

2015 THE KAUFFMAN INDEX

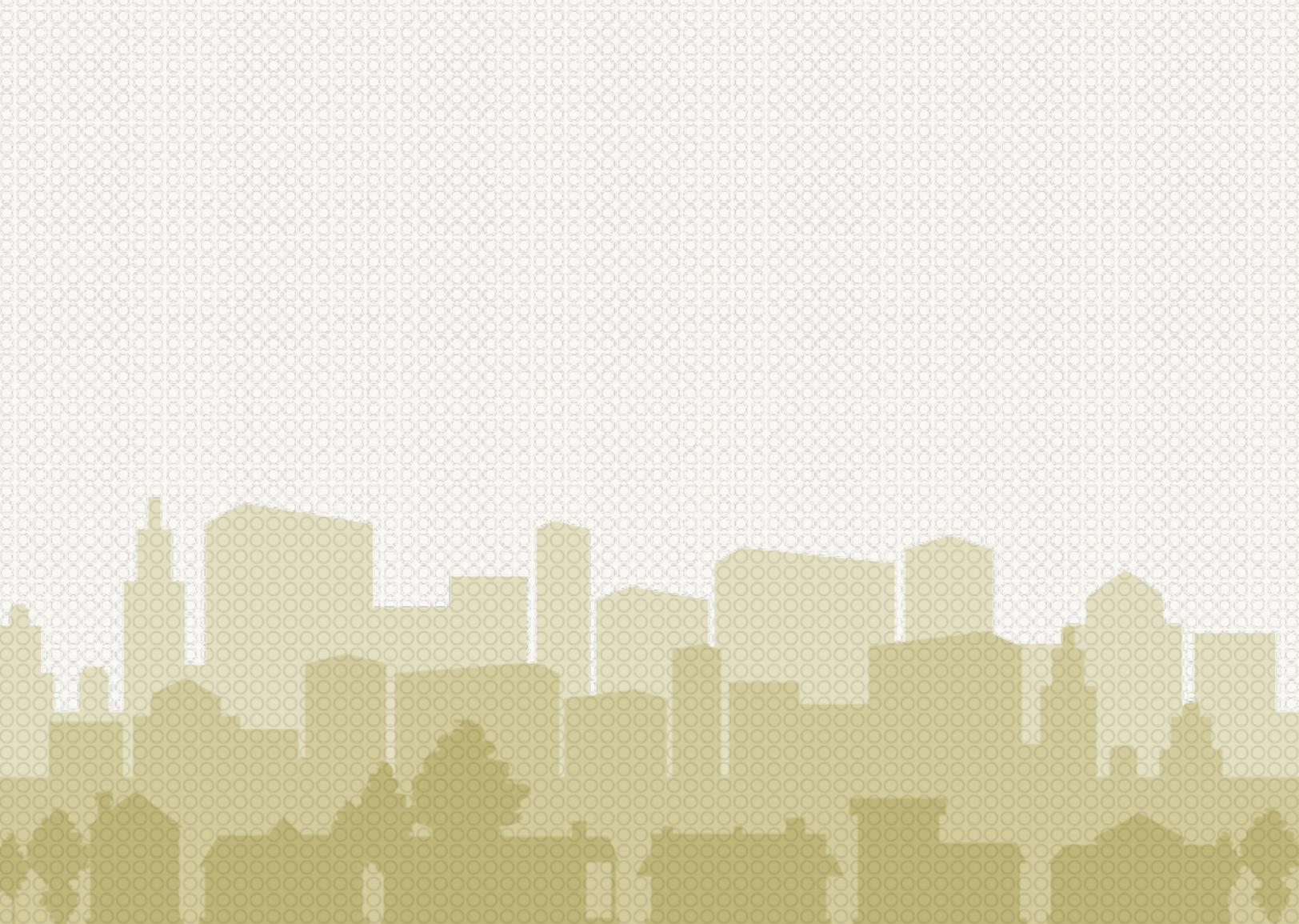
mainstreetentrepreneurship

METROPOLITAN AREA
AND CITY TRENDS

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DECEMBER 2015



Explore the interactive data at www.kauffmanindex.org

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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.

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 series, the Kauffman Index: Main Street Entrepreneurship, takes a different angle and attempts to understand prevalence of local small business.

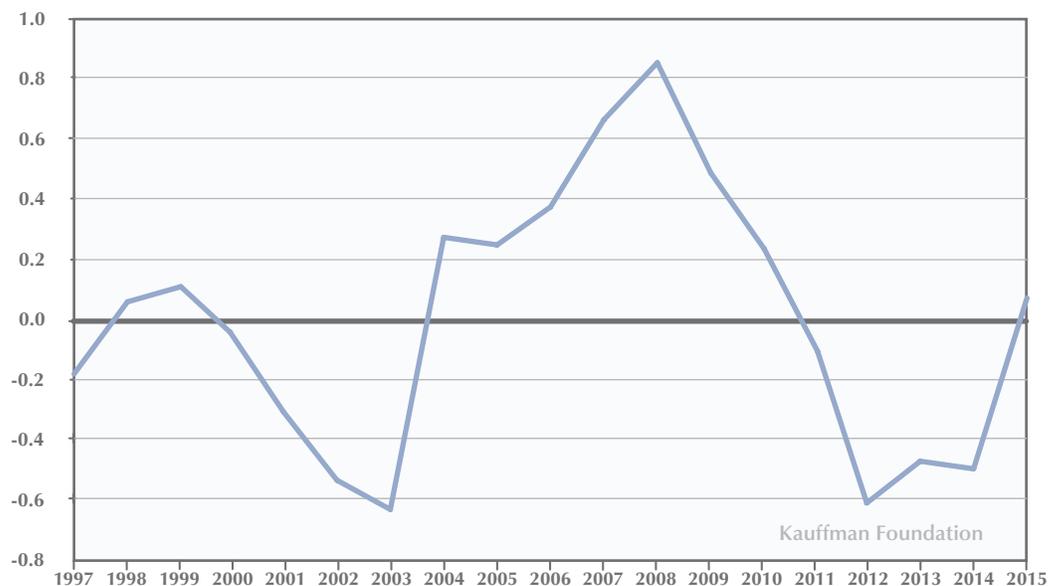
This report presents trends in Main Street entrepreneurship activity for the forty largest metropolitan areas in the United States by population.

Nationwide 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

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

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.

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

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 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 state-level indicators, Main Street entrepreneurship activity was higher in the Index for 2015 than in the previous year, with forty-nine states showing higher Main Street Entrepreneurship measures in the 2015 Index than in the 2014 Index—the exception being Tennessee. Among the twenty-five largest states by population, the states that saw the highest Main Street entrepreneurship activity were Minnesota, Colorado, and Massachusetts. Among the twenty-five smallest U.S. states by population, the states that saw the highest Main Street entrepreneurship activity were Vermont, Montana, and North Dakota. An analysis of state-level main street business activity can be found in the *Kauffman Index: Main Street Entrepreneurship | State Trends* report.

Key findings for Main Street entrepreneurship activity at the metropolitan-area level include:

Metropolitan-Area Trends in Main Street Entrepreneurship

Main Street Entrepreneurship and Rankings

- Main Street entrepreneurship activity was higher in thirty-eight of the forty U.S. metros covered in the 2015 Index when compared to the 2014 Index. The exception to this were the metros of Nashville and Charlotte.
- The five metros with the highest Main Street entrepreneurship activity in the 2015 Index were, in order, the metros of New York, Providence, Boston, San Francisco, and Portland.
- While there was some modest movement within the top fifteen metros with the most Main Street entrepreneurship activity in the 2015 Index, all metros present in the top fifteen in the 2014 Index also were present in the 2015 Index. In addition to the five metros above, this top fifteen include the metros of Miami, Los Angeles, Pittsburgh, Minneapolis, Seattle, Denver, Cleveland, Milwaukee, Chicago, and San Jose.

Rate of Business Owners

- Looking at the components of the Main Street Entrepreneurship Index, the Rate of Business Owners varied widely across metro areas in the 2015 Index,

going from approximately 3,810 business owners for every 100,000 adults (Cincinnati metro) to nearly 8,690 businesses owners for every 100,000 adults (Miami metro).

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 metros. In the 2015 Index, this indicator ranged from 560.1 established small businesses per 100,000 people in Riverside, Calif.; to 1267.1 established small businesses per 100,000 people in New York.

Select Demographic Trends for Metros on Main Street Entrepreneurship

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

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

Female Business Owners

- The five metropolitan areas with the highest Rate of Business Owners for females were, in this order, the metros of Portland, Ore. (p. 27); San Francisco, Calif. (p. 25); Nashville, Tenn. (p. 63); Austin, Tex. (p. 73); and Miami, Fla. (p. 29).

Younger Business Owners—Adults Ages 20–34

- The five metropolitan areas with the highest Rate of Business Owners among younger adults were, in this order, the metros of Miami, Fla. (p. 29); Nashville, Tenn. (p. 63); Austin, Tex. (p. 73); Jacksonville, Fla. (p. 75); and Portland, Ore. (p. 27).

Older Business Owners—Adults Ages 55–64

- The five metropolitan areas with the highest Rate of Business Owners of older adults were, in this order, the metros of Portland, Ore. (p. 27); Austin, Tex. (p. 73); San Diego, Calif. (p. 59); Los Angeles, Calif. (p. 31); and Miami, Fla. (p. 29).

KAUFFMAN INDEX:

mainstreetentrepreneurship



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:

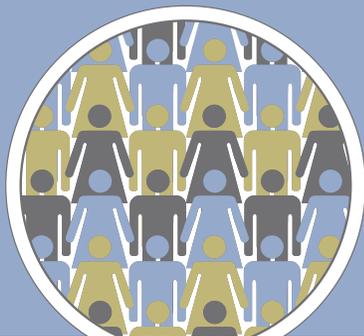
- i) The Rate of Business Owners in the economy, calculated as the percentage of adults owning businesses as their main job.
- ii) The Established Small Business Density, measured as the number of established small employer businesses normalized by population.

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>.

METROPOLITAN AREA AND CITY TRENDS

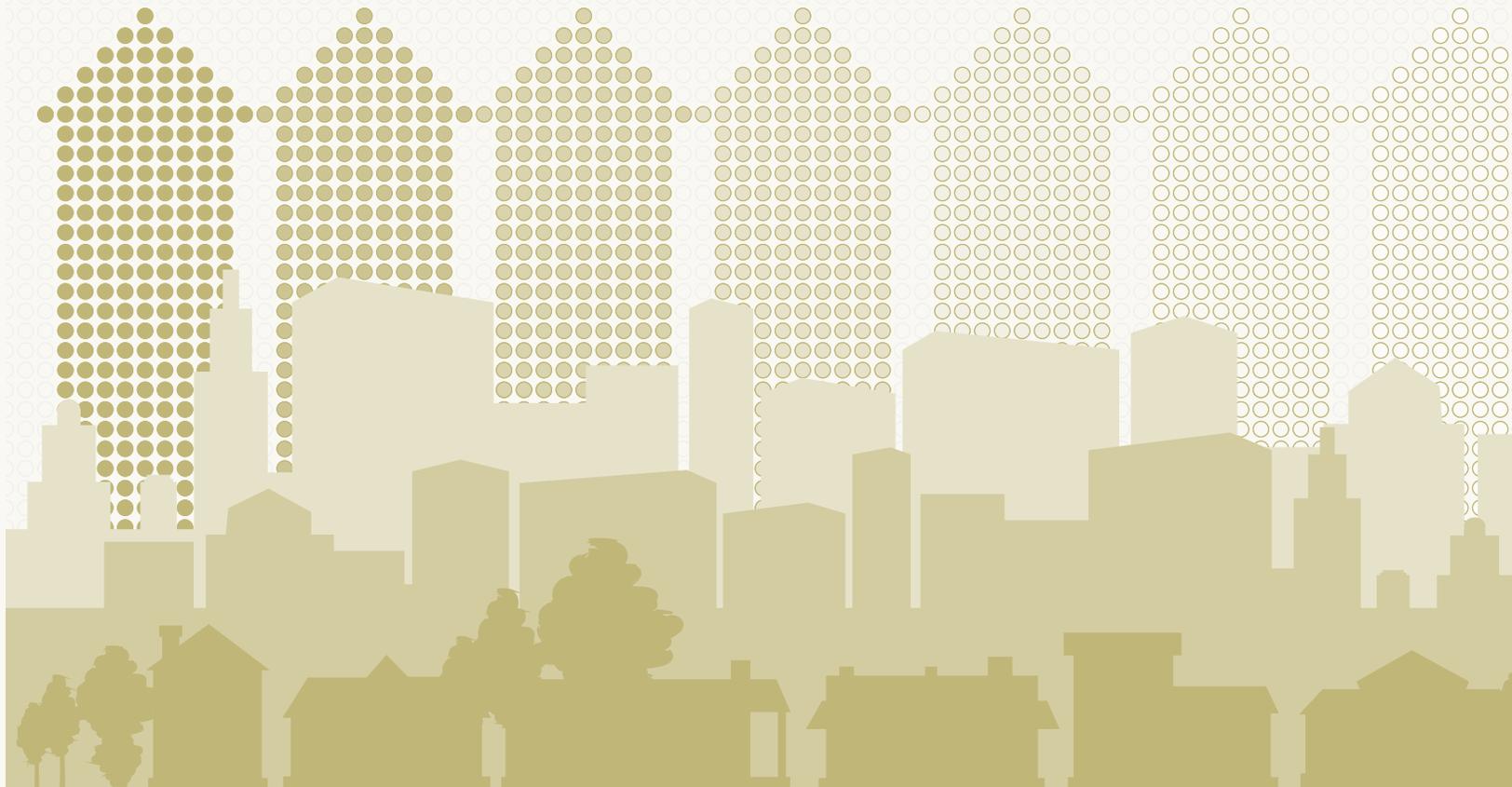


TABLE 1
Metro Rankings—Kauffman Index: Main Street Entrepreneurship

Rank 2015	Index 2015	City (Main)	Metropolitan Area	Rank 2014	Change in Rank	Rate of Business Owners	Established Small Business Density
1	6.17	New York	New York-Northern New Jersey-Long Island, NY-NJ-PA	1	0	5.57%	1267.1
2	5.39	Boston	Boston-Cambridge-Quincy, MA-NH	2	0	6.05%	1219.0
2	5.39	Providence	Providence-New Bedford-Fall River, RI-MA	5	3	5.96%	1222.1
4	5.14	San Francisco	San Francisco-Oakland-Fremont, CA	3	-1	7.19%	1169.8
5	4.95	Portland	Portland-Vancouver-Beaverton, OR-WA	4	-1	8.02%	1133.5
6	4.69	Miami	Miami-Fort Lauderdale-Miami Beach, FL	6	0	8.69%	1099.9
7	3.42	Los Angeles	Los Angeles-Long Beach-Santa Ana, CA	8	1	7.76%	1080.5
8	3.25	Pittsburgh	Pittsburgh, PA	7	-1	5.09%	1165.8
9	3.03	Minneapolis	Minneapolis-St. Paul-Bloomington, MN-WI	10	1	6.22%	1118.0
10	2.76	Seattle	Seattle-Tacoma-Bellevue, WA	9	-1	6.08%	1112.0
11	2.69	Denver	Denver-Aurora, CO	11	0	7.34%	1066.0
12	2.50	Cleveland	Cleveland-Elyria-Mentor, OH	12	0	4.66%	1150.7
13	1.38	Milwaukee	Milwaukee-Waukesha-West Allis, WI	13	0	5.20%	1086.7
14	0.81	Chicago	Chicago-Naperville-Joliet, IL-IN-WI	15	1	5.41%	1056.5
15	0.75	San Jose	San Jose-Sunnyvale-Santa Clara, CA	14	-1	6.25%	1025.3
16	0.58	St. Louis	St. Louis, MO-IL	16	0	4.98%	1062.1
17	0.54	Philadelphia	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	16	-1	4.89%	1063.9
18	0.04	Baltimore	Baltimore-Towson, MD	18	0	4.84%	1045.2
19	0.02	Kansas City	Kansas City, MO-KS	21	2	6.08%	1001.8
20	0.01	Washington	Washington-Arlington-Alexandria, DC-VA-MD-WV	19	-1	6.20%	997.3
21	-0.04	San Diego	San Diego-Carlsbad-San Marcos, CA	20	-1	7.44%	952.5
22	-0.95	Tampa	Tampa-St. Petersburg-Clearwater, FL	23	1	6.28%	955.8
23	-1.47	Nashville	Nashville-Davidson-Murfreesboro, TN	22	-1	8.12%	871.6
24	-1.58	Detroit	Detroit-Warren-Livonia, MI	24	0	4.74%	983.7
25	-2.48	Indianapolis	Indianapolis, IN	25	0	5.92%	906.7
26	-2.89	Orlando	Orlando, FL	30	4	6.22%	879.7
27	-2.96	Atlanta	Atlanta-Sandy Springs-Marietta, GA	28	1	6.52%	866.6
28	-3.06	Austin	Austin-Round Rock, TX	27	-1	7.97%	812.6
29	-3.24	Jacksonville	Jacksonville, FL	29	0	5.64%	885.8
30	-3.26	Charlotte	Charlotte-Gastonia-Concord, NC-SC	26	-4	5.64%	884.8
31	-4.24	Columbus	Columbus, OH	31	0	6.21%	826.0
32	-4.55	Sacramento	Sacramento-Arden-Arcade-Roseville, CA	34	2	6.61%	799.7
33	-4.62	Cincinnati	Cincinnati-Middletown, OH-KY-IN	32	-1	3.81%	893.1
33	-4.62	Virginia Beach	Virginia Beach-Norfolk-Newport News, VA-NC	33	0	4.19%	880.1
35	-5.57	Dallas	Dallas-Fort Worth-Arlington, TX	35	0	6.03%	778.5
36	-6.12	Houston	Houston-Baytown-Sugar Land, TX	36	0	5.81%	764.0
37	-7.69	Phoenix	Phoenix-Mesa-Scottsdale, AZ	37	0	6.21%	687.1
38	-8.39	San Antonio	San Antonio, TX	38	0	5.25%	691.7
39	-11.65	Las Vegas	Las Vegas-Paradise, NV	39	0	4.53%	585.4
40	-11.78	Riverside	Riverside-San Bernardino-Ontario, CA	40	0	5.11%	560.1

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

Metro 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 the top forty metropolitan areas in the United States by population, according to Bureau of Economic Analysis data.

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, in a 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.

Main Street business activity varies widely across different metros. As you can see in the map in Figure 2, cities with the most Main Street entrepreneurial activity in 2015 are largely located in the Northeast and Midwest regions of the country—with some West Coast cities also showing high performance.

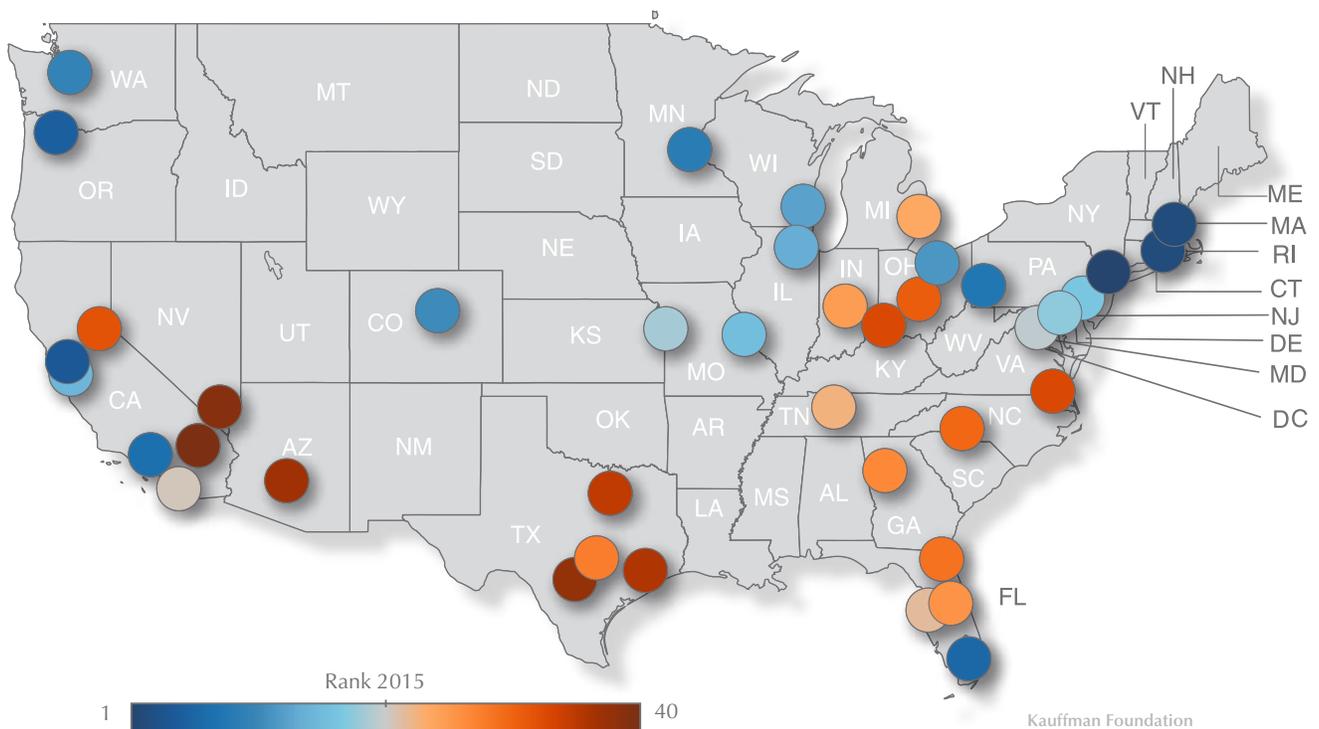
As shown on the Main Street entrepreneurship numbers on the National Trends report, the 2015 Index shows an increase in Main Street activity, reversing a six-year downward trend in the United States. Long-term trends of Main Street entrepreneurship do not look as encouraging, as this gain remains below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

The vast majority of the metros covered followed a similar positive trajectory in the 2015 Index, with thirty-eight of them experiencing an increase in Main Street Entrepreneurship activity. The exception to this were the metros of Nashville and Charlotte.

While most metros experienced an increase in Main Street entrepreneurship activity, changes in metropolitan-area rankings—which measure relative yearly performance across metros, as opposed to performance relative to a metro’s own Main Street entrepreneurship rates in the previous year—were different. The rankings are largely stable, with few larger swings but many smaller shifts. Nine metros experienced an improvement in their rankings, nineteen saw no changes, and twelve had a negative shift in their ranked positions.

Figure 2

2015 Ranks for the Kauffman Index: Main Street Entrepreneurship by Metropolitan Area



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

Nine Metros with Positive Shifts in Rank—Kauffman Index: Main Street Entrepreneurship

City (Main)	Metropolitan Area	Rank 2015	Rank 2014	Change
Orlando	Orlando-Kissimmee-Sanford, FL	26	30	4
Providence	Providence-New Bedford-Fall River, RI-MA	2	5	3
Kansas City	Kansas City, MO-KS	19	21	2
Sacramento	Sacramento-Arden-Arcade-Roseville, CA	32	34	2
Los Angeles	Los Angeles-Long Beach-Santa Ana, CA	7	8	1
Minneapolis	Minneapolis-St. Paul-Bloomington, MN-WI	9	10	1
Chicago	Chicago-Joliet-Naperville, IL-IN-WI	14	15	1
Tampa	Tampa-St. Petersburg-Clearwater, FL	22	23	1
Atlanta	Atlanta-Sandy Springs-Marietta, GA	27	28	1

Twelve Metros with Negative Shifts in Rank—Kauffman Index: Main Street Entrepreneurship

City (Main)	Metropolitan Area	Rank 2015	Rank 2014	Change
Charlotte	Charlotte-Gastonia-Rock Hill, NC-SC	30	26	-4
San Francisco	San Francisco-Oakland-Fremont, CA	4	3	-1
Portland	Portland-Vancouver-Hillsboro, OR-WA	5	4	-1
Pittsburgh	Pittsburgh, PA	8	7	-1
Seattle	Seattle-Tacoma-Bellevue, WA	10	9	-1
San Jose	San Jose-Sunnyvale-Santa Clara, CA	15	14	-1
Philadelphia	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	17	16	-1
Washington	Washington-Arlington-Alexandria, DC-VA-MD-WV	20	19	-1
San Diego	San Diego-Carlsbad-San Marcos, CA	21	20	-1
Nashville	Nashville-Davidson-Murfreesboro-Franklin, TN	23	22	-1
Austin	Austin-Round Rock-San Marcos, TX	28	27	-1
Cincinnati	Cincinnati-Middletown, OH-KY-IN	33	32	-1

Although there were some changes in rankings within the top fifteen metros with the highest indicators of Main Street entrepreneurship, the top fifteen themselves remained unchanged—meaning every city among the top fifteen in the 2015 Index also was there in the 2014 Index. Among these fifteen, the one to experience the biggest increase in rankings was Providence, which moved up three spots to tie with Boston for second place in the 2015 Index.

The fifteen cities with the most Main Street entrepreneurial activity are listed in the right-hand table:

In the following sections, we discuss metro-level trends for each component of the Main Street Entrepreneurship Index:

- 1) Rate of Business Owners and
- 2) Established Small Business Density.

Fifteen Cities with the Most Main Street Entrepreneurial Activity

Rank 2015	City (Main)	Metropolitan Area
1	New York	New York-Northern New Jersey-Long Island, NY-NJ-PA
2	Providence	Providence-New Bedford-Fall River, RI-MA
2	Boston	Boston-Cambridge-Quincy, MA-NH
4	San Francisco	San Francisco-Oakland-Fremont, CA
5	Portland	Portland-Vancouver-Beaverton, OR-WA
6	Miami	Miami-Fort Lauderdale-Miami Beach, FL
7	Los Angeles	Los Angeles-Long Beach-Santa Ana, CA
8	Pittsburgh	Pittsburgh, PA
9	Minneapolis	Minneapolis-St. Paul-Bloomington, MN-WI
10	Seattle	Seattle-Tacoma-Bellevue, WA
11	Denver	Denver-Aurora, CO
12	Cleveland	Cleveland-Elyria-Mentor, OH
13	Milwaukee	Milwaukee-Waukesha-West Allis, WI
14	Chicago	Chicago-Naperville-Joliet, IL-IN-WI
15	San Jose	San Jose-Sunnyvale-Santa Clara, CA



Metro Trends in Rate of Business Owners

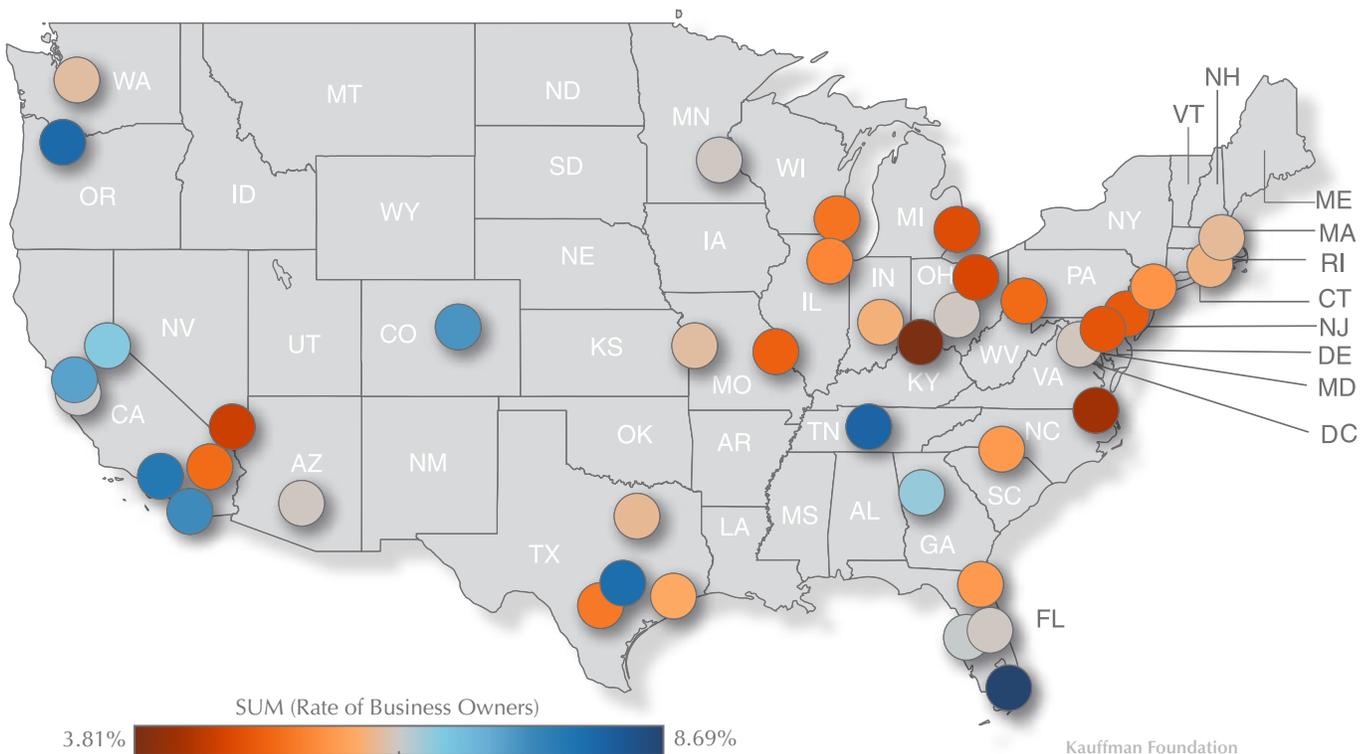
The Rate of Business Owners component of the Kauffman Index measures the percentage of the adult population that owns a business in a location. It captures all business owners, including those who own incorporated or unincorporated businesses, and those with or without employees. The data source for 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 metropolitan areas, from 2008 to 2014—the latest year with data available.

The Rate of Business Owners varies across metropolitan areas widely, from 3.81 percent in Cincinnati to 8.69 percent in Miami. Cincinnati's Rate of Business Owners means that approximately 3,810 of every 100,000 adults are business owners. Miami's rate means that 8,690 out of every 100,000 adults are business owners.



Figure 3
2015 Rate of Business Owners Component of the Kauffman Index:
Main Street Entrepreneurship by Metropolitan Area



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



Metro 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.

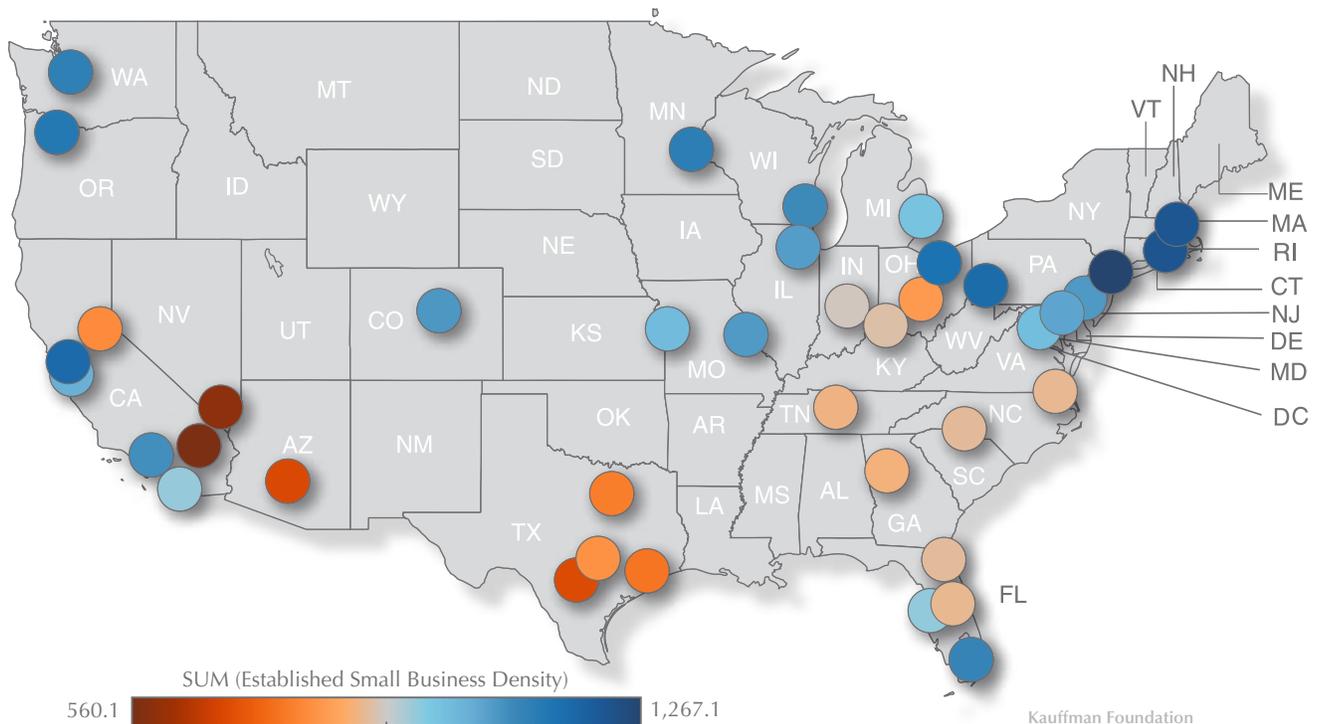
We present this indicator from 1983 to 2012, the latest year for which the data were available at the time of the data collection for this report.

This indicator 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 metropolitan areas, from 560.1 established small businesses per 100,000 people in the Riverside metropolitan area in California to 1,267.1 established small businesses per 100,000 people in New York. The U.S. Established Small Business Density is 1,006.6 established small businesses per 100,000; eighteen of the forty metros studied here had higher density levels.

