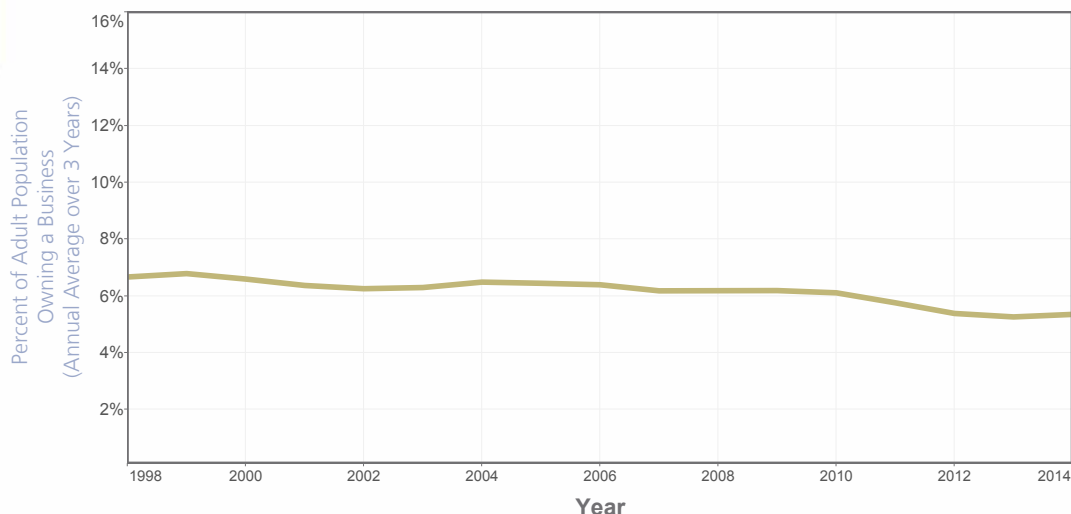
Rate of Business Owners

2015 Component	2014 Component
5.35%	5.26%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



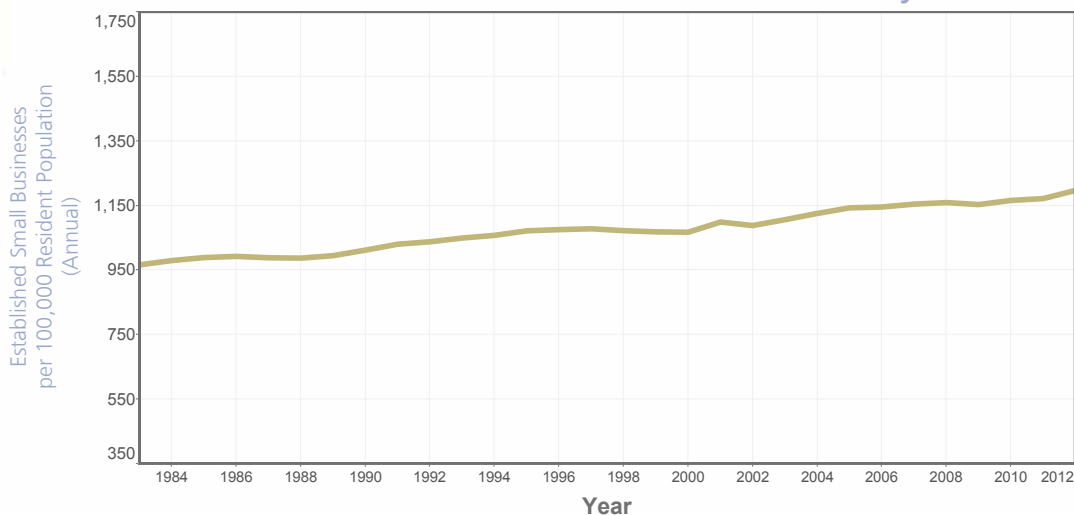
Established Small Business Density

2015 Component	2014 Component
1,197.1	1,171.8

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

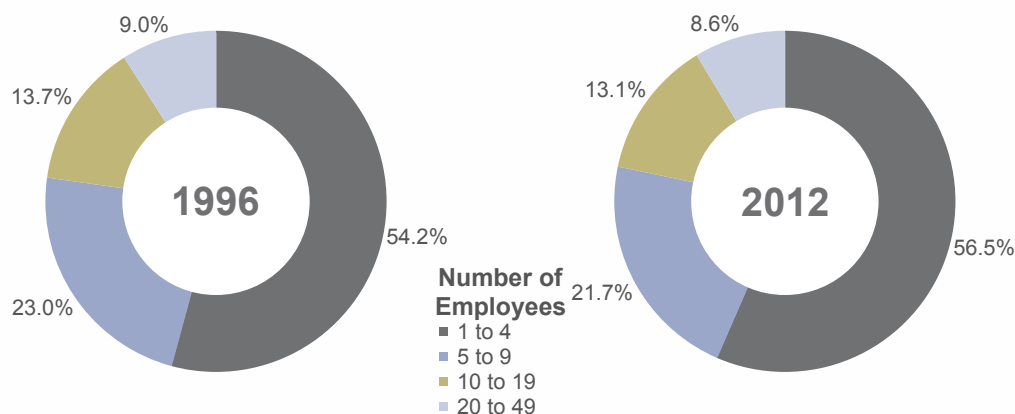


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



New York

Business Owner Demographics

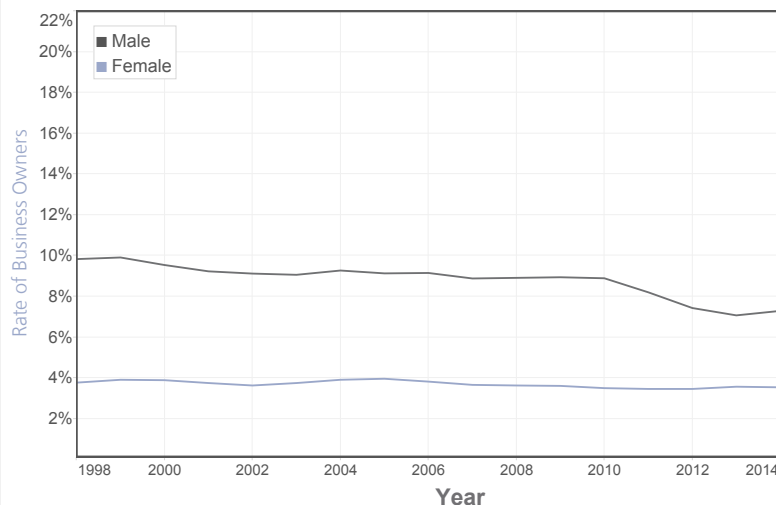
Rate of Business Owners by Demographic Group

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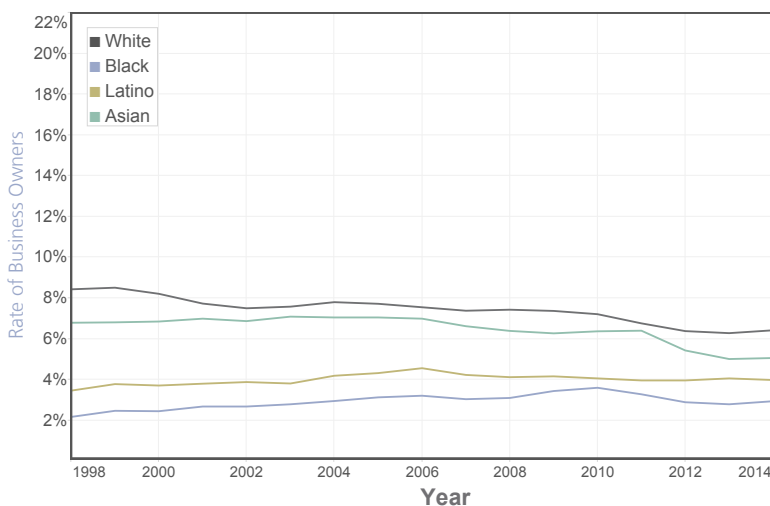
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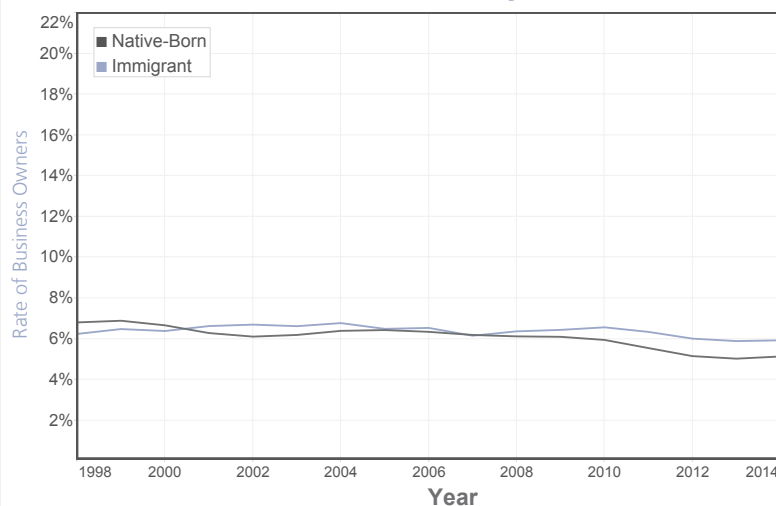
Gender



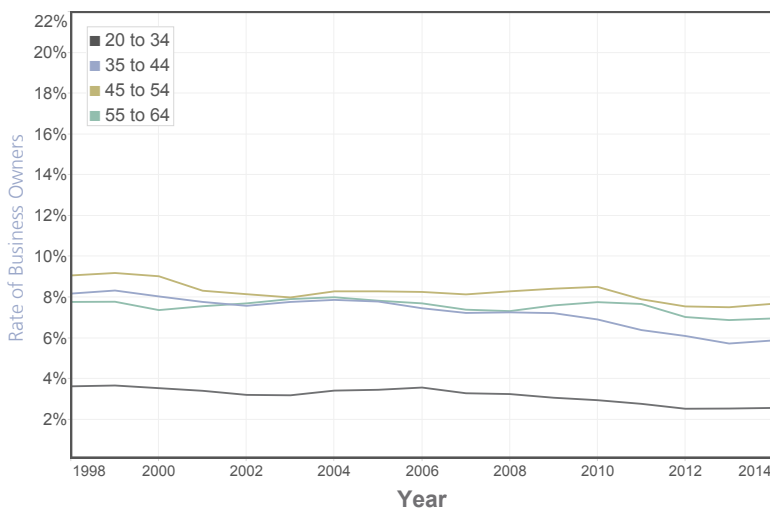
Race



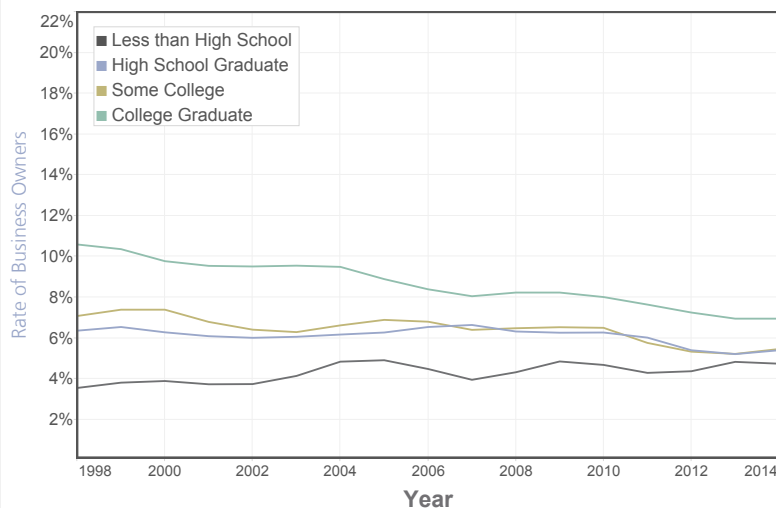
Nativity



Age



Education



Main Street Rank Larger States

2015	2014
5	6

New Jersey

State Profile

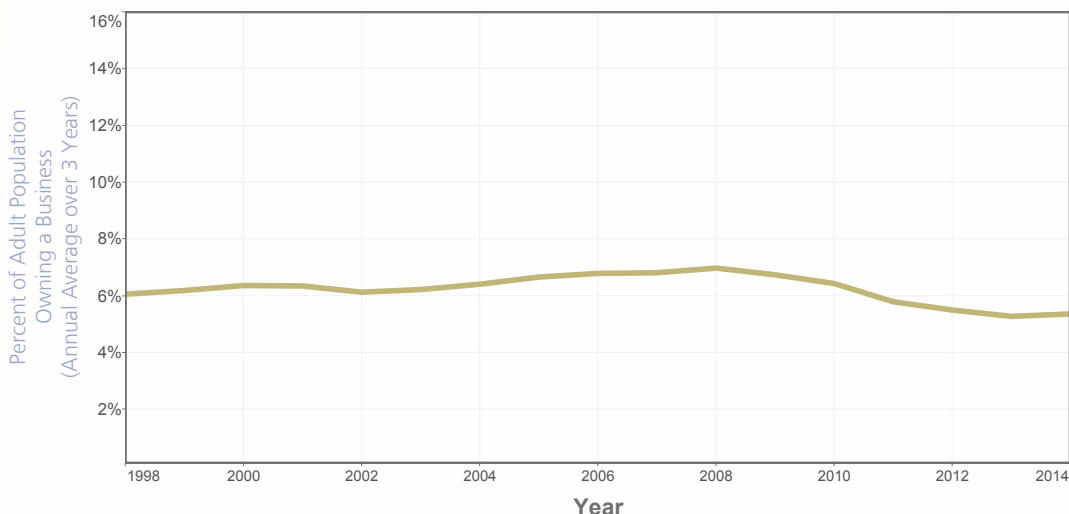
Rate of Business Owners

2015 Component	2014 Component
5.37%	5.28%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



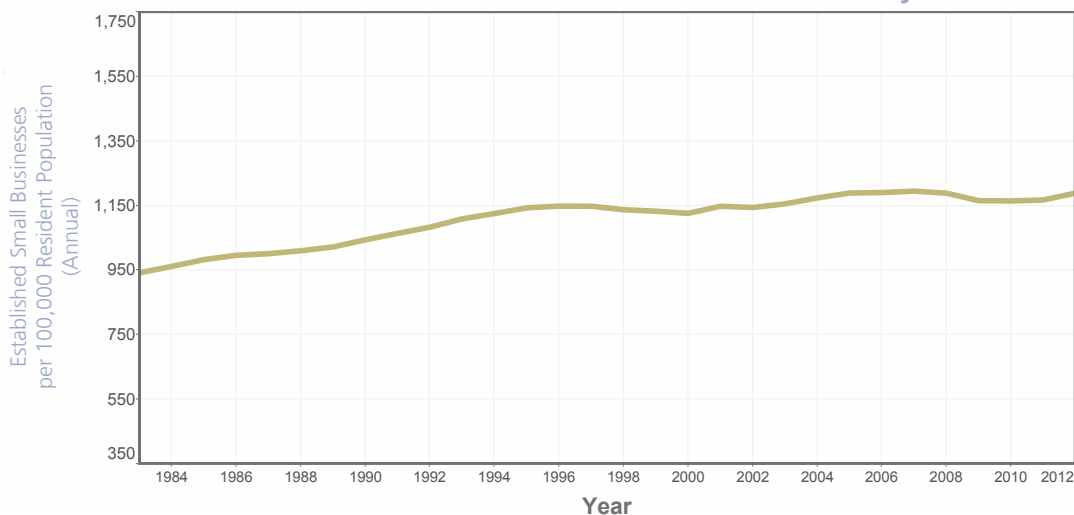
Established Small Business Density

2015 Component	2014 Component
1,188.8	1,167.5

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

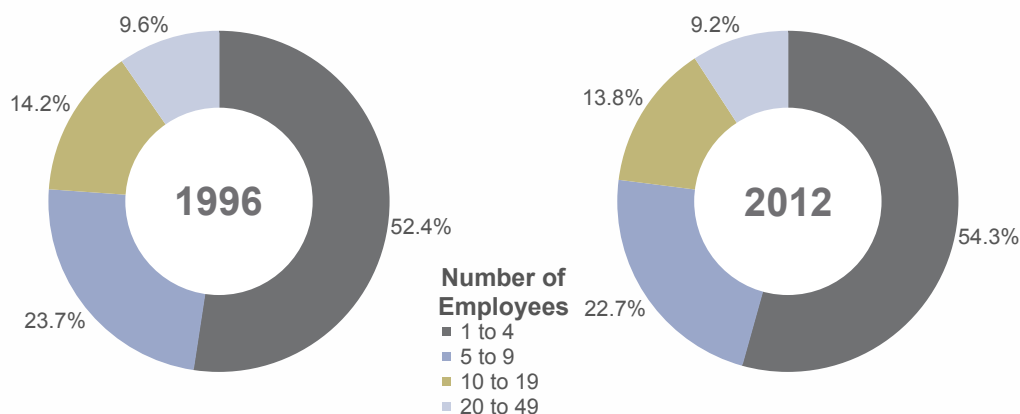


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



New Jersey

Business Owner Demographics

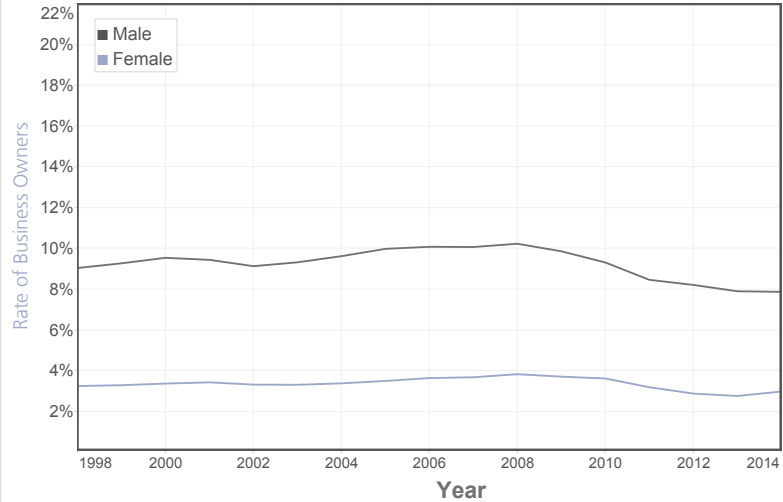
Rate of Business Owners by Demographic Group

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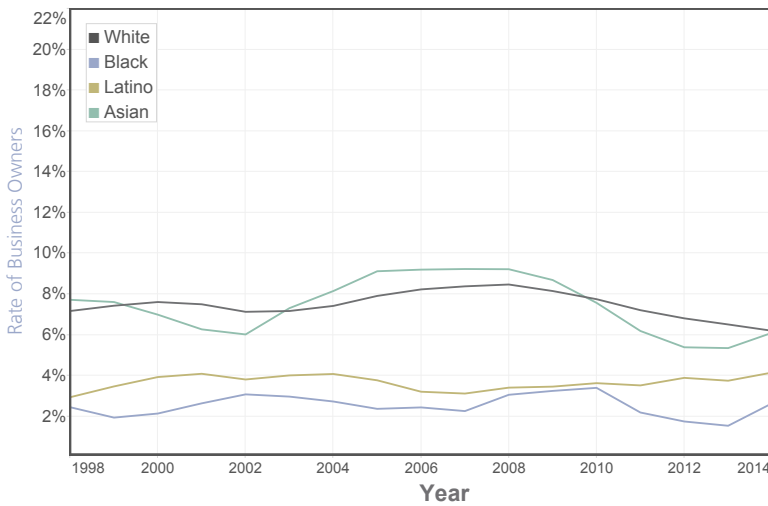
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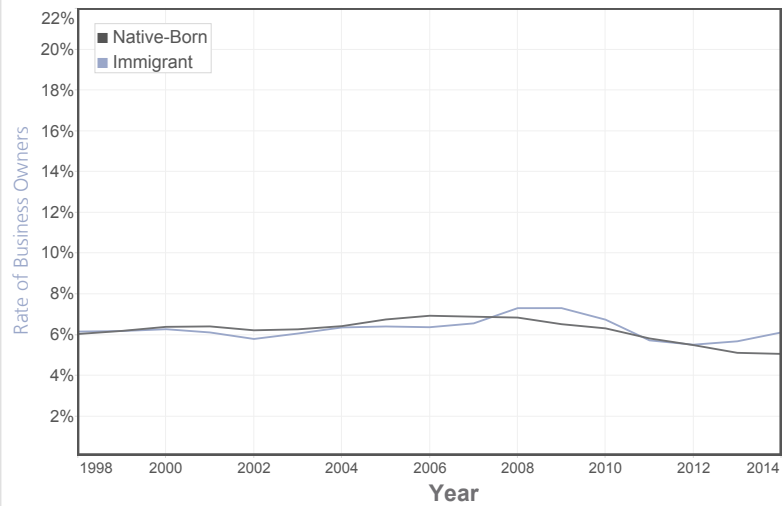
Gender



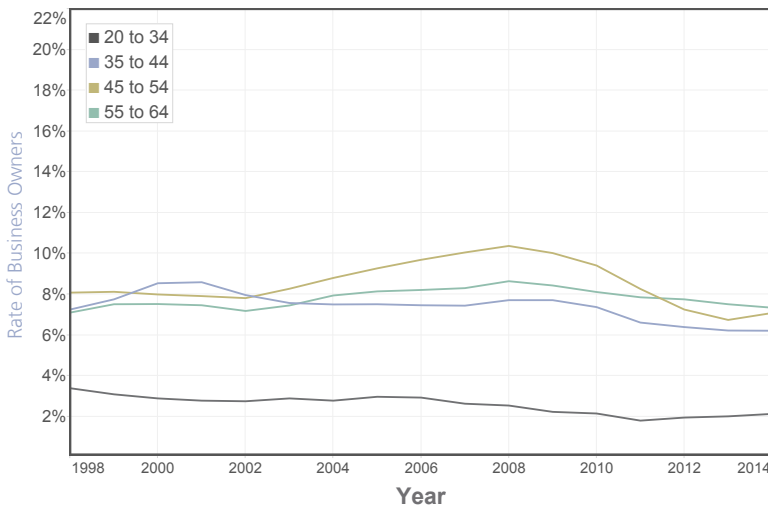
Race



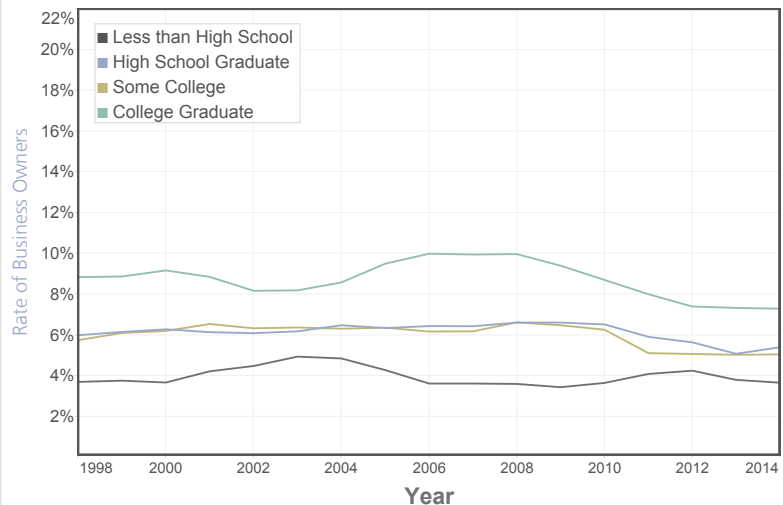
Nativity



Age



Education



Main Street Rank Larger States

2015	2014
6	4

Wisconsin

State Profile

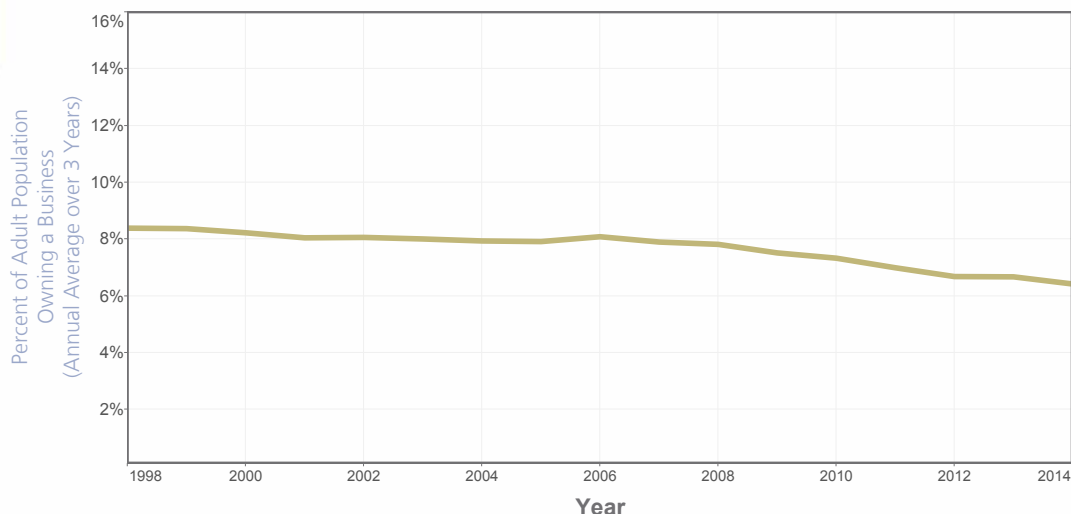
Rate of Business Owners

2015 Component	2014 Component
6.42%	6.67%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



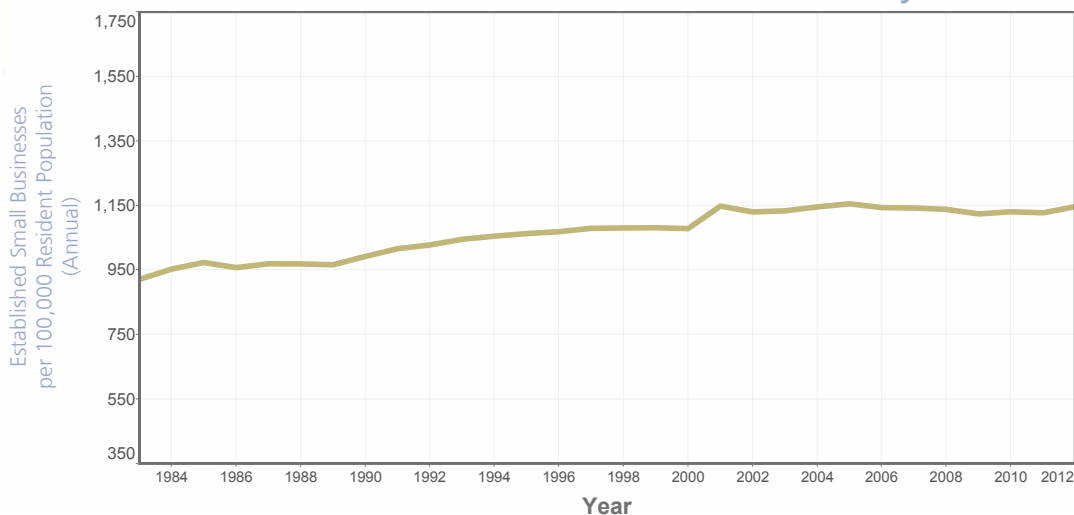
Established Small Business Density

2015 Component	2014 Component
1,147.0	1,127.7

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

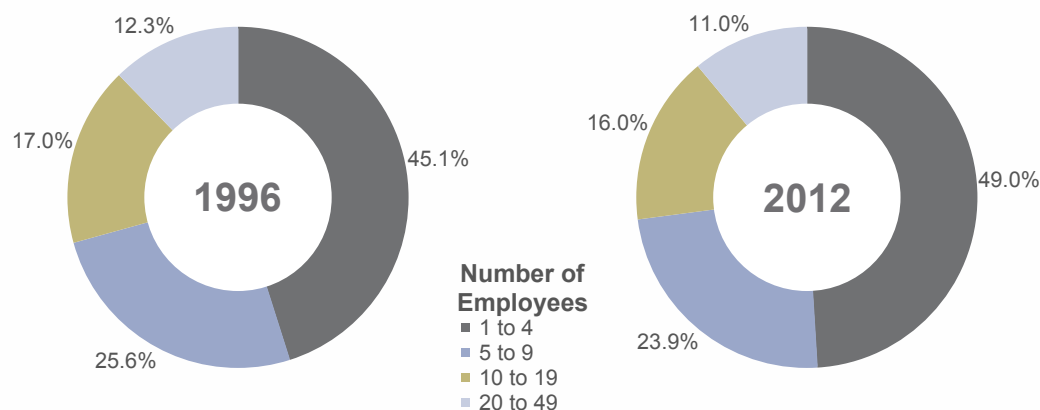


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Wisconsin

Business Owner Demographics

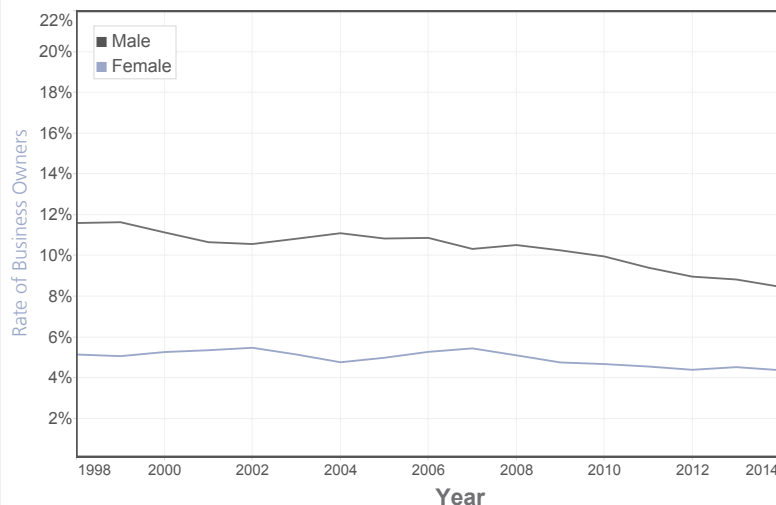
Rate of Business Owners by Demographic Group

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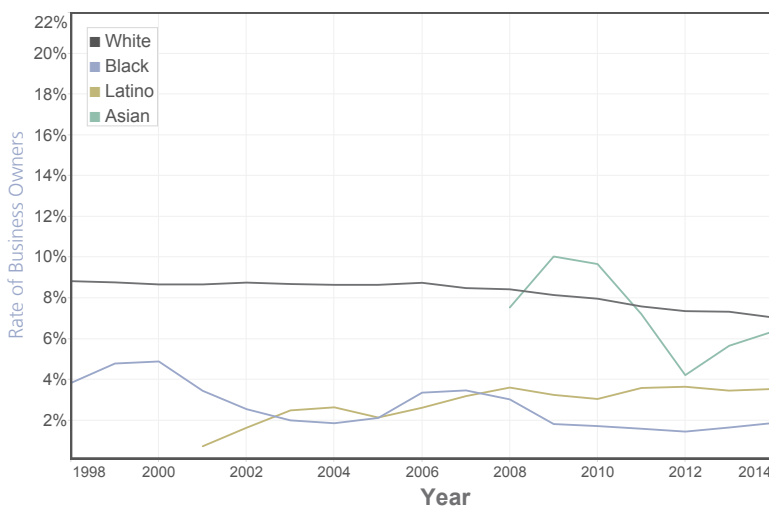
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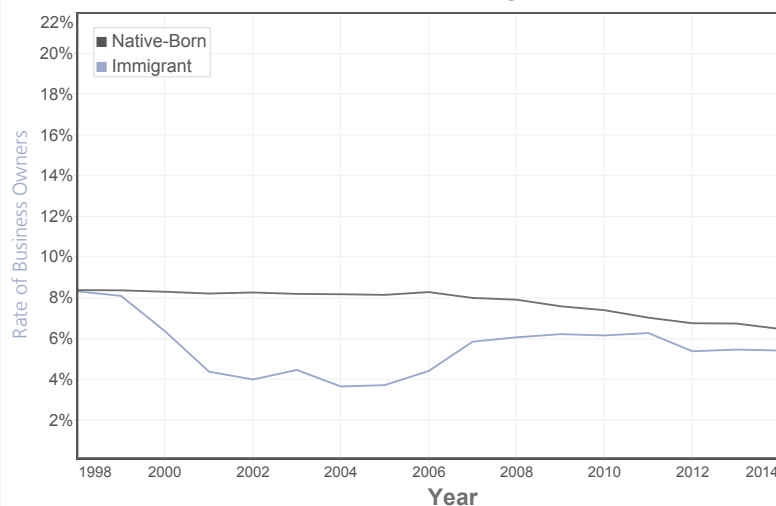
Gender



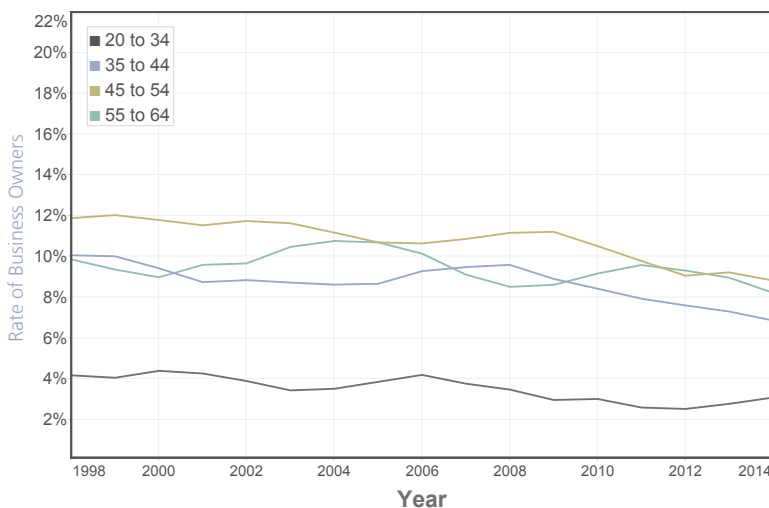
Race



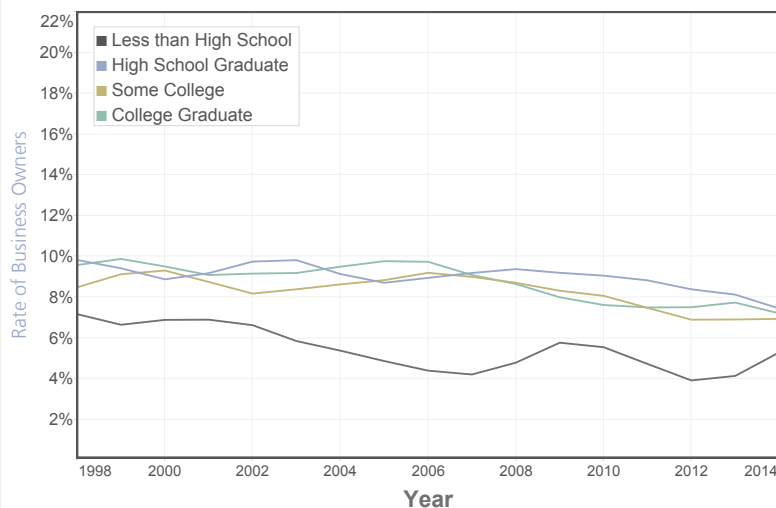
Nativity



Age



Education



Main Street Rank Larger States

2015	2014
7	7

Washington

State Profile

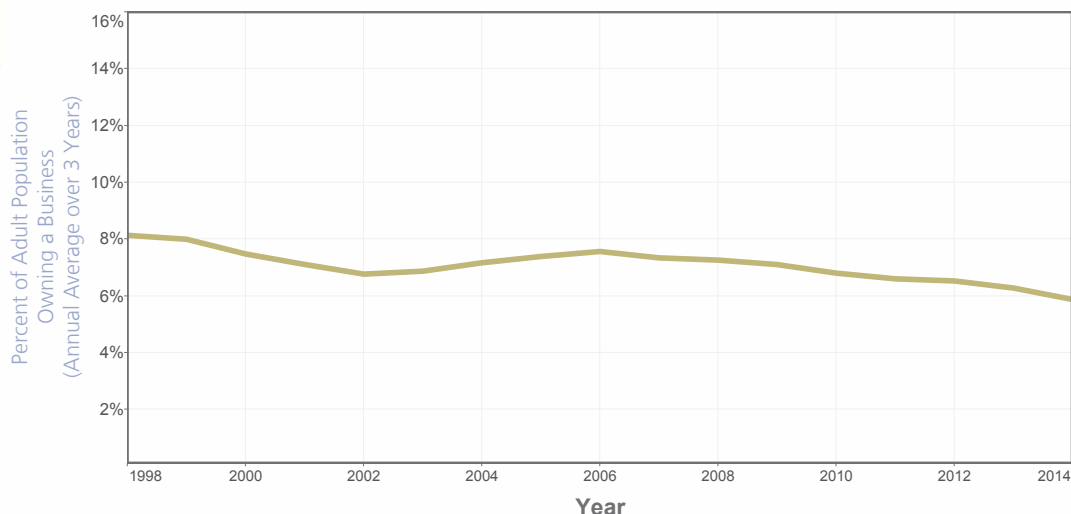
Rate of Business Owners

2015 Component	2014 Component
5.88%	6.28%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



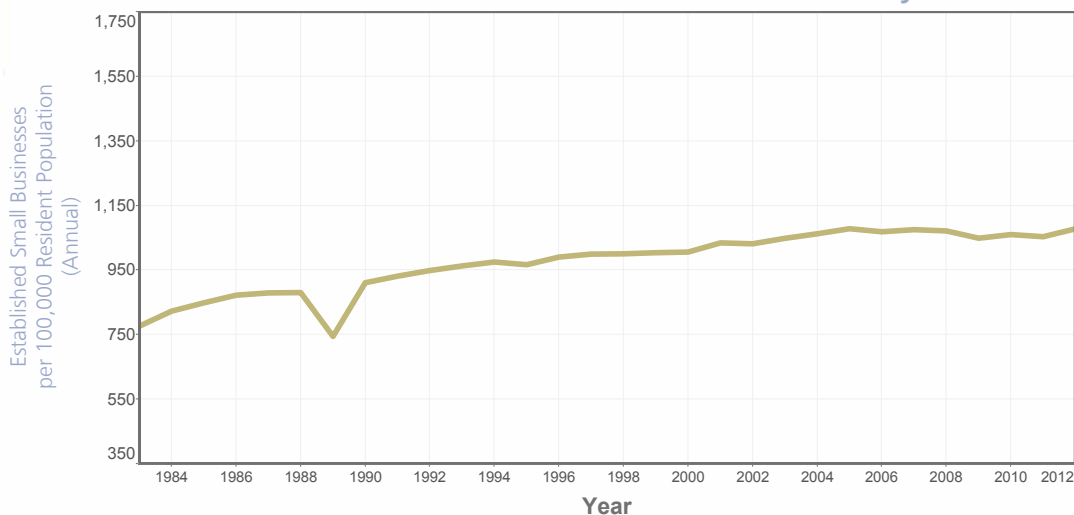
Established Small Business Density

2015 Component	2014 Component
1,078.3	1,053.7

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

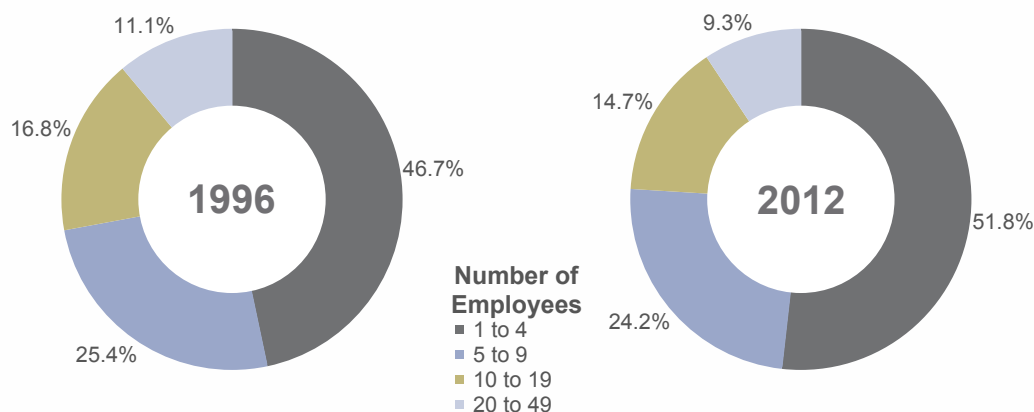


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Washington

Business Owner Demographics

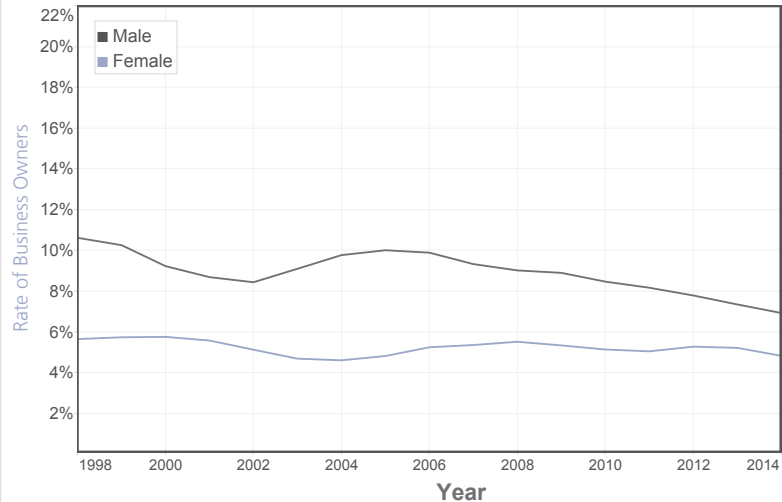
Rate of Business Owners by Demographic Group

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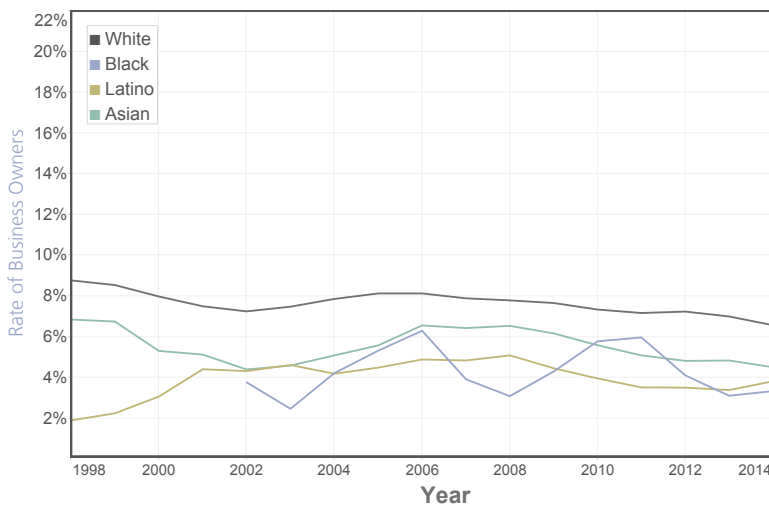
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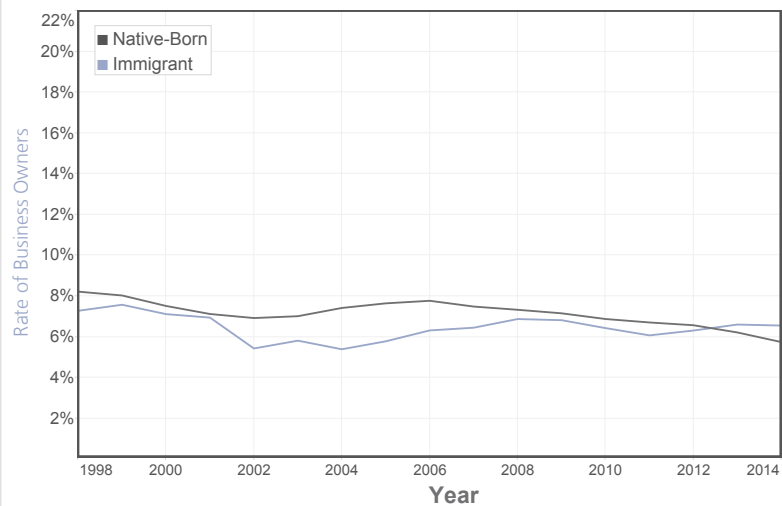
Gender



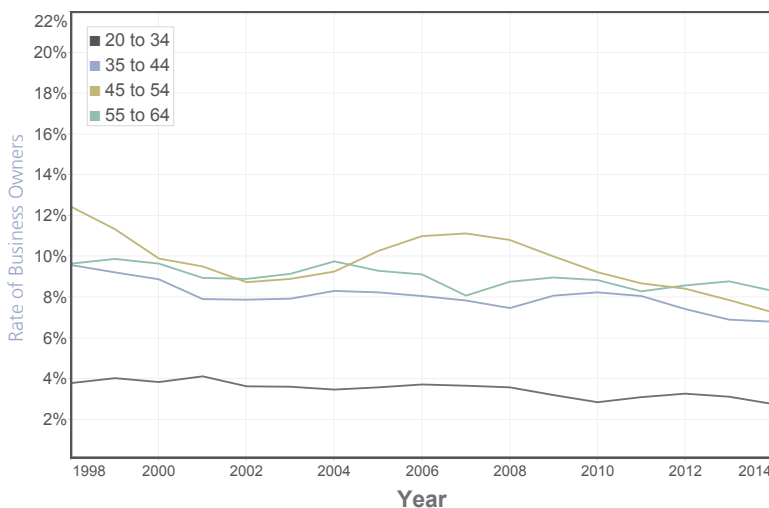
Race



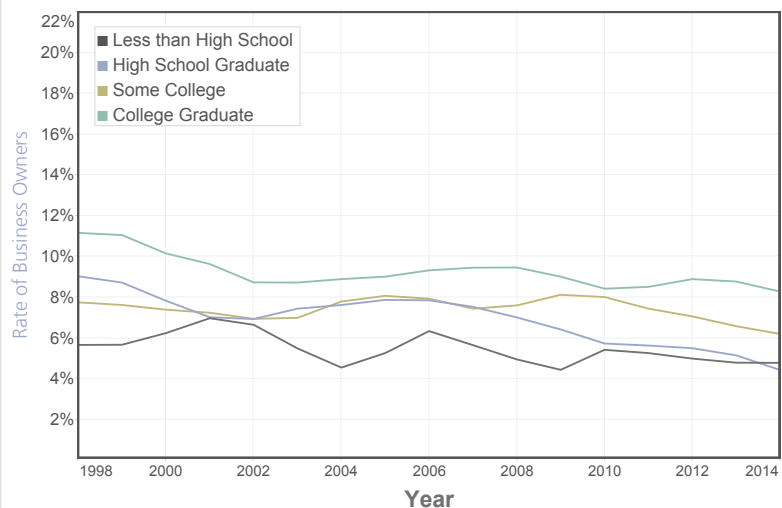
Nativity



Age



Education



Main Street Rank Larger States

2015	2014
8	8

Missouri

State Profile

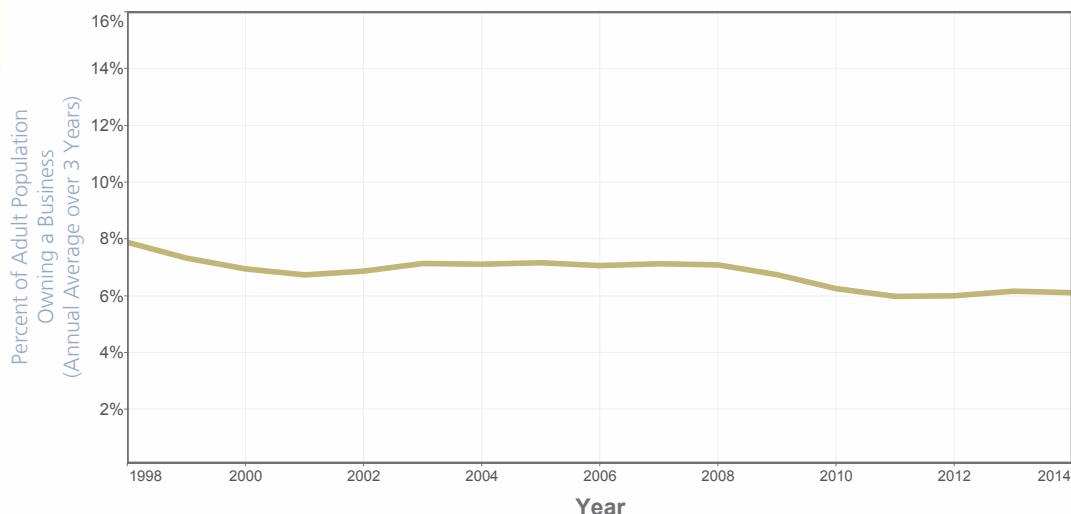
Rate of Business Owners

2015 Component	2014 Component
6.12%	6.17%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



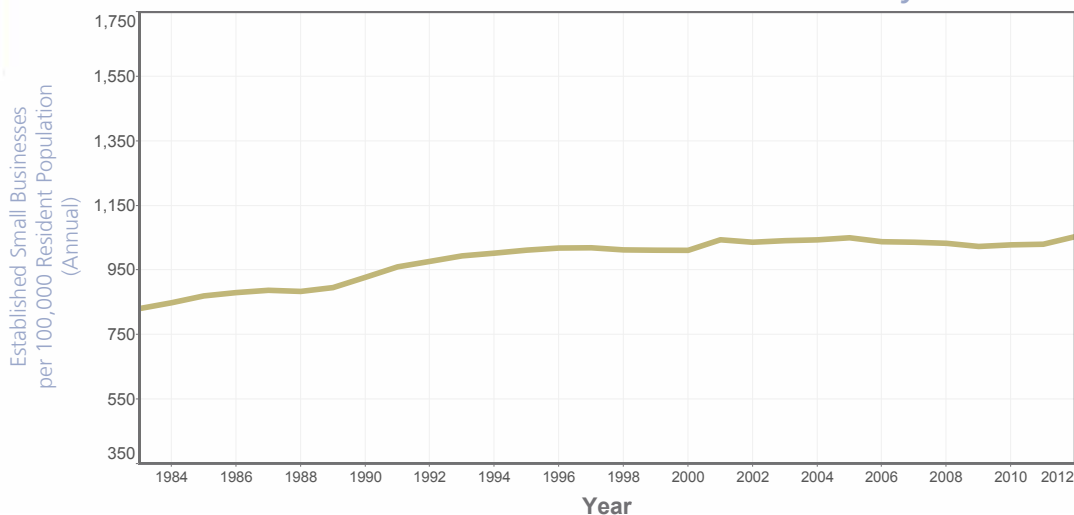
Established Small Business Density

2015 Component	2014 Component
1,054.2	1,030.4

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

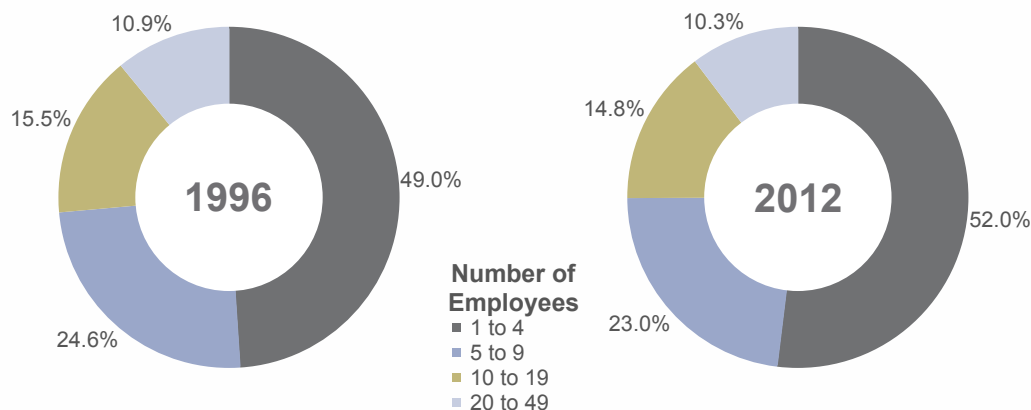


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Missouri

Business Owner Demographics

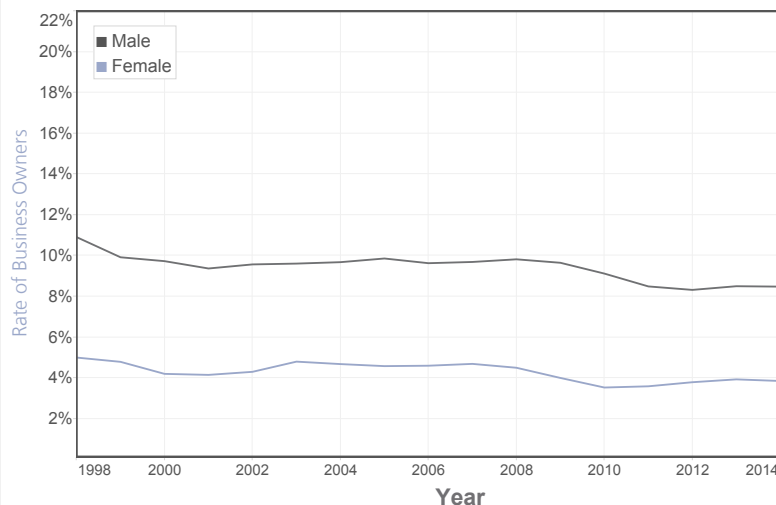
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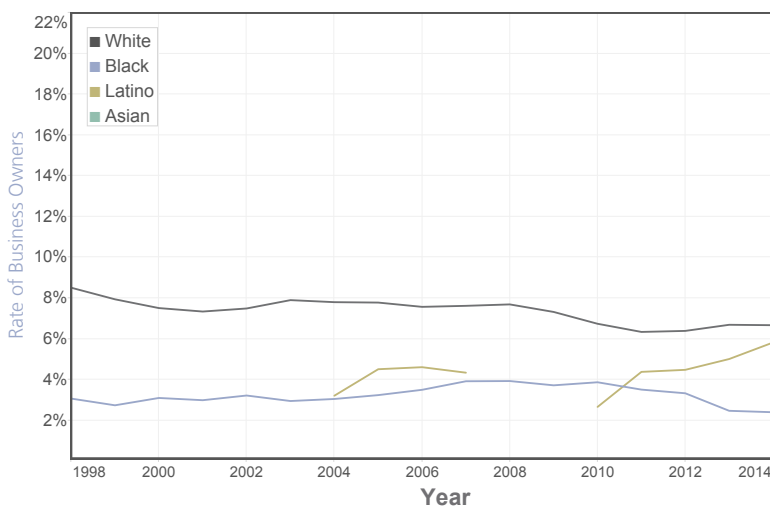
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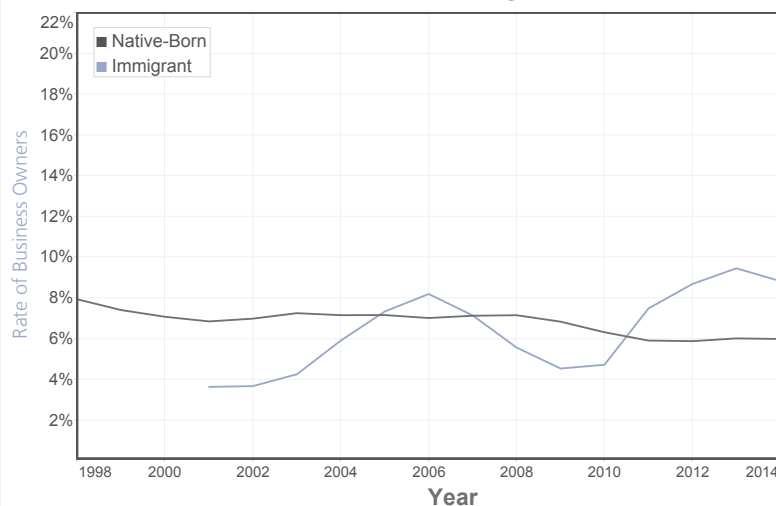
Gender



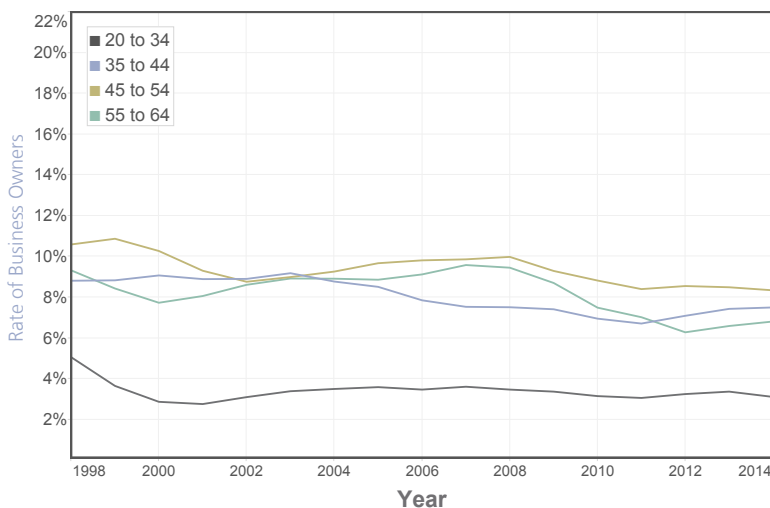
Race



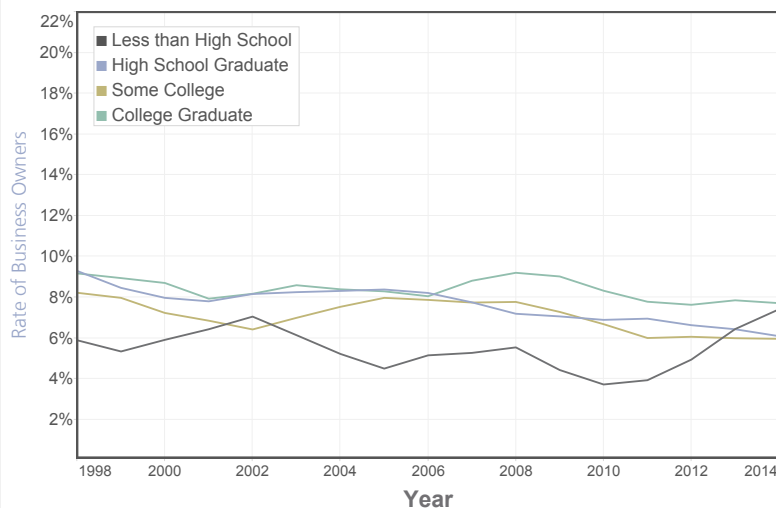
Nativity



Age



Education



Main Street Rank Larger States

2015	2014
9	10

Illinois

State Profile

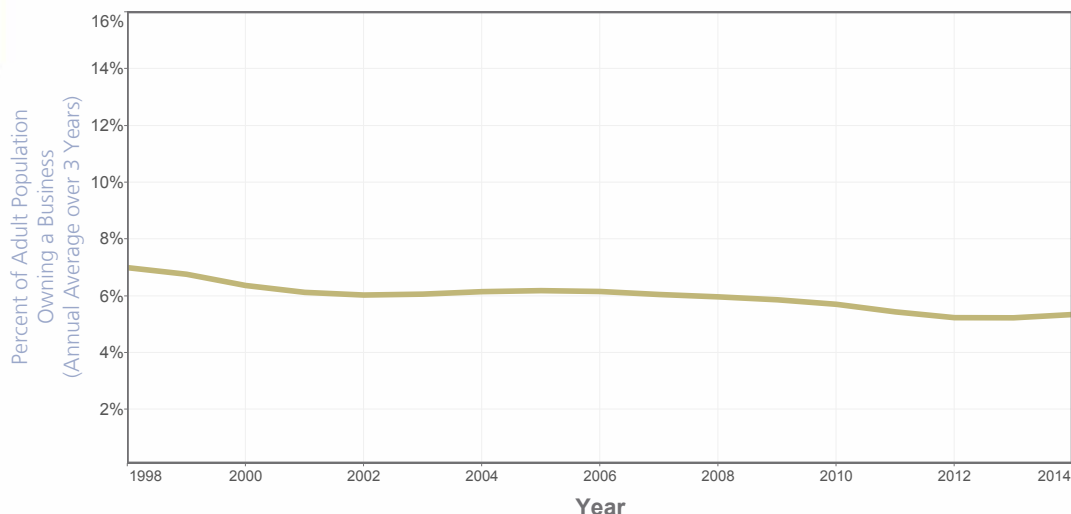
Rate of Business Owners

2015 Component	2014 Component
5.35%	5.23%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



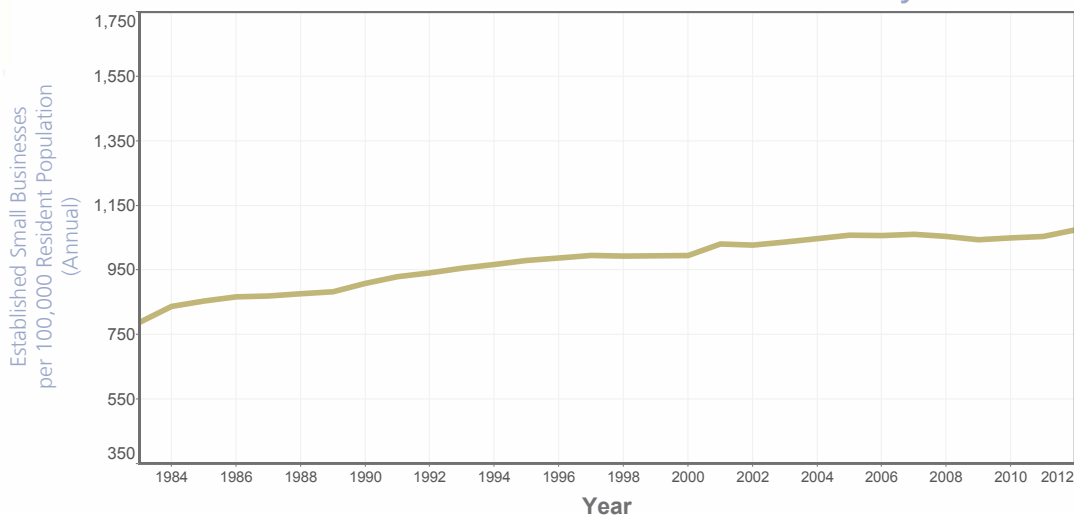
Established Small Business Density

2015 Component	2014 Component
1,074.9	1,054.4

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

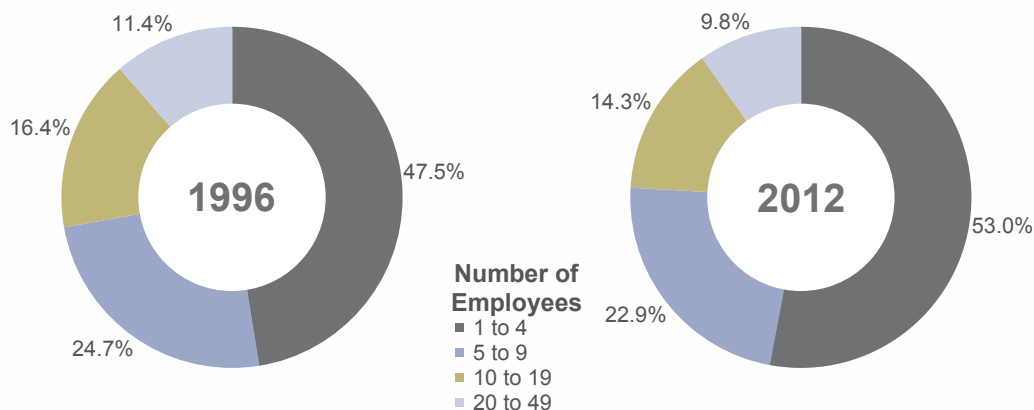


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Illinois

Business Owner Demographics

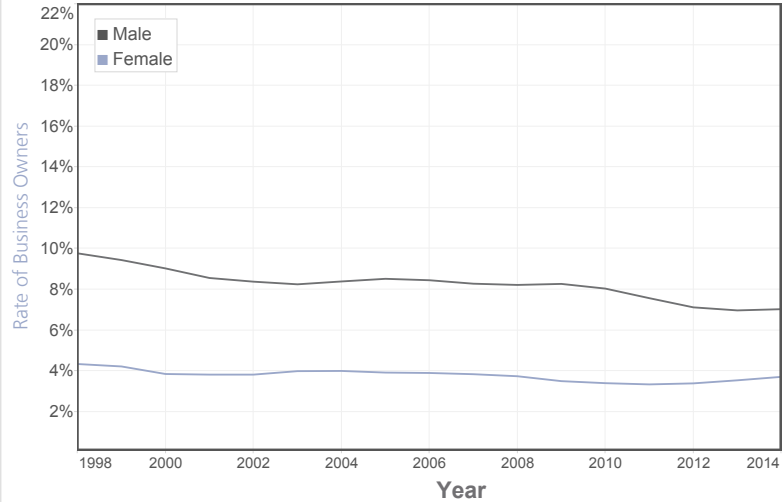
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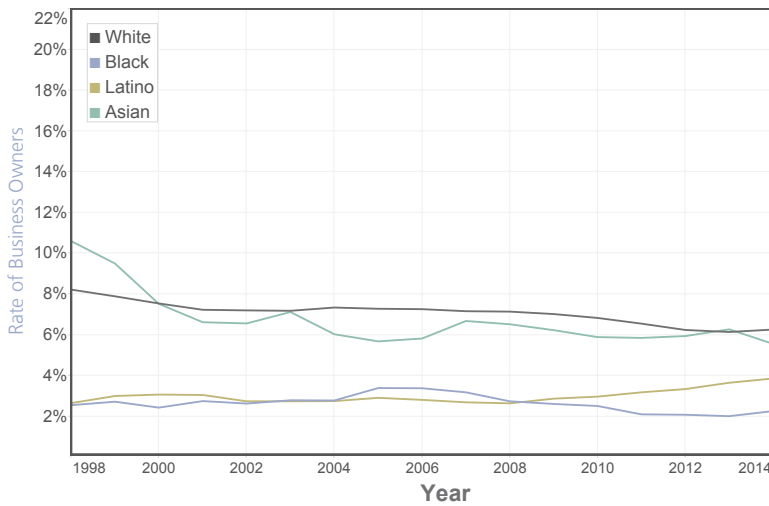
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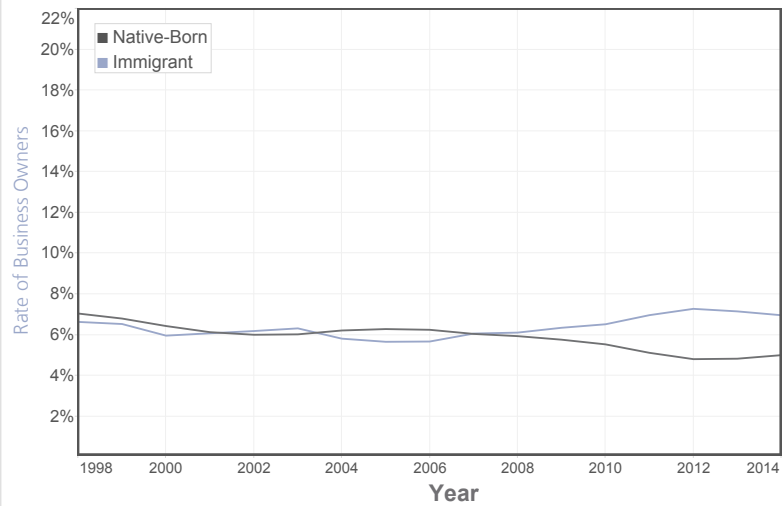
Gender



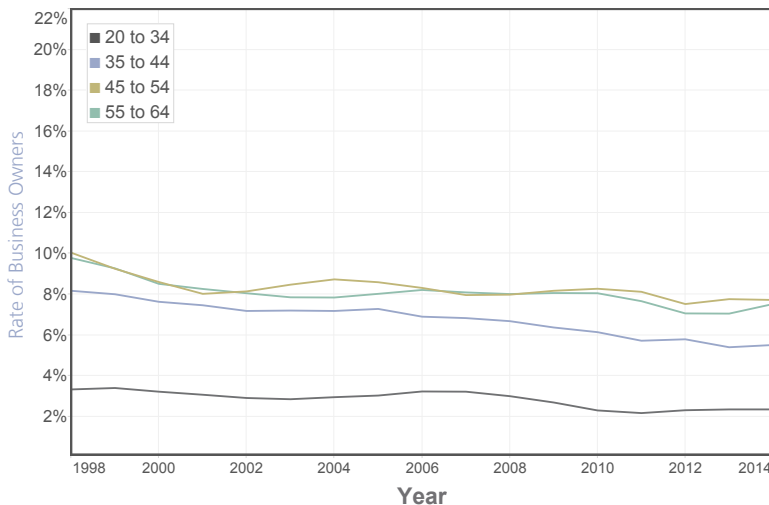
Race



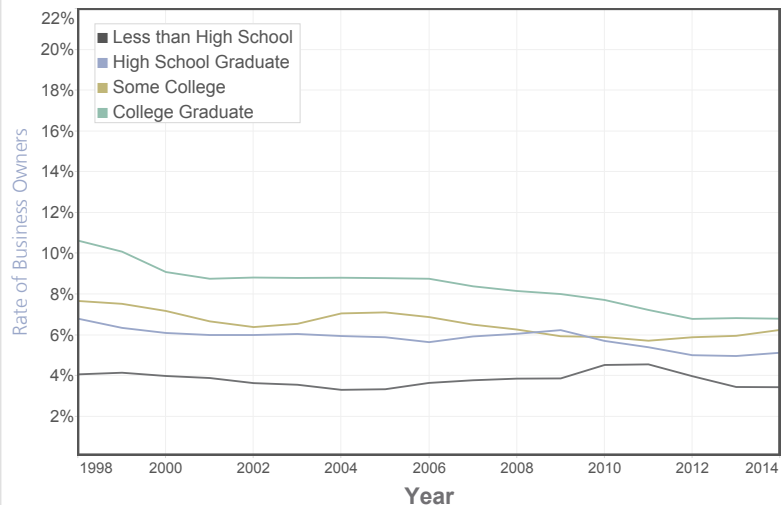
Nativity



Age



Education



Main Street Rank Larger States

2015	2014
10	11

Florida State Profile

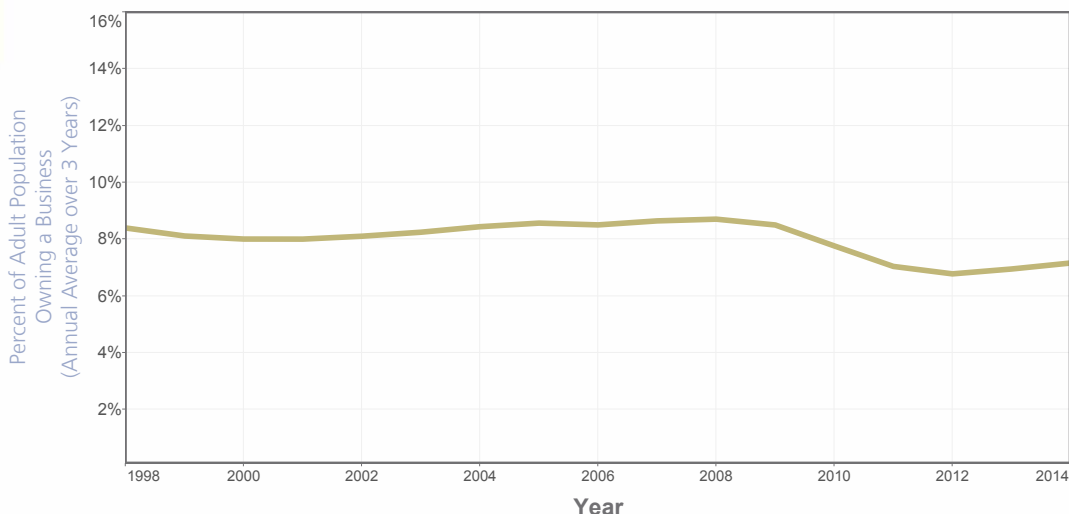
Rate of Business Owners

2015 Component	2014 Component
7.16%	6.95%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



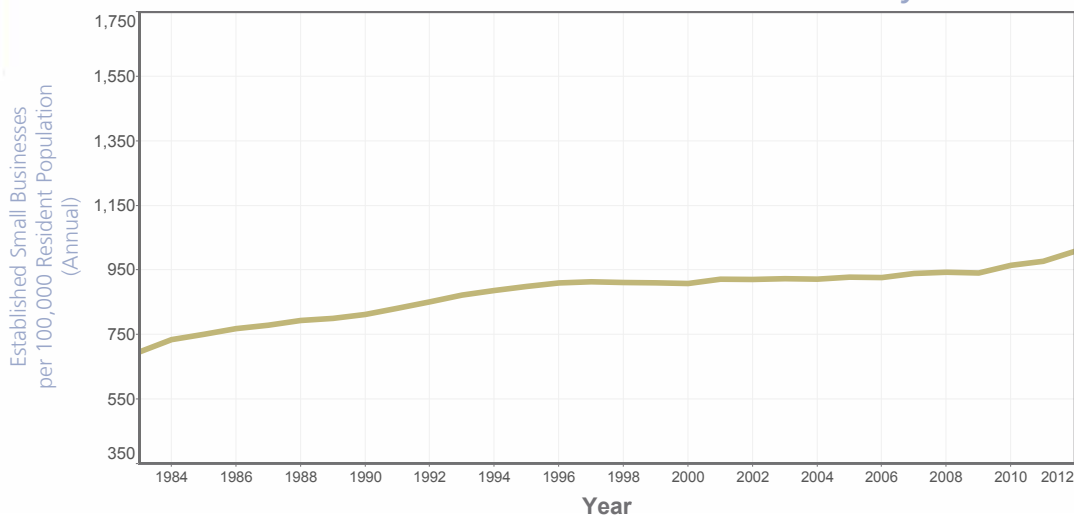
Established Small Business Density

2015 Component	2014 Component
1,009.1	977.6

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

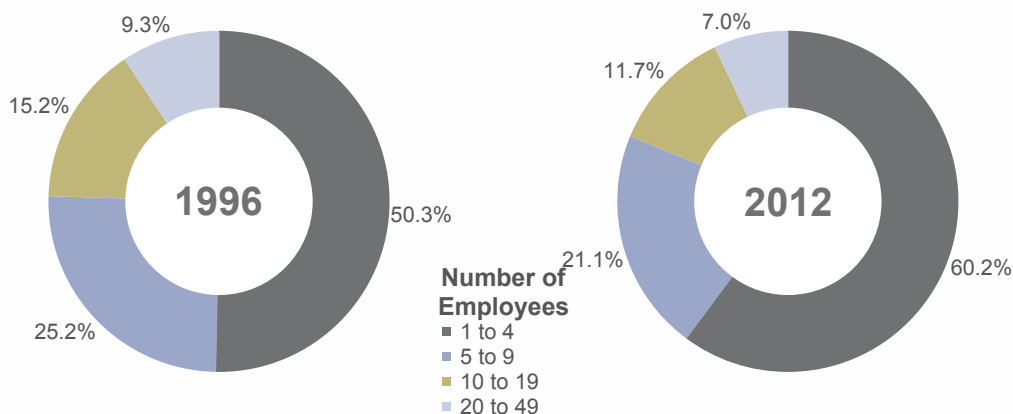


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Florida

Business Owner Demographics

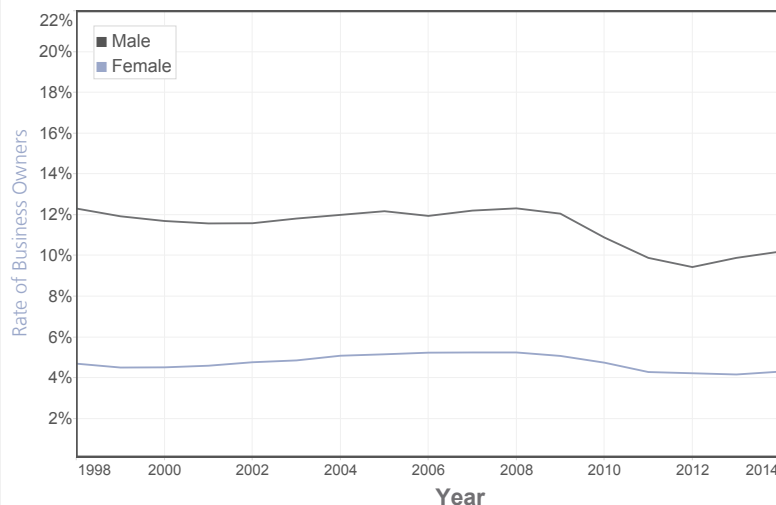
Rate of Business Owners by Demographic Group

The Rate of Business Owners is the percent of the adult population owning a business as their main job, calculated using a three-year moving average. We are able to calculate this rate for select demographic groups, including gender, race, nativity, age, and education. The Rate of Business Owners is calculated using the Current Population Survey.

