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The Platte Institute strongly believes in the importance of citizens participating in the public dialogue on issues important to Nebraska. Writing a letter to the editor is an outstanding way to partake in the discussion and have your voice heard by thousands of

# PLATTE CHAT

## EQUALITY IN OPPORTUNITY: MINORITIES AND WOMEN AS BUSINESS OWNERS

By Rubria Jessica Hintz  
Platte Institute

Small businesses in Nebraska make significant contributions to our state economy.<sup>[i]</sup> Of these small businesses, defined as having less than 500 employees, only 30% of them are owned by women or minorities (African American, Asian, Hispanic, Native American/Alaskan, and Hawaiian/Pacific Islander).<sup>[ii]</sup> Sixty percent of the population in Nebraska is comprised of women and minorities - almost double the percentage of those that have small businesses.<sup>[iii]</sup> The percentage of minority- and women-owned small businesses should be representative of the population.

### A Focus on Minority Groups

No minority group has reached parity in number of firms or total gross receipts when compared to the group's representation in the state's population.<sup>[iv]</sup> In 2002 only 4% of firms were owned by minorities, though they made up 13% of the population in Nebraska.<sup>[v]</sup>

people. To make the process easier, the Platte Institute has assembled a list of links which allow you to submit a letter to the editor to nearly all Nebraska newspapers. Simply [CLICK HERE](#) for a listing of the newspapers and follow the appropriate link to submit your letter.

## Contact Us

If you would like to contact someone at the Platte Institute, you are always welcome to give us a call, drop us an email or stop by the office. Our telephone number is 402.452.3737. We are located at 10050 Regency Circle – Suite 120 – in Omaha. Below is a list of staff email address:

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Reasons as to why there is such disparity between minority and non-minority firms are vast. The most dominant reason is access to financial capital. [\[vi\]](#) Minorities face issues of having to pay higher interest rates on loans, are more likely to be denied credit and, due to fear of their applications being denied, are less likely to apply for loans. [\[vii\]](#)

### A Focus on Women

Women owned an estimated 26% of small businesses, but made up a little over 50% of the population in Nebraska. [\[viii\]](#) The SBA (Small Business Administration) believes women are no longer under represented even though they only received 3.4% of all government buys. [\[ix\]](#) There is no research that indicates the exact reasons for the disparity

#### Differences Among Population % and Business Ownership % of Minorities

State	% of Population that are Minorities	% of Businesses Owned by Minorities	Difference
<b>Colorado</b>	26.6%	9.8%	16.8%
<b>Kansas</b>	17.7%	6.4%	11.3%
<b>Missouri</b>	16.5%	6.9%	9.6%
<b>Nebraska</b>	13.4%	4.1%	9.3%
<b>S. Dakota</b>	12.3%	3.1%	9.2%
<b>Wyoming</b>	11.4%	4.6%	6.8%
<b>Iowa</b>	7.9%	2.4%	5.5%

**\*Statistics from U.S. Department of Commerce**

and this subject should be further investigated.

### **Taking Advice from our Neighboring and Other States**

*Nebraska needs to do more to shrink the amount of disparity.*

Some neighboring states have higher percentages of minority-owned businesses, including Colorado (9.8%), Kansas (6.4%), and Missouri (6.9%).[\[x\]](#) Our next door neighbor, Iowa, has less disparity between its minority population percentage and number of firms owned by minorities.[\[xi\]](#) Missouri (Asian Americans) and Kansas (Native Americans and Native Hawaiians) have both reached parity in at least one minority group.[\[xii\]](#)

Other than the Nebraska: Ho-Chunk Community Development Corporation Small Business Loan, the Great Plains Minority Supplier Development Council (which has a \$200 non-refundable processing fee for certification), and the Midlands Latino Community Development Corporation, the state does not have any loan programs specifically for minorities, assistance programs, or a minority business certification program.