Figure 4
2015 Established Small Business Density Component of the Kauffman Index:
Main Street Entrepreneurship by Metropolitan Area



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 2
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 3
**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:

METRO PROFILES ORDERED BY RANK AND METRO BUSINESS OWNER DEMOGRAPHICS

TABLE 1
Metro Rankings—Kauffman Index: Main Street Entrepreneurship

Rank 2015	Index 2015	City (Main)	Metropolitan Area	Rank 2014	Change in Rank	Rate of Business Owners	Established Small Business Density
1	6.17	New York	New York-Northern New Jersey-Long Island, NY-NJ-PA	1	0	5.57%	1267.1
2	5.39	Boston	Boston-Cambridge-Quincy, MA-NH	2	0	6.05%	1219.0
2	5.39	Providence	Providence-New Bedford-Fall River, RI-MA	5	3	5.96%	1222.1
4	5.14	San Francisco	San Francisco-Oakland-Fremont, CA	3	-1	7.19%	1169.8
5	4.95	Portland	Portland-Vancouver-Beaverton, OR-WA	4	-1	8.02%	1133.5
6	4.69	Miami	Miami-Fort Lauderdale-Miami Beach, FL	6	0	8.69%	1099.9
7	3.42	Los Angeles	Los Angeles-Long Beach-Santa Ana, CA	8	1	7.76%	1080.5
8	3.25	Pittsburgh	Pittsburgh, PA	7	-1	5.09%	1165.8
9	3.03	Minneapolis	Minneapolis-St. Paul-Bloomington, MN-WI	10	1	6.22%	1118.0
10	2.76	Seattle	Seattle-Tacoma-Bellevue, WA	9	-1	6.08%	1112.0
11	2.69	Denver	Denver-Aurora, CO	11	0	7.34%	1066.0
12	2.50	Cleveland	Cleveland-Elyria-Mentor, OH	12	0	4.66%	1150.7
13	1.38	Milwaukee	Milwaukee-Waukesha-West Allis, WI	13	0	5.20%	1086.7
14	0.81	Chicago	Chicago-Naperville-Joliet, IL-IN-WI	15	1	5.41%	1056.5
15	0.75	San Jose	San Jose-Sunnyvale-Santa Clara, CA	14	-1	6.25%	1025.3
16	0.58	St. Louis	St. Louis, MO-IL	16	0	4.98%	1062.1
17	0.54	Philadelphia	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	16	-1	4.89%	1063.9
18	0.04	Baltimore	Baltimore-Towson, MD	18	0	4.84%	1045.2
19	0.02	Kansas City	Kansas City, MO-KS	21	2	6.08%	1001.8
20	0.01	Washington	Washington-Arlington-Alexandria, DC-VA-MD-WV	19	-1	6.20%	997.3
21	-0.04	San Diego	San Diego-Carlsbad-San Marcos, CA	20	-1	7.44%	952.5
22	-0.95	Tampa	Tampa-St. Petersburg-Clearwater, FL	23	1	6.28%	955.8
23	-1.47	Nashville	Nashville-Davidson-Murfreesboro, TN	22	-1	8.12%	871.6
24	-1.58	Detroit	Detroit-Warren-Livonia, MI	24	0	4.74%	983.7
25	-2.48	Indianapolis	Indianapolis, IN	25	0	5.92%	906.7
26	-2.89	Orlando	Orlando, FL	30	4	6.22%	879.7
27	-2.96	Atlanta	Atlanta-Sandy Springs-Marietta, GA	28	1	6.52%	866.6
28	-3.06	Austin	Austin-Round Rock, TX	27	-1	7.97%	812.6
29	-3.24	Jacksonville	Jacksonville, FL	29	0	5.64%	885.8
30	-3.26	Charlotte	Charlotte-Gastonia-Concord, NC-SC	26	-4	5.64%	884.8
31	-4.24	Columbus	Columbus, OH	31	0	6.21%	826.0
32	-4.55	Sacramento	Sacramento-Arden-Arcade-Roseville, CA	34	2	6.61%	799.7
33	-4.62	Cincinnati	Cincinnati-Middletown, OH-KY-IN	32	-1	3.81%	893.1
33	-4.62	Virginia Beach	Virginia Beach-Norfolk-Newport News, VA-NC	33	0	4.19%	880.1
35	-5.57	Dallas	Dallas-Fort Worth-Arlington, TX	35	0	6.03%	778.5
36	-6.12	Houston	Houston-Baytown-Sugar Land, TX	36	0	5.81%	764.0
37	-7.69	Phoenix	Phoenix-Mesa-Scottsdale, AZ	37	0	6.21%	687.1
38	-8.39	San Antonio	San Antonio, TX	38	0	5.25%	691.7
39	-11.65	Las Vegas	Las Vegas-Paradise, NV	39	0	4.53%	585.4
40	-11.78	Riverside	Riverside-San Bernardino-Ontario, CA	40	0	5.11%	560.1

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

Main Street Rank

2015	2014
1	1

New York

Metro: New York-Northern New Jersey-Long Island | State: New York-New Jersey-Pennsylvania

Metro Profile

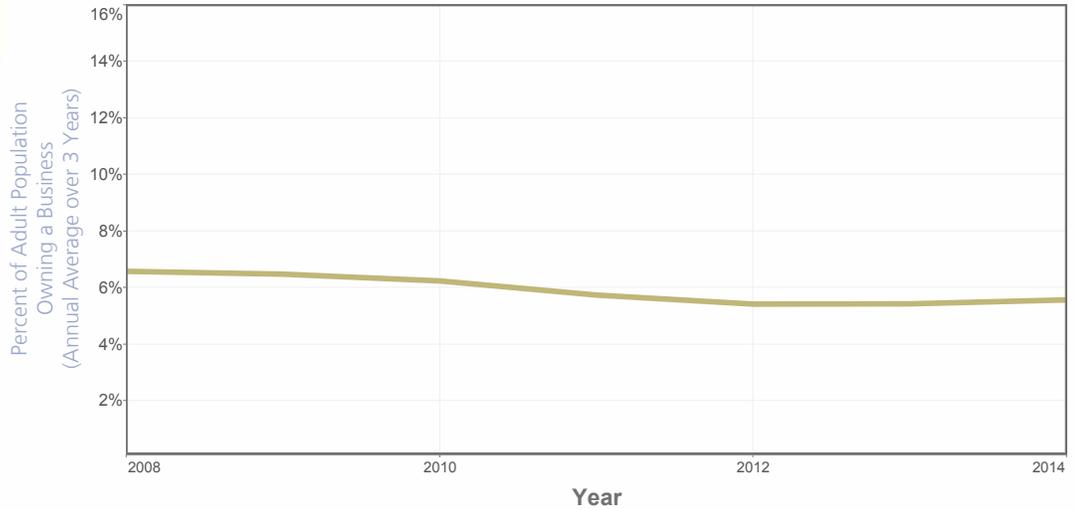
Rate of Business Owners

2015 Component	2014 Component
5.57%	5.43%

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



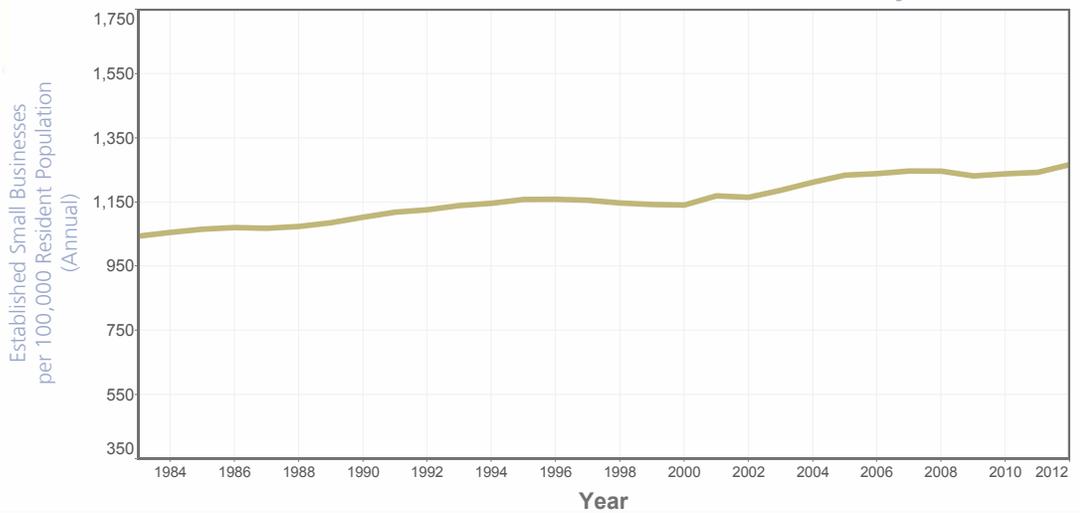
Established Small Business Density

2015 Component	2014 Component
1,267.1	1,243.0

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

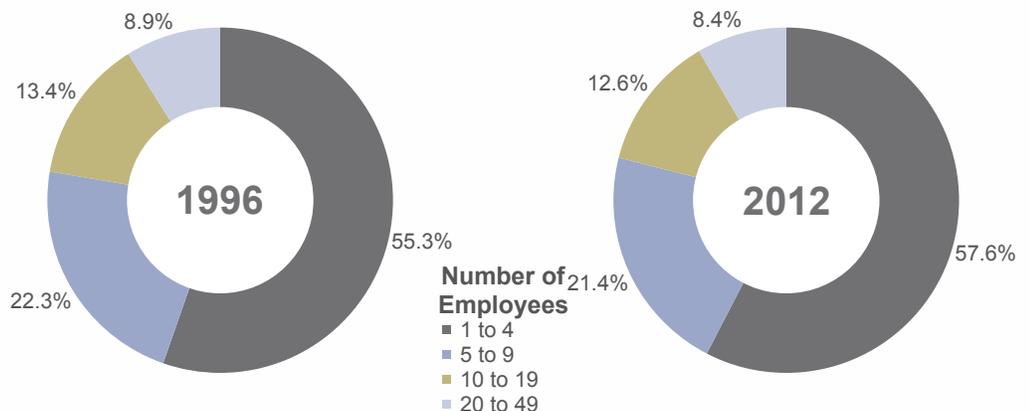


Composition of Established Small Businesses

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



New York

Metro: New York-Northern New Jersey-Long Island | State: New York-New Jersey-Pennsylvania

Business Owner Demographics

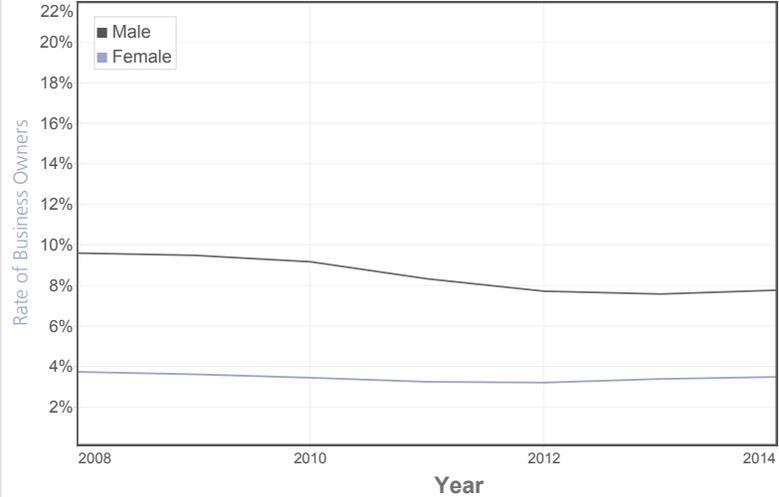
Rate of Business Owners by Demographic Group

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.

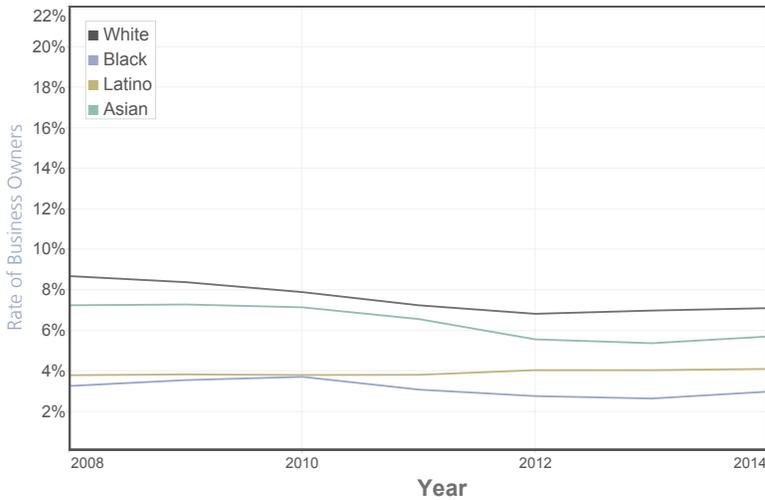
A Note on Confidence Intervals and Missing Data

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.

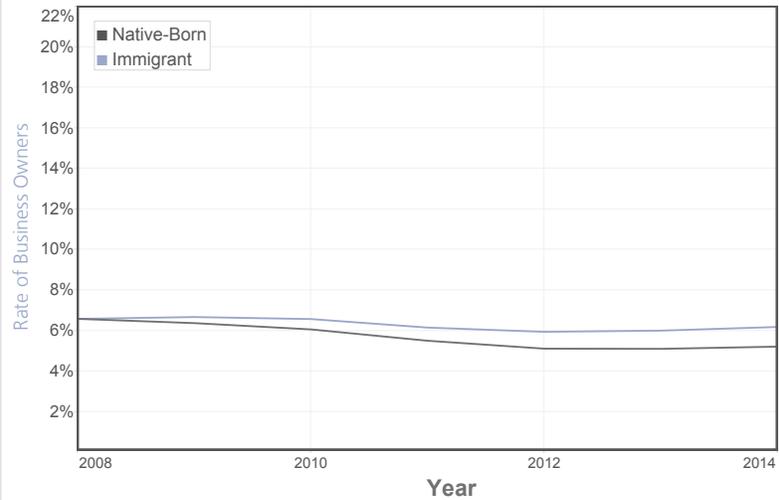
Gender



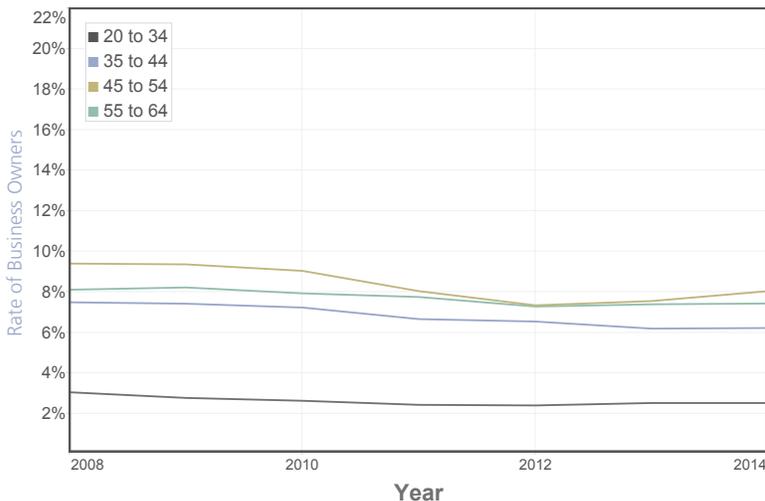
Race



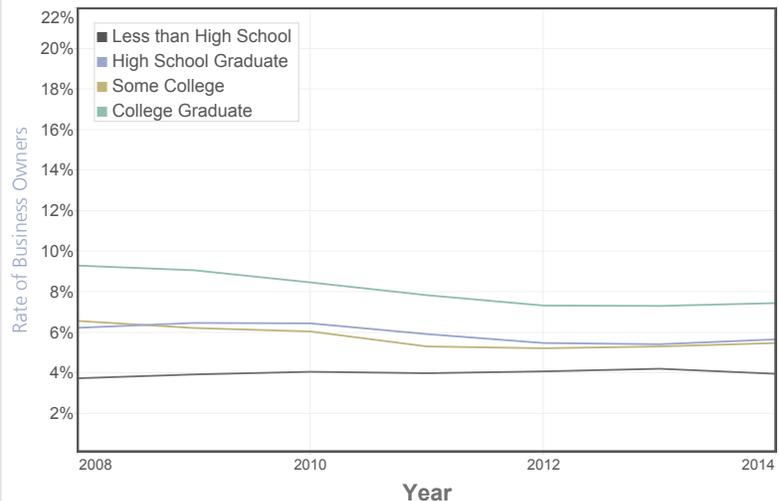
Nativity



Age



Education



Main Street Rank

2015	2014
2	2

Boston

Metro: Boston-Cambridge-Quincy | State: Massachusetts-New Hampshire

Metro Profile

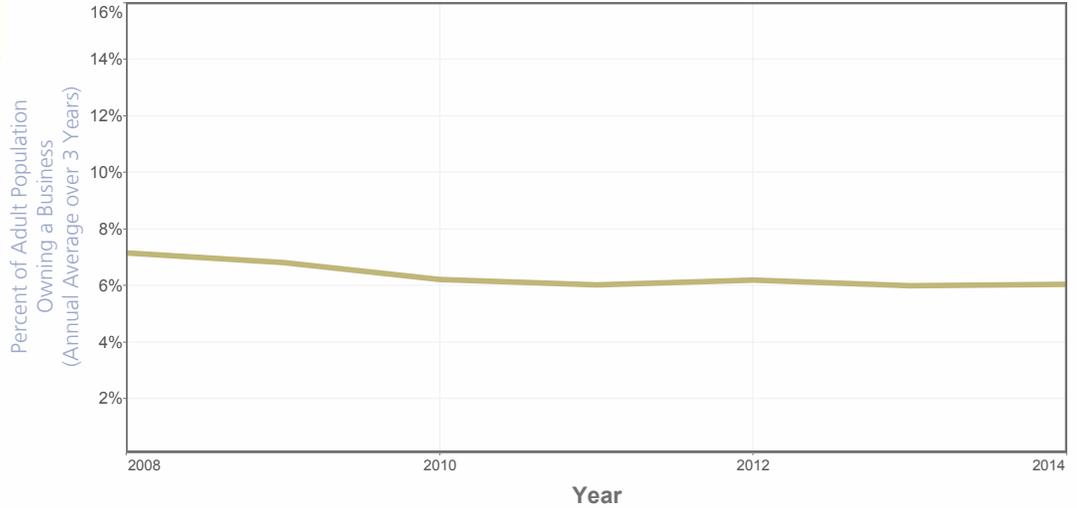
Rate of Business Owners

2015 Component	2014 Component
6.05%	6.00%

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



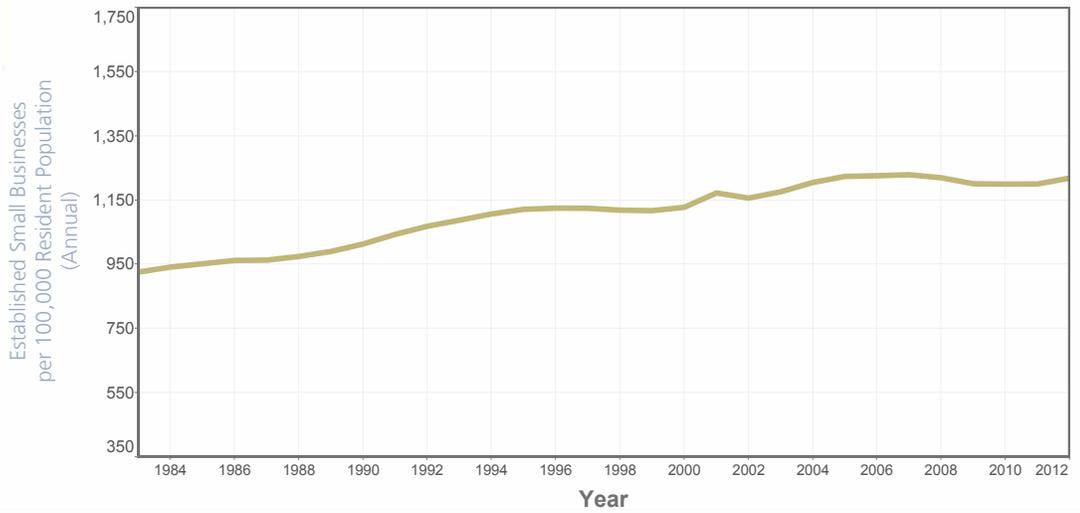
Established Small Business Density

2015 Component	2014 Component
1,219.0	1,200.6

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

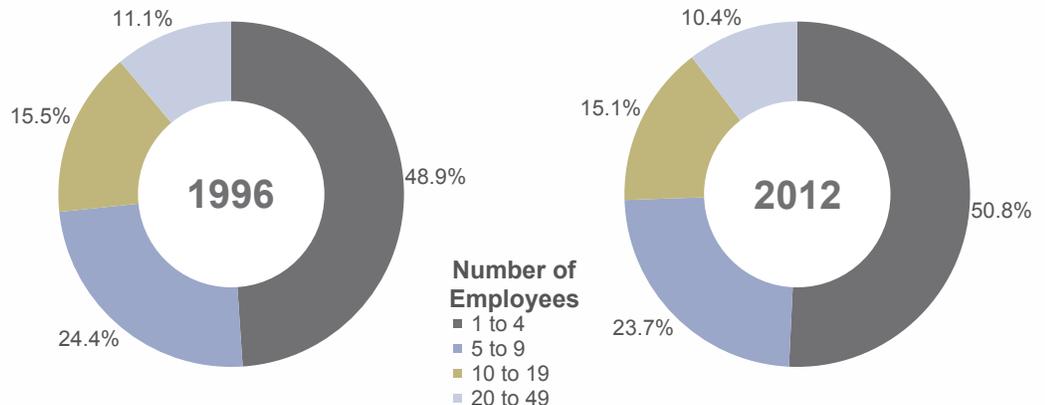


Composition of Established Small Businesses

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



Boston

Metro: Boston-Cambridge-Quincy | State: Massachusetts-New Hampshire

Business Owner Demographics

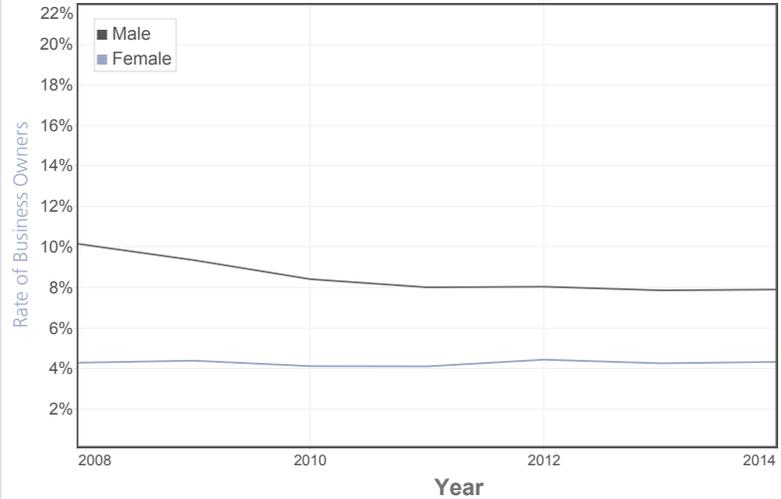
Rate of Business Owners by Demographic Group

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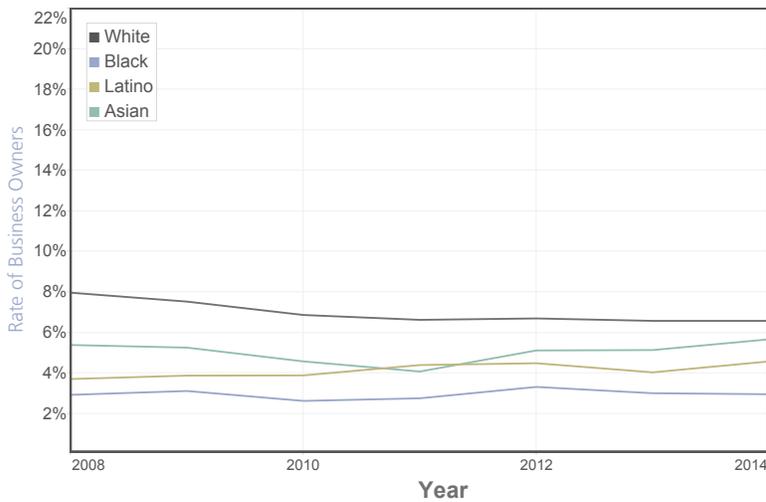
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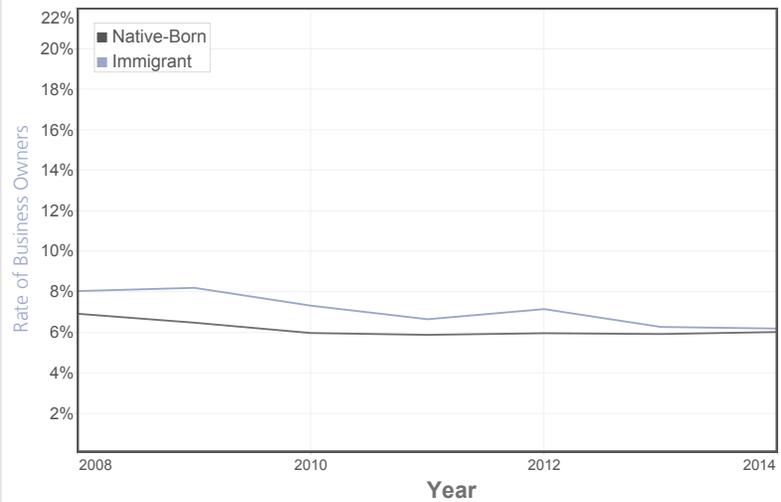
Gender



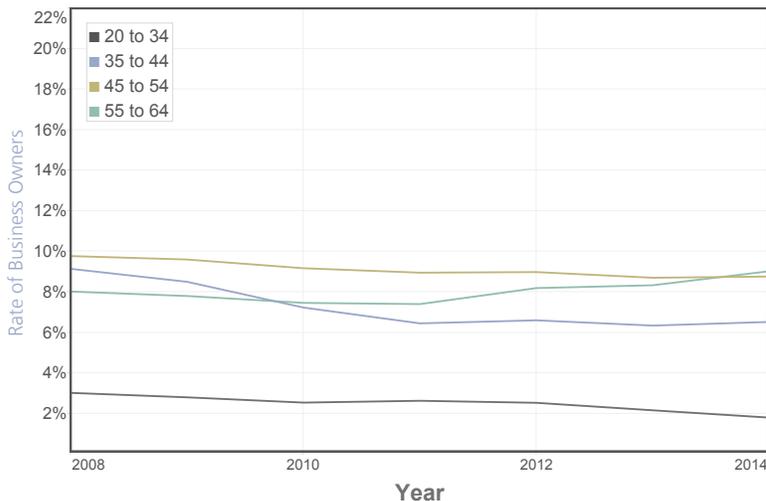
Race



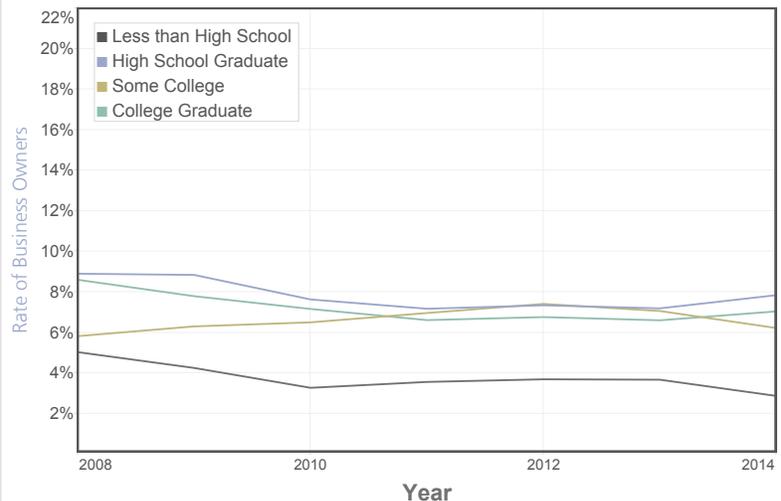
Nativity



Age



Education



Main Street Rank

2015	2014
2	5

Providence

Metro: Providence-New Bedford-Fall River | State: Rhode Island-Massachusetts

Metro Profile

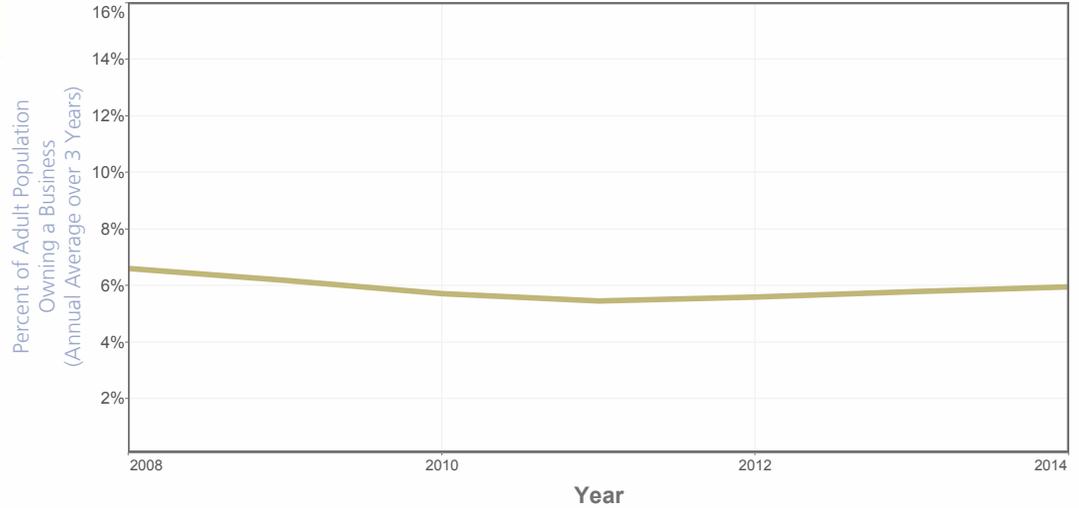
Rate of Business Owners

2015 Component	2014 Component
5.96%	5.79%

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



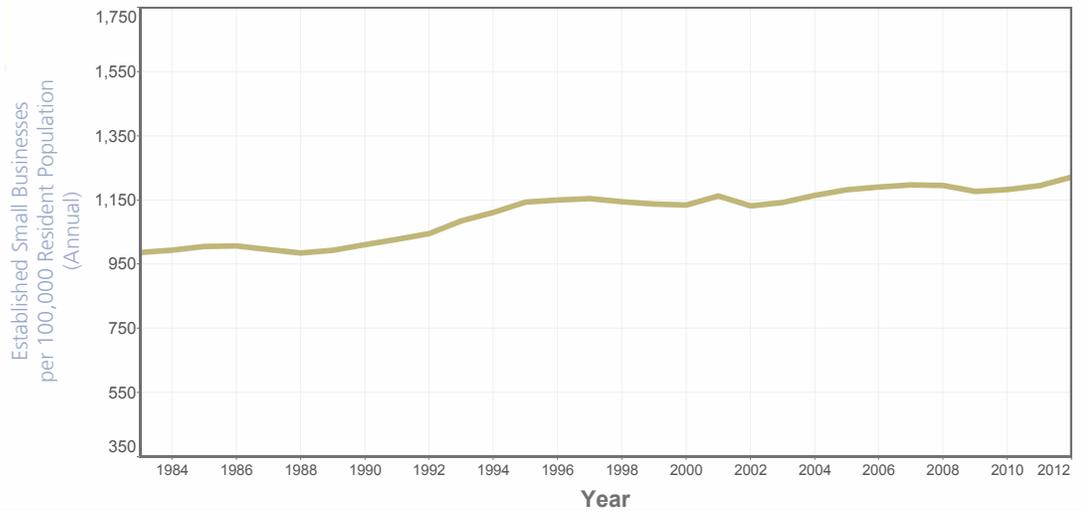
Established Small Business Density

2015 Component	2014 Component
1,222.1	1,195.4

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

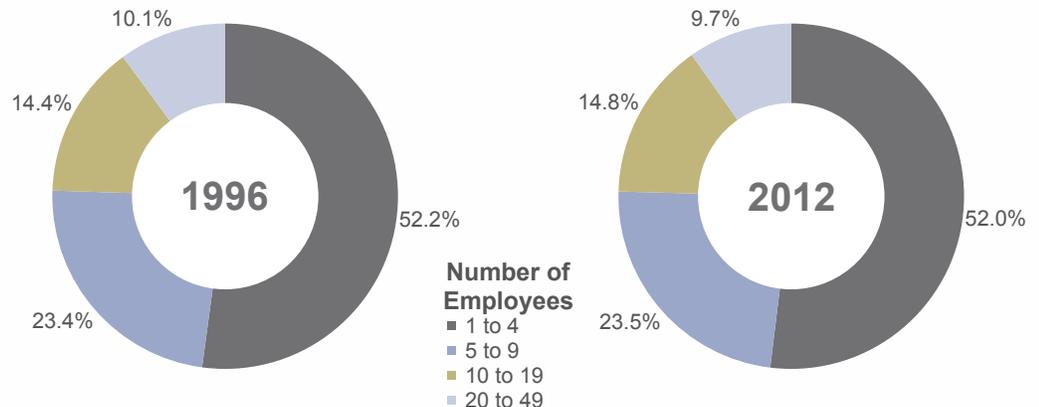


Composition of Established Small Businesses

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



Providence

Metro: Providence-New Bedford-Fall River | State: Rhode Island-Massachusetts

Business Owner Demographics

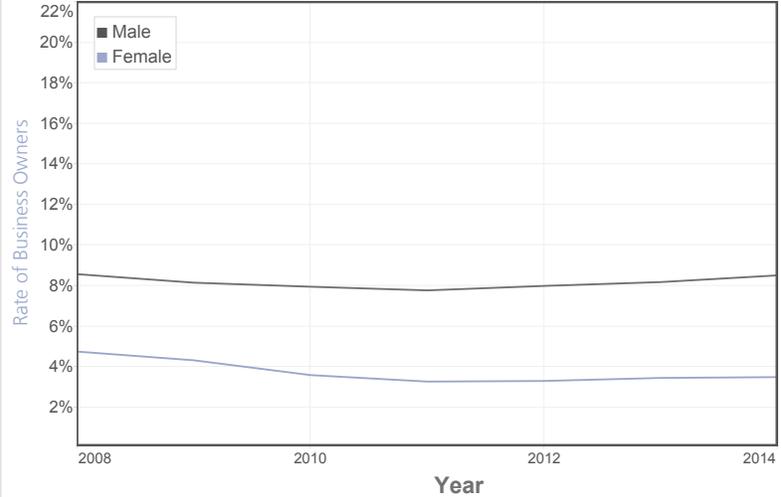
Rate of Business Owners by Demographic Group

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.