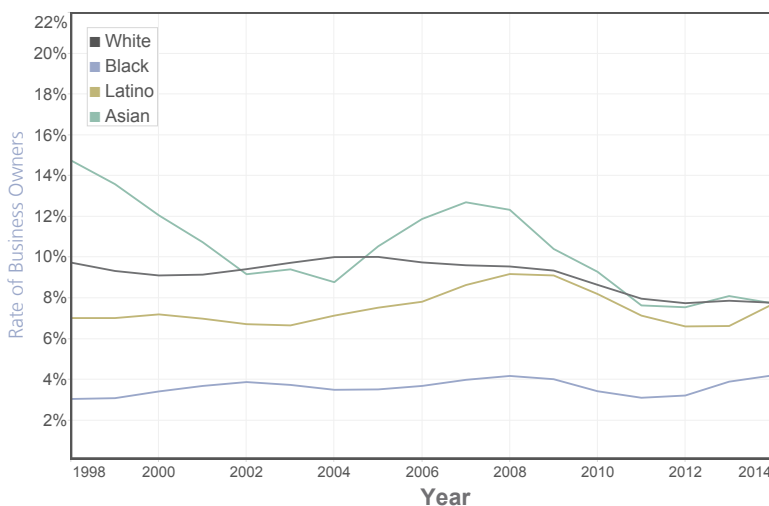
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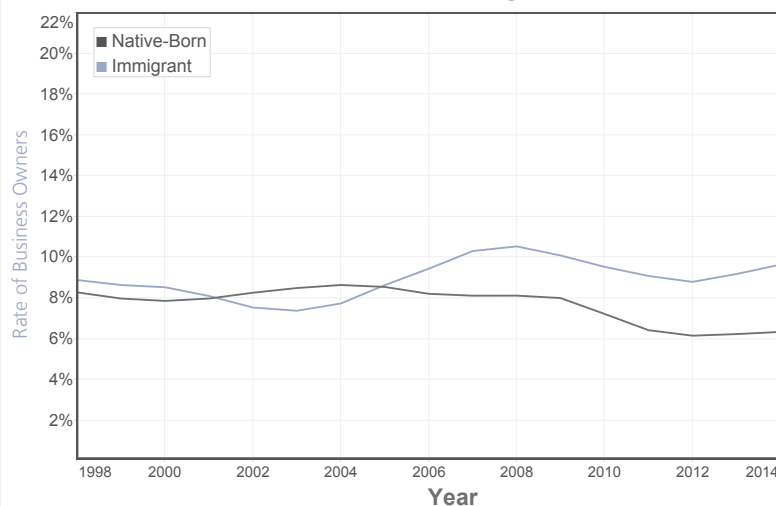
Gender



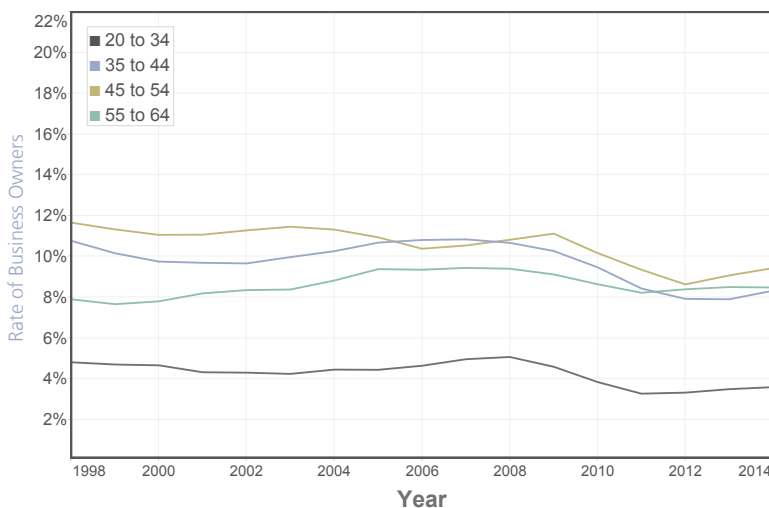
Race



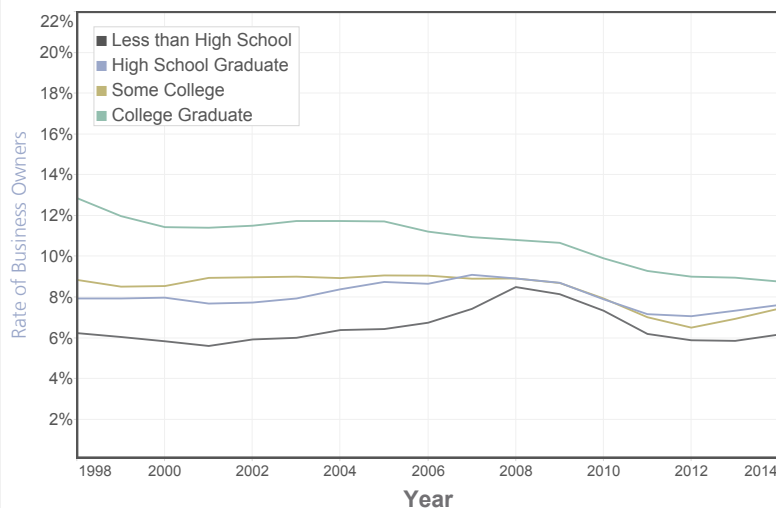
Nativity



Age



Education



Main Street Rank Larger States

2015	2014
11	9

Pennsylvania

State Profile

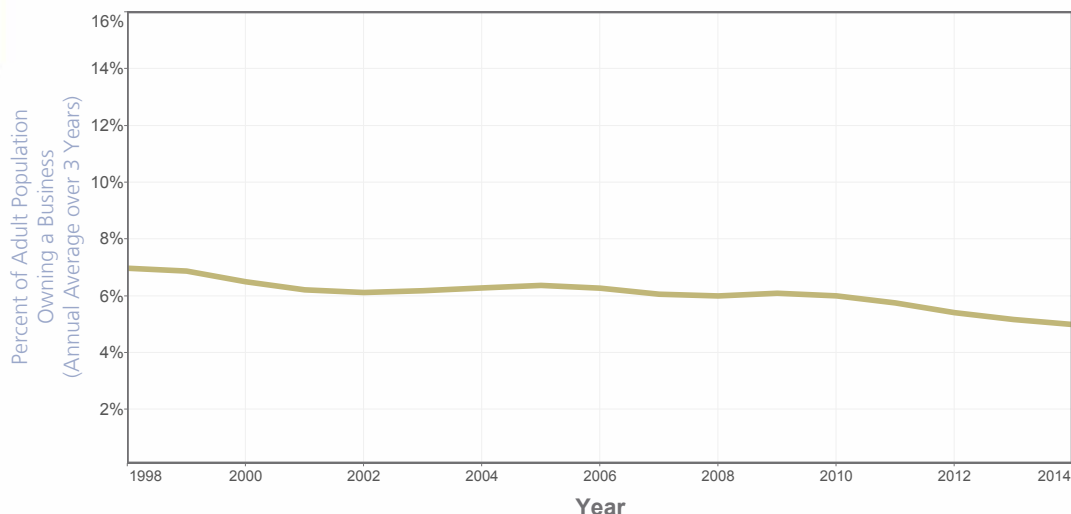
Rate of Business Owners

2015 Component	2014 Component
5.00%	5.17%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



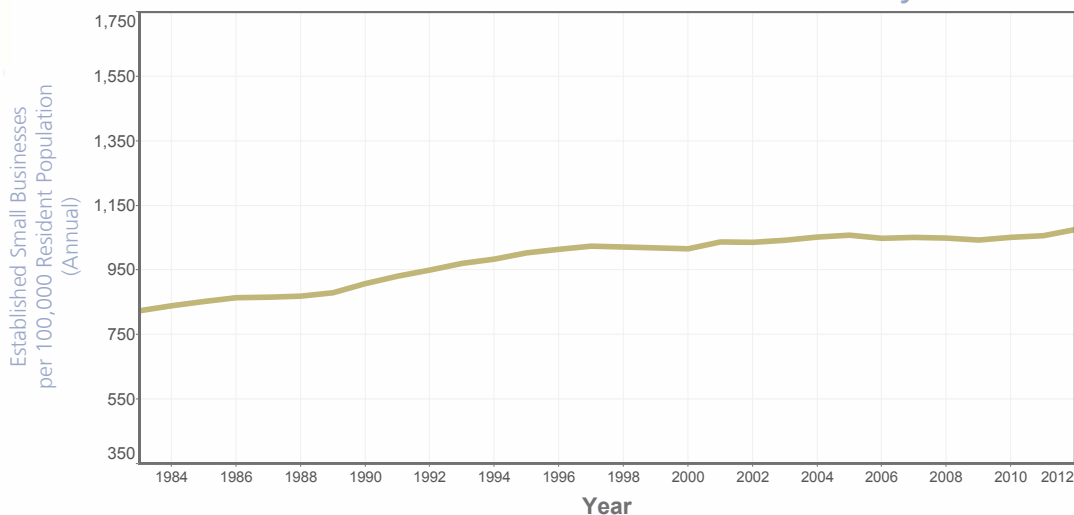
Established Small Business Density

2015 Component	2014 Component
1,075.9	1,056.8

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

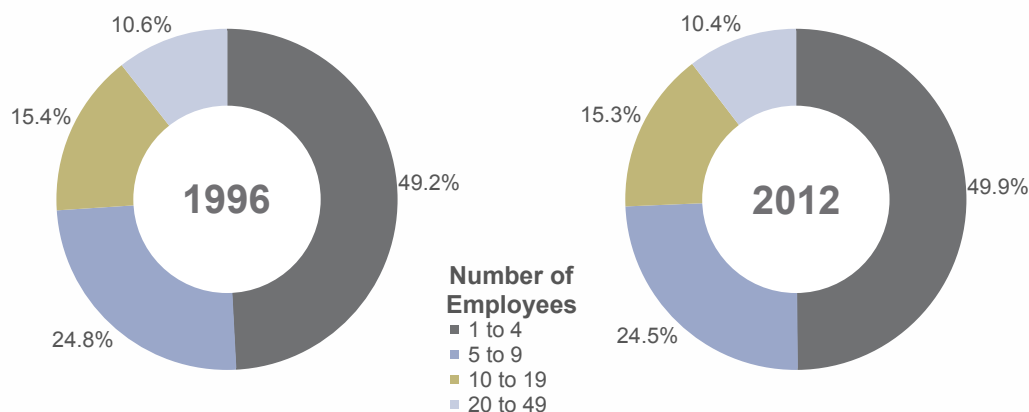


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Pennsylvania

Business Owner Demographics

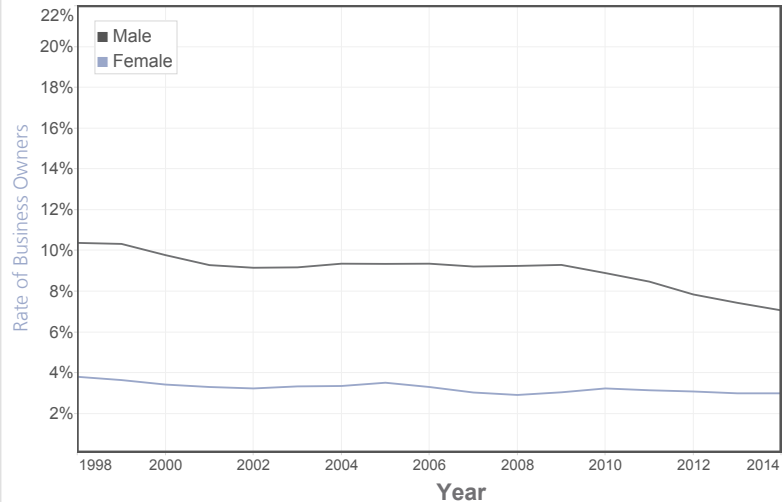
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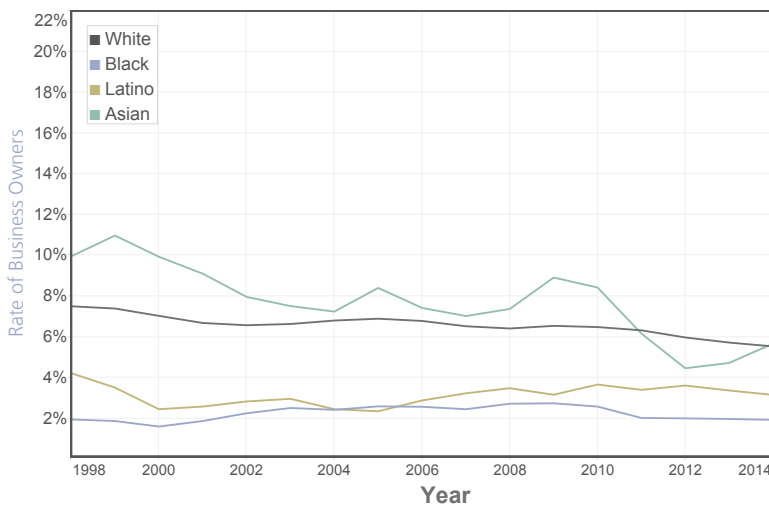
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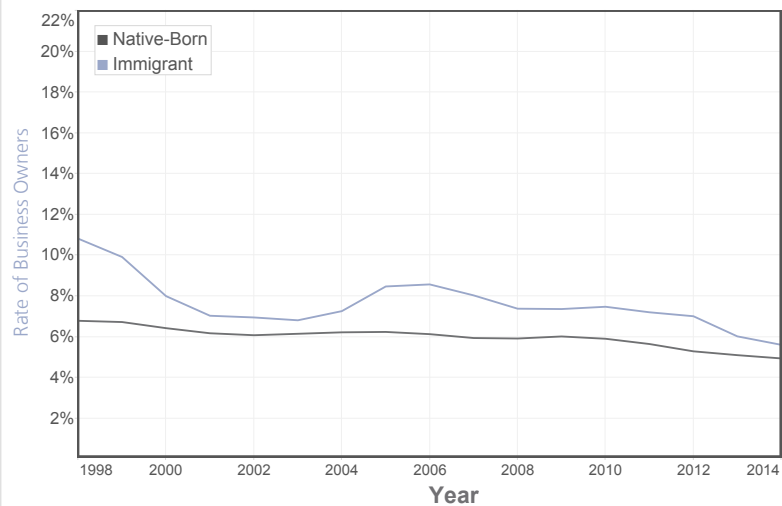
Gender



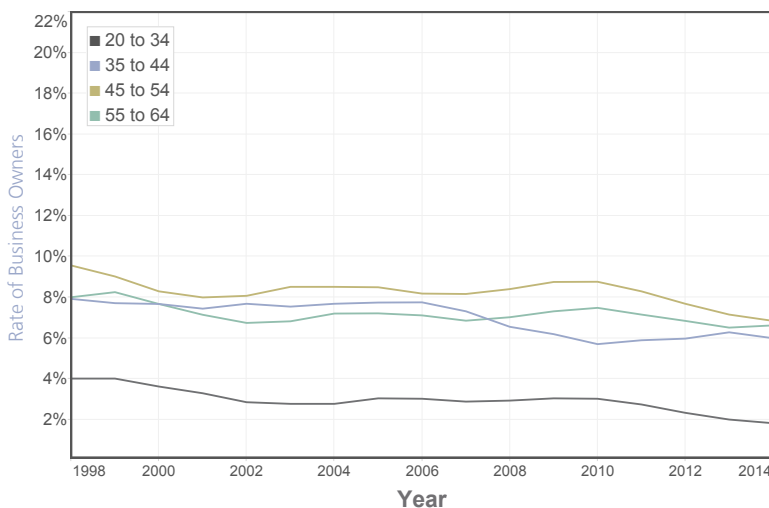
Race



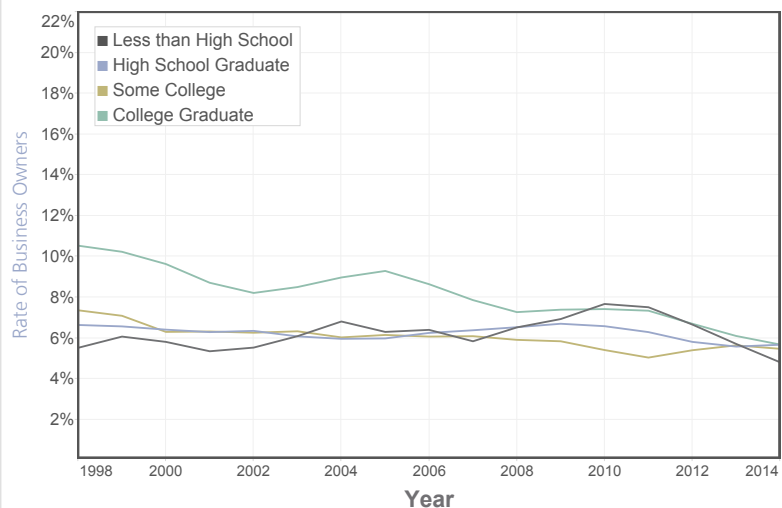
Nativity



Age



Education



Main Street Rank Larger States

2015	2014
12	13

Louisiana

State Profile

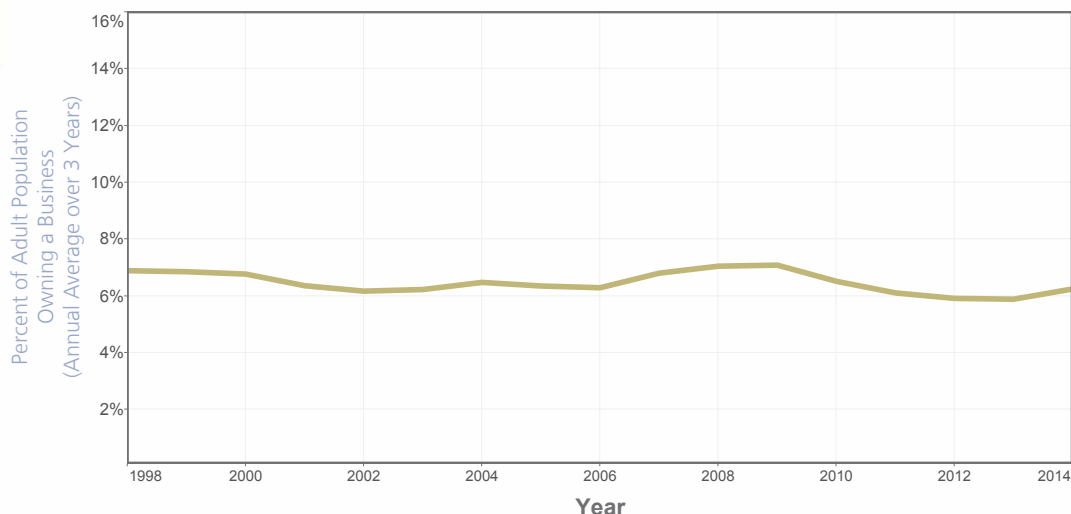
Rate of Business Owners

2015 Component	2014 Component
6.25%	5.89%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



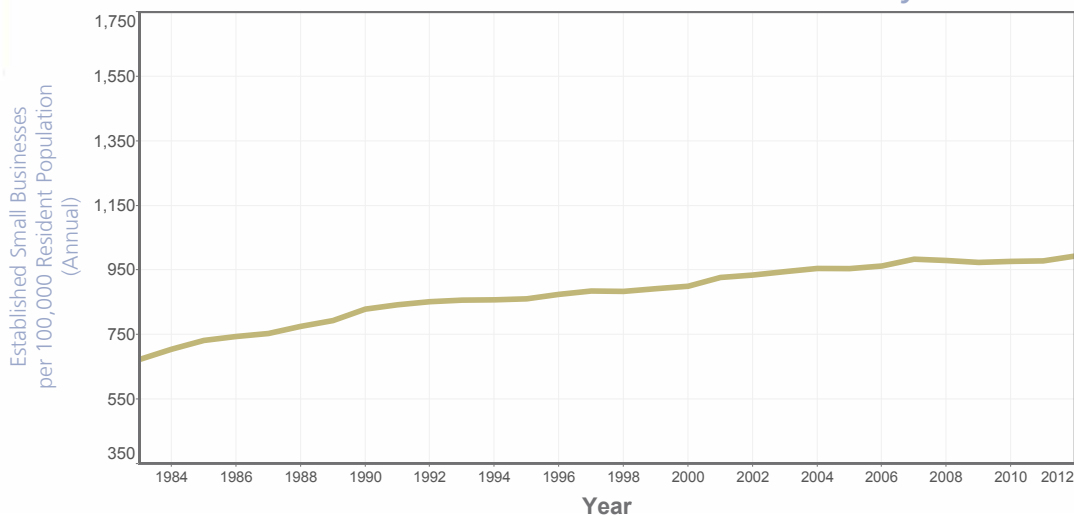
Established Small Business Density

2015 Component	2014 Component
994.0	978.8

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

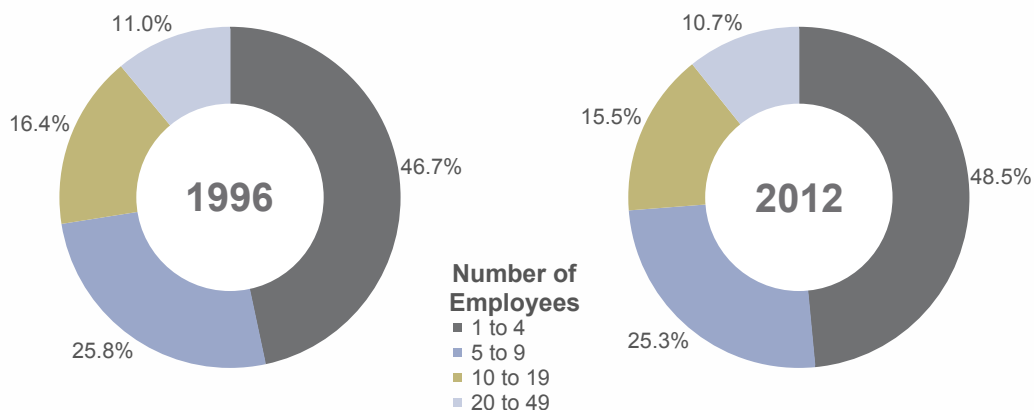


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Louisiana

Business Owner Demographics

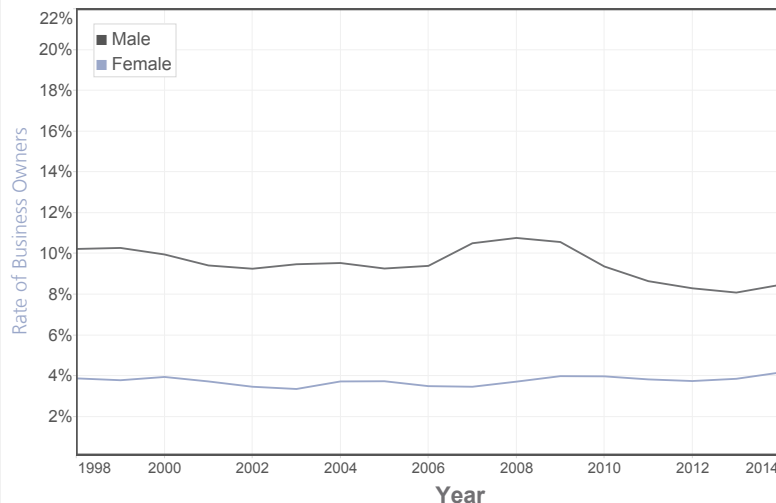
Rate of Business Owners by Demographic Group

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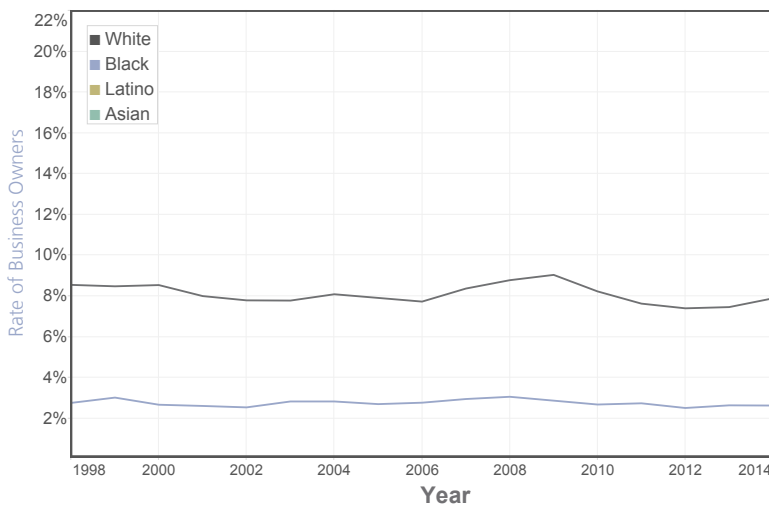
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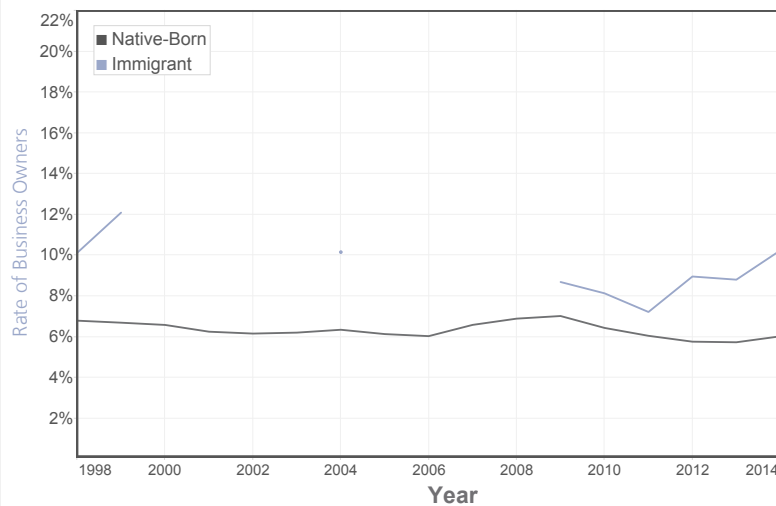
Gender



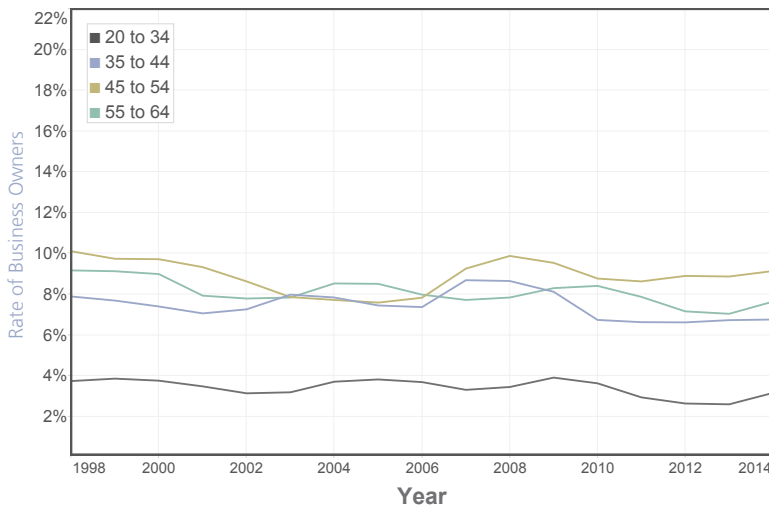
Race



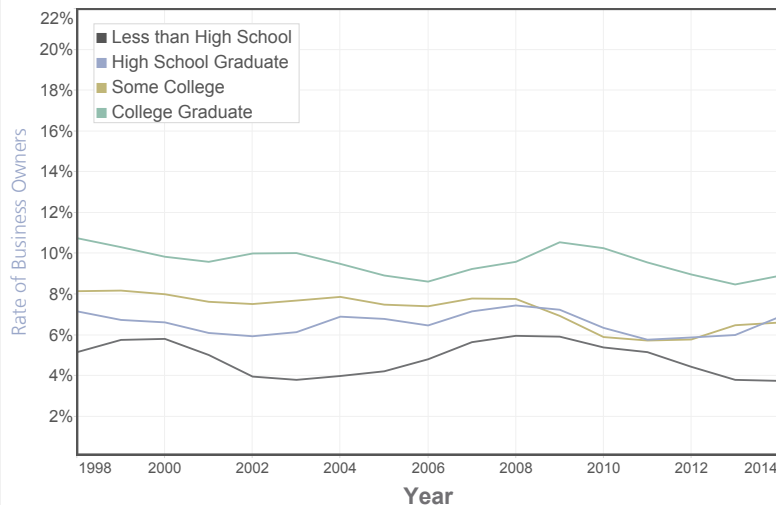
Nativity



Age



Education



Main Street Rank Larger States

2015	2014
13	12

Maryland

State Profile

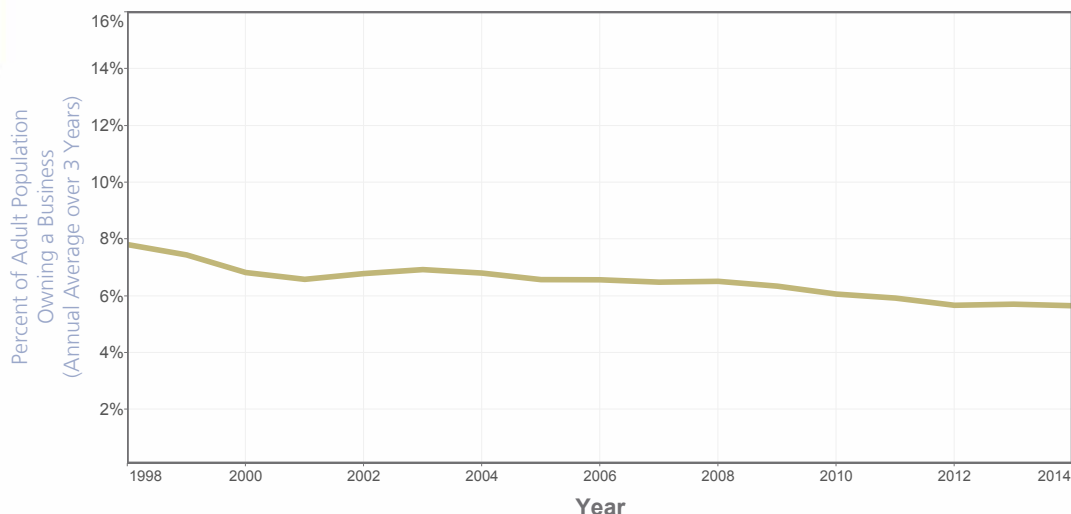
Rate of Business Owners

2015 Component	2014 Component
5.66%	5.71%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



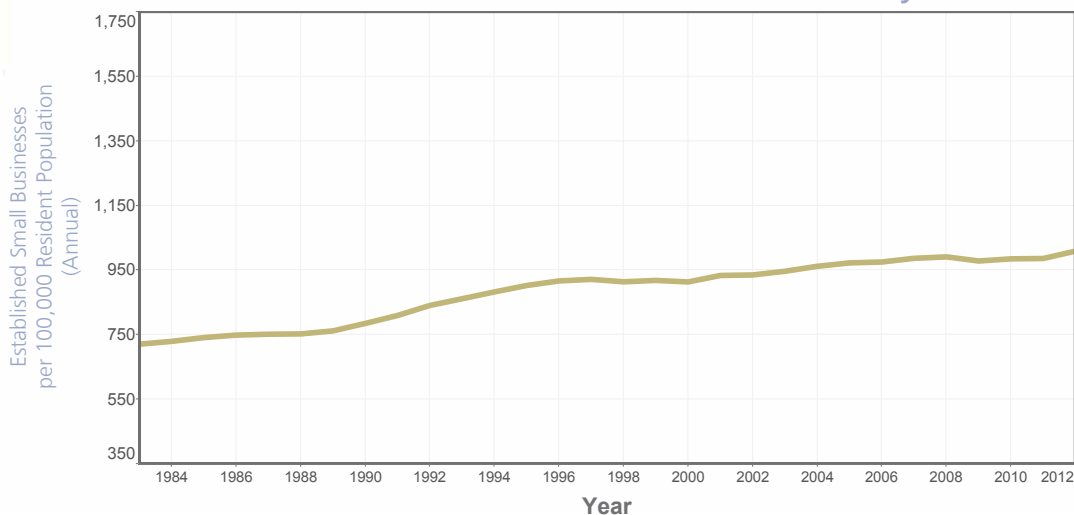
Established Small Business Density

2015 Component	2014 Component
1,009.1	986.3

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

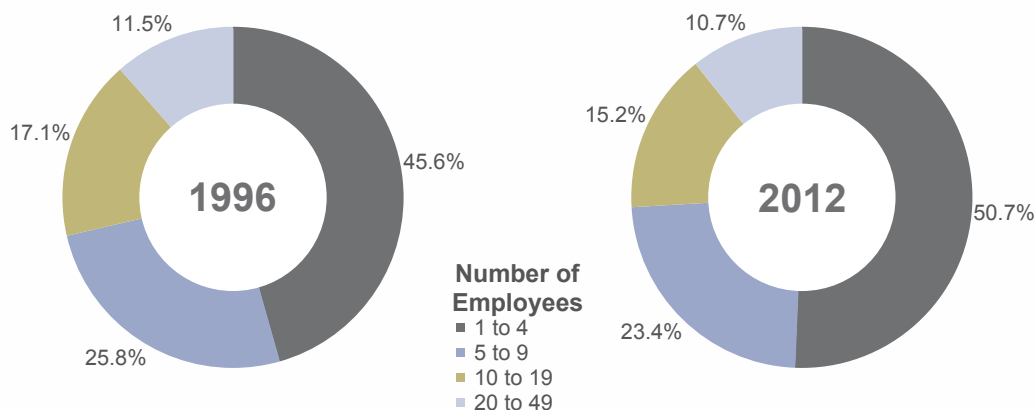


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Maryland

Business Owner Demographics

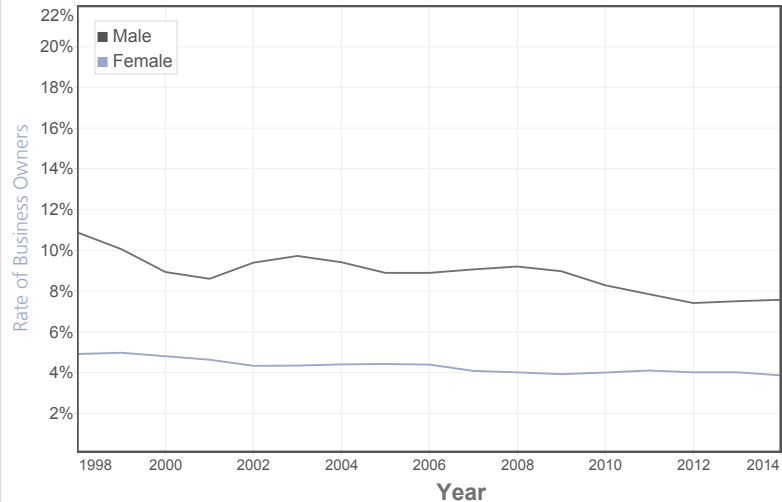
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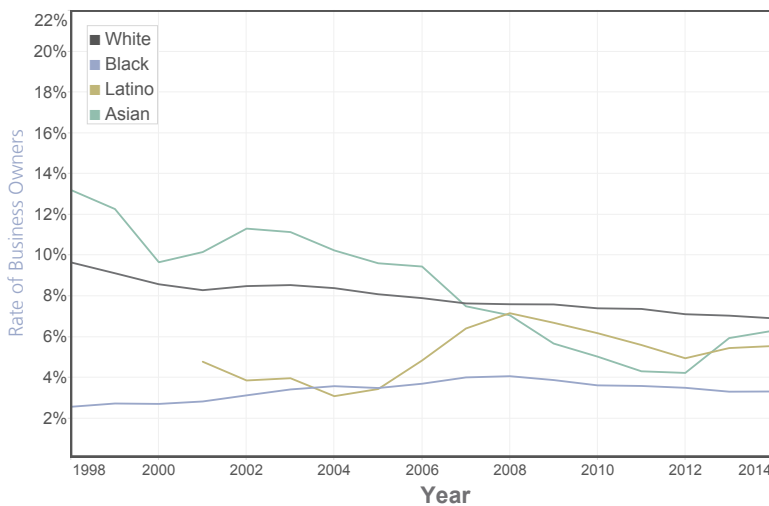
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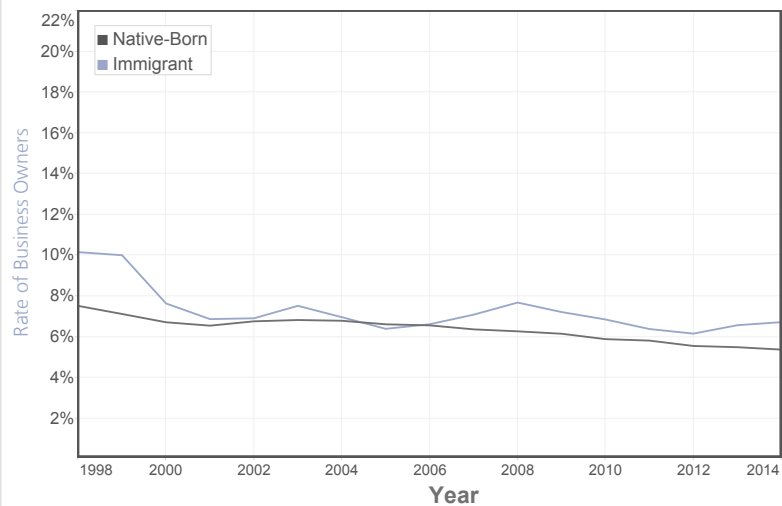
Gender



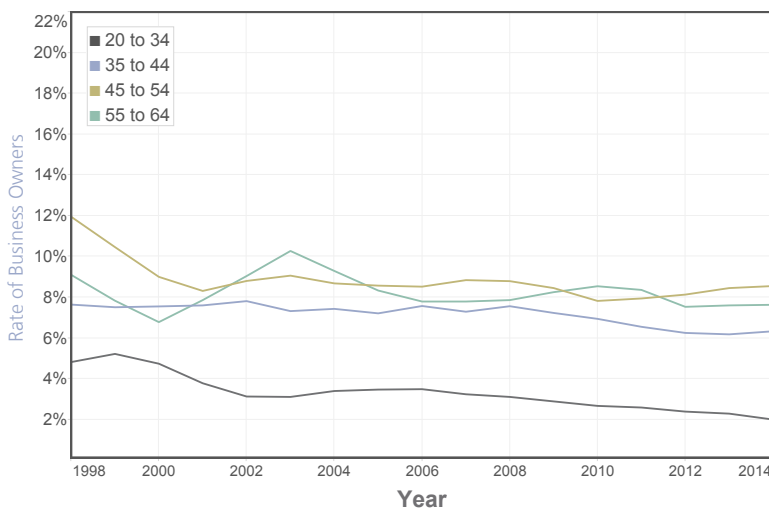
Race



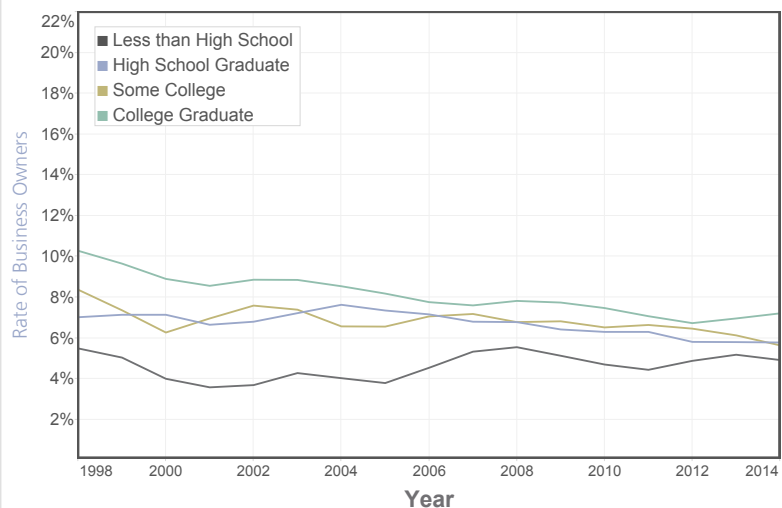
Nativity



Age



Education



Main Street Rank Larger States

2015

14

2014

16

California

State Profile

Rate of Business Owners

2015
Component

6.97%

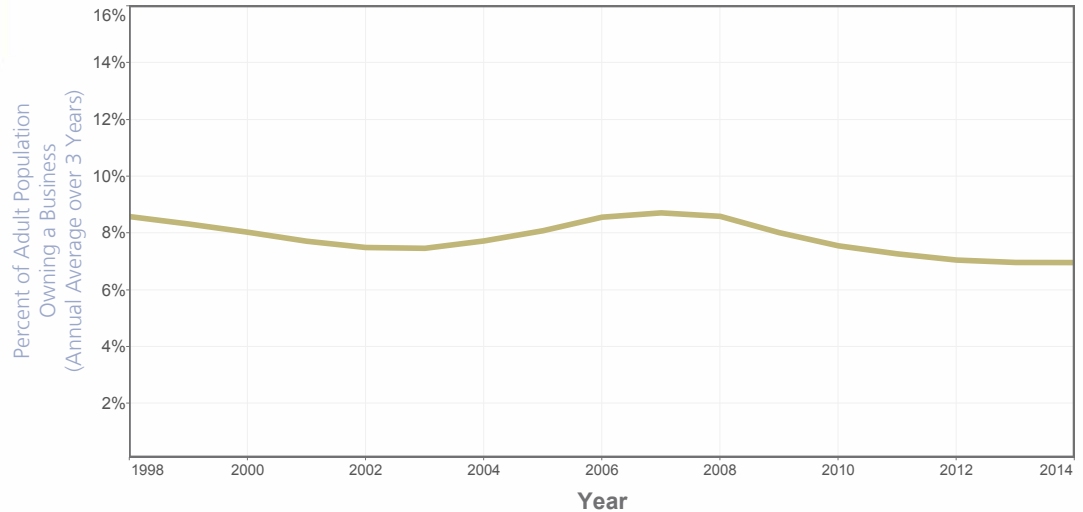
2014
Component

6.97%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



Established Small Business Density

2015
Component

944.8

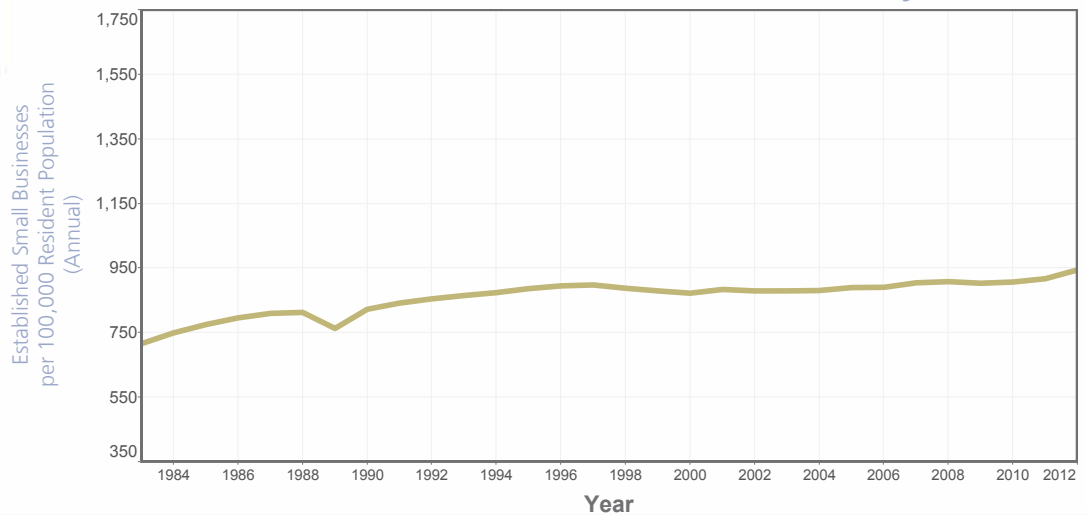
2014
Component

917.3

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

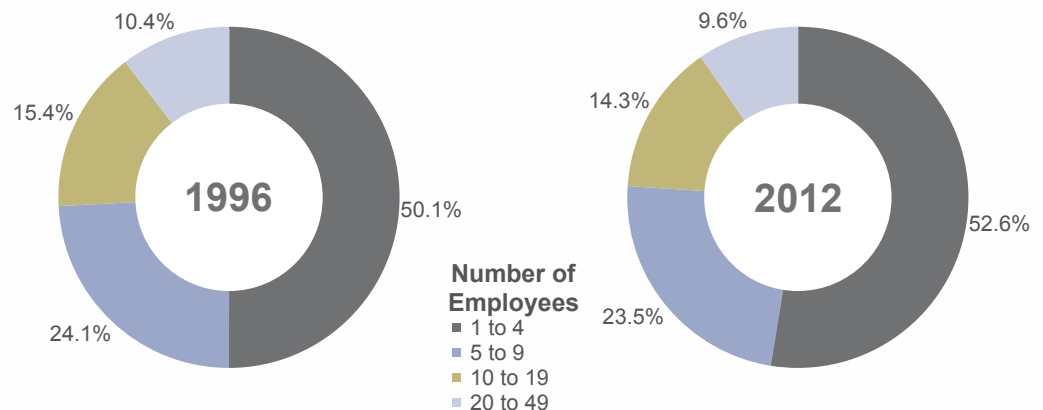


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



California

Business Owner Demographics

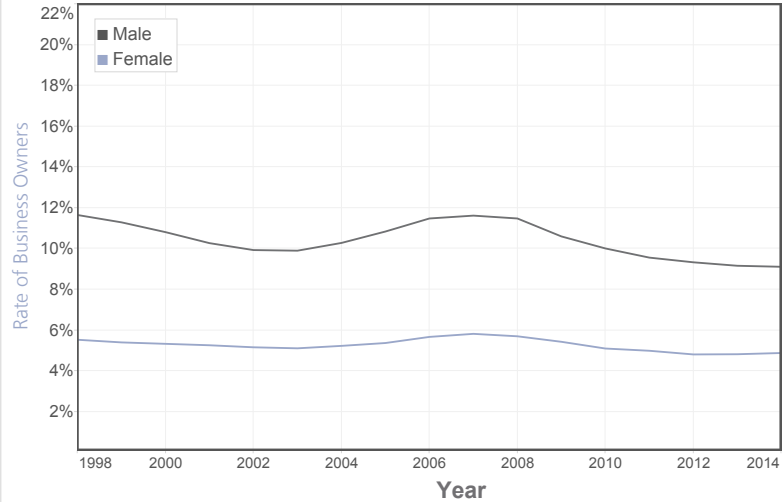
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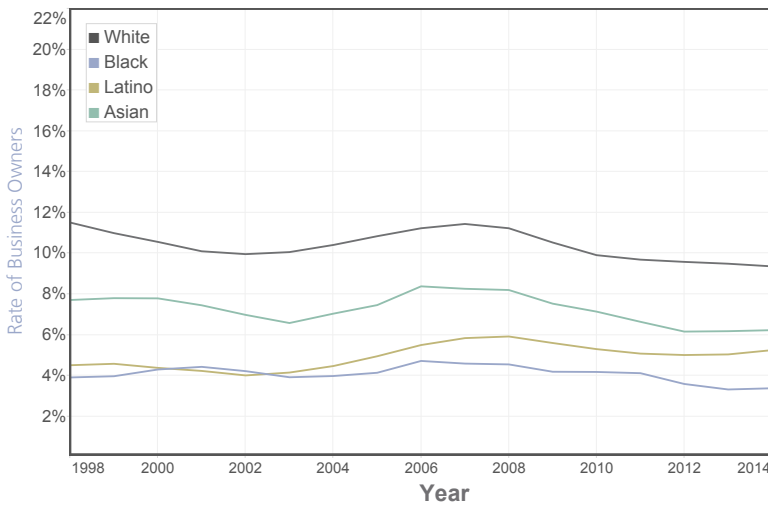
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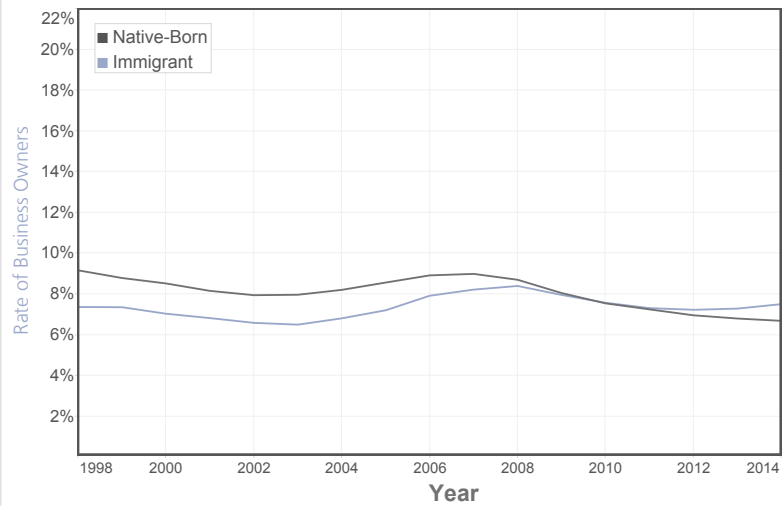
Gender



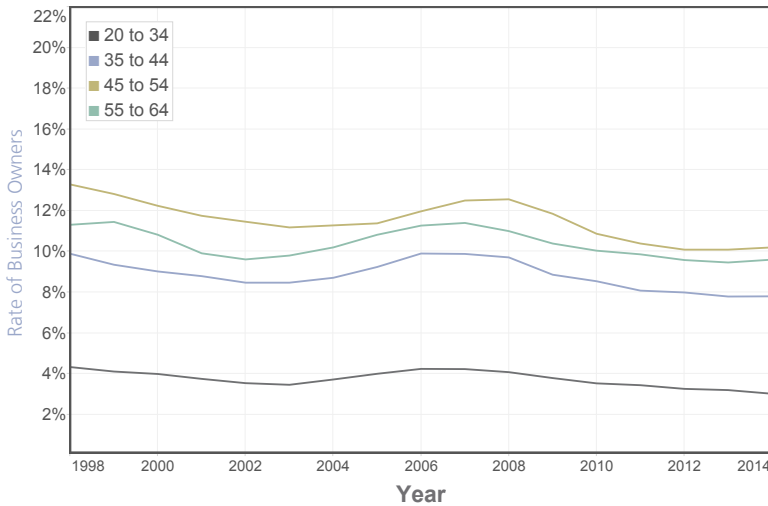
Race



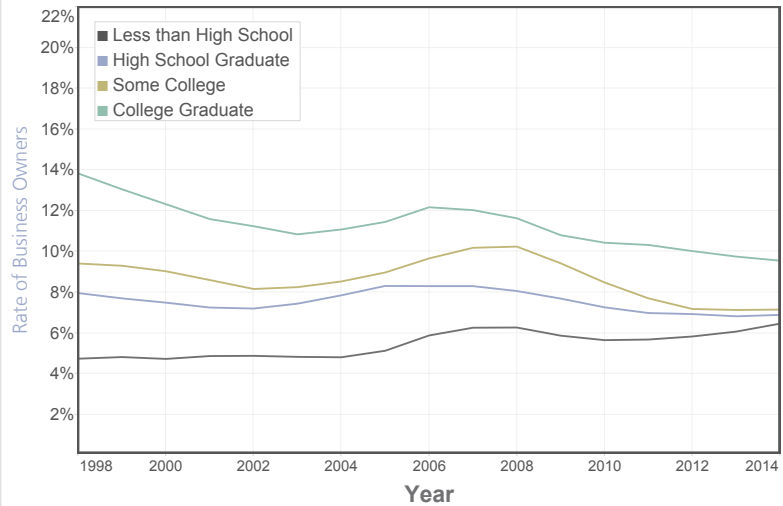
Nativity



Age



Education



Main Street Rank Larger States

2015	2014
15	14

Michigan

State Profile

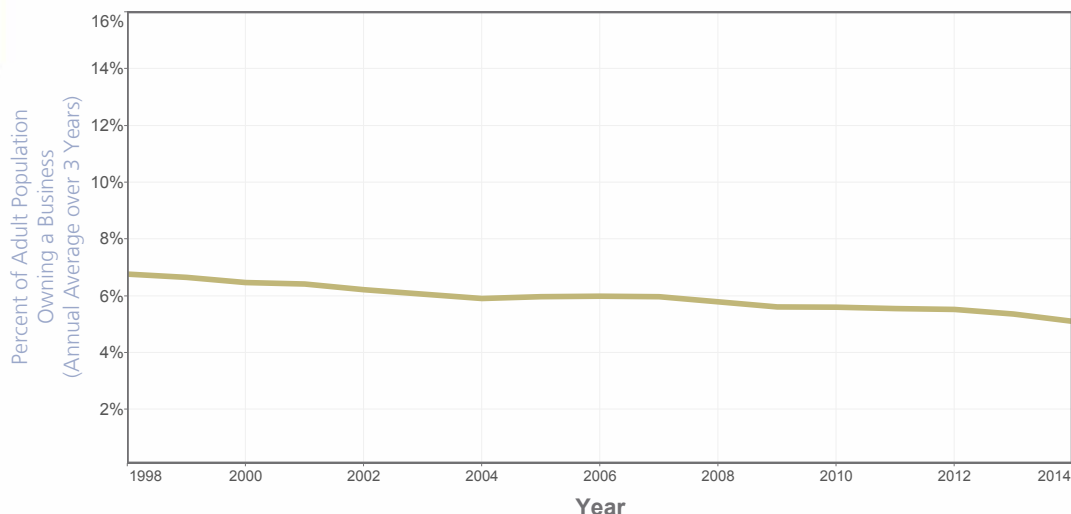
Rate of Business Owners

2015 Component	2014 Component
5.11%	5.36%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



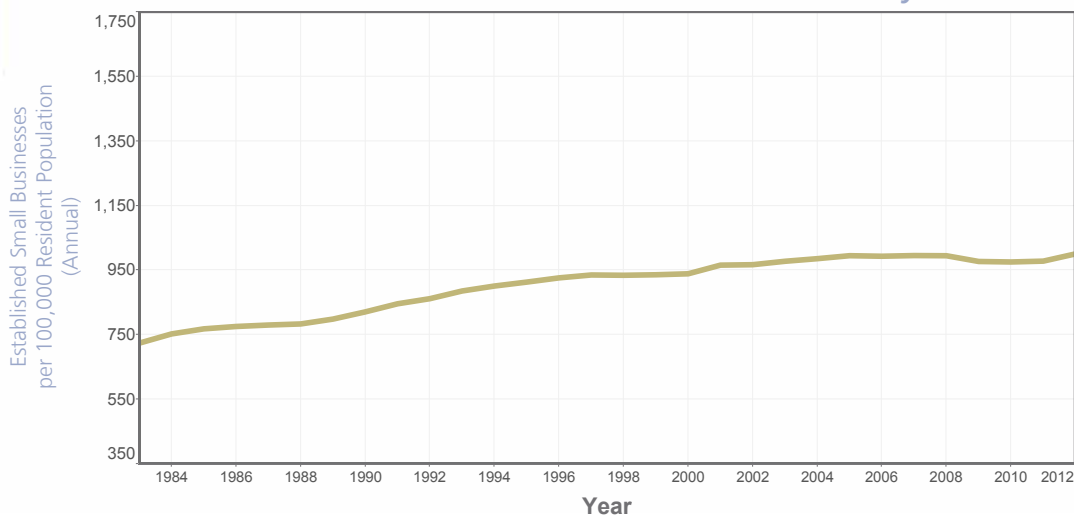
Established Small Business Density

2015 Component	2014 Component
1,000.5	978.1

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

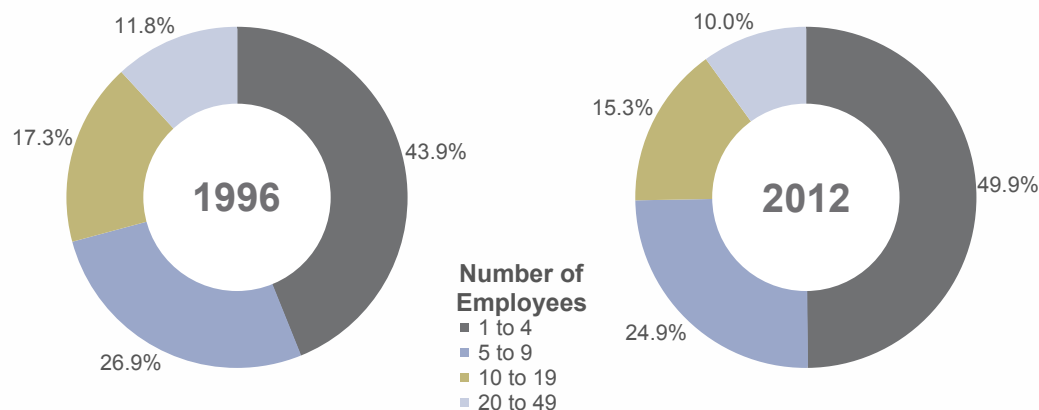


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Michigan

Business Owner Demographics

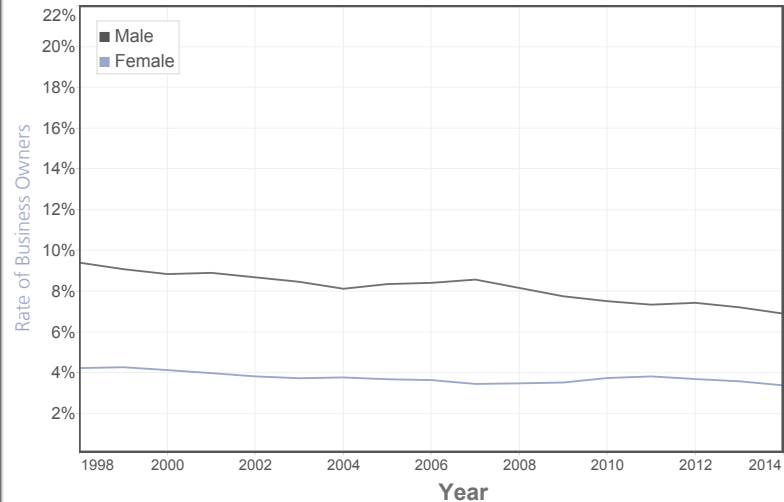
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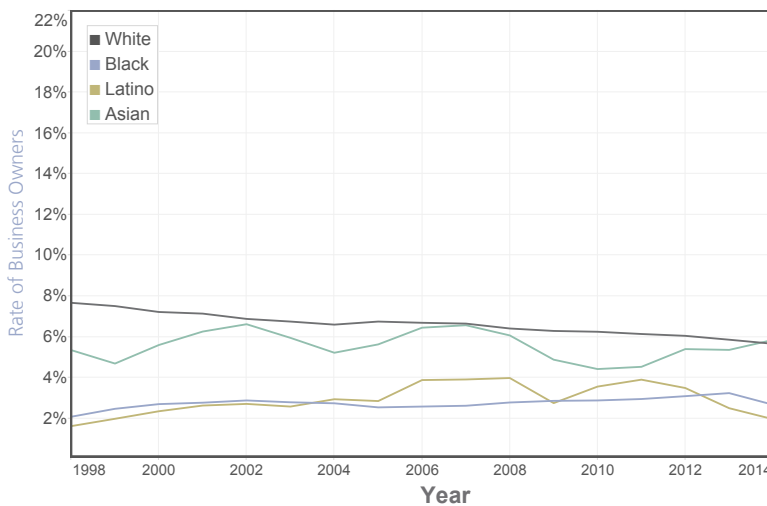
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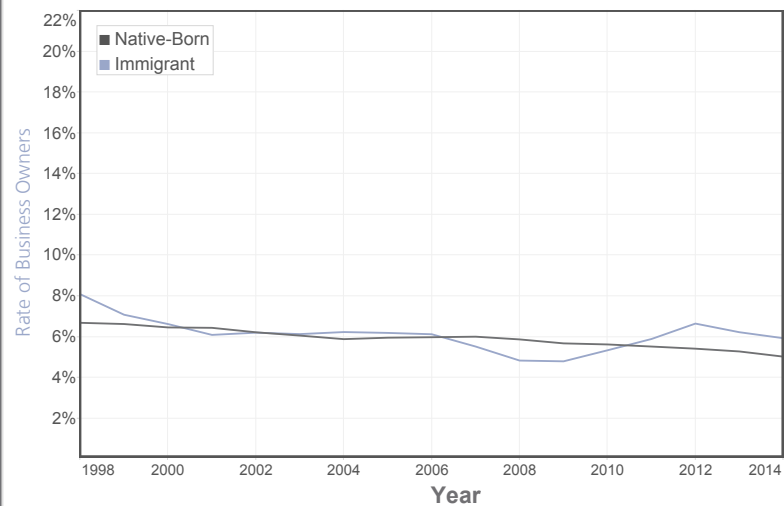
Gender



