



New York State Comptroller
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Economic and Policy Insights

New York State Business Owners

March 2024

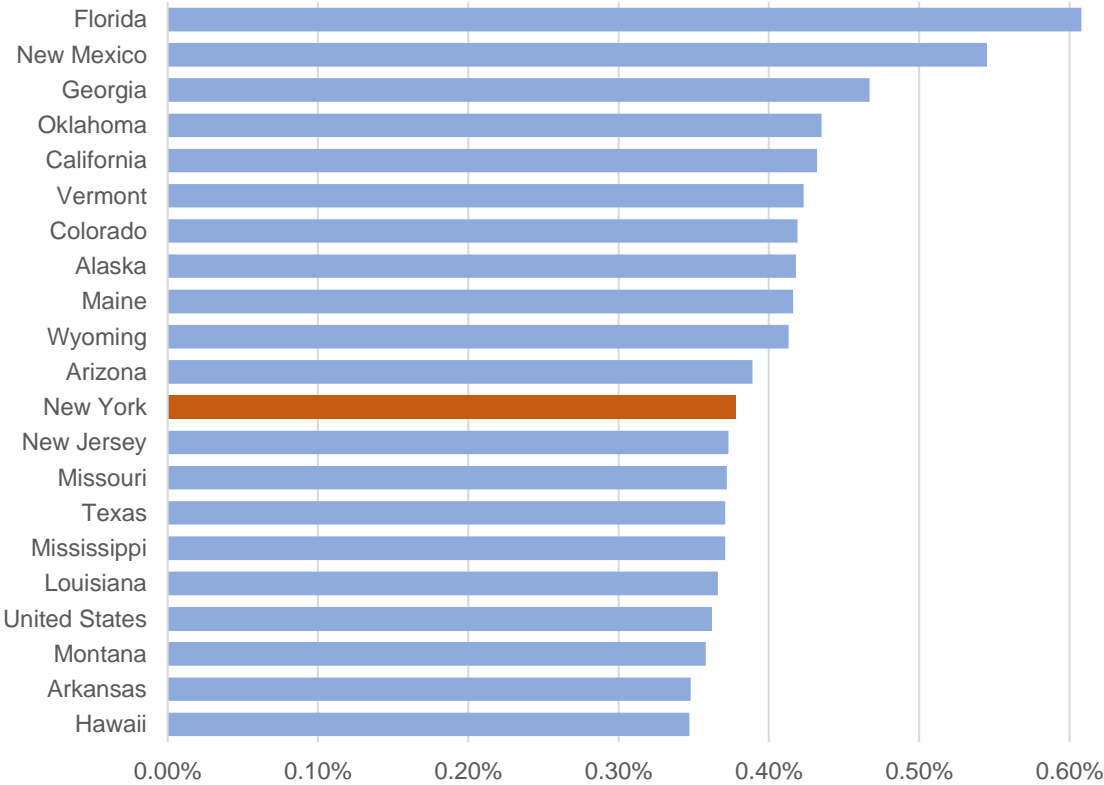
Introduction

As a [previous analysis](#) from the Office of the State Comptroller demonstrated, even as many small businesses shuttered their doors or struggled through the pandemic period, entrepreneurs continued to identify and pursue new opportunities and create new businesses. In 2021, New York ranked high among states for business creation; however, some business owners may face impediments to creating a new enterprise. While New York exceeds the nation in the share of business owners that are female and minority-owned, they are underrepresented relative to their share of the population. State policymakers should continue to facilitate access to capital, mentorship and other tools for underrepresented business owners.

Overview of New York Businesses

The U.S. Census Bureau [Statistics of U.S. Businesses](#) reports that there were over 456,000 business firms¹ in New York in 2021. Over 97 percent of these had less than 100 employees, the employment level used by New York to define a small business, and 99 percent had less than 500 employees, which meets the federal definition of a small business.² According to the Kauffman Institute, for every 100,000 people in New York, 160 new employer businesses were created, and the share of the population that started a new business (.38 percent) was 12th highest among states.³

Figure 1
20 States with the Highest Percentage of Population Starting a New Business, 2021