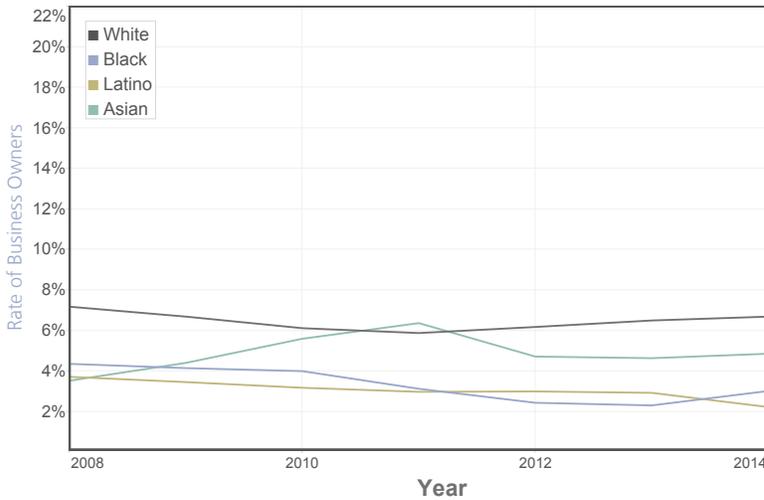
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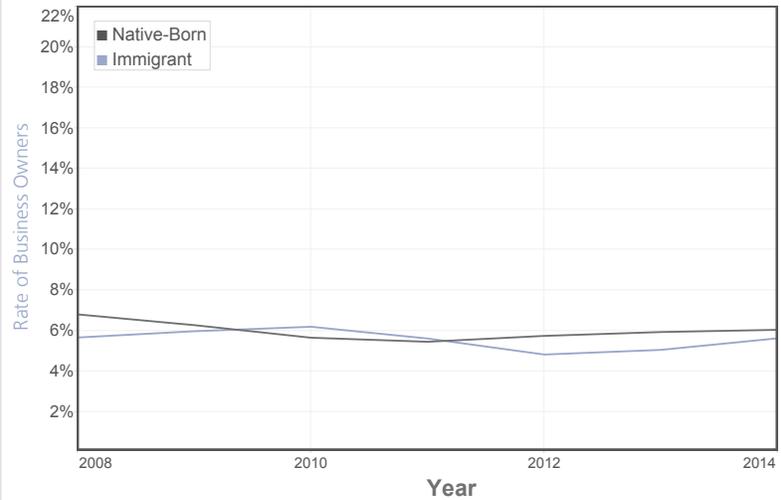
Gender



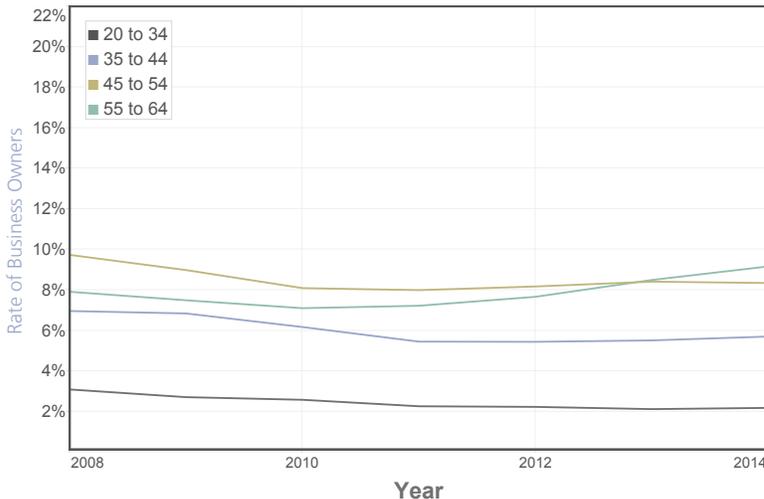
Race



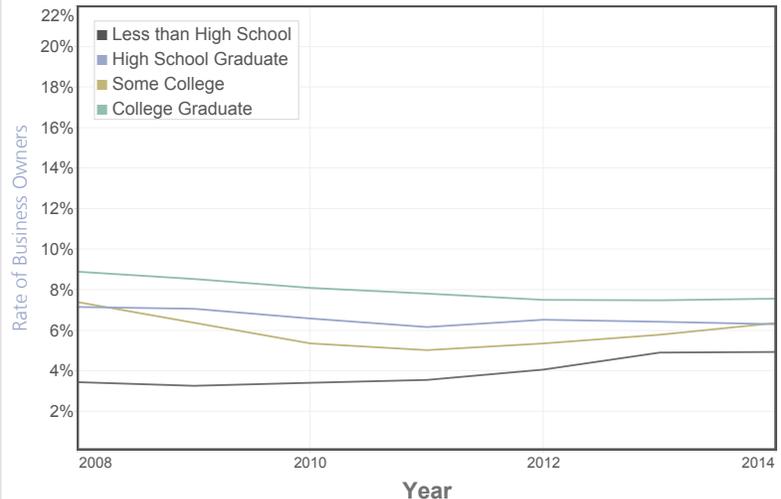
Nativity



Age



Education



Main Street Rank

2015	2014
4	3

San Francisco

Metro: San Francisco-Oakland-Fremont | State: California

Metro Profile

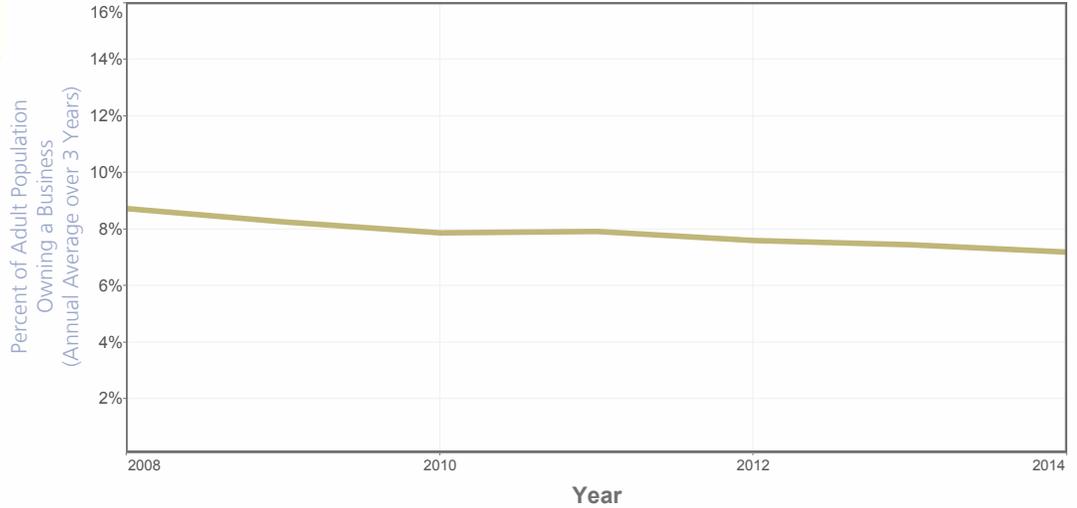
Rate of Business Owners

2015 Component	2014 Component
7.19%	7.45%

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



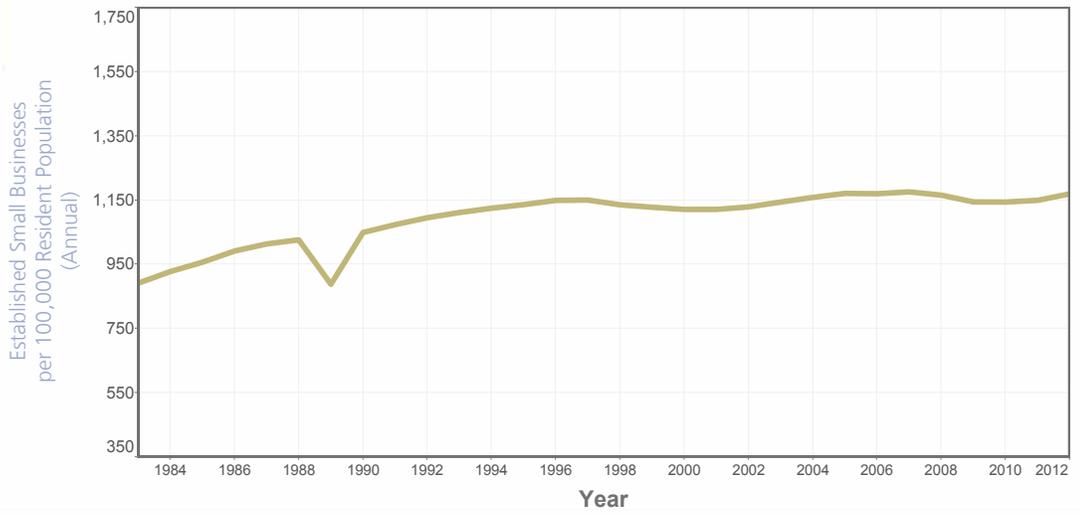
Established Small Business Density

2015 Component	2014 Component
1,169.8	1,149.7

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

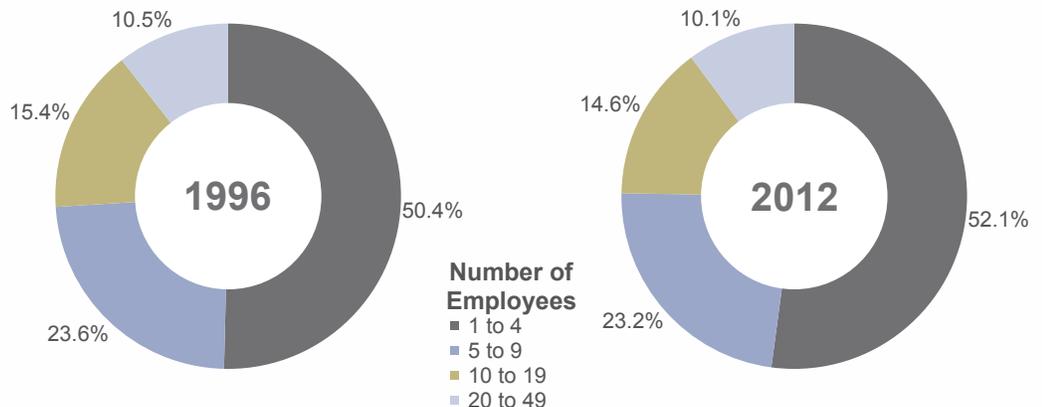


Composition of Established Small Businesses

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



San Francisco

Metro: San Francisco-Oakland-Fremont | State: California

Business Owner Demographics

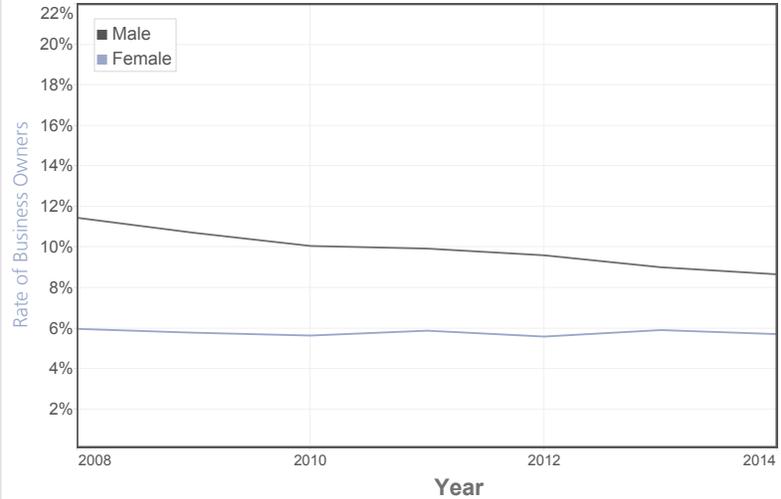
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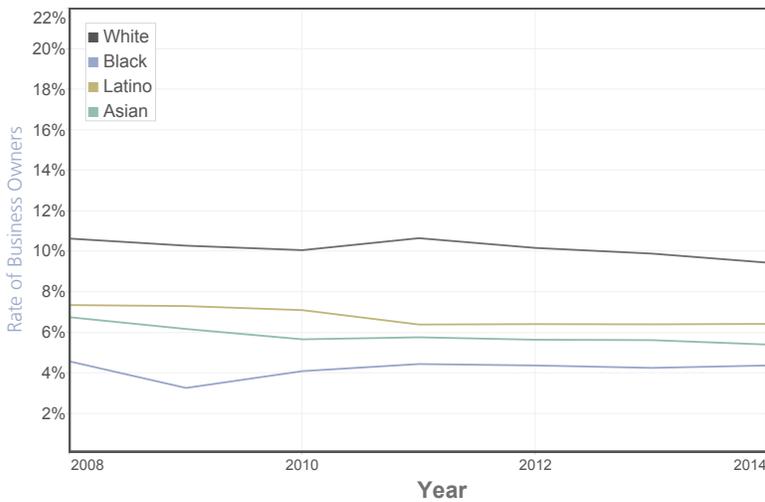
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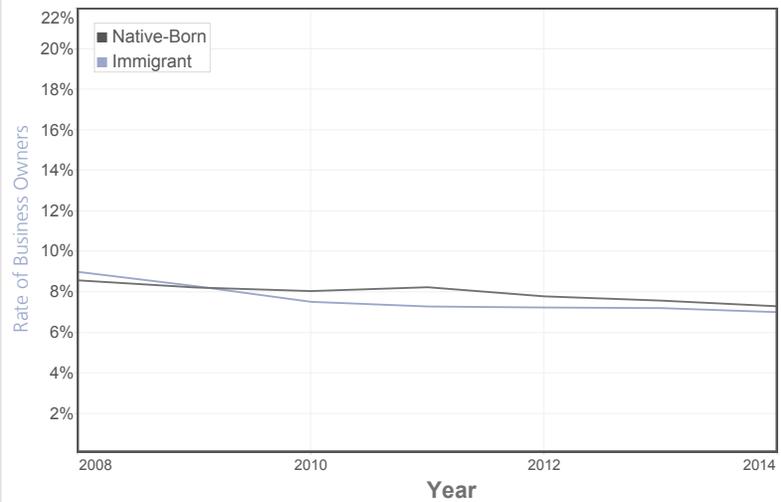
Gender



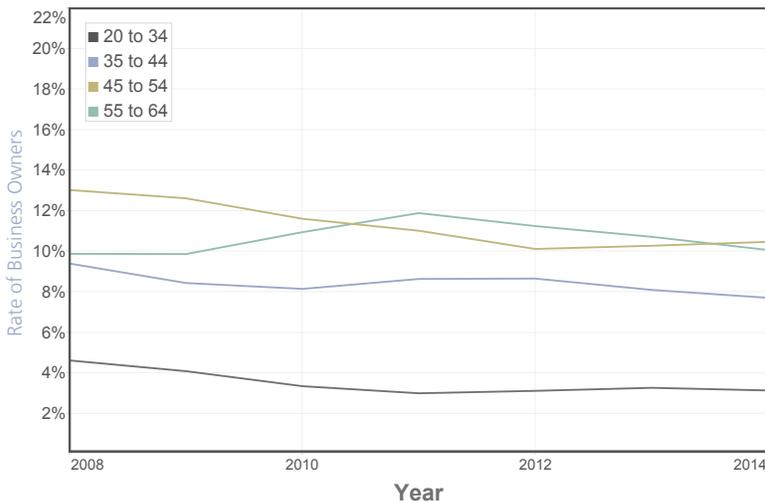
Race



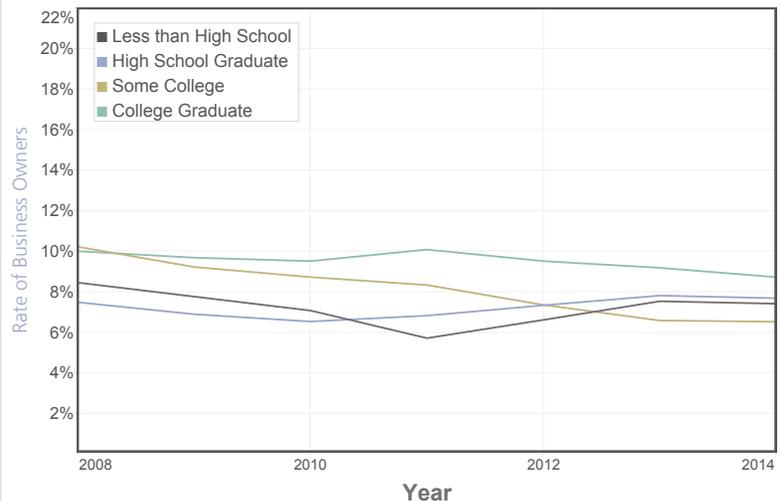
Nativity



Age



Education



Main Street Rank

2015	2014
5	4

Portland

Metro: Portland-Vancouver-Hillsboro | State: Oregon-Washington

Metro Profile

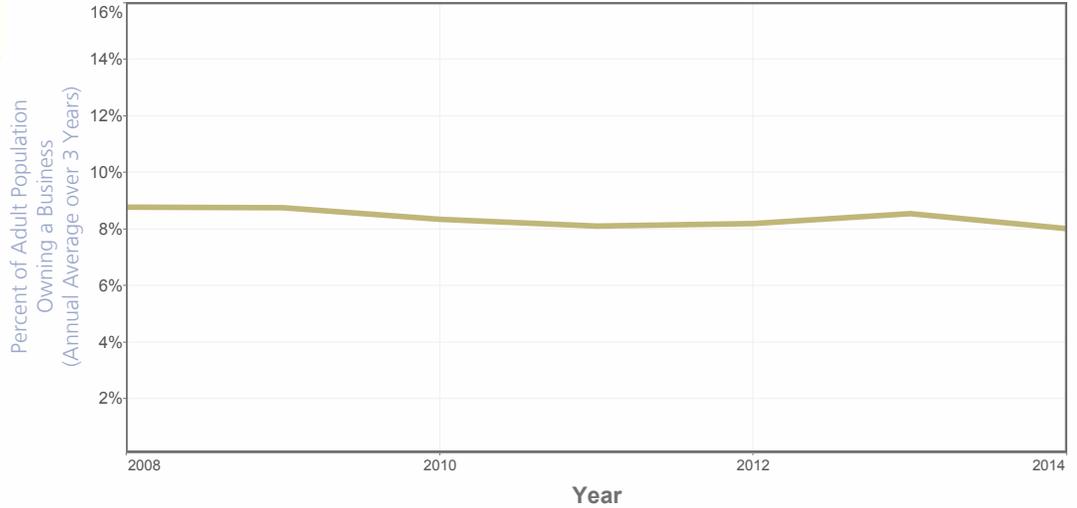
Rate of Business Owners

2015 Component	2014 Component
8.02%	8.55%

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



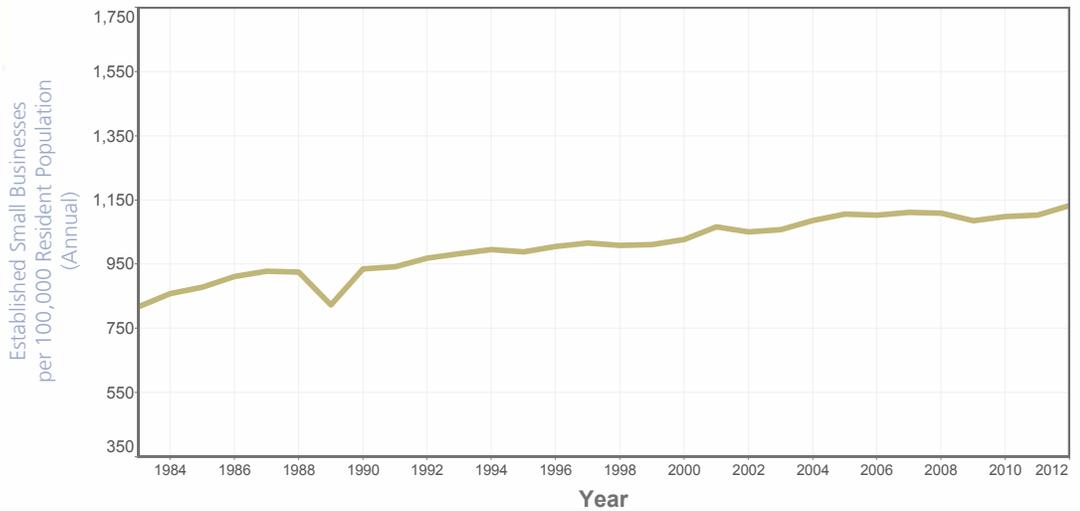
Established Small Business Density

2015 Component	2014 Component
1,133.5	1,103.7

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

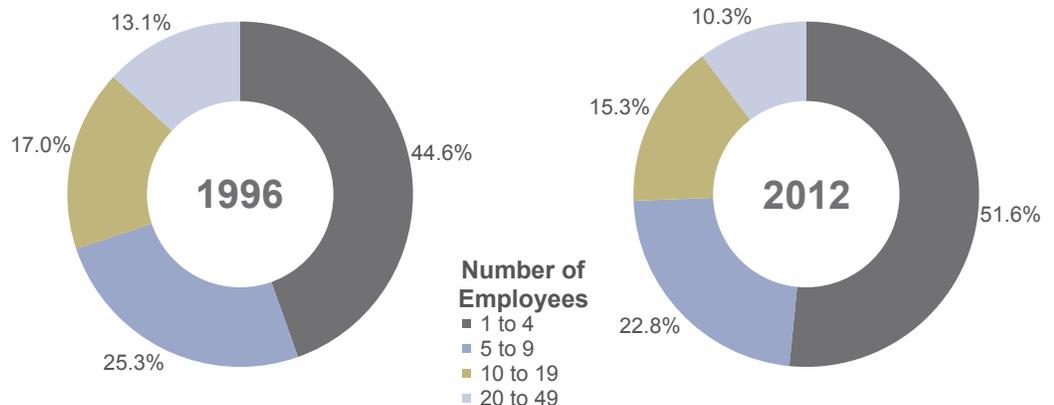


Composition of Established Small Businesses

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



Portland

Metro: Portland-Vancouver-Hillsboro | State: Oregon-Washington

Business Owner Demographics

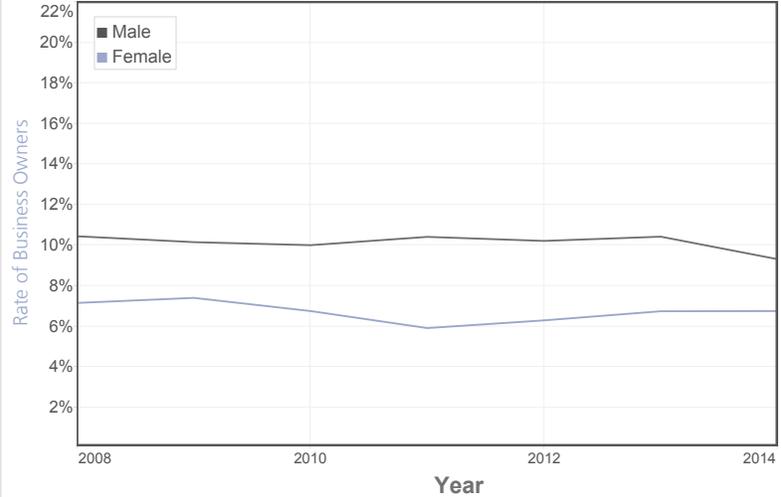
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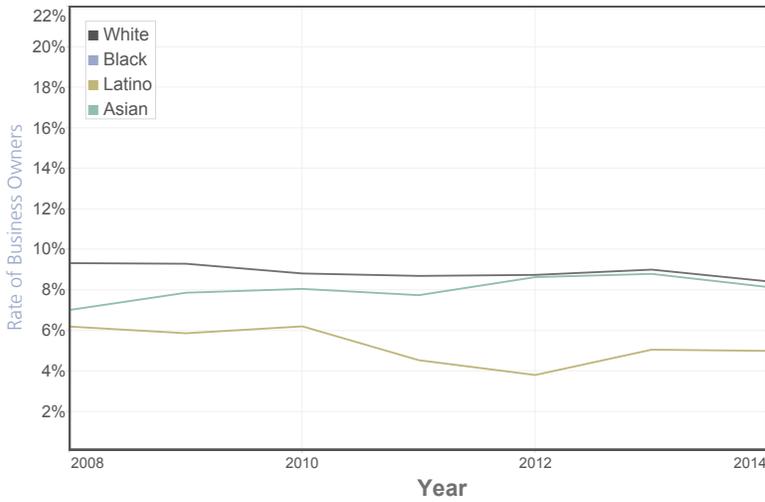
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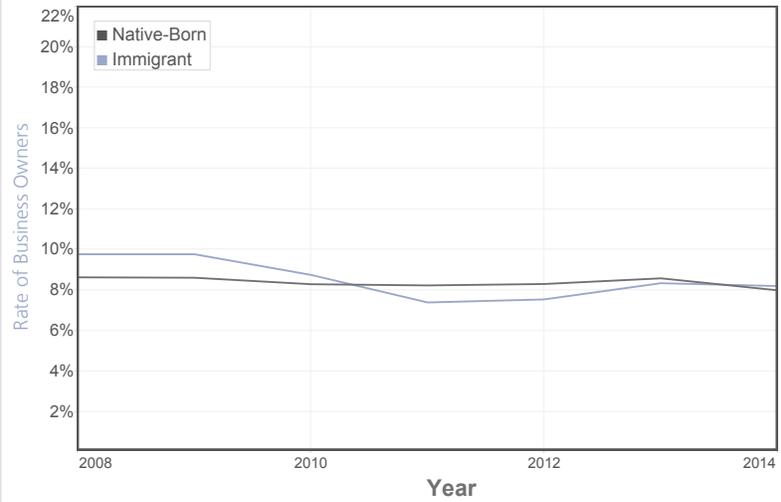
Gender



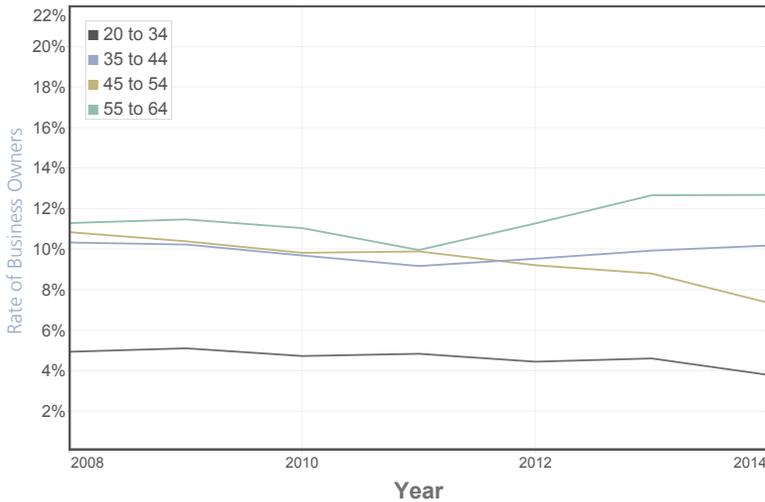
Race



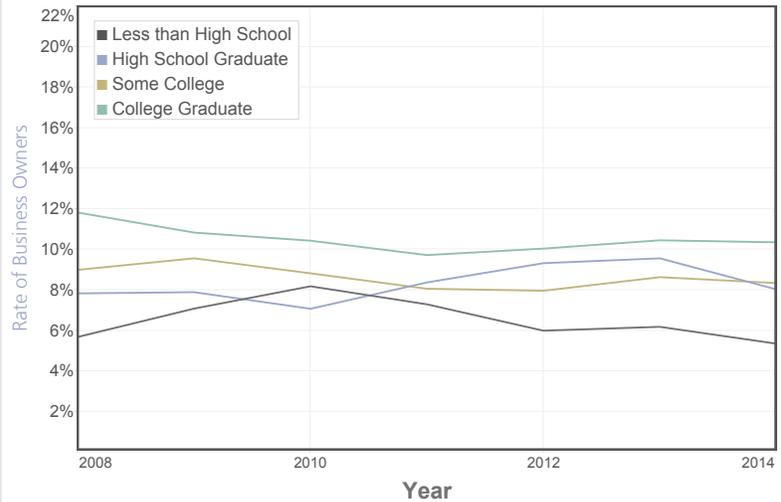
Nativity



Age



Education



Main Street Rank

2015	2014
6	6

Miami

Metro: Miami-Fort Lauderdale-Pompano Beach | State: Florida

Metro Profile

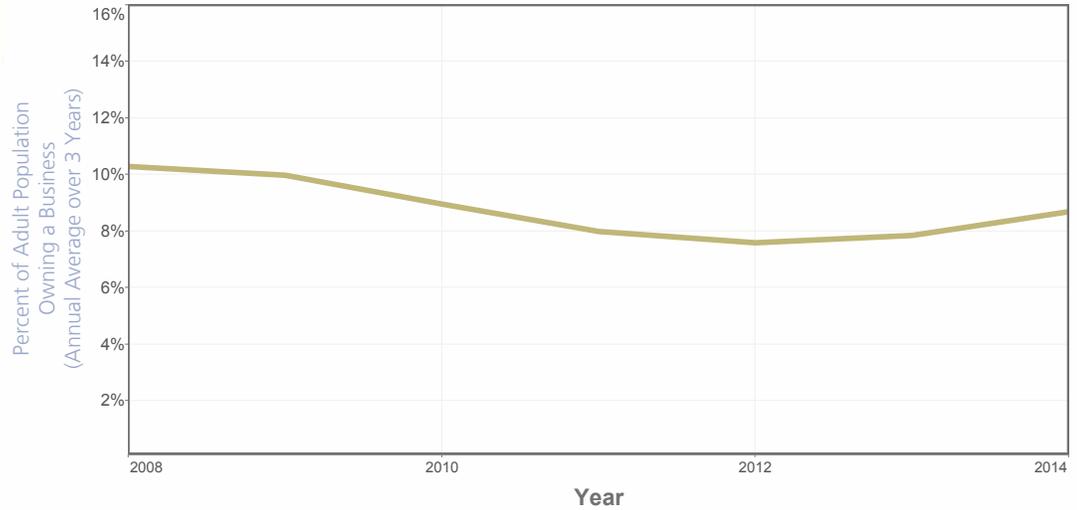
Rate of Business Owners

2015 Component	2014 Component
8.69%	7.85%

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



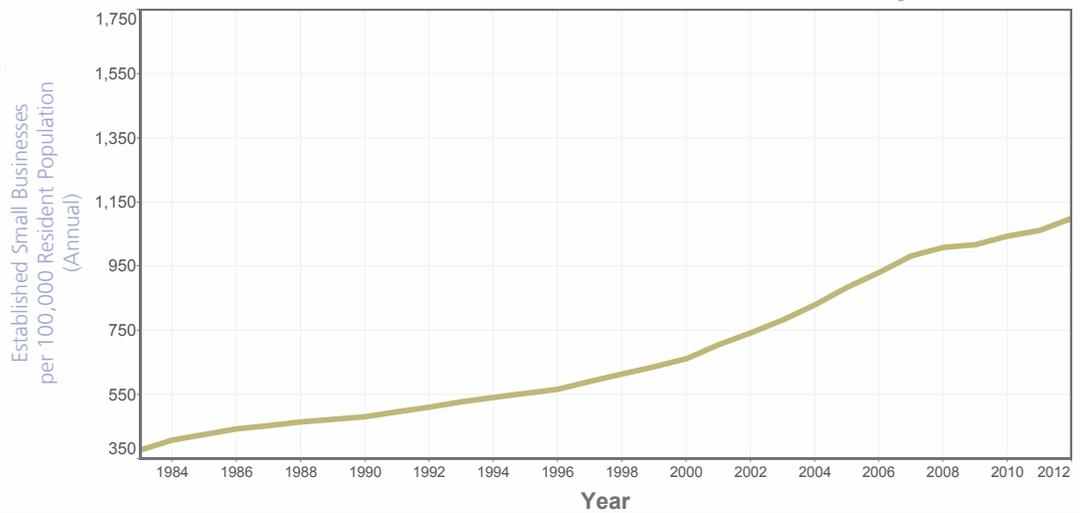
Established Small Business Density

2015 Component	2014 Component
1,099.9	1,062.1

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

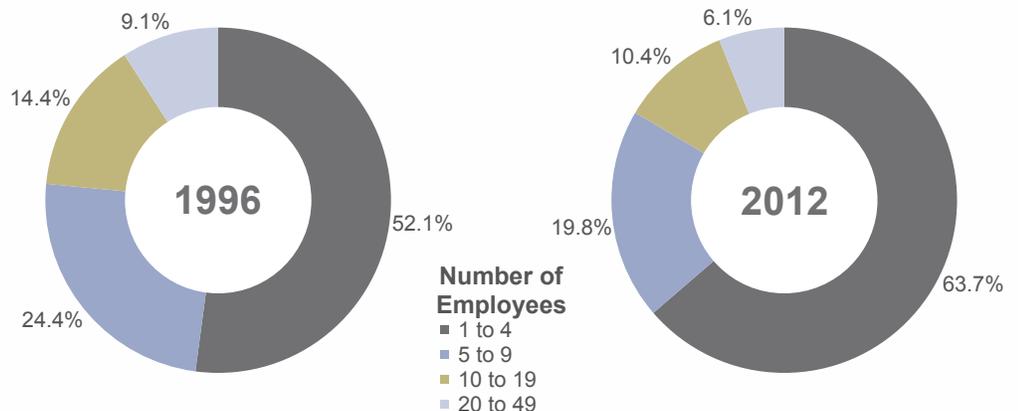


Composition of Established Small Businesses

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



Miami

Metro: Miami-Fort Lauderdale-Pompano Beach | State: Florida

Business Owner Demographics

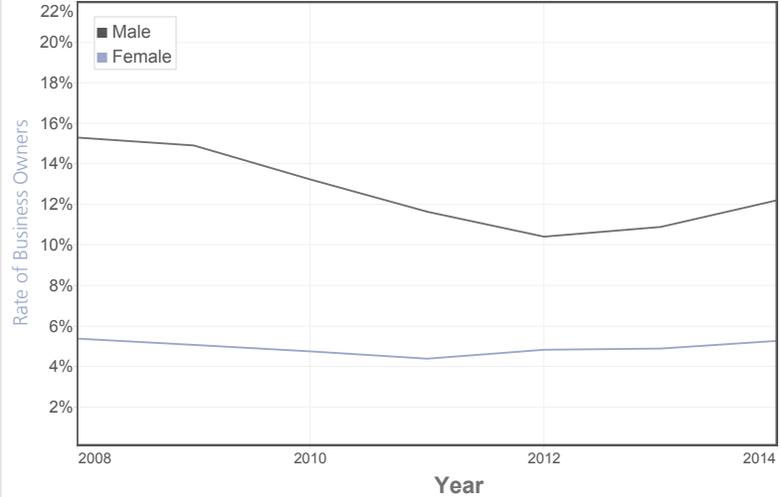
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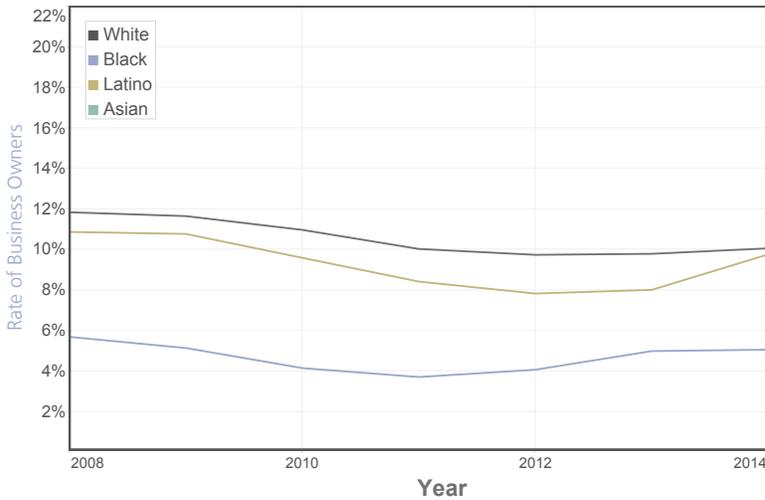
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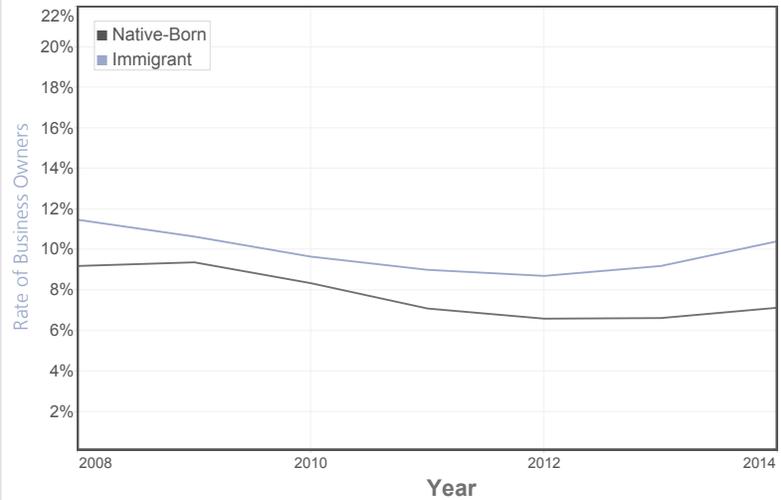
Gender