Offering a minority business certification program, like many states, would be an important first step. Wisconsin's MBC program helps increase the opportunity for minority firms to sell their products and services to the state. They also offer a 5% bid preference and eligibility to be listed in the State of Wisconsin's Directory of Minority-Owned Businesses, which is circulated to corporate buyers throughout the state and to state purchasing agents.[\[xiii\]](#)

It would be advantageous for Nebraska to set up a program like Iowa's Targeted Small Business Assistance Program, which is specifically for businesses 51% owned,

operated, and managed by women, minorities, or persons with a disability.[\[xiv\]](#) The program helps provide financial assistance through low-interest-rate loans of up to \$50,000, preferential treatment on bids for state-purchased goods and services, technical assistance service providers, educational opportunities, and business resources.[\[xv\]](#)

Many states have programs or organizations that help minority business owners or those who are interested in starting their own businesses. These programs and organizations assist entrepreneurs in learning how to start, run, and grow their businesses. Texas' San Antonio Minority Business Enterprise Center is a noteworthy example. They assist in preparing business and marketing plans, prepare loan packages, help with minority business certification, and provide marketing assistance.[\[xvi\]](#) There is no cost for consultation over the phone and fees are based on the company's gross receipts for specific management and technical assistance.[\[xvii\]](#)

### **The Impact in the Future**

It would be an enormous benefit if the State of Nebraska could get their minority groups up to, or at least close to, parity. Minority firms would create a vast number of jobs needed in this time of economic crisis. Research shows these firms outpace growth of non-minority firms, increasing 35% from 1997 to 2002, compared to non-minority firms that had an increase of only 6%. In addition, annual gross receipts increased 10% more than non-minority firms.[\[xviii\]](#) Total employment of non-minority firms grew by 4% while decreasing by 7% in non-minority firms during this stretch.[\[xix\]](#)

According to the Minority Business Development Agency (MBDA), if the percentage of minority firms for Nebraska in 2002 had been equivalent to the minority population percentages, those firms would have exceeded 18,800 and would have had nearly \$8 billion in gross receipts and employed over 51,400 workers.[\[xx\]](#)

The importance of assisting minority firms in

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[i] Nebraska: Small Business Profile. October 2009. 15 March 2010 [www.sba.gov/advo](http://www.sba.gov/advo).

[ii] U.S. Census Bureau. American Fact Finder 2002. 16 March 2010 [www.census.gov](http://www.census.gov).

[iii] Ibid.

[iv] U.S. Department of Commerce: Minority Business Development Agency. The State of Minority Business: Nebraska. 2007. 29 March 2010 <http://www.mbda.gov>.

[v] U.S. Census Bureau. American Fact Finder 2002. 16 March 2010.

[vi] Minority Business Development Agency. Disparities in Capital Access Between Minority and Non-Minortiy Businesses. 28 January 2010. 24 March 2010 [www.mbda.gov](http://www.mbda.gov).

[vii] Ibid.

[viii] U.S. Census Bureau. American Fact Finder. 2000. 16 March 2010.

[ix] J. O'Conner. Winning Federal Contracts: A Guide for Women Entrepreneurs. 31 August 2009. April 2010 .

[x] U.S. Census Bureau. American Fact Finder. 2000. 16 March 2010.

[xi] U.S. Department of Commerce: Minority Business Development Agency. The State of Minority Business: Iowa. 2007. 5 April 2010 <http://www.mbda.gov>.

[xii] U.S. Department of Commerce: Minority Business Development Agency. The State of Minority Business: Missouri/Kansas. 2007. 5 April 2010 <http://www.mbda.gov>.

[xiii] Wisconsin Department of Commerce. MBE Frequently Asked Question. 12 April 2010  
<http://www.commerce.state.wi.us/>.

[xiv] Iowa Department of Economic Development. Targeted Small Business Assistance. 7 April 2010  
[www.iowalifechanging.com](http://www.iowalifechanging.com).

[xv] Ibid.

[xvi] Institute for Economic Development. San Antonio Minority Business Enterprise Center. 12 April 2010  
<http://sa-mbec.org>.

[xvii] Ibid.

[xviii] Minority Business Development Agency. The State of minority Business Enterprises: An Overview of the 2002 Survey of Business Owners. August 2006. March 2010  
[www.mbda.gov](http://www.mbda.gov).

[xix] Minority Business Development Agency. Disparities in Capital Access Between Minority and Non-Minortiy Businesses. 28 January 2010. 24 March 2010.

[xx] U.S. Department of Commerce: Minority Business Development Agency. The State of Minority Business: Nebraska. 2007. 29 March 2010 <http://www.mbda.gov>.

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