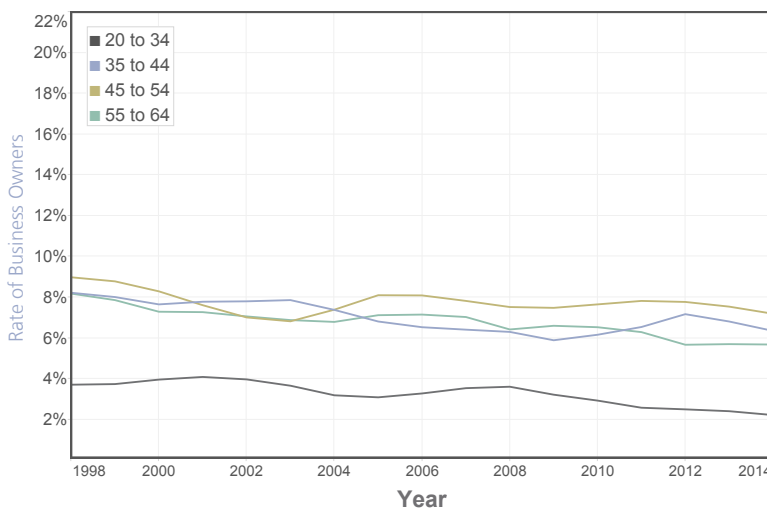
Race



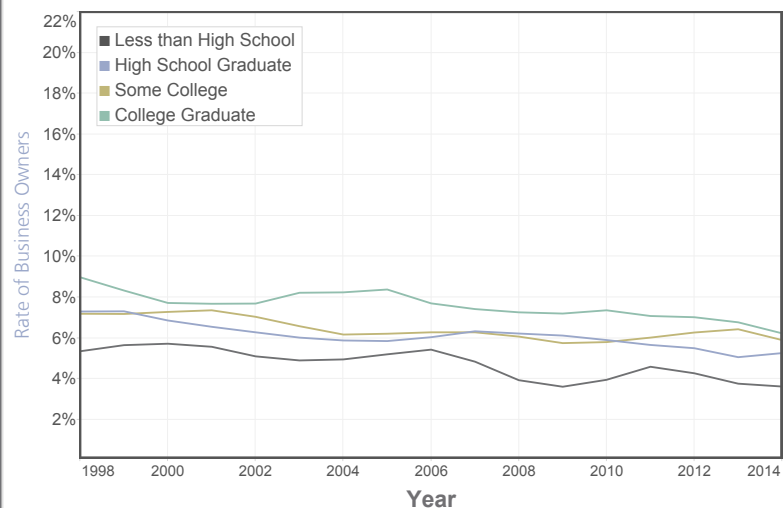
Nativity



Age



Education



Main Street Rank Larger States

2015	2014
16	15

Virginia State Profile

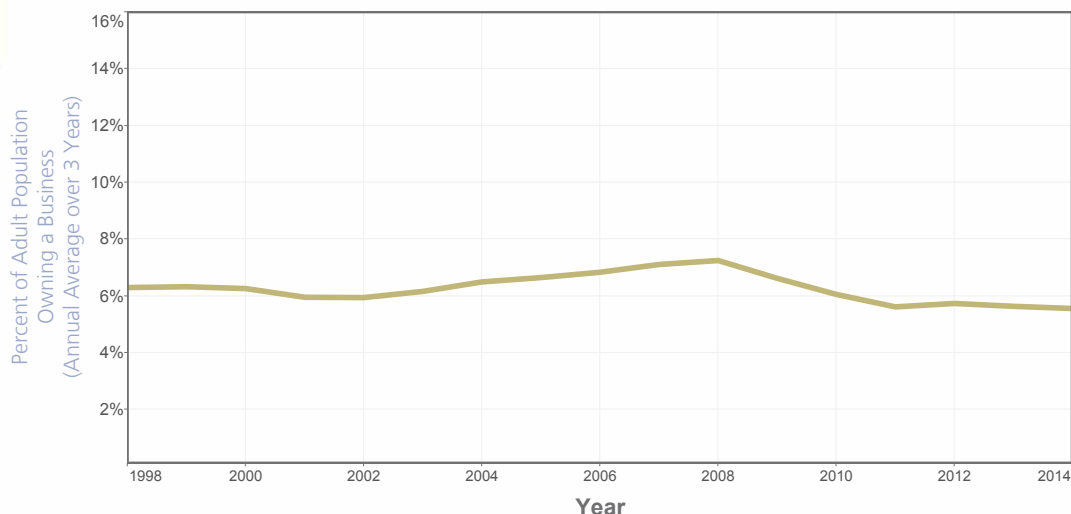
Rate of Business Owners

2015 Component	2014 Component
5.56%	5.64%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



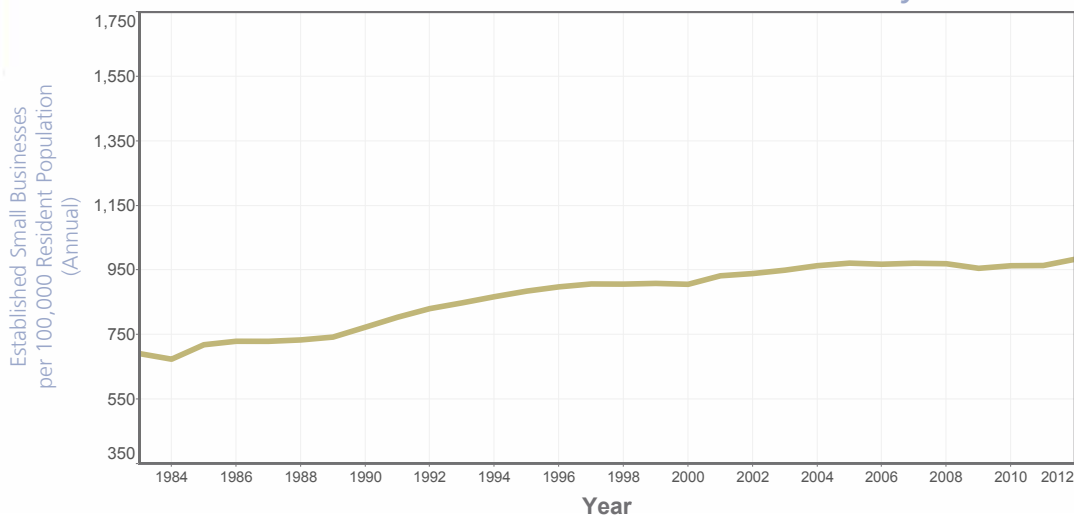
Established Small Business Density

2015 Component	2014 Component
984.2	964.4

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

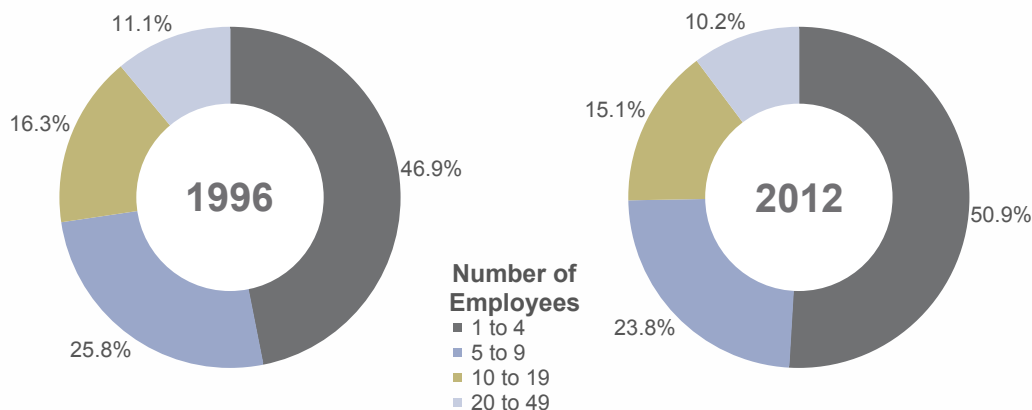


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Virginia

Business Owner Demographics

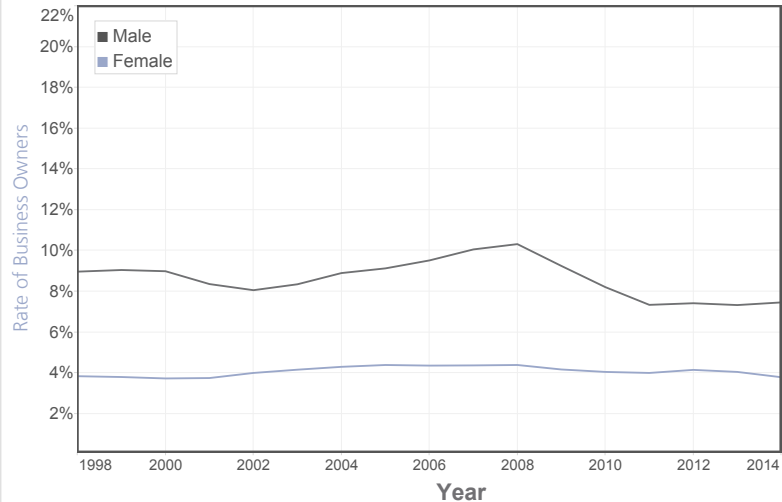
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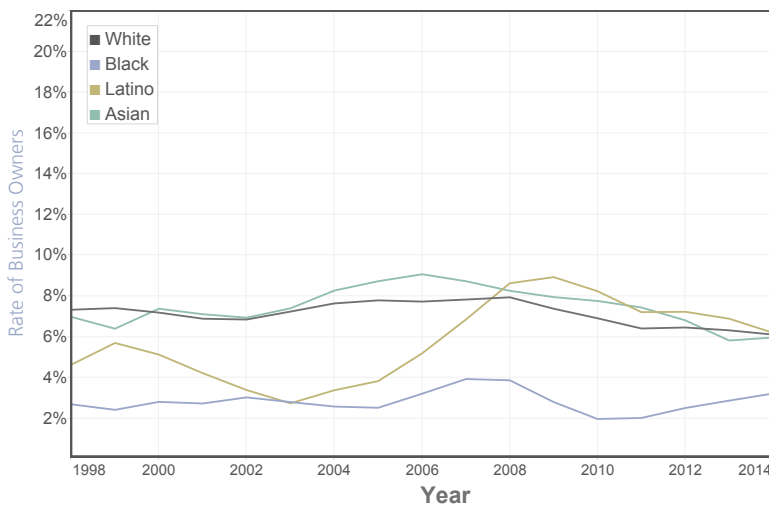
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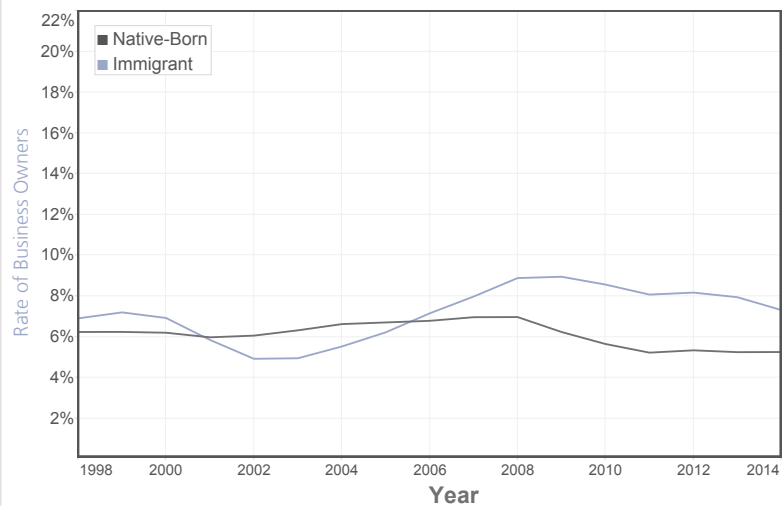
Gender



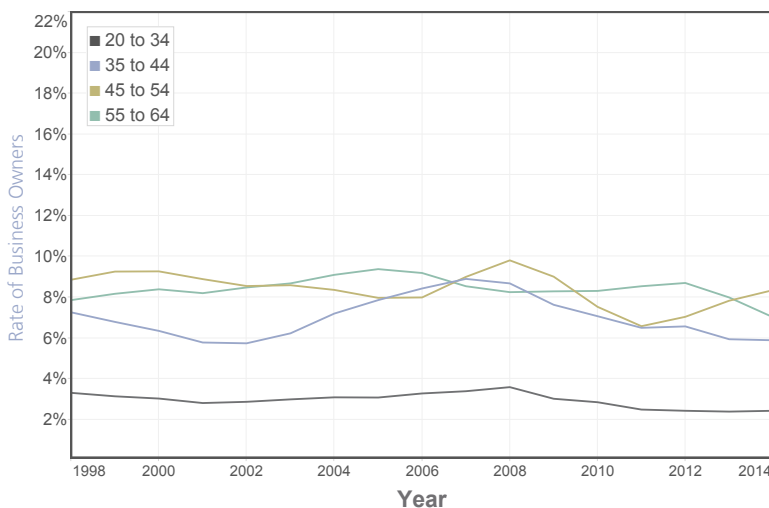
Race



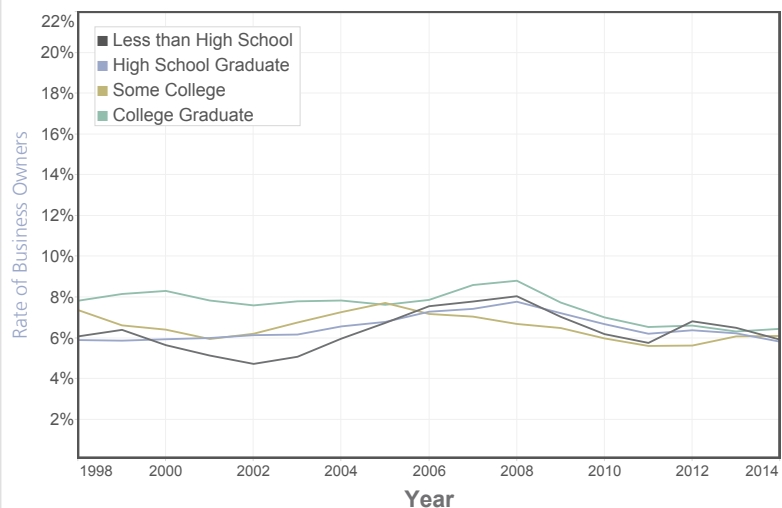
Nativity



Age



Education



Main Street Rank Larger States

2015	2014
17	17

Ohio State Profile

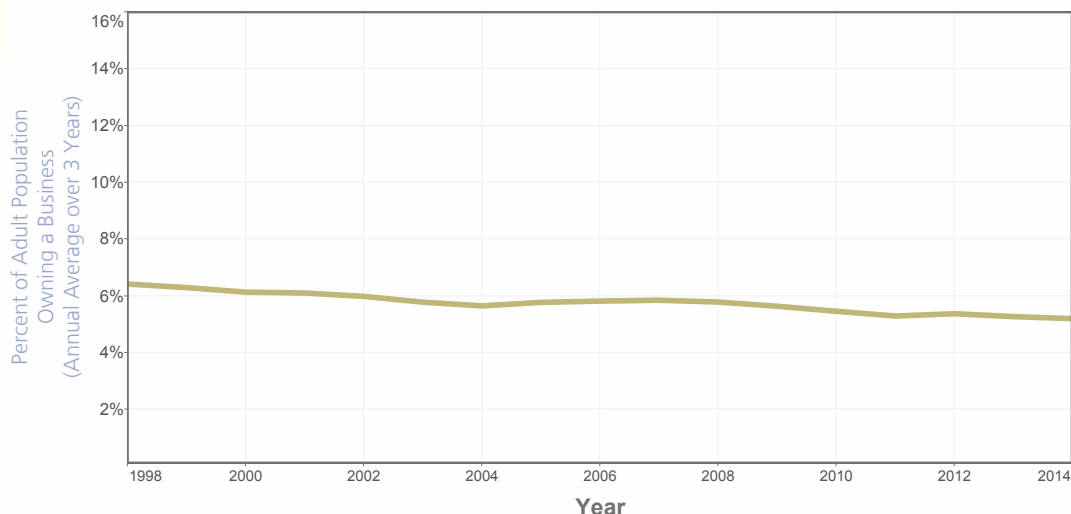
Rate of Business Owners

2015 Component	2014 Component
5.20%	5.27%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



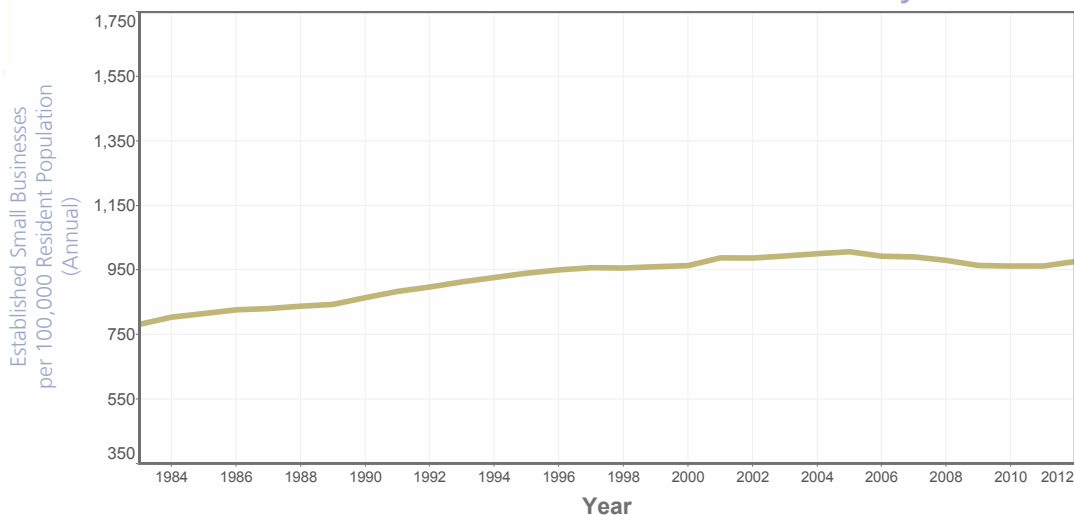
Established Small Business Density

2015 Component	2014 Component
976.9	963.0

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

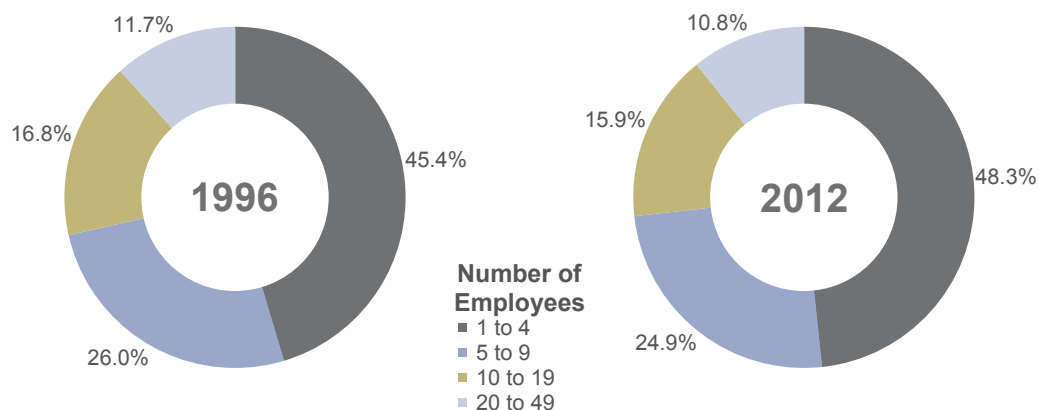


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Ohio

Business Owner Demographics

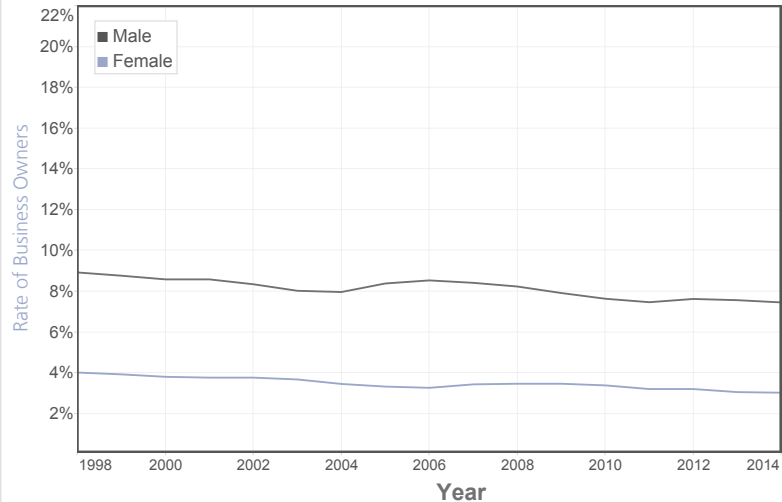
Rate of Business Owners by Demographic Group

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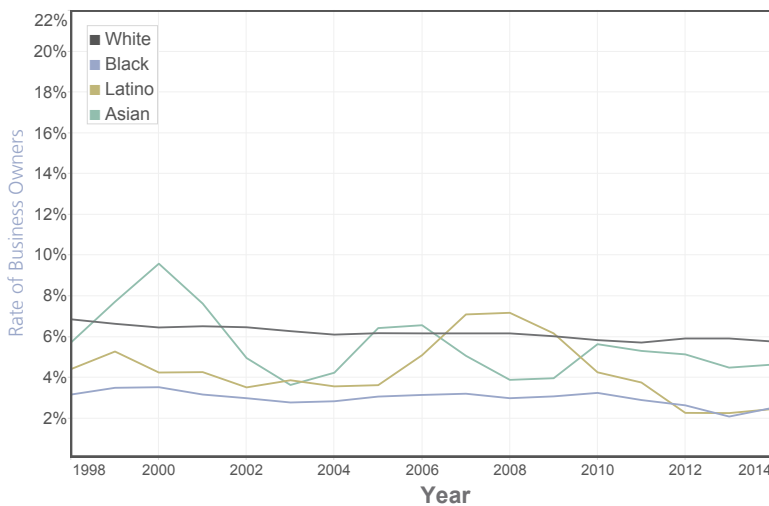
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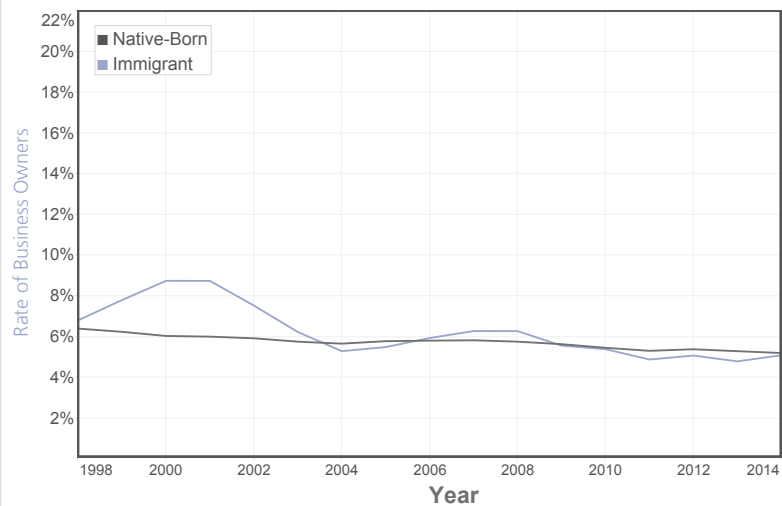
Gender



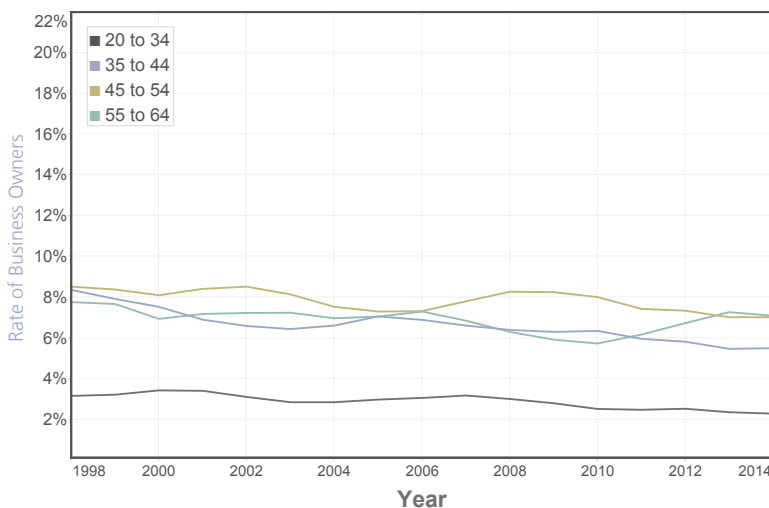
Race



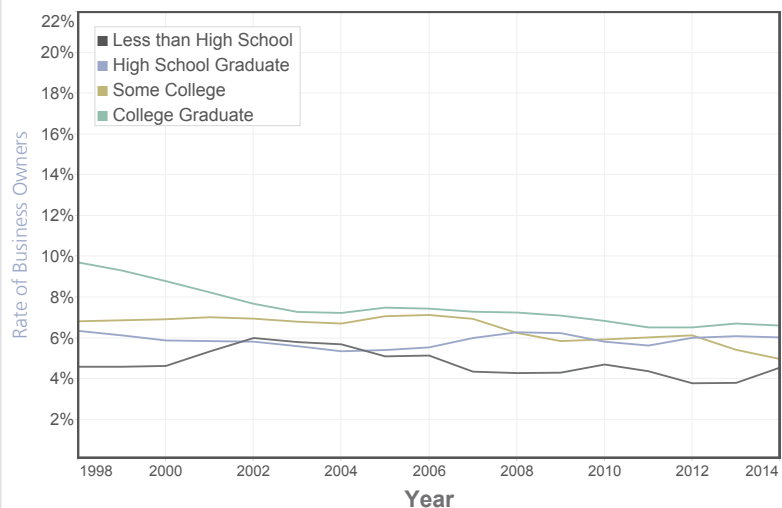
Nativity



Age



Education



Main Street Rank Larger States

2015	2014
18	19

Indiana State Profile

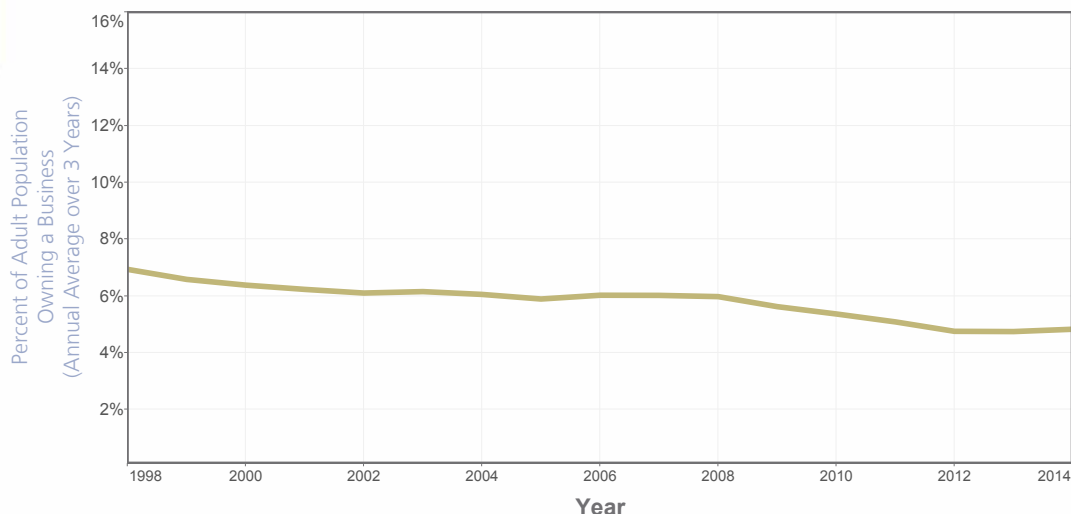
Rate of Business Owners

2015 Component	2014 Component
4.83%	4.75%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



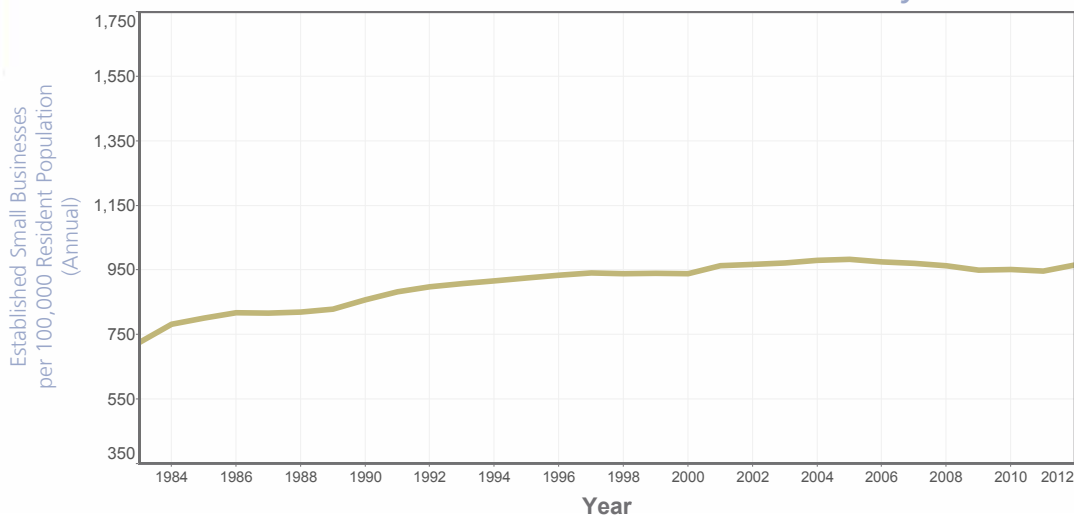
Established Small Business Density

2015 Component	2014 Component
966.5	947.2

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

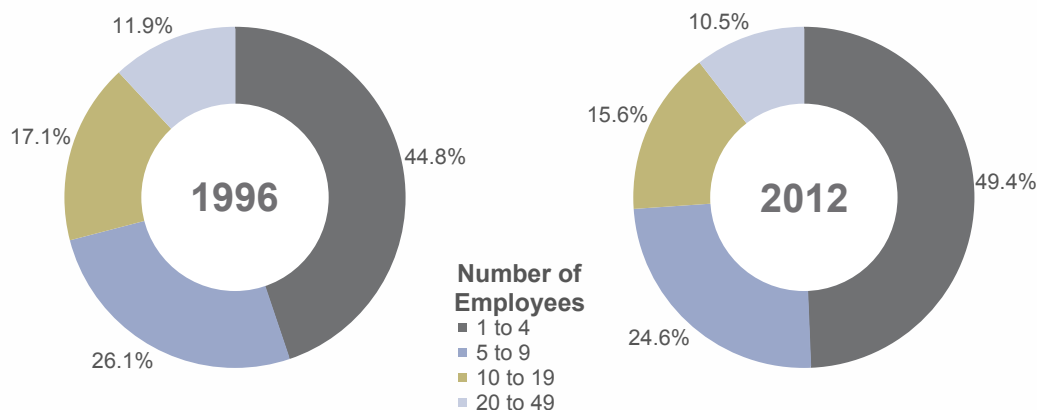


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Indiana

Business Owner Demographics

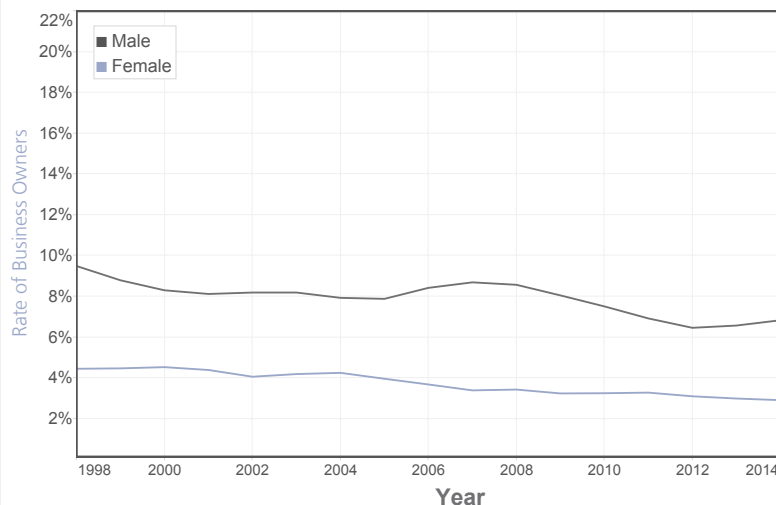
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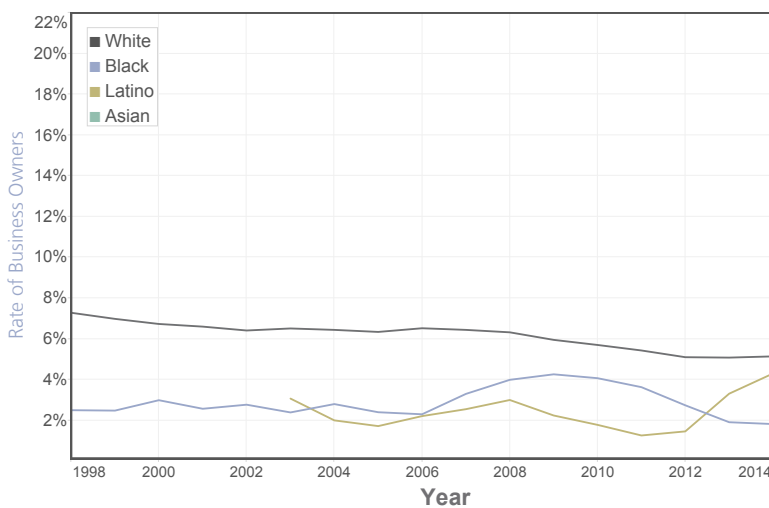
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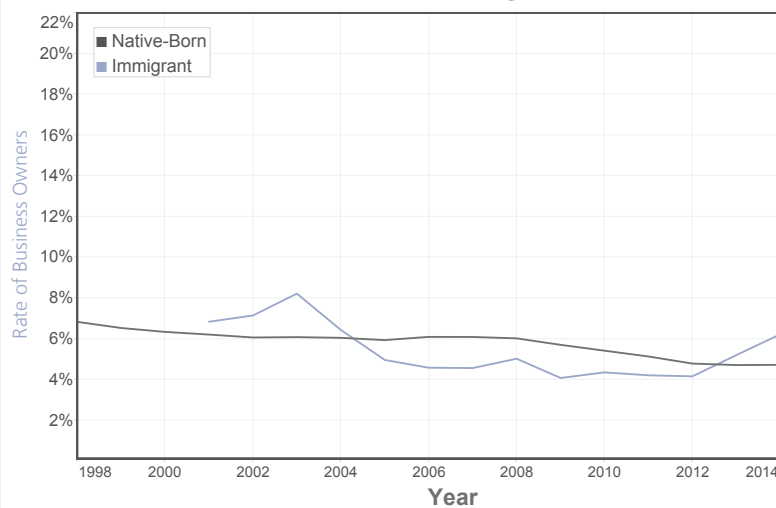
Gender



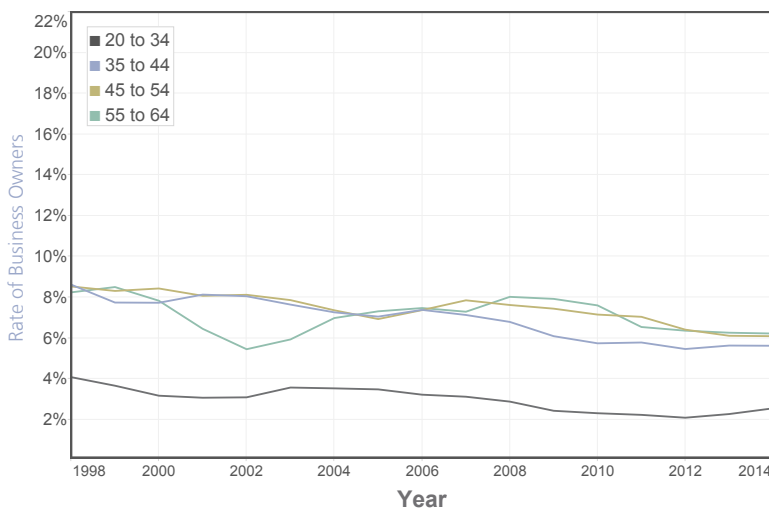
Race



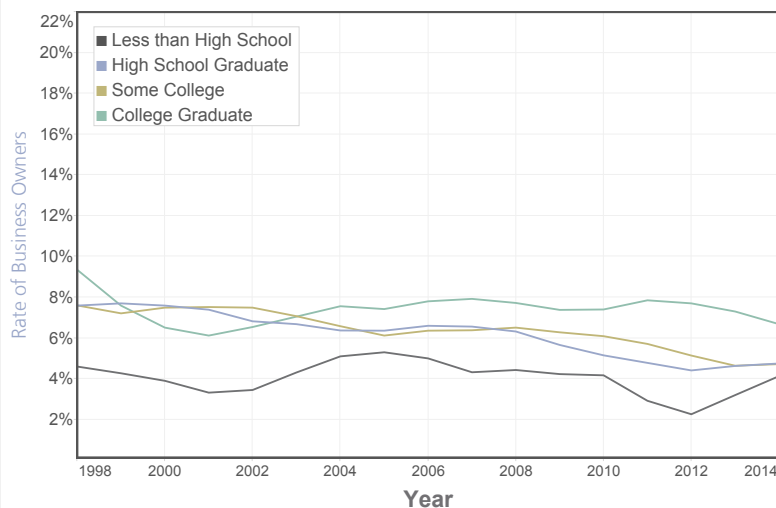
Nativity



Age



Education



Main Street Rank Larger States

2015	2014
19	18

North Carolina

State Profile

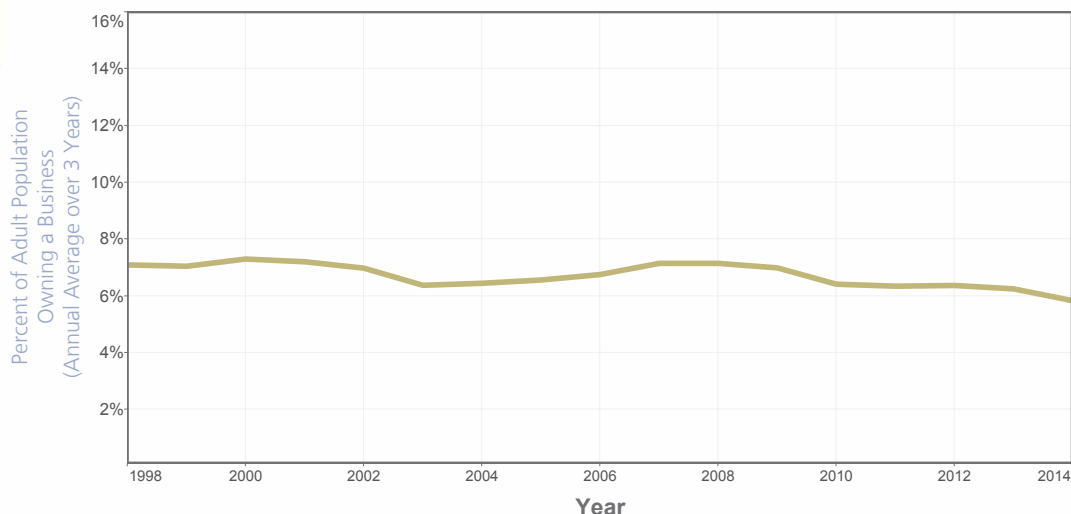
Rate of Business Owners

2015 Component	2014 Component
5.83%	6.25%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



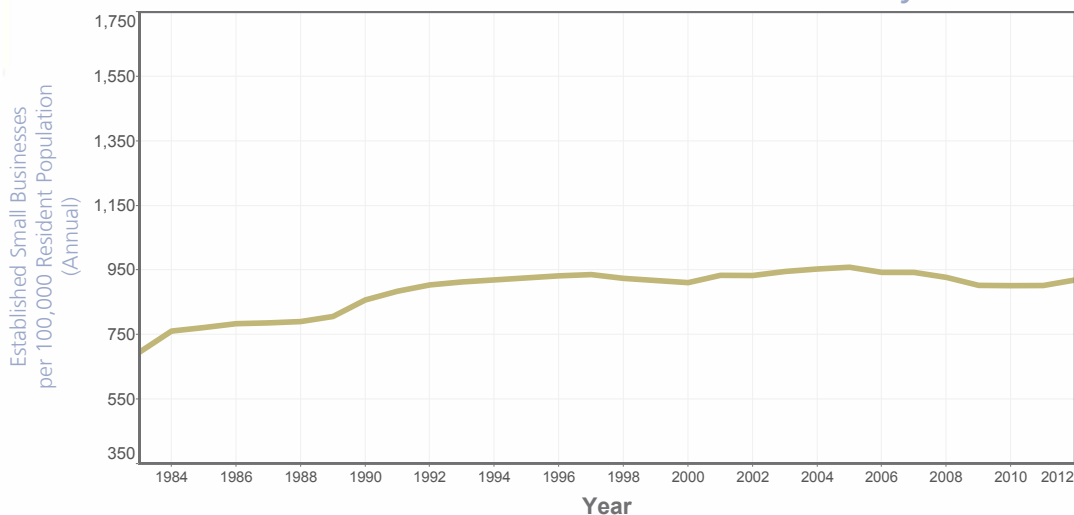
Established Small Business Density

2015 Component	2014 Component
919.9	902.5

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

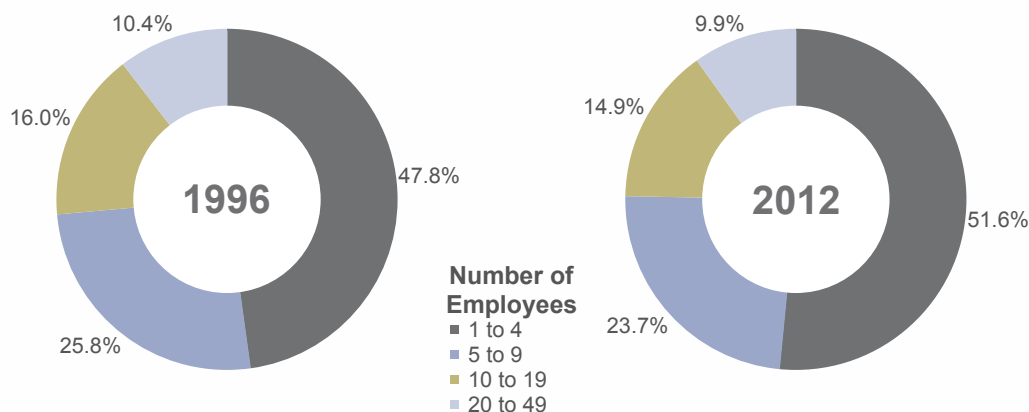


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



North Carolina

Business Owner Demographics

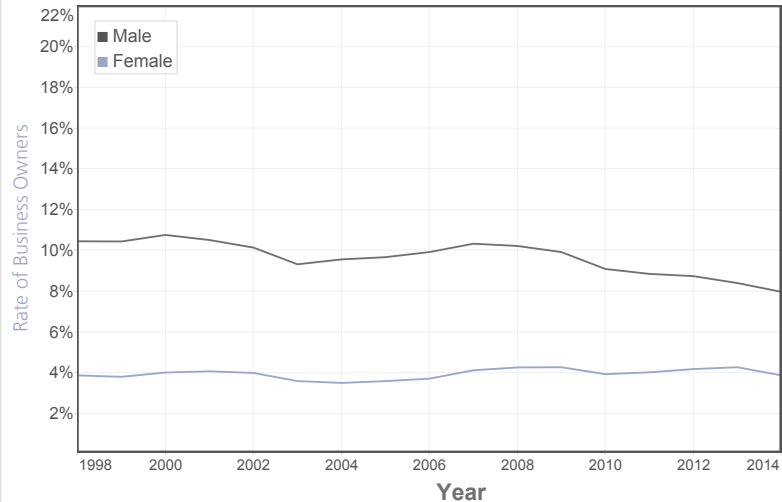
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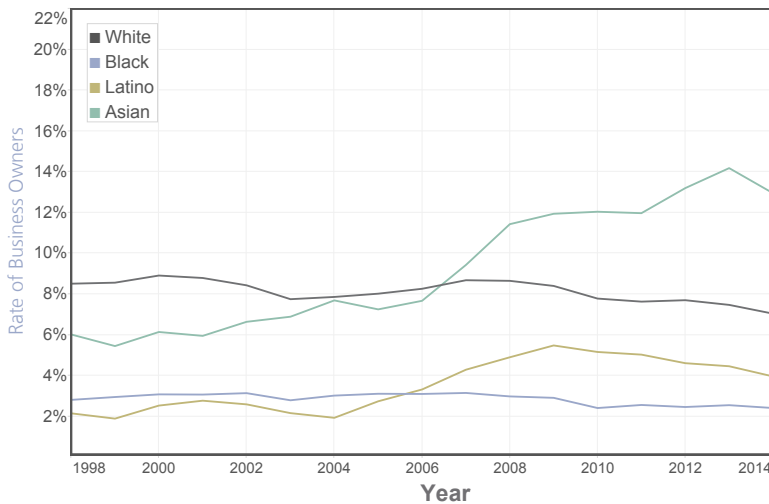
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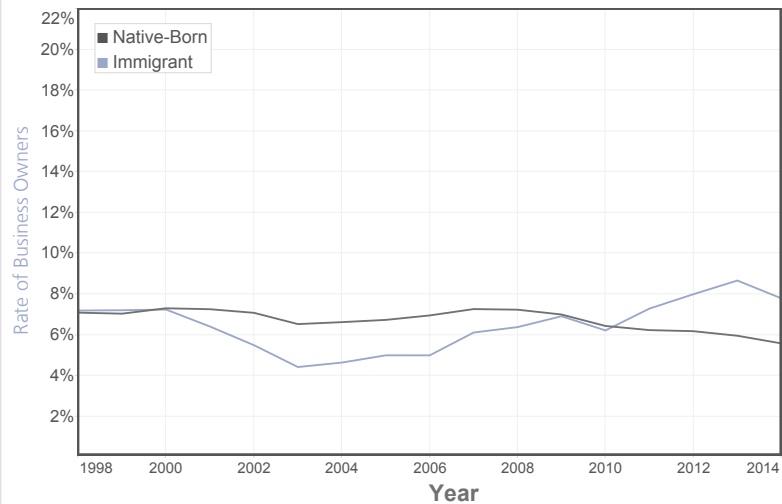
Gender



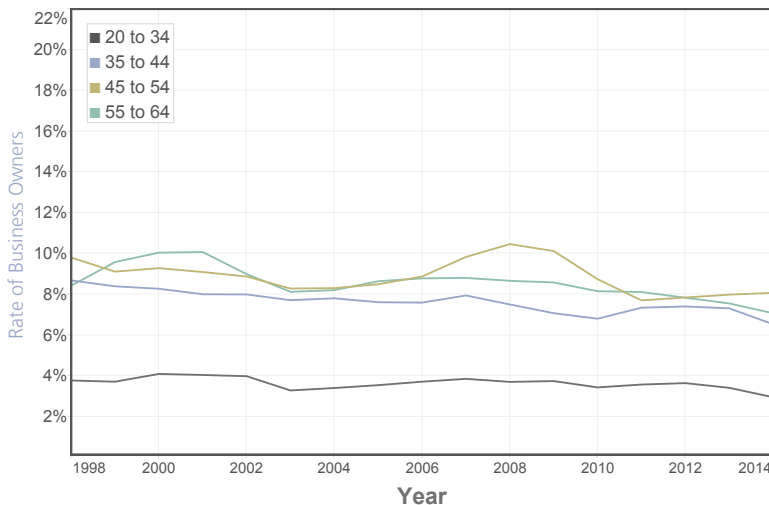
Race



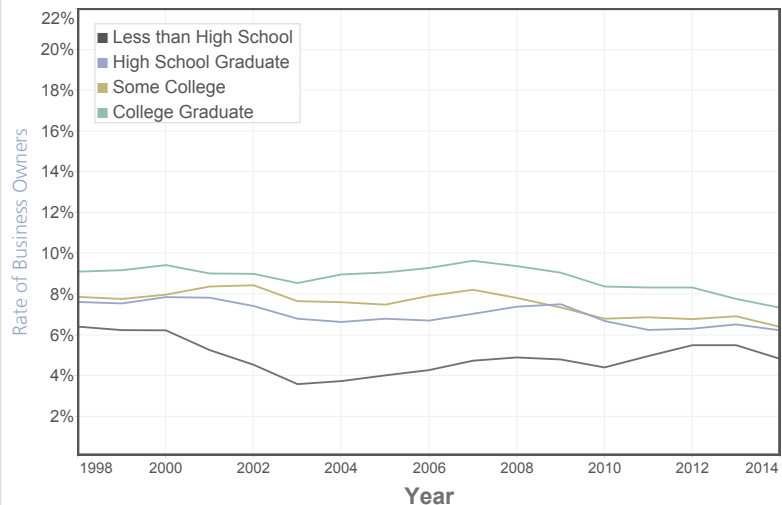
Nativity



Age



Education



Main Street Rank Larger States

2015	2014
20	21

Georgia State Profile

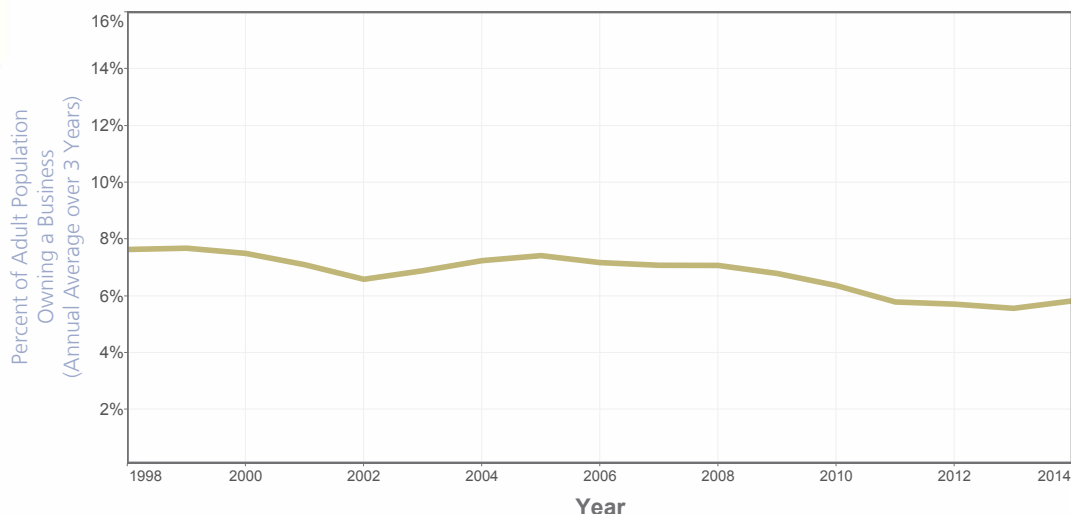
Rate of Business Owners

2015 Component	2014 Component
5.83%	5.57%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



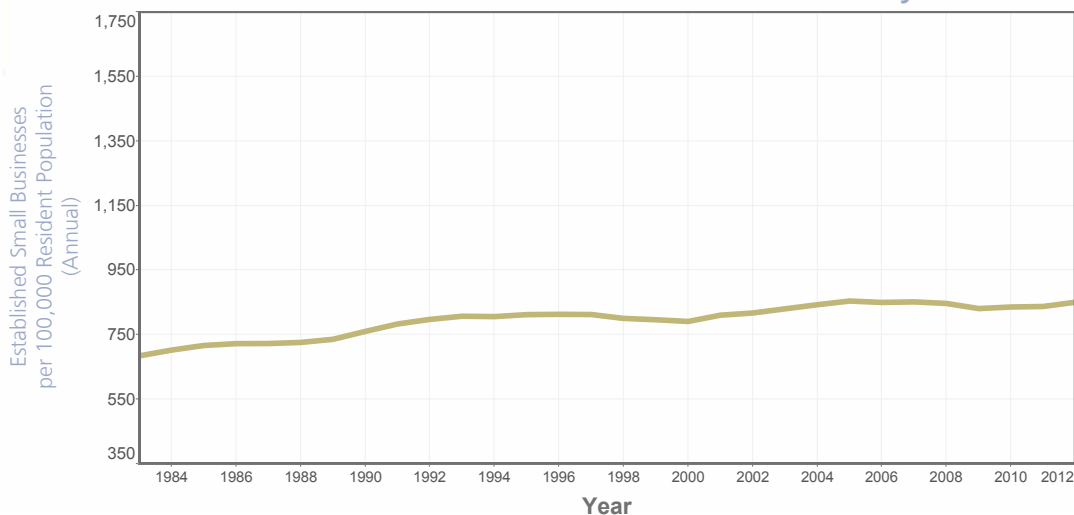
Established Small Business Density

2015 Component	2014 Component
850.9	837.6

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

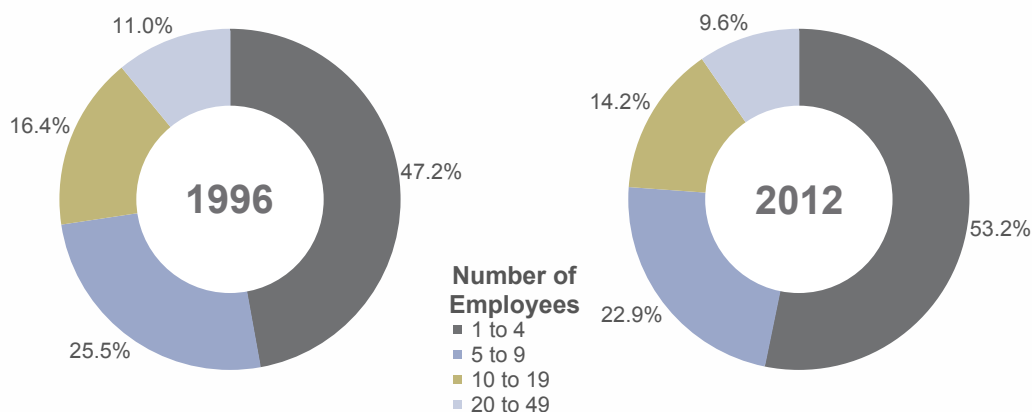


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Georgia

Business Owner Demographics

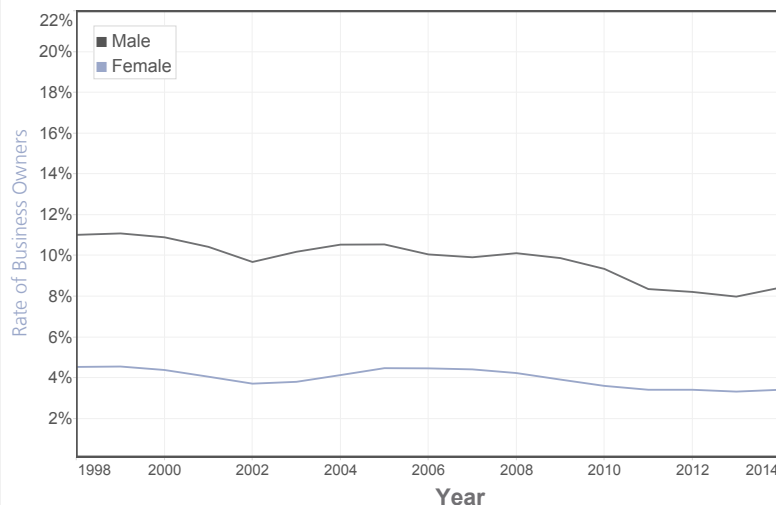
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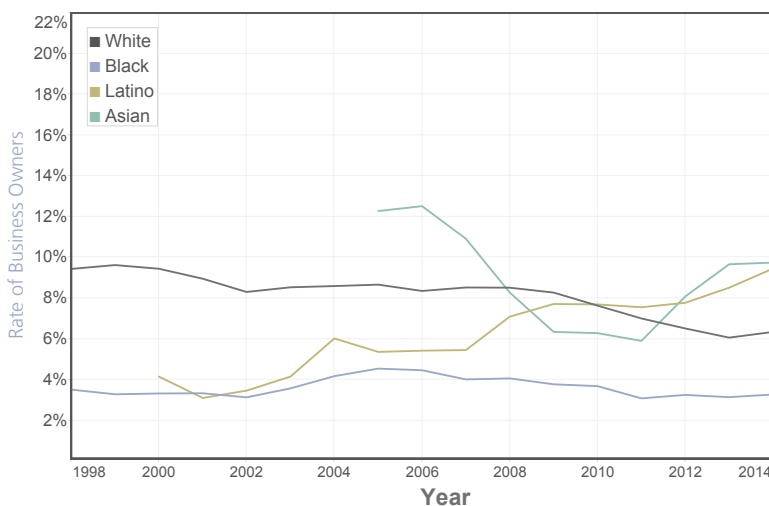
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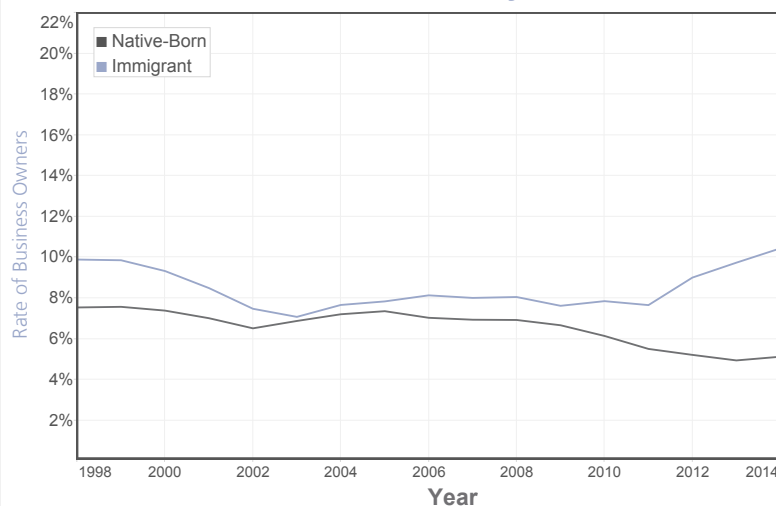
Gender



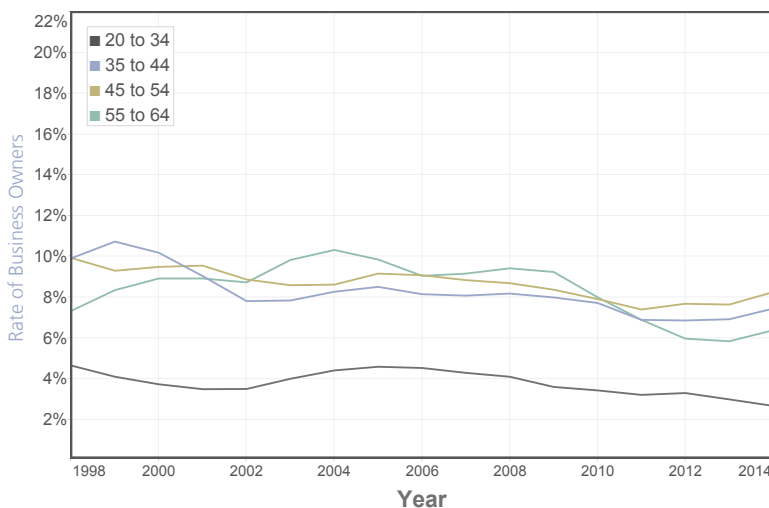
Race



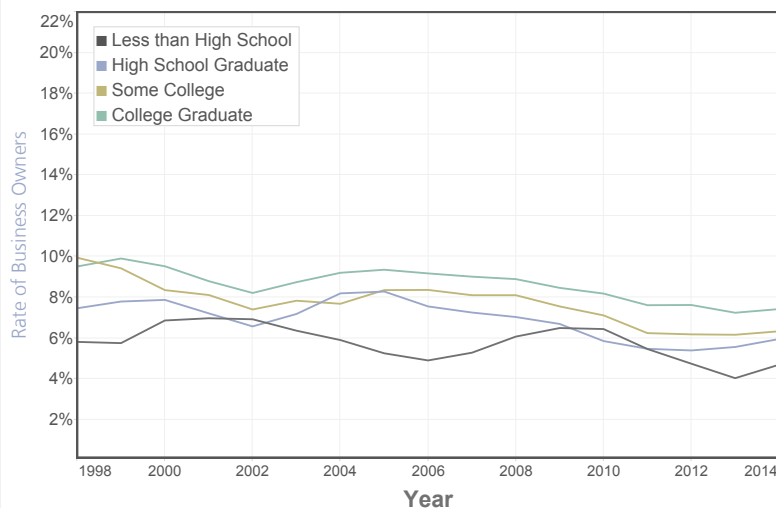
Nativity



Age



Education



Main Street Rank Larger States

2015	2014
21	20

South Carolina

State Profile

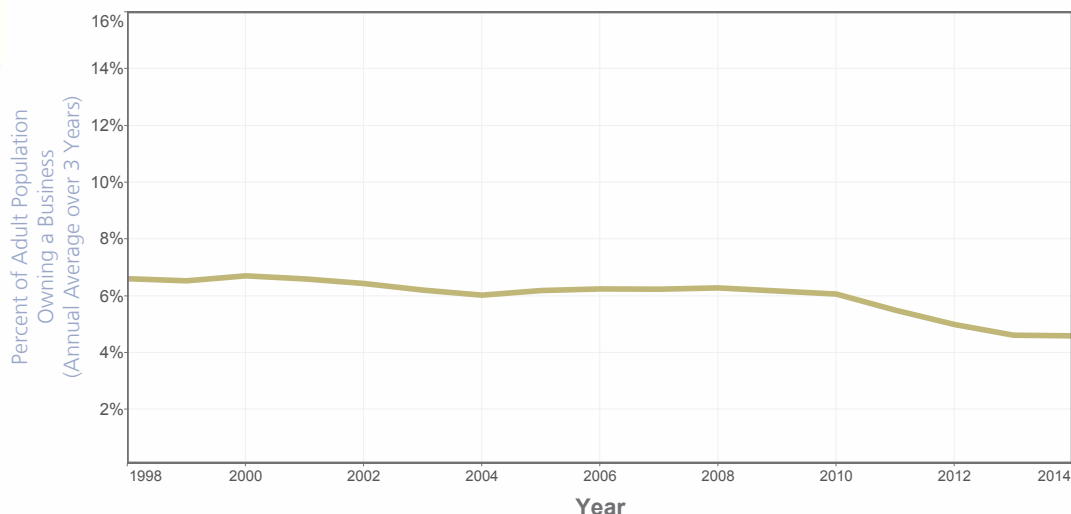
Rate of Business Owners

2015 Component	2014 Component
4.60%	4.62%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



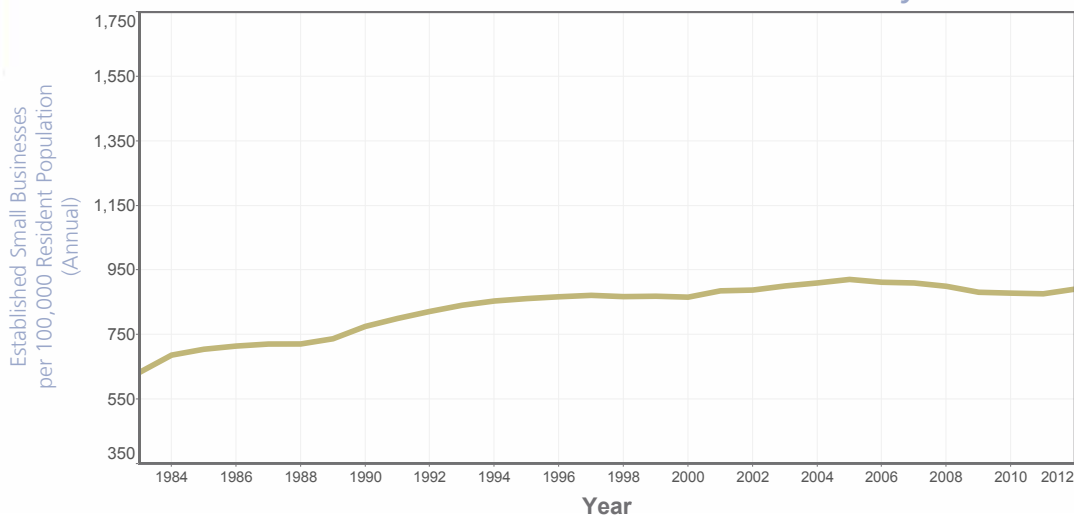
Established Small Business Density

2015 Component	2014 Component
891.6	876.9

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

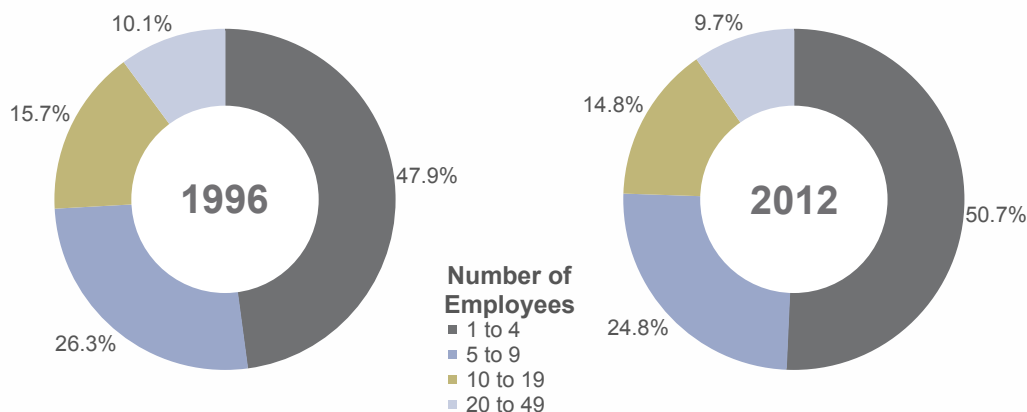


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



South Carolina

Business Owner Demographics

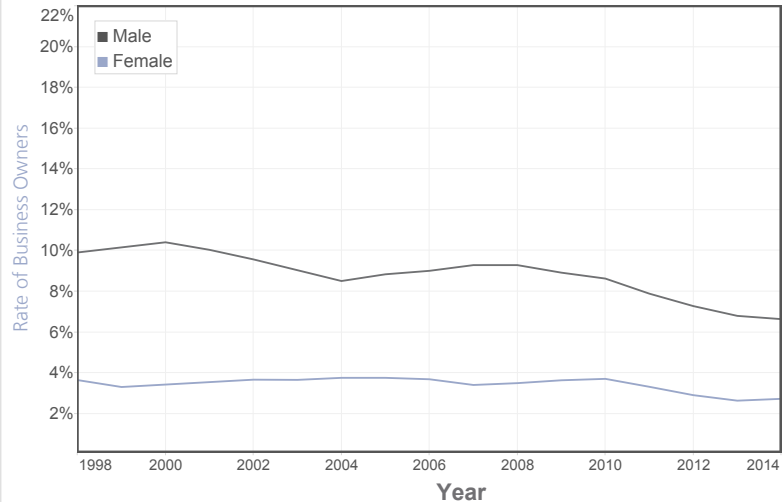
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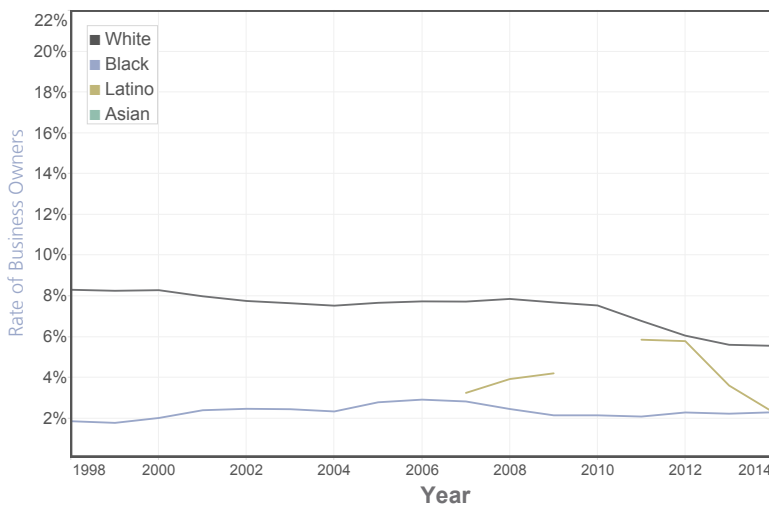
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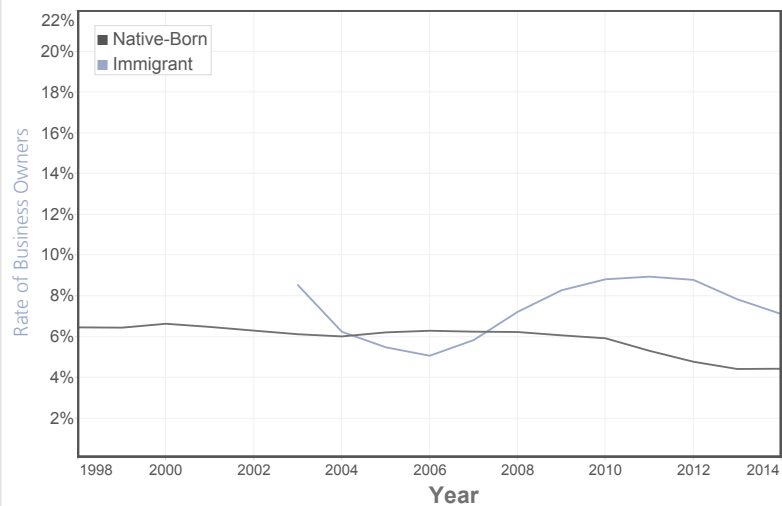
Gender