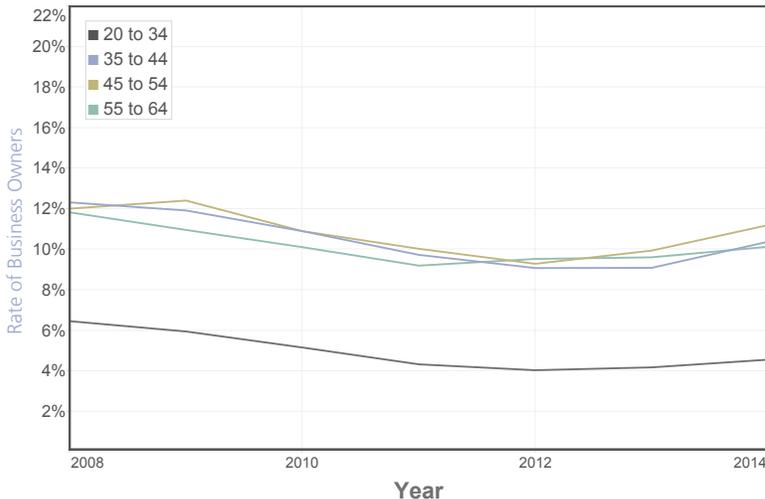
Race



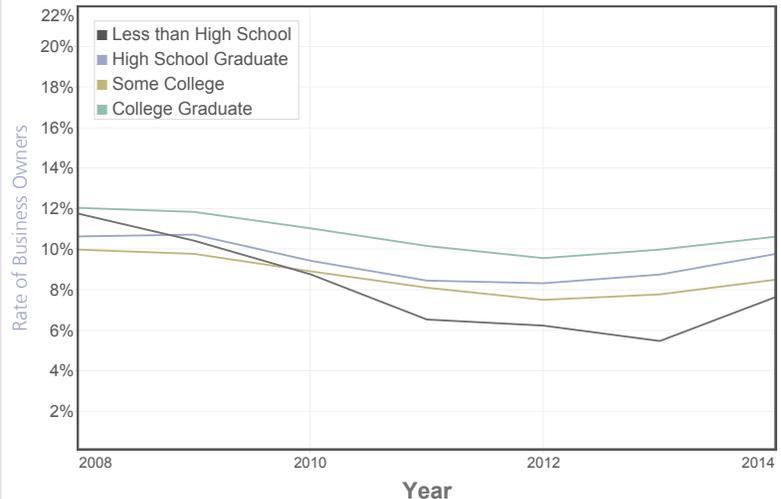
Nativity



Age



Education



Main Street Rank

2015	2014
7	8

Los Angeles

Metro: Los Angeles-Long Beach-Santa Ana | State: California

Metro Profile

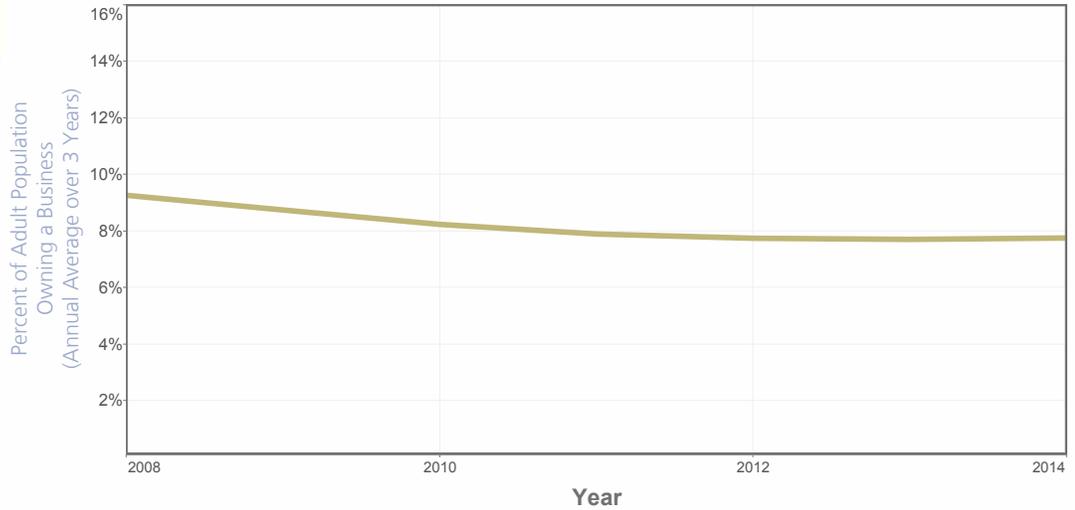
Rate of Business Owners

2015 Component	2014 Component
7.76%	7.71%

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



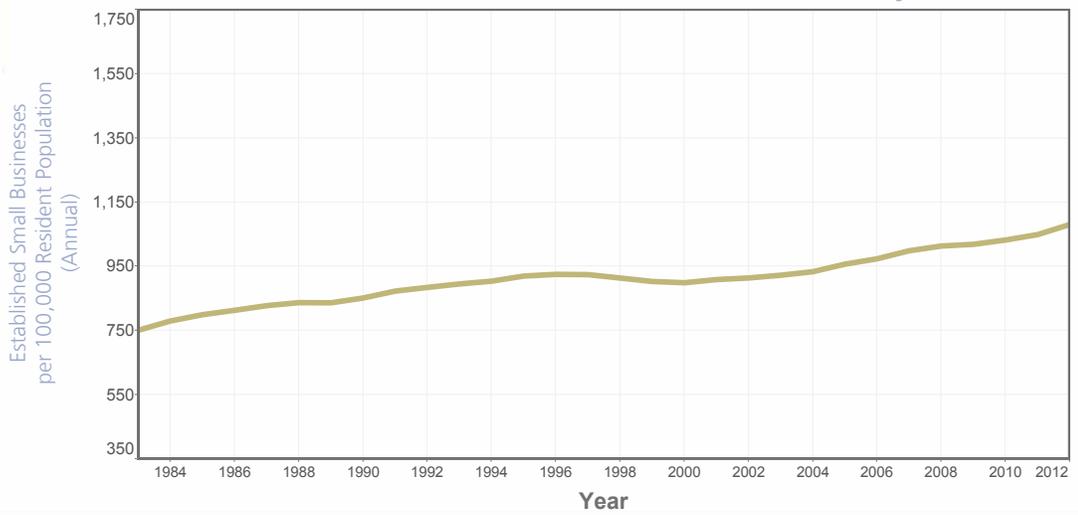
Established Small Business Density

2015 Component	2014 Component
1,080.5	1,049.1

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

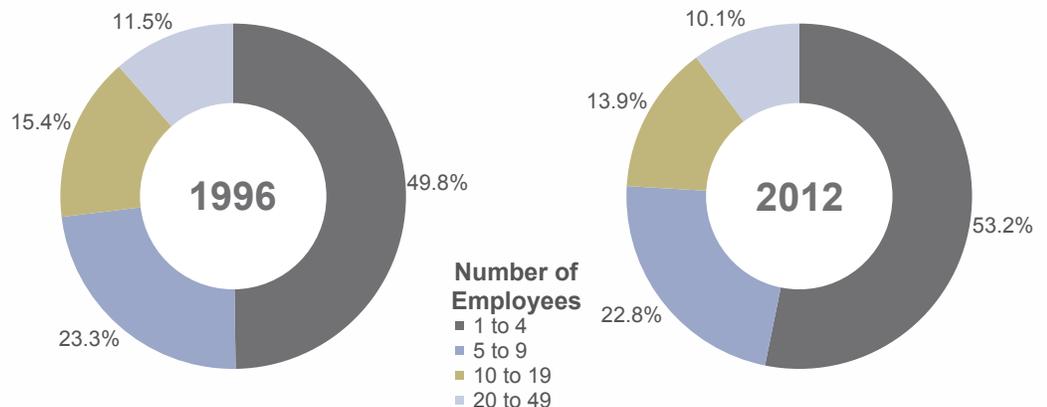


Composition of Established Small Businesses

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



Los Angeles

Metro: Los Angeles-Long Beach-Santa Ana | State: California

Business Owner Demographics

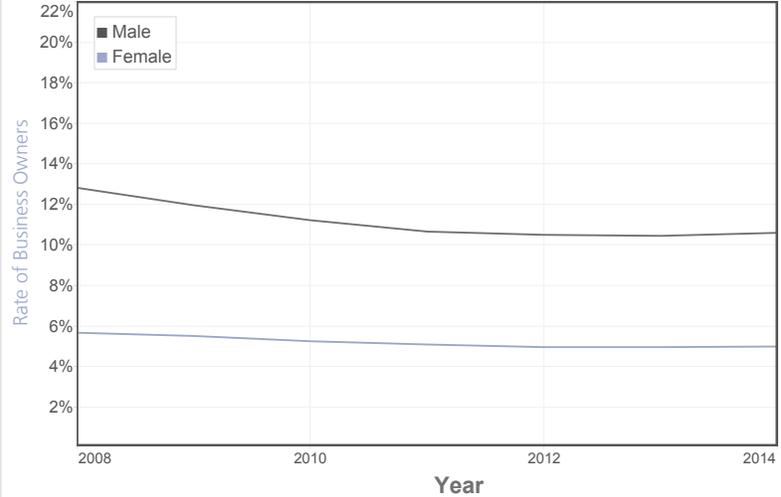
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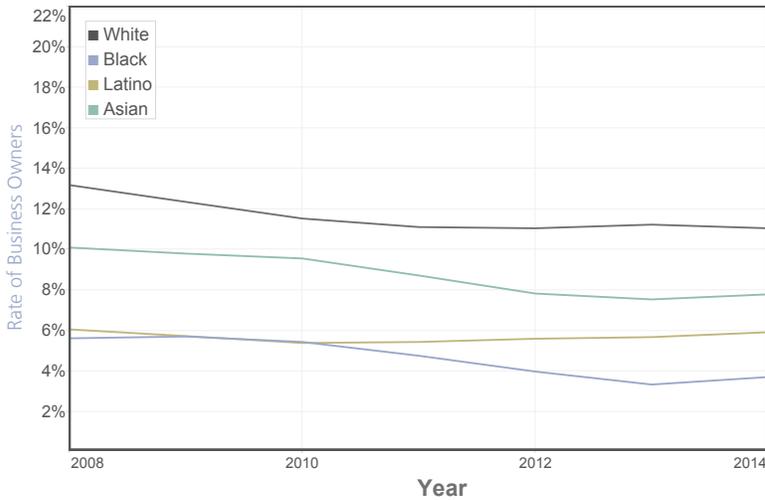
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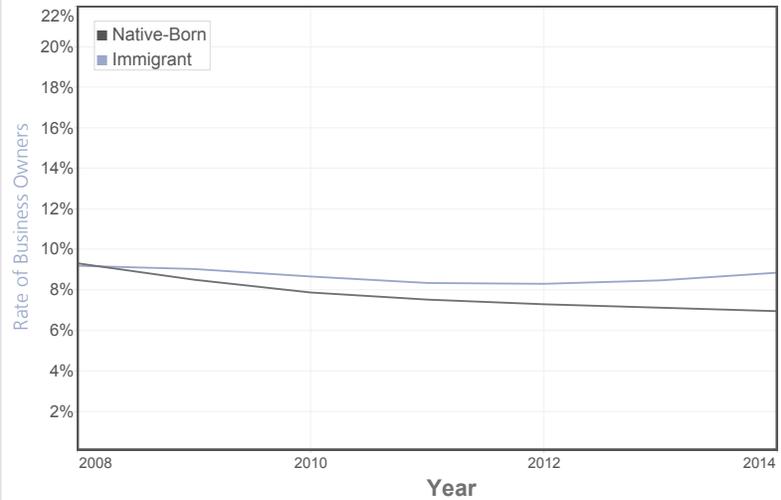
Gender



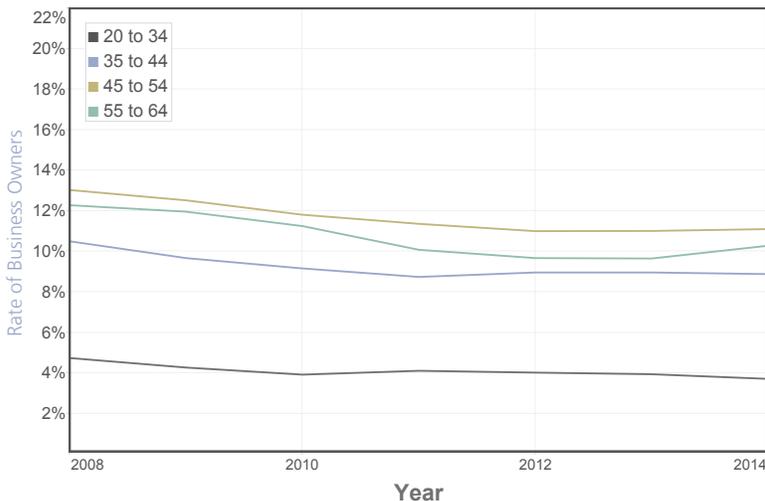
Race



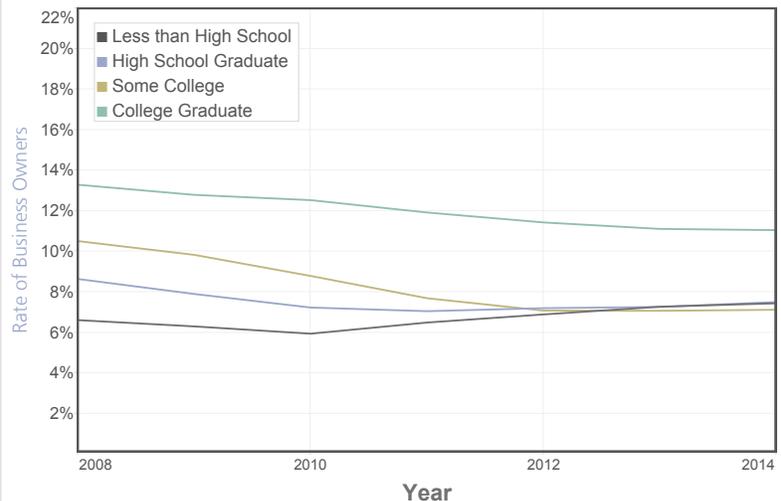
Nativity



Age



Education



Main Street Rank

2015	2014
8	7

Pittsburgh

Metro: Pittsburgh | State: Pennsylvania

Metro Profile

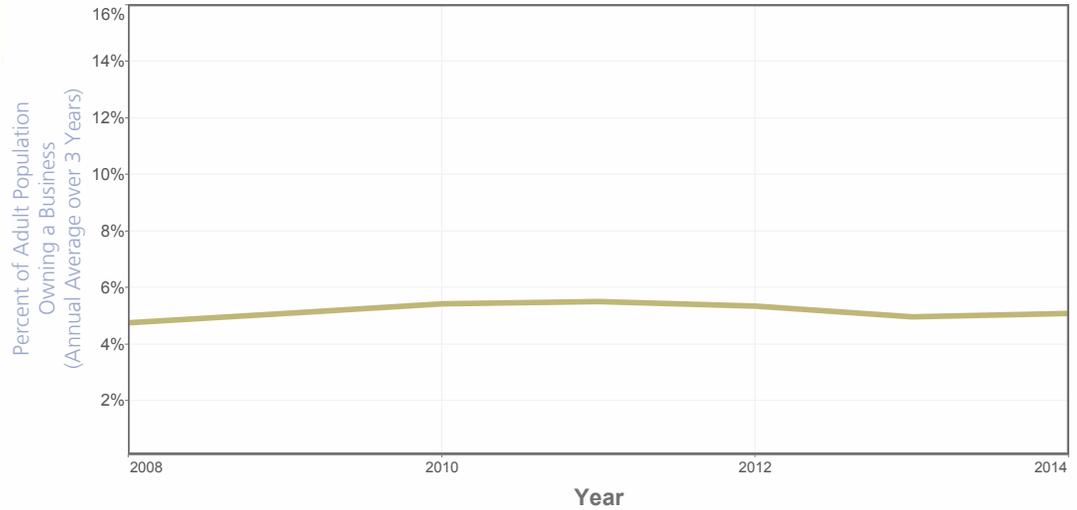
Rate of Business Owners

2015 Component	2014 Component
5.09%	4.97%

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



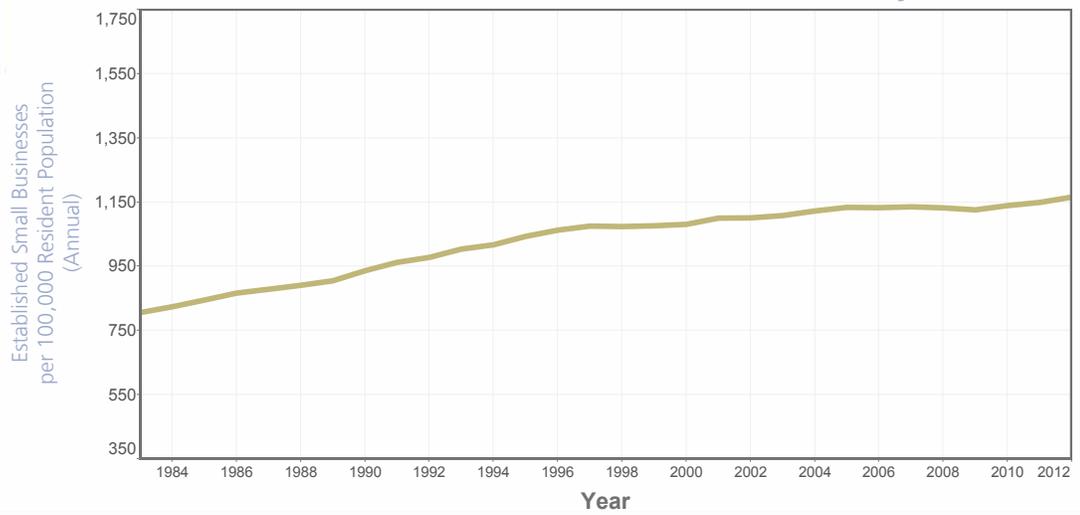
Established Small Business Density

2015 Component	2014 Component
1,165.8	1,149.3

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

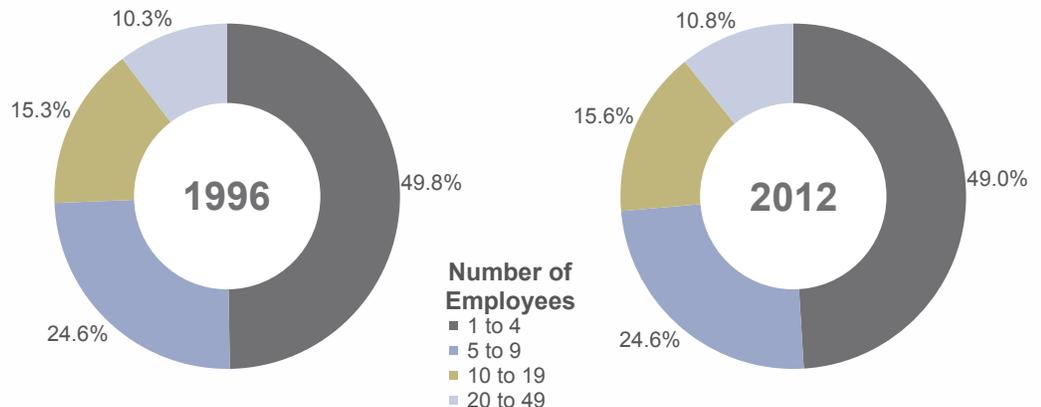


Composition of Established Small Businesses

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



Pittsburgh

Metro: Pittsburgh | State: Pennsylvania

Business Owner Demographics

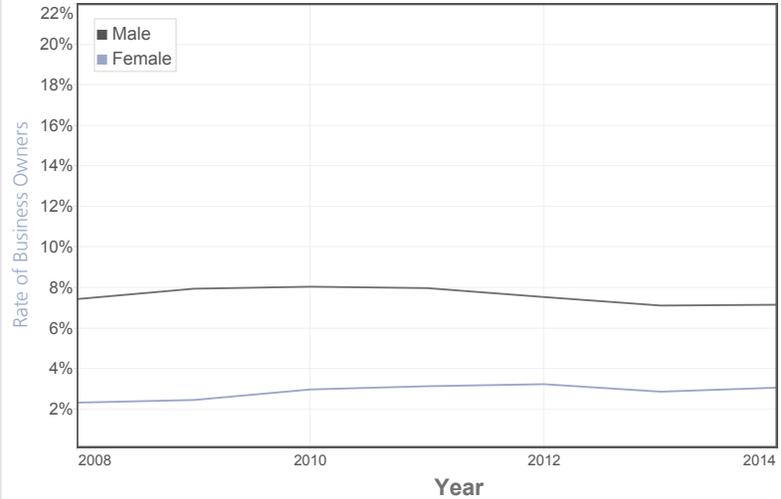
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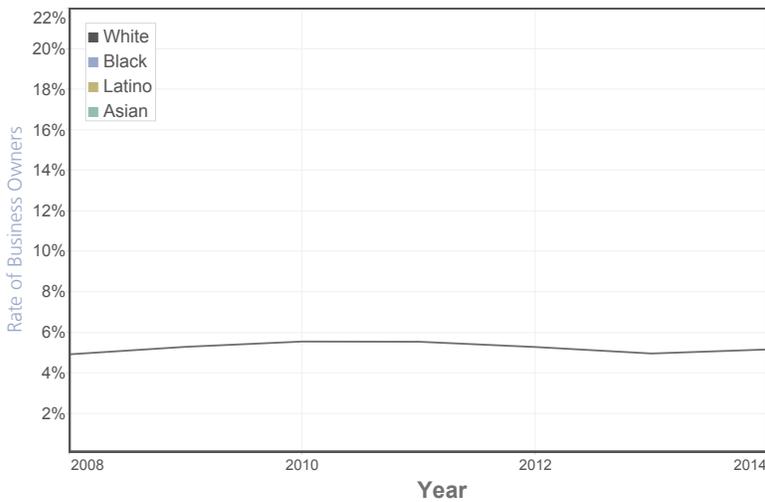
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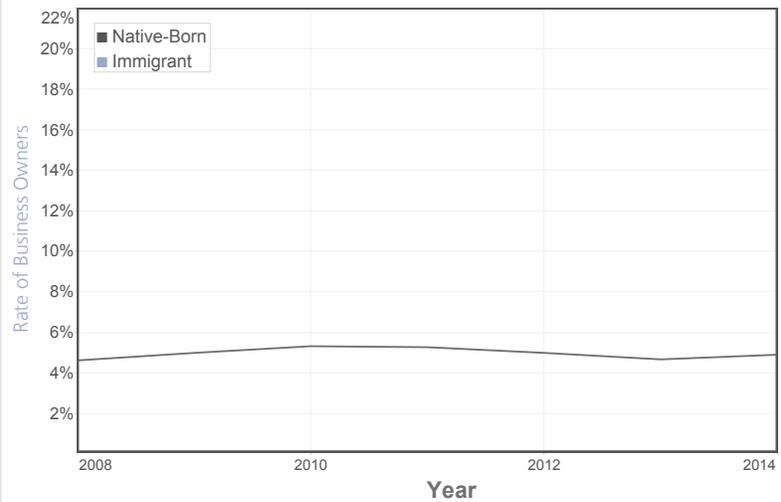
Gender



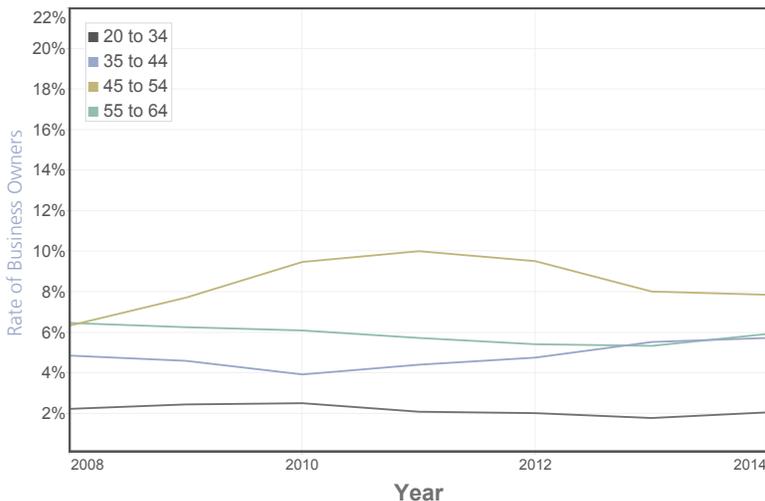
Race



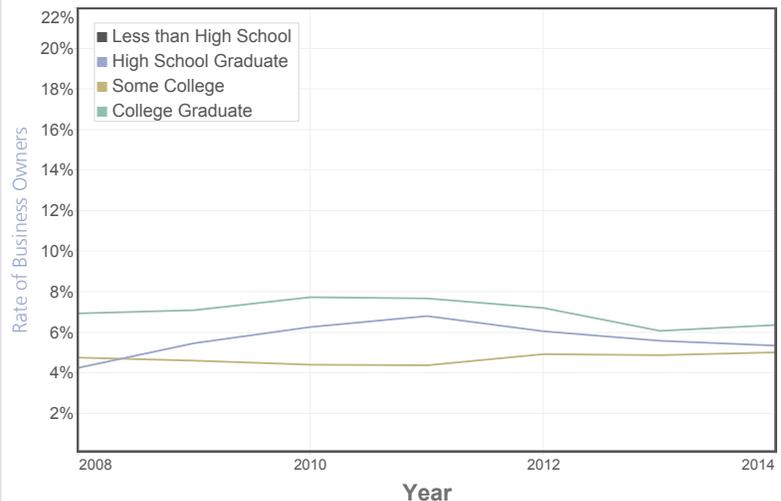
Nativity



Age



Education



Main Street Rank

2015	2014
9	10

Minneapolis

Metro: Minneapolis-St. Paul-Bloomington | State: Minnesota-Wisconsin

Metro Profile

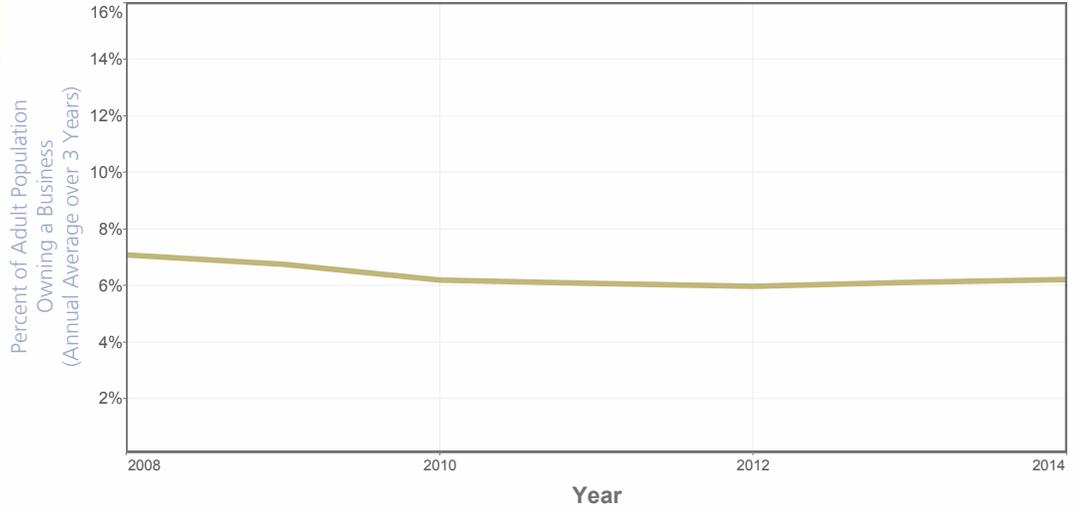
Rate of Business Owners

2015 Component	2014 Component
6.22%	6.12%

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



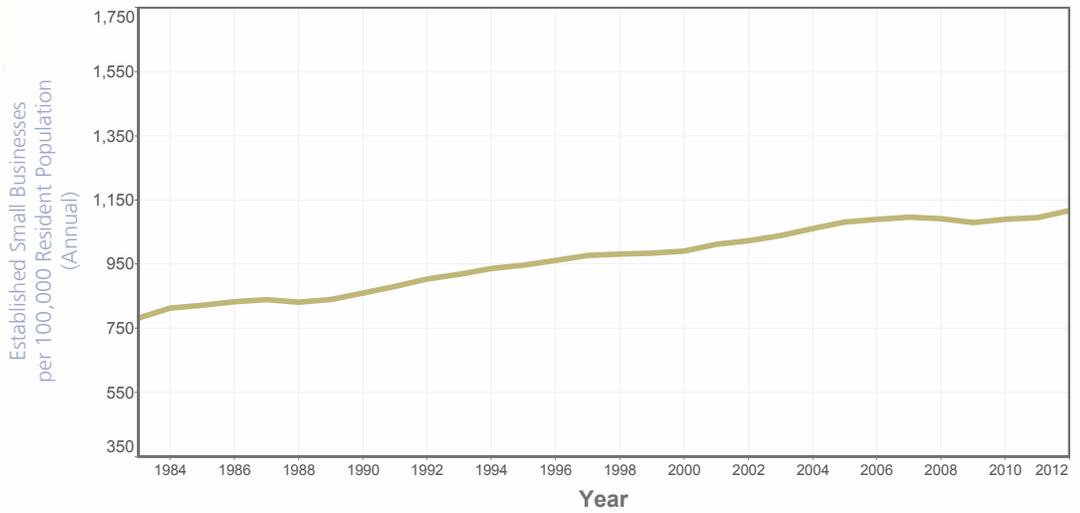
Established Small Business Density

2015 Component	2014 Component
1,118.0	1,095.7

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

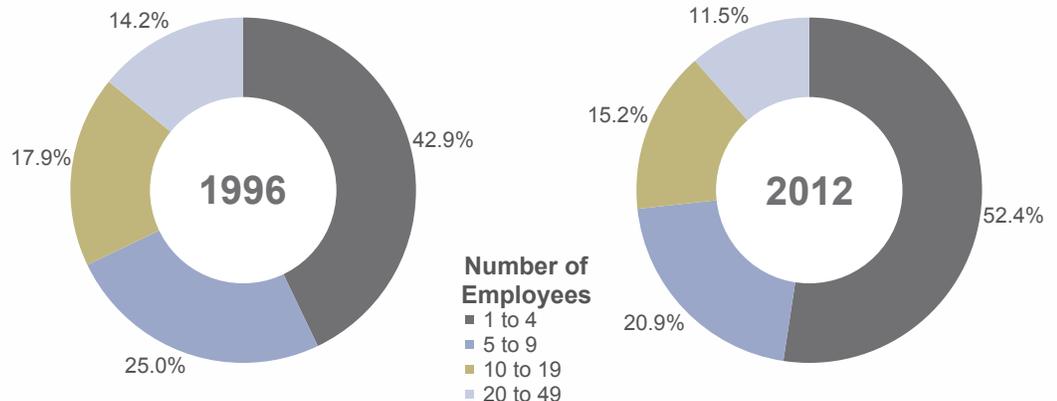


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Changes in the composition of established small businesses with percentage breakdowns by business size. Established small businesses are defined as employer businesses over the age of five with less than fifty employees.

Source: Author calculations from BDS.

Composition of Established Small Businesses



Minneapolis

Metro: Minneapolis-St. Paul-Bloomington | State: Minnesota-Wisconsin

Business Owner Demographics

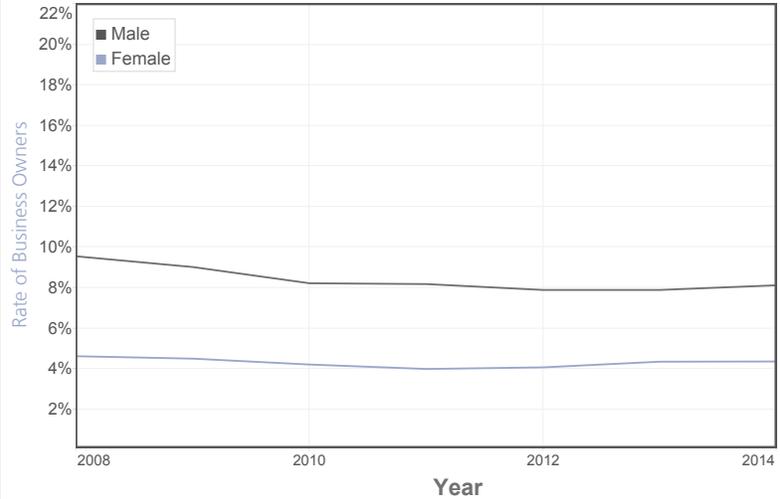
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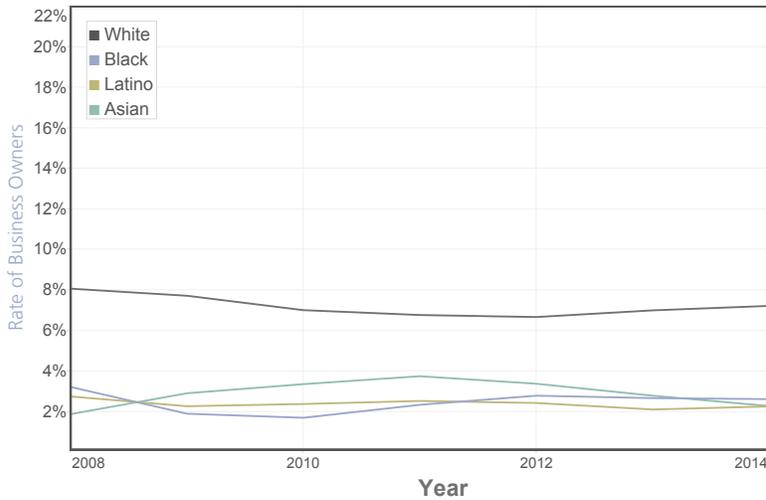
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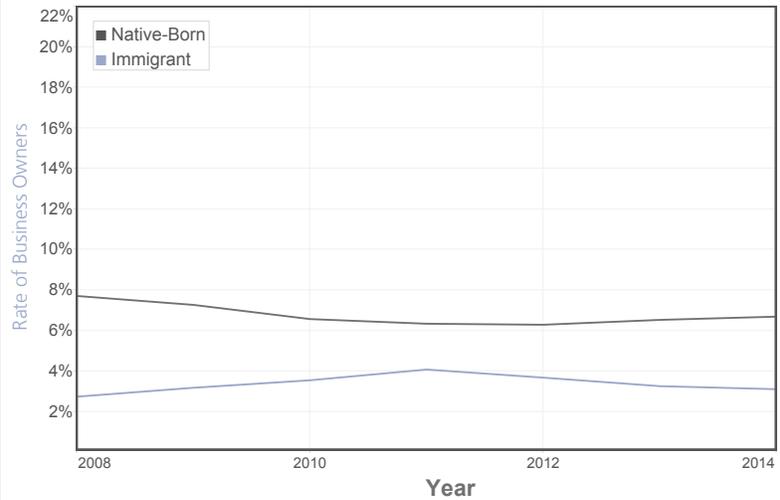
Gender