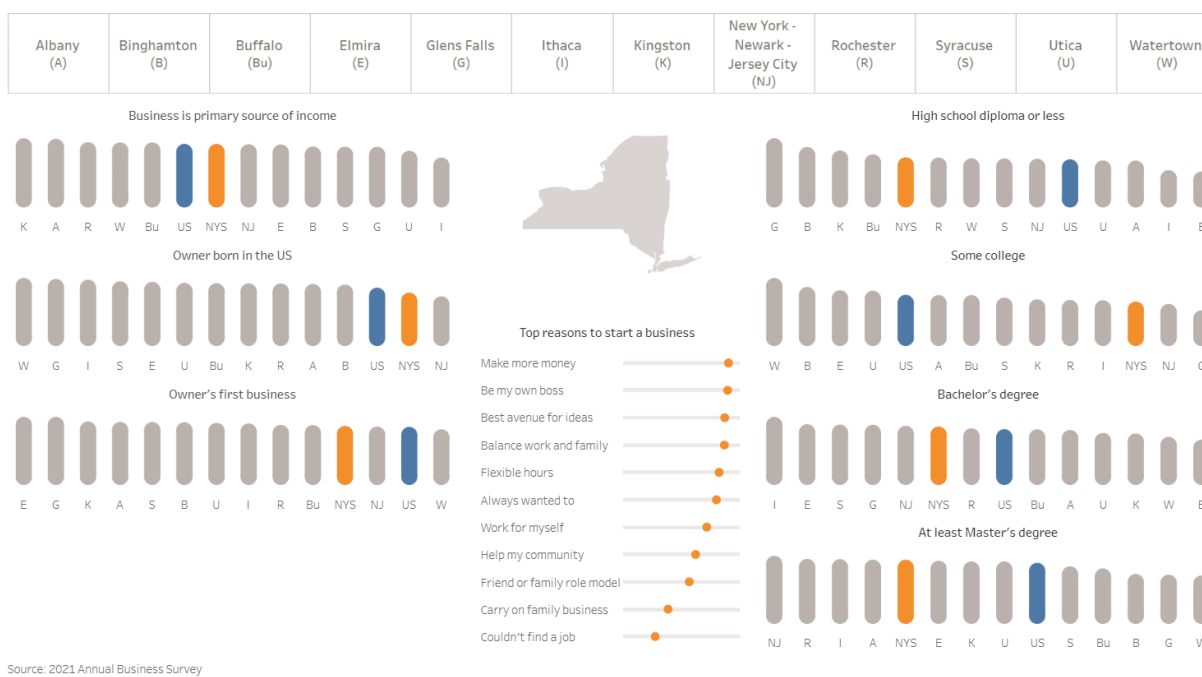


Source: Kauffman Indicators of Entrepreneurship

Demographics of New York Business Owners

The U.S. Census Bureau also conducts [annual surveys](#) to determine the demographics and characteristics of business owners. For 9 out of 10 New York business owners, being their own boss and greater income potential were the primary reasons they started their business. Over 80 percent cited flexible hours, work-life balance and the best avenue to promote their ideas as reasons. For 72 percent of New York business owners, their business serves as the primary source of their income. New York's business owners also exhibit varied educational backgrounds, with 22 percent with a high school diploma or less; 21 percent with some college or technical training; 31 percent with a Bachelor's degree; and 14 percent with a Master's or Doctoral degree. Figure 2 provides an overview of these data, which are also available as an [interactive dashboard](#) with results for the State's major metropolitan statistical areas (MSAs).

Figure 2
Profile of New York Business Owners



While business owners appear to share common motivations, New York business owners do not match the state's demographic profile in notable ways:

- **The share of foreign-born New York business owners (28.7 percent) is higher than the commensurate share of the state's population (22.3 percent).** The share of foreign-born business owners is greatest in the New York-Newark-Jersey City MSA, where more than one-third of owners were not U.S. born citizens in 2021. New York State also significantly exceeds the national average of 18.5 percent.

- **While women were approximately half the national and New York population, majority female owned-firms were only 23.2 percent of all firms in New York.** An additional 8.7 percent were equally owned by men and women. New York’s share of majority-female owned firms was slightly higher than the national average of 22.5 percent although these firms employed a greater share of employees.
- **New York exceeds the national average in the share of majority minority-owned firms, 26.4 percent compared to 21.7 percent; however, New York’s shares are lower than other large, diverse states.⁴** California, Texas and Florida are 11 percentage points, 6 percentage points, and 3 percentage points higher, respectively. The share of minority business owners is 16 percentage points less than the State’s share of comparable population.