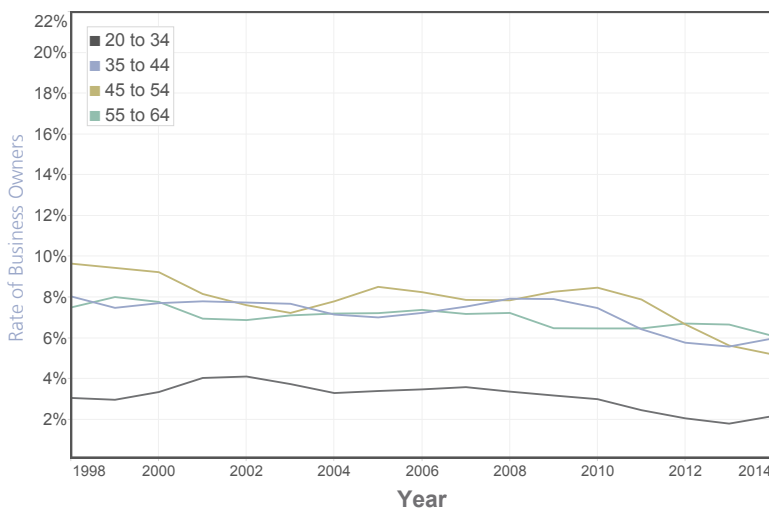
Race



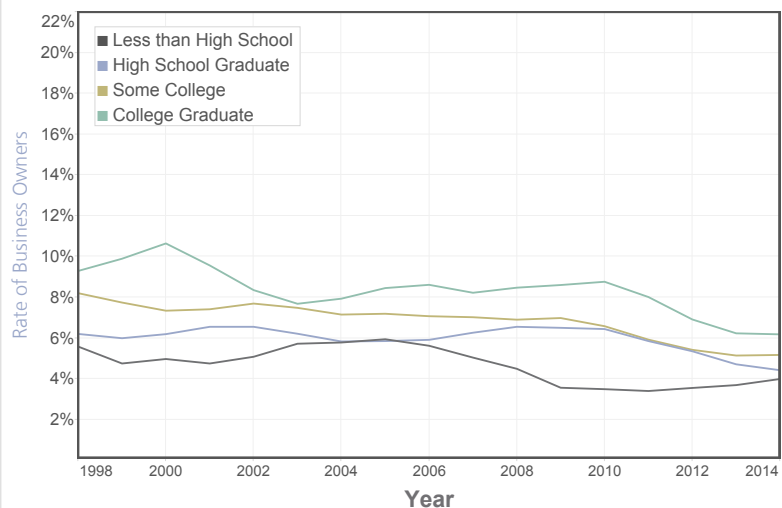
Nativity



Age



Education



Main Street Rank Larger States

2015	2014
22	23

Alabama

State Profile

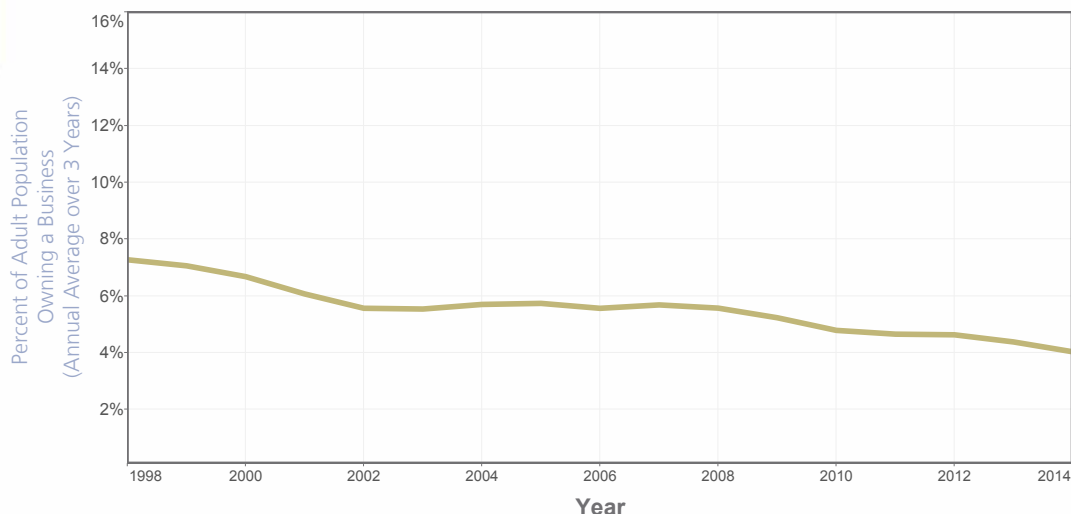
Rate of Business Owners

2015 Component	2014 Component
4.04%	4.38%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



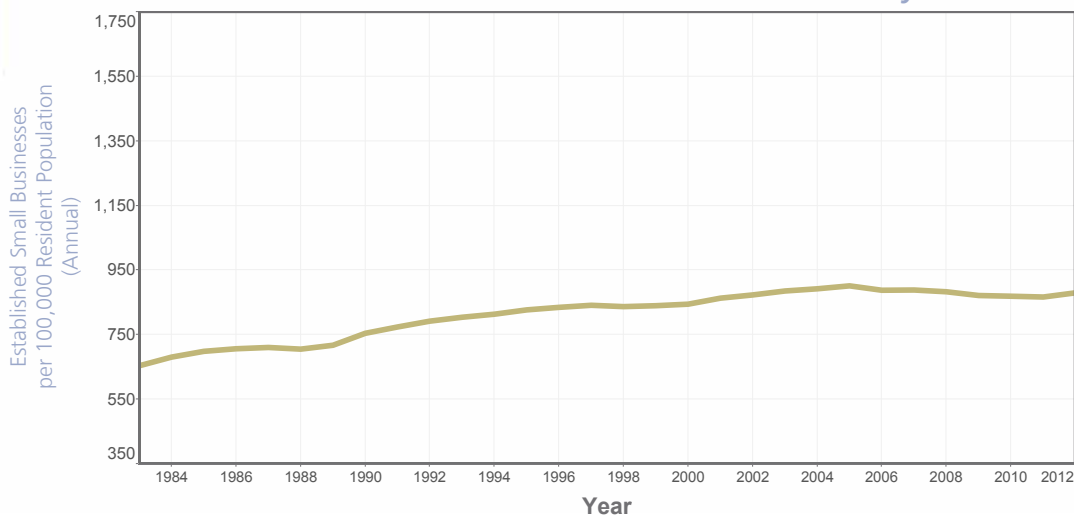
Established Small Business Density

2015 Component	2014 Component
879.9	866.9

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

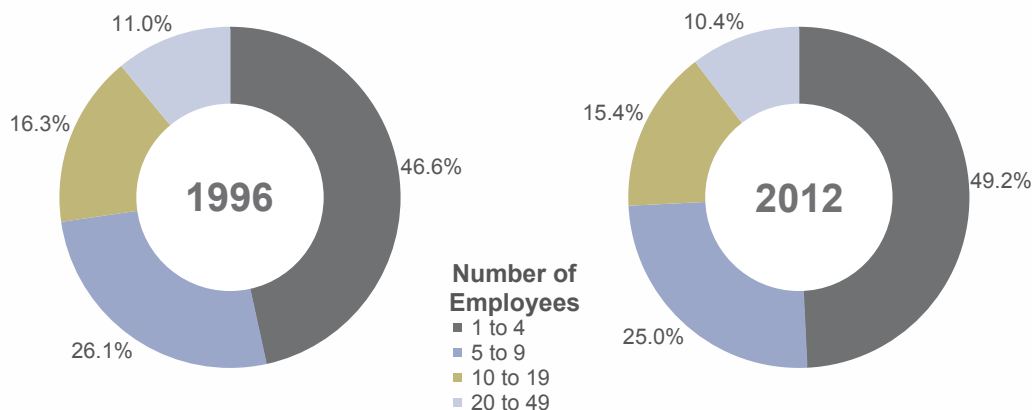


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Alabama

Business Owner Demographics

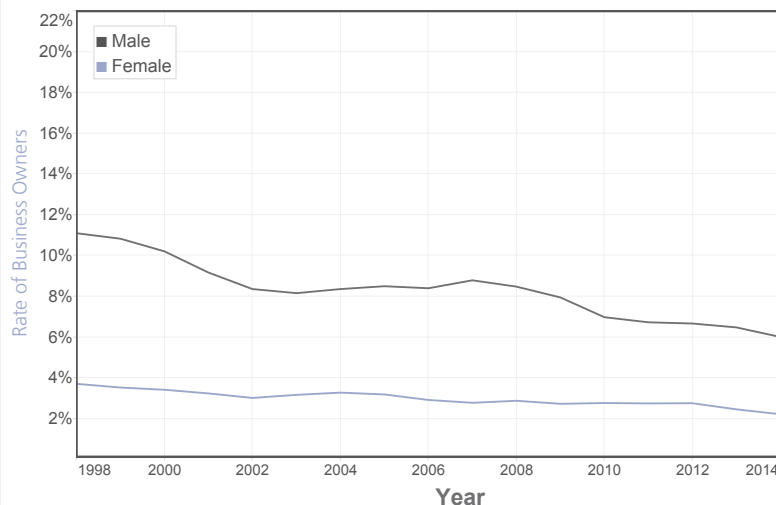
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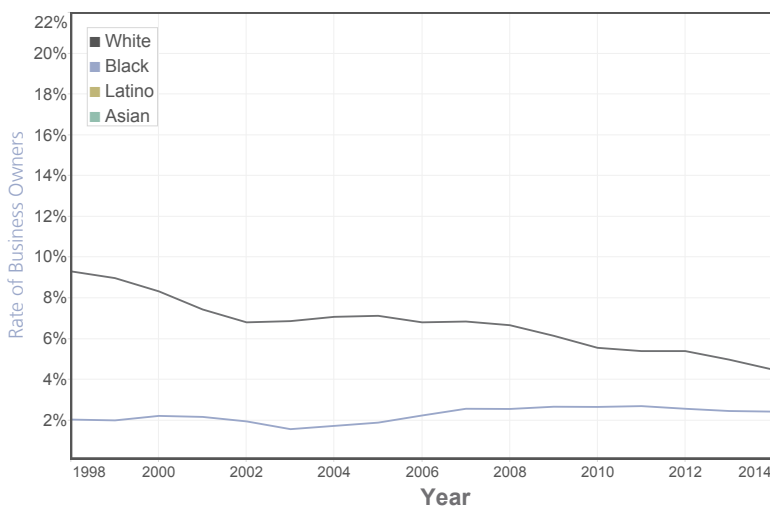
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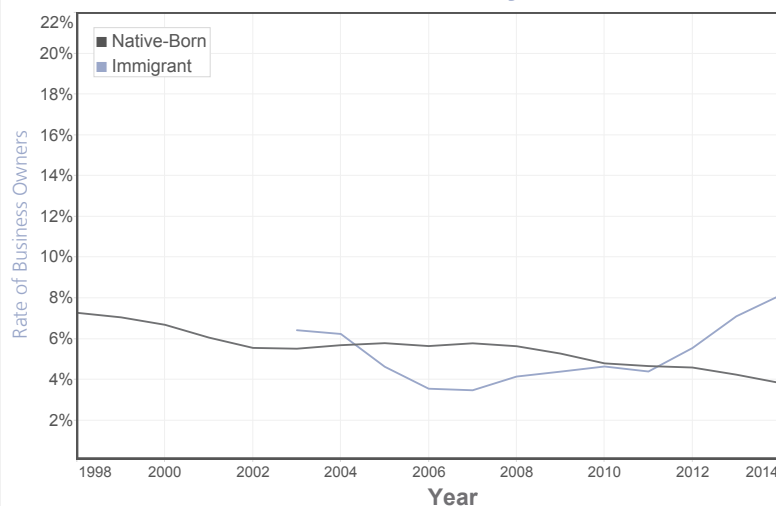
Gender



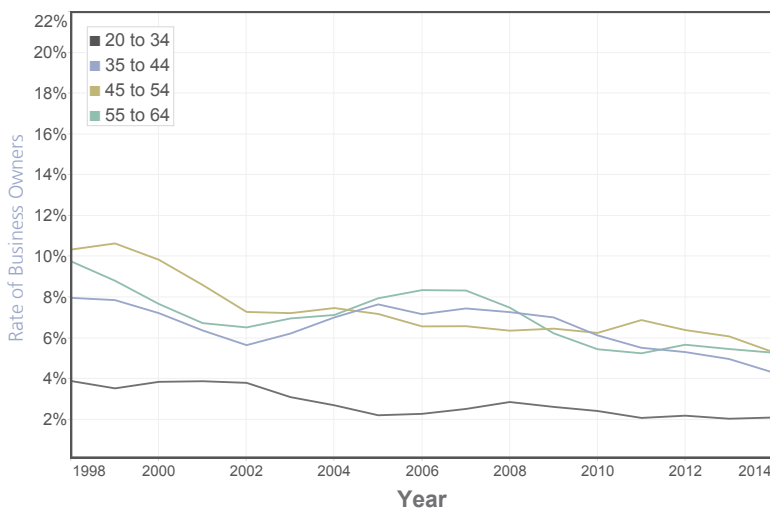
Race



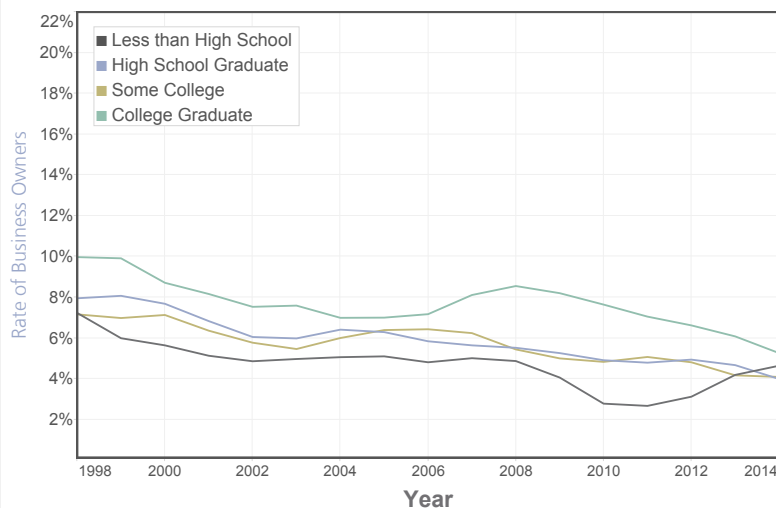
Nativity



Age



Education



Main Street Rank Larger States

2015	2014
23	22

Tennessee

State Profile

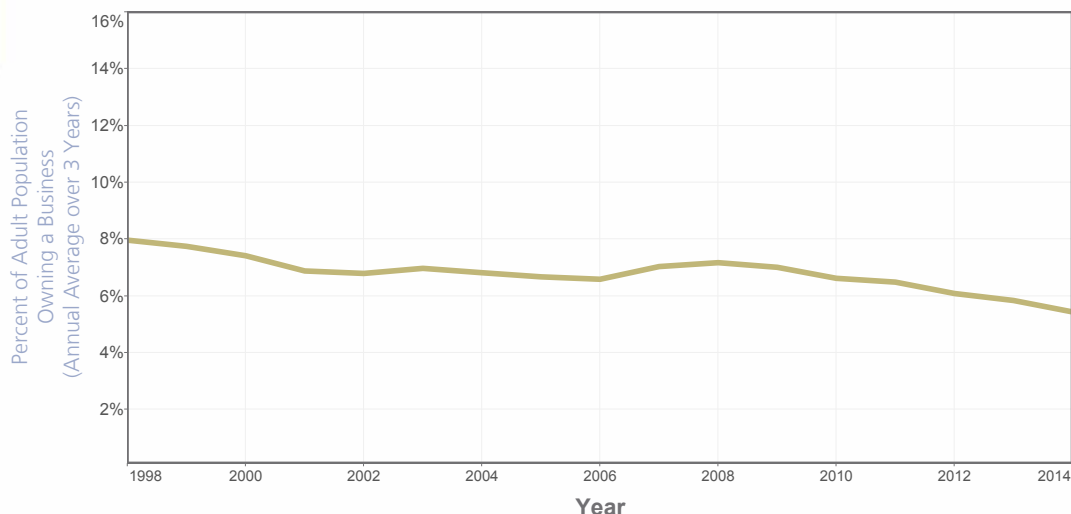
Rate of Business Owners

2015 Component	2014 Component
5.44%	5.84%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



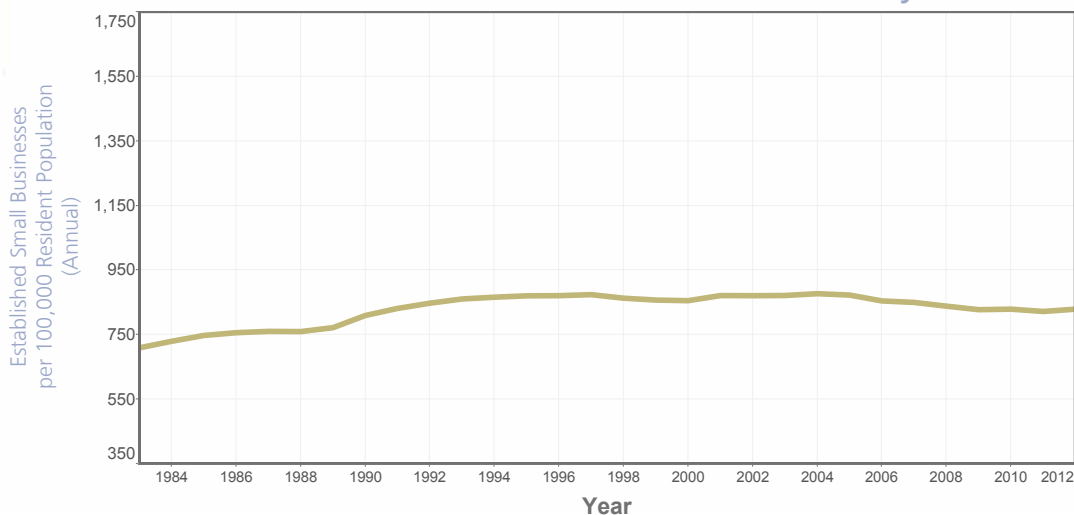
Established Small Business Density

2015 Component	2014 Component
829.3	822.2

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

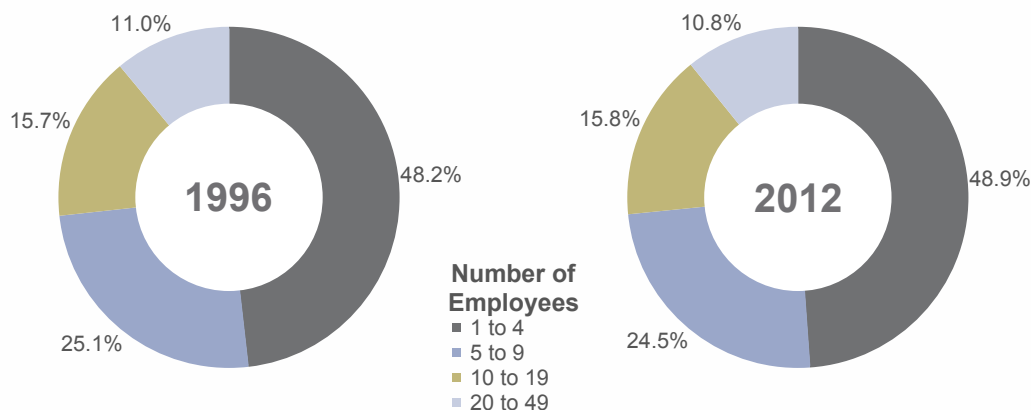


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Tennessee

Business Owner Demographics

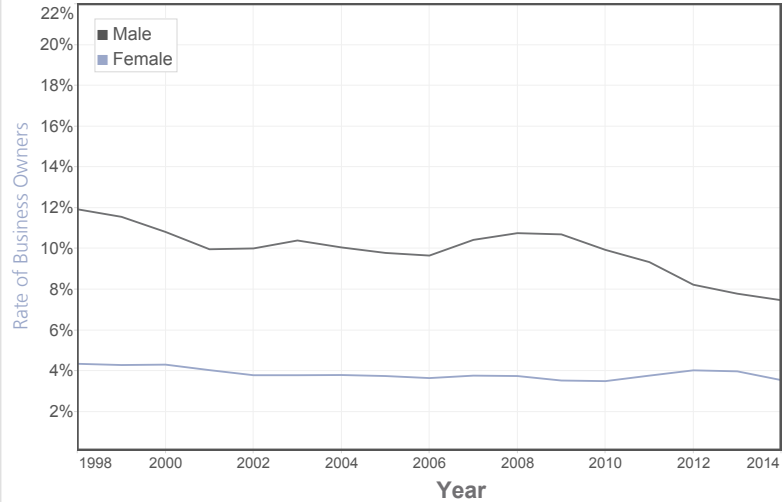
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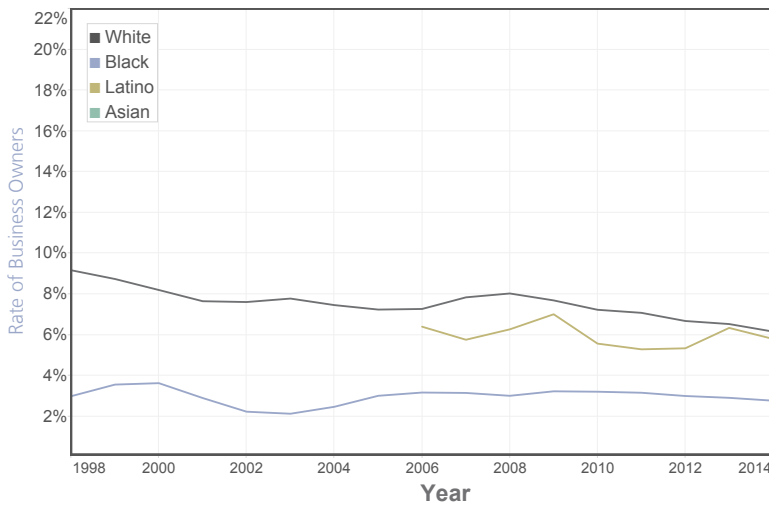
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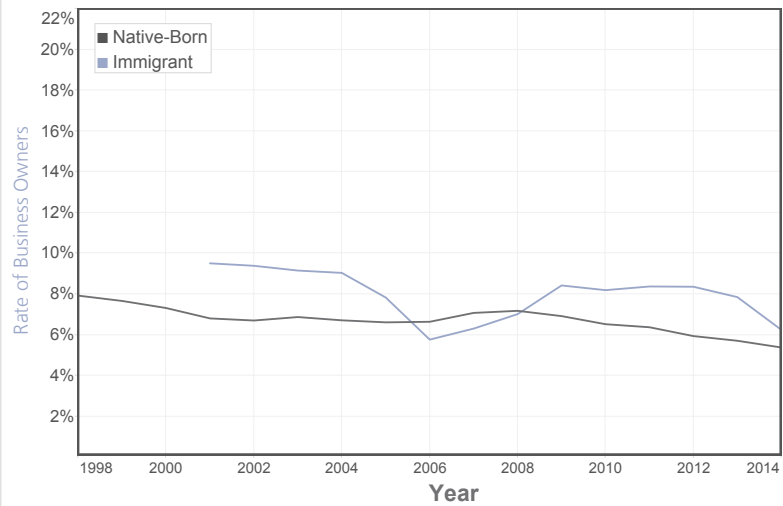
Gender



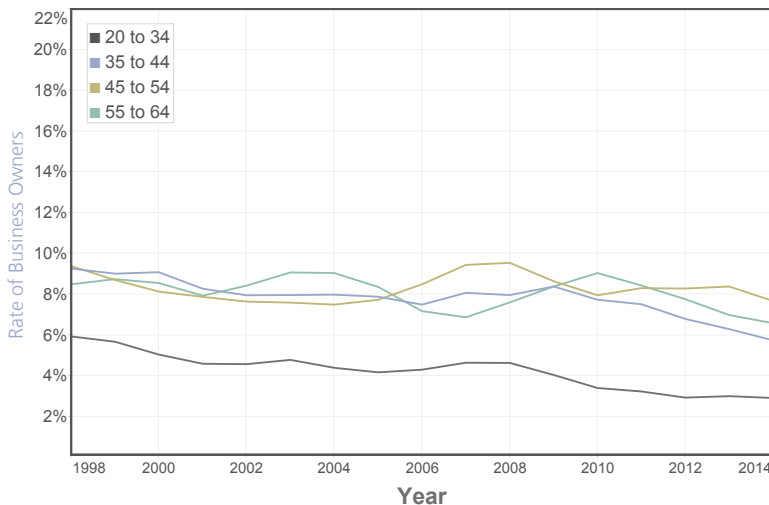
Race



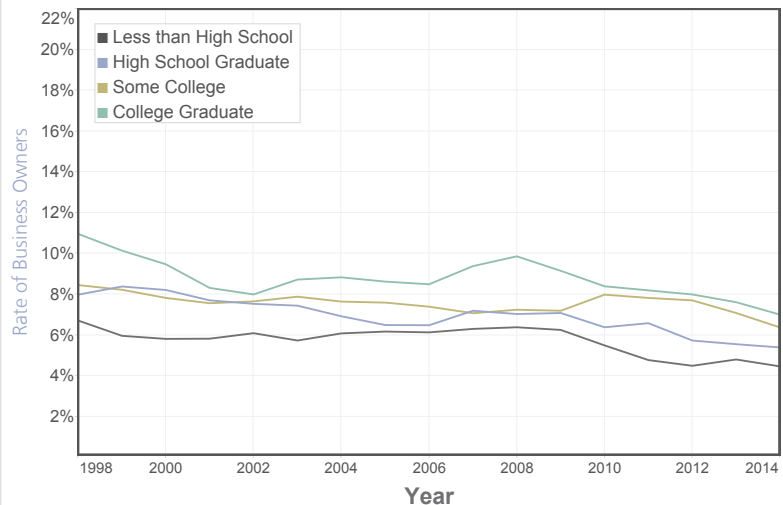
Nativity



Age



Education



Main Street Rank Larger States

2015	2014
24	24

Texas State Profile

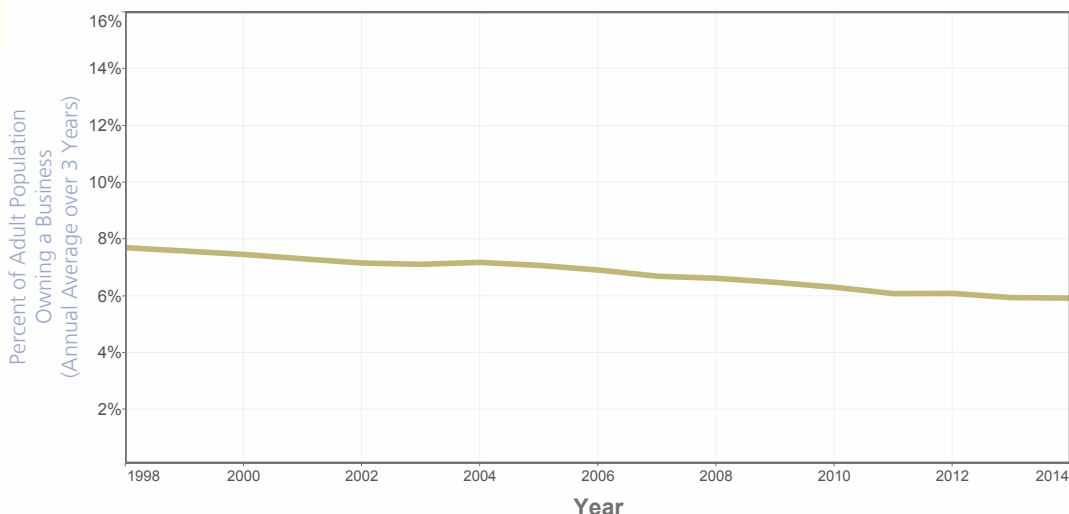
Rate of Business Owners

2015 Component	2014 Component
5.93%	5.94%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



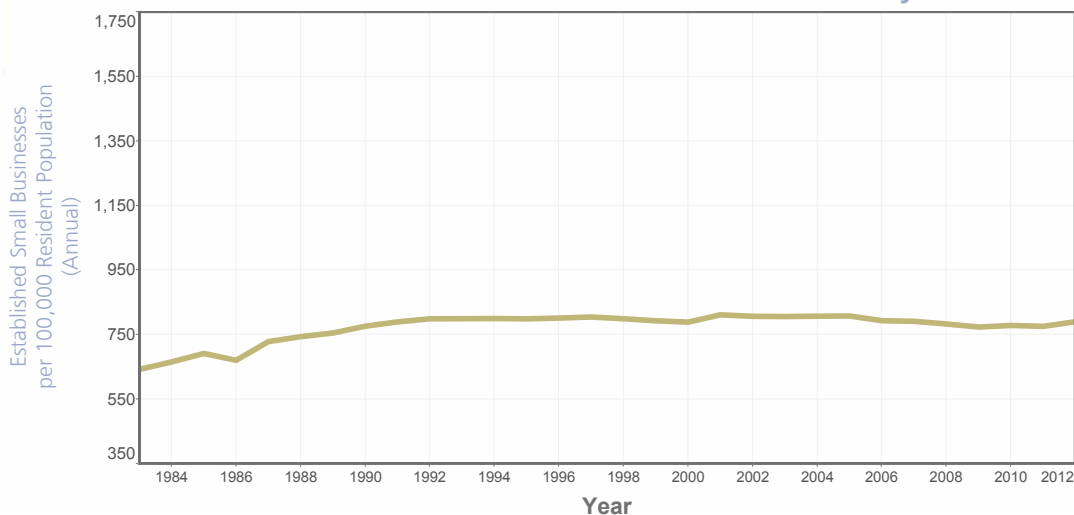
Established Small Business Density

2015 Component	2014 Component
790.4	776.0

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

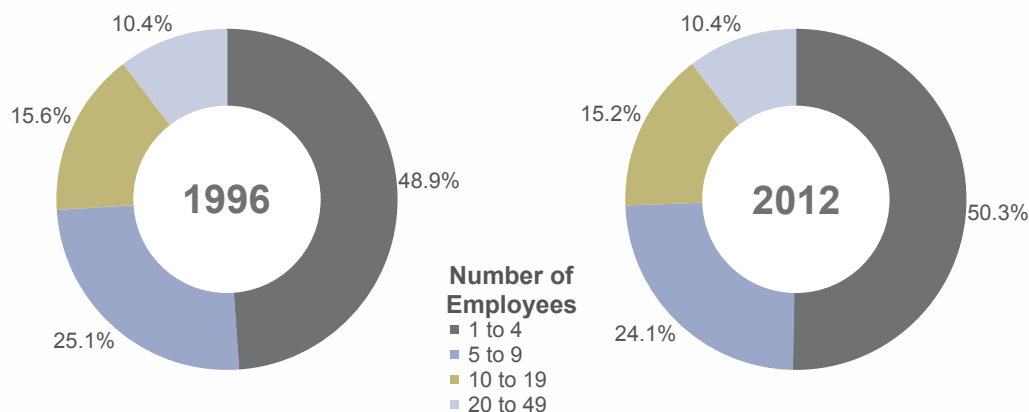


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Texas

Business Owner Demographics

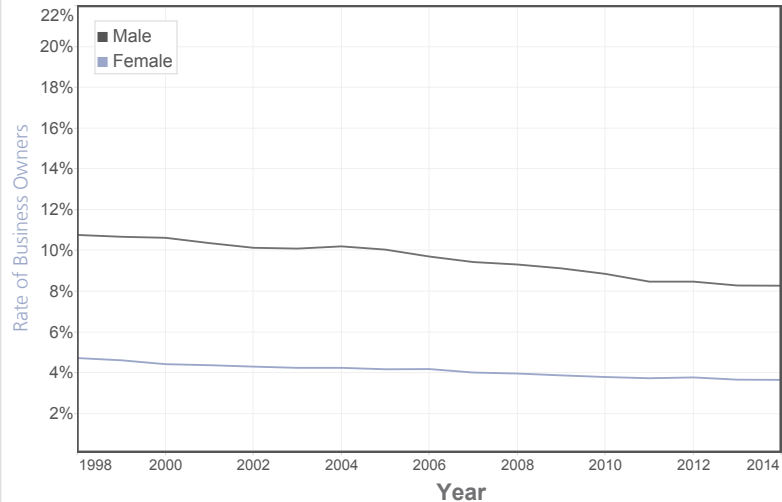
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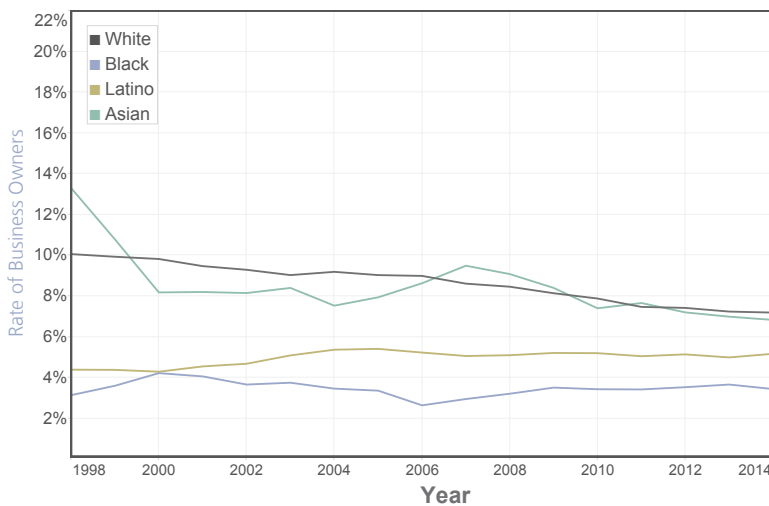
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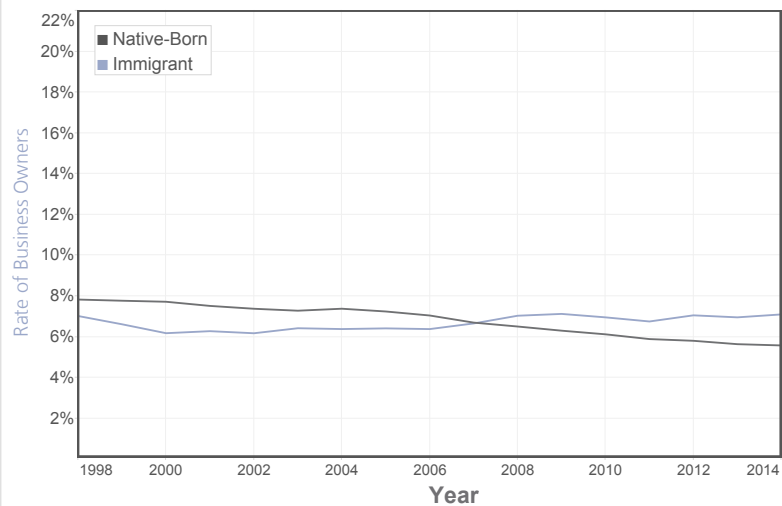
Gender



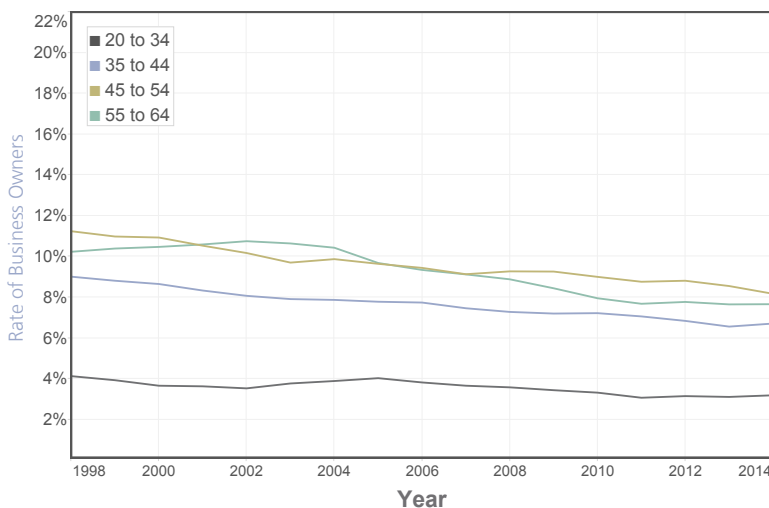
Race



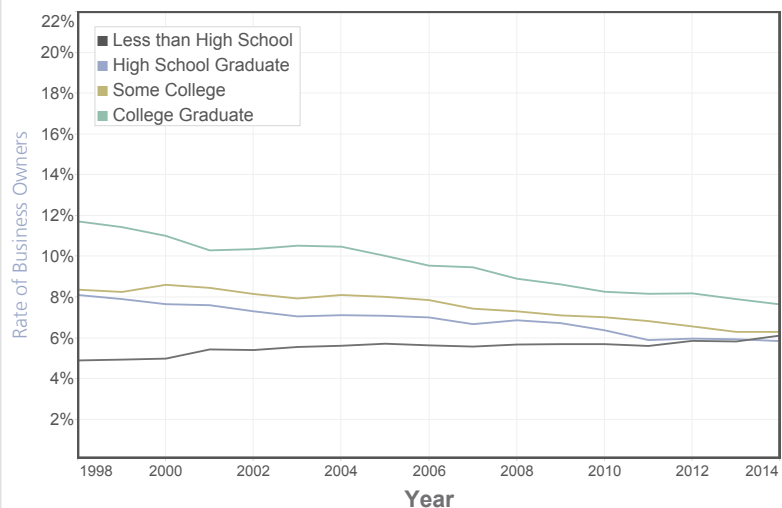
Nativity



Age



Education



Main Street Rank Larger States

2015

25

2014

25

Arizona

State Profile

Rate of Business Owners

2015
Component

6.27%

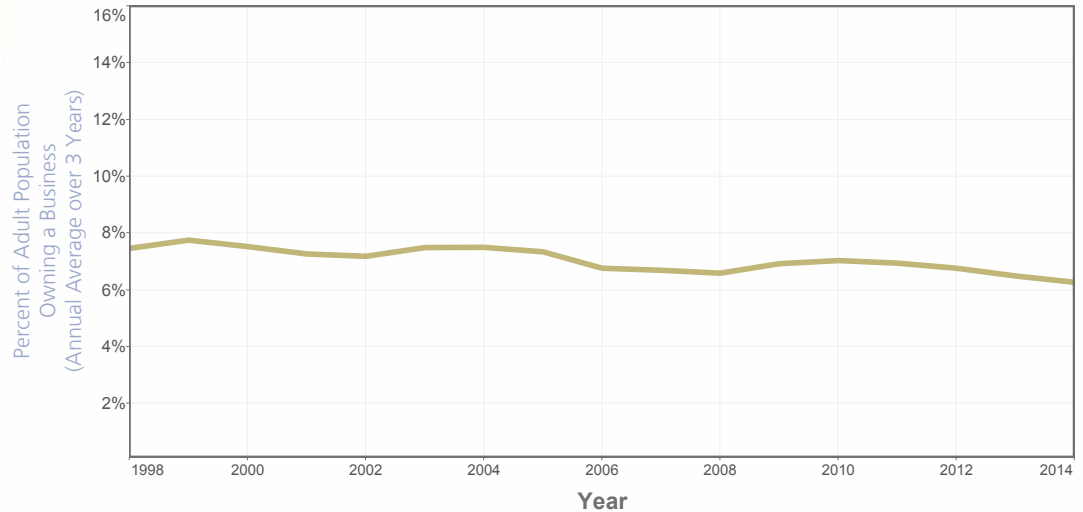
2014
Component

6.49%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



Established Small Business Density

2015
Component

721.7

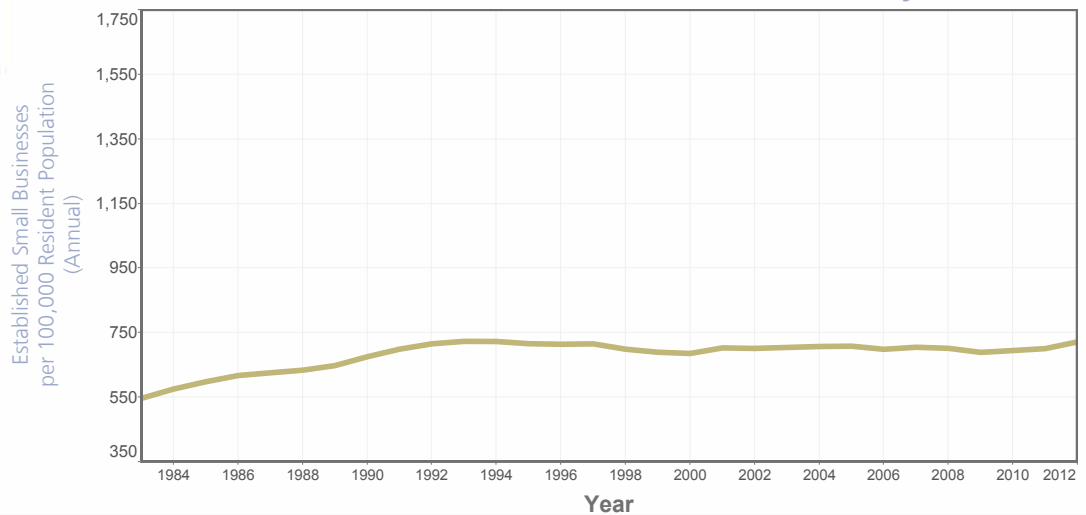
2014
Component

700.9

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

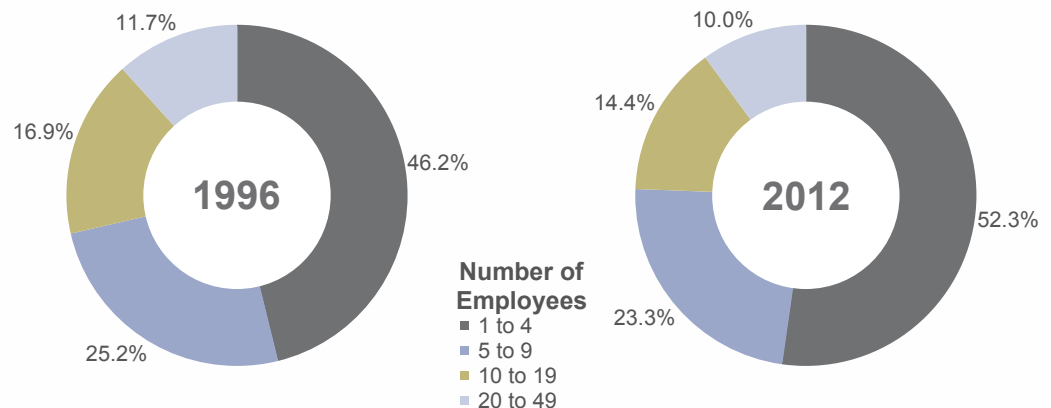


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Arizona

Business Owner Demographics

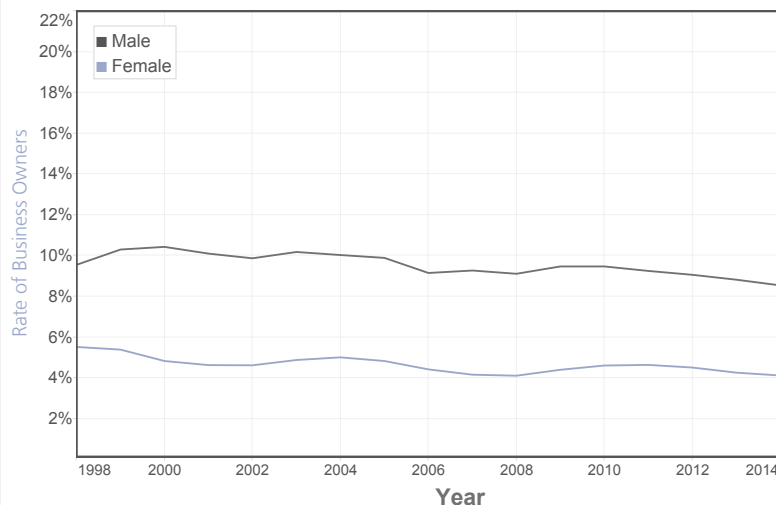
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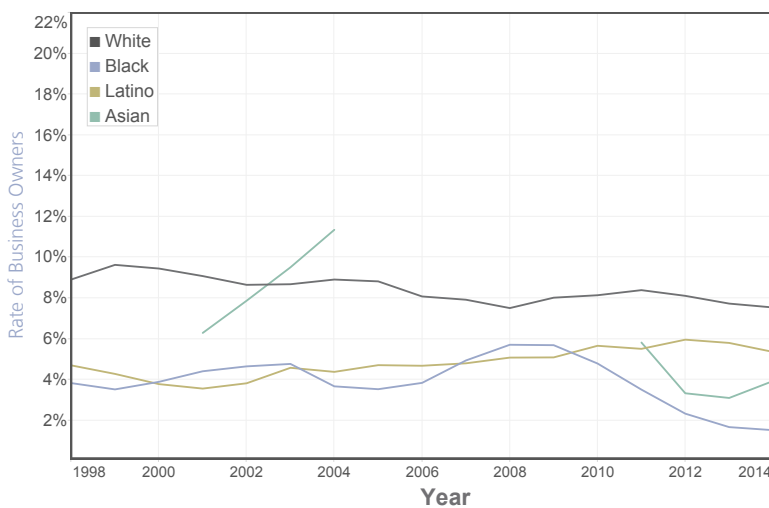
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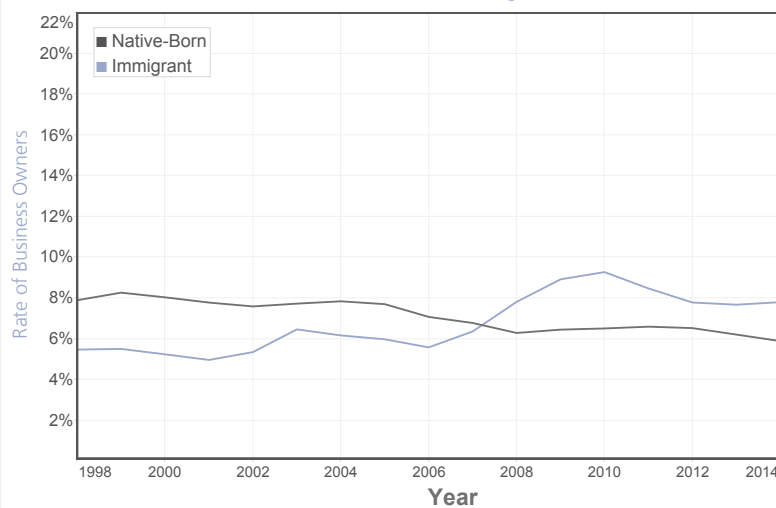
Gender



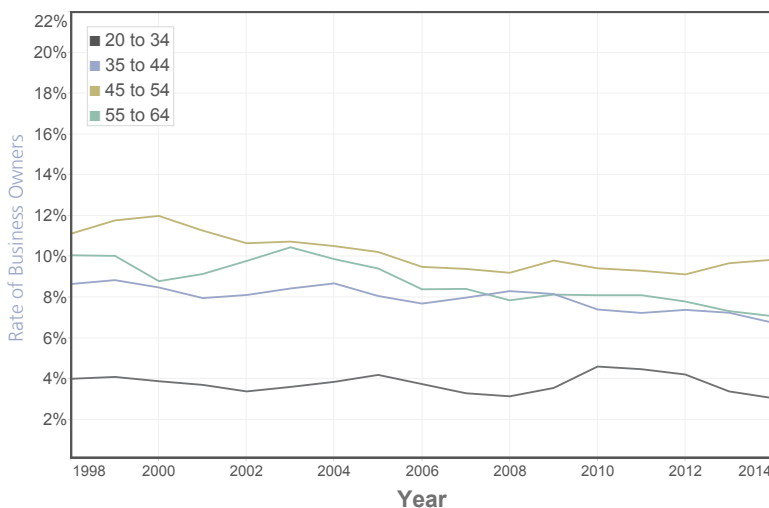
Race



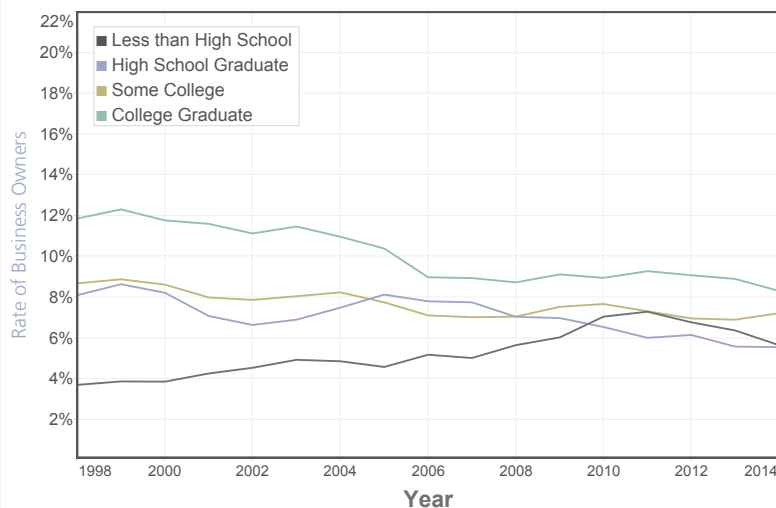
Nativity



Age



Education



Appendix 2:

SMALLER STATE RANKINGS

STATE RANKINGS, STATE PROFILES ORDERED BY RANK,
AND BUSINESS OWNER DEMOGRAPHICS

TABLE 2
Smaller States Rankings—Kauffman Index: Main Street Entrepreneurship
Twenty-Five Smallest U.S. States by Population

Rank 2015	Index 2015	State	Rank 2014	Change in Rank	Rate of Business Owners	Established Small Business Density
1	21.04	Vermont	1	0	9.97%	1713.7
2	20.7	Montana	2	0	10.13%	1694.5
3	18.07	North Dakota	3	0	9.63%	1606.2
4	17.1	South Dakota	4	0	10.47%	1538.2
5	16.9	Wyoming	5	0	7.71%	1625.0
6	10.93	Maine	7	1	8.27%	1365.6
7	10.68	Nebraska	6	-1	7.93%	1367.1
8	8.75	New Hampshire	8	0	7.69%	1297.7
9	7.45	Rhode Island	9	0	5.88%	1307.8
10	7.3	Iowa	10	0	7.14%	1258.3
11	6.65	Oregon	11	0	7.84%	1208.0
12	5.49	Idaho	12	0	7.85%	1161.1
13	5.02	Kansas	13	0	6.44%	1190.7
14	4.36	Connecticut	14	0	6.34%	1167.4
15	3.61	Alaska	15	0	6.20%	1142.3
16	1.33	Oklahoma	17	1	6.54%	1038.7
17	0.86	Hawaii	16	-1	6.00%	1038.4
18	0.3	Delaware	18	0	5.22%	1042.5
19	-2.02	Arkansas	19	0	4.86%	962.0
20	-2.22	New Mexico	20	0	6.02%	913.6
21	-2.38	Utah	22	1	5.68%	919.2
22	-3.24	West Virginia	21	-1	3.94%	944.1
23	-4.1	Mississippi	24	1	5.11%	869.4
24	-4.26	Kentucky	23	-1	4.42%	886.7
25	-8.21	Nevada	25	0	4.89%	711.6

For an interactive version of the rankings, please see: www.kauffmanindex.org.

Main Street Rank Smaller States

2015

1

2014

1

Vermont State Profile

Rate of Business Owners

2015
Component

9.97%

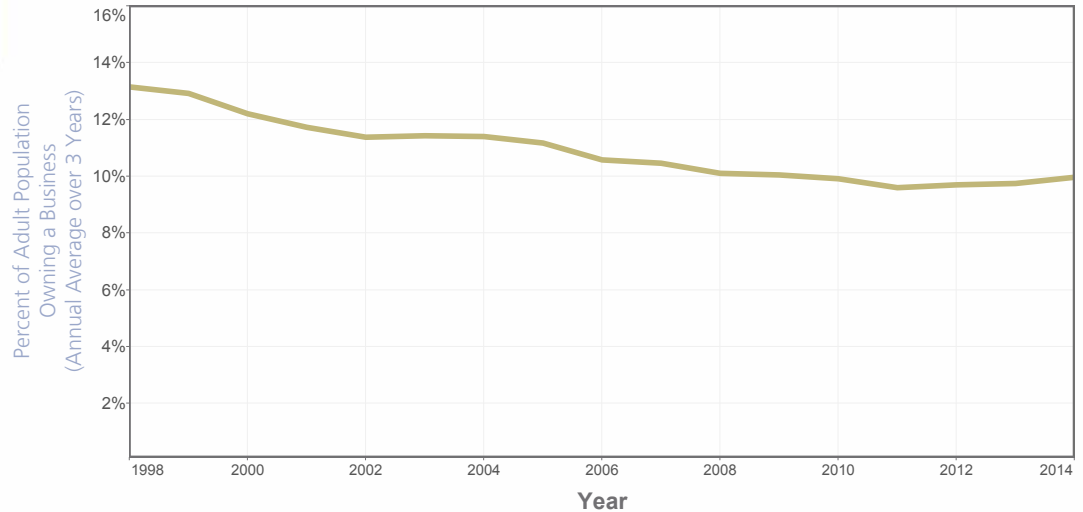
2014
Component

9.75%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



Established Small Business Density

2015
Component

1,713.7

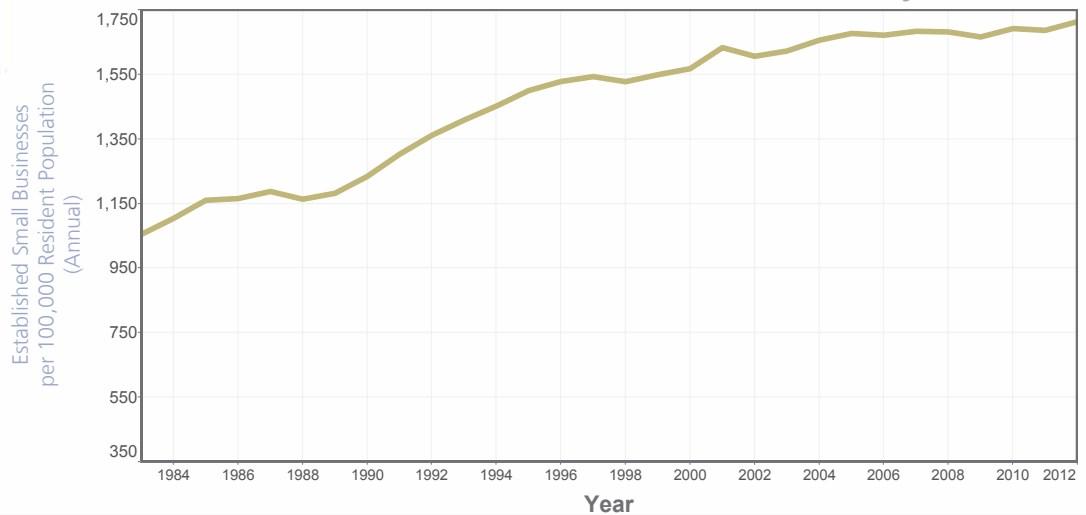
2014
Component

1,686.7

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

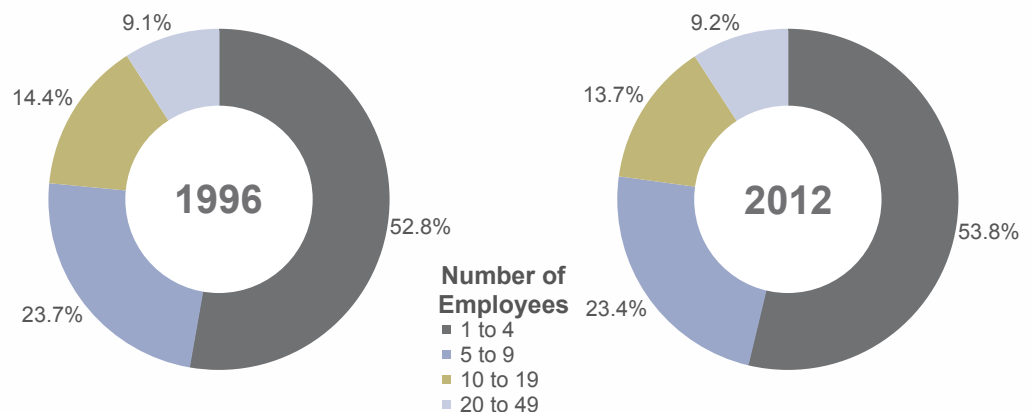


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Vermont

Business Owner Demographics

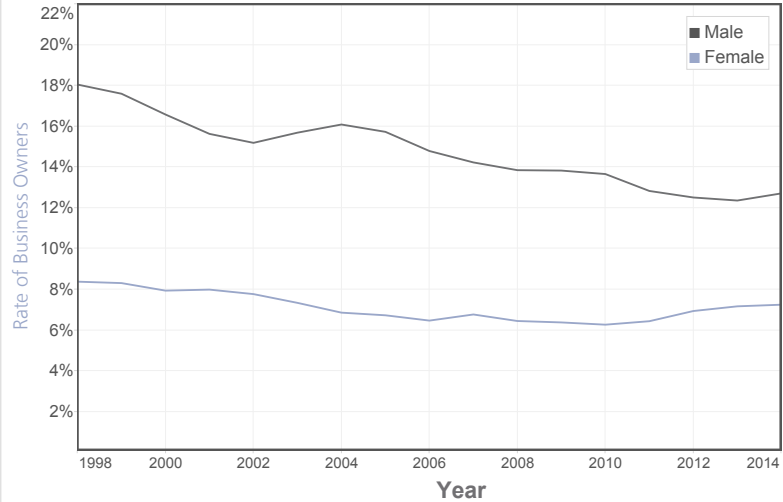
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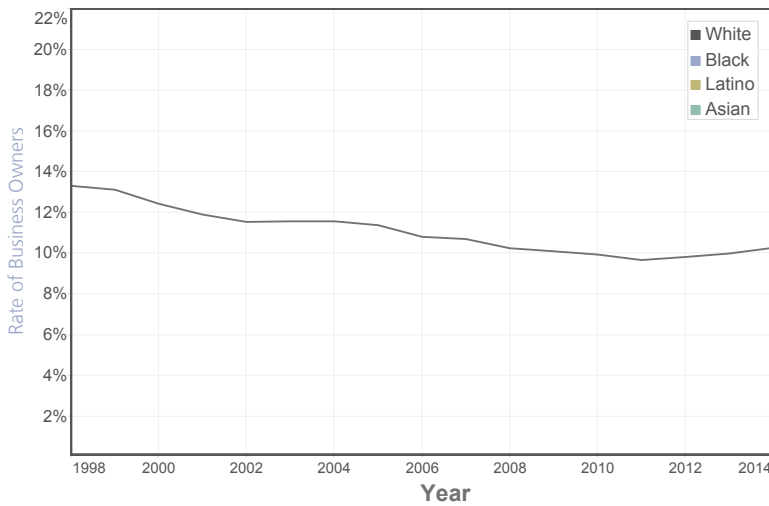
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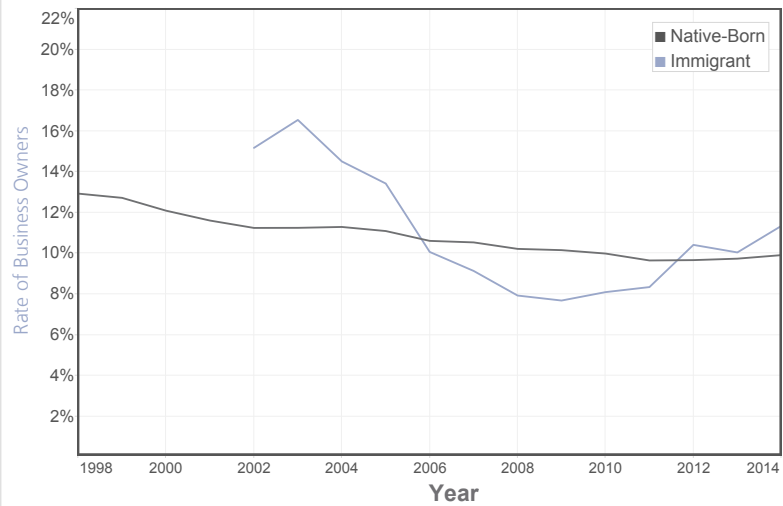
Gender



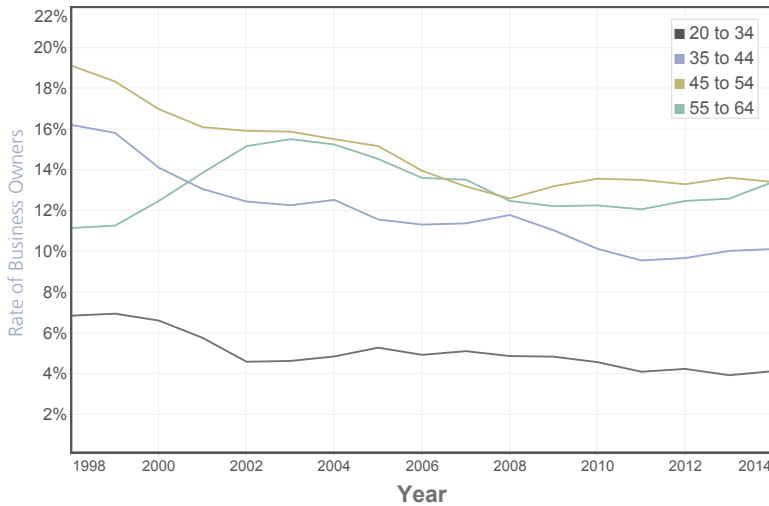
Race



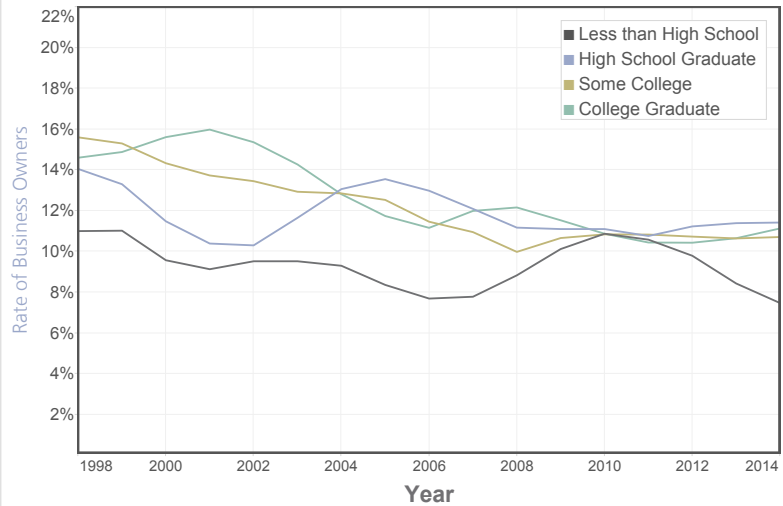
Nativity



Age



Education



Main Street Rank Smaller States

2015	2014
2	2

Montana State Profile

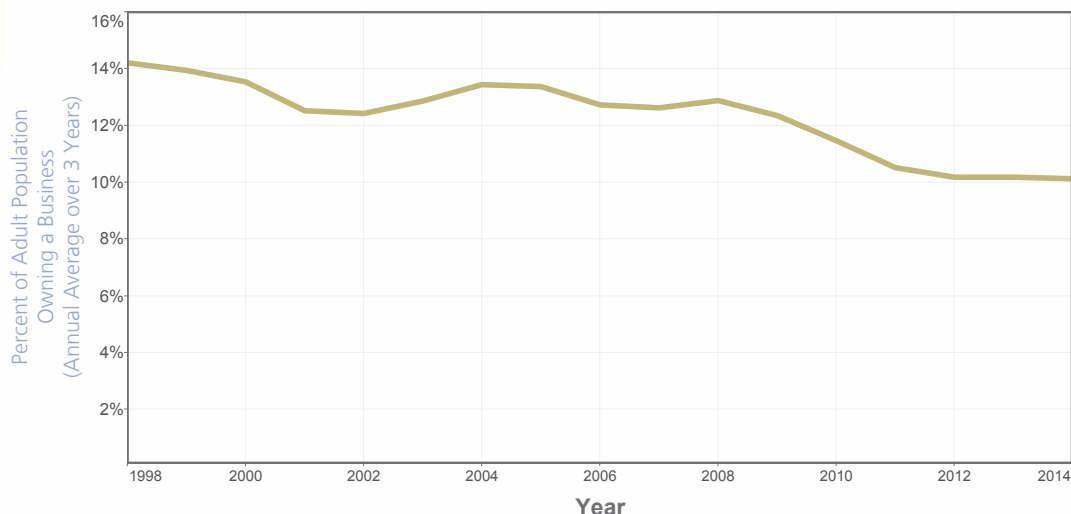
Rate of Business Owners

2015 Component	2014 Component
10.13%	10.18%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



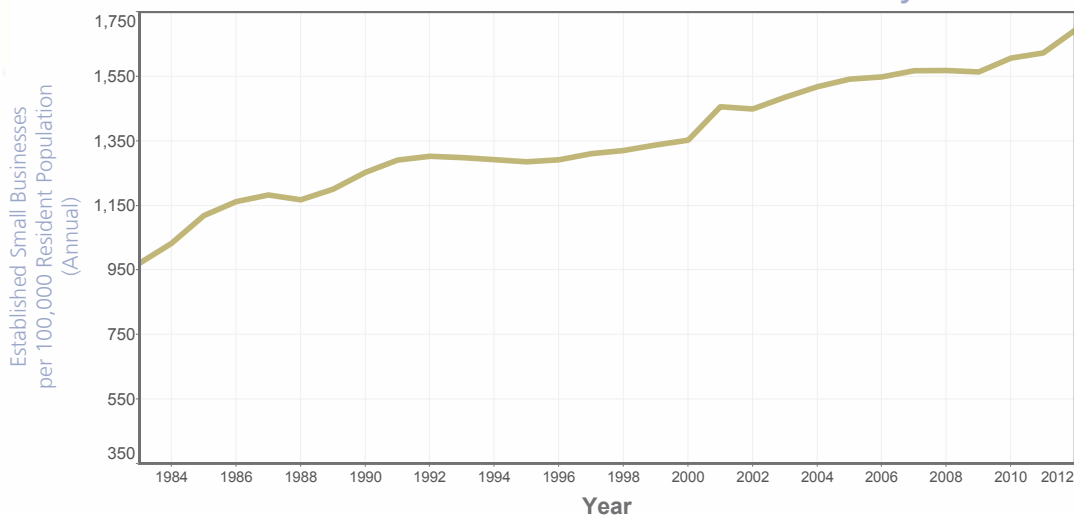
Established Small Business Density

2015 Component	2014 Component
1,694.5	1,622.9

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

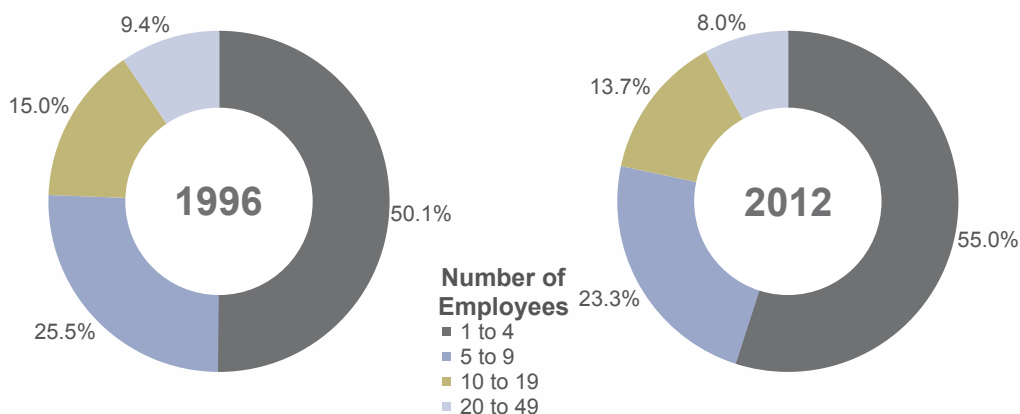


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Montana

Business Owner Demographics

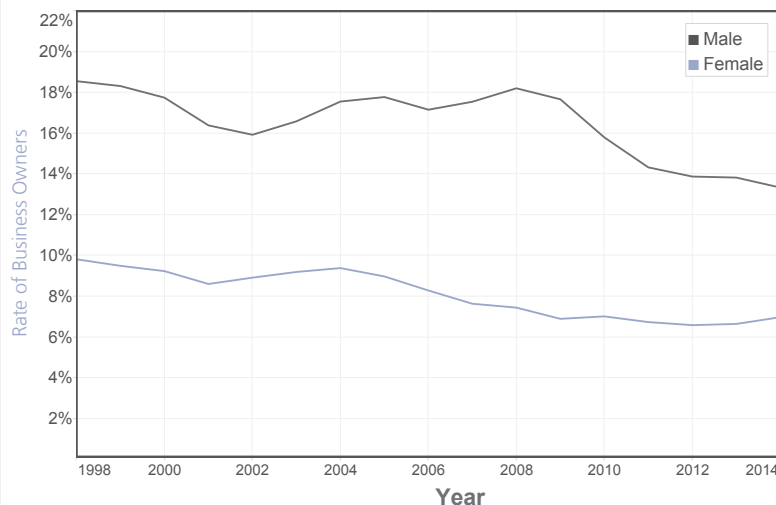
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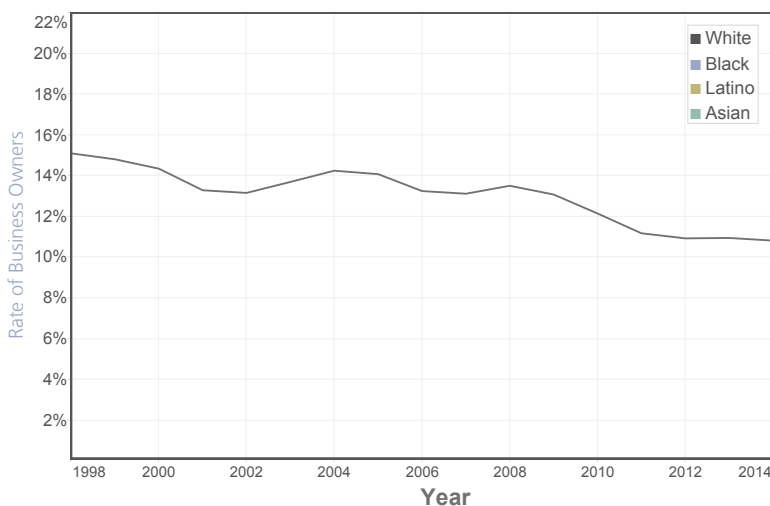
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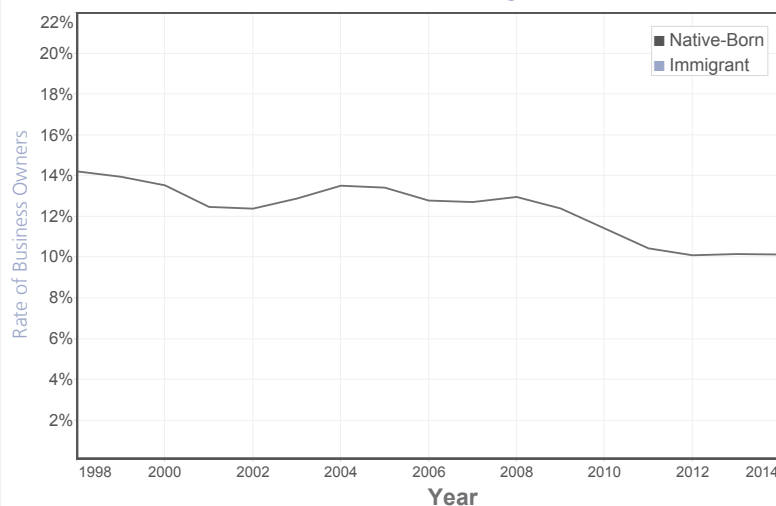
Gender