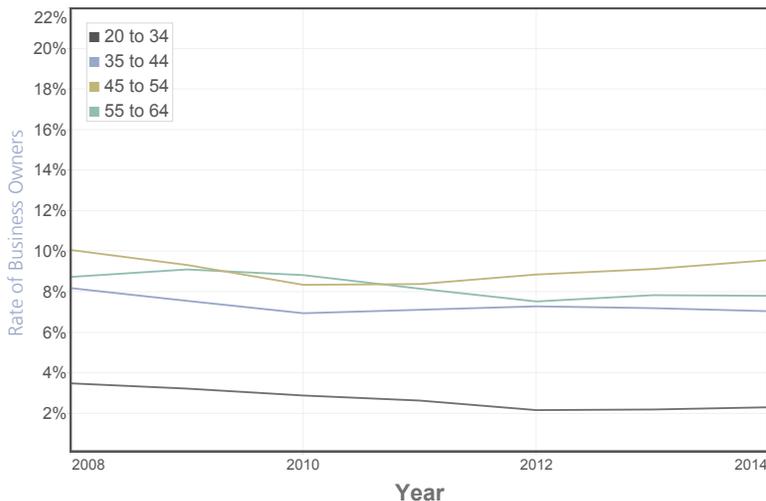
Race



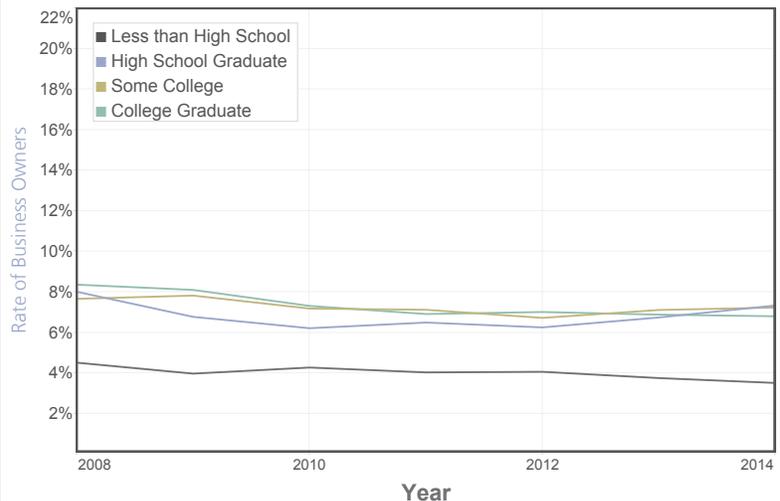
Nativity



Age



Education



Main Street Rank

2015	2014
10	9

Seattle

Metro: Seattle-Tacoma-Bellevue | State: Washington

Metro Profile

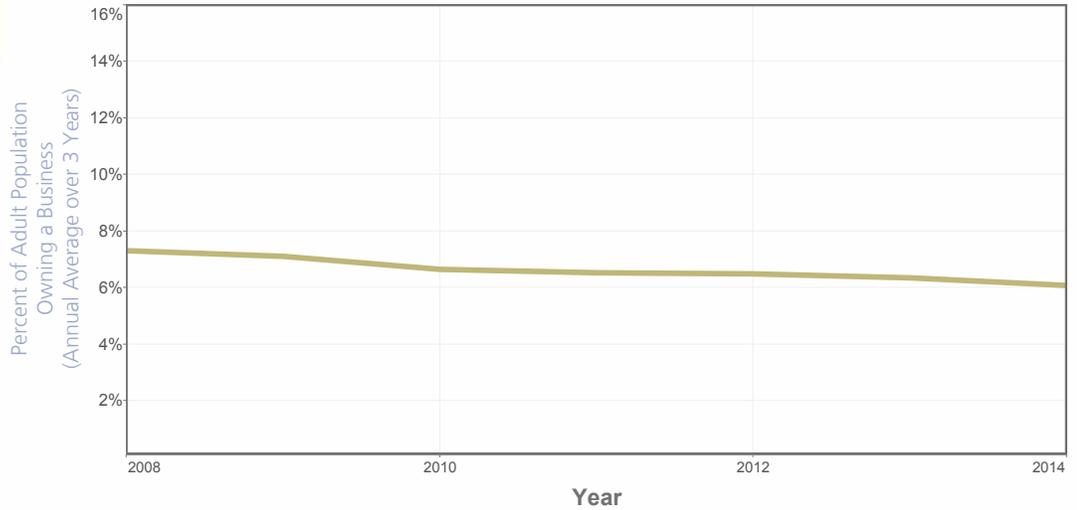
Rate of Business Owners

2015 Component	2014 Component
6.08%	6.35%

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



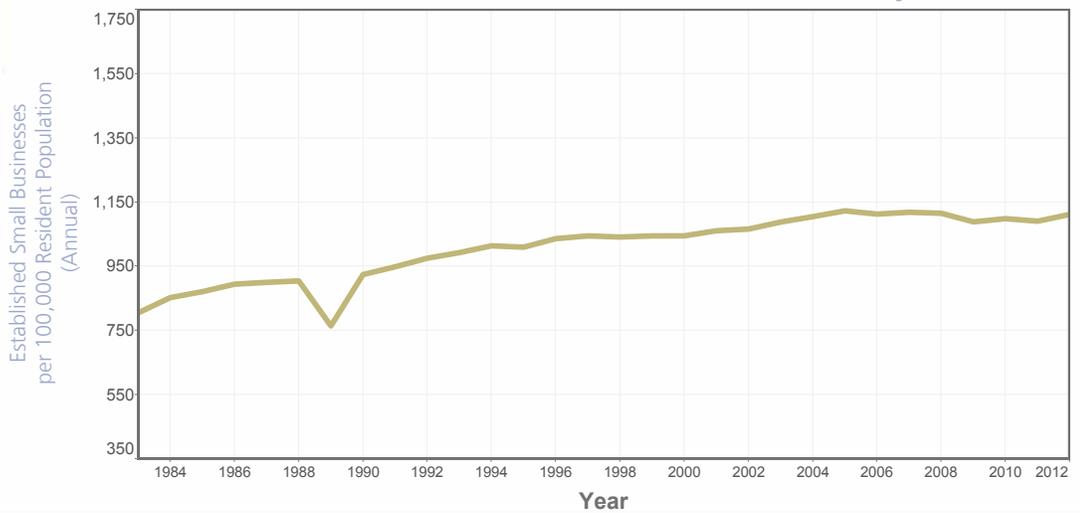
Established Small Business Density

2015 Component	2014 Component
1,112.0	1,090.9

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

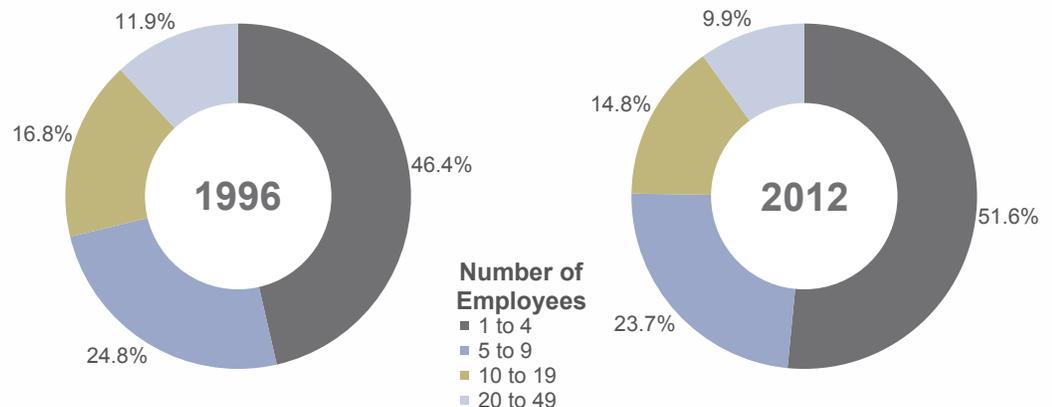


Composition of Established Small Businesses

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



Seattle

Metro: Seattle-Tacoma-Bellevue | State: Washington
Business Owner Demographics

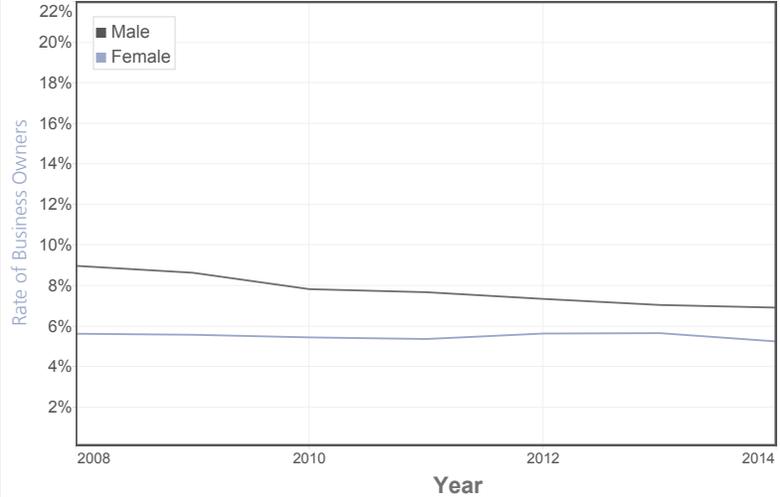
Rate of Business Owners by Demographic Group

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.

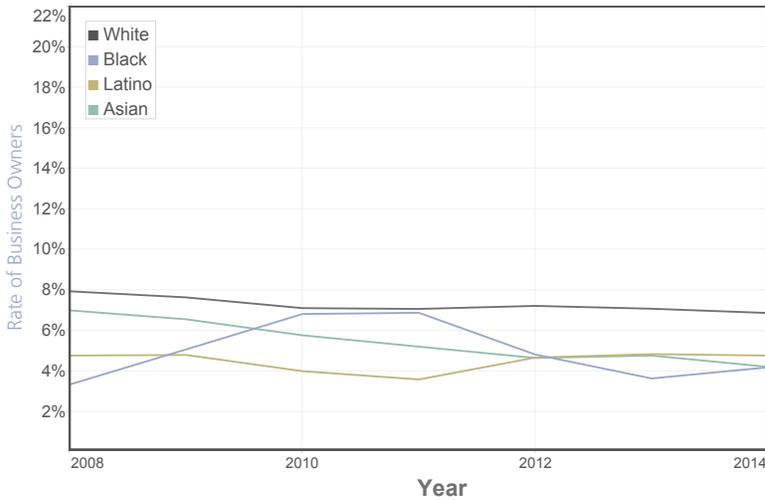
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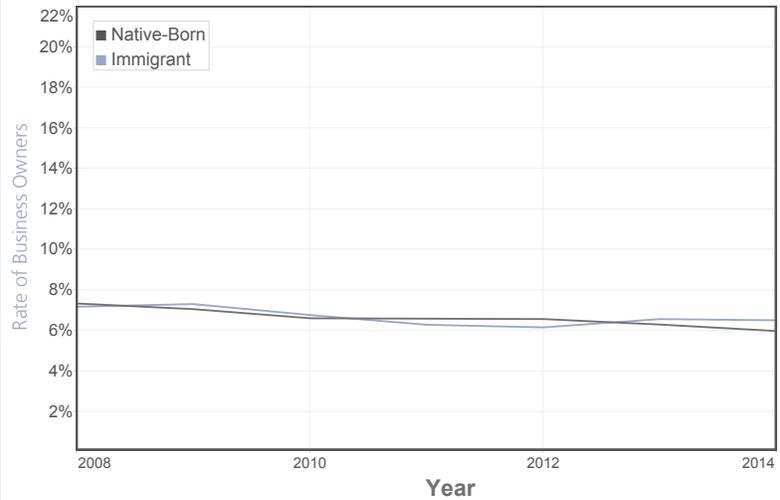
Gender



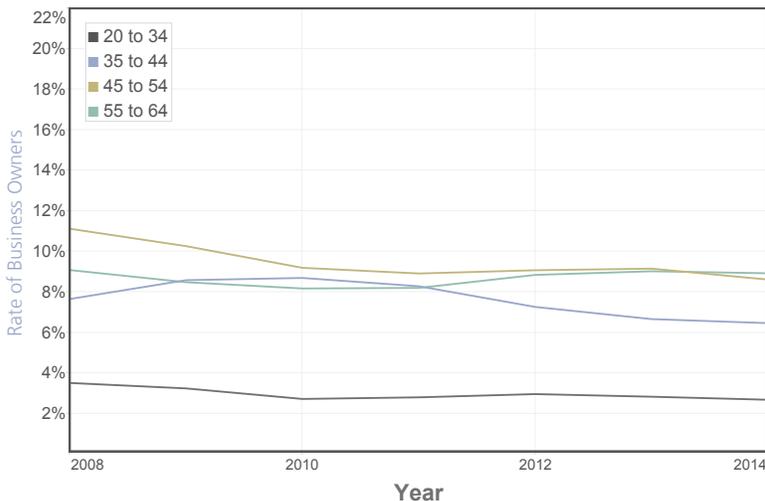
Race



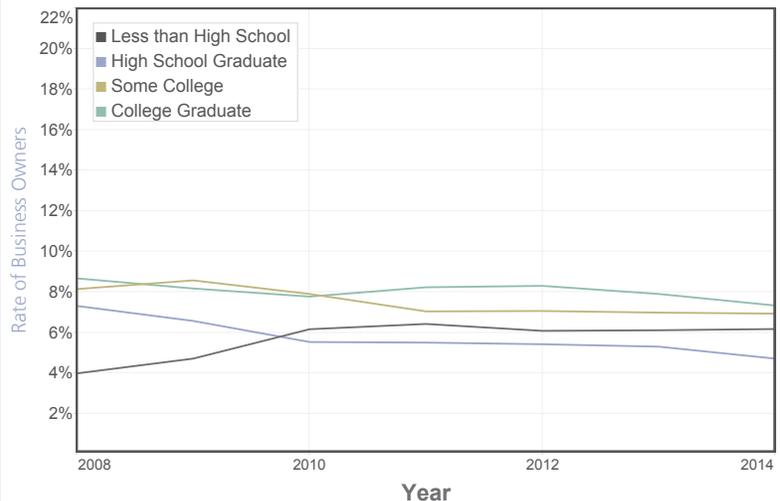
Nativity



Age



Education



Main Street Rank

2015	2014
11	11

Denver

Metro: Denver-Aurora-Broomfield | State: Colorado

Metro Profile

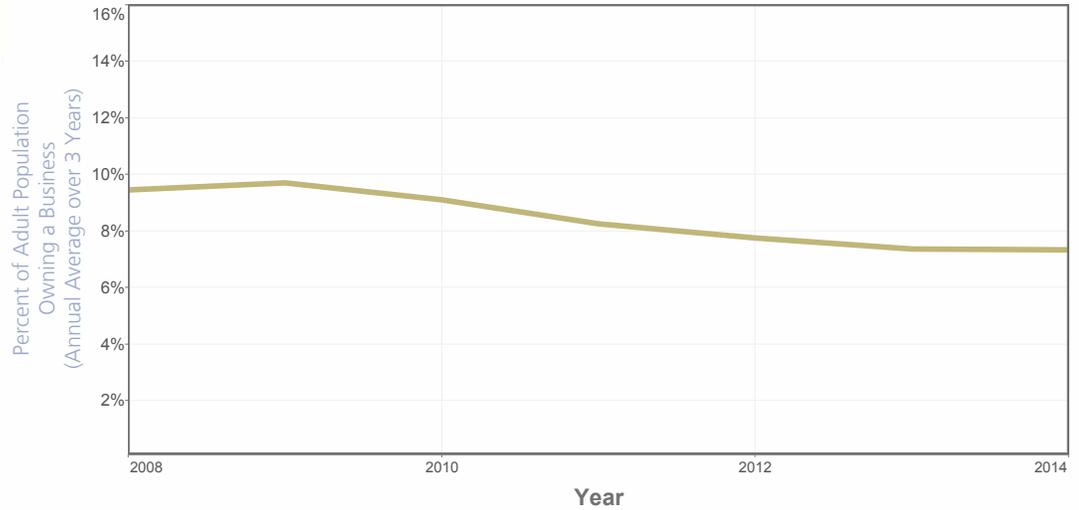
Rate of Business Owners

2015 Component	2014 Component
7.34%	7.37%

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



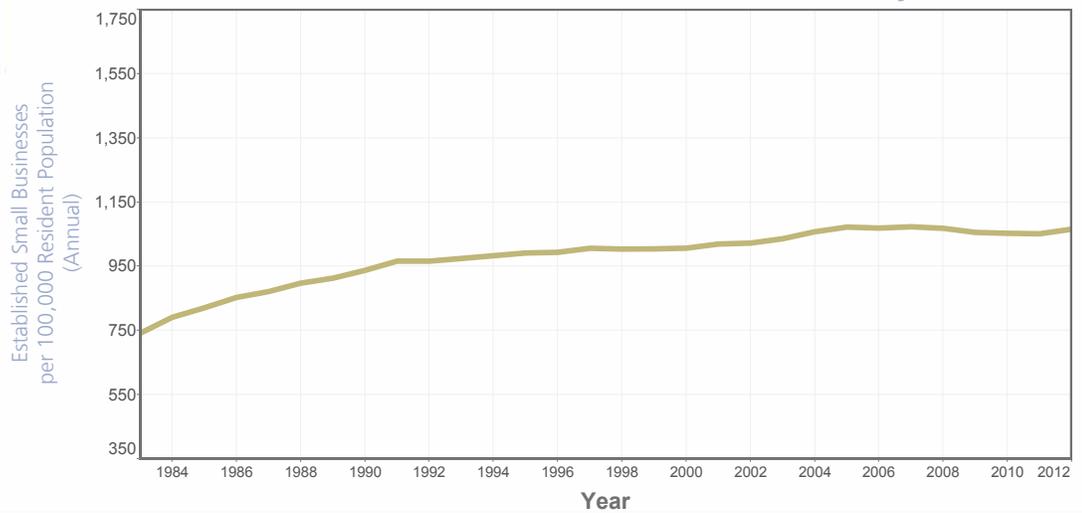
Established Small Business Density

2015 Component	2014 Component
1,066.0	1,051.6

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

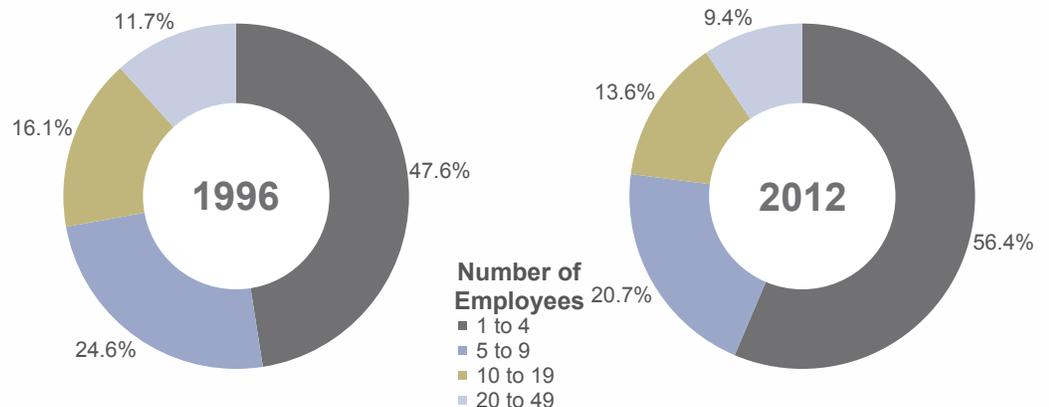


Composition of Established Small Businesses

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



Denver

Metro: Denver-Aurora-Broomfield | State: Colorado
 Business Owner Demographics

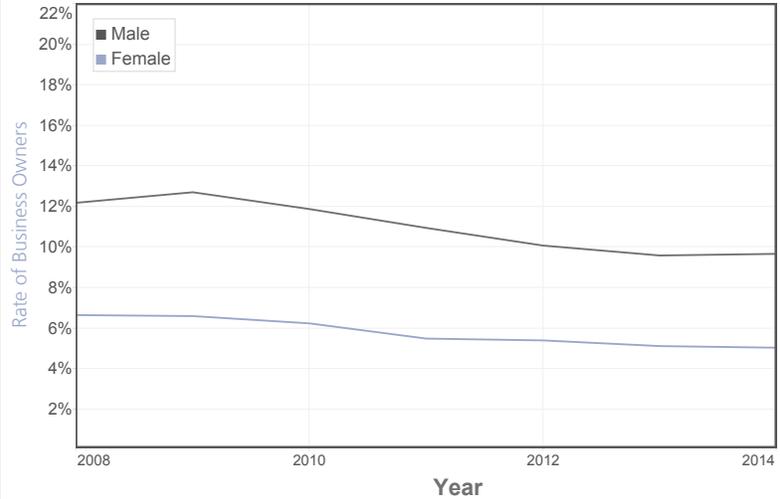
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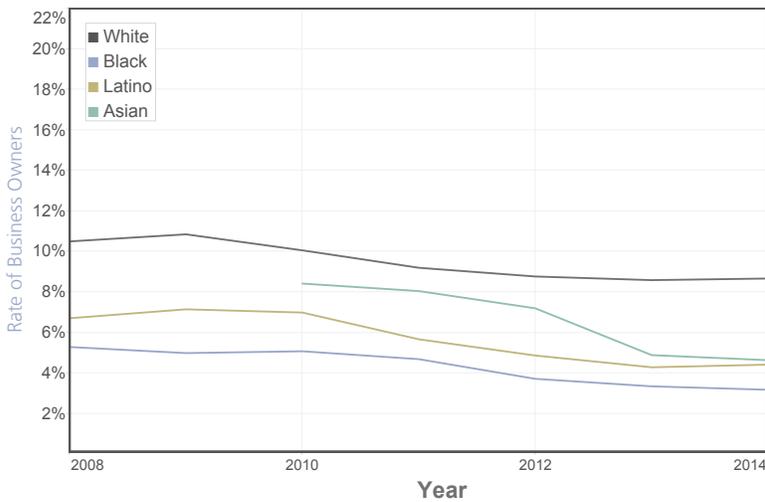
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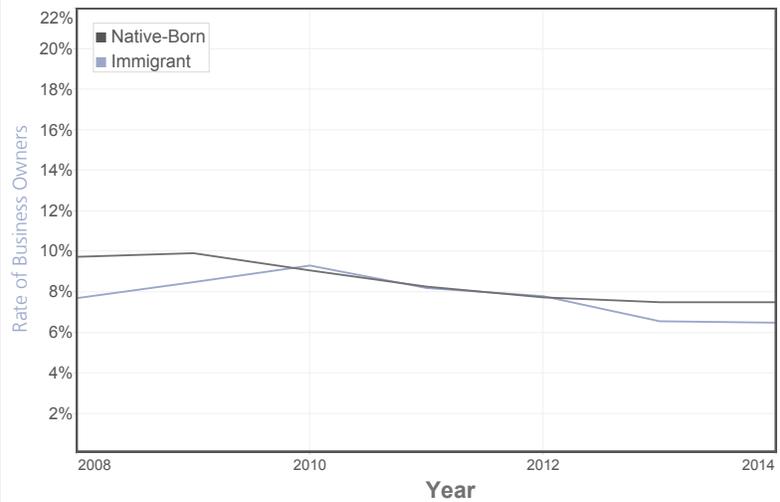
Gender



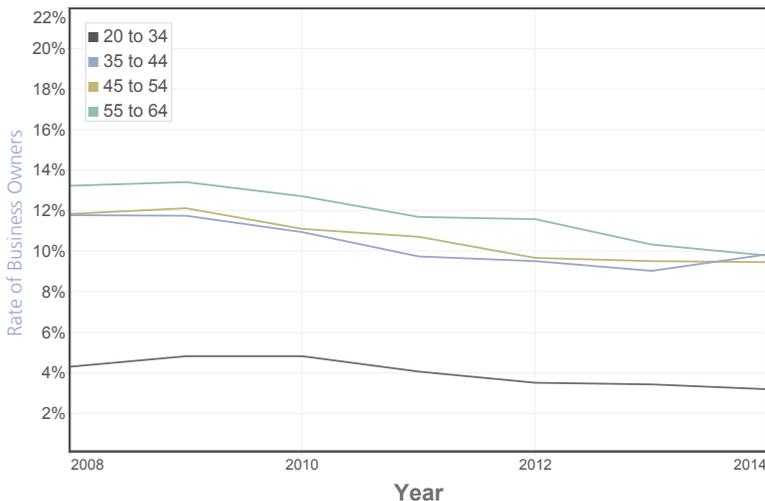
Race



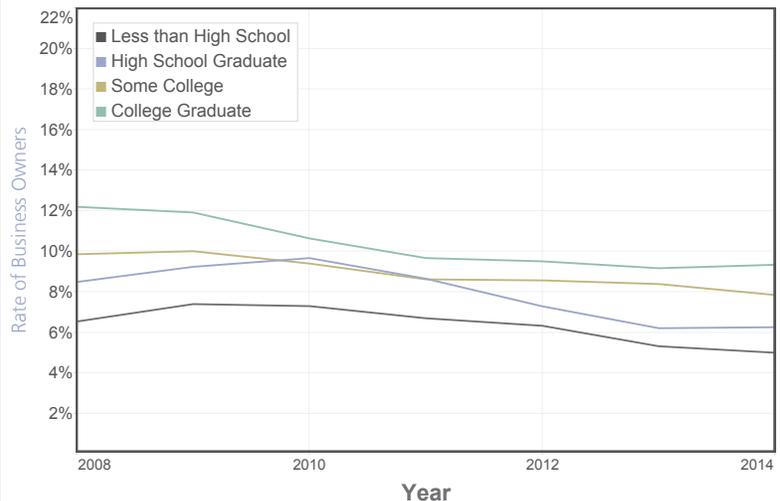
Nativity



Age



Education



Main Street Rank

2015	2014
12	12

Cleveland

Metro: Cleveland-Elyria-Mentor | State: Ohio

Metro Profile

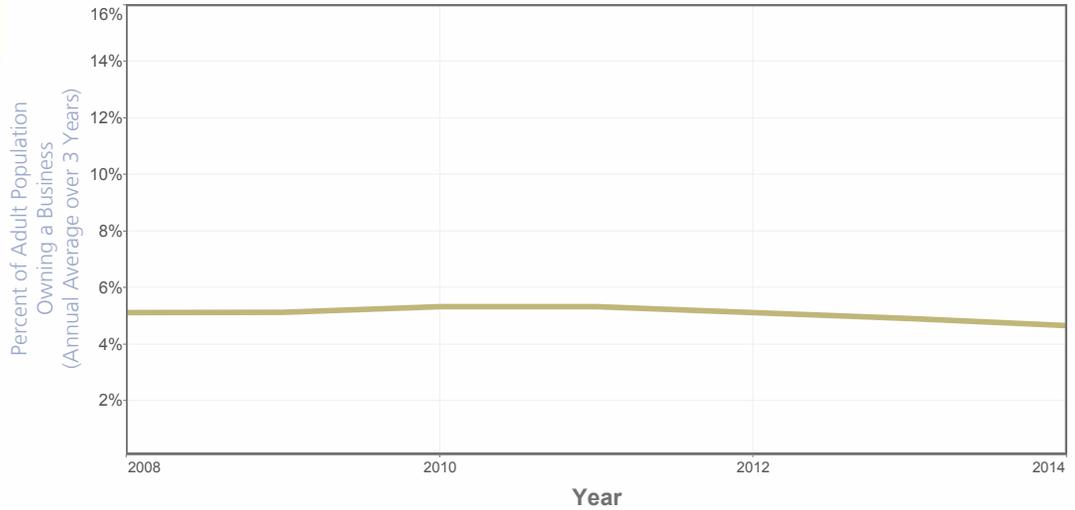
Rate of Business Owners

2015 Component	2014 Component
4.66%	4.91%

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



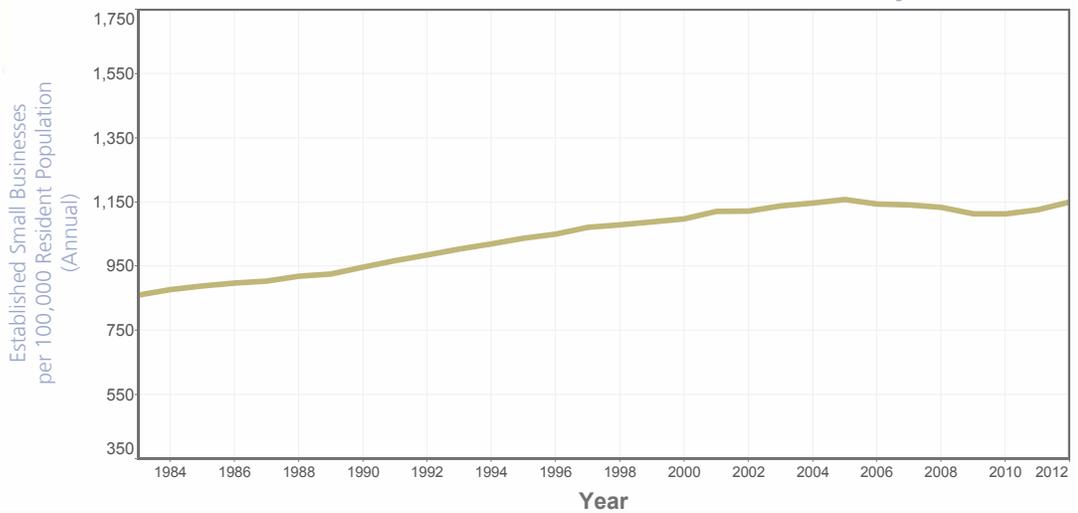
Established Small Business Density

2015 Component	2014 Component
1,150.7	1,126.3

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

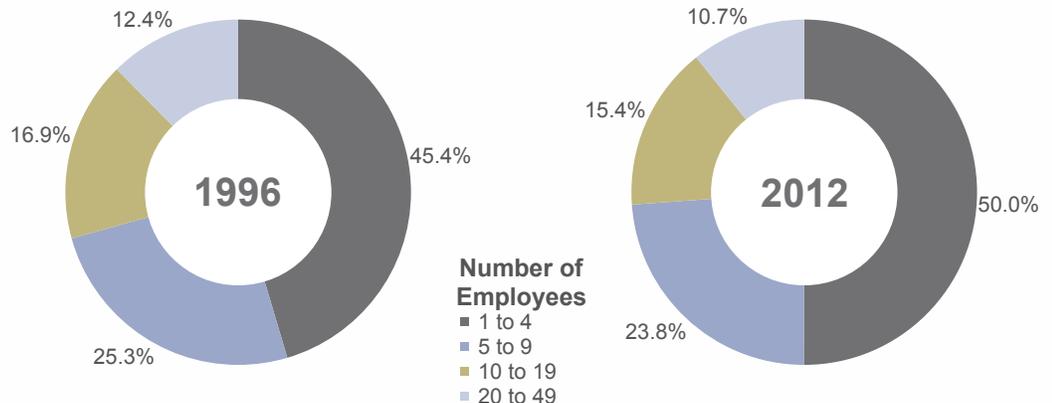


Composition of Established Small Businesses

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



Cleveland

Metro: Cleveland-Elyria-Mentor | State: Ohio

Business Owner Demographics

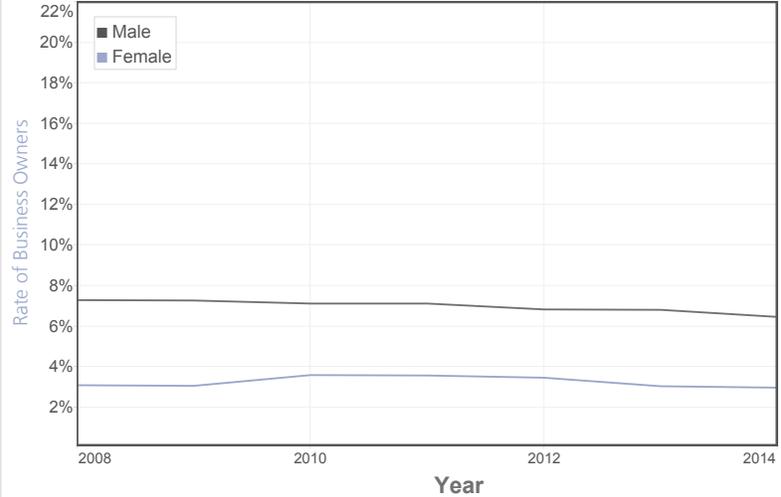
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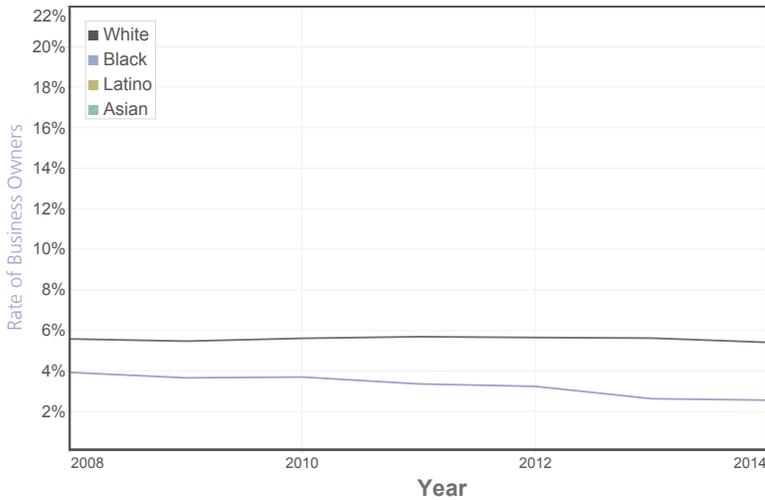
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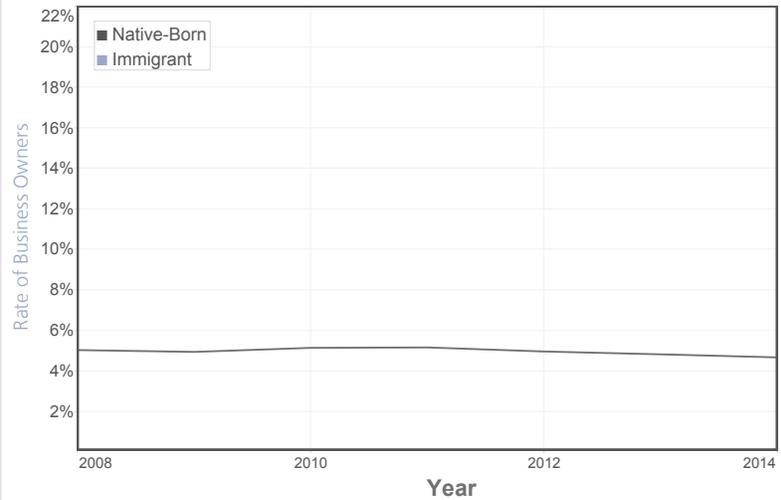
Gender