Of minority-owned businesses, the greatest share of firms nationally and in New York were Asian-owned – 17.6 percent in New York and 11.3 percent in the United States. This is nearly double the share of the population in the State and nationally at 8.7 percent and 5.8 percent, respectively.

- **Hispanic and Black business owners are significantly underrepresented relative to their shares of New York’s population.** New York trails the national average in its share of Hispanic-owned firms, 5.9 percent vs. 7.1 percent, respectively, and both fall below their share of the State (19.5 percent) and national (18.8 percent) populations. Rates were significantly lower for Black business ownership: 3.4 percent of owners compared to 14.2 percent of population in New York. Nationally the rates were lower: 2.8 percent of owners compared to 12.1 percent of population.
- **New York’s share of majority veteran-owned firms – 3.3 percent – was the lowest among the thirty-six states that supplied reliable data for the survey.** In contrast, the national average was 5.4 percent.

Figure 3
Share of Population and Majority Woman, Minority, and Veteran-Owned Businesses in New York and Nationally, 2021

	Majority-Owned Firms		Share of Population	
	US	NY	US	NY
Women	22.5%	23.2%	50.5%	51.1%
Veterans	5.4%	3.3%	6.4%	3.9%
Minority	21.7%	26.4%	38.8%	44.4%
Asian	11.3%	17.6%	5.8%	8.7%
Hispanic	7.1%	5.9%	18.8%	19.5%
Black	2.8%	3.4%	12.1%	14.2%

Note: Includes majority-owned firms. Does not include rates for equally owned firms, which were 8.7 percent for male-female owners; 1.3 percent for minority-non-minority owners; 1.1 percent for veteran-nonveteran owners; and 0.7 percent for Hispanic-non-Hispanic owners.

Source: U.S. Census, Annual Business Survey and American Community Survey, 1-Year Estimates, 2021

Challenges Faced by Women, Minority, and Veteran Business Owners

Research has identified several reasons for low rates of business ownership among women and people of color, including lack of access to capital and other financial resources; insufficient business networks or mentorship; and absence of skills or education needed to run a business.⁵

Goldman Sachs' 10,000 Small Businesses survey highlighted that Black business owners want stronger ties to capital resources to start and grow their businesses, in addition to access to talent and mentorship.⁶ According to the 2021 National Survey of Military Affiliated entrepreneurs, 49 percent of veteran entrepreneurs similarly identified a lack of start-up capital financing as a top problem in pursuing or achieving their business goals.⁷

Persistent discrimination also plays a role. Goldman Sachs' survey highlighted the rejection rate for Black business owners applying for bank funding was three times higher than the rate for white business owners. Also, for those owners with household incomes of \$75,000 and below, less than one-third of Black owners received bank funding, compared to nearly two-thirds of white owners.⁸ Similarly, according to a 2019 HSBC Global Private Banking Survey, 58 percent of American women entrepreneurs were concerned about gender bias when raising financial capital and 46 percent said that they have experienced gender bias during the pitch process.⁹

In addition to start-up capital, liquid cash on hand is lower among majority Hispanic and Black small businesses owners compared to majority white (non-Hispanic) or Asian. Measured in the number of days the business can rely on cash-on-hand to sustain operations, over 70 percent of white owners and nearly 98 percent of Asian owners have at least 14 days of cash buffer days compared to 5.3 percent of Black and 10.5 percent of Hispanic owners.¹⁰

Conclusion

Entrepreneurship is vital to the economic health of the State, and ensuring equitable access to the capital and tools for business creation are also important for New York's future. Promoting and expanding initiatives designed to assist small businesses, and underrepresented business owners in particular, is necessary.

The New York State Common Retirement Fund makes investments intended to generate market returns consistent with the risk of private equity while supporting New York's small businesses. The New York Credit Small Business Investment Company Fund provides credit financing to eligible New York-based companies. The In-State Private Equity Investment Program has provided \$1.7 billion to 560 New York companies since March 31, 2023. The program invests in private equity funds targeting technology-based startups and established businesses in New York that seek capital to expand their enterprises.