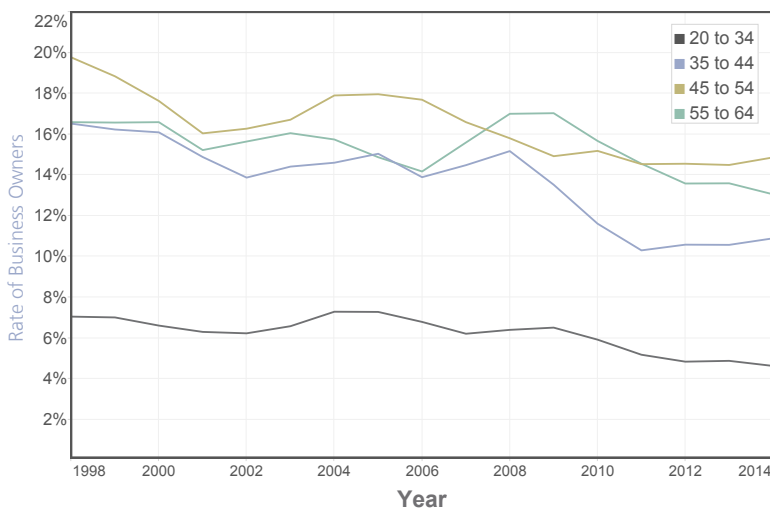
Race



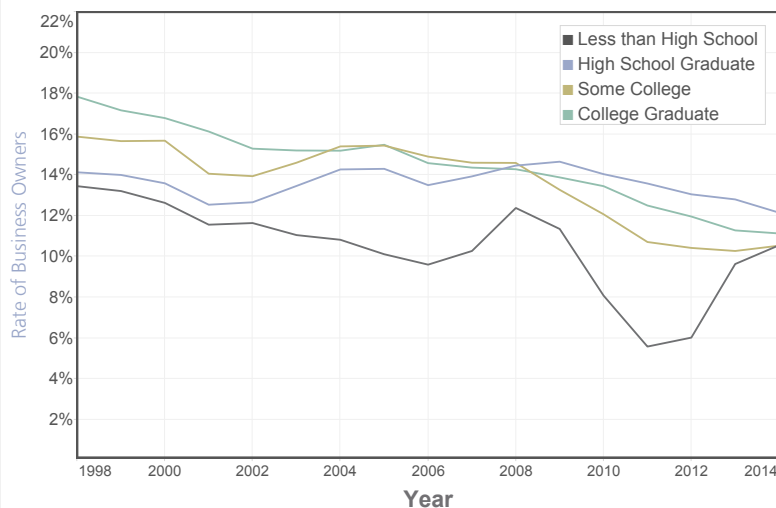
Nativity



Age



Education



Main Street Rank Smaller States

2015	2014
3	3

North Dakota

State Profile

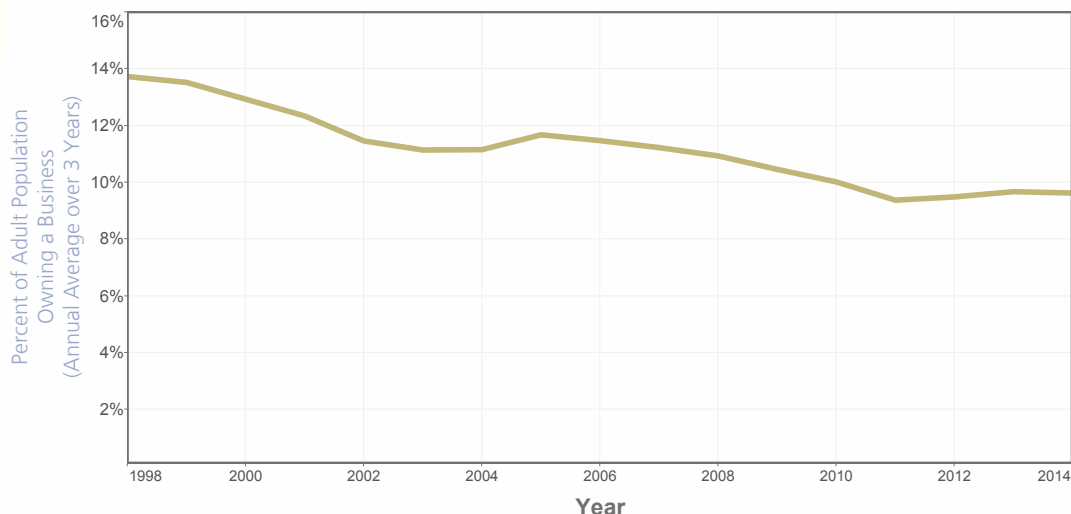
Rate of Business Owners

2015 Component	2014 Component
9.63%	9.67%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



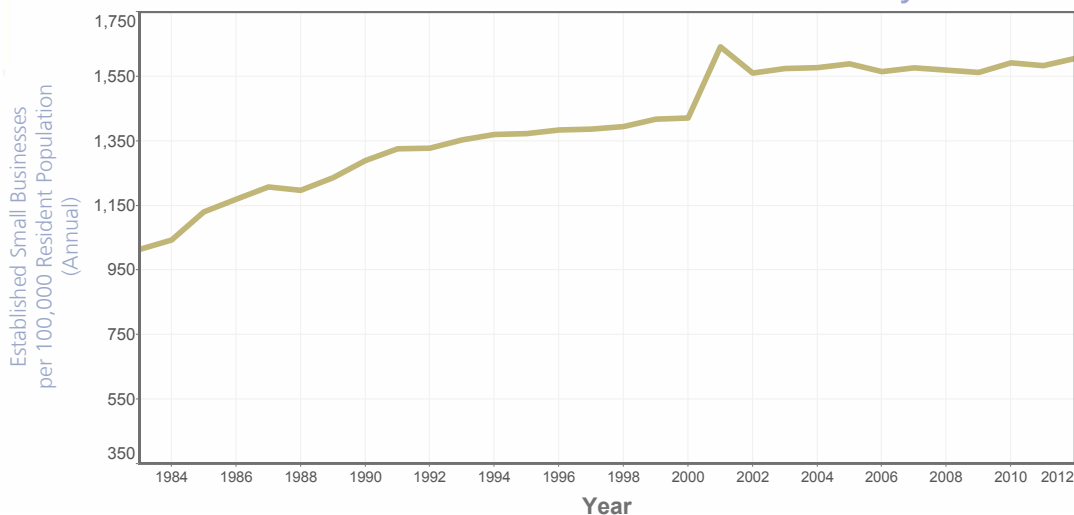
Established Small Business Density

2015 Component	2014 Component
1,606.2	1,583.5

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

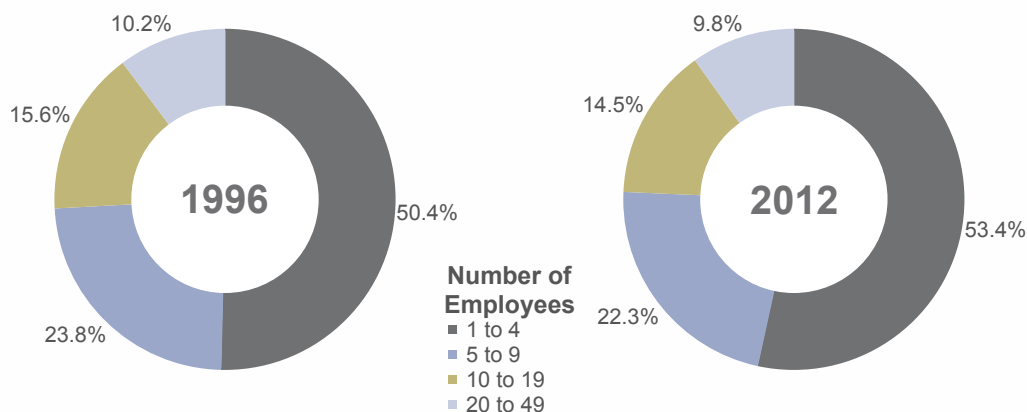


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



North Dakota

Business Owner Demographics

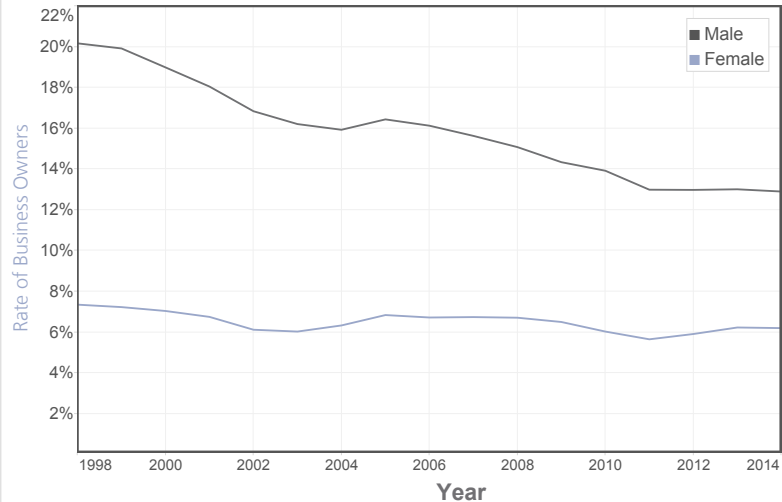
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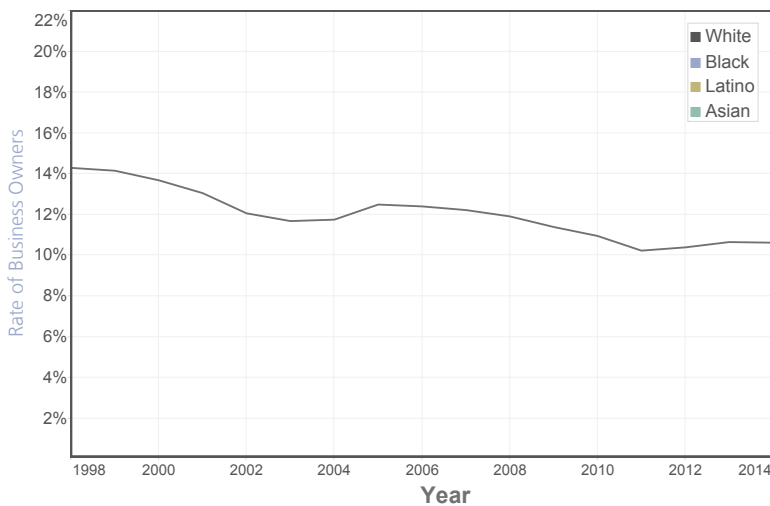
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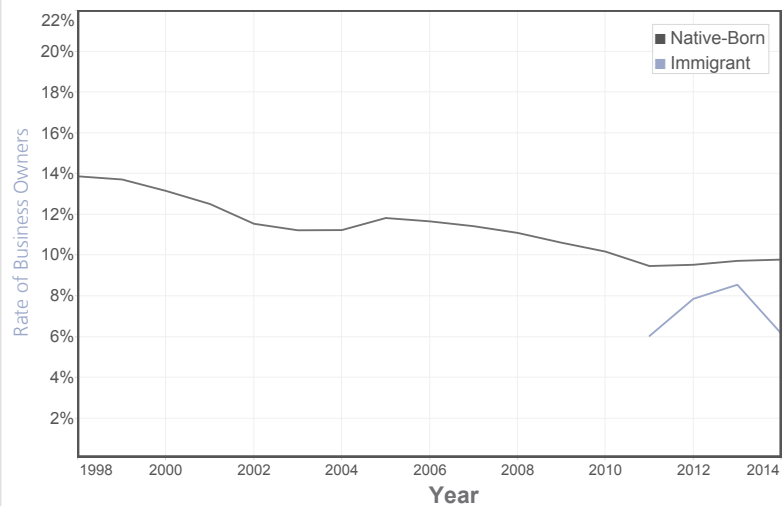
Gender



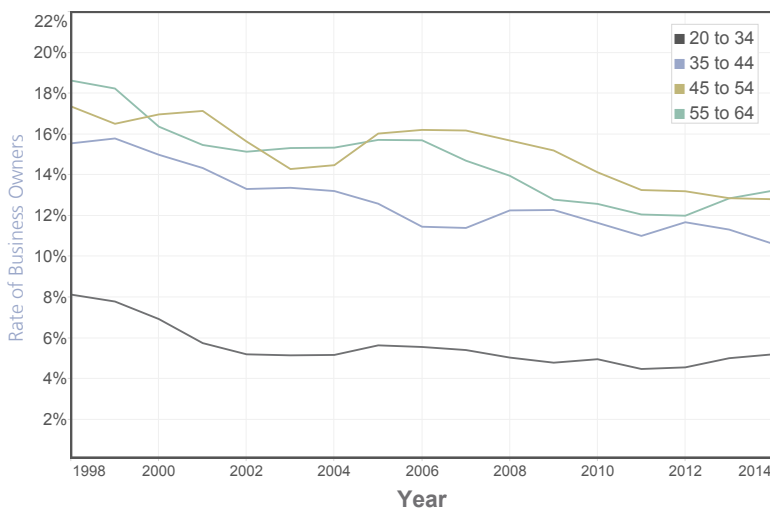
Race



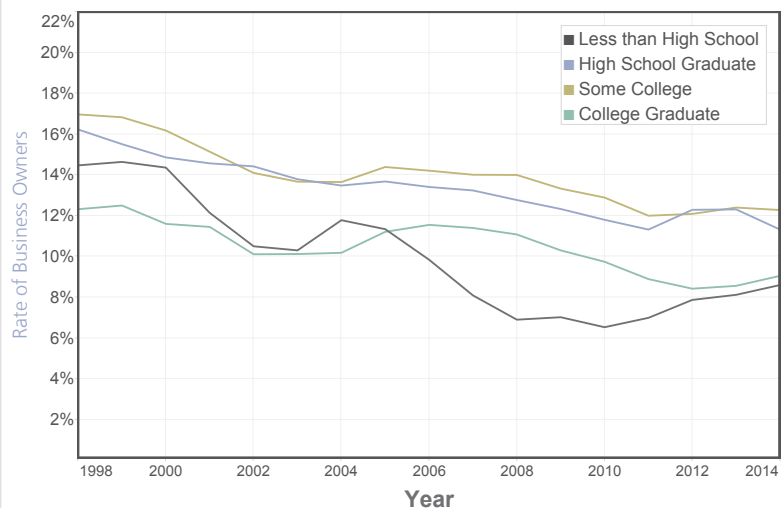
Nativity



Age



Education



Main Street Rank Smaller States

2015	2014
4	4

South Dakota

State Profile

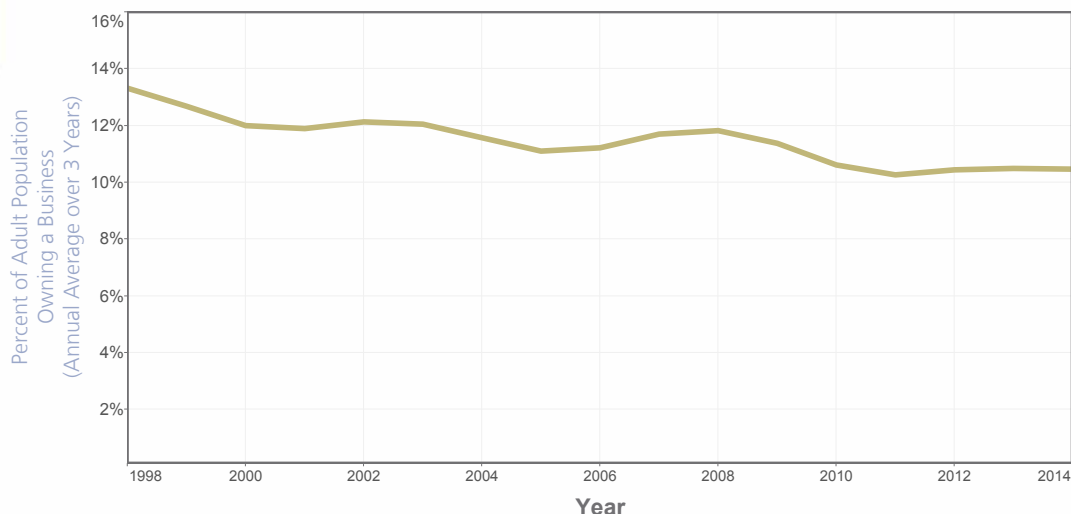
Rate of Business Owners

2015 Component	2014 Component
10.47%	10.49%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



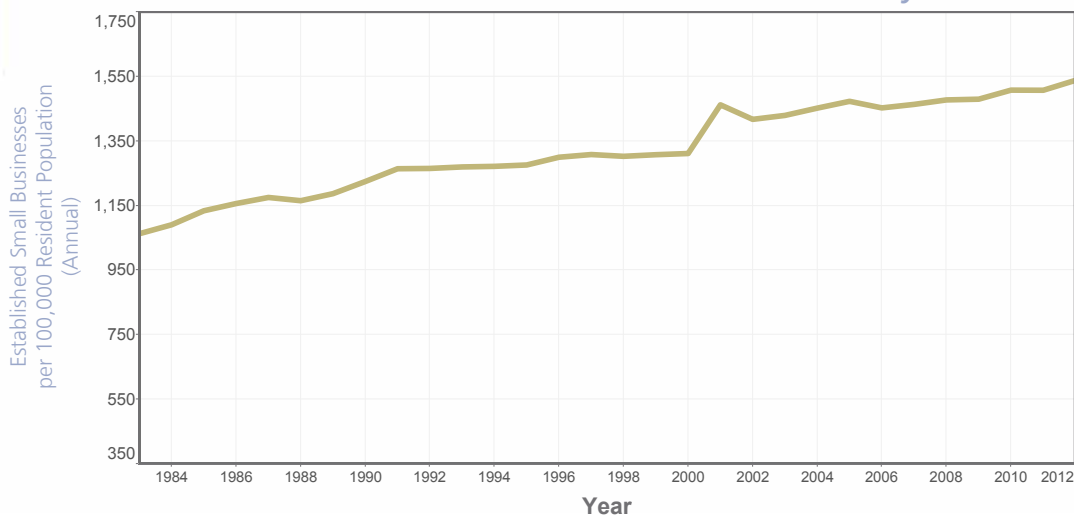
Established Small Business Density

2015 Component	2014 Component
1,538.2	1,507.3

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

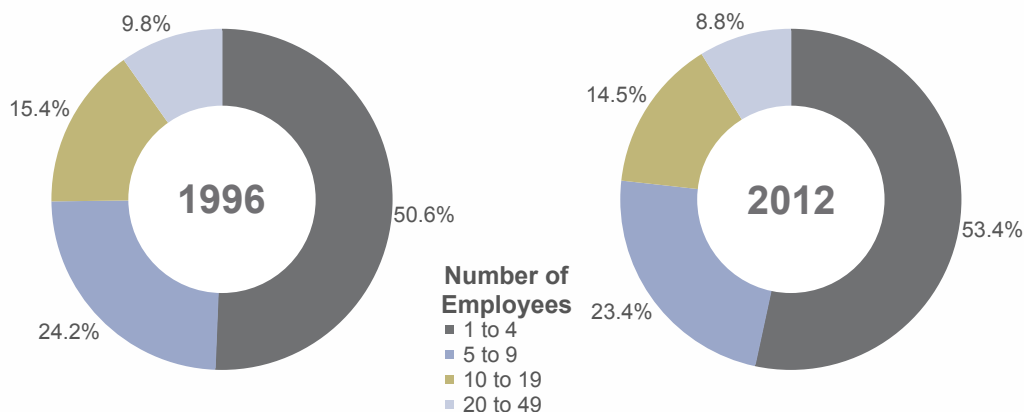


Composition of Established Small Businesses

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Source: Author calculations from BDS.

Composition of Established Small Businesses



South Dakota

Business Owner Demographics

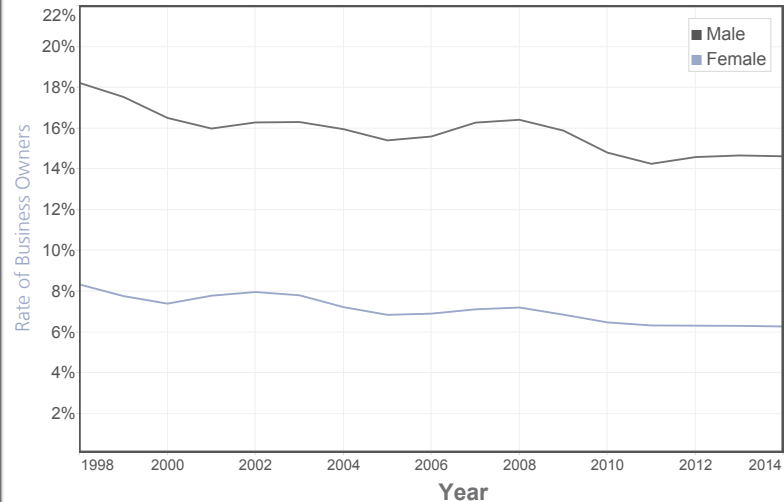
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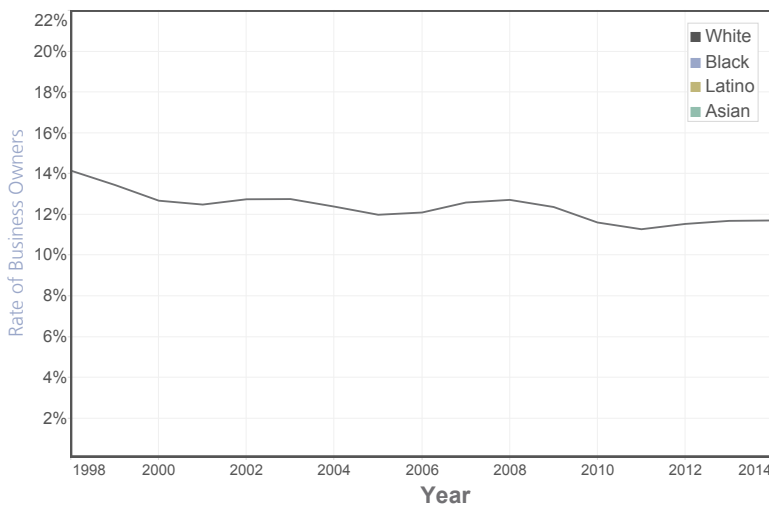
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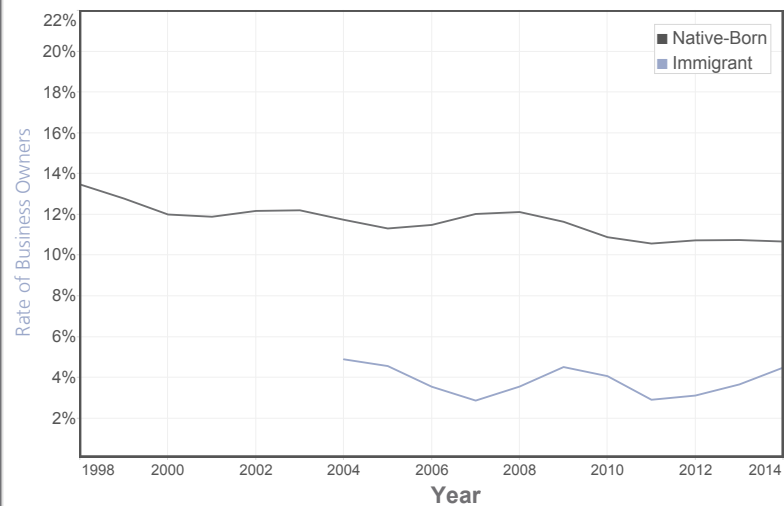
Gender



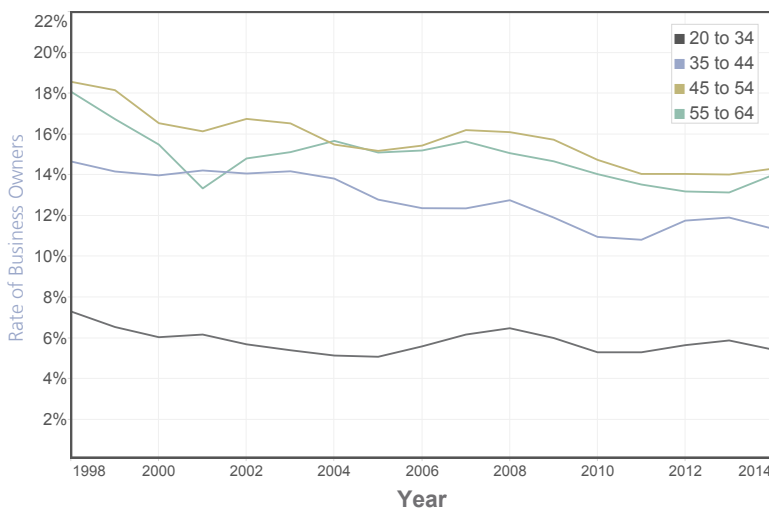
Race



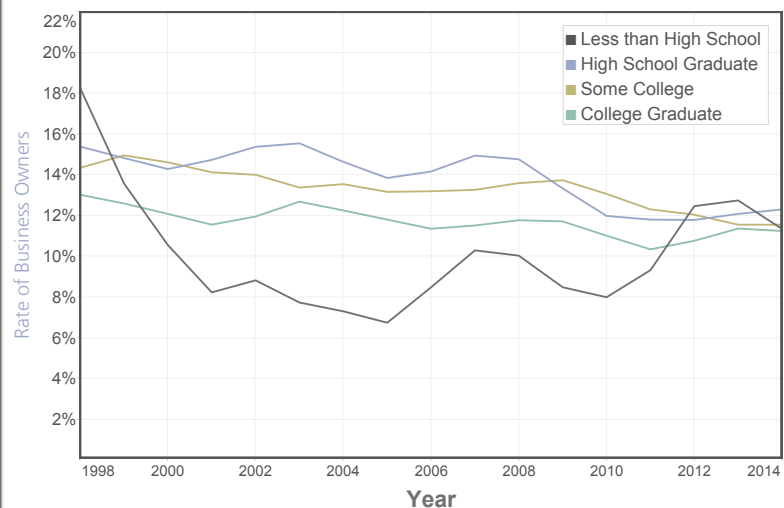
Nativity



Age



Education



Main Street Rank Smaller States

2015	2014
5	5

Wyoming

State Profile

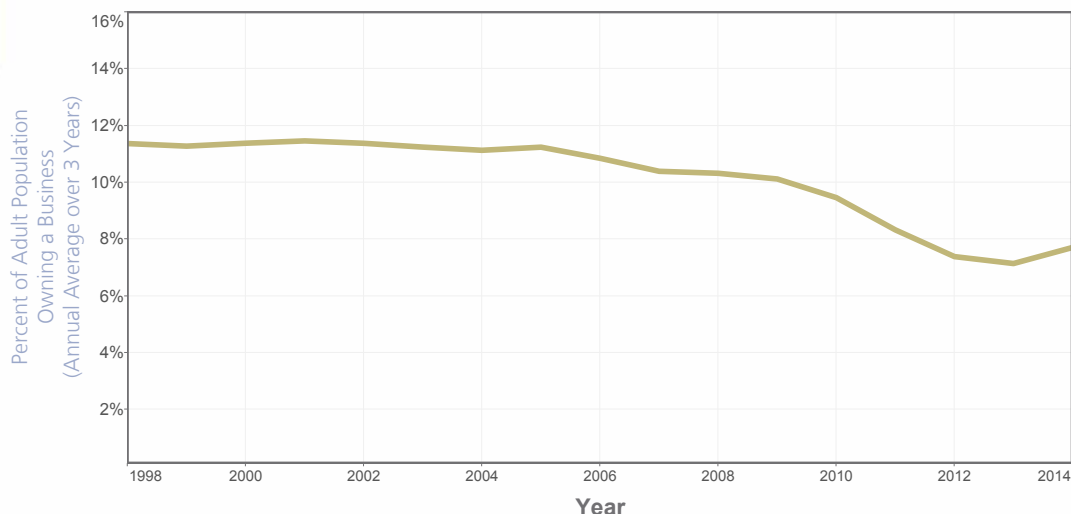
Rate of Business Owners

2015 Component	2014 Component
7.71%	7.14%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



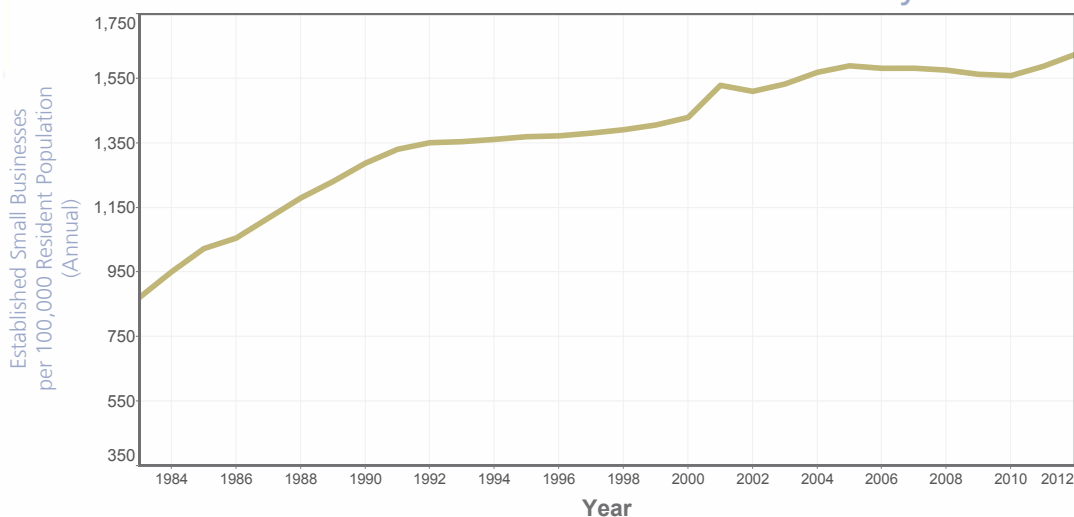
Established Small Business Density

2015 Component	2014 Component
1,625.0	1,587.6

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

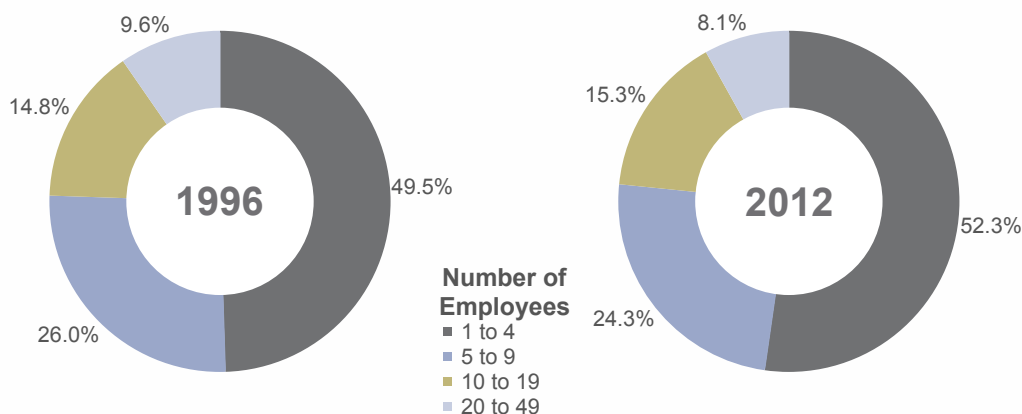


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

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Composition of Established Small Businesses



Wyoming

Business Owner Demographics

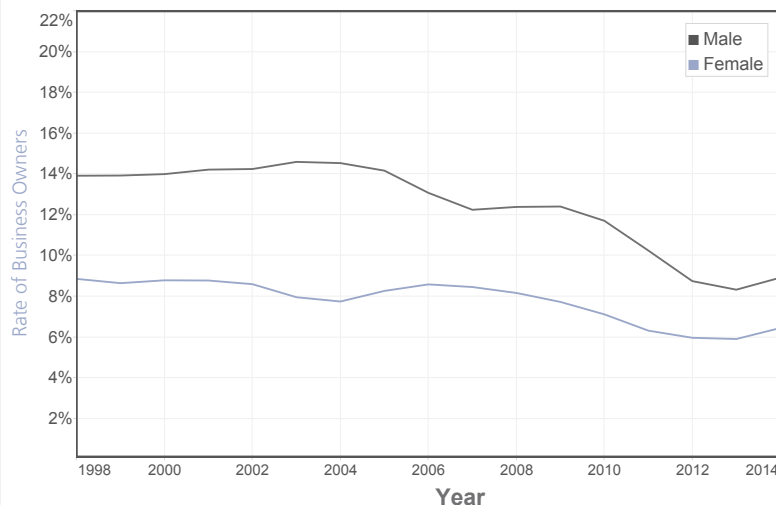
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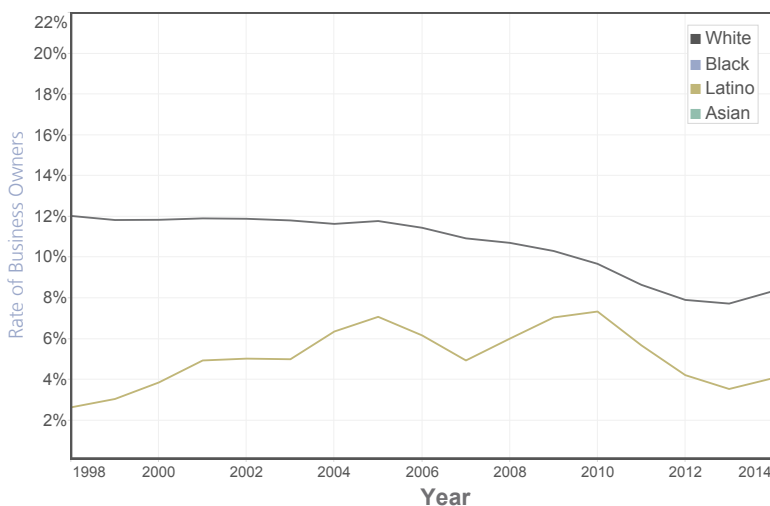
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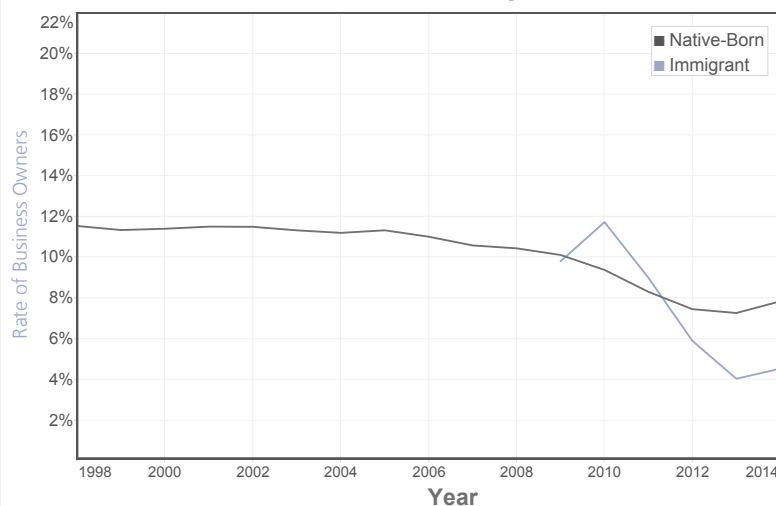
Gender



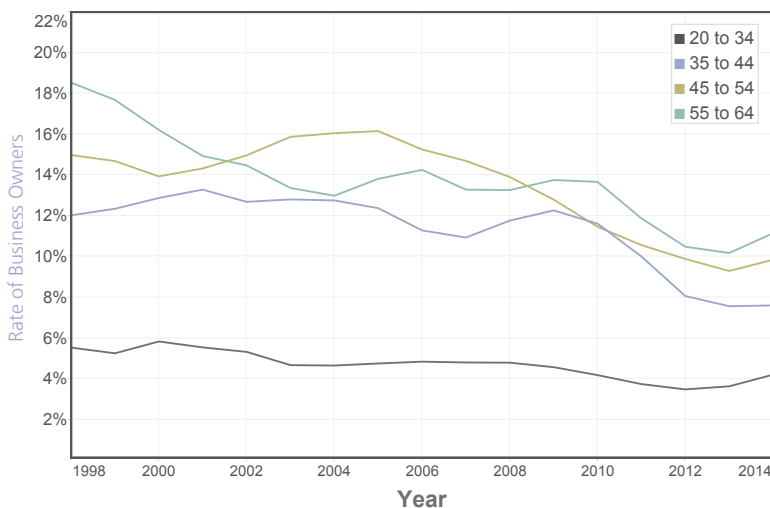
Race



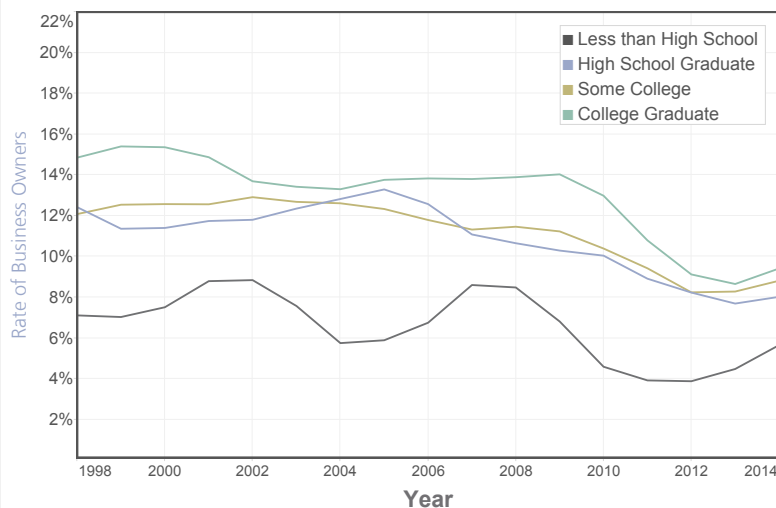
Nativity



Age



Education



Main Street Rank Smaller States

2015	2014
6	7

Maine

State Profile

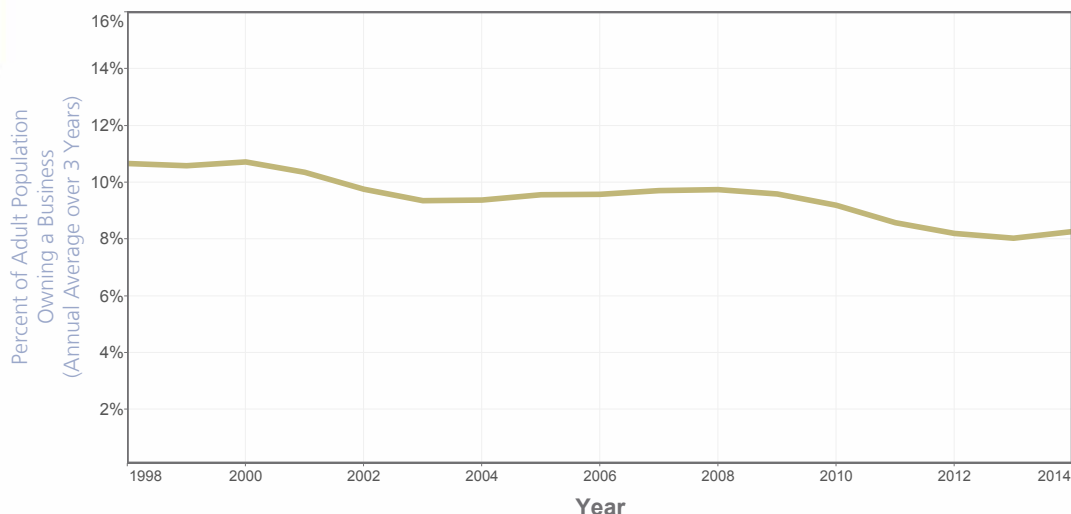
Rate of Business Owners

2015 Component	2014 Component
8.27%	8.04%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



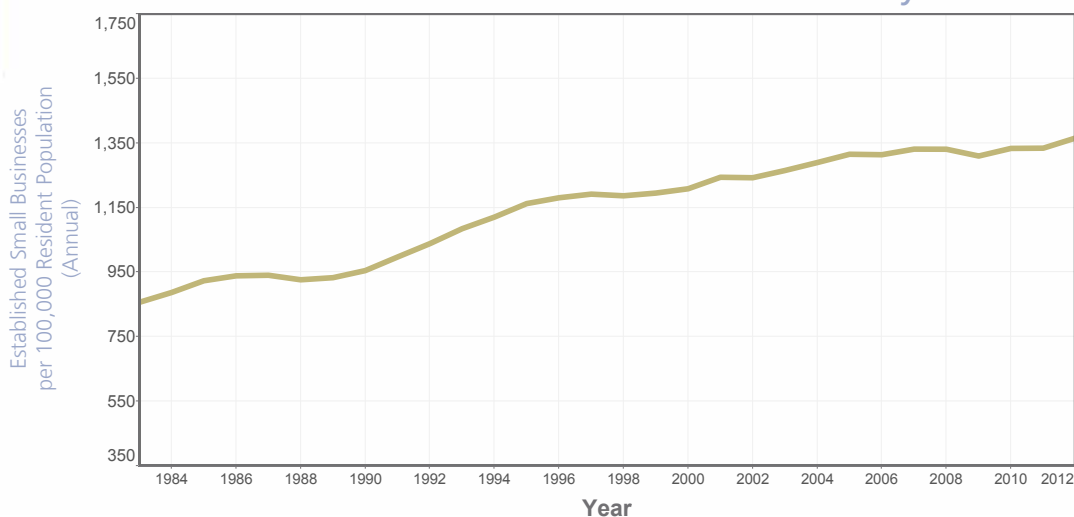
Established Small Business Density

2015 Component	2014 Component
1,365.6	1,334.1

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

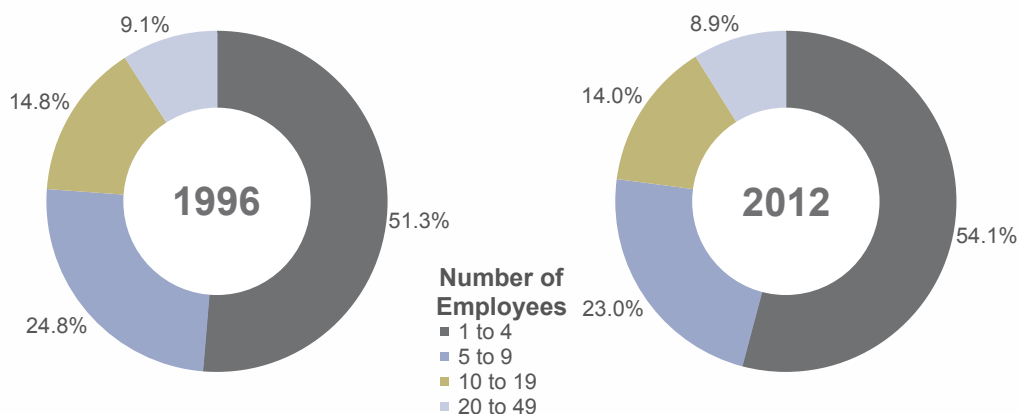


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Maine

Business Owner Demographics

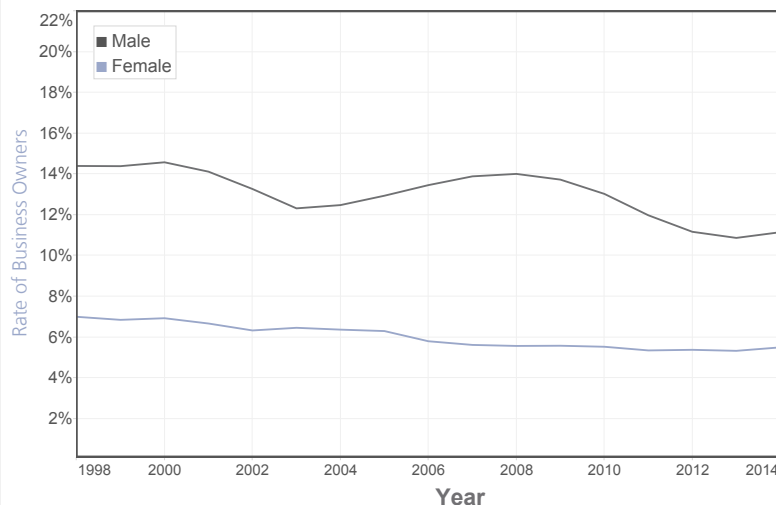
Rate of Business Owners by Demographic Group

The Rate of Business Owners is the percent of the adult population owning a business as their main job, calculated using a three-year moving average. We are able to calculate this rate for select demographic groups, including gender, race, nativity, age, and education. The Rate of Business Owners is calculated using the Current Population Survey.

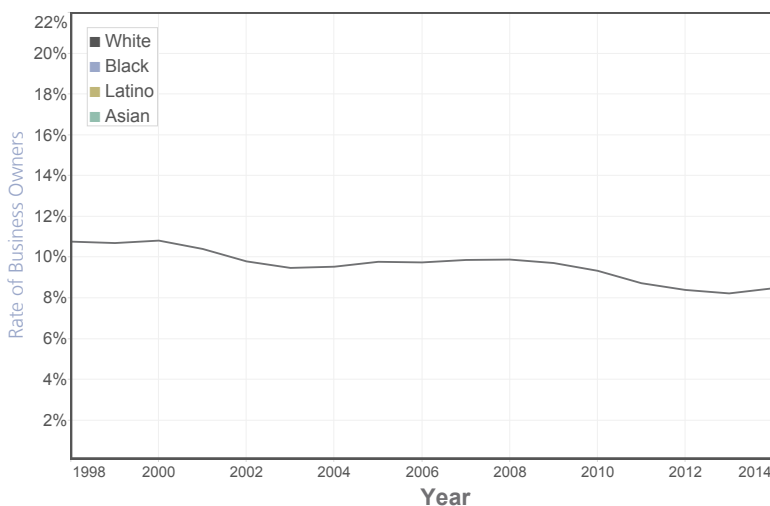
A Note on Confidence Intervals and Missing Data

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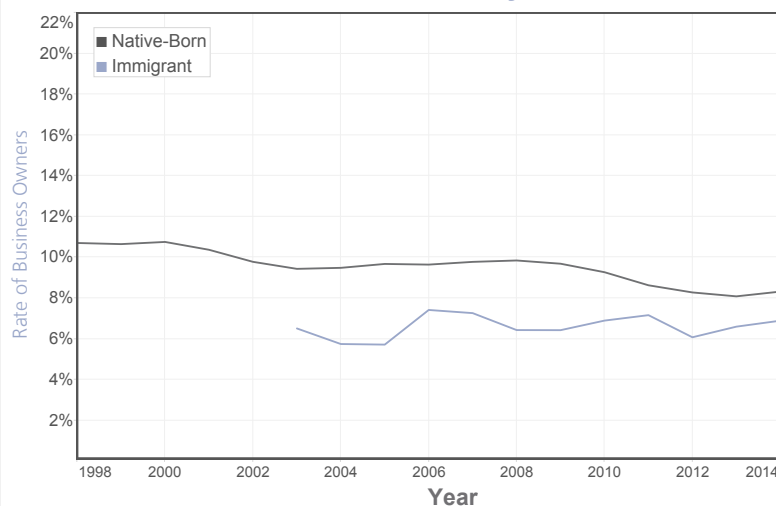
Gender



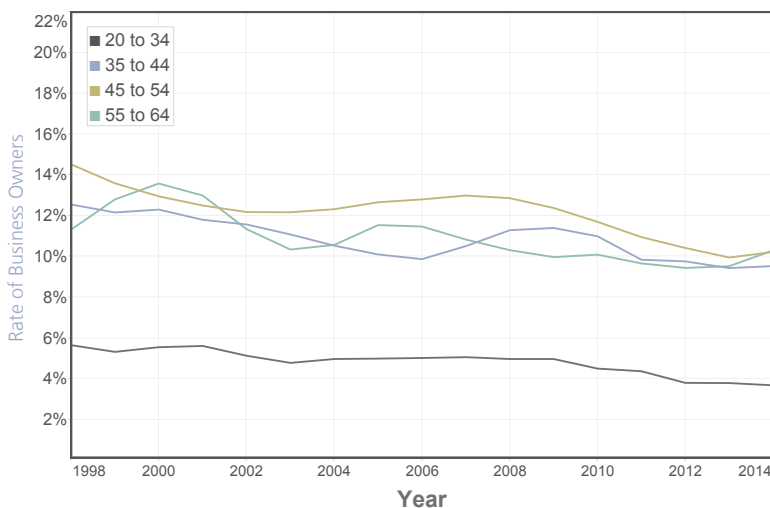
Race



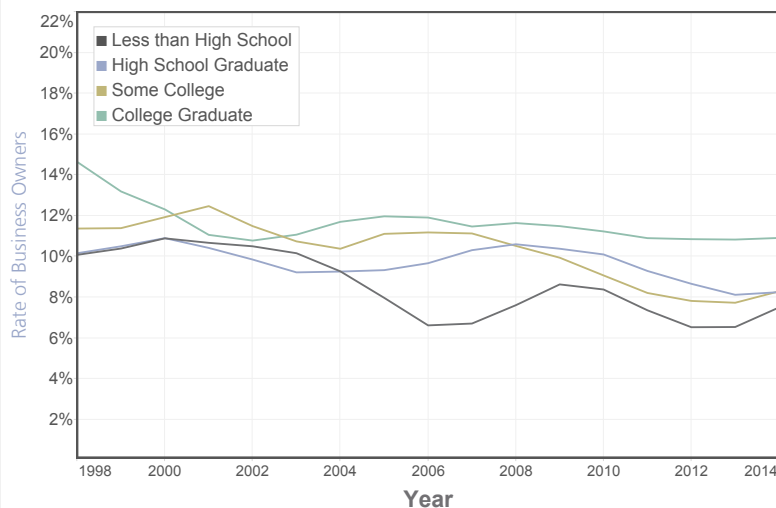
Nativity



Age



Education



Main Street Rank Smaller States

2015

7

2014

6

Nebraska

State Profile

Rate of Business Owners

2015
Component

7.93%

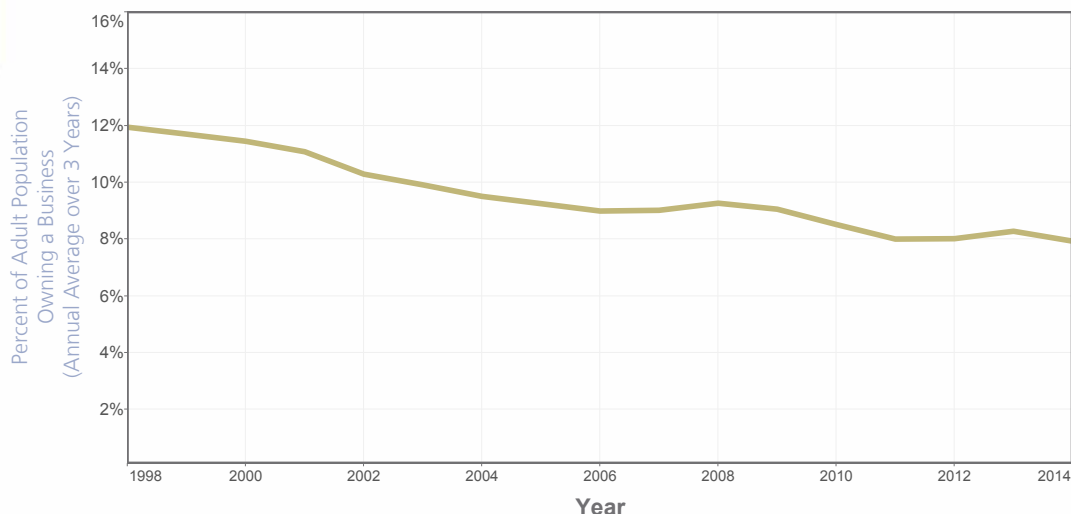
2014
Component

8.28%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



Established Small Business Density

2015
Component

1,367.1

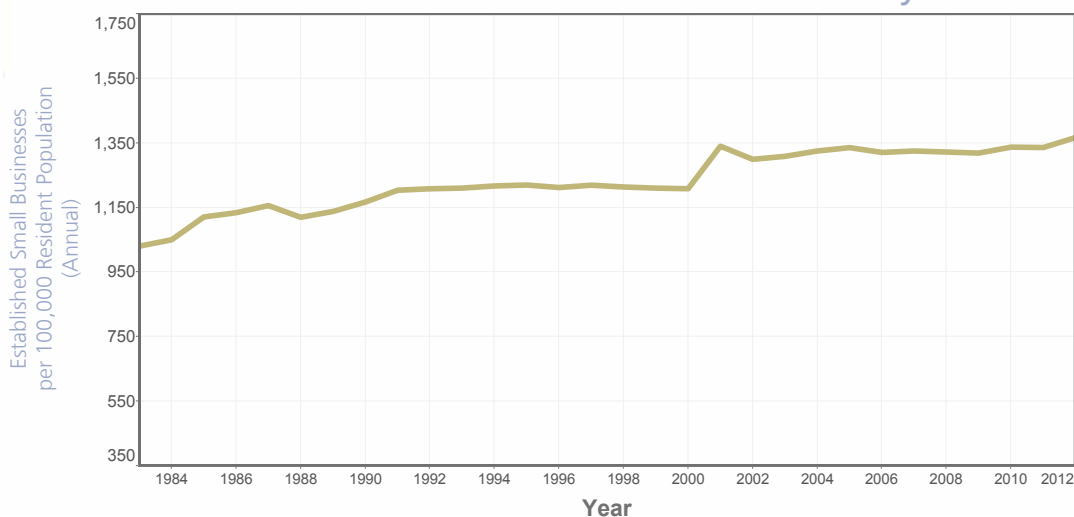
2014
Component

1,336.1

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

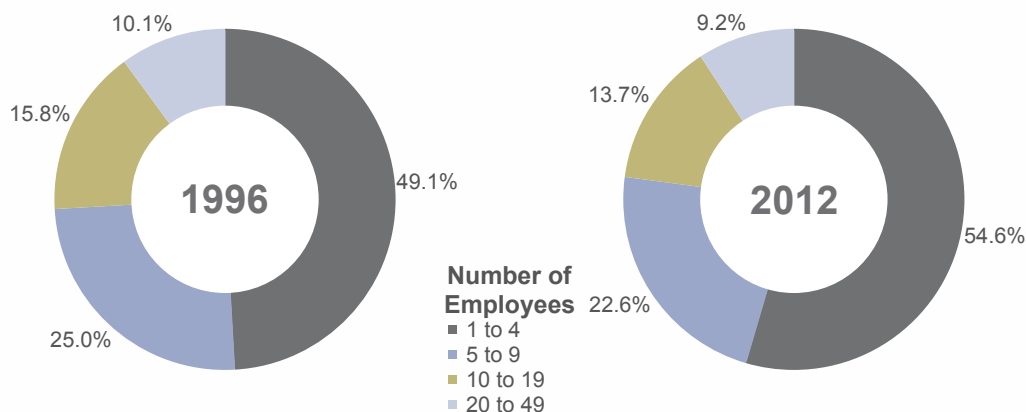


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Nebraska

Business Owner Demographics

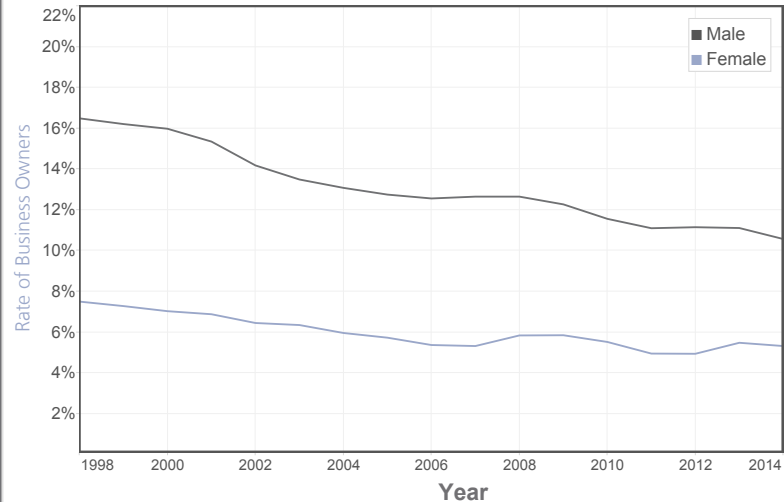
Rate of Business Owners by Demographic Group

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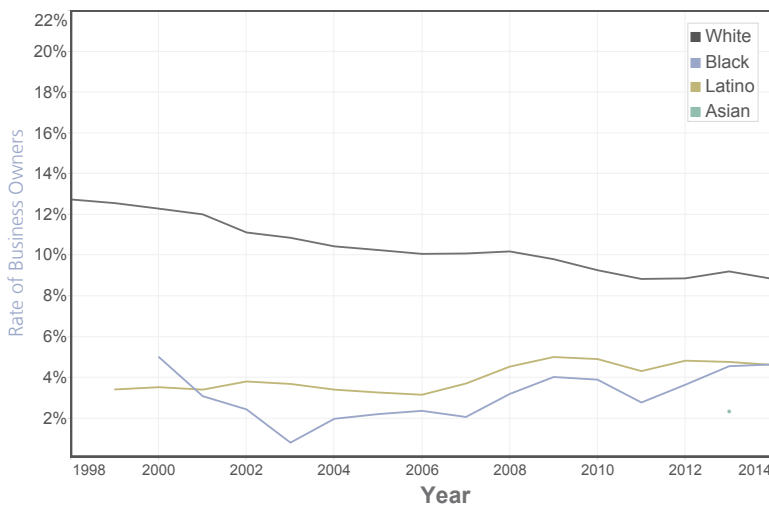
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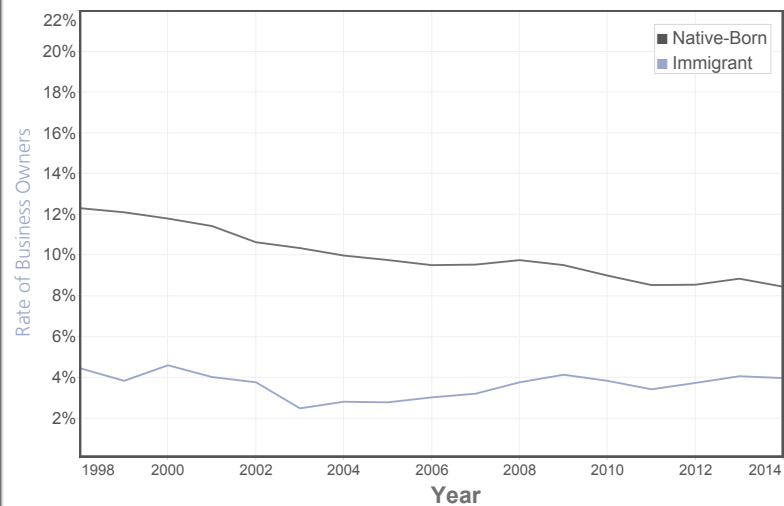
Gender



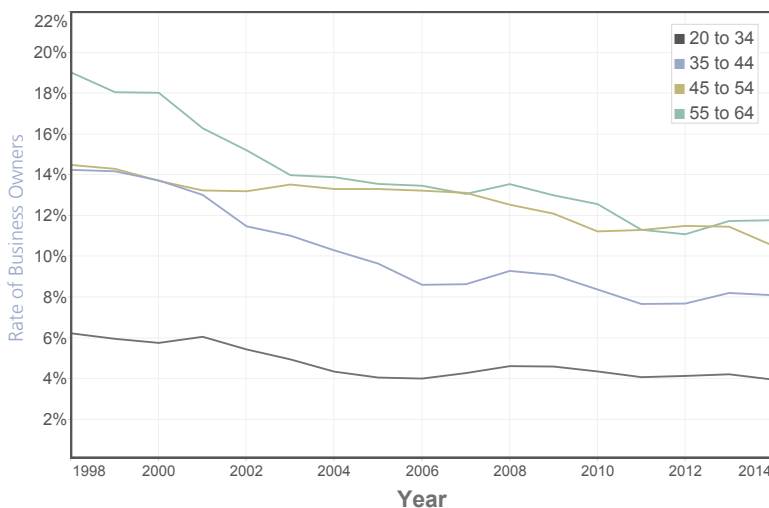
Race



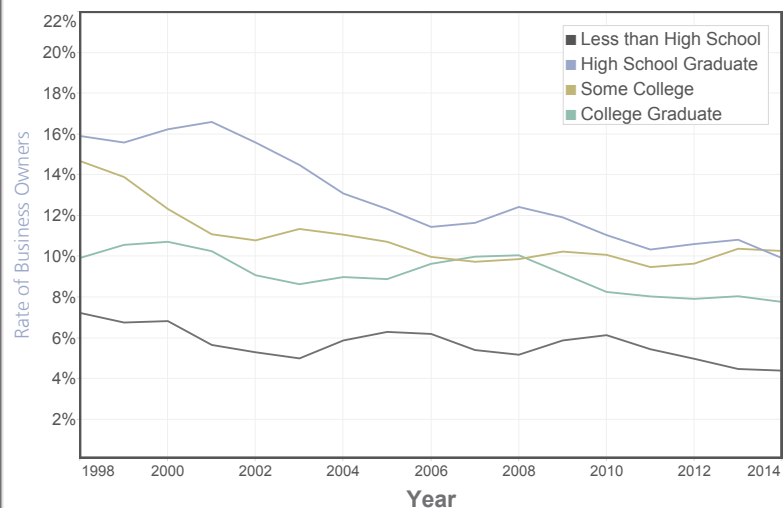
Nativity



Age



Education



Main Street Rank Smaller States

2015

8

2014

8

New Hampshire

State Profile

Rate of Business Owners

2015
Component

7.69%

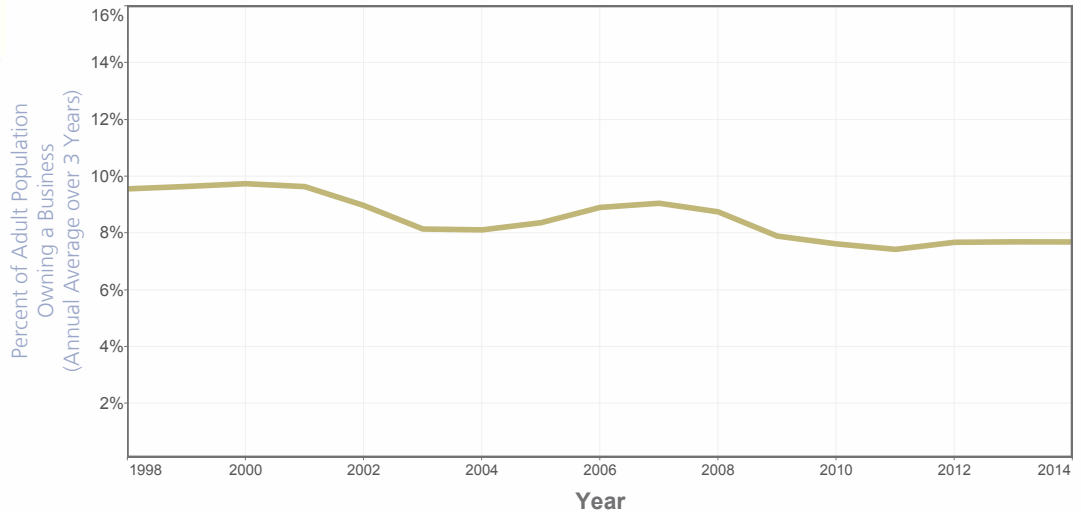
2014
Component

7.70%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



Established Small Business Density

2015
Component

1,297.7

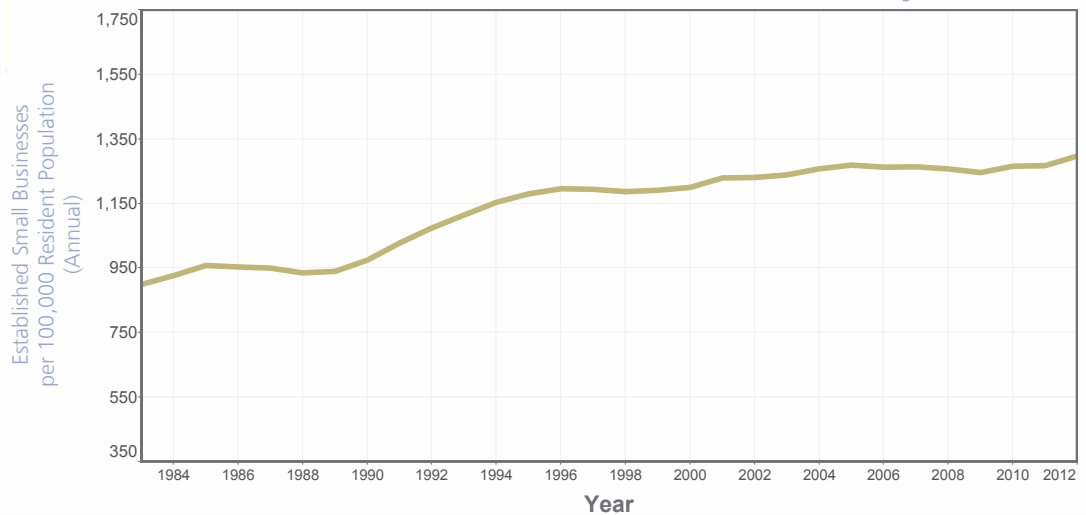
2014
Component

1,267.6

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

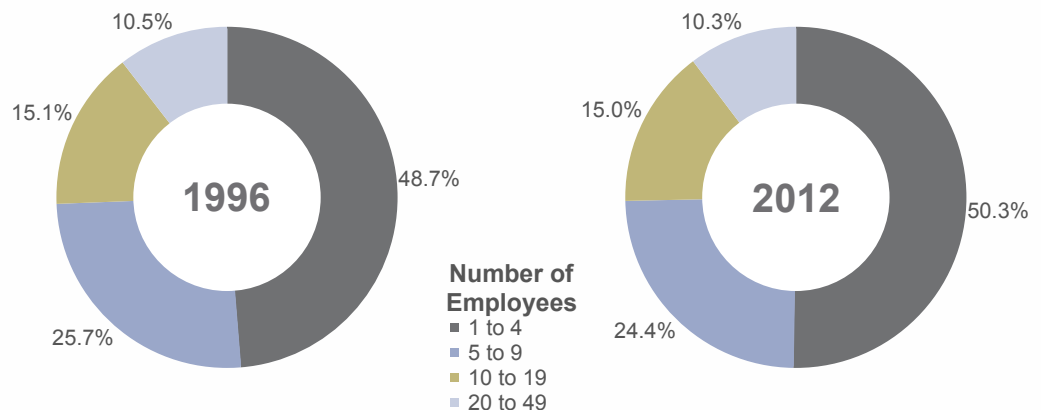


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



New Hampshire

Business Owner Demographics

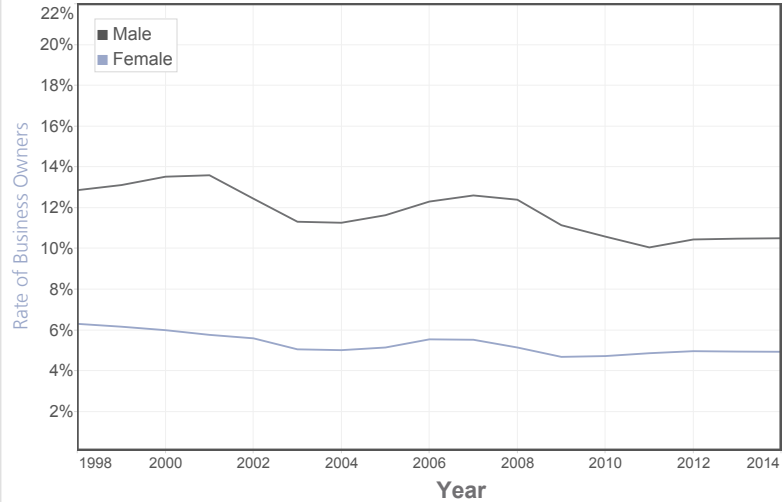
Rate of Business Owners by Demographic Group

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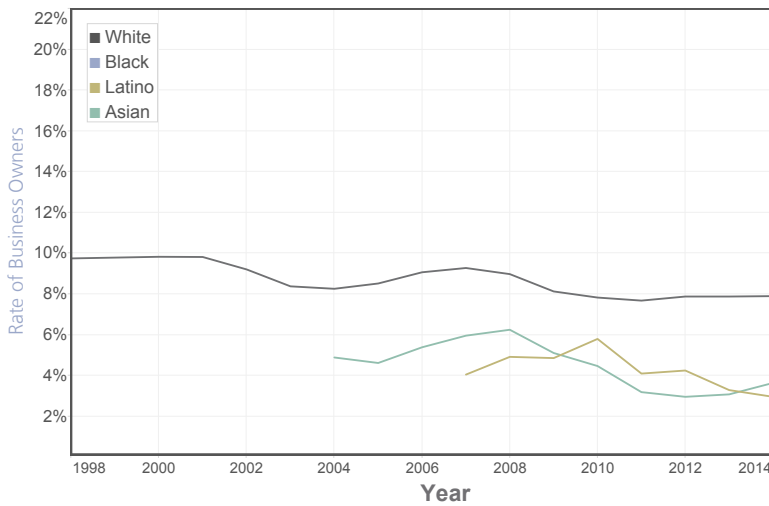
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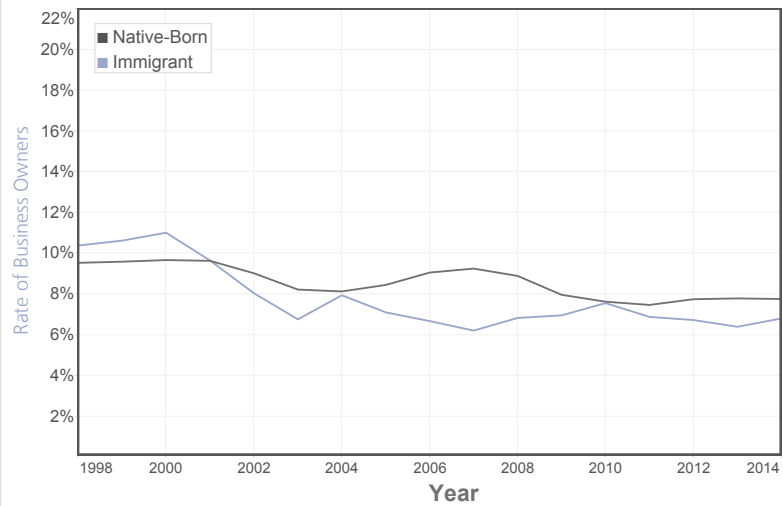
Gender



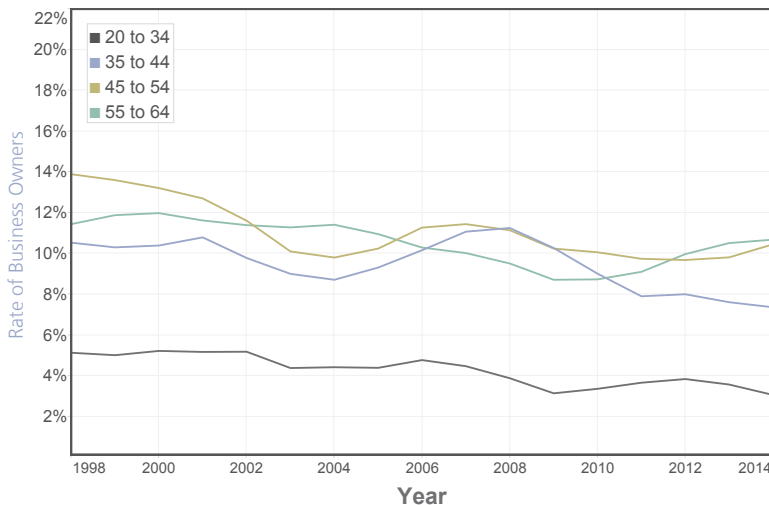
Race



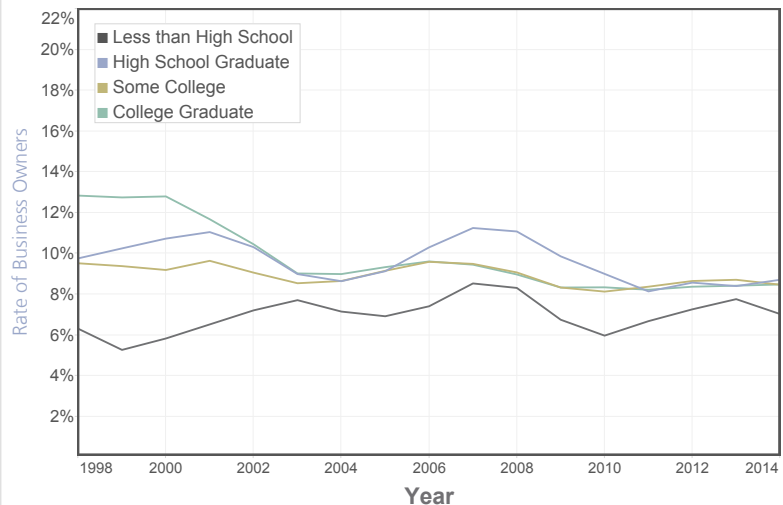
Nativity



Age



Education



Main Street Rank Smaller States

2015

9

2014

9

Rhode Island

State Profile

Rate of Business Owners

2015
Component

5.88%

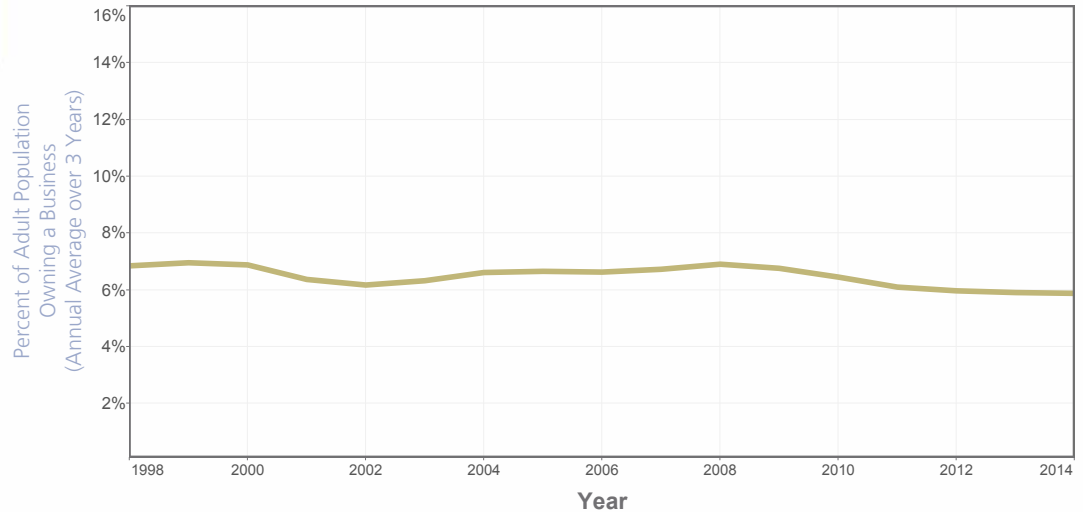
2014
Component

5.91%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



Established Small Business Density

2015
Component

1,307.8

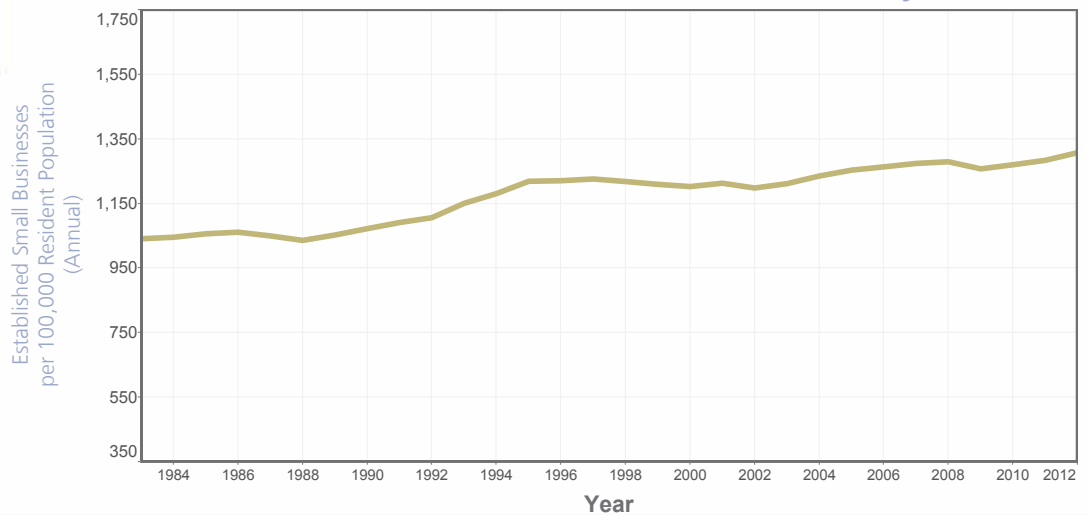
2014
Component

1,284.0

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

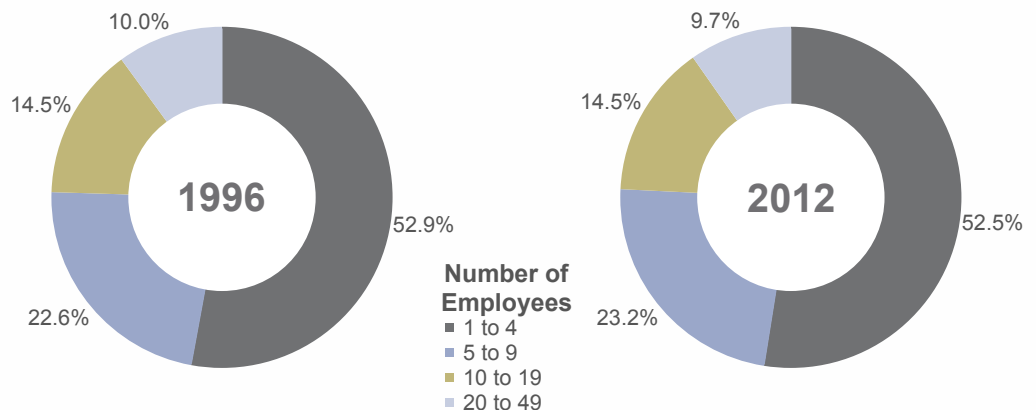


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Rhode Island

Business Owner Demographics

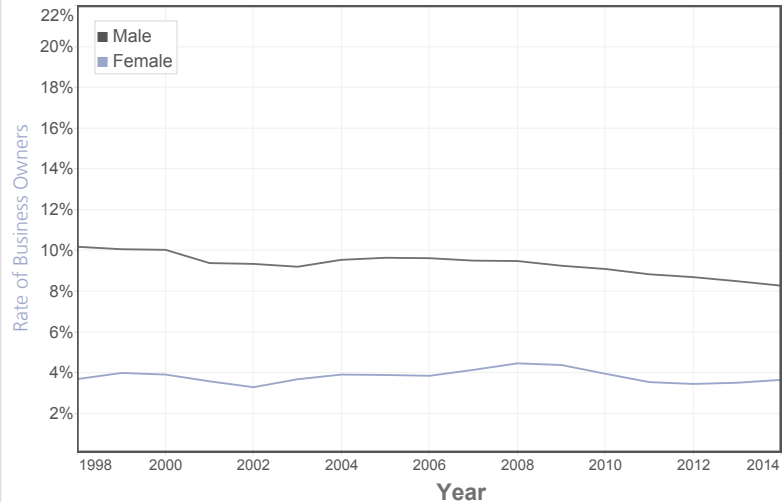
Rate of Business Owners by Demographic Group

The Rate of Business Owners is the percent of the adult population owning a business as their main job, calculated using a three-year moving average. We are able to calculate this rate for select demographic groups, including gender, race, nativity, age, and education. The Rate of Business Owners is calculated using the Current Population Survey.