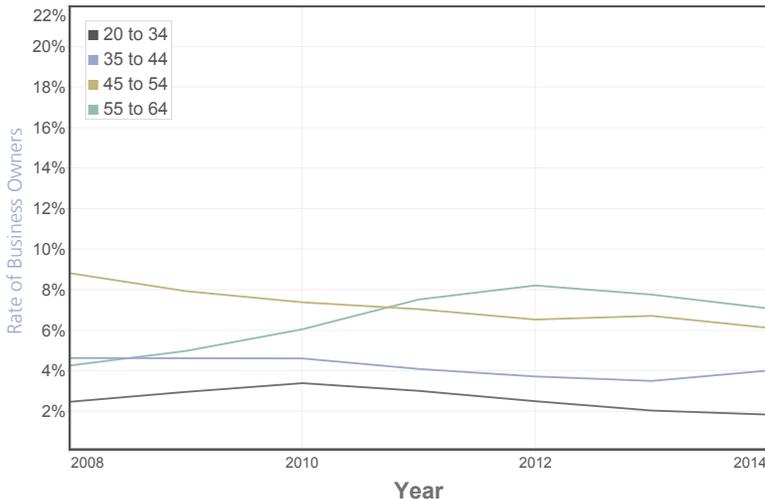
Race



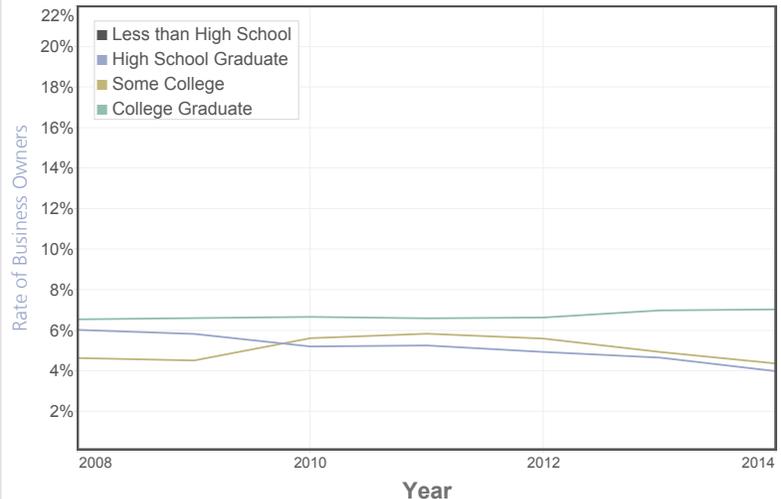
Nativity



Age



Education



Main Street Rank

2015	2014
13	13

Milwaukee

Metro: Milwaukee-Waukesha-West Allis | State: Wisconsin

Metro Profile

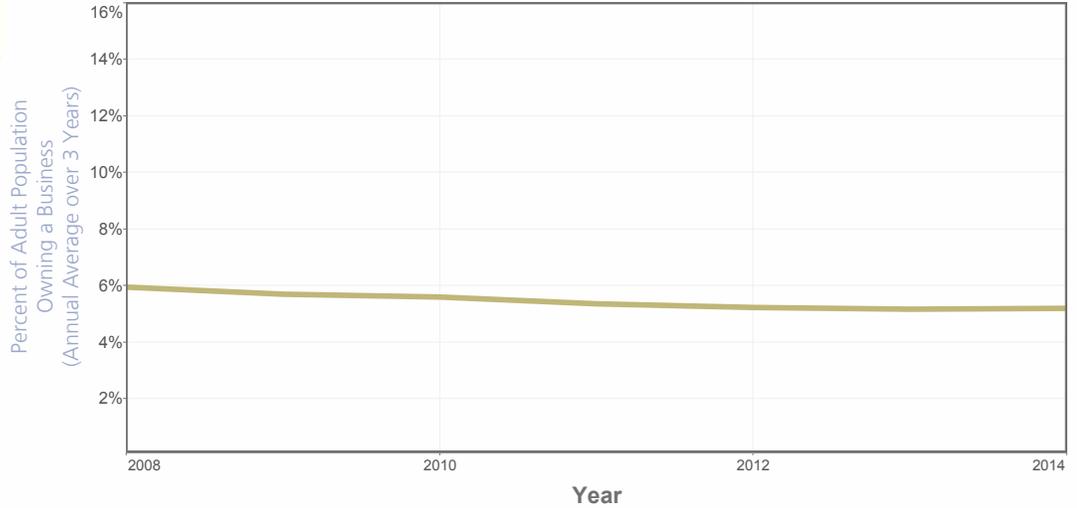
Rate of Business Owners

2015 Component	2014 Component
5.20%	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



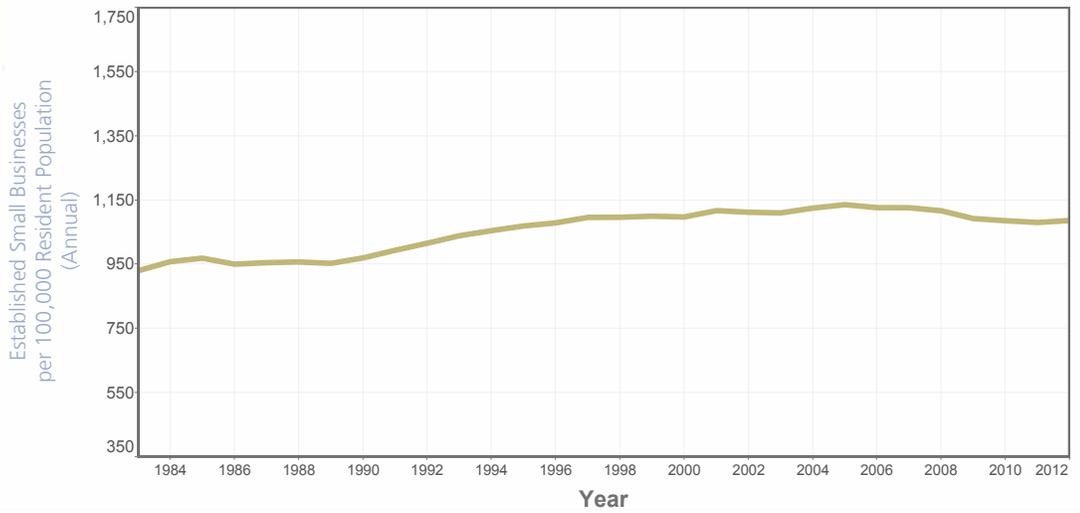
Established Small Business Density

2015 Component	2014 Component
1,086.7	1,080.6

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

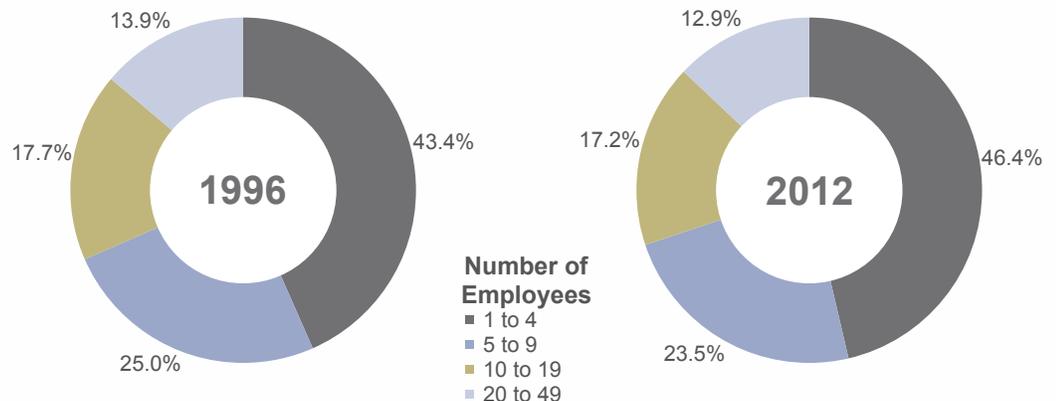


Composition of Established Small Businesses

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



Milwaukee

Metro: Milwaukee-Waukesha-West Allis | State: Wisconsin

Business Owner Demographics

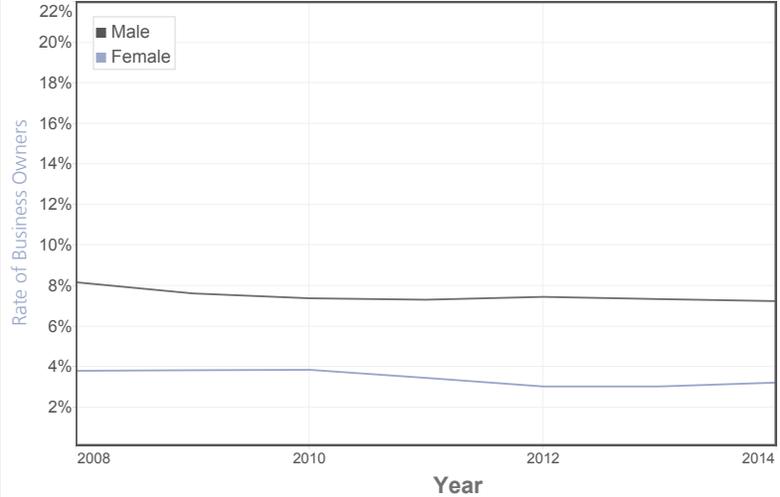
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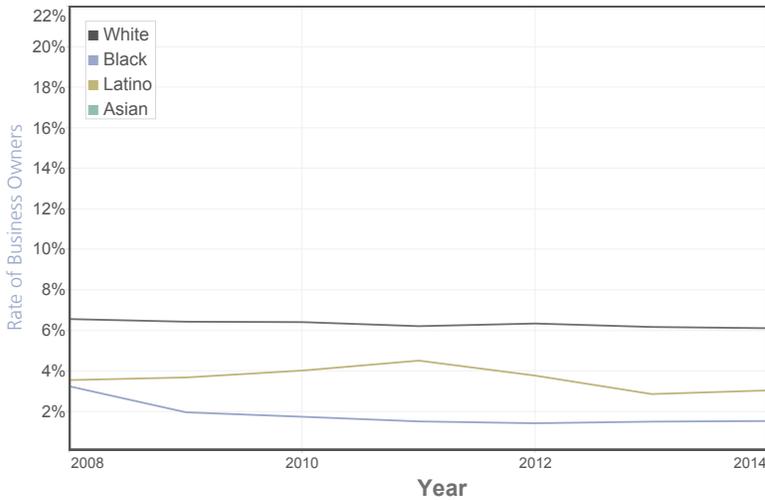
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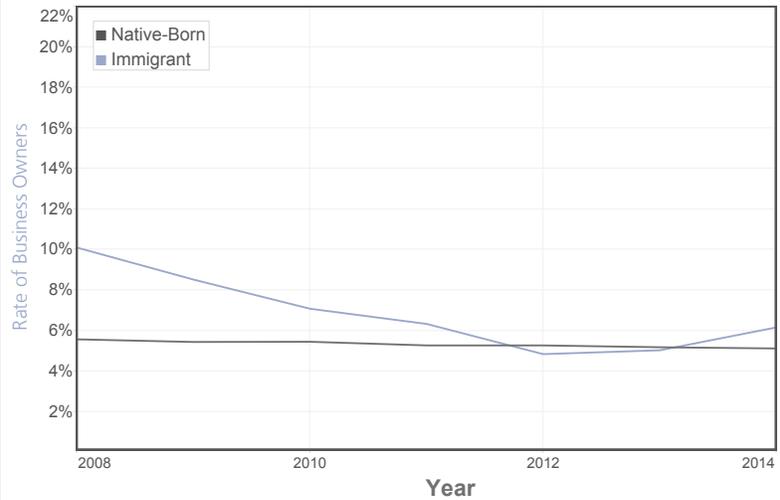
Gender



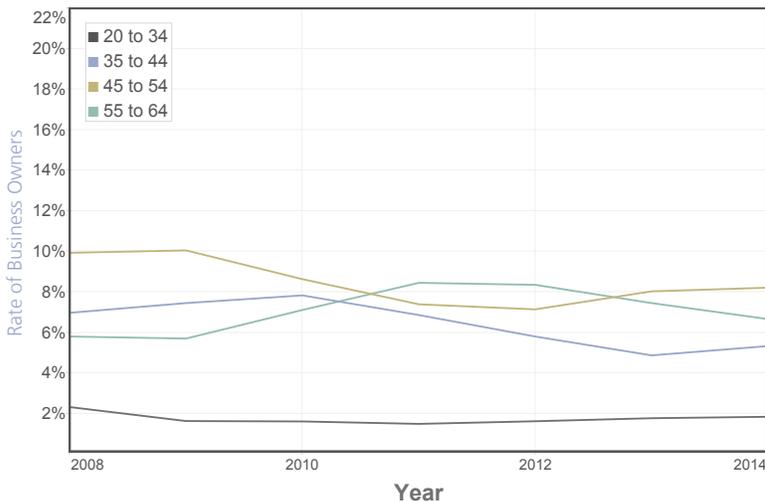
Race



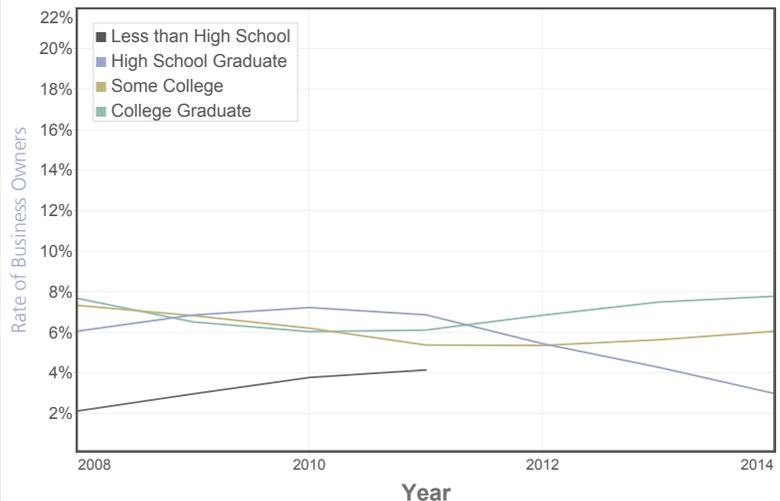
Nativity



Age



Education



Main Street Rank

2015	2014
14	15

Chicago

Metro: Chicago-Joliet-Naperville | State: Illinois-Indiana-Wisconsin

Metro Profile

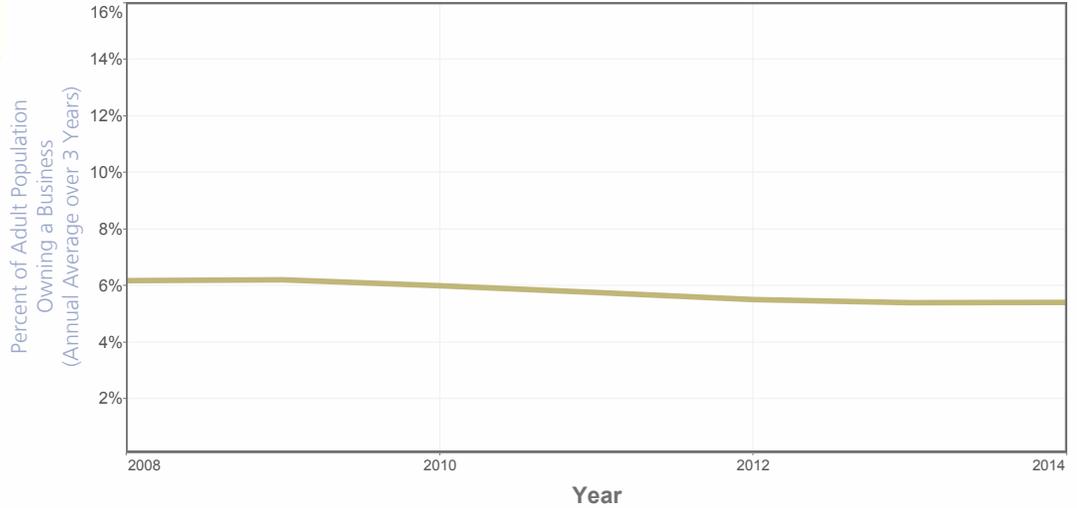
Rate of Business Owners

2015 Component	2014 Component
5.41%	5.40%

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



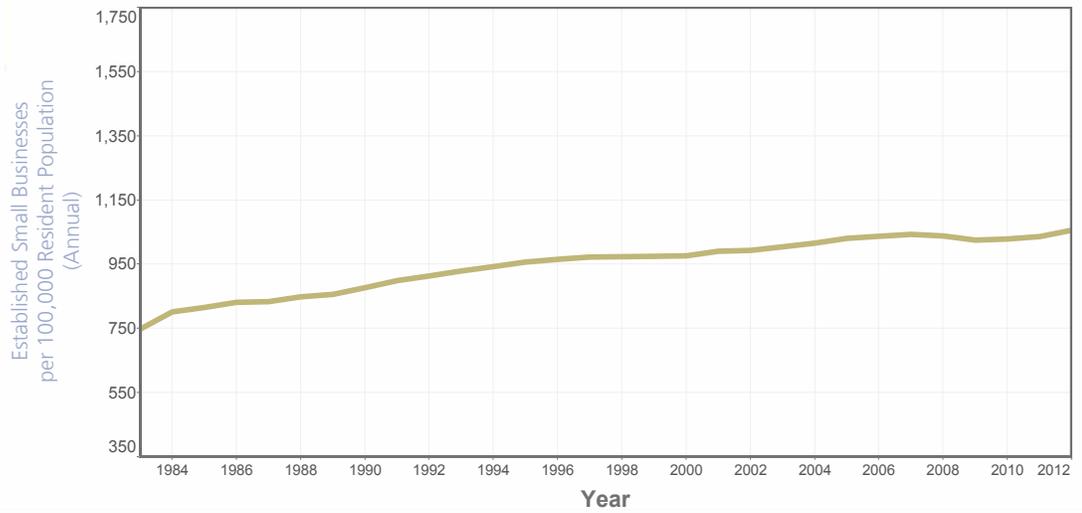
Established Small Business Density

2015 Component	2014 Component
1,056.5	1,036.7

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

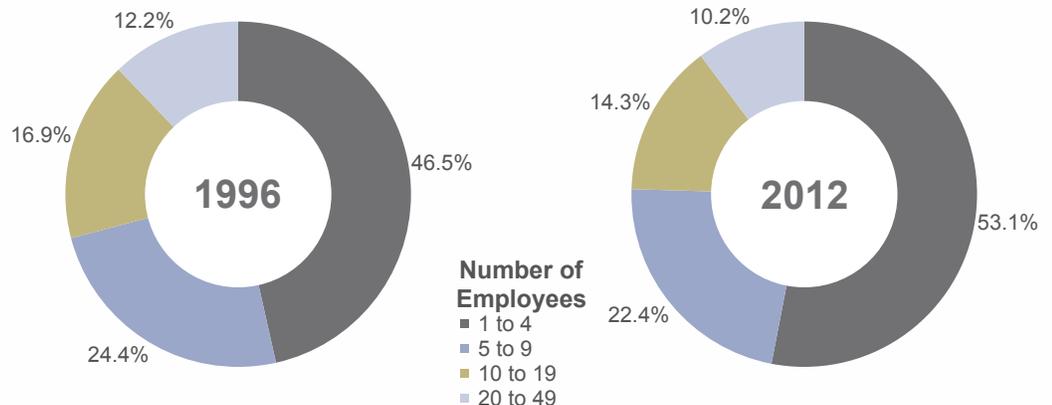


Composition of Established Small Businesses

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



Chicago

Metro: Chicago-Joliet-Naperville | State: Illinois-Indiana-Wisconsin

Business Owner Demographics

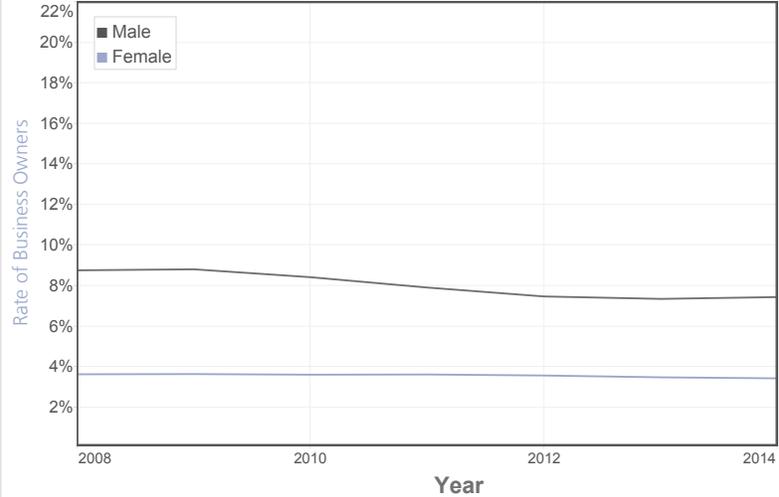
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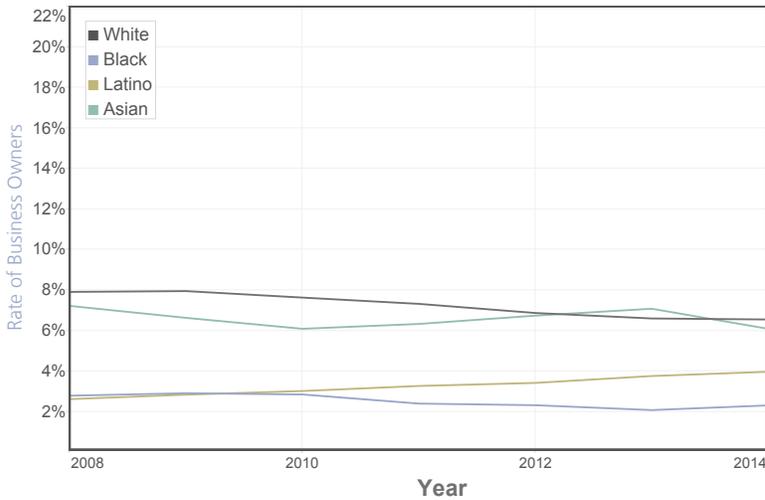
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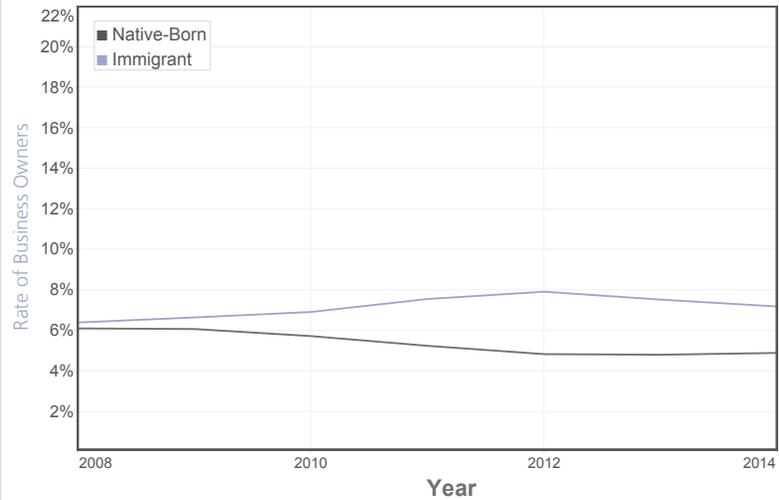
Gender



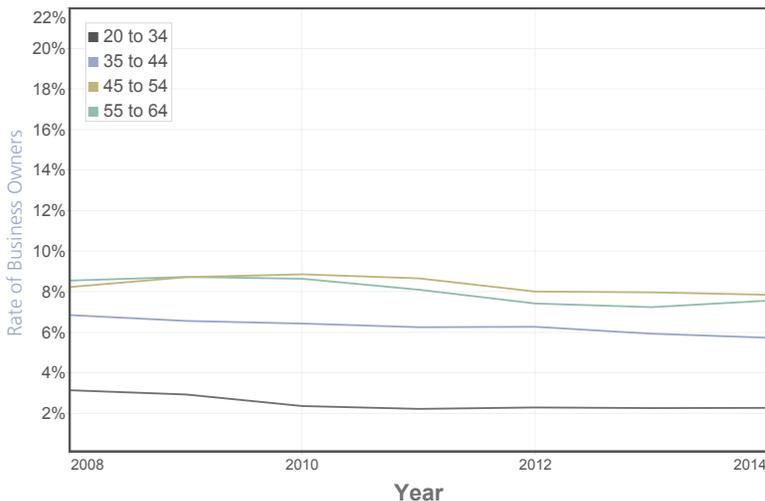
Race



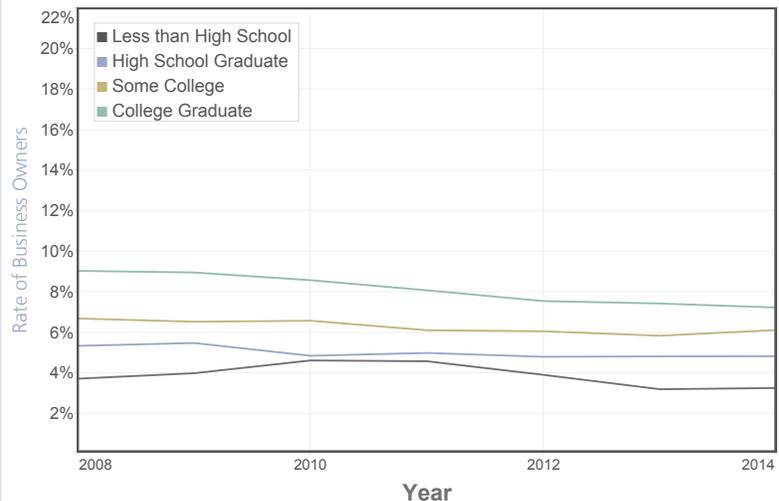
Nativity



Age



Education



Main Street Rank

2015	2014
15	14

San Jose

Metro: San Jose-Sunnyvale-Santa Clara | State: California

Metro Profile

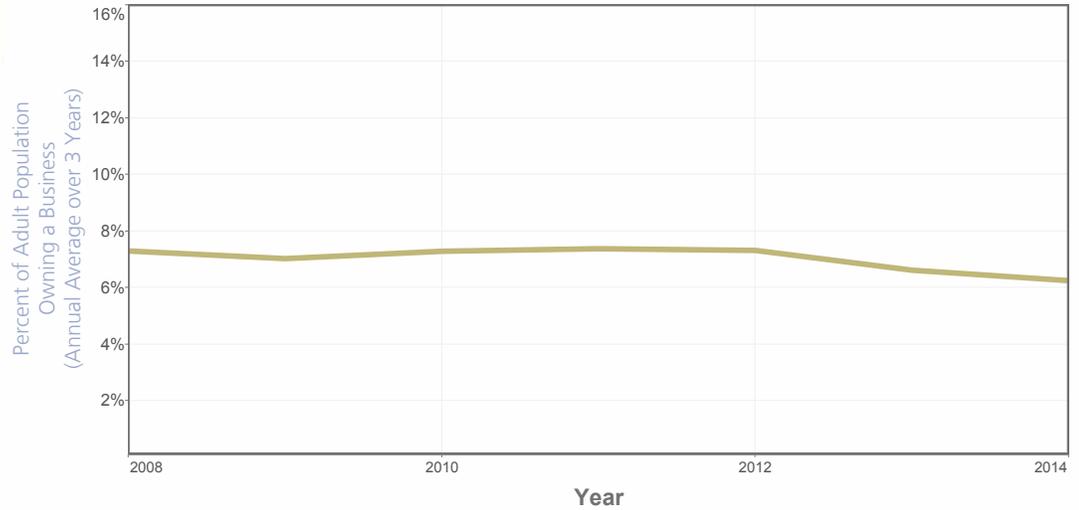
Rate of Business Owners

2015 Component	2014 Component
6.25%	6.62%

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



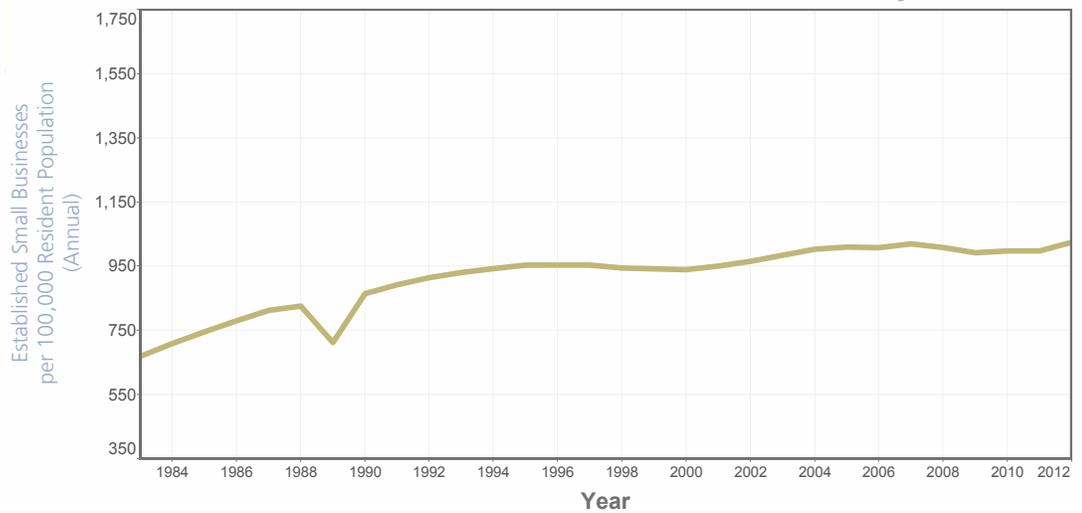
Established Small Business Density

2015 Component	2014 Component
1,025.3	998.2

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

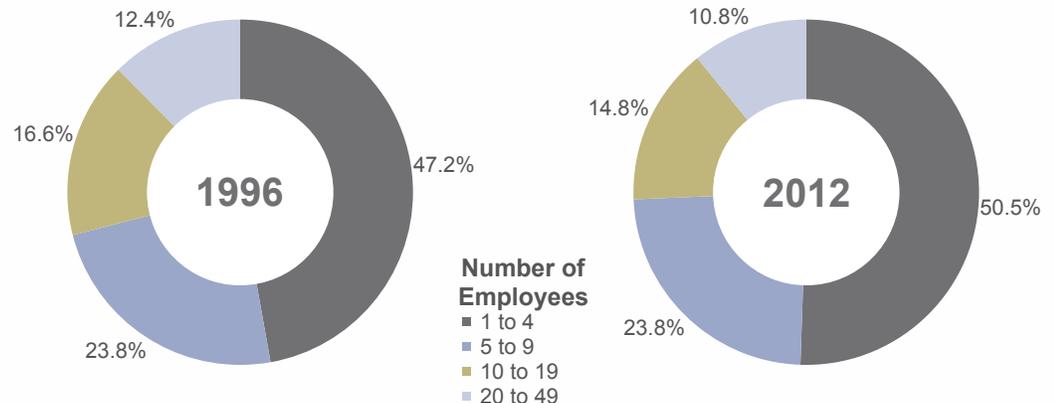


Composition of Established Small Businesses

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



San Jose

Metro: San Jose-Sunnyvale-Santa Clara | State: California

Business Owner Demographics

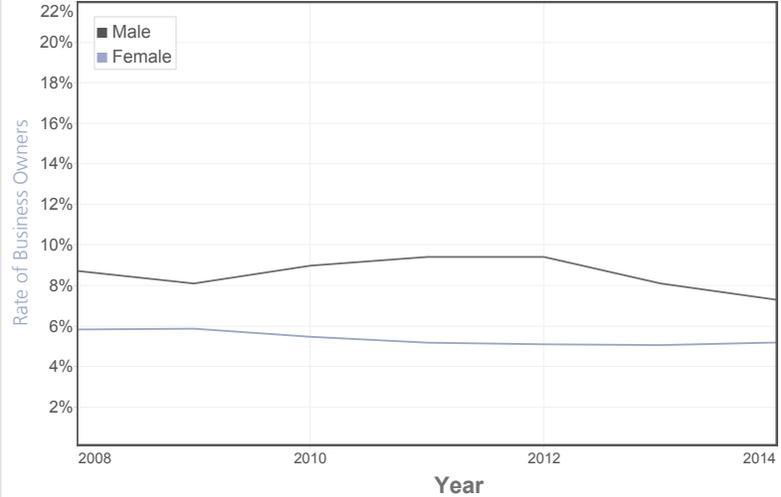
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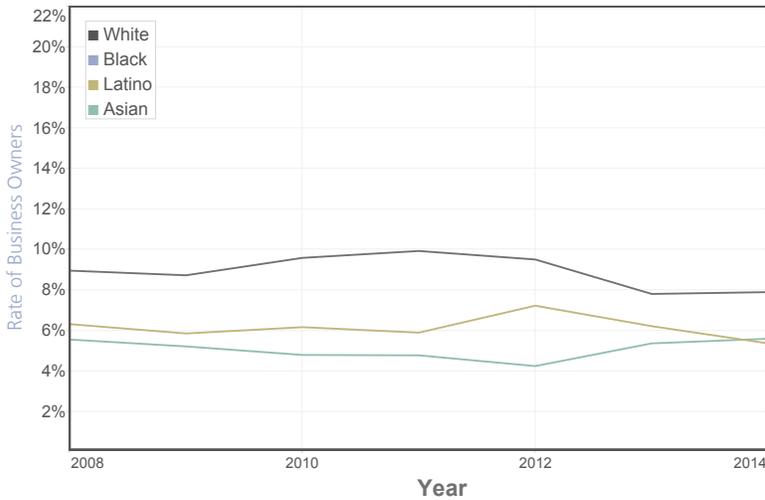
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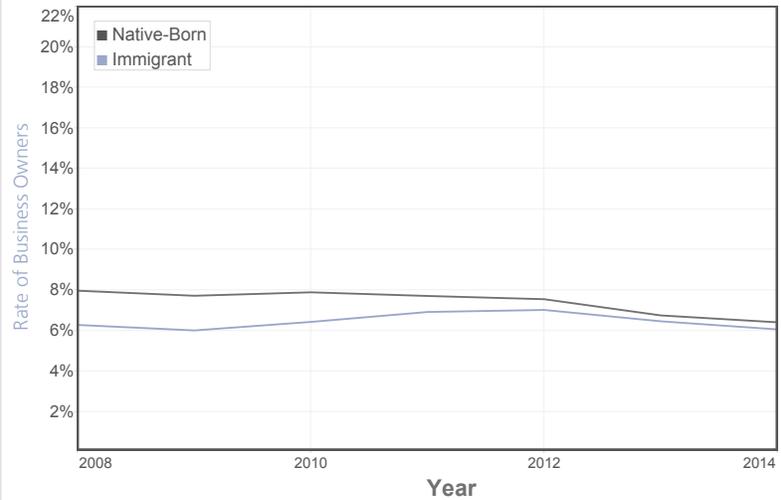
Gender