The Fund also invests in Pursuit Lending, which underwrites loans to small businesses in New York. Pursuit has made 1,227 loans totaling \$462 million to businesses in all 62 counties. Pursuit has an active Veteran's Loan Program through which New York business owners who serve in the National Guard or Reserve, along with honorably discharged former active-duty members, can access small business loans. Pursuit has a goal of making at least 25 percent of its loans to Minority and Women-Owned Business Enterprises (MWBES). As of 2023, 20

percent of Pursuit loans that were due to Fund investments were made to women-owned businesses and 28 percent were made to minority-owned businesses.

Several State and federal programs provide technical assistance and mentorship to ensure small businesses remain viable for the long term. Federally sponsored Small Business Development Centers (SBDC) advise and provide technical assistance to small businesses and entrepreneurs in, among other things, accessing capital, developing and exchanging new technologies, improving business planning, and financial management. Empire State Development's Division of Small Business also administers critical programs that assist the business community, including the Business Mentor NY program that provides free business mentorship to entrepreneurs and Entrepreneurial Assistance Centers that provide training and technical assistance to small businesses. These programs should receive maximum visibility and in some cases be expanded to reach a greater number of potential business owners.

In addition, the State should ensure federal funds intended to assist small businesses under the State Small Business Credit Initiative (SSBCI), a federal program established in 2010 to increase access to capital for traditionally underserved small businesses, are allocated efficiently and effectively. The Office of the State Comptroller's [COVID-19 Relief Program Tracker](#) highlights \$512.5 million in funds for SSBCI as part of the America Rescue Plan (ARP), but as of December 31, 2023 only \$154.8 million has been spent.

In addition to expanding access to capital, proposals have been advanced to have Congress expand the SSBCI program to also support regional and sector-specific business networks and enhance skill acquisition initiatives.¹¹ Additionally, SBDCs have outreach programs for all three groups and the State's Minority and Women-Owned Business Development program and preferred contracting options for Service-Disabled Veteran-Owned Small Businesses are examples of opportunities currently available. More visibility and attention for these programs could help increase entrepreneurial participation among these underrepresented groups.

Endnotes

- 1 U.S. Census defines a “firm” as a business organization consisting of one or more domestic establishments in the same geographic area and industry that were specified under common ownership or control.
- 2 Section 131, Economic Development Law defines a small business as having 100 or less persons.
- 3 Ewing Marion Kauffman Foundation, “Kauffman Indicators of Entrepreneurship,” accessed December 2023, available at <https://indicators.kauffman.org/data-tables/newemployer> and <https://indicators.kauffman.org/data-tables/earlystage>.
- 4 U.S. Census defines “minority” owned business organizations as firms classified as any race and ethnicity combination other than non-Hispanic and White.
- 5 Michael Barr, “Minority and Women Entrepreneurs: Building Capital, Networks, and Skills”, The Hamilton Project, Brookings Institution, March 2015, p. 5, available at https://www.brookings.edu/wp-content/uploads/2016/07/minority_women_entrepreneurs_building_skills_barr.pdf.
- 6 Goldman Sachs, “Running a Business While Black: Analyzing the Obstacles of Black Entrepreneurship,” October 13, 2020, at <https://www.goldmansachs.com/citizenship/10000-small-businesses/US/infographic-running-a-business-while-black>.
- 7 Rosalinda Maury, et. al., Syracuse University D’Aniello Institute for Veterans and Military Families, “2021 National Survey of Military-Affiliated Entrepreneurs,” April 2022, p. 6, available at https://ivmf.syracuse.edu/wp-content/uploads/2022/04/2021-National-Survey-of-Military-Affiliated-Entrepreneurs-Research-Report-_FINAL.pdf.
- 8 Goldman Sachs.
- 9 HSBC Private Banking. “She’s the Business: Supporting Entrepreneurial Spirit.” HSBC Private Banking, October 2019, p. 7, available at <https://www.privatebanking.hsbc.com/content/dam/privatebanking/gpb/discover/women-and-wealth/allbright/2019/AllBright%20partnership%20-%20September%202019%20-%20Shes%20the%20business%20report.pdf>.
- 10 JPMorgan Chase and Company Institute, “Place Matters, Small Business Financial Health in Urban Communities, September 2019, pgs. 27,28, available at <https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/institute/pdf/institute-place-matters.pdf>.
- 11 Michael Barr, “Minority and Women Entrepreneurs: Building Capital, Networks, and Skills”, p.6.

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Prepared by the Office of Budget and Policy Analysis