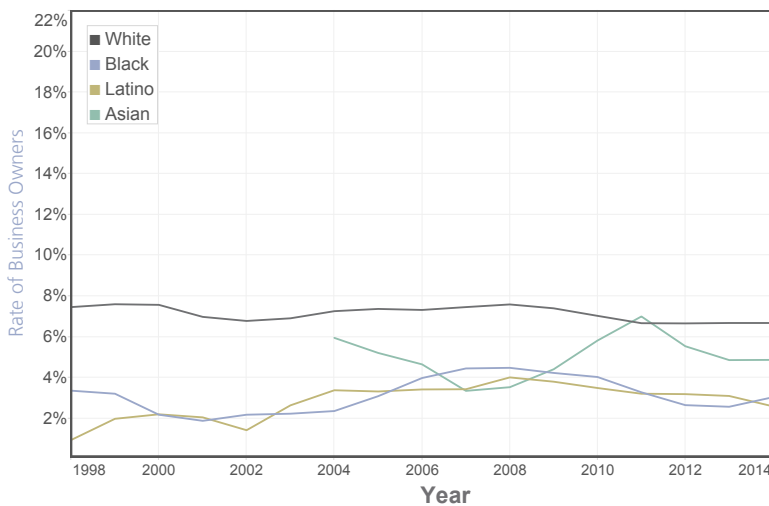
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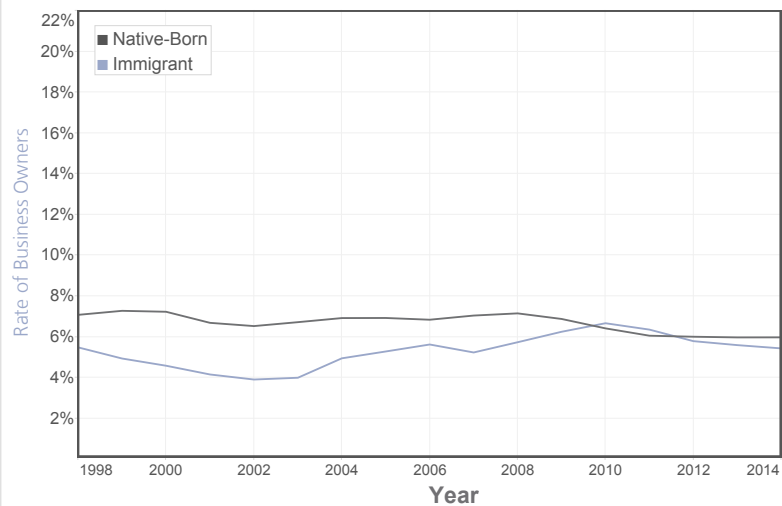
Gender



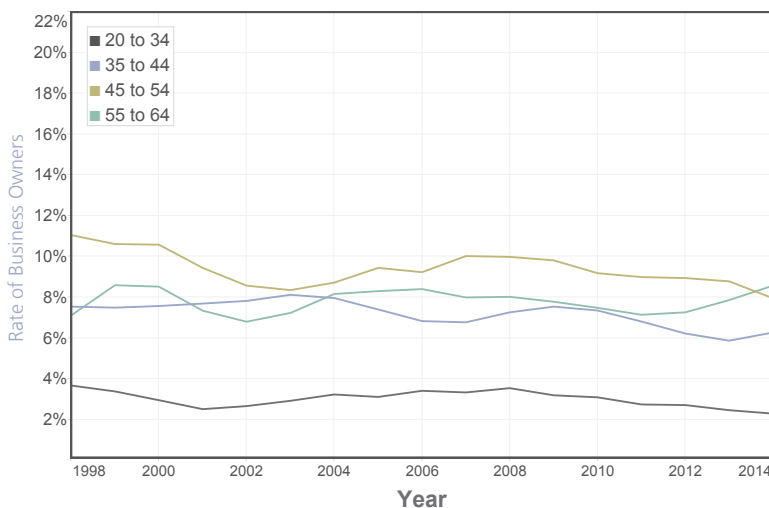
Race



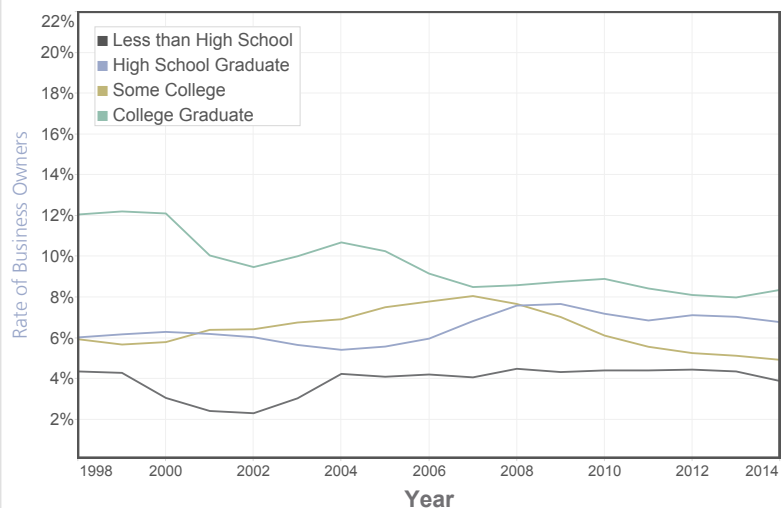
Nativity



Age



Education



Main Street Rank Smaller States

2015	2014
10	10

Iowa State Profile

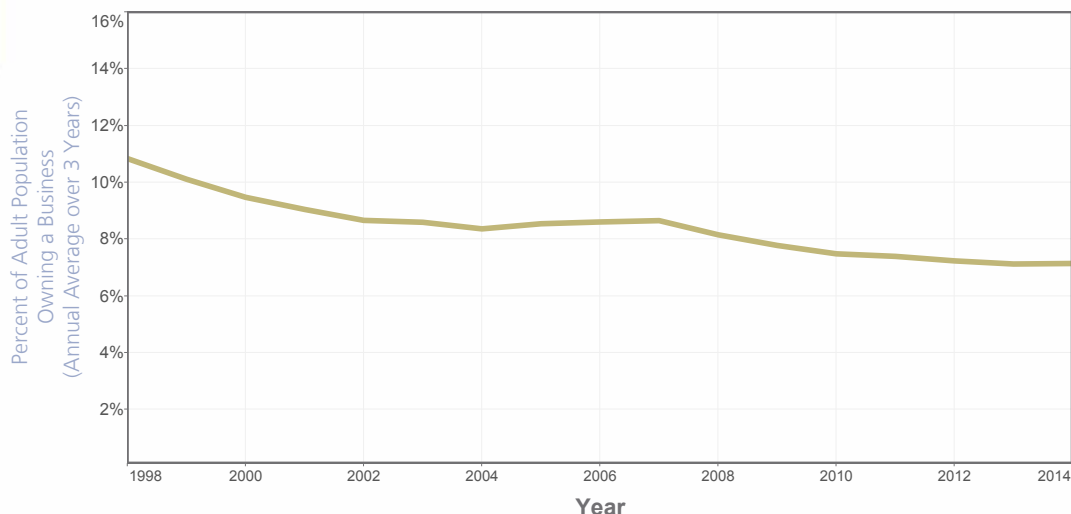
Rate of Business Owners

2015 Component	2014 Component
7.14%	7.13%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



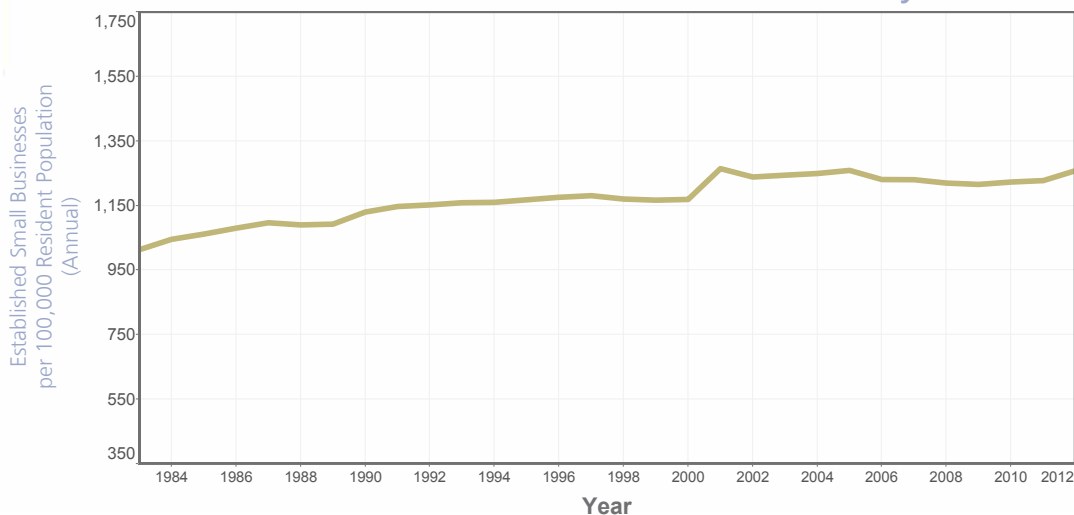
Established Small Business Density

2015 Component	2014 Component
1,258.3	1,227.5

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

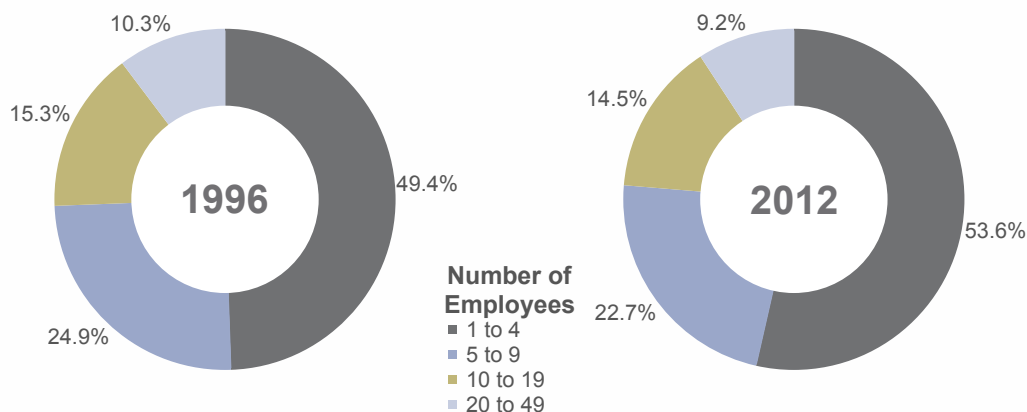


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Iowa

Business Owner Demographics

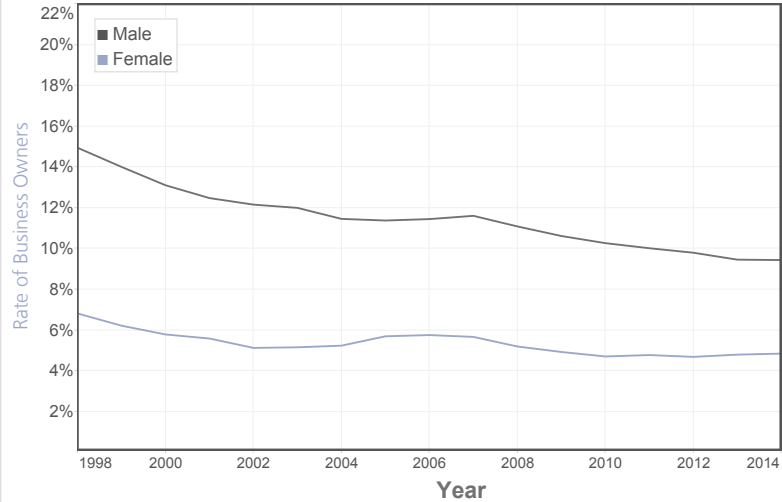
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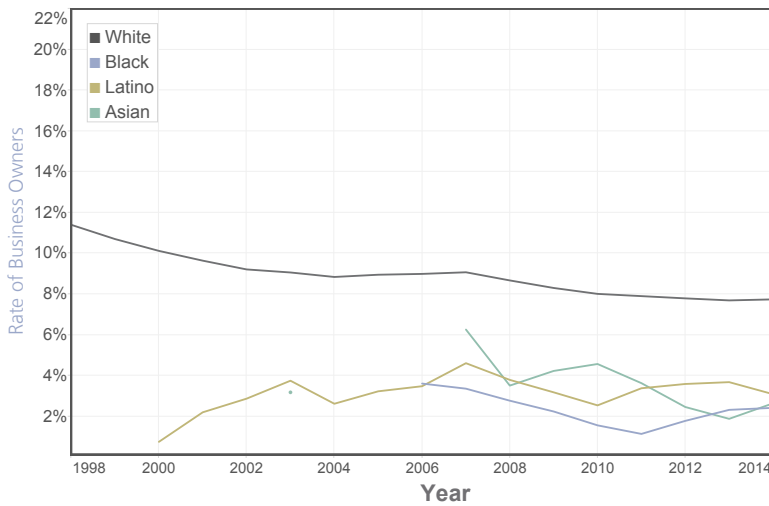
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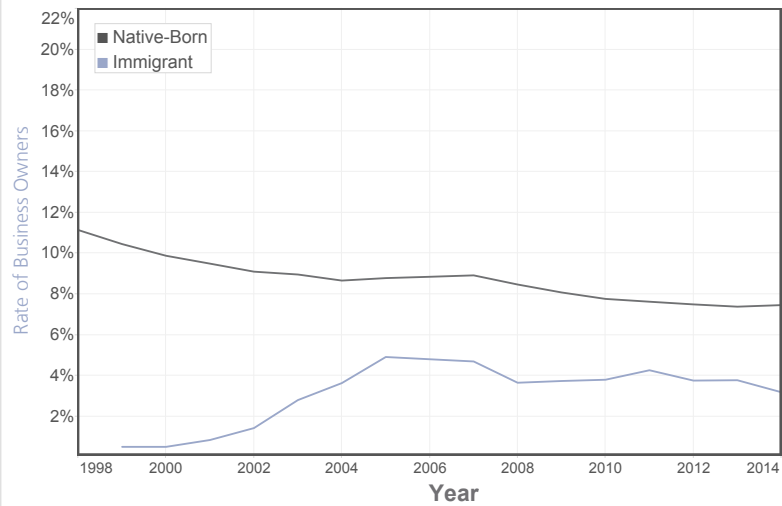
Gender



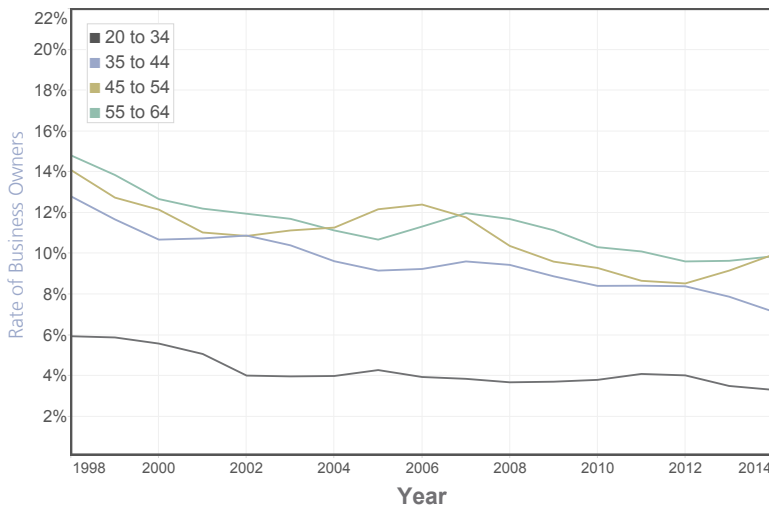
Race



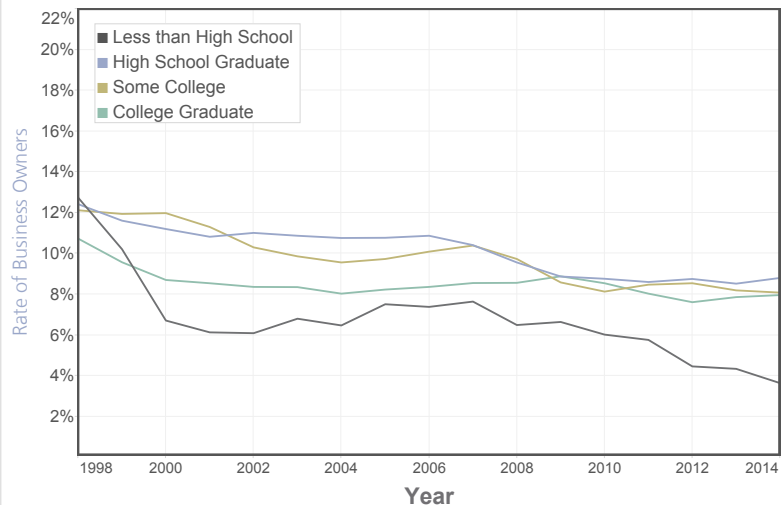
Nativity



Age



Education



Main Street Rank Smaller States

2015	2014
11	11

Oregon State Profile

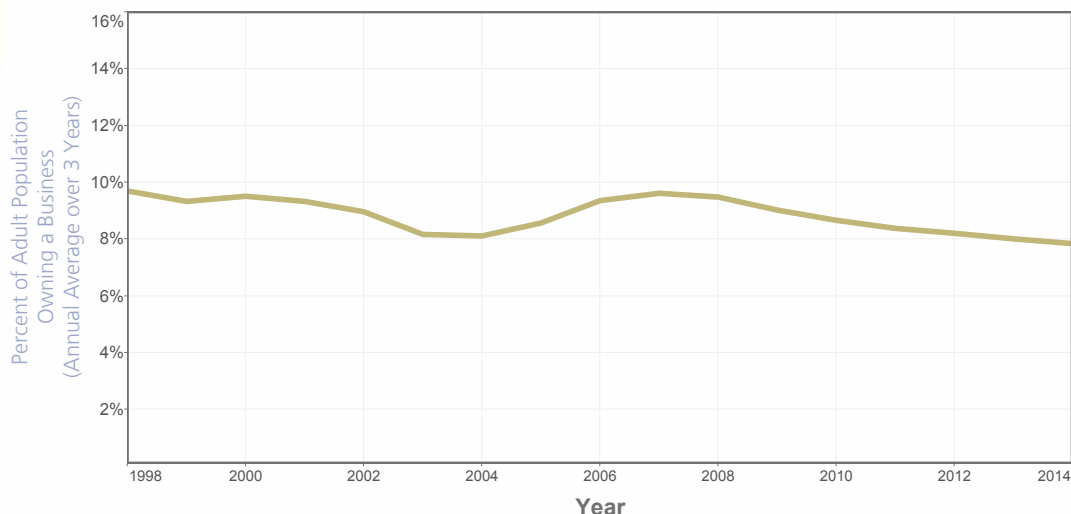
Rate of Business Owners

2015 Component	2014 Component
7.84%	8.01%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



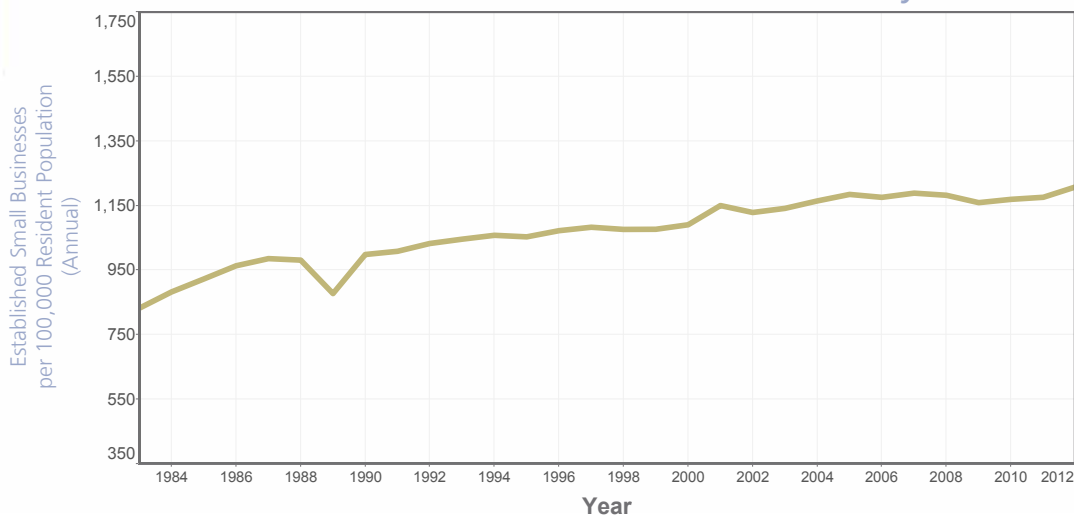
Established Small Business Density

2015 Component	2014 Component
1,208.0	1,175.8

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

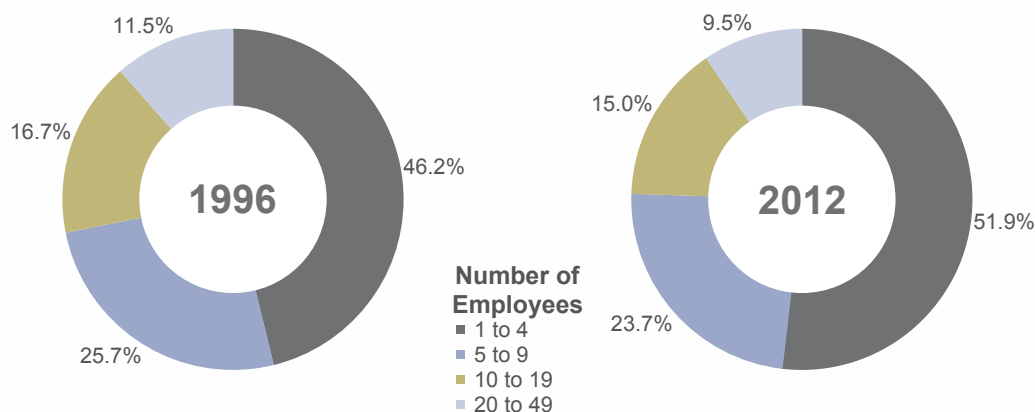


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Oregon

Business Owner Demographics

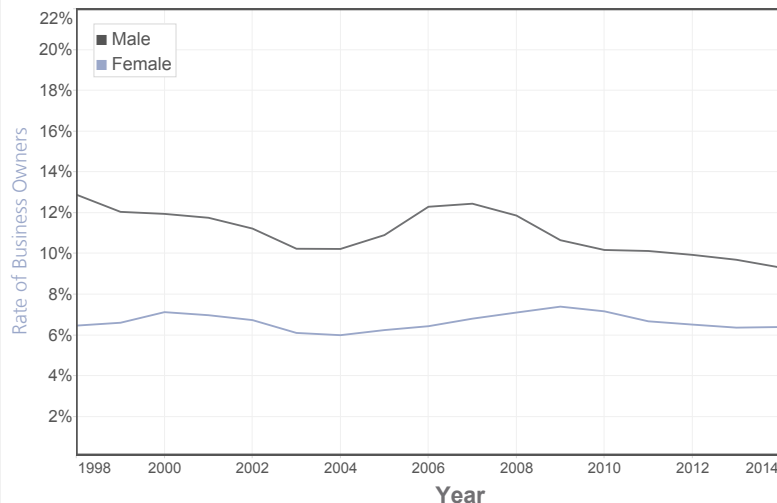
Rate of Business Owners by Demographic Group

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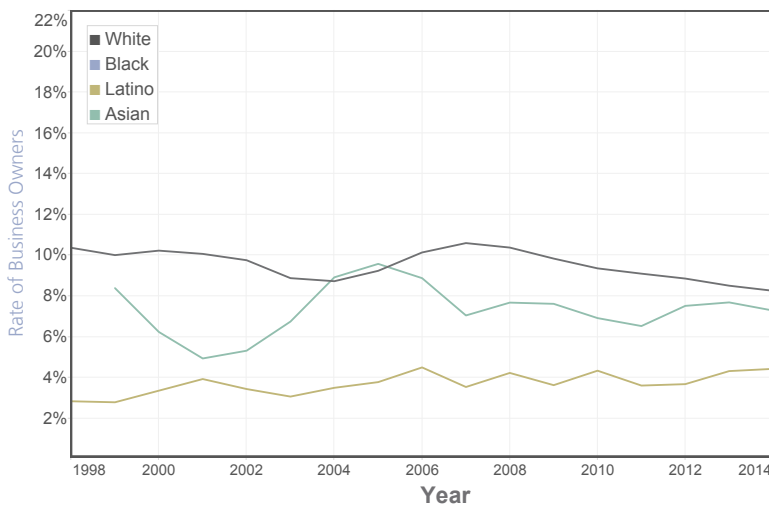
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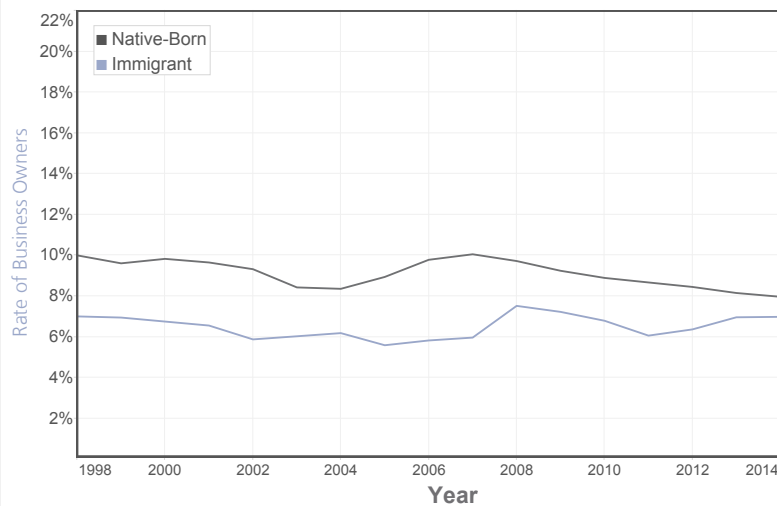
Gender



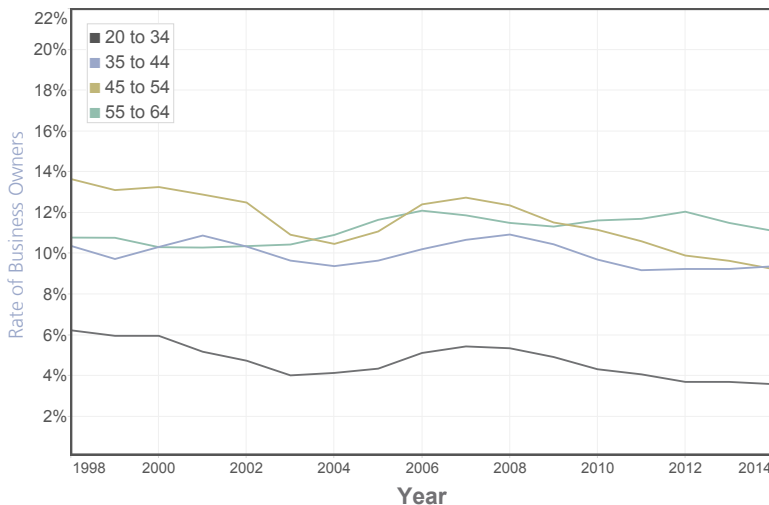
Race



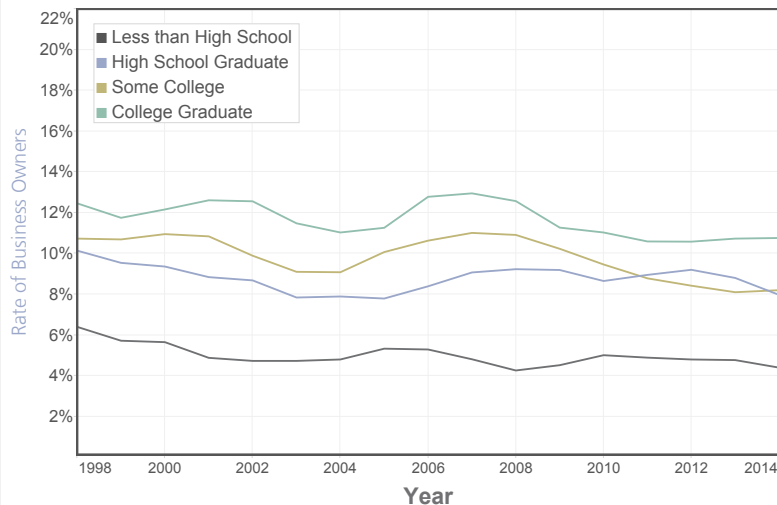
Nativity



Age



Education



Main Street Rank Smaller States

2015	2014
12	12

Idaho State Profile

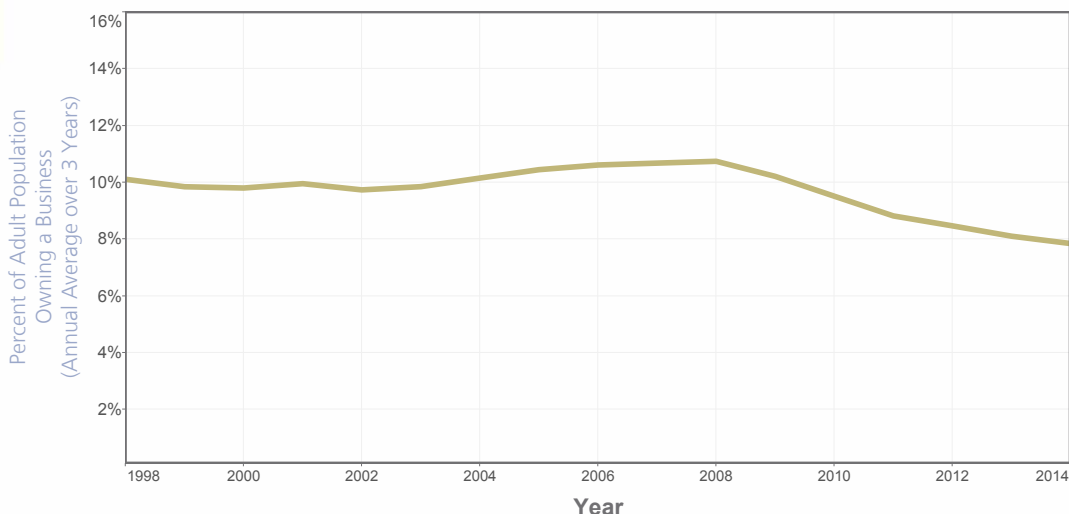
Rate of Business Owners

2015 Component	2014 Component
7.85%	8.11%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



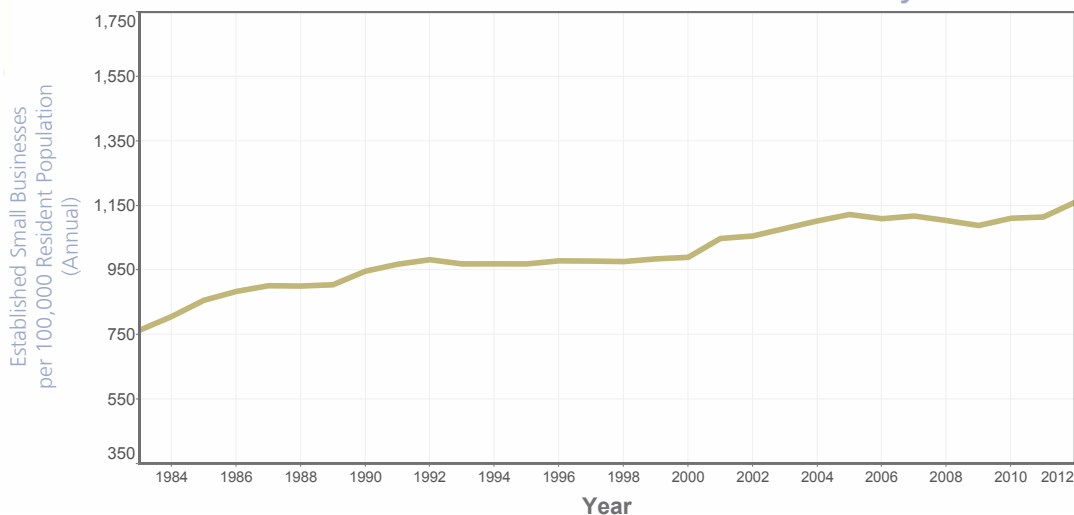
Established Small Business Density

2015 Component	2014 Component
1,161.1	1,114.6

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

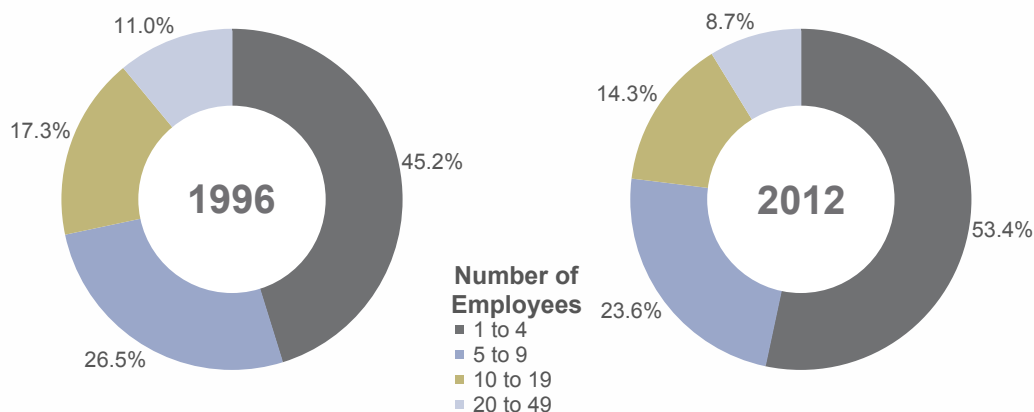


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Idaho

Business Owner Demographics

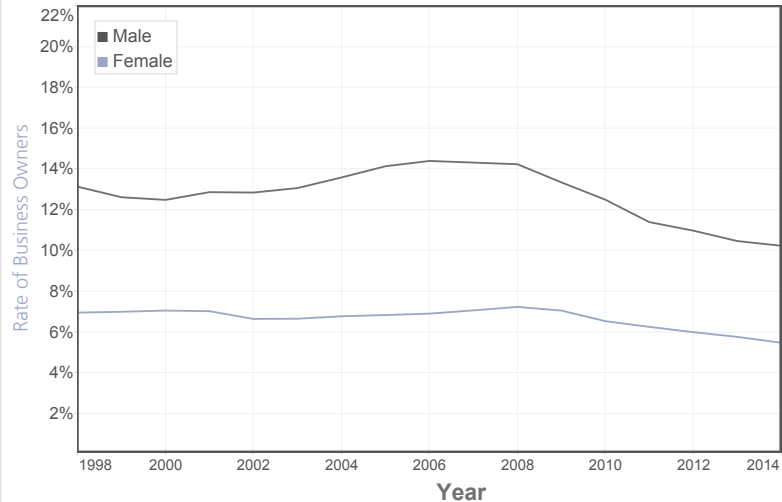
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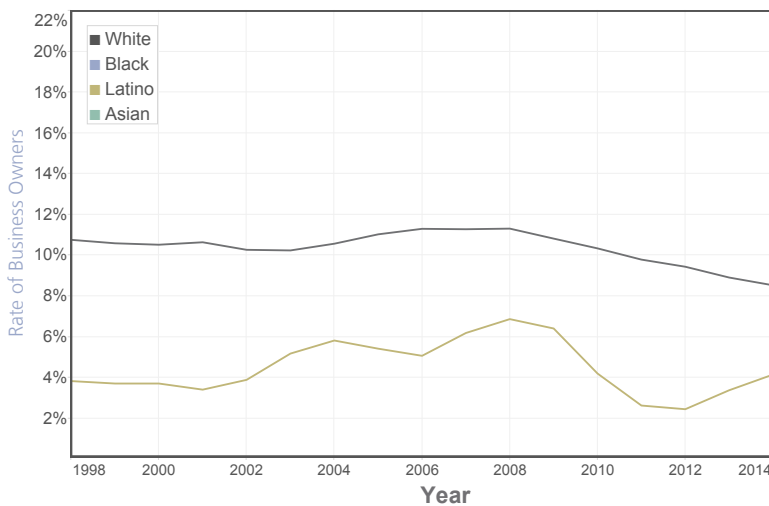
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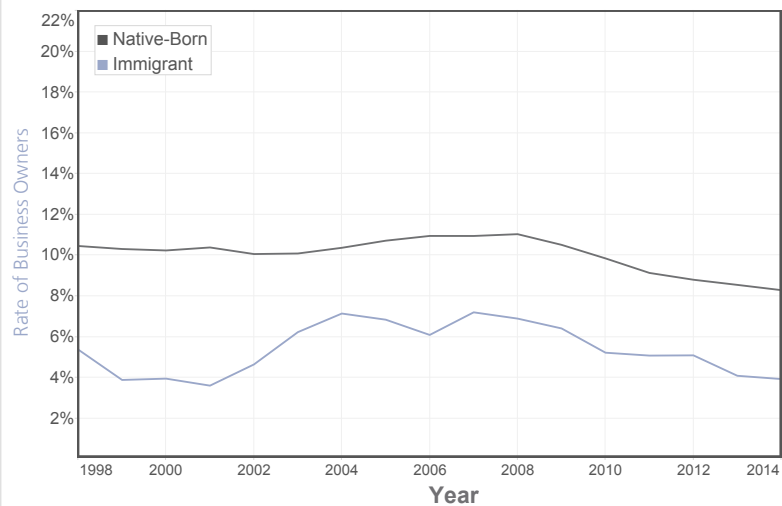
Gender



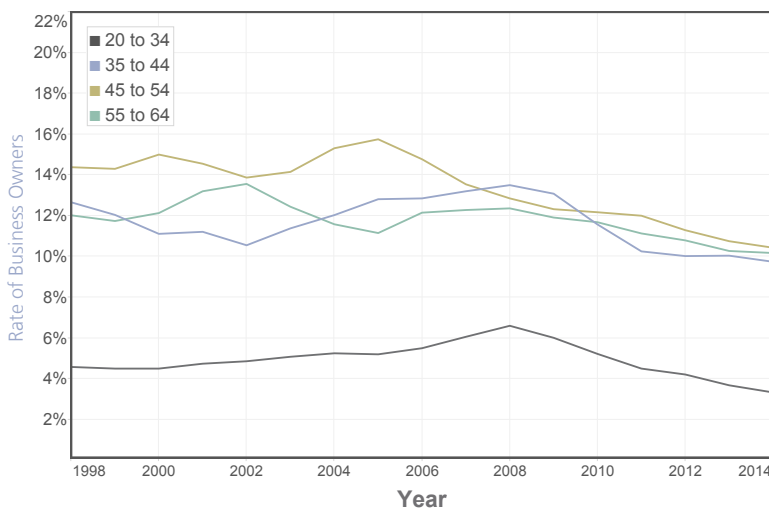
Race



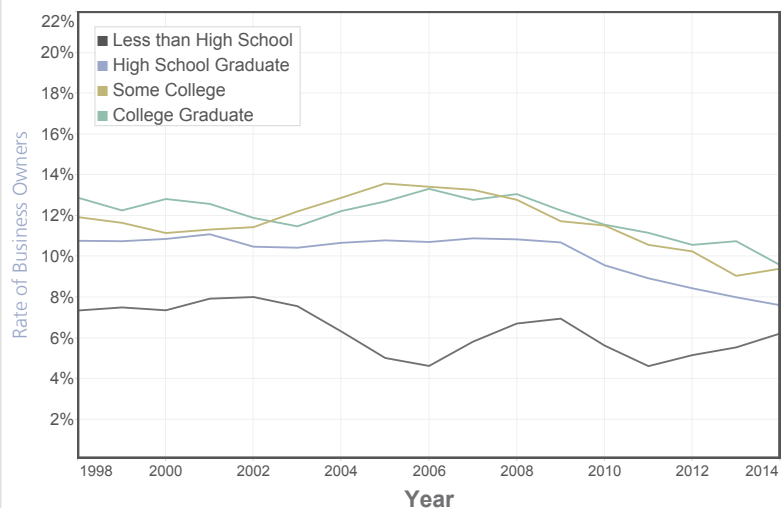
Nativity



Age



Education



Main Street Rank Smaller States

2015	2014
13	13

Kansas State Profile

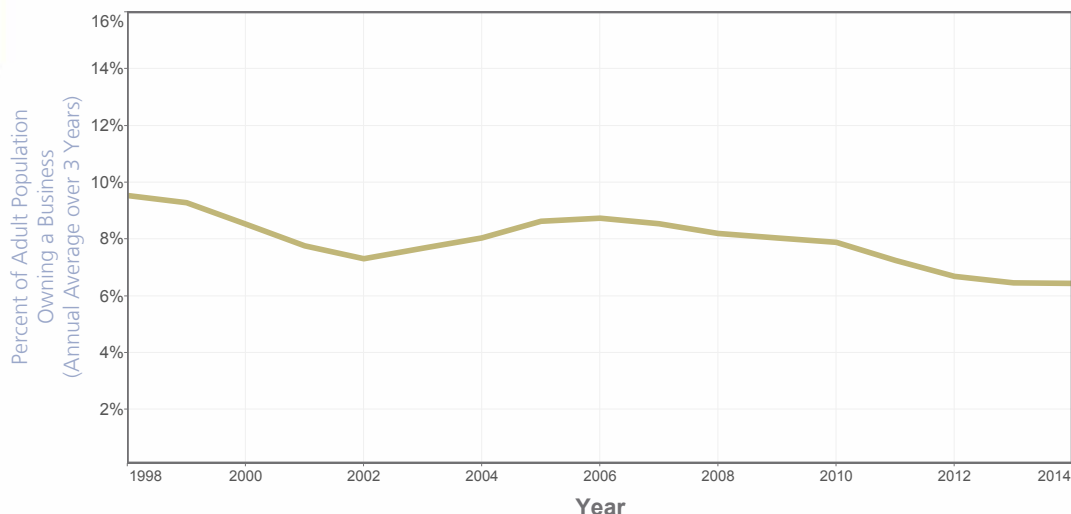
Rate of Business Owners

2015 Component	2014 Component
6.44%	6.46%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



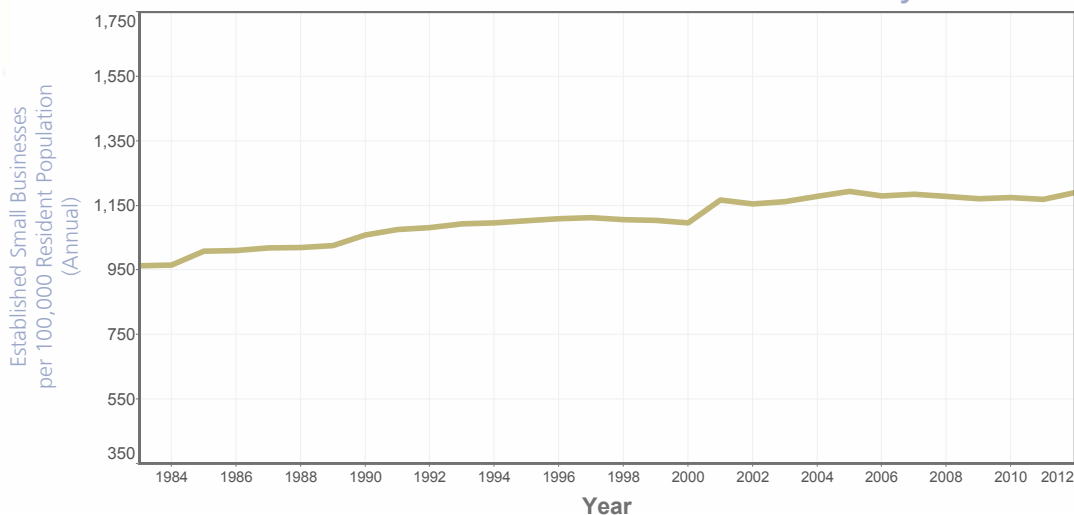
Established Small Business Density

2015 Component	2014 Component
1,190.7	1,169.3

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

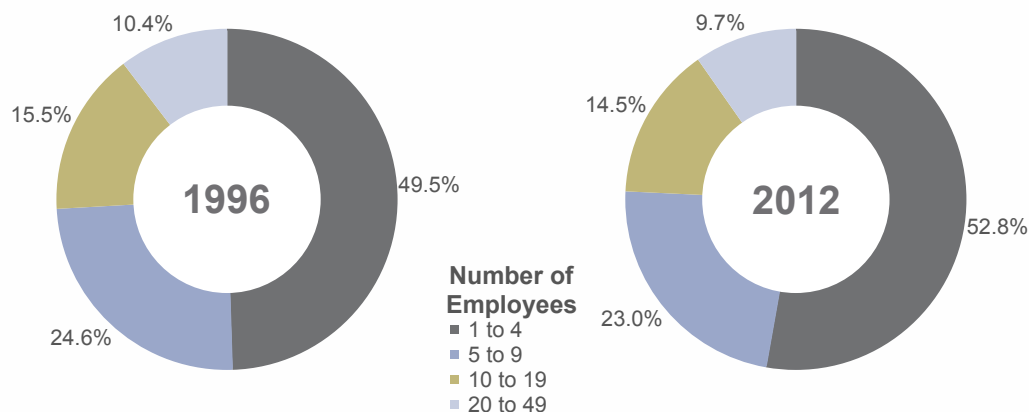


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Kansas

Business Owner Demographics

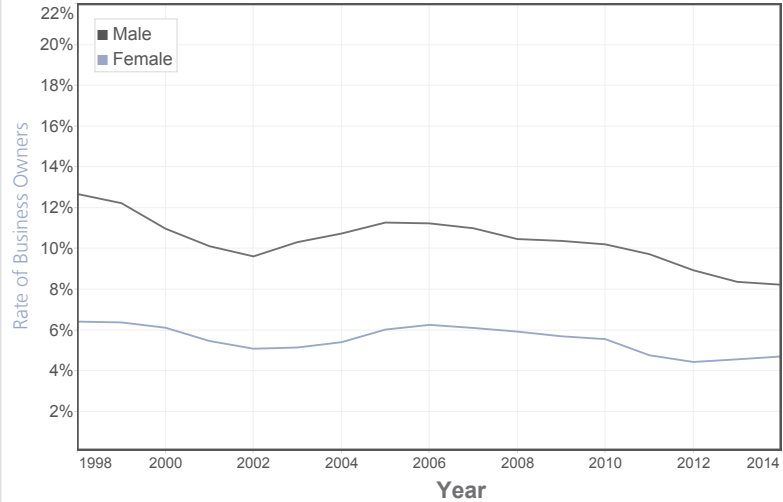
Rate of Business Owners by Demographic Group

The Rate of Business Owners is the percent of the adult population owning a business as their main job, calculated using a three-year moving average. We are able to calculate this rate for select demographic groups, including gender, race, nativity, age, and education. The Rate of Business Owners is calculated using the Current Population Survey.

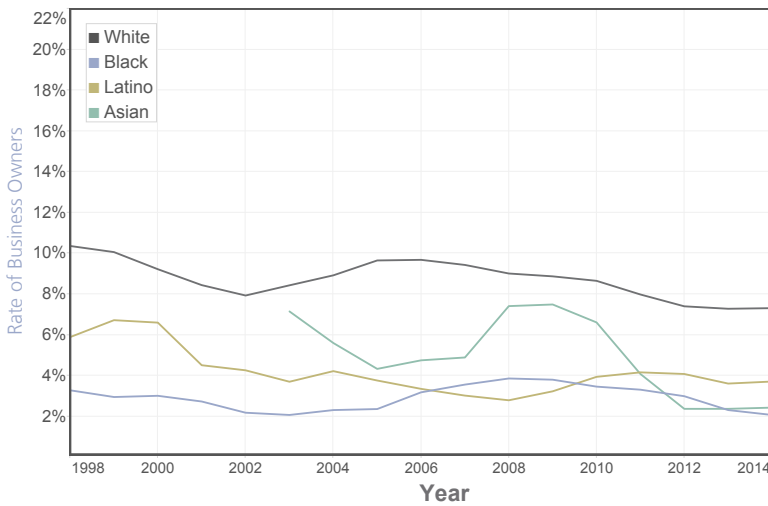
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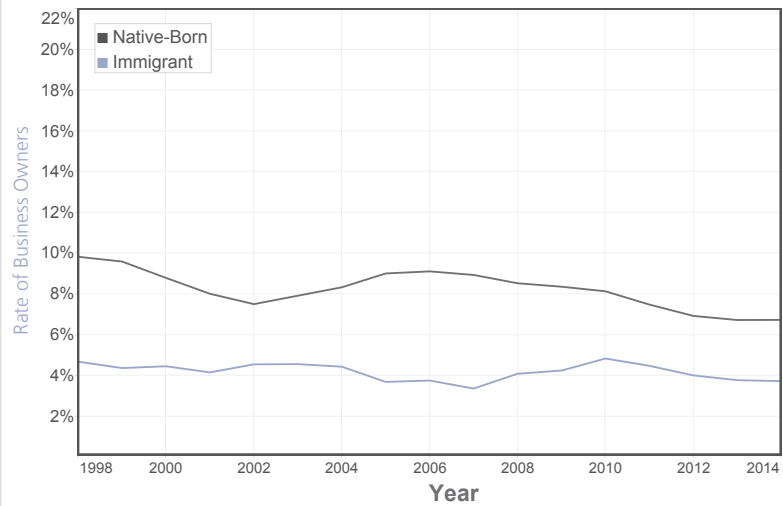
Gender



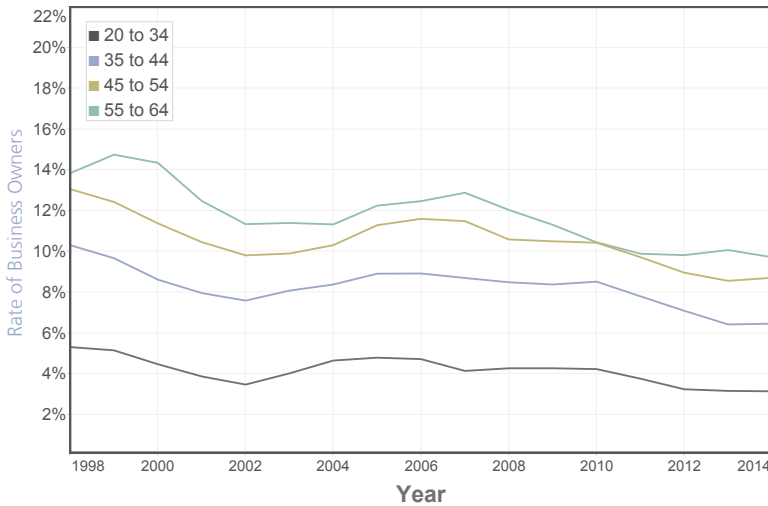
Race



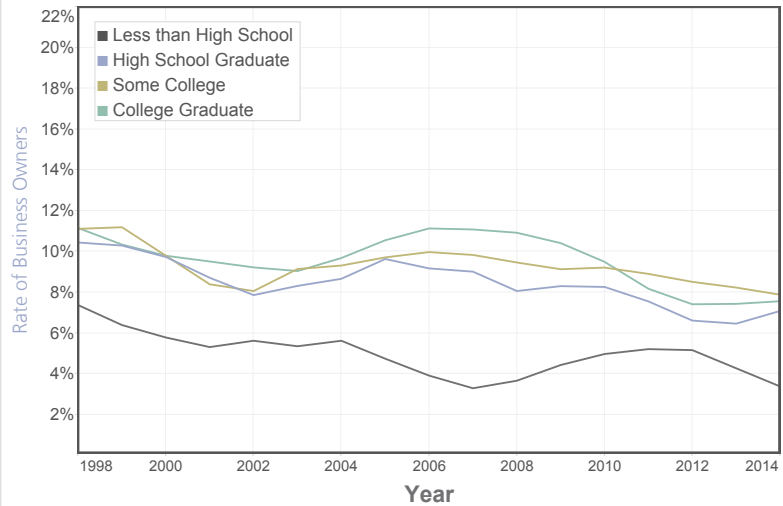
Nativity



Age



Education



Main Street Rank Smaller States

2015	2014
14	14

Connecticut

State Profile

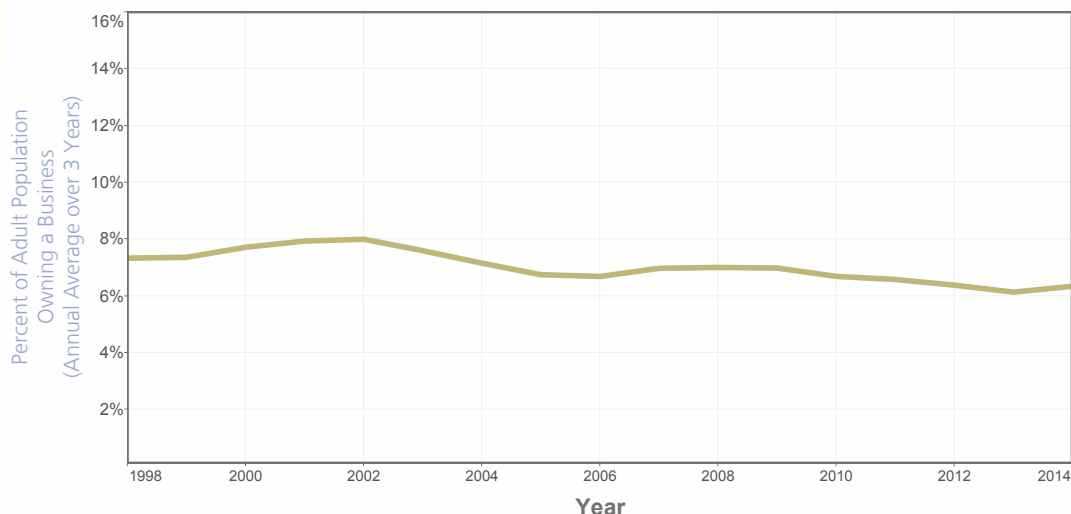
Rate of Business Owners

2015 Component	2014 Component
6.34%	6.14%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



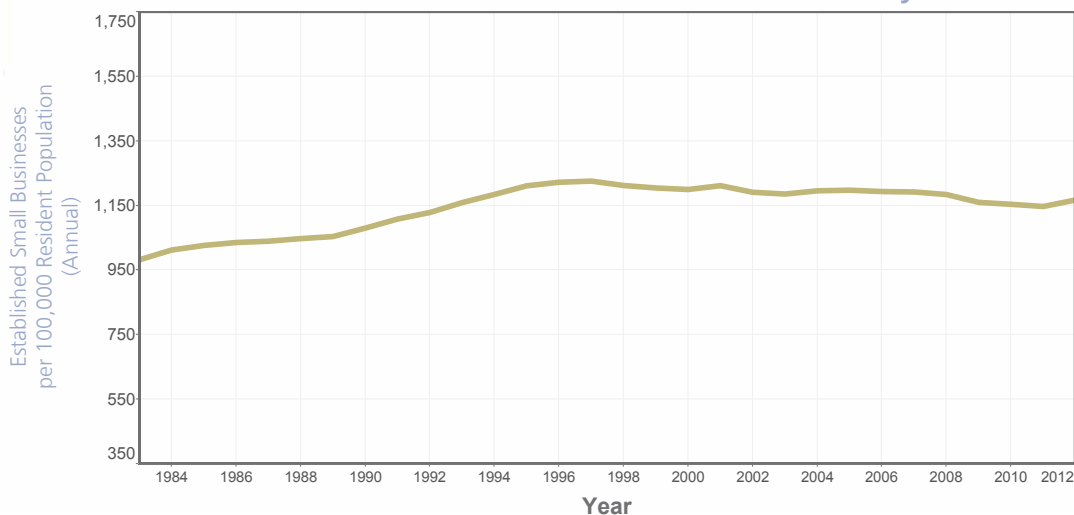
Established Small Business Density

2015 Component	2014 Component
1,167.4	1,147.3

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

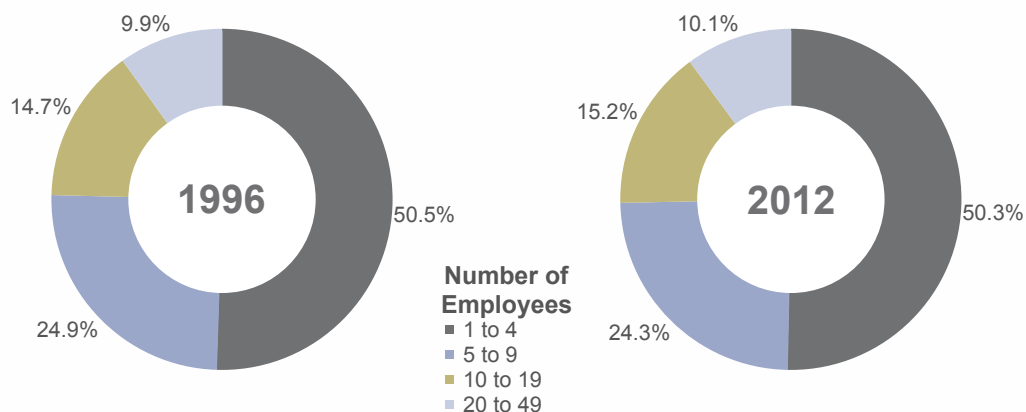


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Connecticut

Business Owner Demographics

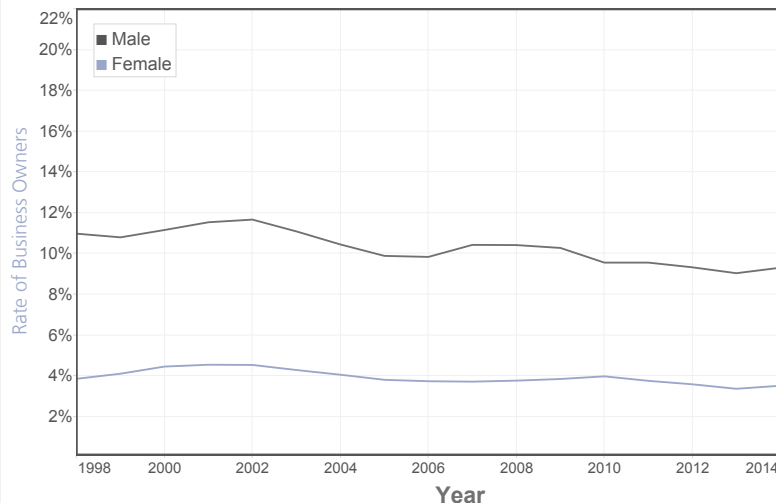
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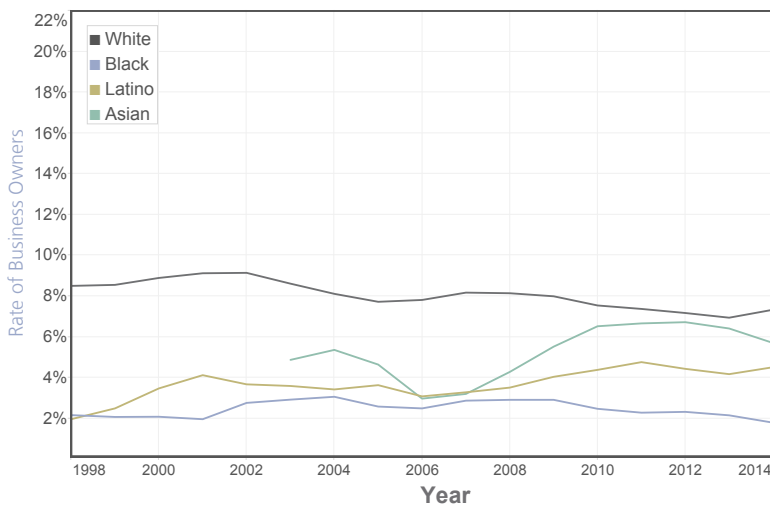
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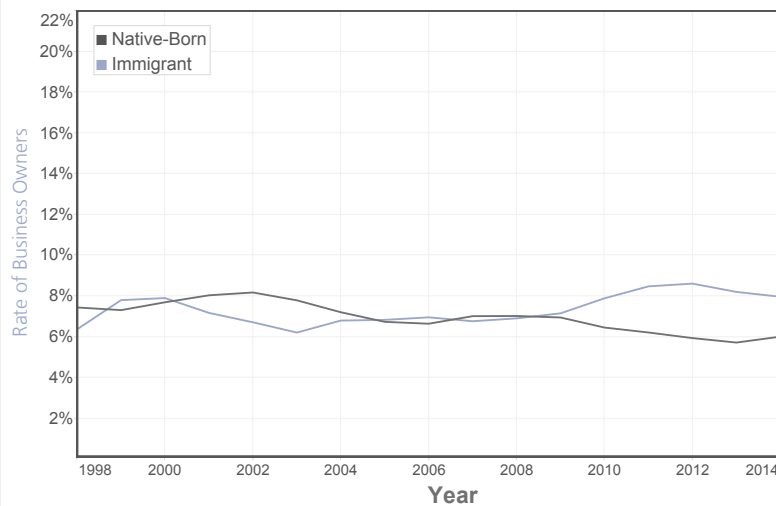
Gender



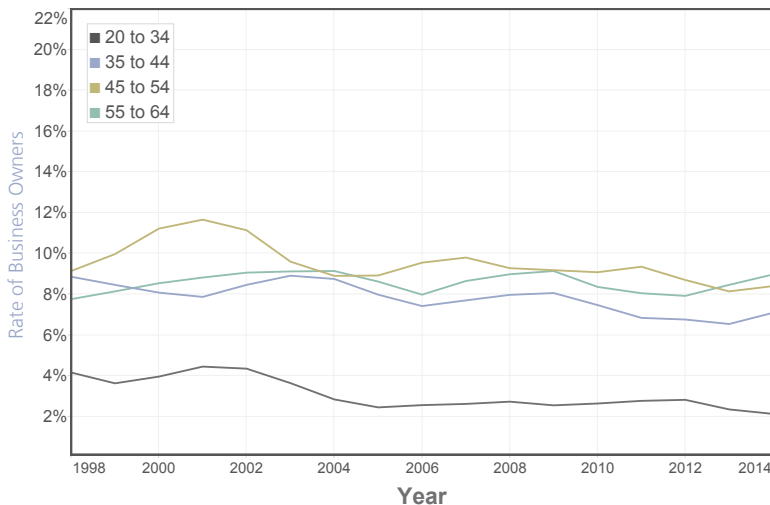
Race



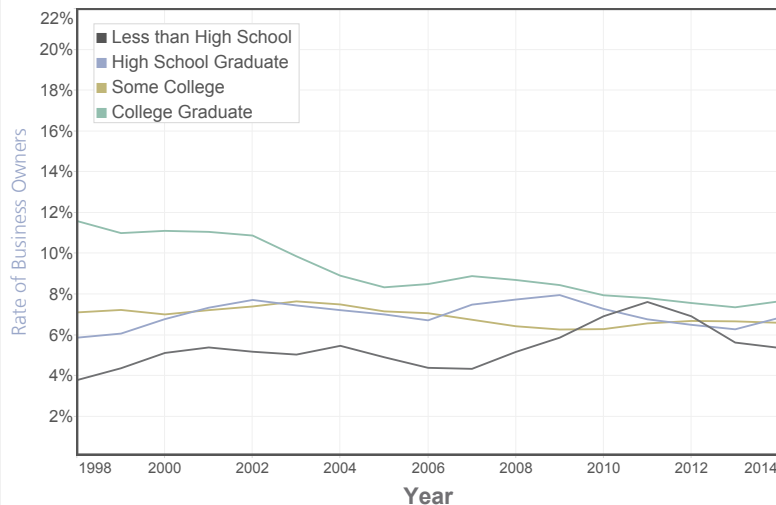
Nativity



Age



Education



Main Street Rank Smaller States

2015	2014
15	15

Alaska

State Profile

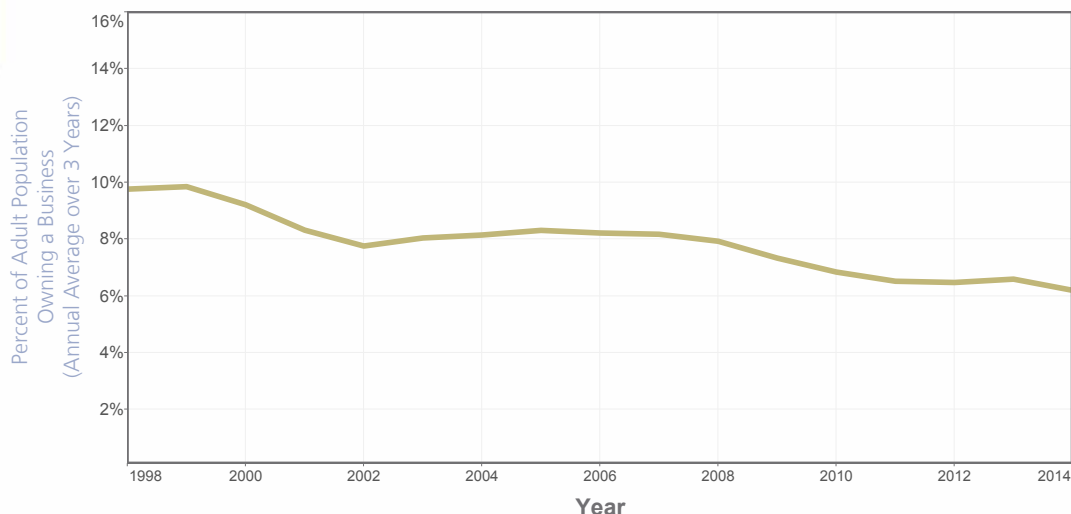
Rate of Business Owners

2015 Component	2014 Component
6.20%	6.59%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



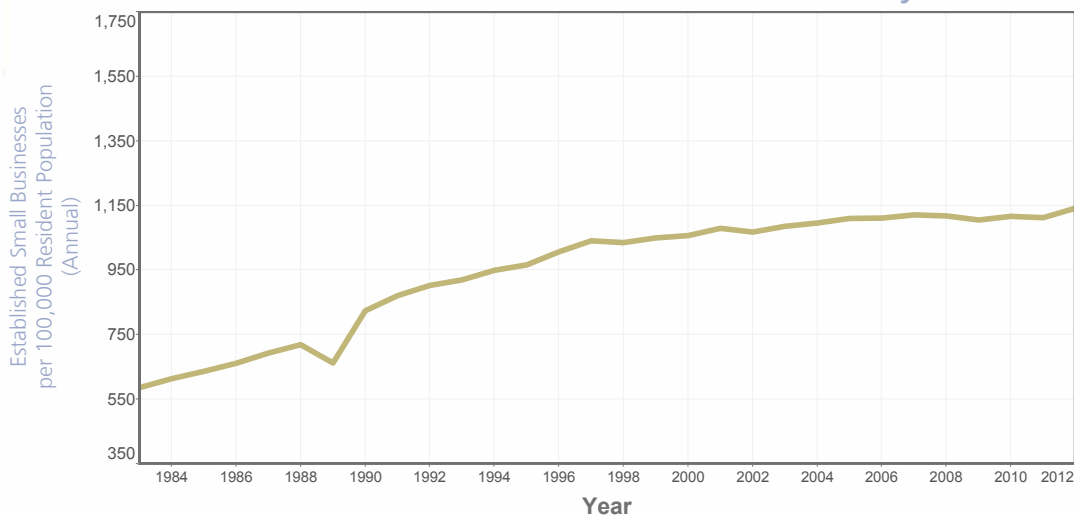
Established Small Business Density

2015 Component	2014 Component
1,142.3	1,112.6

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

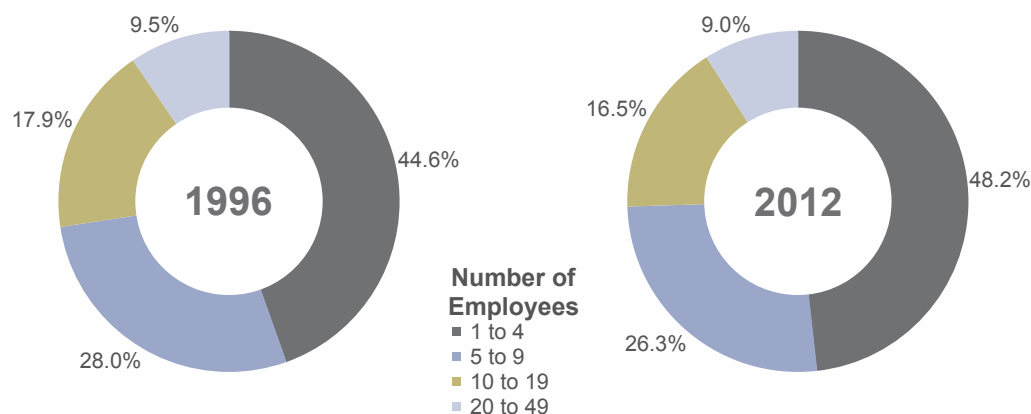


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Alaska

Business Owner Demographics

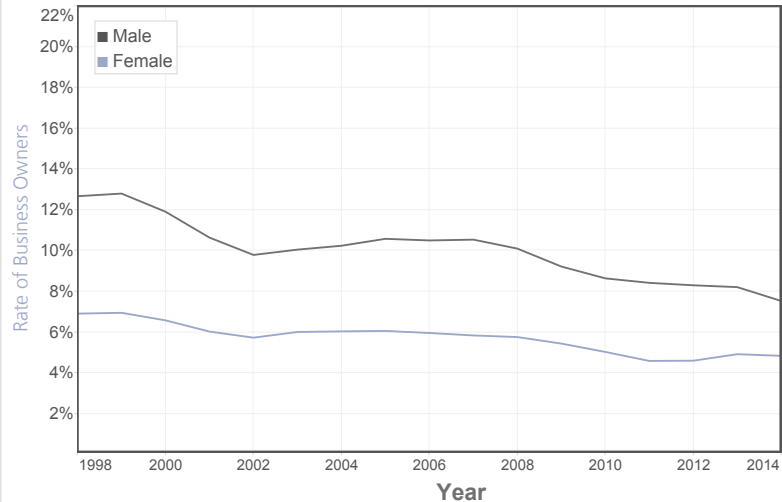
Rate of Business Owners by Demographic Group