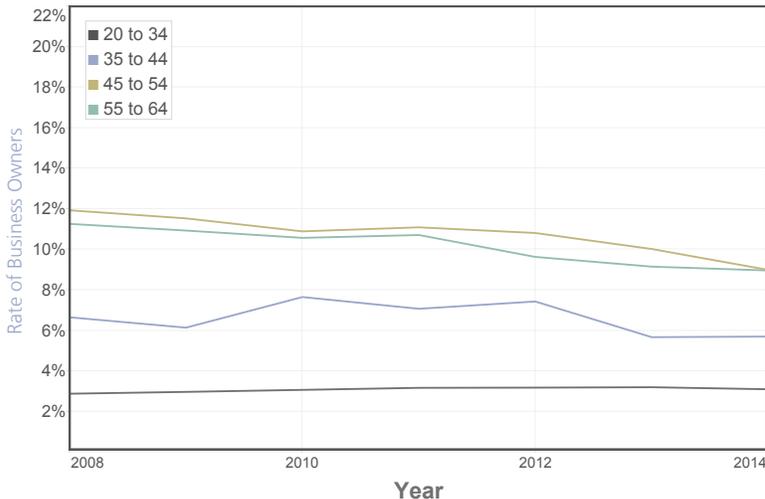
Race



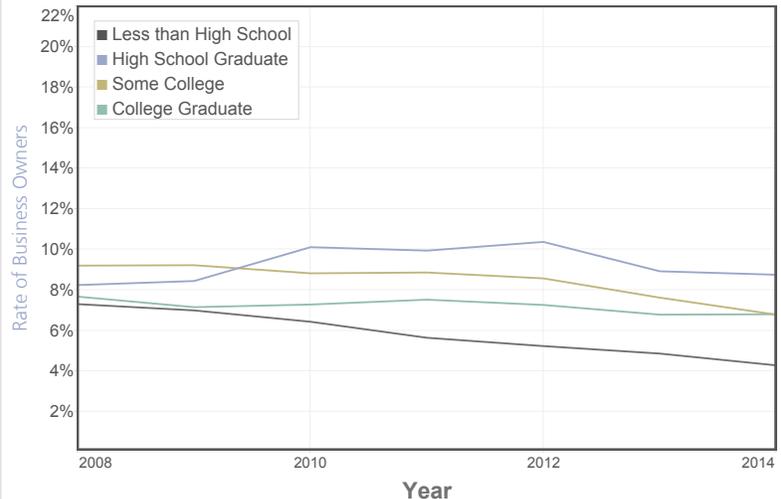
Nativity



Age



Education



Main Street Rank

2015	2014
16	16

St. Louis

Metro: St. Louis | State: Missouri-Illinois

Metro Profile

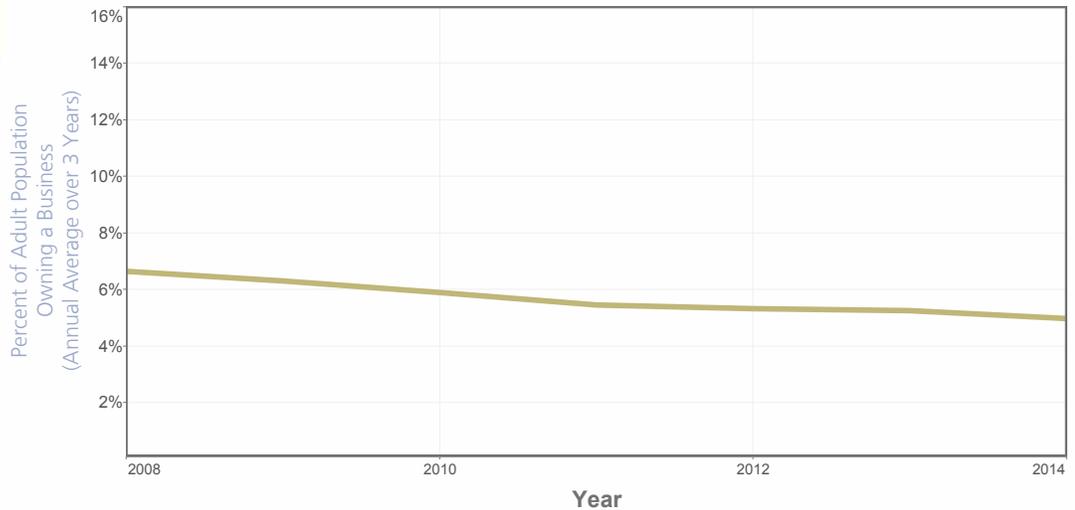
Rate of Business Owners

2015 Component	2014 Component
4.98%	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



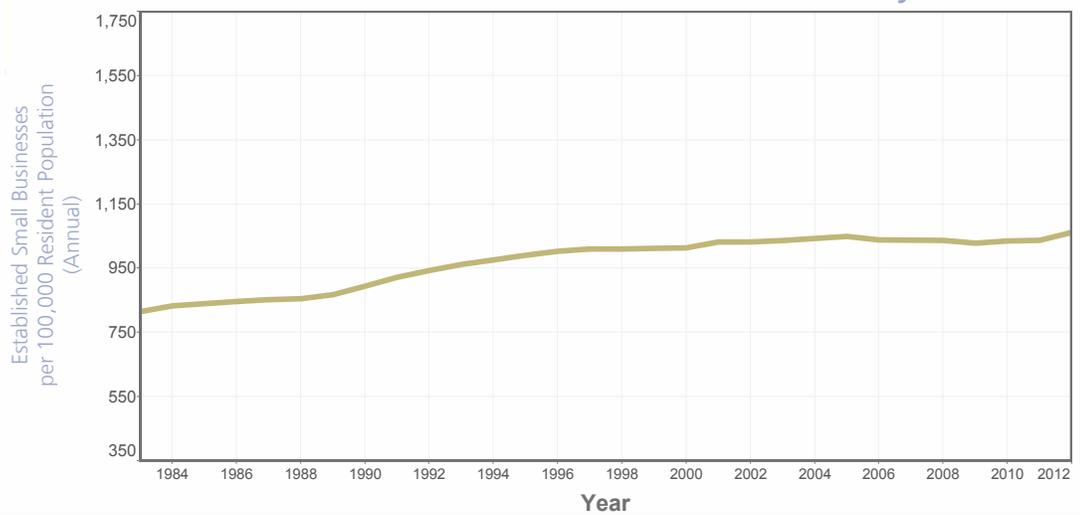
Established Small Business Density

2015 Component	2014 Component
1,062.1	1,037.5

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

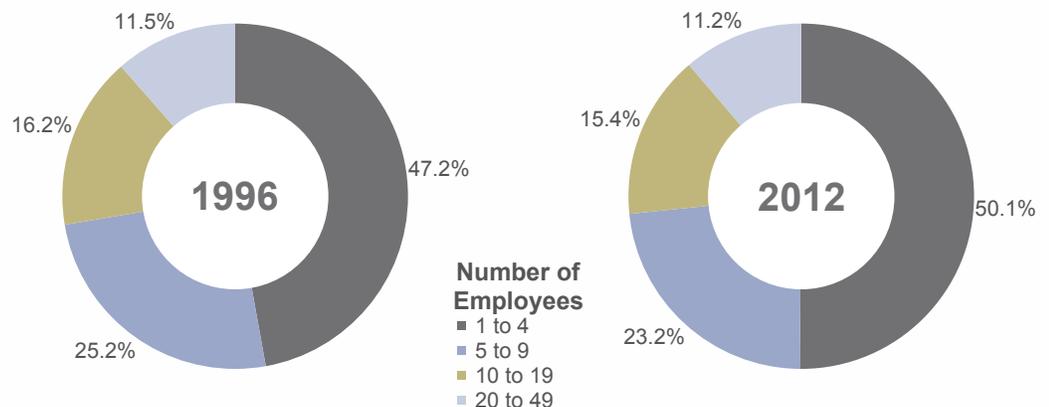


Composition of Established Small Businesses

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



St. Louis

Metro: St. Louis | State: Missouri-Illinois

Business Owner Demographics

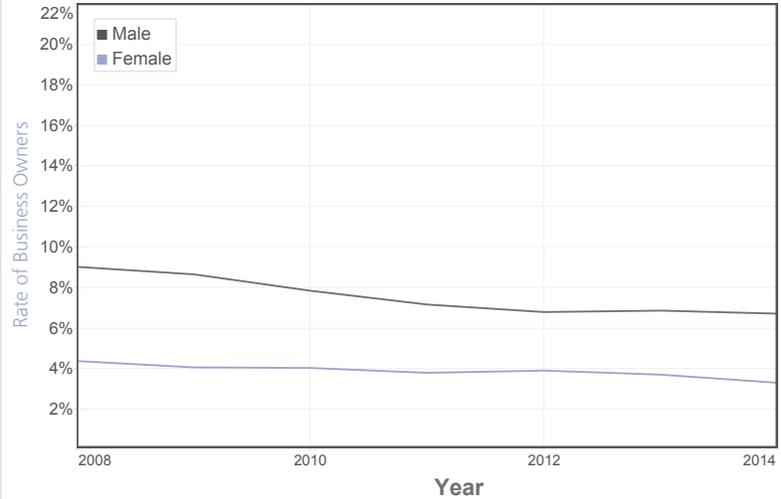
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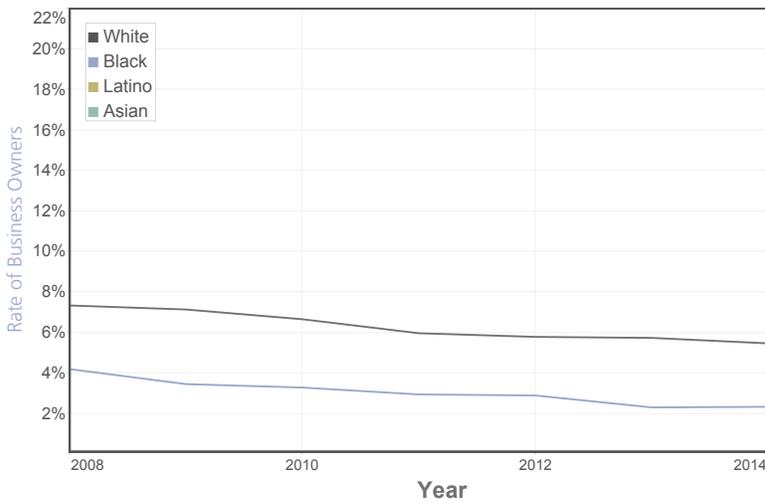
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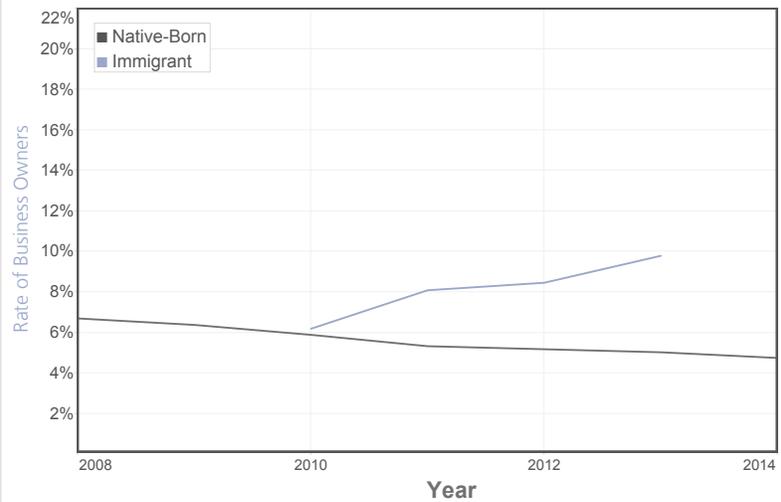
Gender



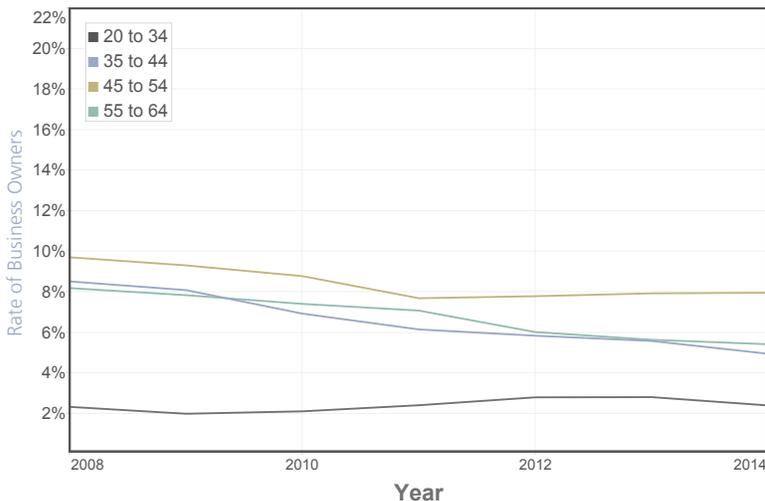
Race



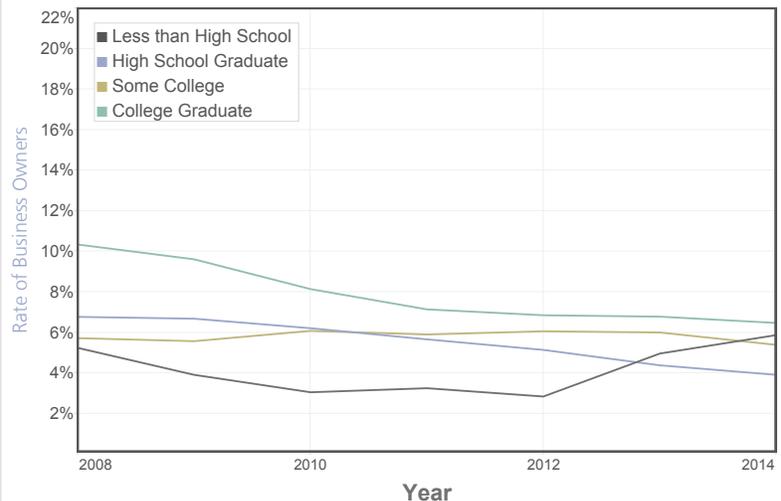
Nativity



Age



Education



Main Street Rank

2015	2014
17	16

Philadelphia

Metro: Philadelphia-Camden-Wilmington | State: Pennsylvania-New Jersey-Delaware-Maryland

Metro Profile

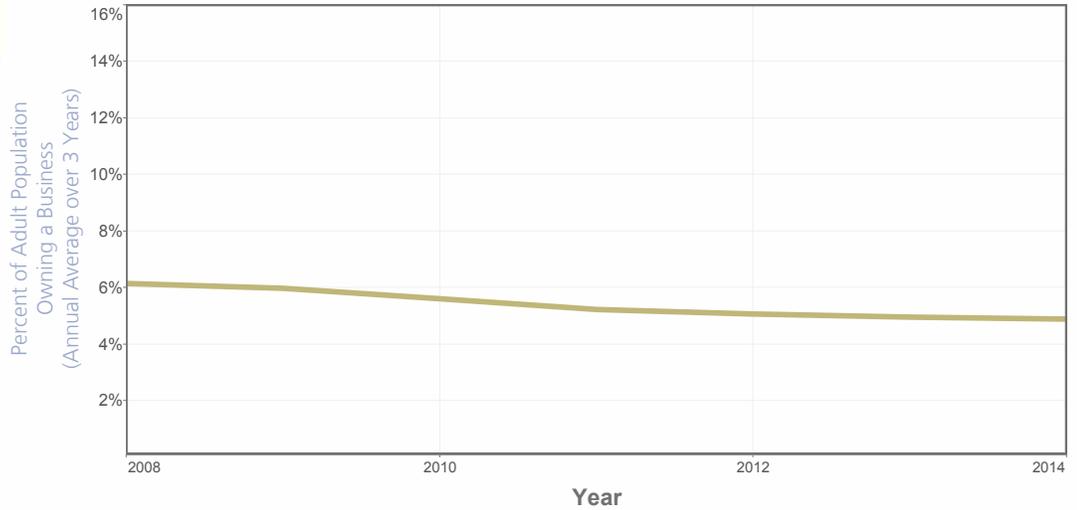
Rate of Business Owners

2015 Component	2014 Component
4.89%	4.96%

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



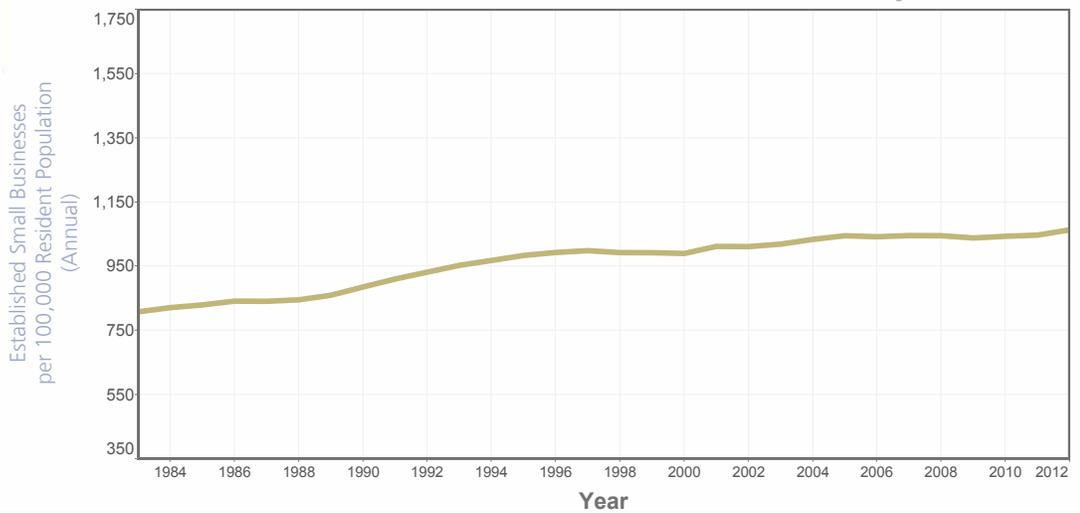
Established Small Business Density

2015 Component	2014 Component
1,063.9	1,047.6

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

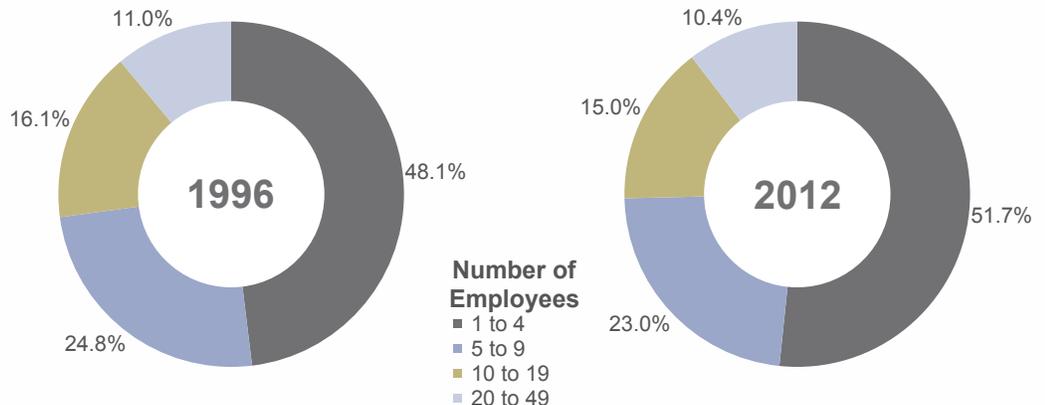


Composition of Established Small Businesses

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



Philadelphia

Metro: Philadelphia-Camden-Wilmington | State: Pennsylvania-New Jersey-Delaware-Maryland

Business Owner Demographics

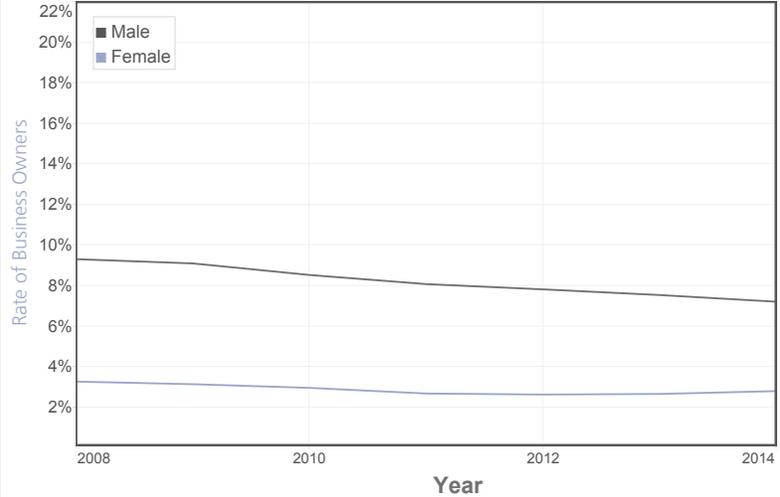
Rate of Business Owners by Demographic Group

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.

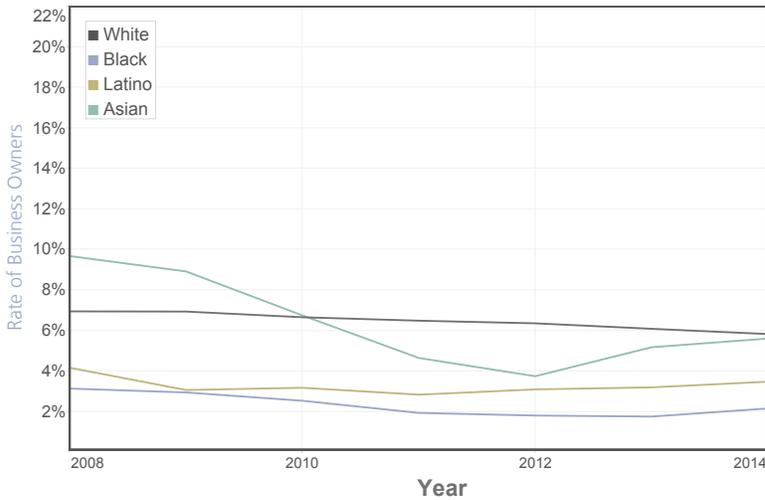
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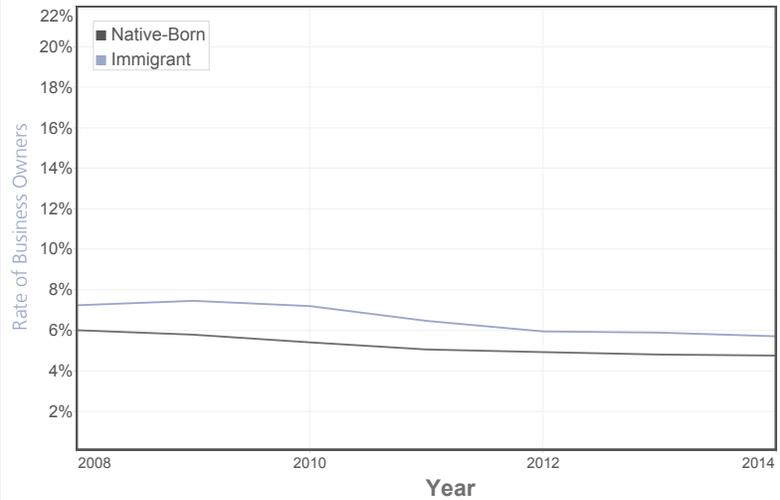
Gender



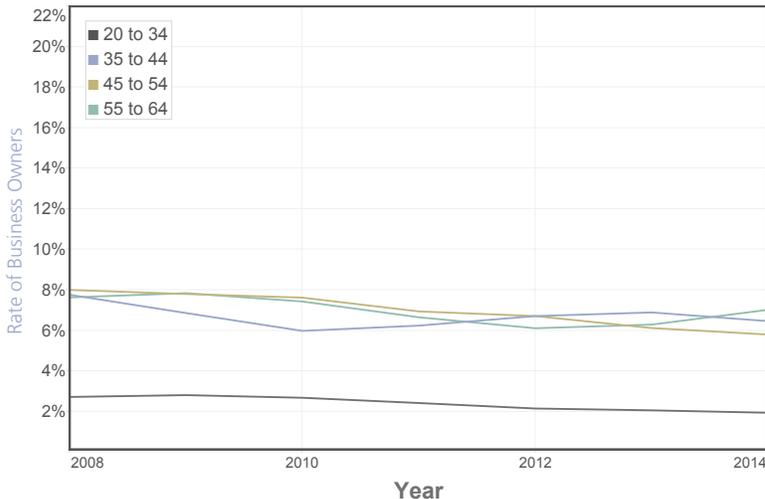
Race



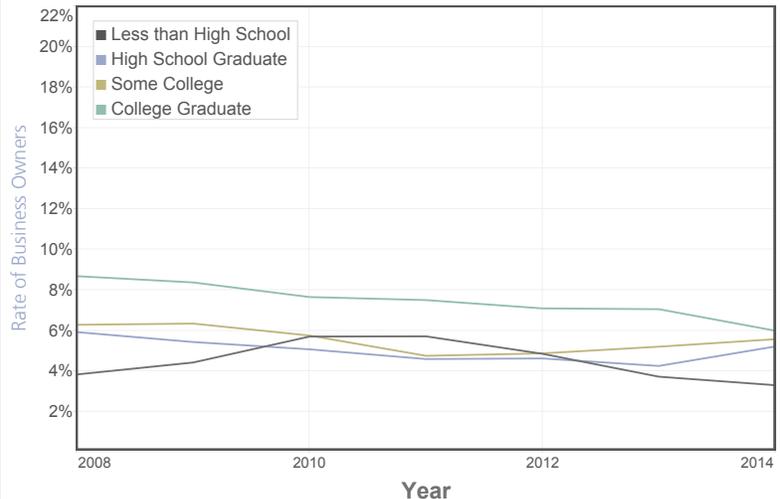
Nativity



Age



Education



Main Street Rank

2015	2014
18	18

Baltimore

Metro: Baltimore-Towson | State: Maryland

Metro Profile

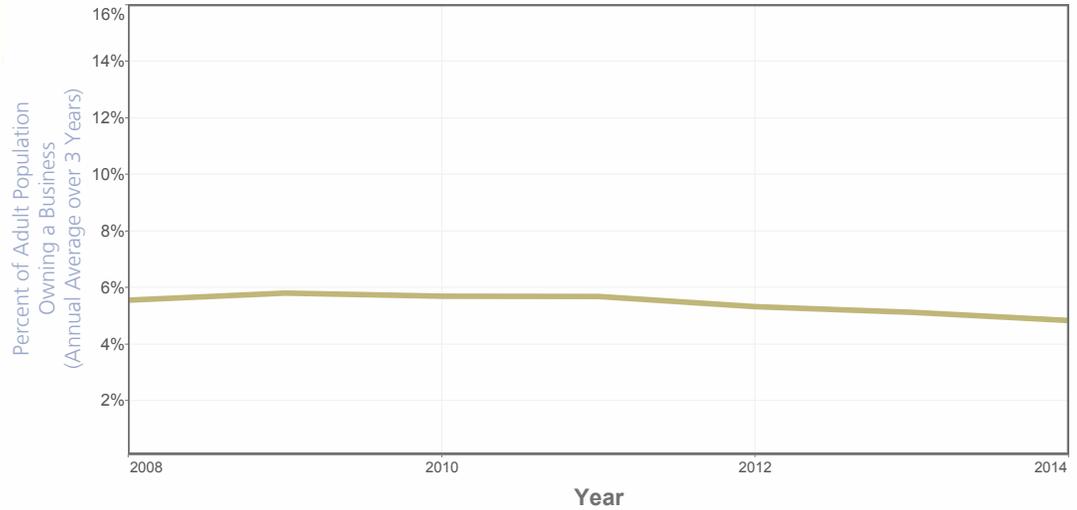
Rate of Business Owners

2015 Component	2014 Component
4.84%	5.13%

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



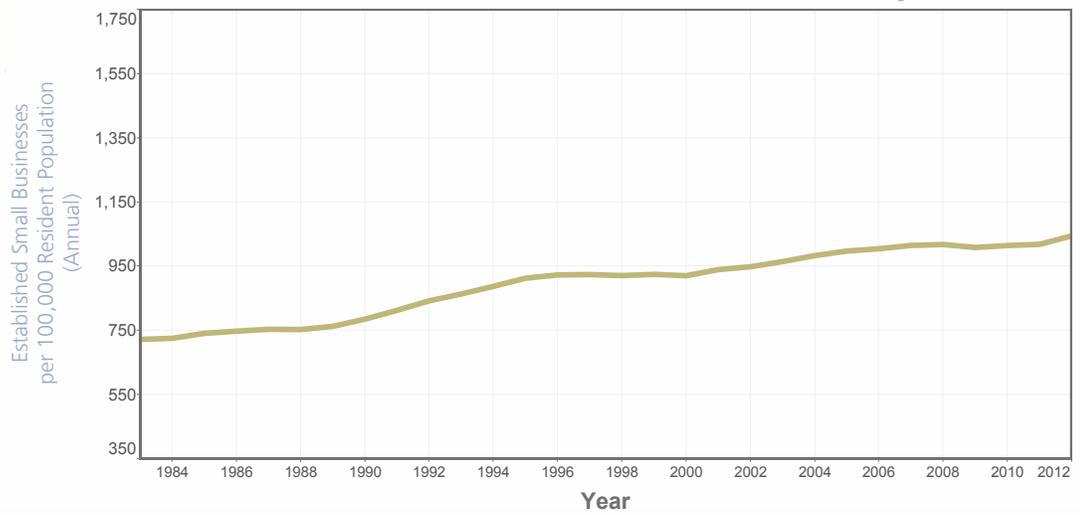
Established Small Business Density

2015 Component	2014 Component
1,045.2	1,018.8

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

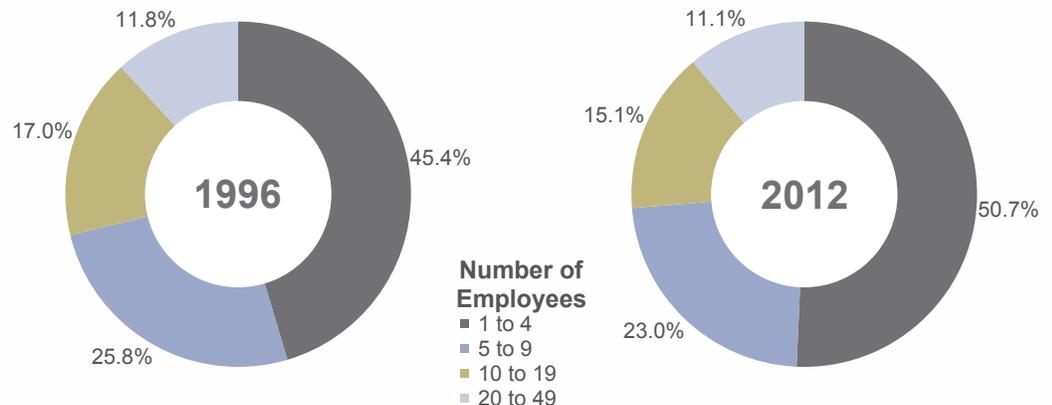


Composition of Established Small Businesses

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



Baltimore

Metro: Baltimore-Towson | State: Maryland

Business Owner Demographics

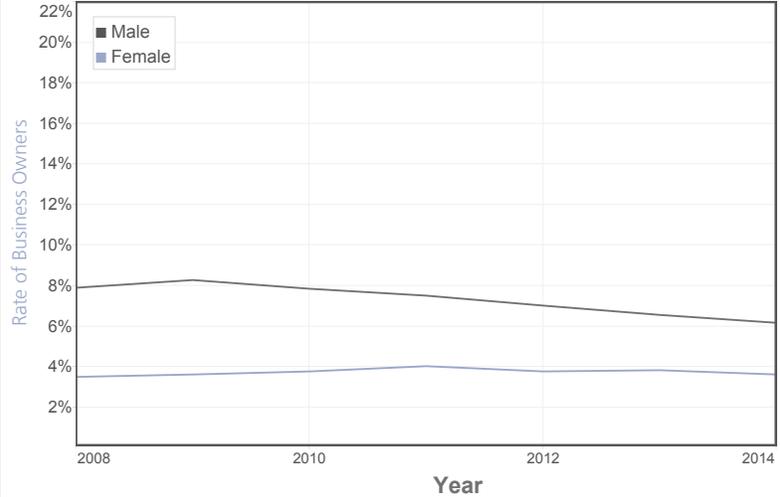
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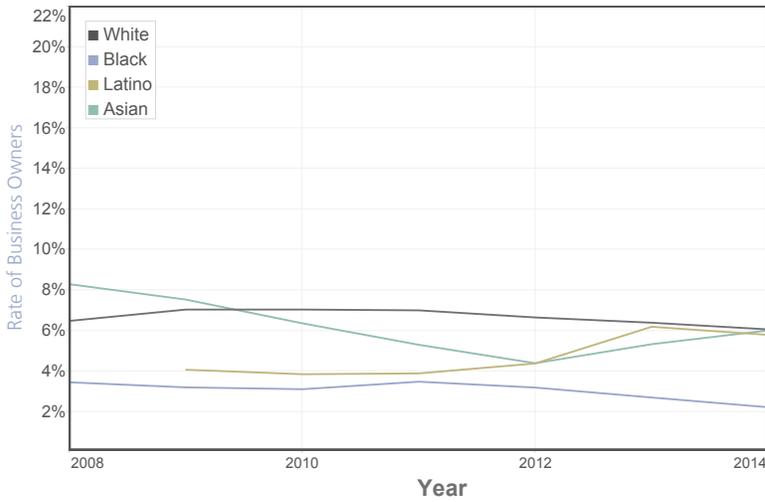
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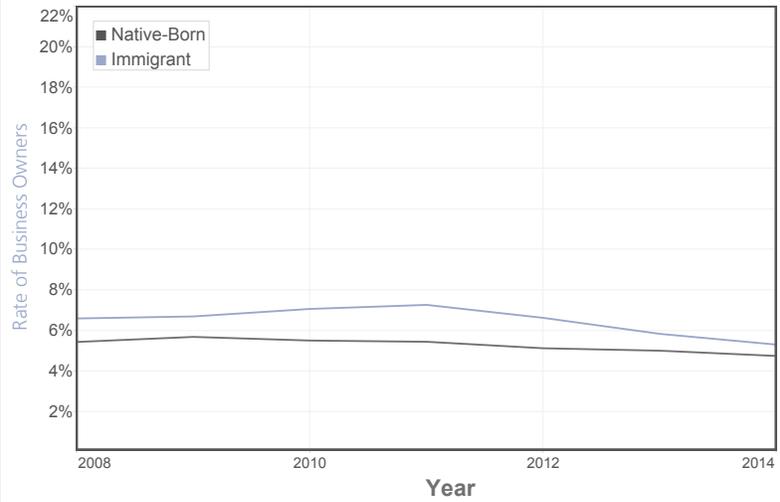
Gender



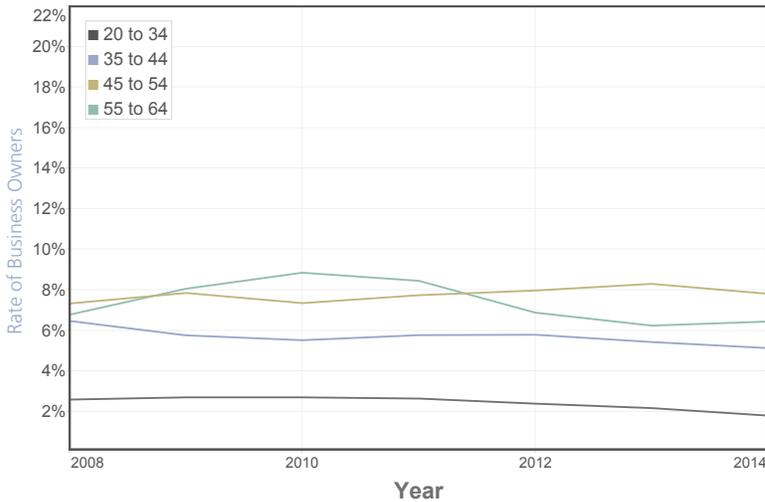
Race



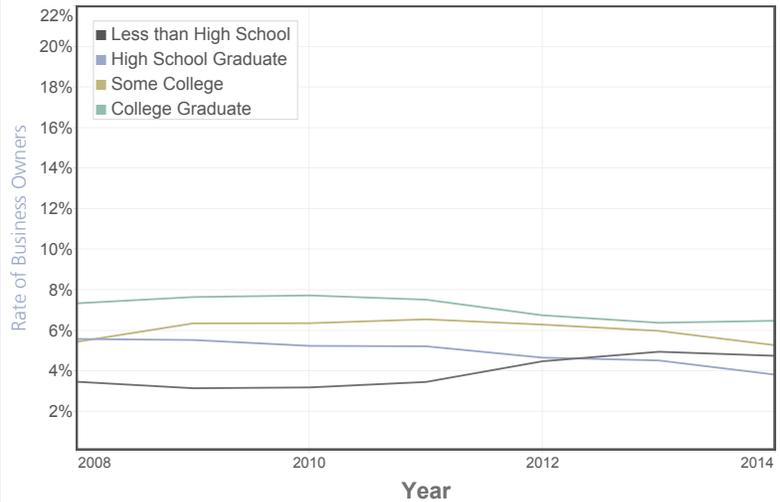
Nativity



Age



Education



Main Street Rank

2015	2014
19	21

Kansas City

Metro: Kansas City | State: Missouri-Kansas

Metro Profile

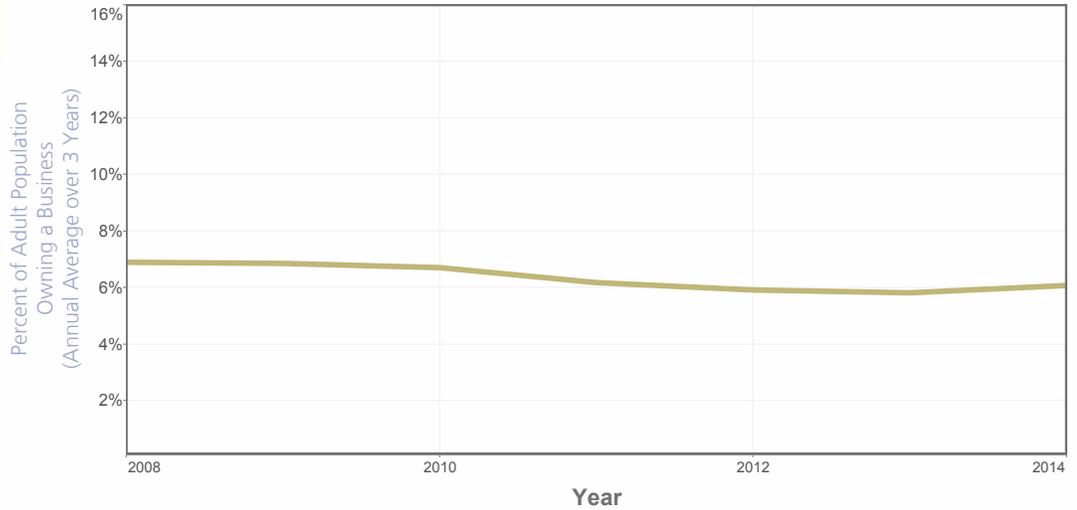
Rate of Business Owners

2015 Component	2014 Component
6.08%	5.82%

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



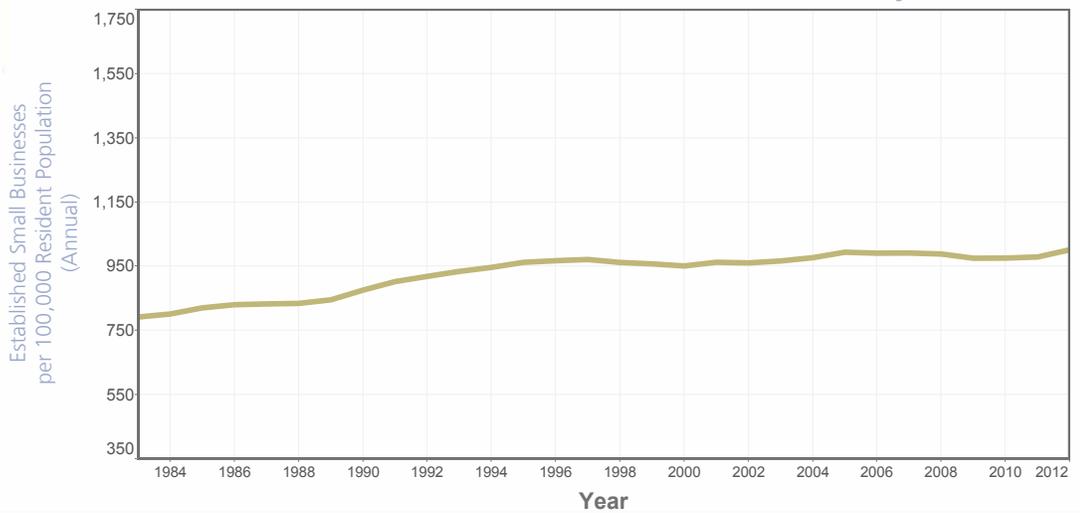
Established Small Business Density

2015 Component	2014 Component
1,001.8	979.4

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

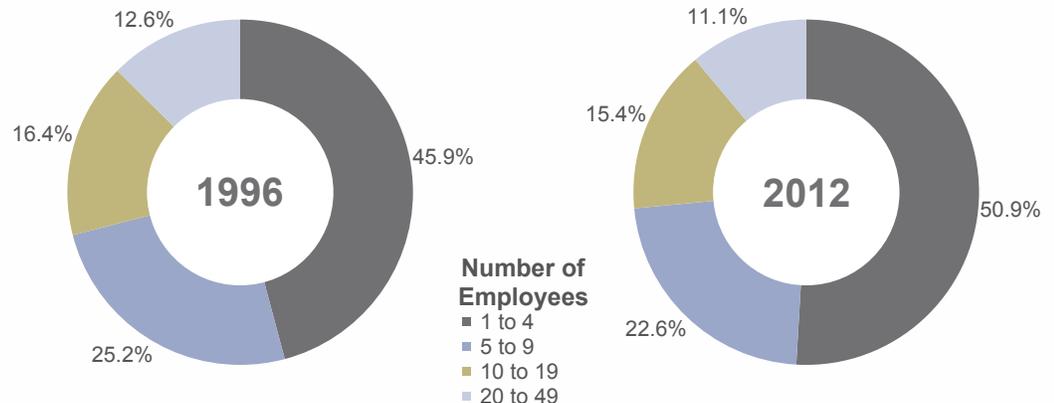


Composition of Established Small Businesses

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



Kansas City

Metro: Kansas City | State: Missouri-Kansas

Business Owner Demographics

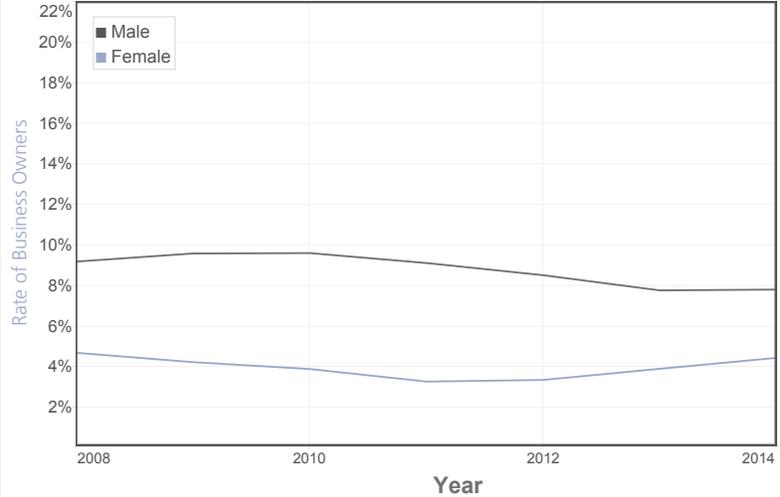
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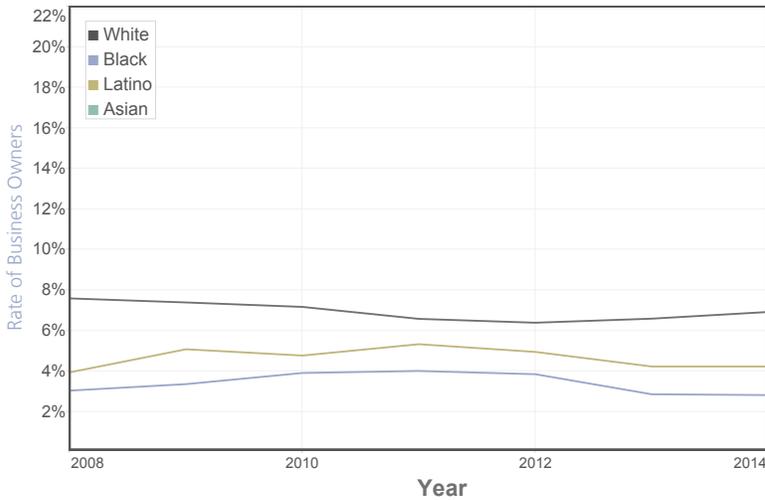
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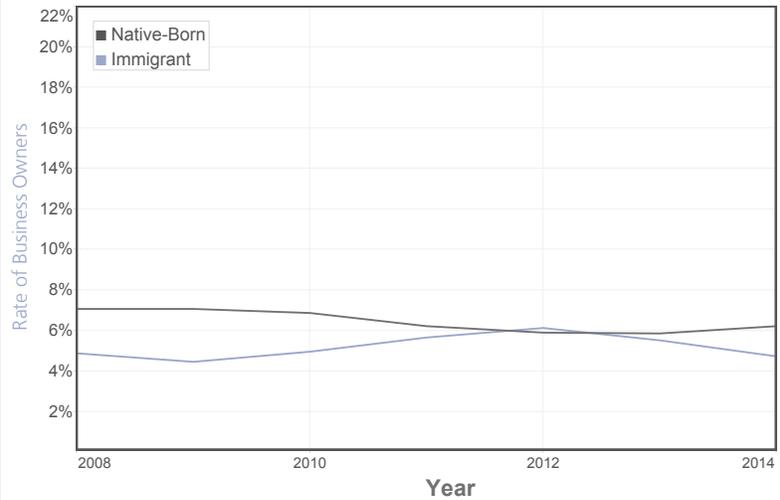
Gender