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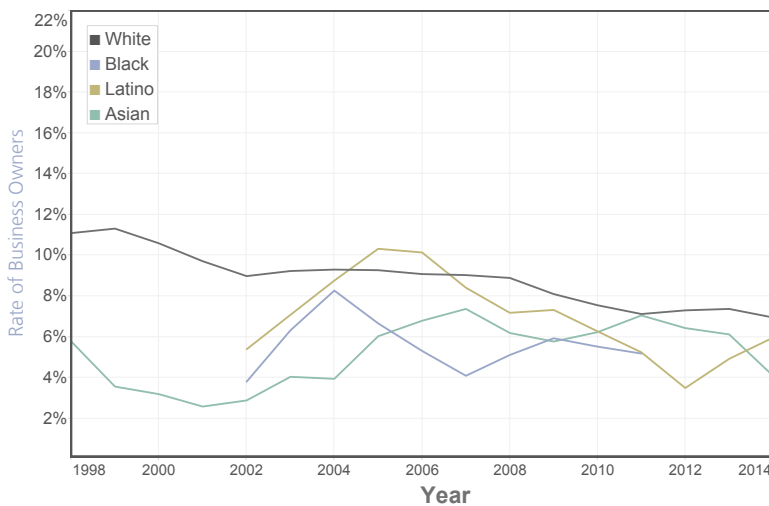
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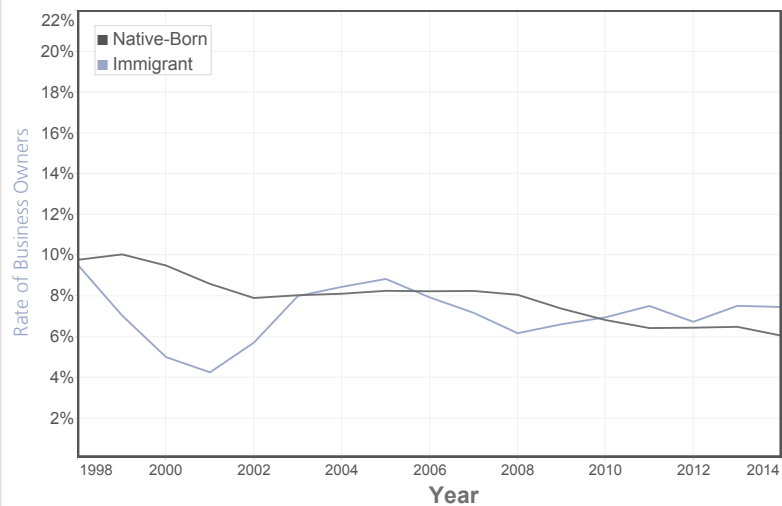
Gender



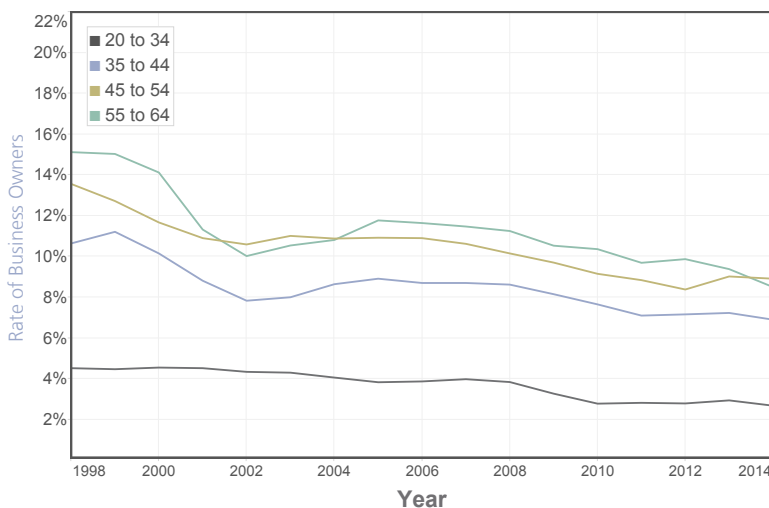
Race



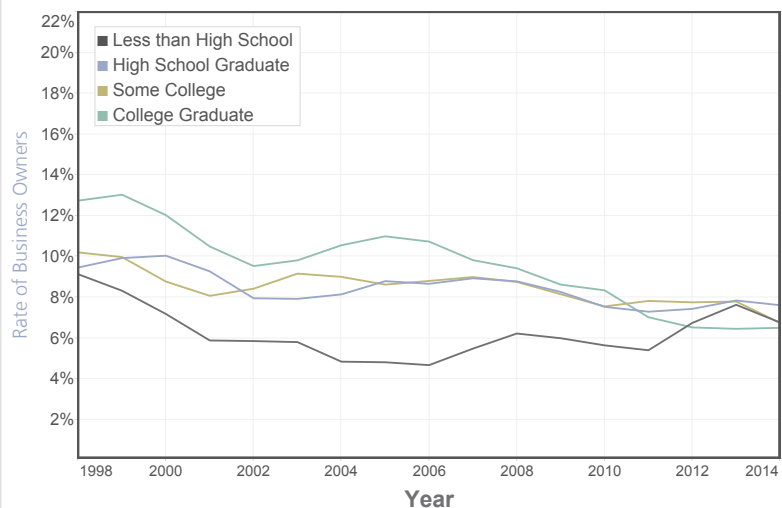
Nativity



Age



Education



Main Street Rank Smaller States

2015

16

2014

17

Oklahoma

State Profile

Rate of Business Owners

2015
Component

6.54%

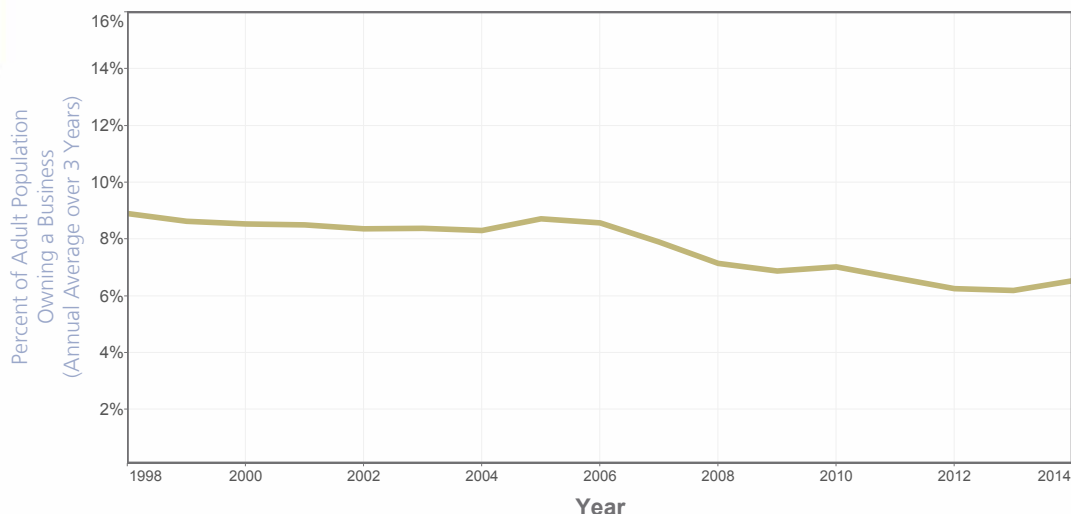
2014
Component

6.19%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



Established Small Business Density

2015
Component

1,038.7

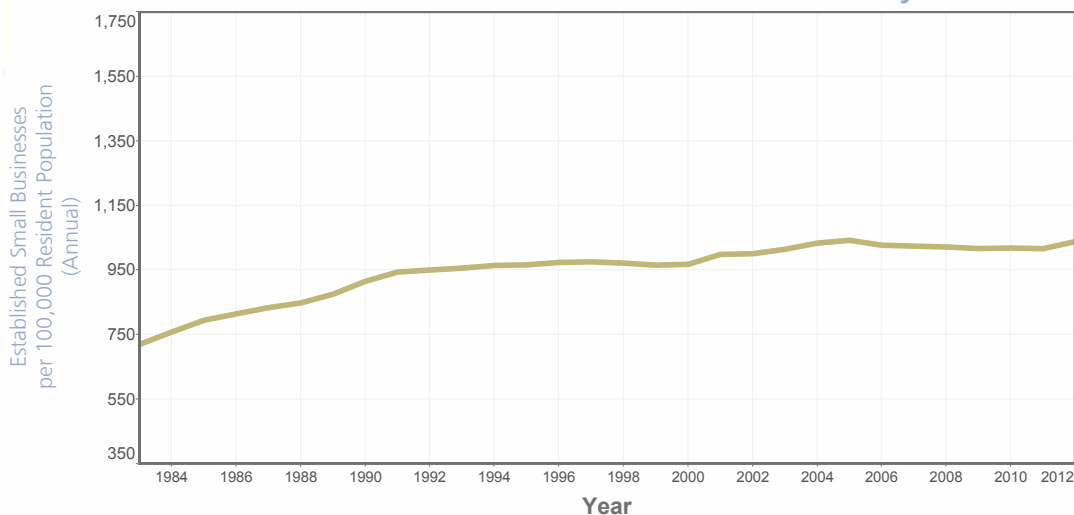
2014
Component

1,016.6

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

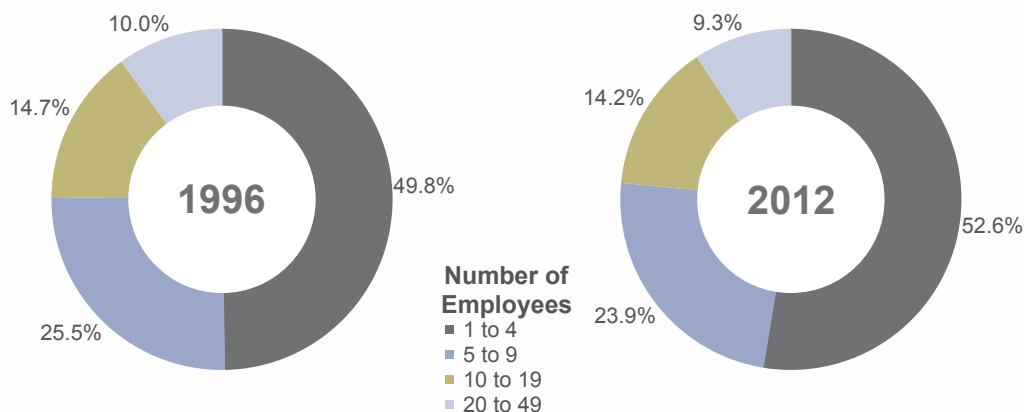


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Oklahoma

Business Owner Demographics

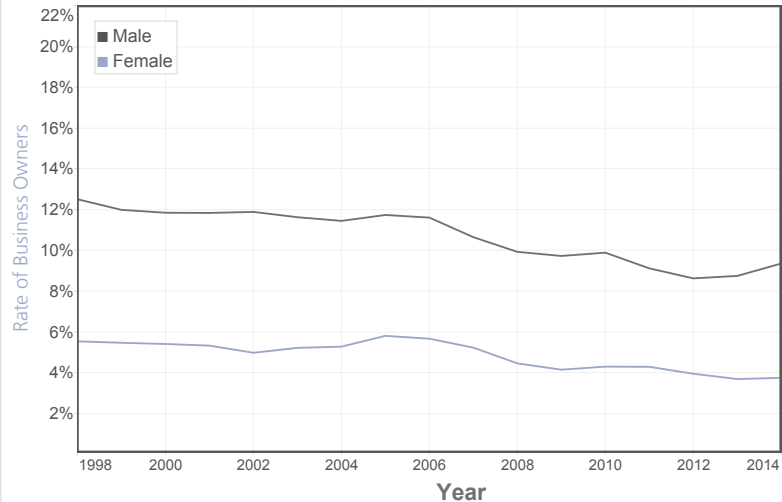
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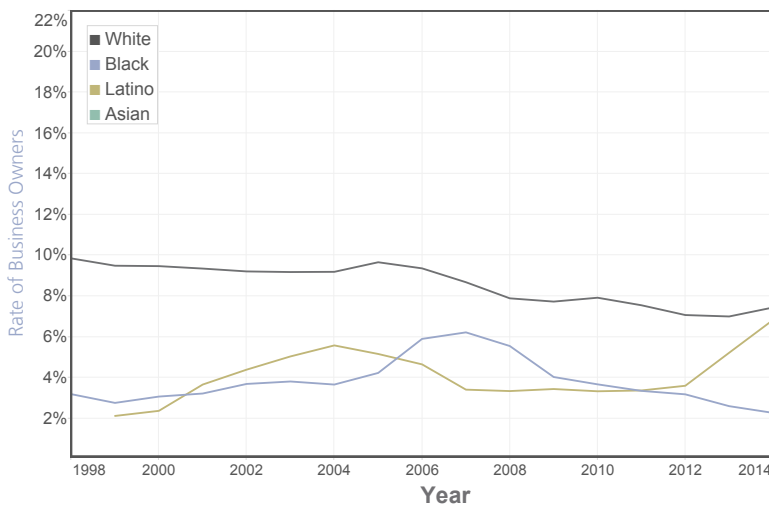
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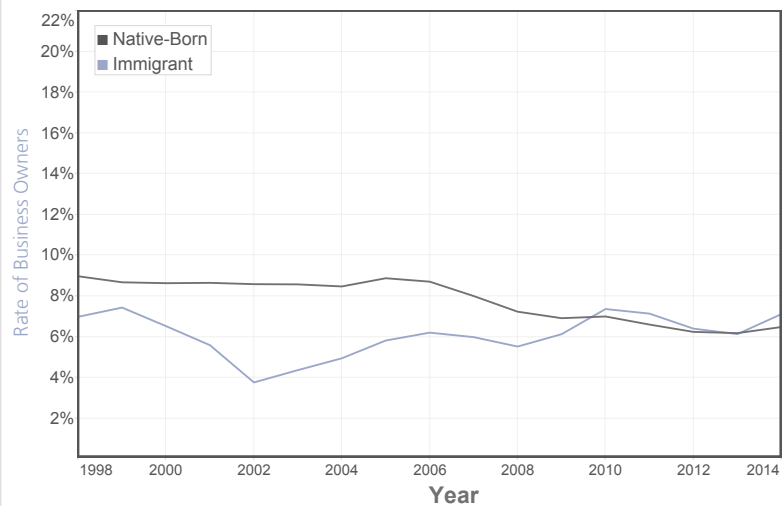
Gender



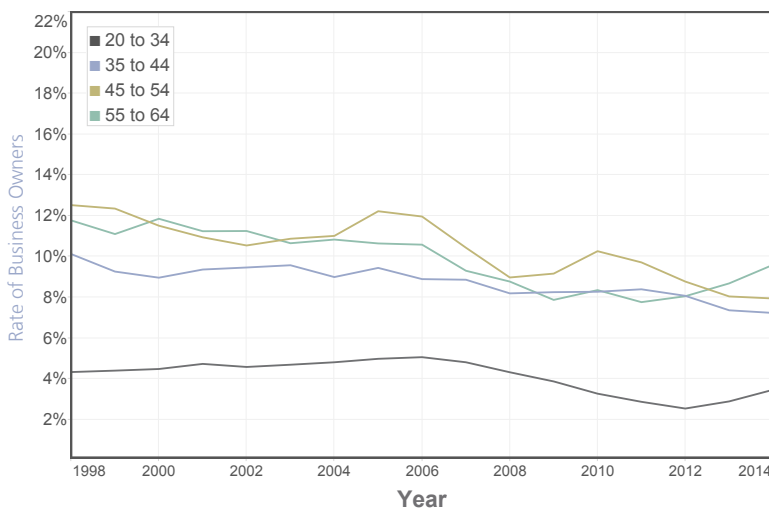
Race



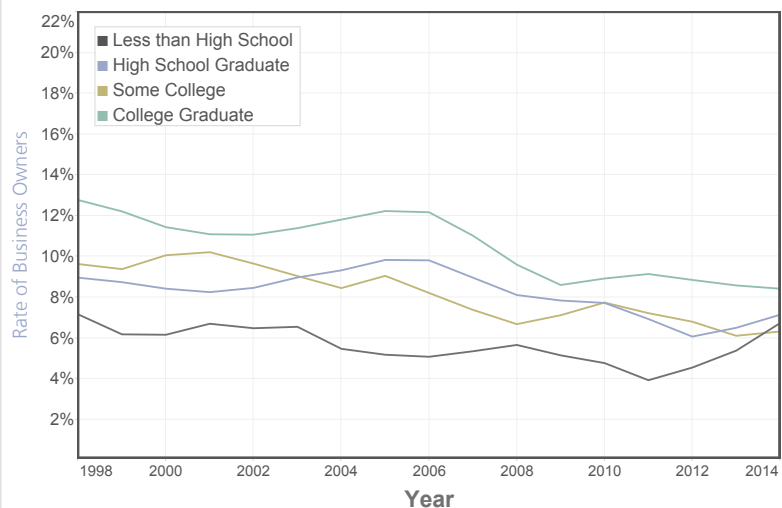
Nativity



Age



Education



Main Street Rank Smaller States

2015

17

2014

16

Hawaii State Profile

Rate of Business Owners

2015
Component

6.00%

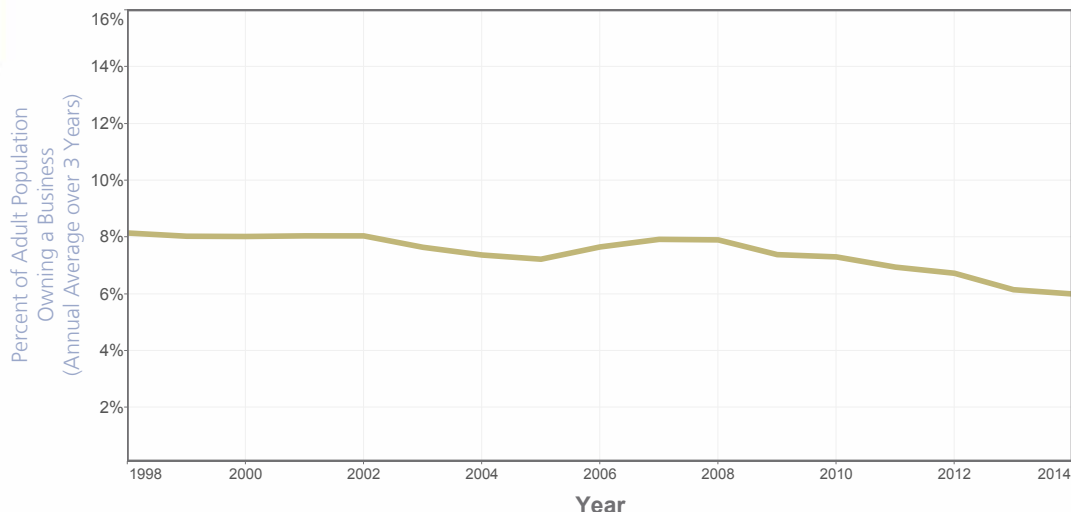
2014
Component

6.15%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



Established Small Business Density

2015
Component

1,038.4

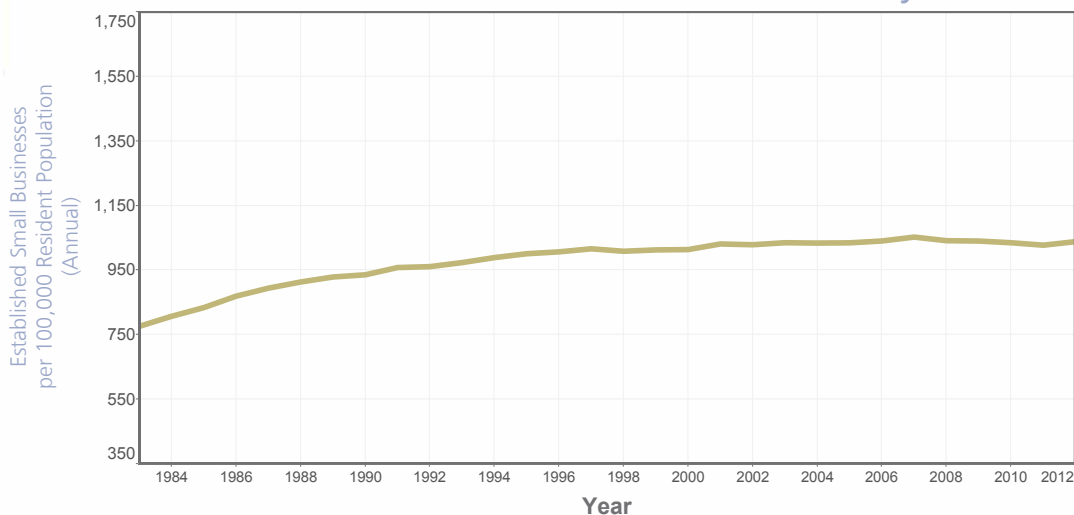
2014
Component

1,027.5

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

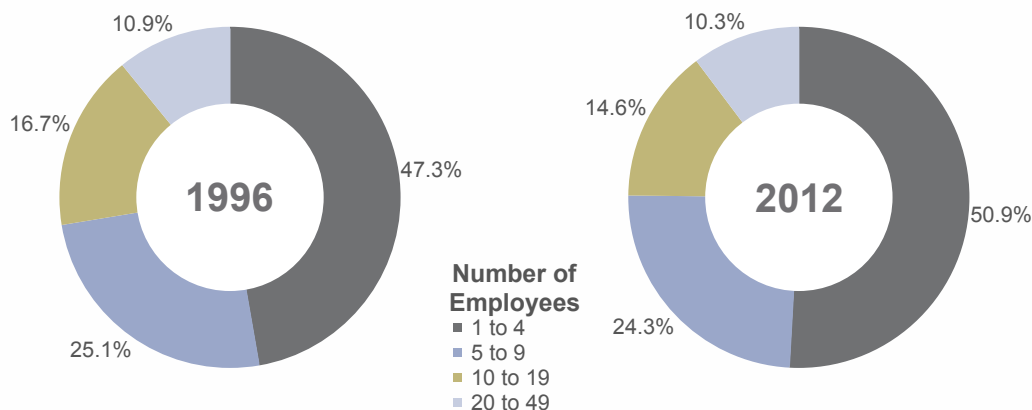


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Hawaii

Business Owner Demographics

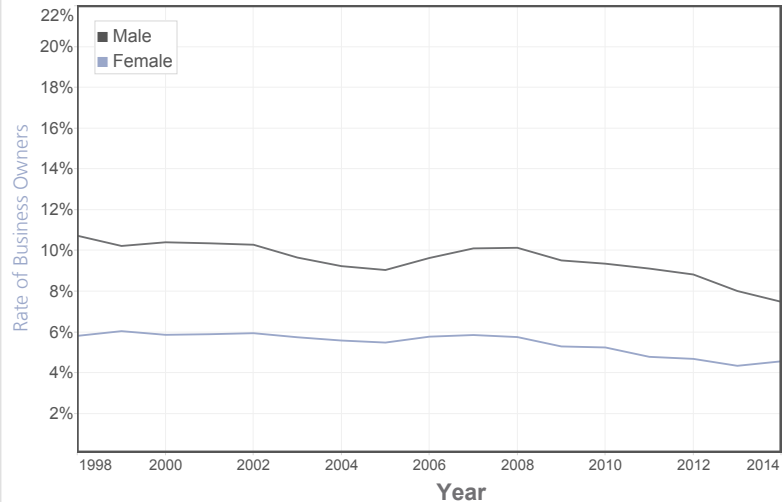
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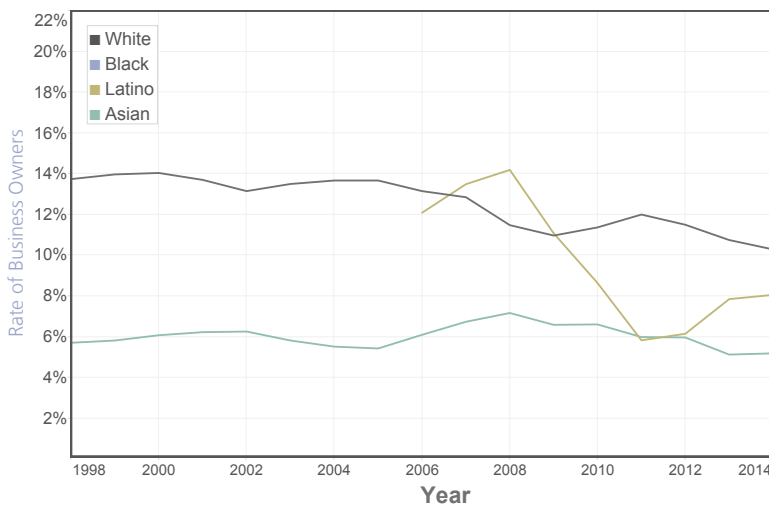
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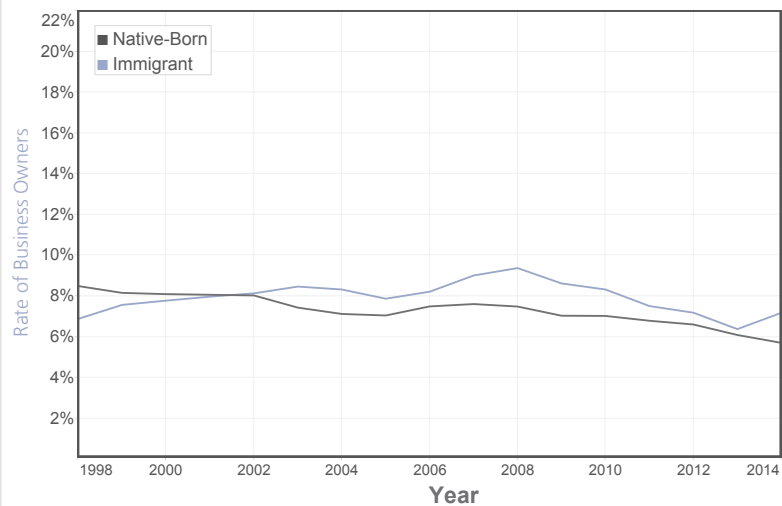
Gender



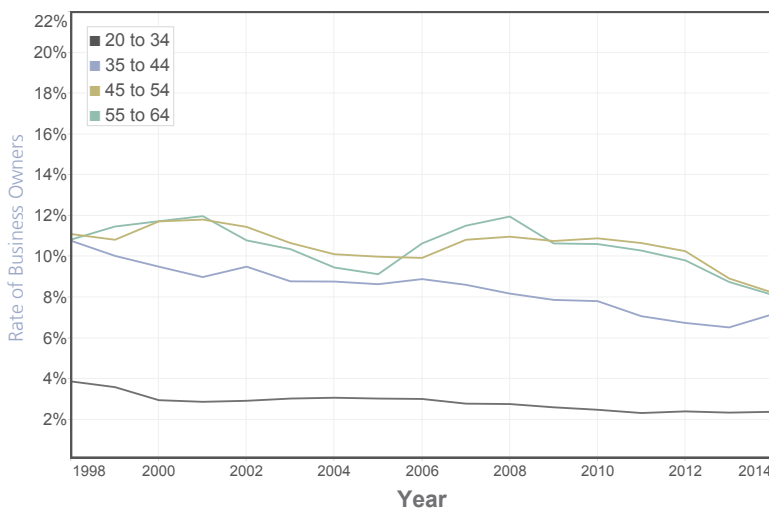
Race



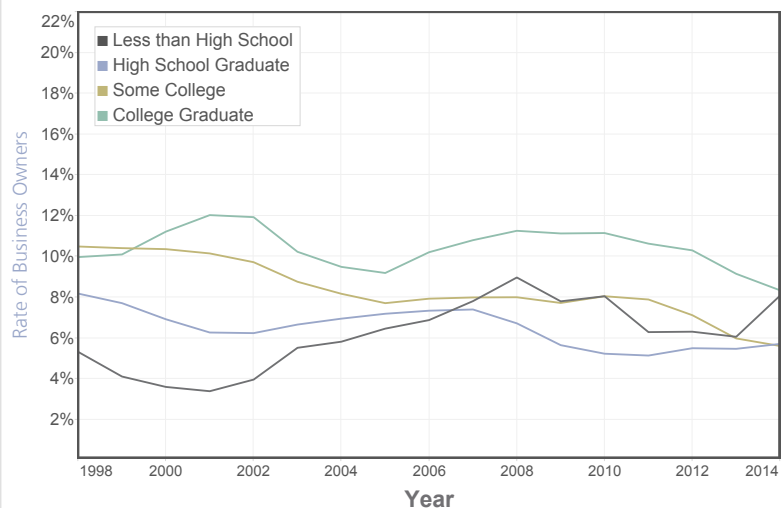
Nativity



Age



Education



Main Street Rank Smaller States

2015

18

2014

18

Delaware

State Profile

Rate of Business Owners

2015
Component

5.22%

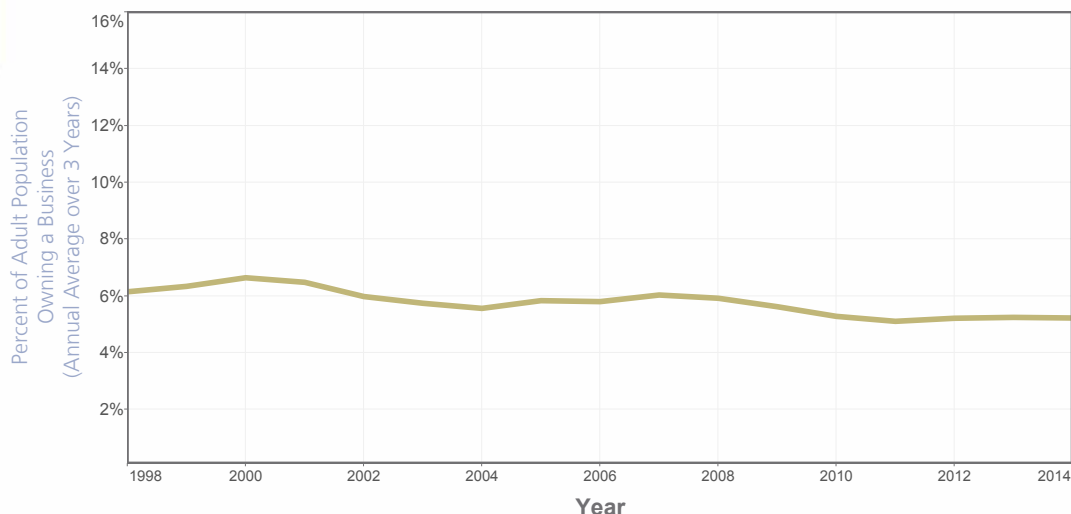
2014
Component

5.25%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



Established Small Business Density

2015
Component

1,042.5

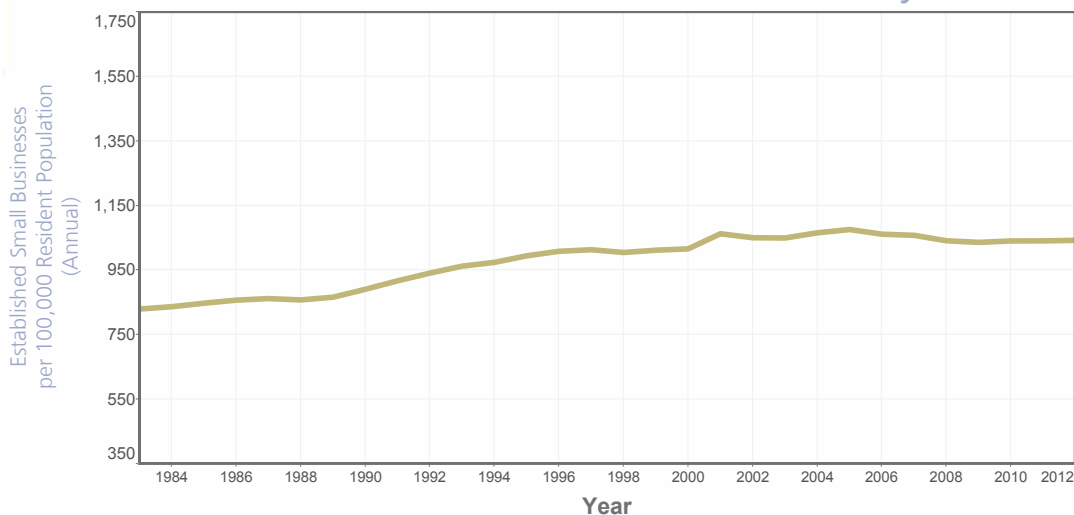
2014
Component

1,040.8

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

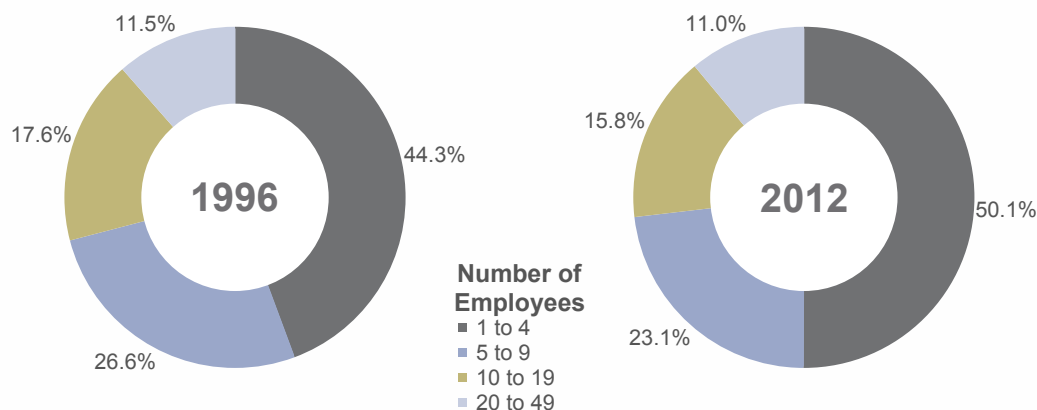


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Delaware

Business Owner Demographics

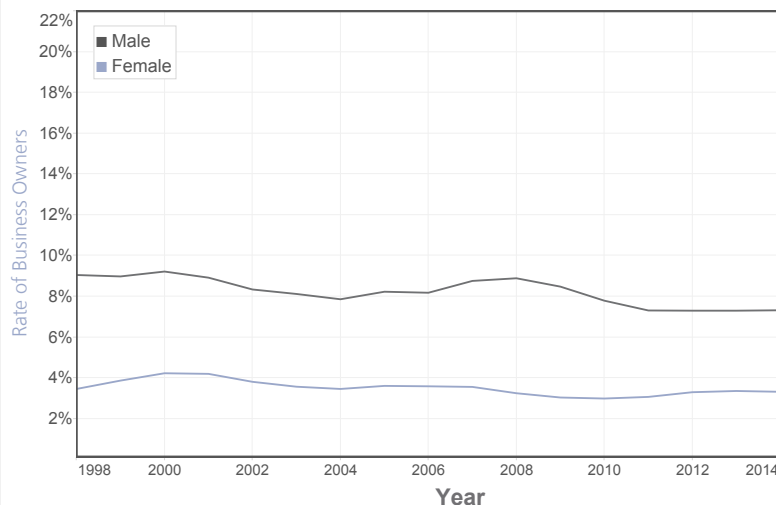
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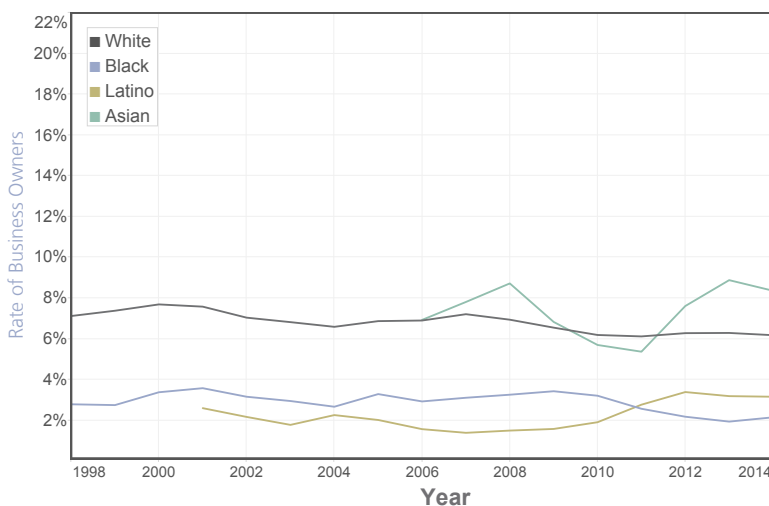
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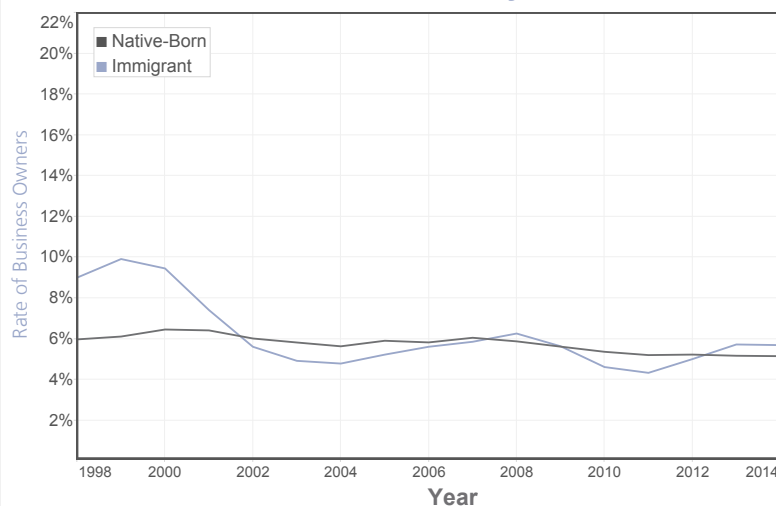
Gender



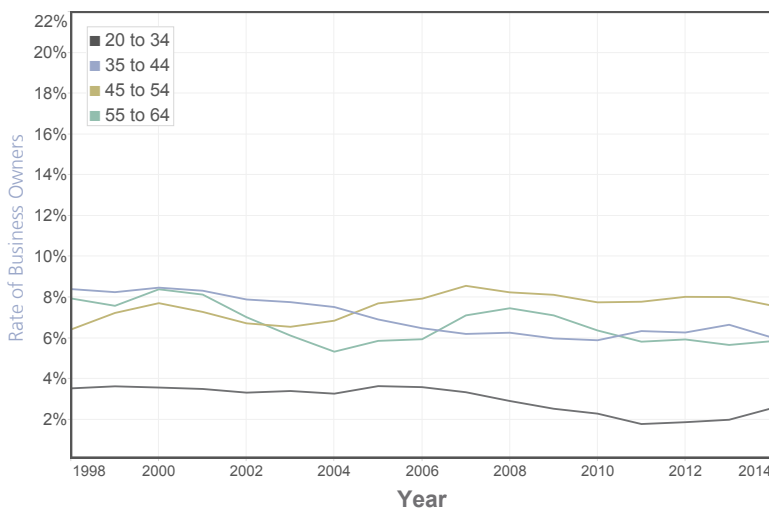
Race



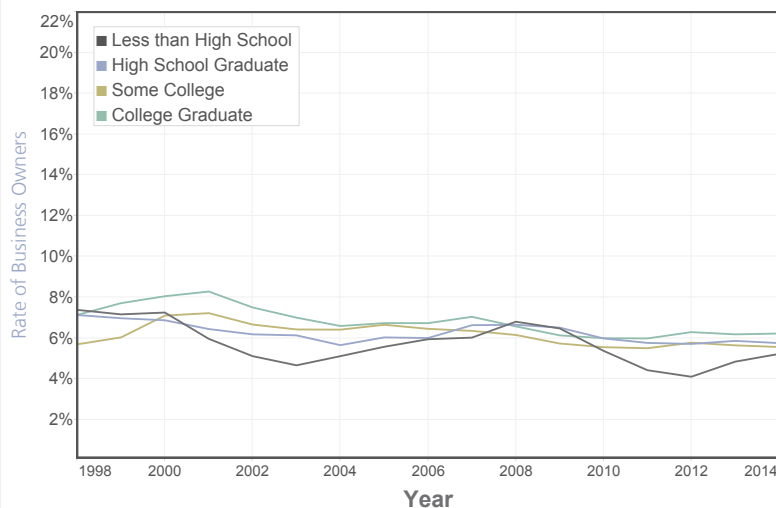
Nativity



Age



Education



Main Street Rank Smaller States

2015	2014
19	19

Arkansas State Profile

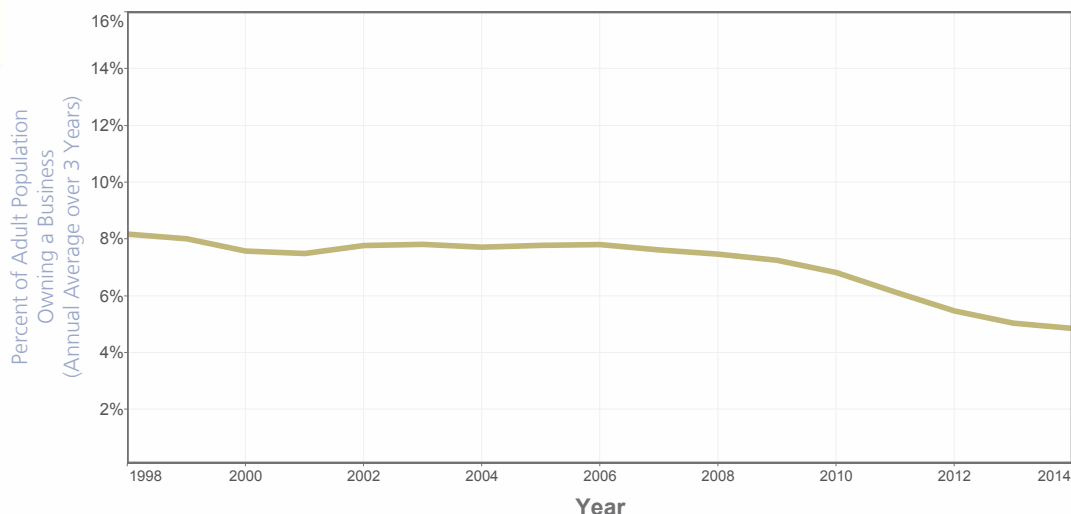
Rate of Business Owners

2015 Component	2014 Component
4.86%	5.04%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



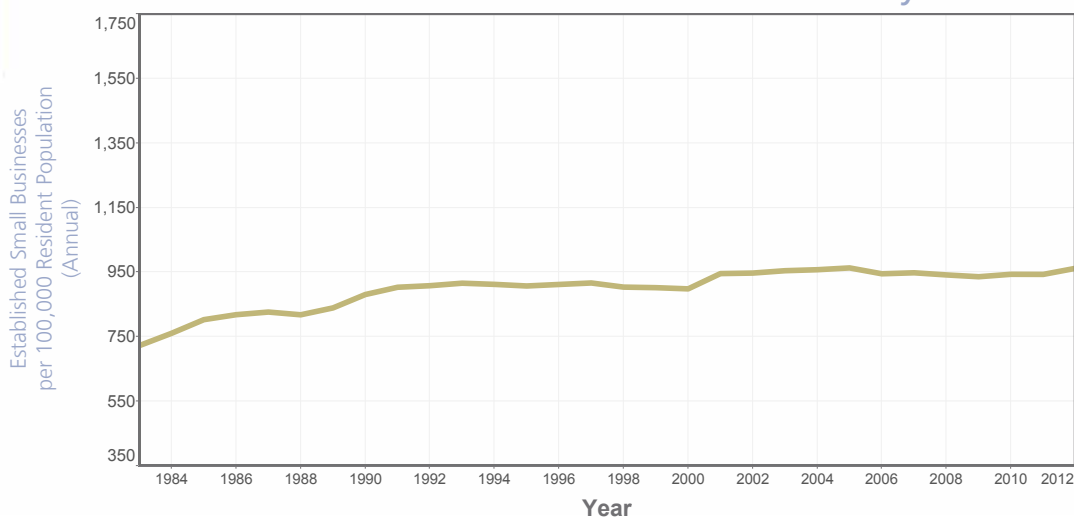
Established Small Business Density

2015 Component	2014 Component
962.0	943.2

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

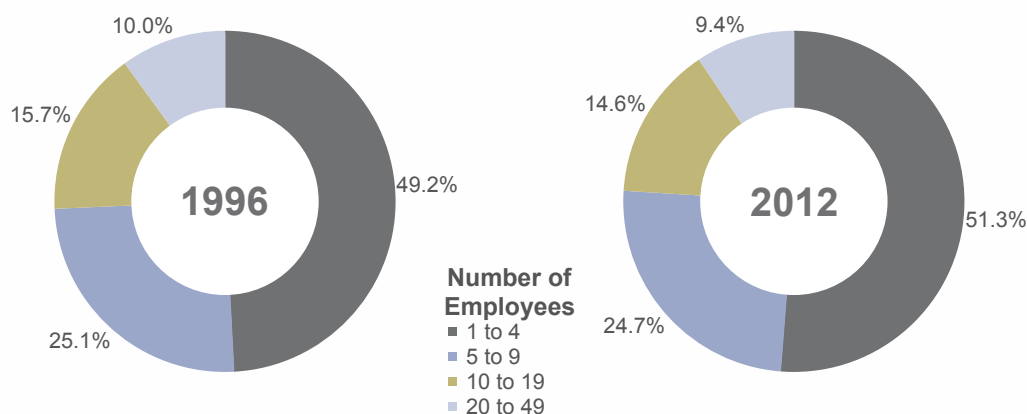


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Arkansas

Business Owner Demographics

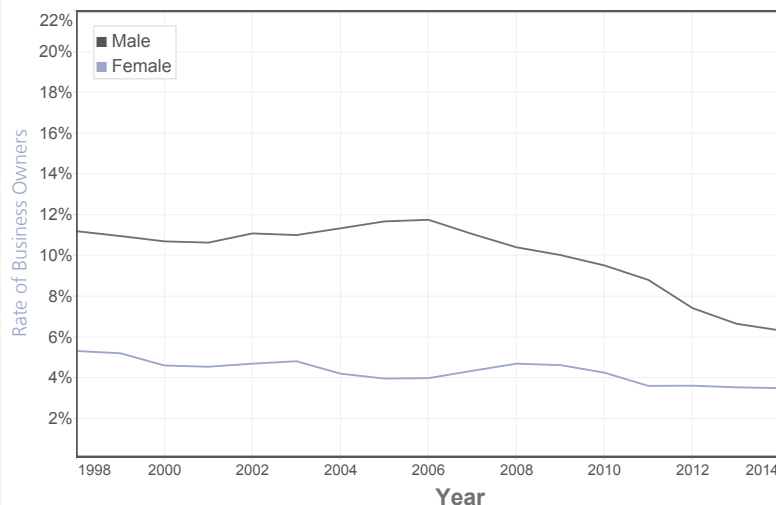
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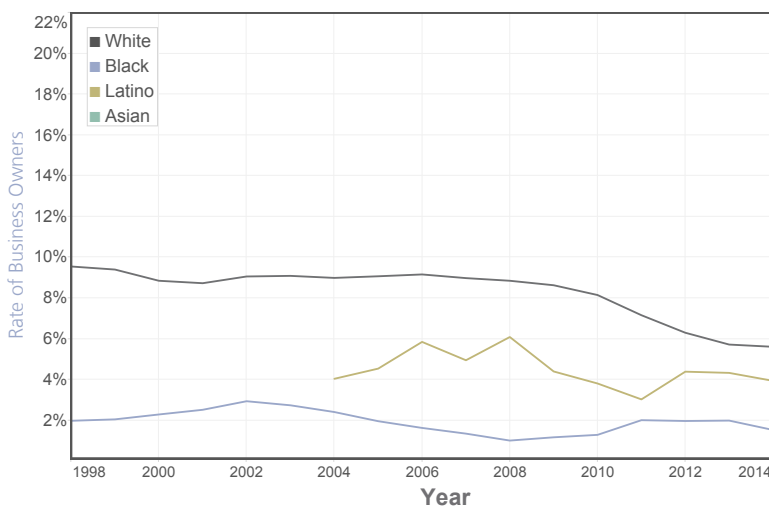
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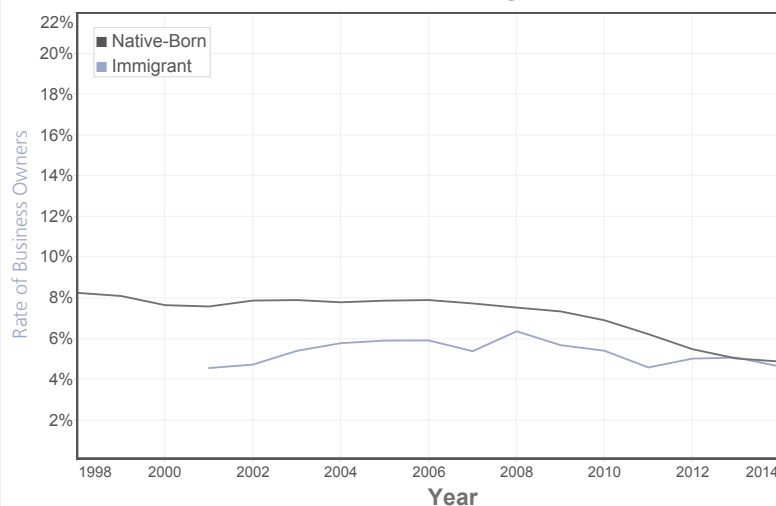
Gender



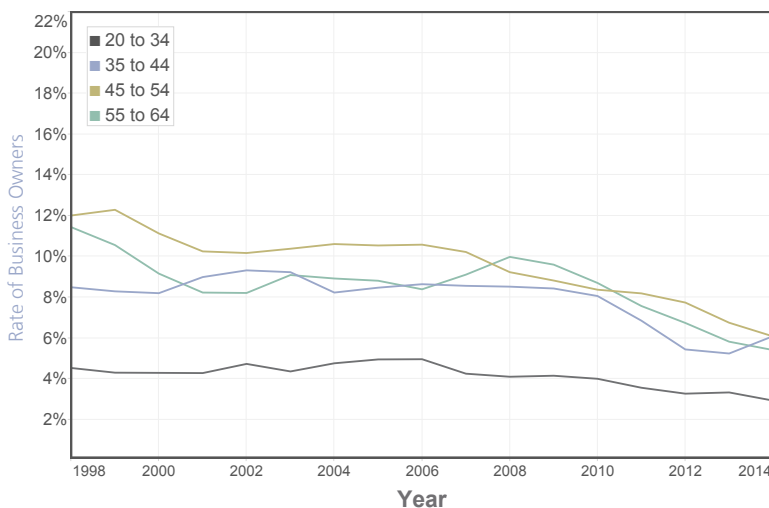
Race



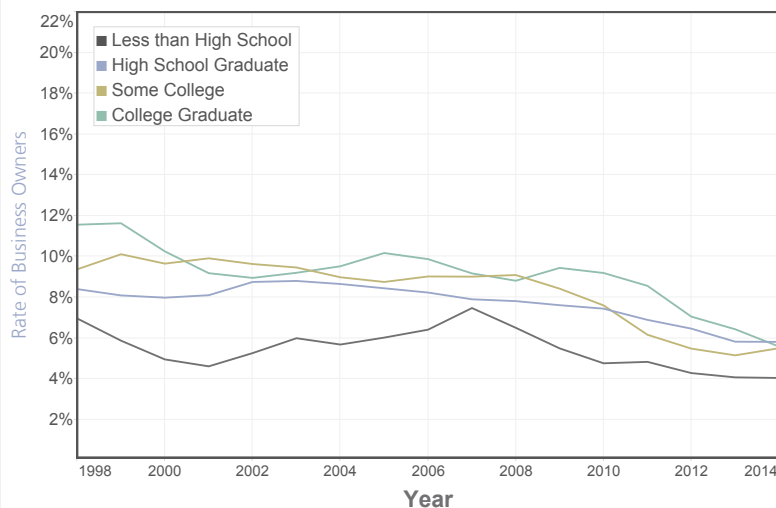
Nativity



Age



Education



Main Street Rank Smaller States

2015	2014
20	20

New Mexico State Profile

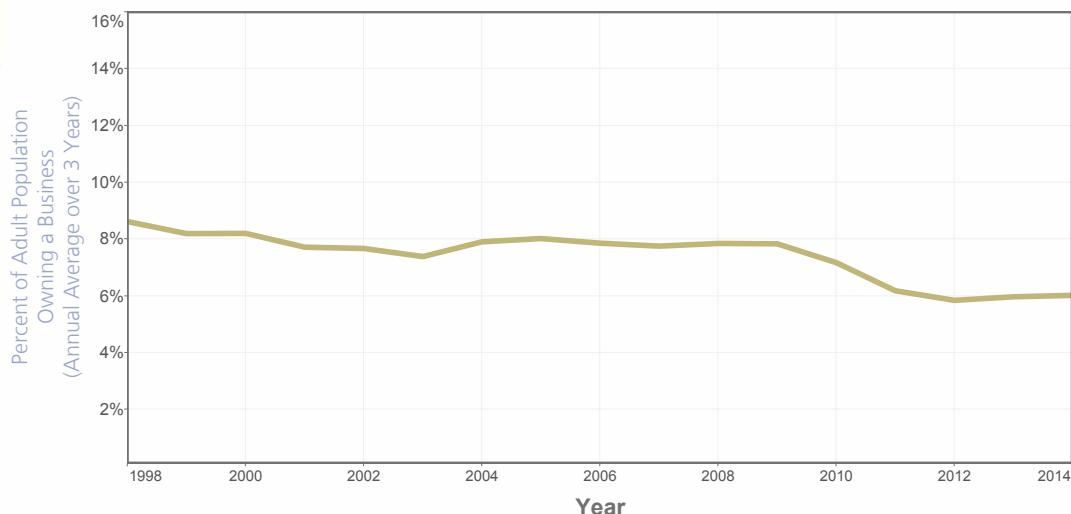
Rate of Business Owners

2015 Component	2014 Component
6.02%	5.97%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



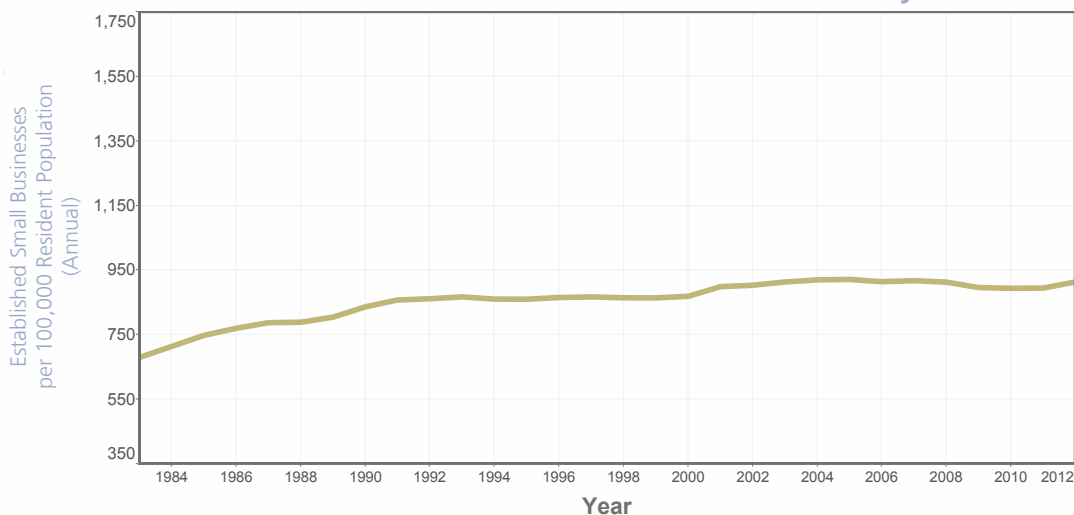
Established Small Business Density

2015 Component	2014 Component
913.6	894.7

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

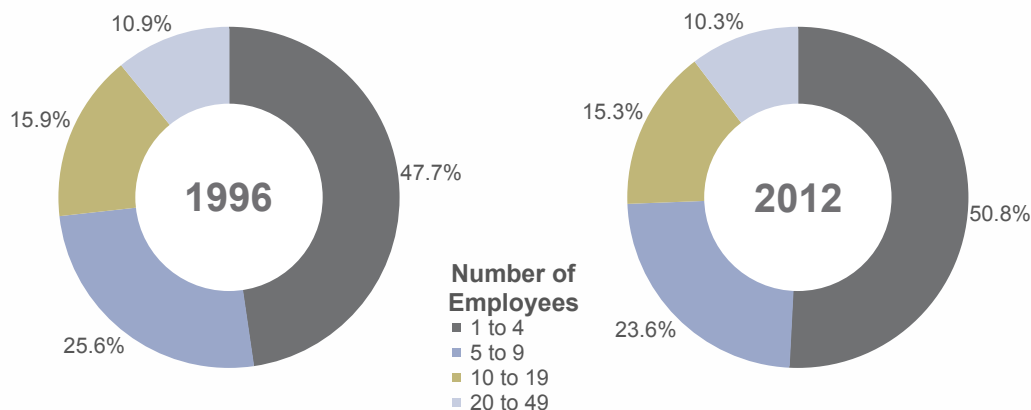


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



New Mexico

Business Owner Demographics

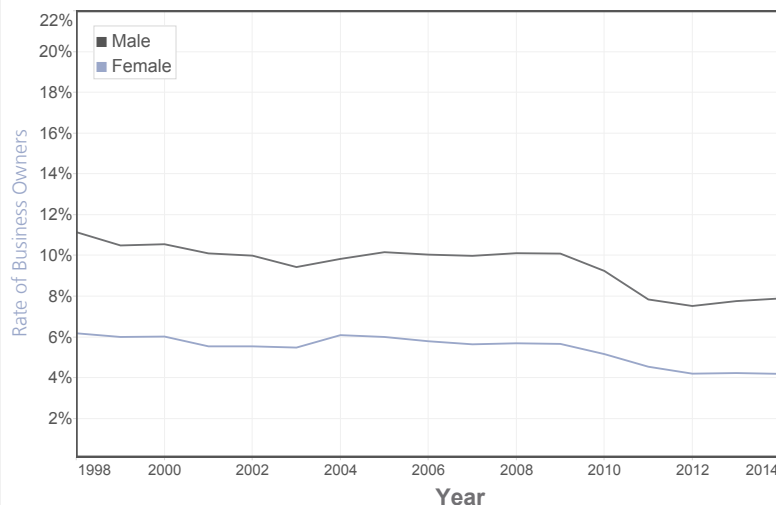
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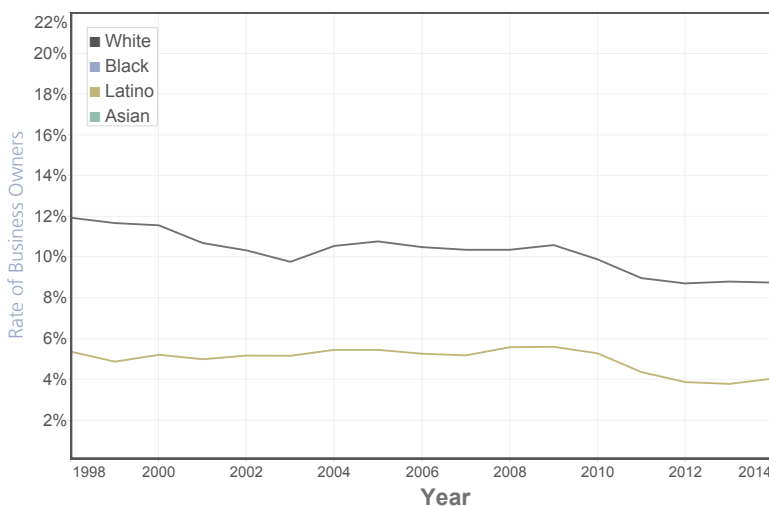
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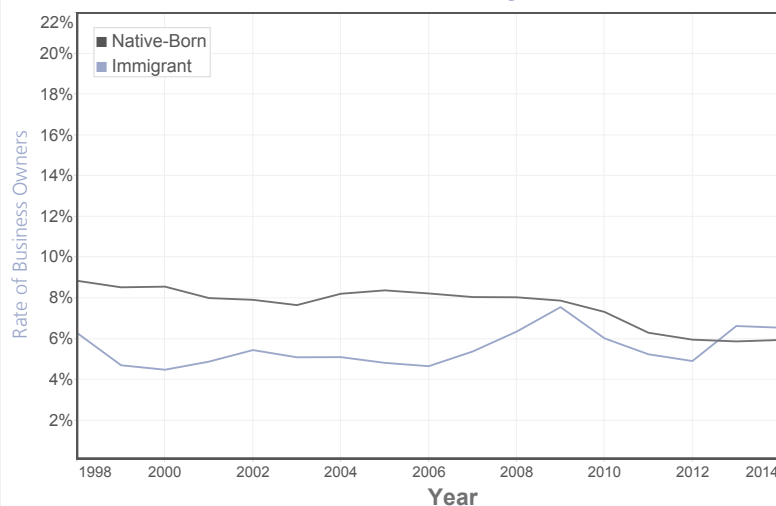
Gender



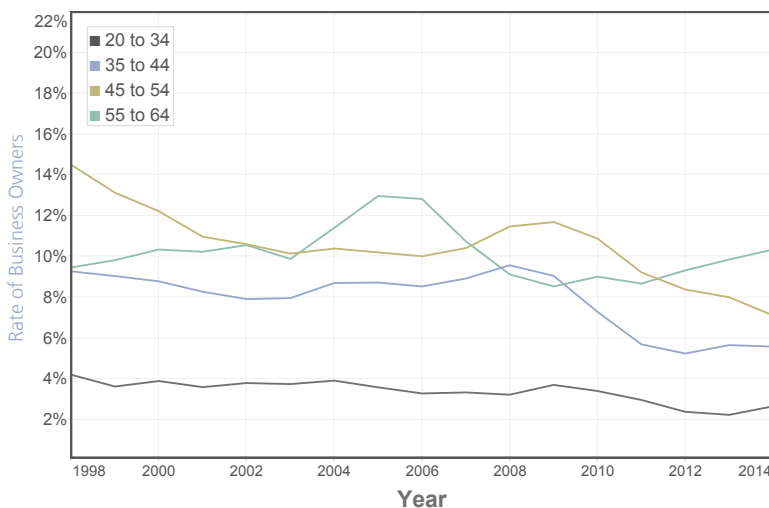
Race



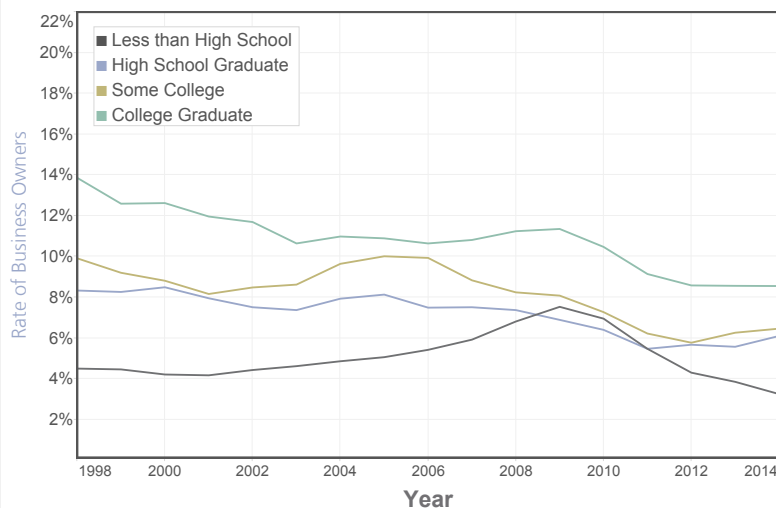
Nativity



Age



Education



Main Street Rank Smaller States

2015	2014
21	22

Utah State Profile

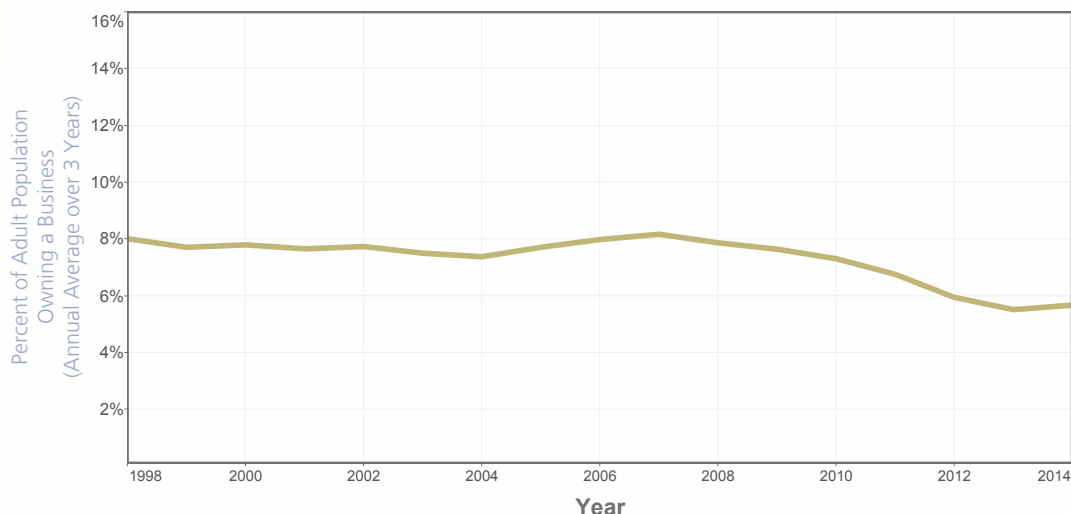
Rate of Business Owners

2015 Component	2014 Component
5.68%	5.52%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



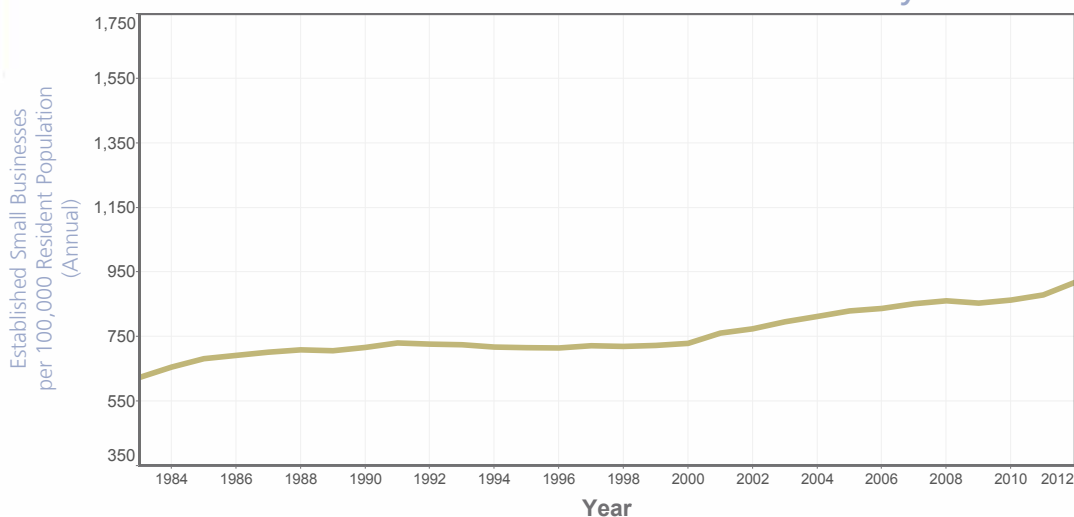
Established Small Business Density

2015 Component	2014 Component
919.2	879.6

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

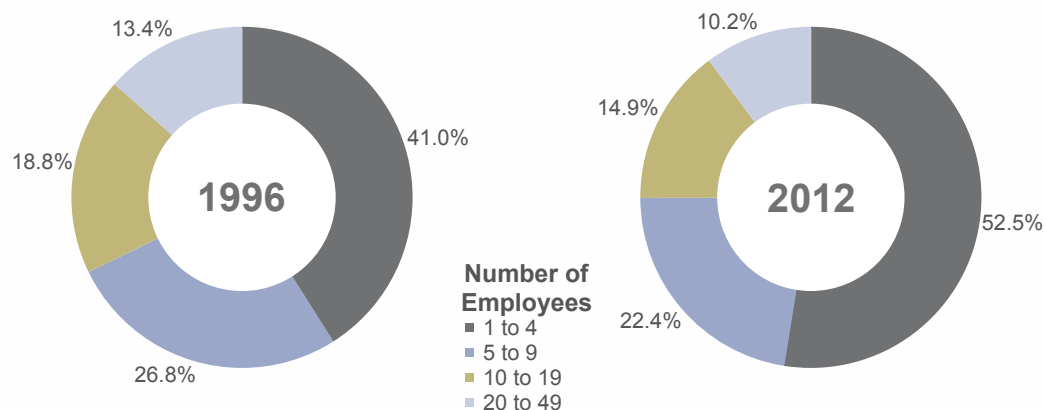


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Utah

Business Owner Demographics

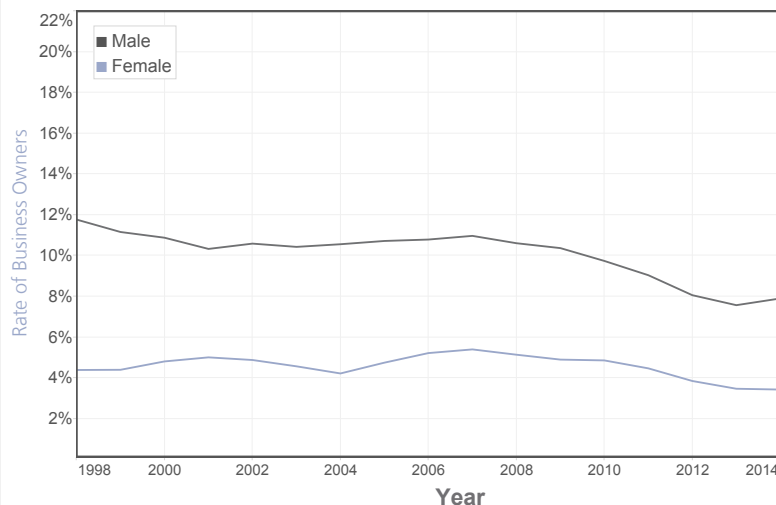
Rate of Business Owners by Demographic Group

The Rate of Business Owners is the percent of the adult population owning a business as their main job, calculated using a three-year moving average. We are able to calculate this rate for select demographic groups, including gender, race, nativity, age, and education. The Rate of Business Owners is calculated using the Current Population Survey.

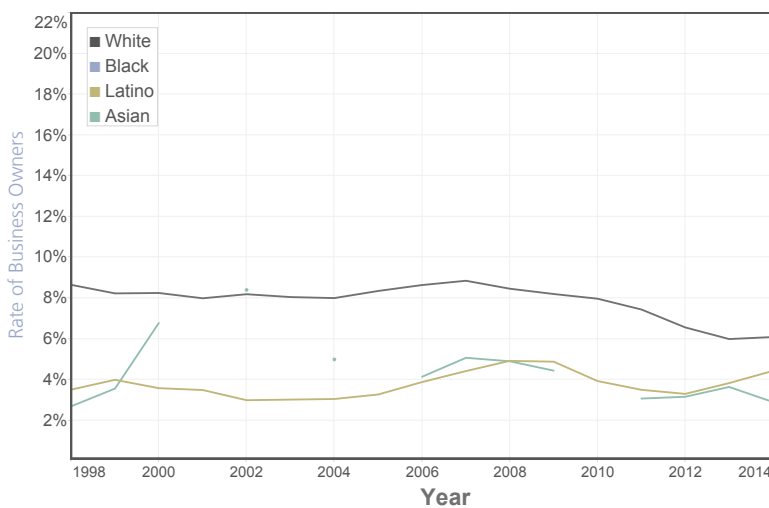
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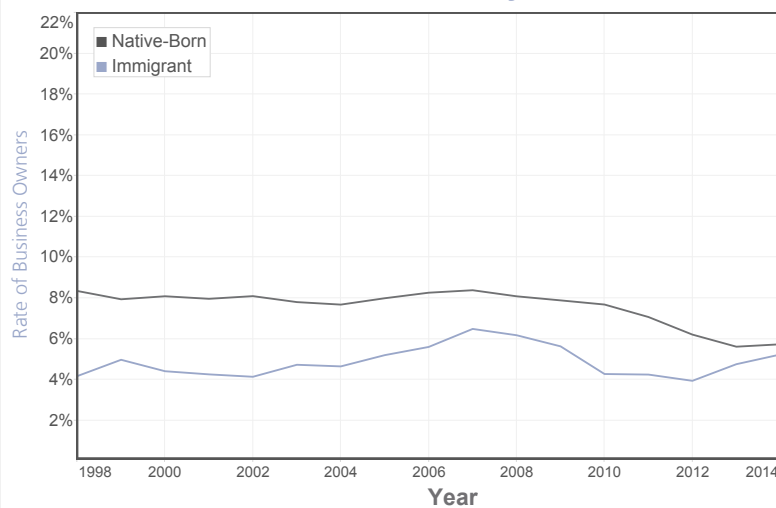
Gender



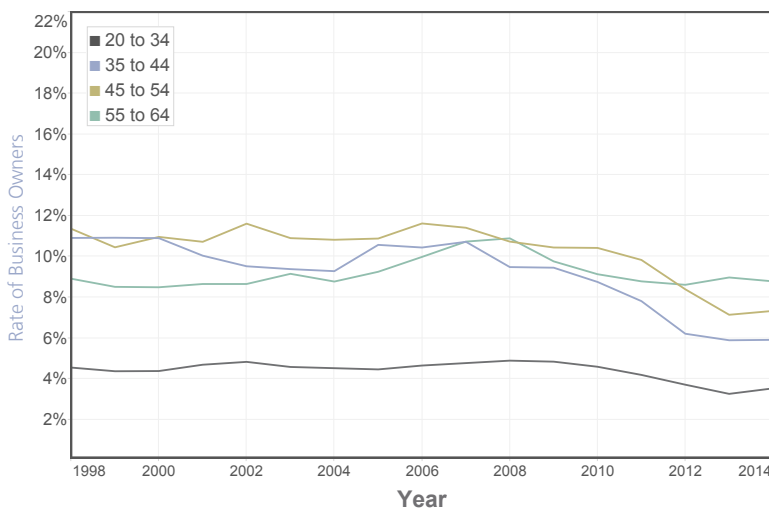
Race



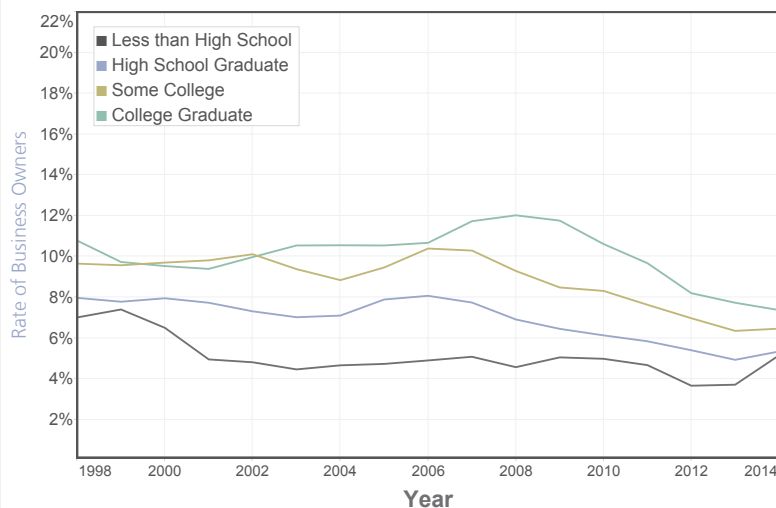
Nativity



Age



Education



Main Street Rank Smaller States

2015	2014
22	21

West Virginia

State Profile

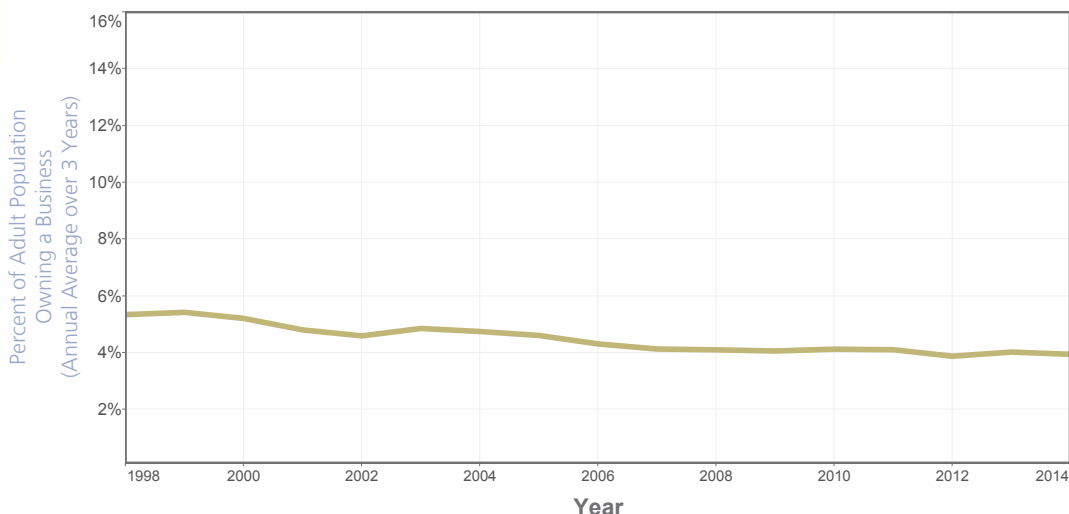
Rate of Business Owners

2015 Component	2014 Component
3.94%	4.02%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



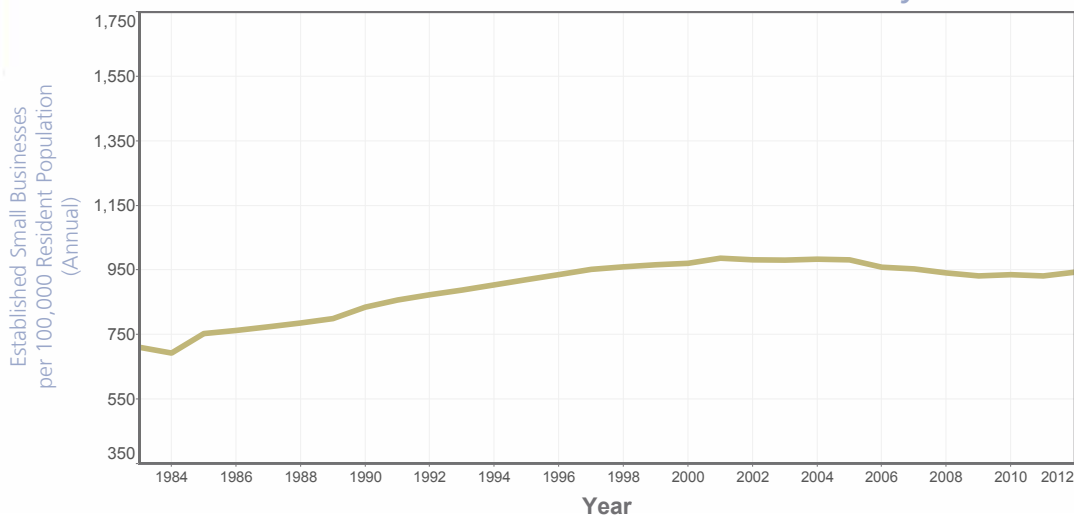
Established Small Business Density

2015 Component	2014 Component
944.1	932.2

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

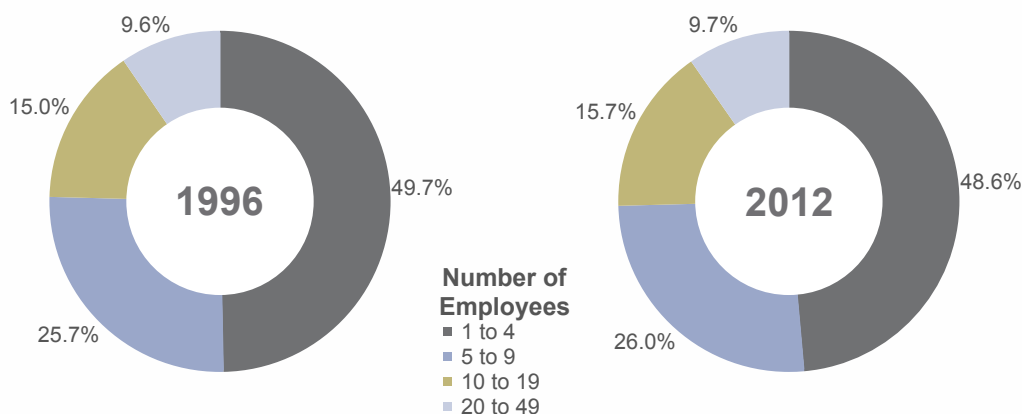


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



West Virginia

Business Owner Demographics

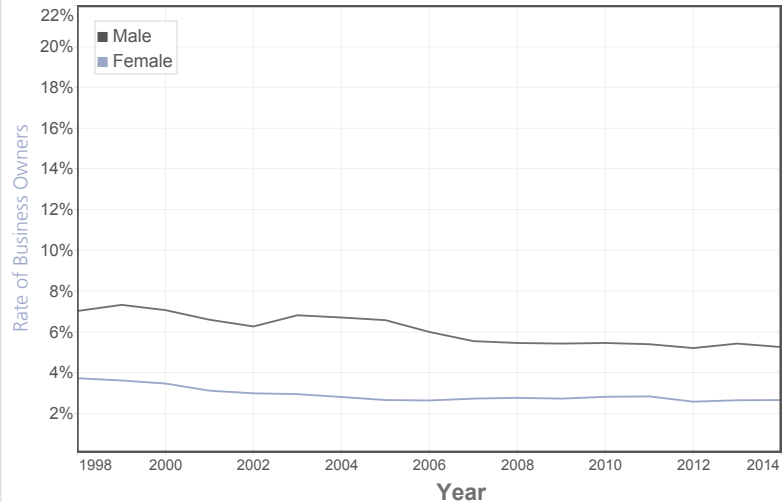
Rate of Business Owners by Demographic Group

The Rate of Business Owners is the percent of the adult population owning a business as their main job, calculated using a three-year moving average. We are able to calculate this rate for select demographic groups, including gender, race, nativity, age, and education. The Rate of Business Owners is calculated using the Current Population Survey.

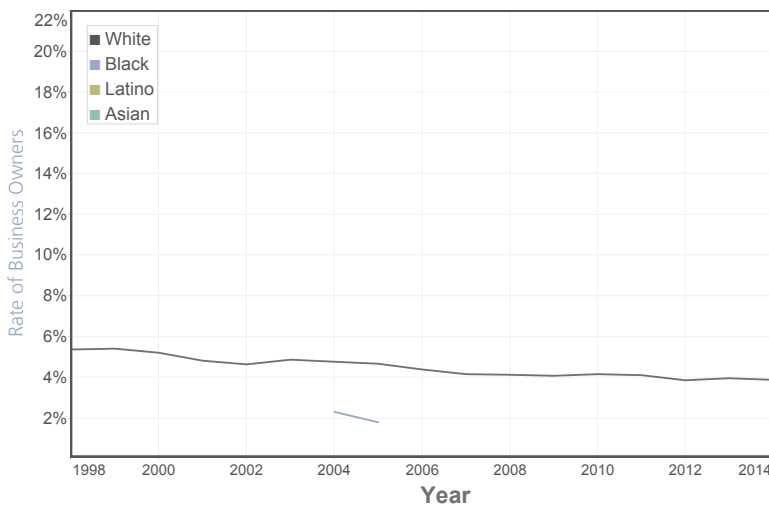
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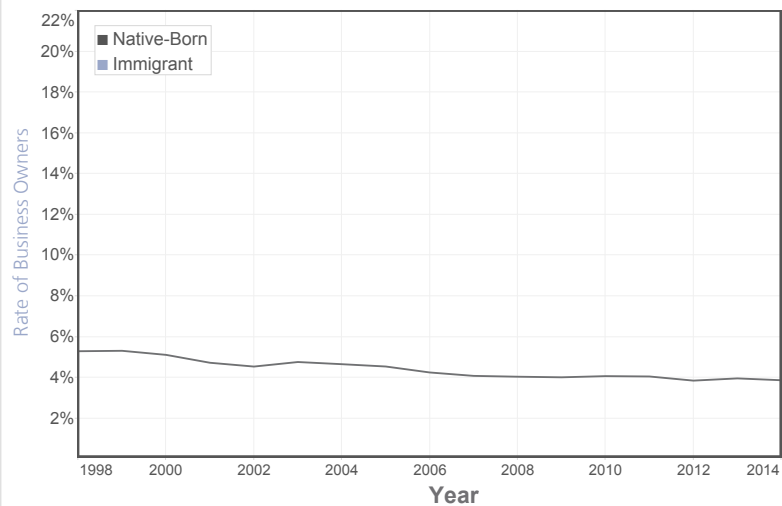
Gender



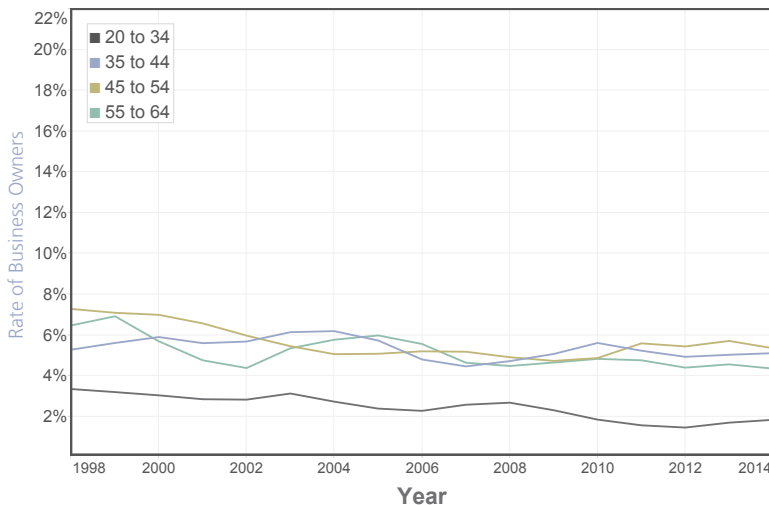
Race



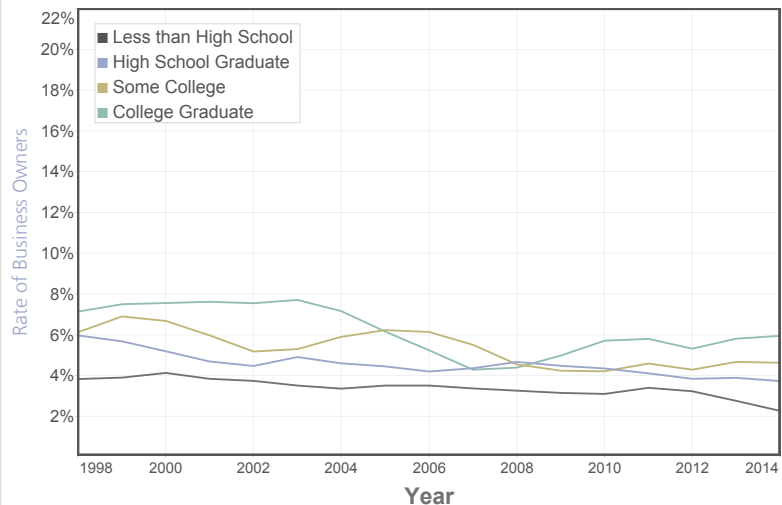
Nativity



Age



Education



Main Street Rank Smaller States

2015

23

2014

24

Mississippi

State Profile

Rate of Business Owners

2015
Component

5.11%

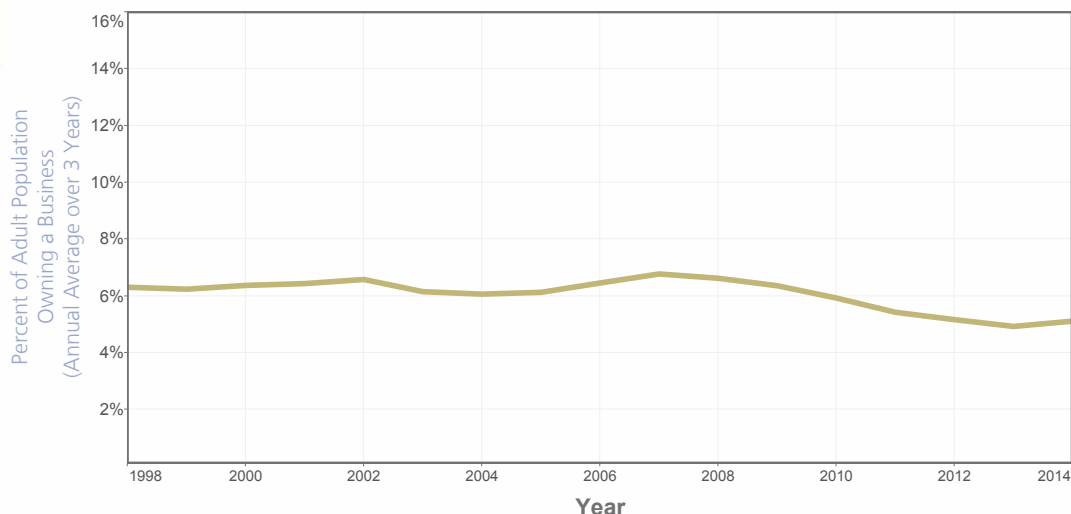
2014
Component

4.93%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



Established Small Business Density

2015
Component

869.4

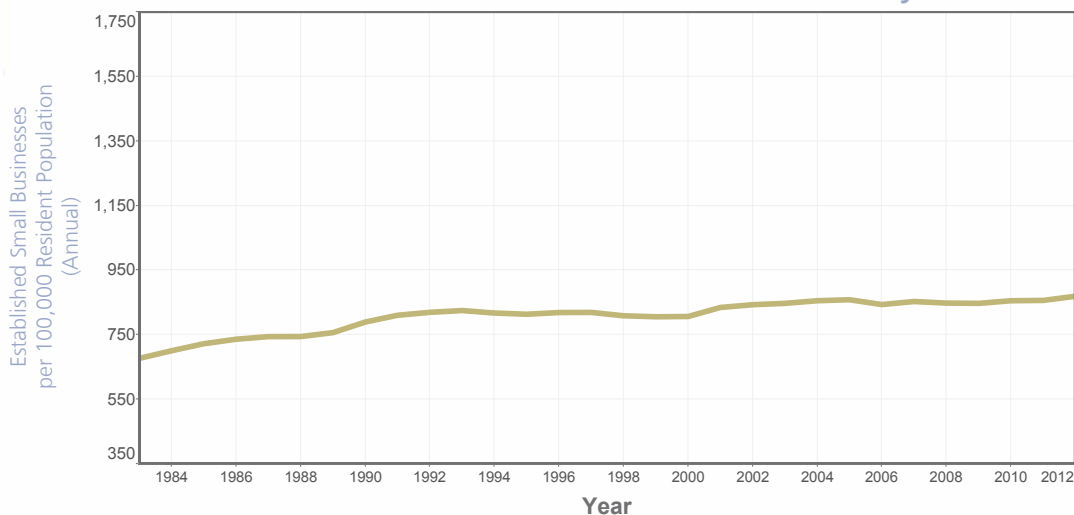
2014
Component

856.4

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

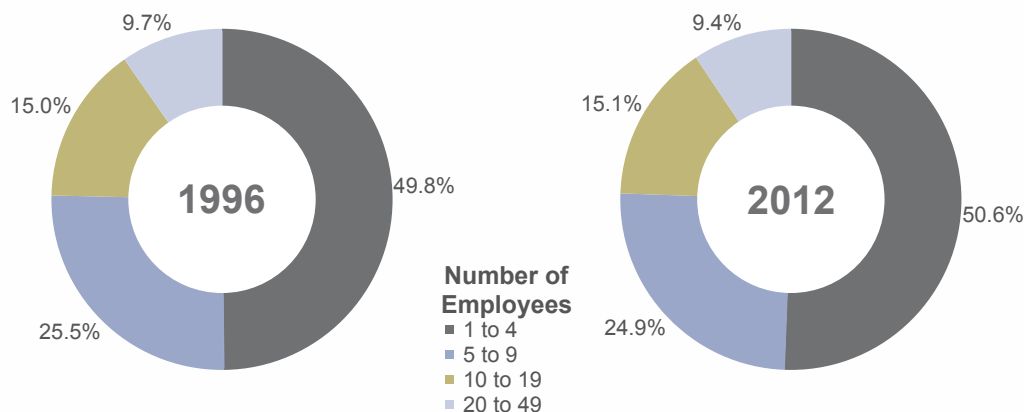


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Mississippi

Business Owner Demographics

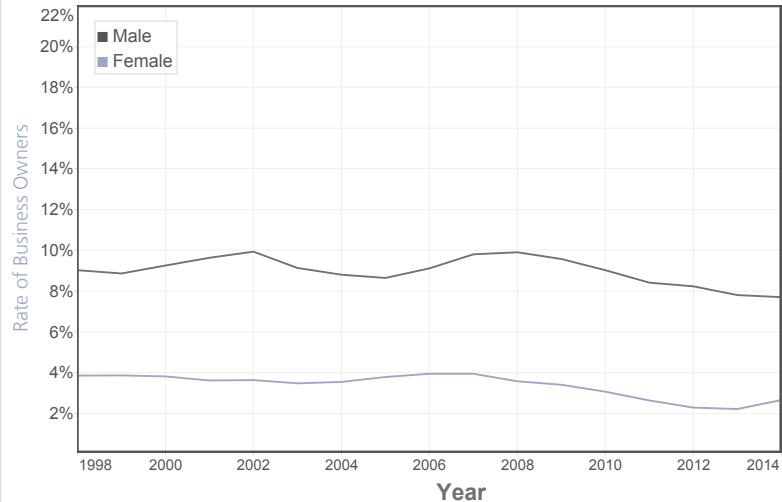
Rate of Business Owners by Demographic Group

The Rate of Business Owners is the percent of the adult population owning a business as their main job, calculated using a three-year moving average. We are able to calculate this rate for select demographic groups, including gender, race, nativity, age, and education. The Rate of Business Owners is calculated using the Current Population Survey.

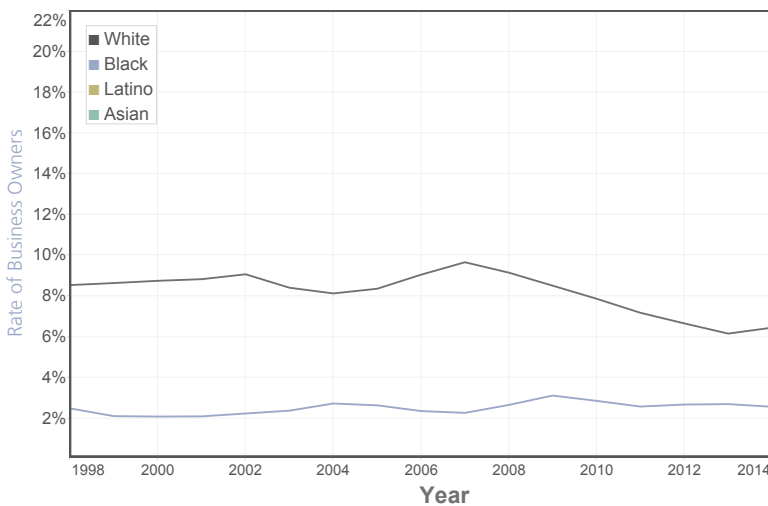
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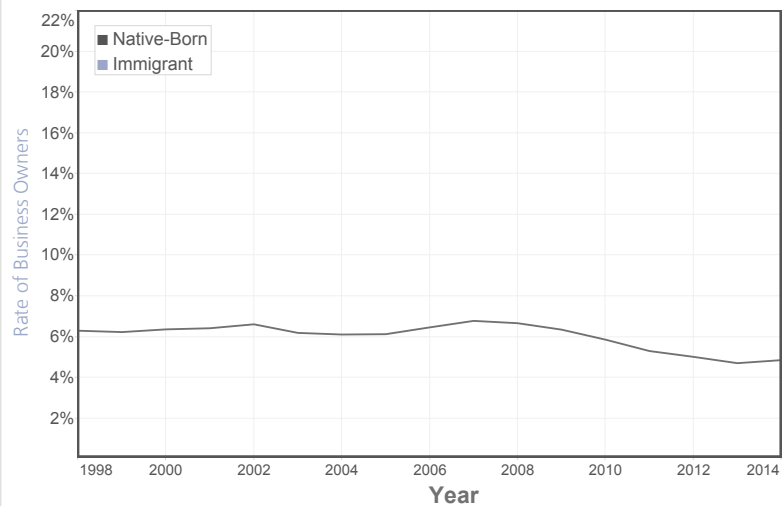
Gender



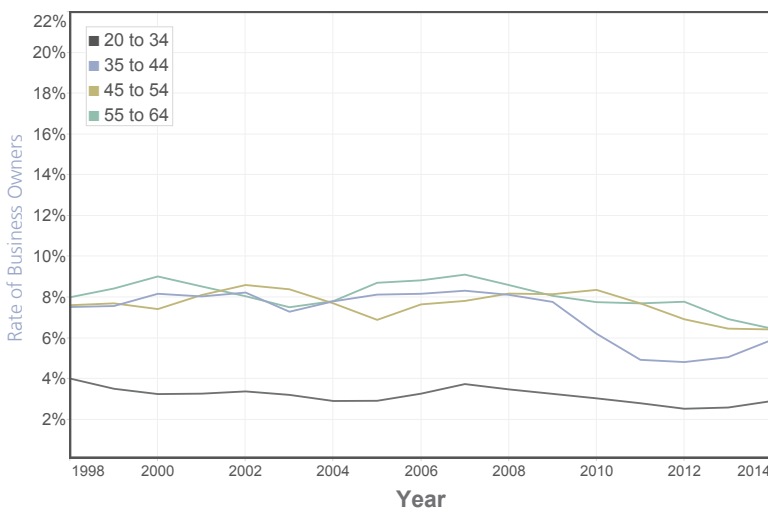
Race



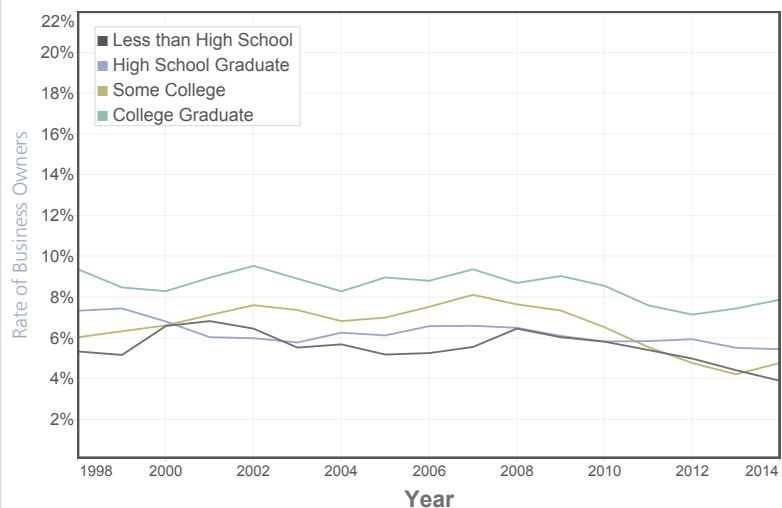
Nativity



Age



Education



Main Street Rank Smaller States

2015	2014
24	23

Kentucky

State Profile

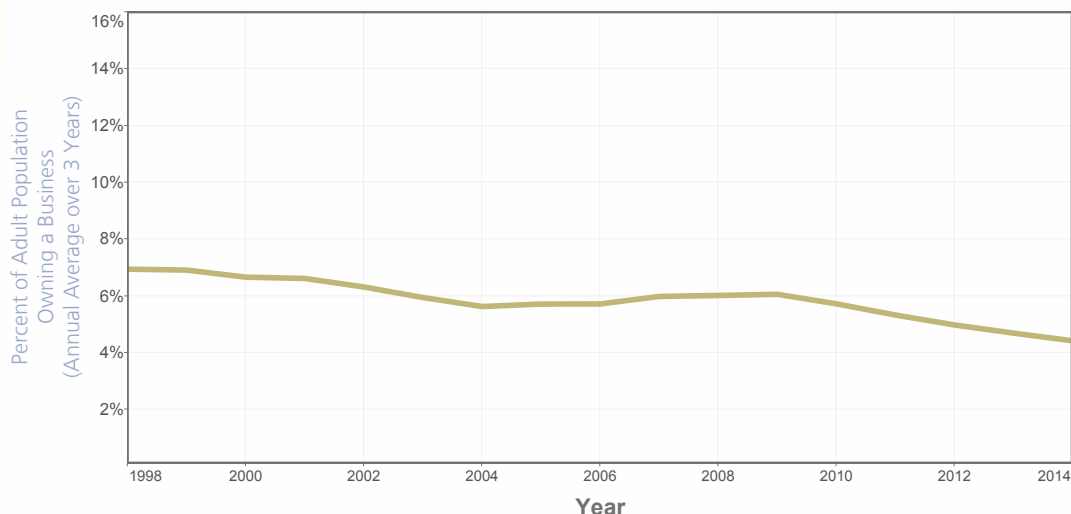
Rate of Business Owners

2015 Component	2014 Component
4.42%	4.69%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



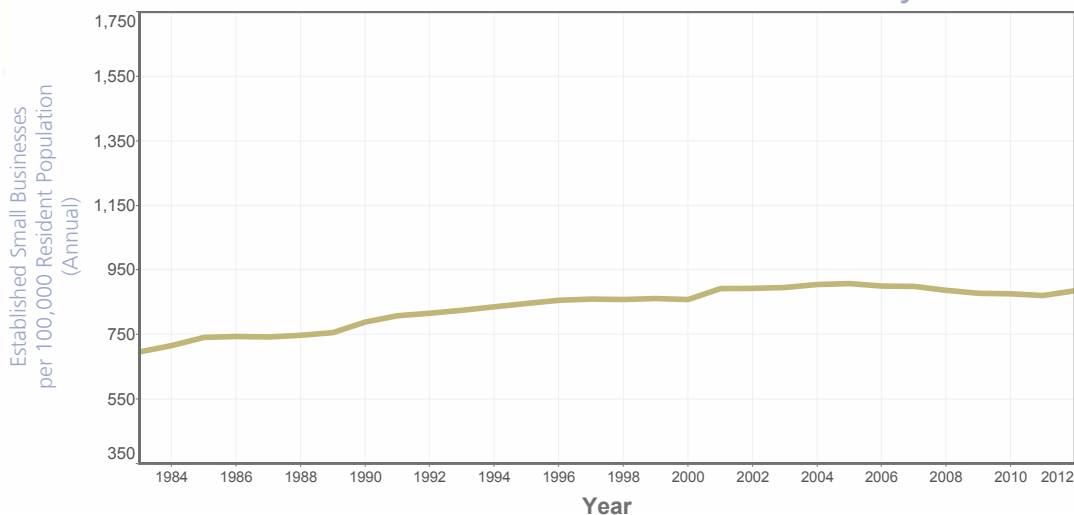
Established Small Business Density

2015 Component	2014 Component
886.7	871.6

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

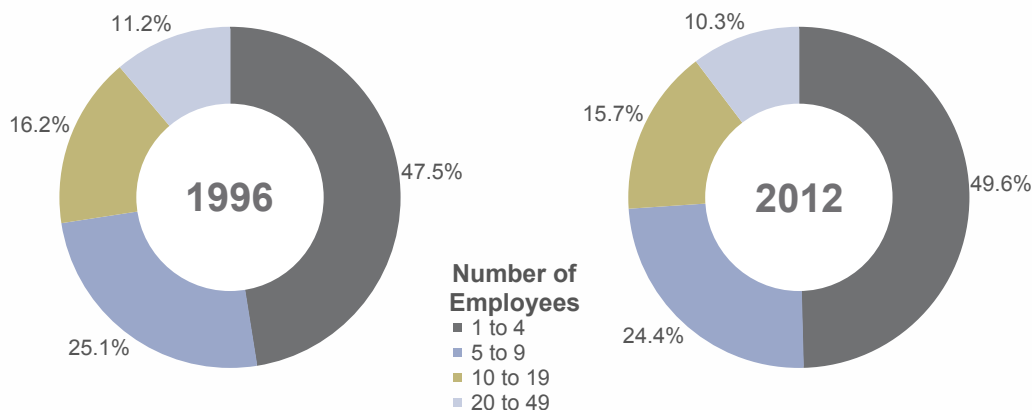


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Kentucky

Business Owner Demographics

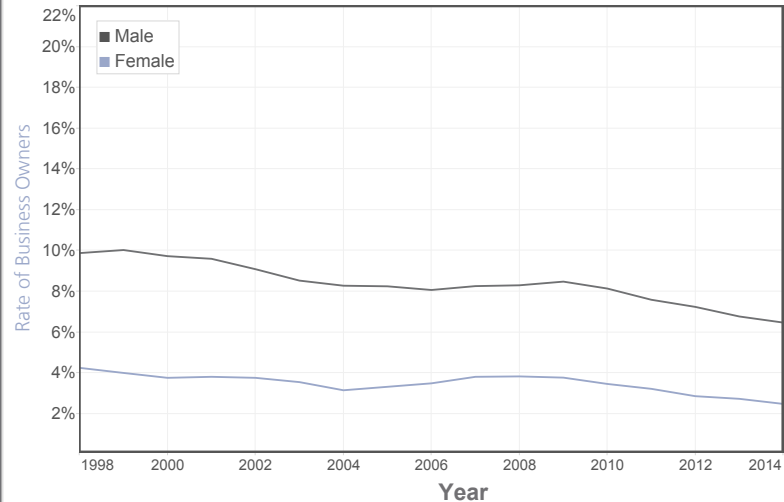
Rate of Business Owners by Demographic Group

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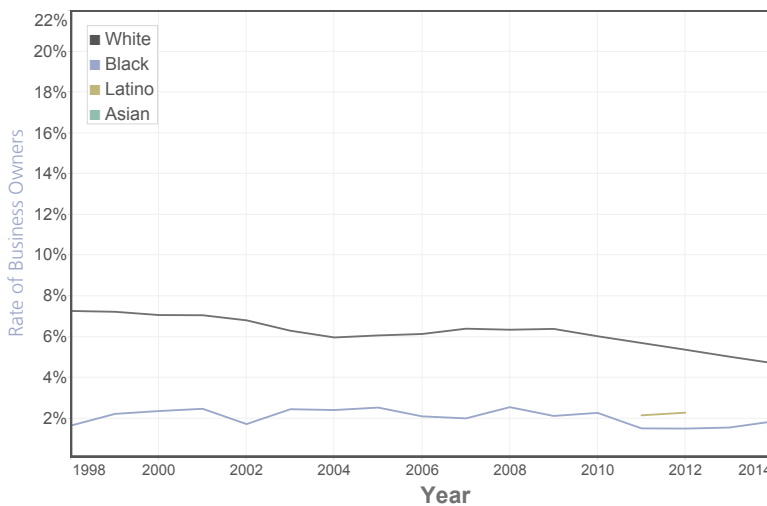
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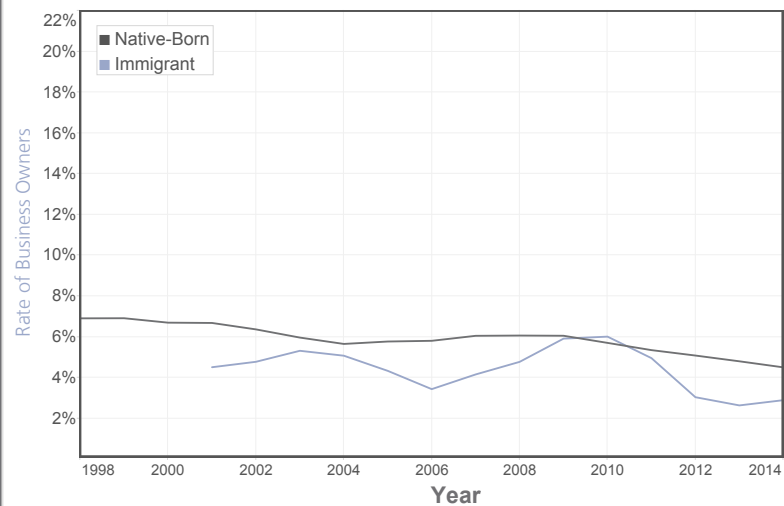
Gender



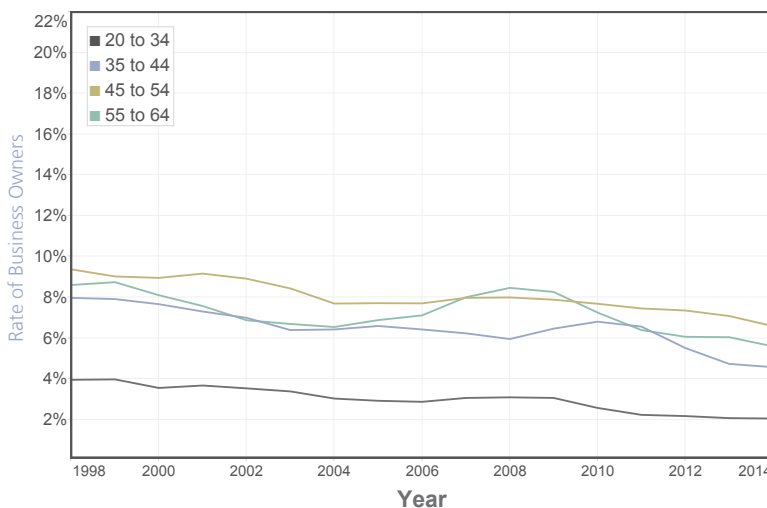
Race



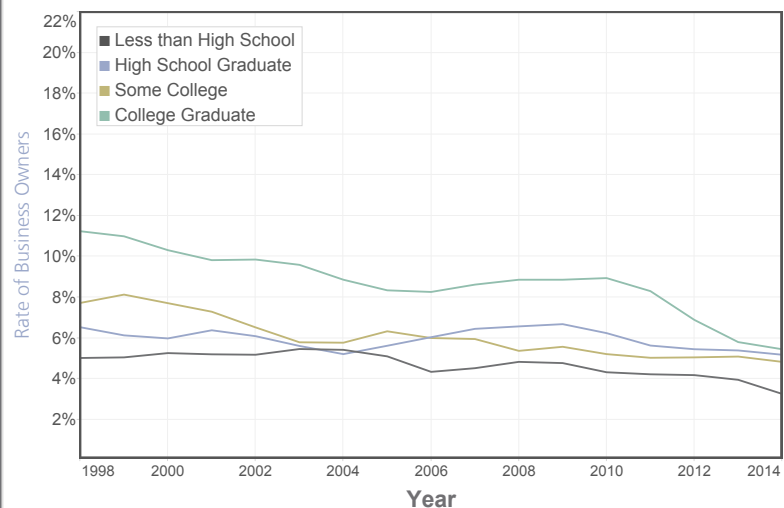
Nativity



Age



Education



Main Street Rank Smaller States

2015	2014
25	25

Nevada State Profile

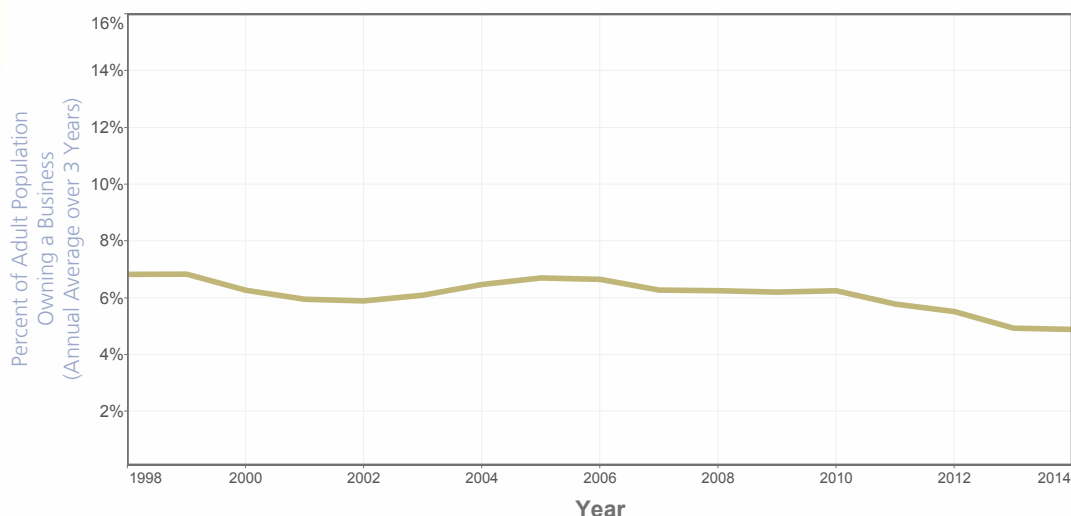
Rate of Business Owners

2015 Component	2014 Component
4.89%	4.94%

Measures the percent of the adult population of a given area that owns a business as their main job.

Source: Author calculations from CPS.
3-year moving average.

Rate of Business Owners



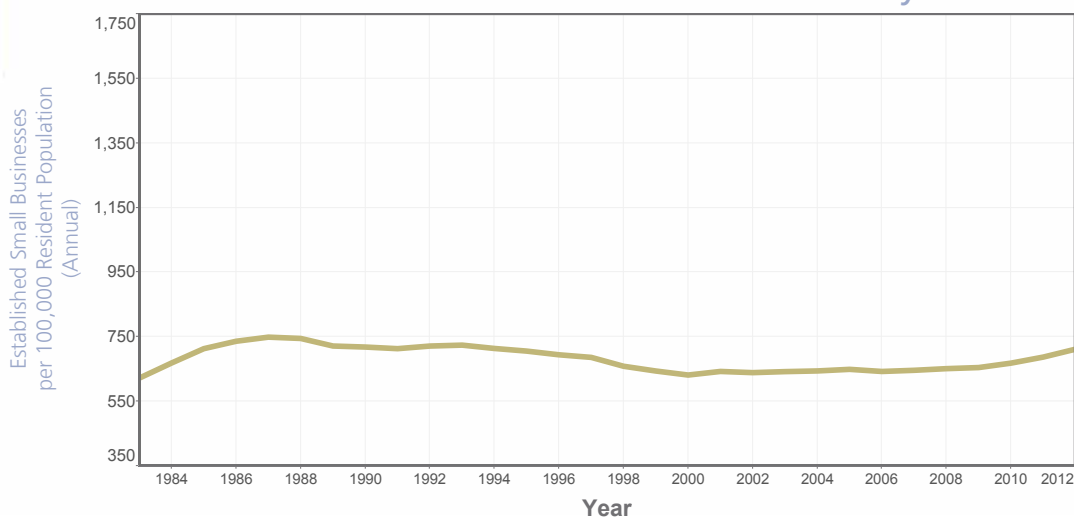
Established Small Business Density

2015 Component	2014 Component
711.6	687.1

Number of established small businesses per 100,000 resident population. Established small businesses are defined as businesses over the age of five employing at least one, but less than fifty, employees.

Source: Author calculations from BDS and BEA.
Yearly measure.

Established Small Business Density

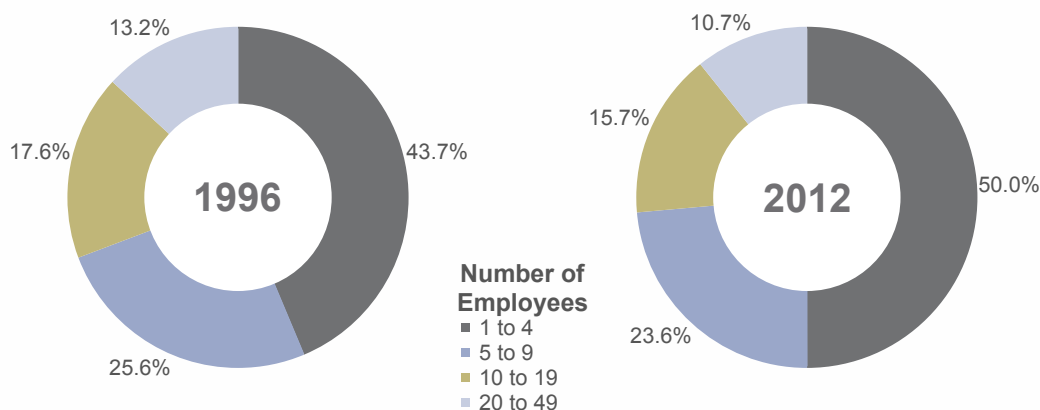


Composition of Established Small Businesses

Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Nevada

Business Owner Demographics

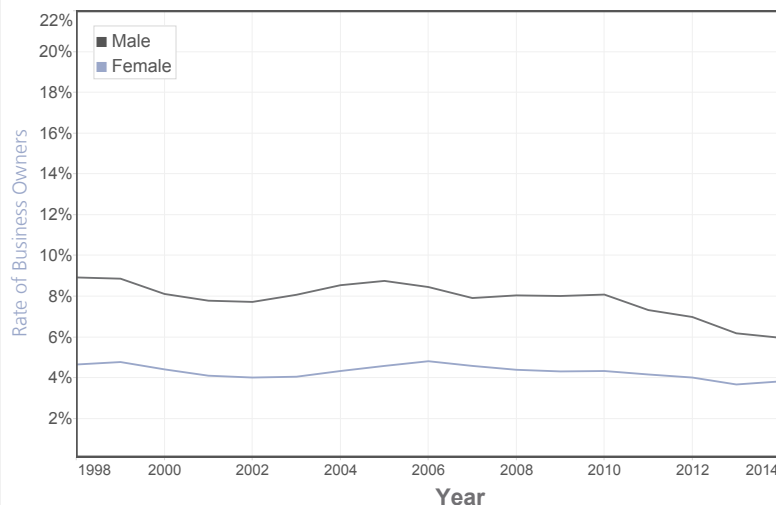
Rate of Business Owners by Demographic Group

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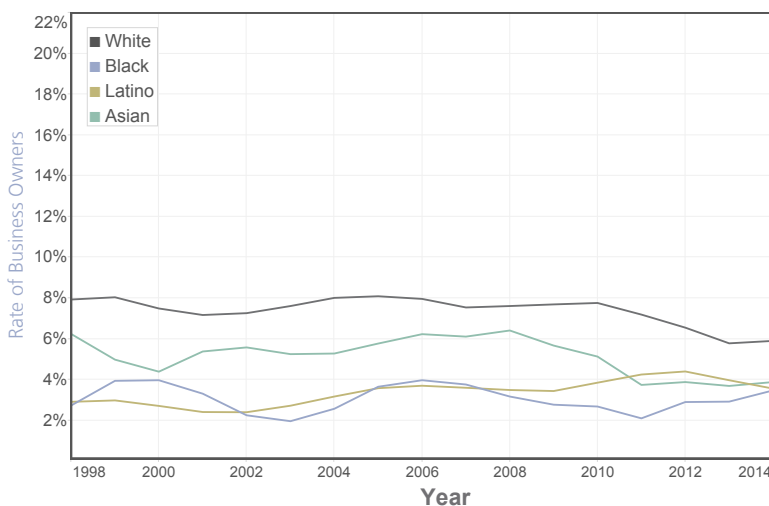
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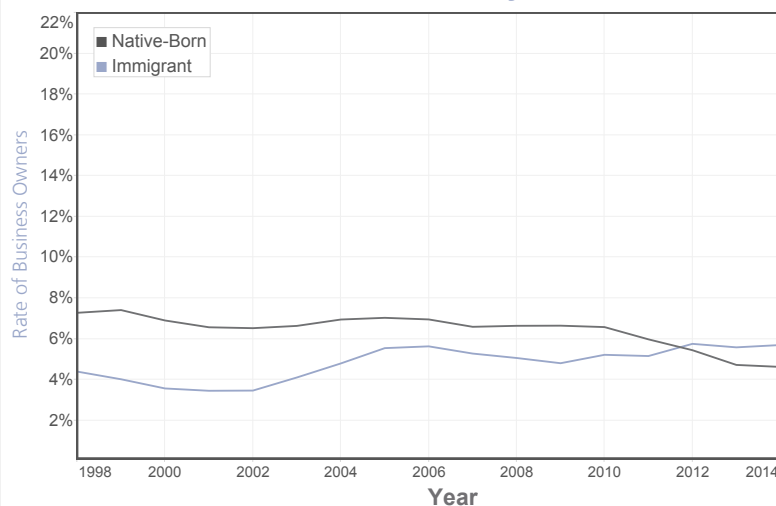
Gender



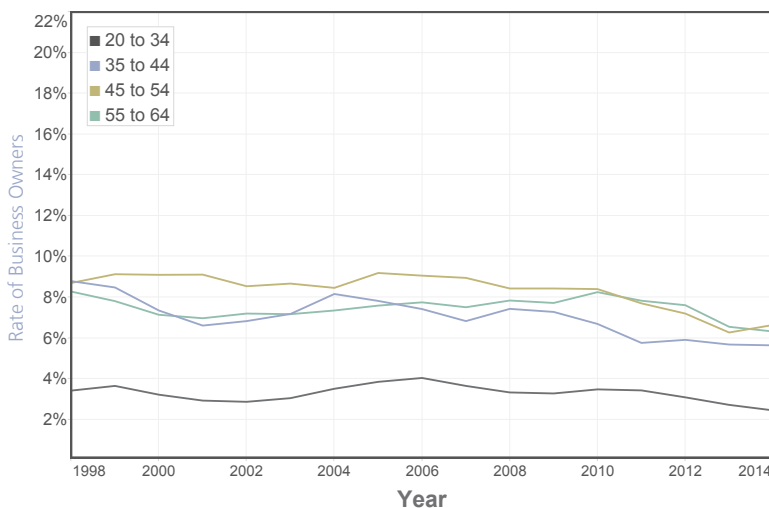
Race



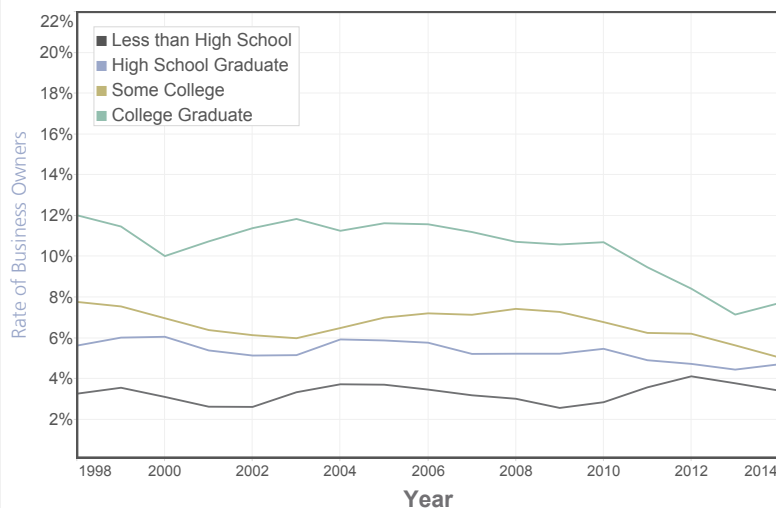
Nativity



Age



Education



KAUFFMAN INDEX:

mainstreetentrepreneurship



Rate of Business
Owners



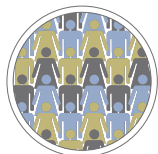
Established Small
Business Density

Methodology and Framework

In this part of the report, we discuss the methodology and framework for the Kauffman Index: Main Street Entrepreneurship across all geographic levels: national, state, and metropolitan area.

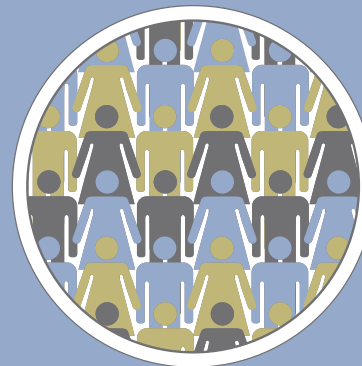
Definitions of Main Street Entrepreneurship Index Components

The Kauffman Index: Main Street Entrepreneurship is calculated based on two components: the Rate of Business Owners and the Established Small Business Density. In this section, we provide detailed definitions of each one of these components.



Component A: Rate of Business Owners

Component A of the Kauffman Index: Main Street Entrepreneurship comes from the Current Population Survey (CPS) and is calculated by author Rob Fairlie. The CPS microdata capture all business owners, including those who own incorporated or unincorporated businesses, and those who are employers or non-employers. To create the Rate of Business Owners, all individuals who own businesses as their main jobs are identified as business owners. Additionally, only business owners who report owning businesses as their main jobs with fifteen or more usual hours worked in the survey month are counted.⁶ Using these criteria, the Rate of Business Owners is defined as the percent of the adult, working-age (ages twenty to sixty-four) population that owns a business.



Rate of Business Owners

- Broad measure of business ownership.
- Measures the percentage of the U.S. adult population that owns a business as their main job.
- Includes entrepreneurs with incorporated or unincorporated businesses, with or without employees.
- Data based on the Current Population Survey jointly produced by the U.S. Census Bureau and the U.S. Bureau of Labor Statistics.
- What the number means:
 - For example, the United States Rate of Business Owners was 6.0 percent in the 2015 Index. This means that 6,000 out of every 100,000 adults own businesses in the United States.

6. The U.S. Bureau of Labor Statistics reports total numbers for unincorporated and incorporated self-employed workers from the CPS, but does not impose any hours worked restrictions or report breakdowns by demographic group or geographical area (See <http://www.bls.gov/news.release/empsit.t09.htm>).

The main job is defined as the one with the most hours worked. Individuals who start side businesses will, therefore, not be counted if they are working more hours on a wage/salary job. The requirement that business owners work fifteen or more hours per week in the survey month is imposed to rule out part-time business owners and very small business activities. It may, therefore, result in an understatement of the percent of individuals owning any type of business. But, the goal here is to capture business ownership activities with at least some work effort (i.e., roughly two or more days per week).

The Rate of Business Owners is a parallel measure to the Rate of New Entrepreneurs (formerly the Kauffman Index of Entrepreneurial Activity, Fairlie 2014), which is a component measure of the related report, Kauffman Index: Startup Activity (Fairlie et al. 2015).⁷ The Rate of New Entrepreneurs captures business creation (or the flow into business ownership). The Rate of Business Owners captures current business ownership (or the stock of business ownership). Other than this major difference in measurement, many definitions and restrictions are similar.

The CPS sample was designed to produce national and state estimates of the unemployment rate and additional labor force characteristics of the civilian, non-institutional population ages sixteen and older. The total national sample size is drawn to ensure a high level of precision for the monthly national unemployment rate. For each of the fifty states, the sample also is designed to guarantee precise estimates of average annual unemployment rates, resulting in varying sample rates by state (Polivka 2000). Sampling weights provided by the CPS, which also adjust for non-response and post-

stratification raking, are used for all national and state-level estimates. The CPS also can be used to calculate metropolitan-area estimates, but only for the largest metropolitan areas in the United States. For example, the Bureau of Labor Statistics reports annual labor-force participation and unemployment rates for the largest fifty-four metropolitan statistical areas.⁸ We focus on the forty largest metropolitan statistical areas in our analysis and calculate moving averages when needed to ensure adequate precision in all reported estimates.



Component B: Established Small Business Density

The Established Small Business Density component of the Kauffman Index: Main Street Entrepreneurship uses U.S. Census Bureau data from the Business Dynamics Statistics, and it measures the number of established small employer firms normalized by the population of a given area. We define established small businesses here as employer firms that are older than five years of age and employ less than fifty employees, and we divide the number of established small businesses in a region by every 100,000 people living in the area to arrive at the Established Small Business Density measure.

Small businesses are defined as firms with fewer than fifty employees based on the European Commission's definition of small businesses.⁹ The U.S. Small Business Association (SBA) uses various definitions of small businesses varying by industry, but generally defines small businesses as those with fewer than 500 employees.¹⁰

Established Small Business Density



- The number of established small businesses by total population.
- Established small businesses are defined as employer firms over the age of five employing at least one, but less than fifty, employees.
- Measures the number of established small businesses normalized by the population of an area.
- Data based on the U.S. Census Business Dynamics Statistics and Bureau of Economic Analysis.
- What the number means:
 - For example, the 2015 Index Established Small Business Density for the New York metropolitan area was 1,267.1. That means that, for every 100,000 people living in the New York metro area, there were 1,267.1 employer businesses older than five years, employing less than fifty employees.

7. See Fairlie 2014 and <http://www.kauffman.org/research-and-policy/kauffman-index-of-entrepreneurial-activity.aspx> for previous reports.

8. See http://www.bls.gov/opub/gp/pdf/gp13_27.pdf for Bureau of Labor Statistics use of the CPS at the metropolitan-area level.

9. The definition comes from the European Union recommendation 2003/261 found at <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32003H0361&locale=en>.

10. <https://www.sba.gov/content/summary-size-standards-industry-sector>.

Firms with fewer than 500 employees represent 99.8 percent of all firms in the United States, so this definition, while helpful, is not used here to allow for a narrower definition and more nuanced look at the varying trends among states and metropolitan areas.

The choice for established firms was made so that the Main Street Entrepreneurship Index did not measure startups and young firms.

Our definition here is loosely based on the entrepreneurship density measure suggested by our Kauffman Foundation colleagues Stangler and Bell-Masterson (2015) in their *Measuring an Entrepreneurial Ecosystem* paper. The measure used in their study is based on young firms instead of established small firms.

Calculating the Main Street Entrepreneurship Index

The Kauffman Index: Main Street Entrepreneurship provides a broad index measure of small business activity in the United States. It is an equally weighted index of two normalized measures of business activity. The two component measures of the Main Street Entrepreneurship Index are: i) the Rate of Business Owners among the U.S. adult population, and ii) the Established Small Business Density (established small employer businesses, normalized by population).

Each of these measures is normalized by subtracting the mean and dividing by the standard deviation for that measure (i.e., creating a z-score for each variable).¹¹ This creates a comparable scale for including the two measures in the Main Street Entrepreneurship Index. We use national annual estimates from 1996 to the latest year available (2014) to calculate the mean and standard deviations for each of the CPS-based components. Similarly, we use national annual numbers from 1994 to the latest year available (2012) to calculate the mean and standard deviation for the BDS-based component of the Index. The same normalization method is used for all three geographical levels—national, state, and metropolitan area—for comparability and consistency over time.

The components we use for the national-level Main Street Entrepreneurship Index are all annual numbers. The Rate of Business Owners covers years from 1996 to the latest year available (2014). The Established Small Business Density covers years from 1994 to the latest year available (2012) at the time we started the data assembling for this report.

The Rate of Business Owners component of the state-level Main Street Entrepreneurship Index is calculated on three-year moving averages with the same yearly coverage as the national-level numbers. The reason we do three-year moving averages on the sample-based CPS measures is to reduce sampling issues. Because these are three-year moving averages with annual estimates starting in 1996, the first year for which three-year moving averages are available is 1998. The Established Small Business Density component of the Index is presented yearly, from 1994 to the latest year available (2012) at the time we started assembling the data.

For the metropolitan-area level Main Street Entrepreneurship Index, we present the Rate of Business Owners component on a three-year moving average from 2008 to the latest year available (2014). Because these are three-year moving averages, annual estimates are first calculated in 2006. The Established Small Business Density component of the Index is presented yearly, from 1994 to the latest year available (2012) at the time we started the data assembling.

We recognize “Main Street” entrepreneurship is a broad concept with many potential interpretations. We also understand there are other approaches to the concept, and welcome conversations on the topic as we further explore indicators of Main Street entrepreneurship.

Data Sources and Component Measures

Data Sources

In this section, we discuss the underlying data sources used to calculate each of the components of the Main Street Entrepreneurship Index.

Rate of Business Owners

To calculate the Rate of Business Owners, the underlying dataset used is the basic monthly files of the Current Population Survey. These surveys, conducted monthly by the U.S. Bureau of the Census and the Bureau of Labor Statistics, represent the entire U.S. population and contain observations for more than 130,000 people each month. Combining the monthly files creates a sample size of roughly 900,000 adults ages twenty to sixty-four each year.

11. This is one of the normalization methods recommended by the OECD and the Joint Research Centre from the European Commission in the *Handbook on Construction Composite Indicators* (2008).

Established Small Business Density

We use two types of datasets to calculate Established Small Business Density: a firm-level dataset and a population dataset.

For the firm-level dataset, we use the U.S. Census Business Dynamics Statistics, which is constructed using administrative payroll tax records from the Internal Revenue Service (IRS). The BDS data present, among other things, numbers of firms tabulated by employment size, by firm age, and by geography (national, state, and metropolitan area). We make use of that data to calculate the number of employer firms older than age five with fewer than fifty employees by different geographical levels. We then normalize this number by population to arrive at the Established Small Business Density of an area. To calculate population, we use data from Bureau of Economic Analysis (BEA).

Matching BDS state and national numbers to BEA population data is a non-issue because the definitions of the geographical areas are the same. However, this is slightly different for metropolitan areas. Because metropolitan-area definitions may vary across datasets, we used the Office of Management and Budget (OMB) definitions for metropolitan areas from December 2009 to calculate Small Business Density. This is the definition of metros used on the BDS dataset, and it means that, to calculate population using the BEA, we aggregated population data from the county level up to the metropolitan level.

We match the forty largest metropolitan areas in the United States by population using the OMB 2009 definition of metros and the BEA population data to their counterparts in the CPS dataset. This was the most appropriate aggregation method because neither the CPS nor the BDS dataset provides county-level data. To diminish issues of changing metro definitions, we only present the top forty metropolitan areas in the United States—in which shifts in county composition are less likely to cause big shifts in total population or business activity—and only use CPS data for metros in the most recent years, from 2006 to the most recent year available (2014). The metropolitan-area codes listed on the CPS have perfect matches to metropolitan-area codes on BDS except for two metro areas: Boston-Cambridge-Quincy, MA-NH, and Providence-New Bedford-Fall River, RI-MA.

Standard Errors and Confidence Intervals

Rate of Business Owners

The analysis of the Rate of Business Owners by state includes confidence intervals that indicate confidence bands of approximately 0.007 around the Rate of Business Owners. While larger states have smaller confidence bands of 0.003 to 0.005, the smallest states have larger confidence bands of approximately 0.009 to 0.011.¹² Oversampling in the CPS ensures that these small states have sample sizes of at least roughly 10,000 observations per year and, therefore, provides a minimum level of precision.

Established Small Business Density

Because the BDS is based on administrative data covering the universe of employer businesses, sampling concerns like standard errors and confidence intervals are irrelevant. Nonetheless, nonsampling errors still could occur. These could be caused, for example, by data entry issues with the IRS payroll tax records or by businesses submitting incorrect employment data to the IRS. However, these are probably randomly distributed and are unlikely to cause significant biases in the data.¹³ Please see Jarmin and Miranda (2002) for a complete discussion of potential complications on the dataset caused by changes in the administrative data on which the BDS is based.

Advantages Over Other Possible Measures of Main Street Entrepreneurship Activity

The Kauffman Index: Main Street Entrepreneurship has several advantages over other possible measures of Main Street entrepreneurship activity based on household or business-level data. We chose to use two distinct datasets: one based on individuals (CPS) and the other based on businesses (BDS). This allows us to study both business owners and the businesses they own. These datasets have complementary strengths that make this Index a robust measure of Main Street entrepreneurship activity.

12. For more discussion on issues related to calculating standard errors on estimates from the CPS, see Fairlie (2014).

13. Based on "Reliability of the Data" section of the Business Dynamics Overview page. <http://www.census.gov/ces/dataproducts/bds/overview.html#reliability>.

Rate of Business Owners

The Rate of Business Owners component of the Index is based on the CPS, and this dataset provides three prominent advantages as a timely and broad measure of small business ownership activity. First, the CPS data are available only a couple of months after the end of the year, whereas even relatively timely data, such as the American Community Survey (ACS), take more than a year to be released. Second, this component of the Main Street Entrepreneurship Index includes all types of business activities (employers, non-employers, unincorporated and incorporated businesses), but does not include small-scale side business activities, such as consulting gigs and casual businesses (because only the main job activity is recorded, and the individual must devote fifteen or more hours a week to working in the business). Third, the CPS data include detailed information on demographic characteristics of the owner, whereas most business-level datasets contain no information on the owner (e.g., employer and non-employer data).

Established Small Business Density

The Established Small Business Density component of the Main Street Index, based on the BDS, presents four main advantages compared to other business-level datasets. First, it is based on administrative data covering the overall employer business population. As such, it has no potential sampling issues. Second, it has detailed coverage across all levels of geography, including metropolitan areas. Third, it provides firm-level data, rather than just establishment-level data. Fourth, it provides detailed employment level and age breakdown of firms, allowing us to clearly identify established small firms (over the age of five with fewer than fifty employees).

A dataset that is similar to the BDS data we use is the Business Employment Dynamics (BED) product from the Bureau of Labor Statistics. We chose not to use it for this report because of two distinct advantages we see the BDS having over the BED. First, the BDS tracks firm-level data, as opposed to the establishment-level data tracked by the BED. Second, the BDS has data available at the metropolitan level, while the BED does not.

Because the BED tracks establishments rather than firms, the BDS numbers are different than the BED numbers. Nonetheless, the trends on the two datasets move largely in tandem, and usually point in the same direction.

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