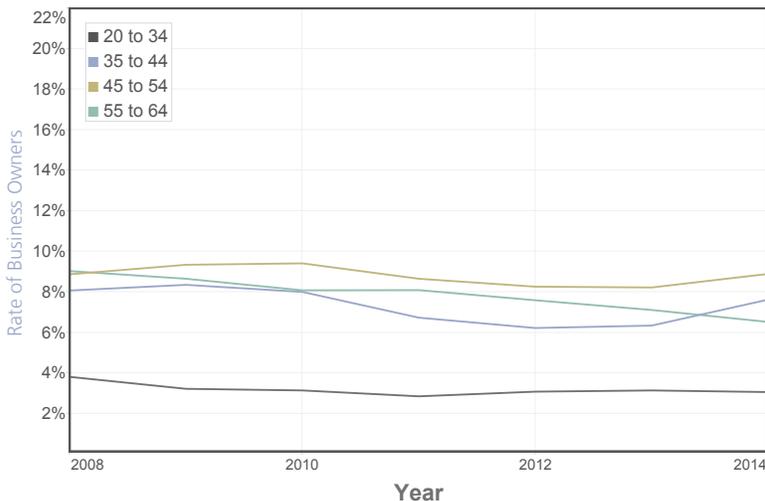
Race



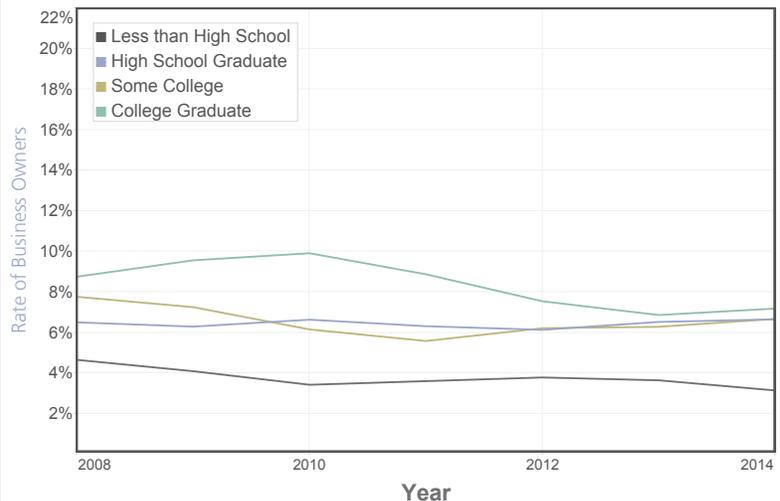
Nativity



Age



Education



Main Street Rank

2015	2014
20	19

Washington

Metro: Washington-Arlington-Alexandria | State: District of Columbia-Virginia-Maryland-West Virginia

Metro Profile

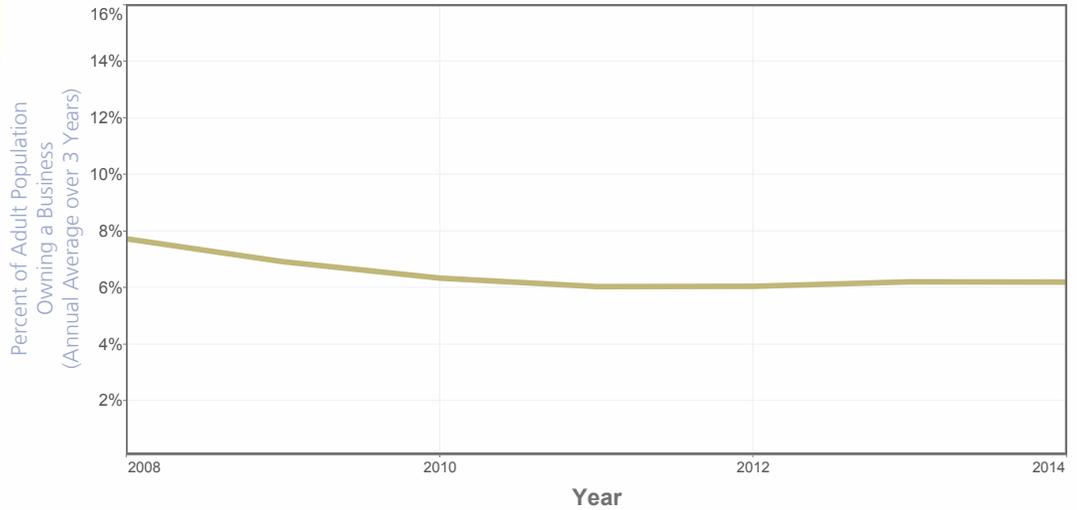
Rate of Business Owners

2015 Component	2014 Component
6.20%	6.21%

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



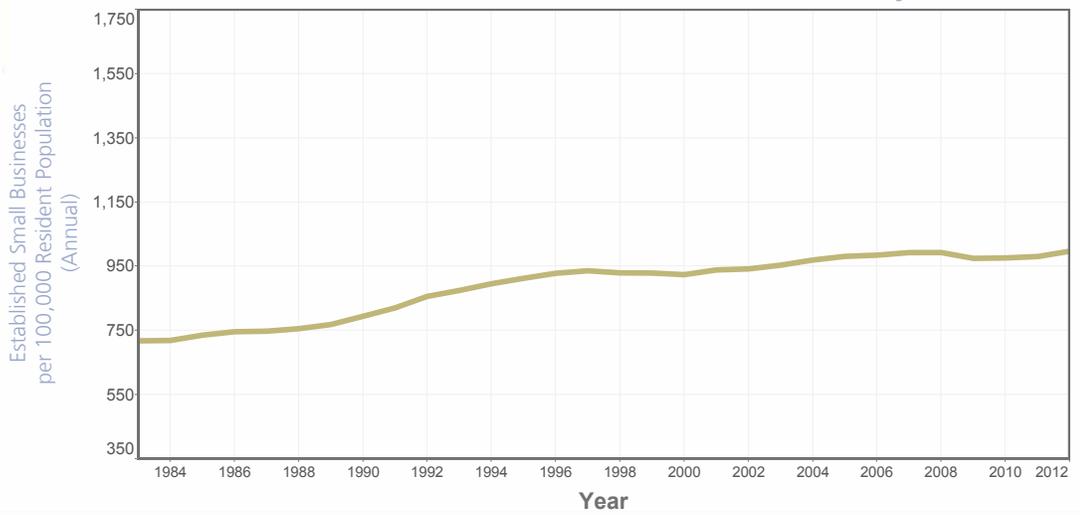
Established Small Business Density

2015 Component	2014 Component
997.3	980.7

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

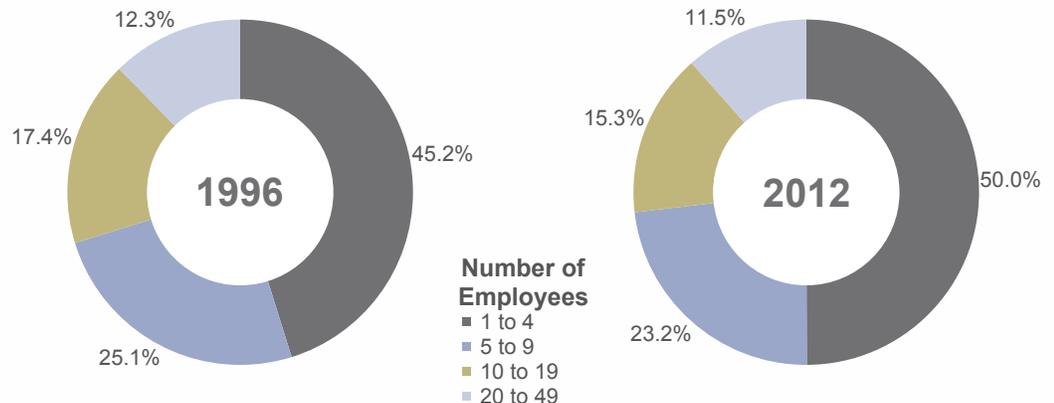


Composition of Established Small Businesses

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

Metro: Washington-Arlington-Alexandria | State: District of Columbia-Virginia-Maryland-West Virginia

Business Owner Demographics

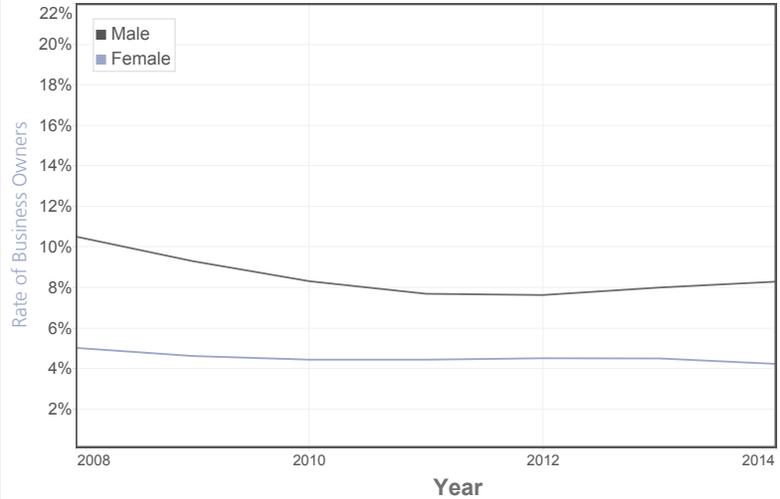
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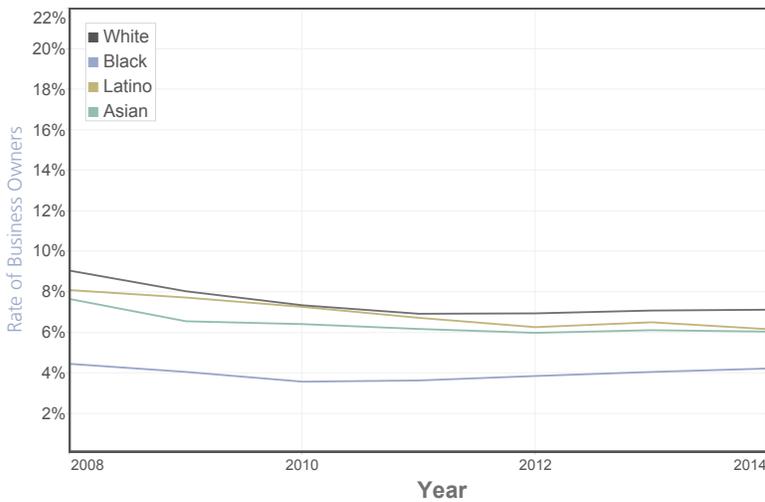
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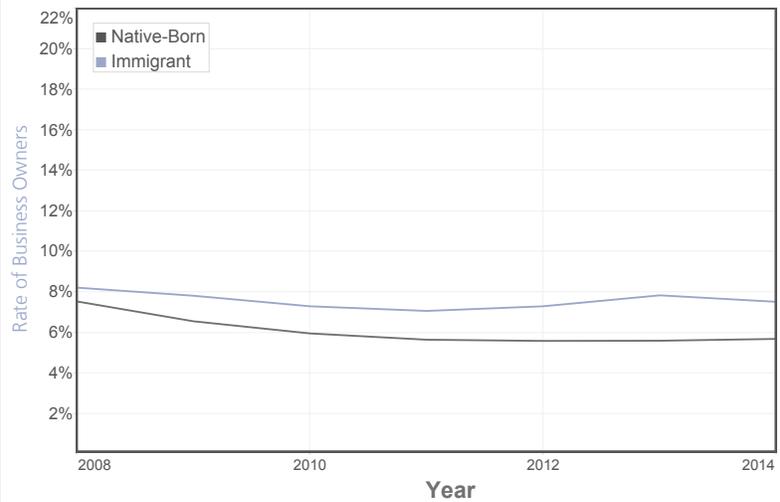
Gender



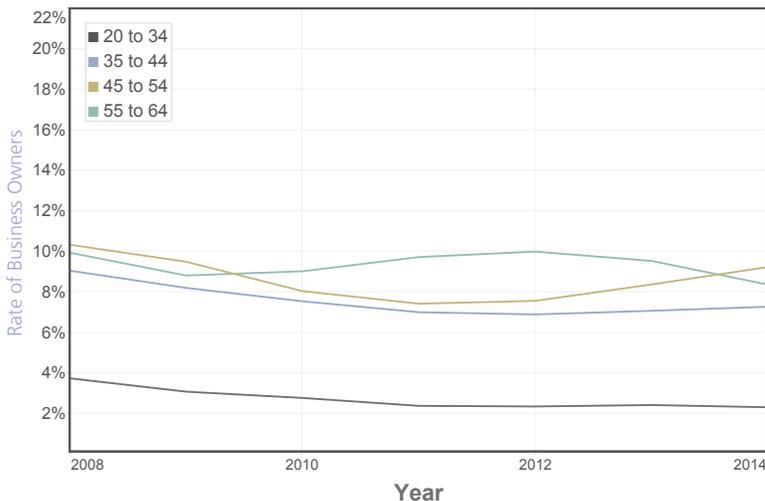
Race



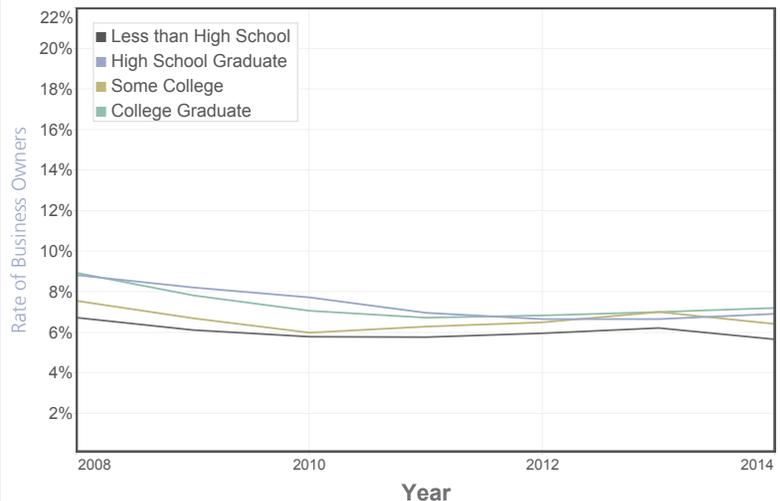
Nativity



Age



Education



Main Street Rank

2015	2014
21	20

San Diego

Metro: San Diego-Carlsbad-San Marcos | State: California

Metro Profile

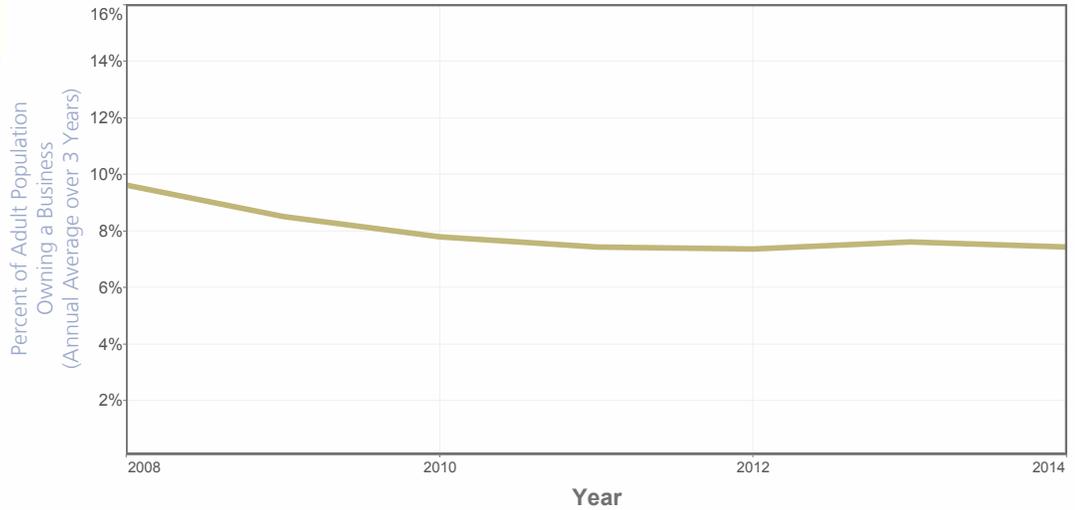
Rate of Business Owners

2015 Component	2014 Component
7.44%	7.62%

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



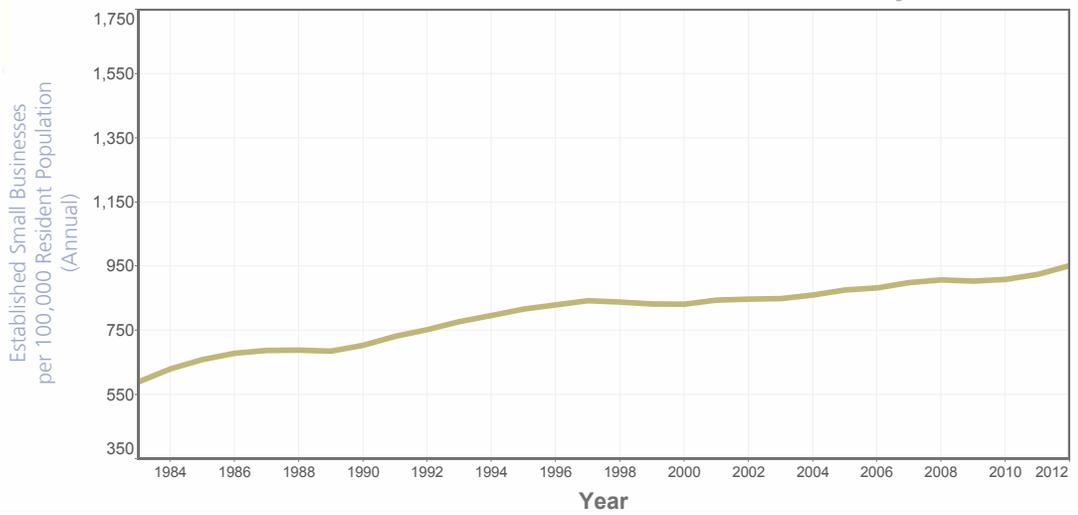
Established Small Business Density

2015 Component	2014 Component
952.5	925.1

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

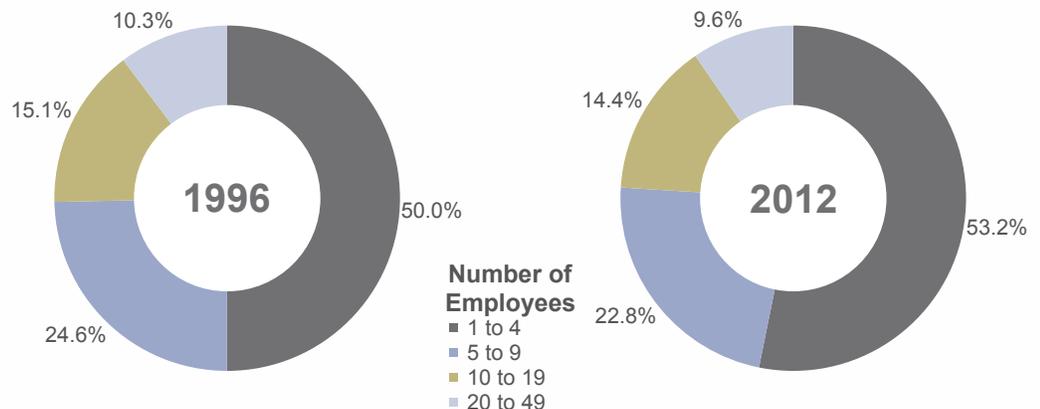


Composition of Established Small Businesses

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



San Diego

Metro: San Diego-Carlsbad-San Marcos | State: California

Business Owner Demographics

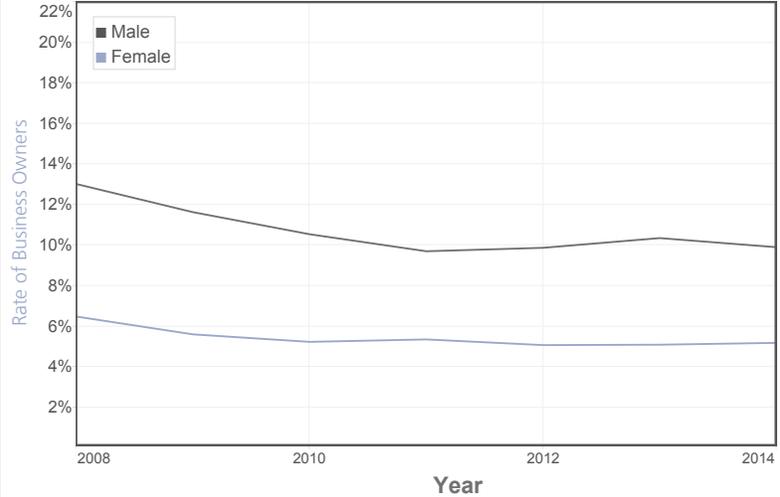
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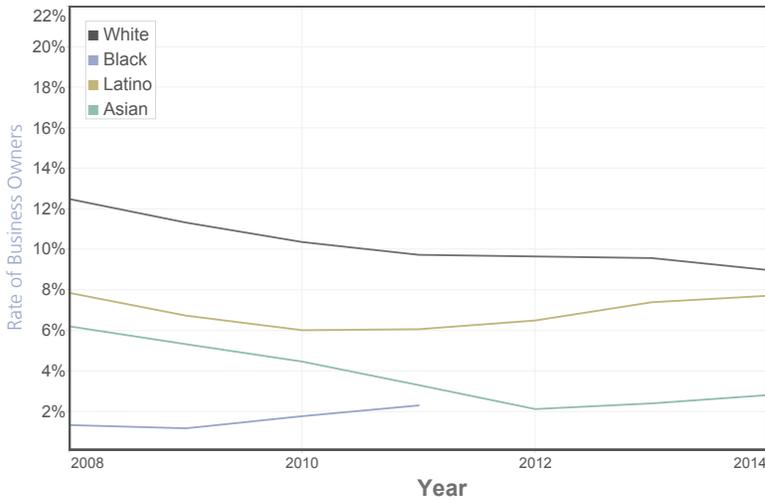
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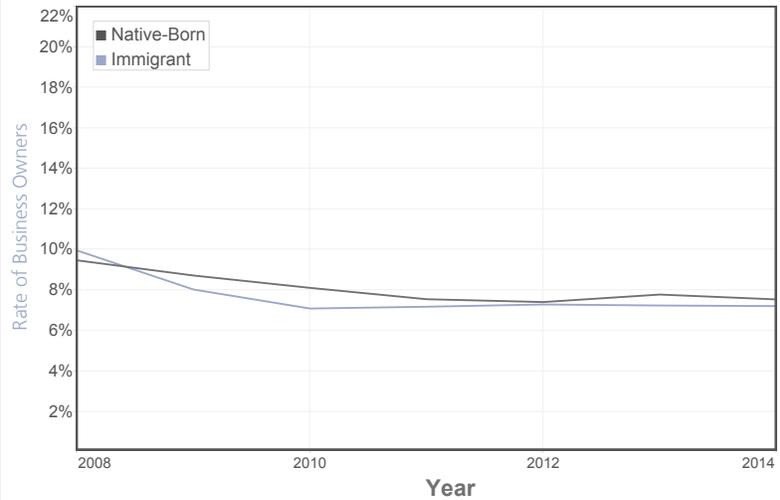
Gender



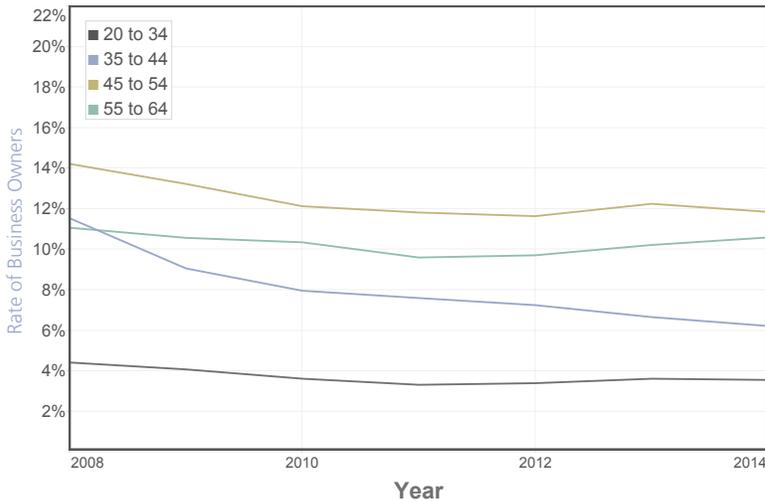
Race



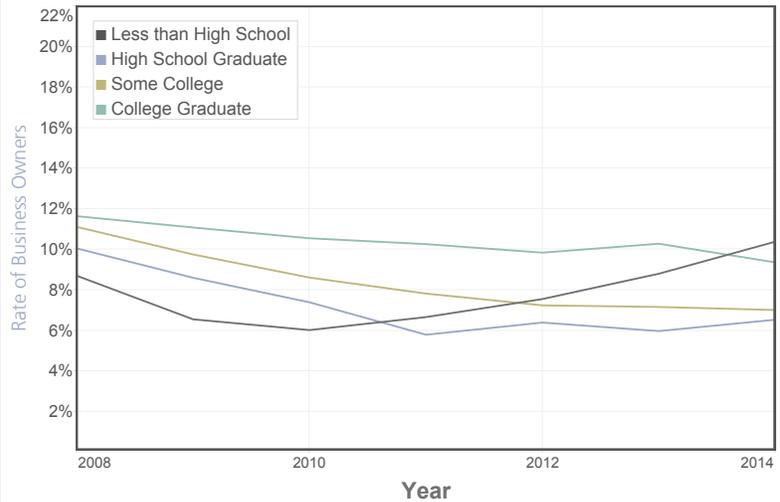
Nativity



Age



Education



Main Street Rank

2015	2014
22	23

Tampa

Metro: Tampa-St. Petersburg-Clearwater | State: Florida

Metro Profile

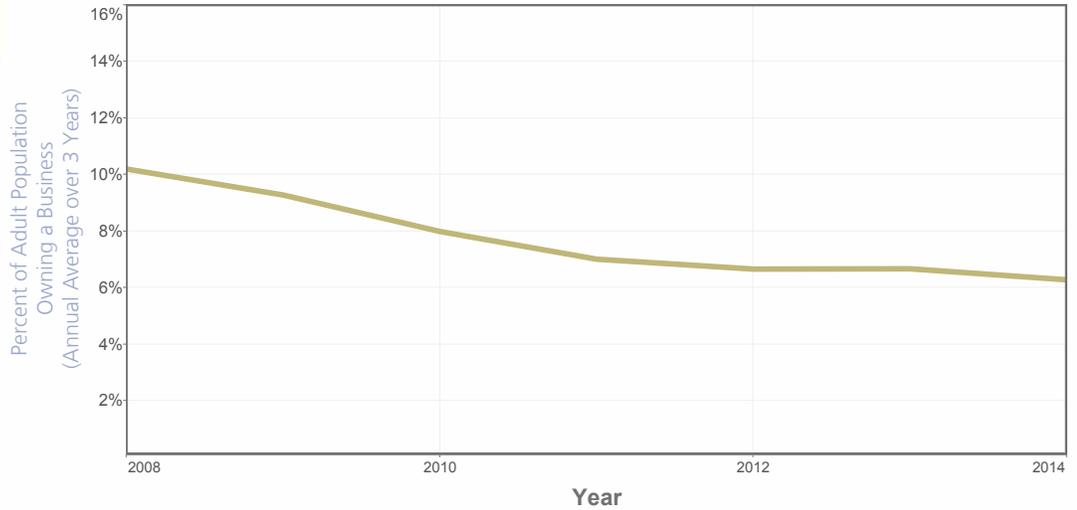
Rate of Business Owners

2015 Component	2014 Component
6.28%	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



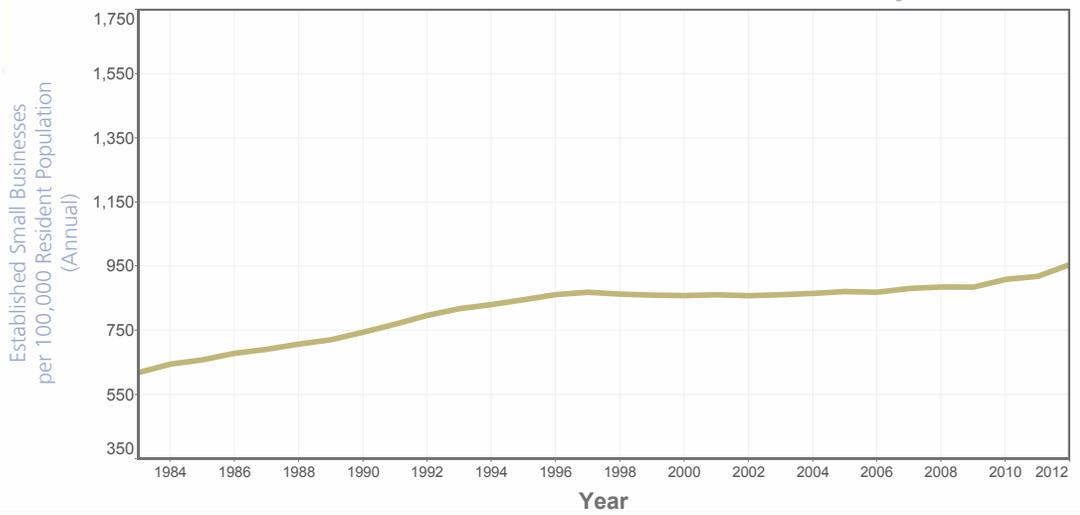
Established Small Business Density

2015 Component	2014 Component
955.8	918.9

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

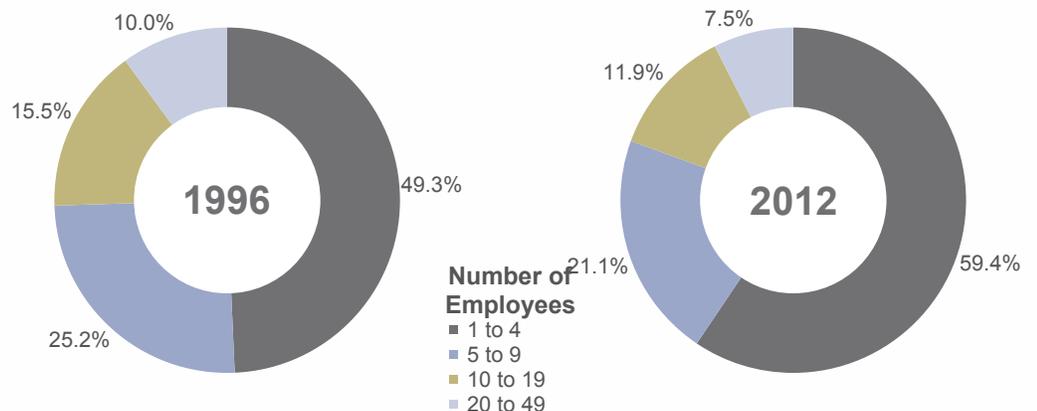


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Source: Author calculations from BDS.

Composition of Established Small Businesses



Tampa

Metro: Tampa-St. Petersburg-Clearwater | State: Florida
 Business Owner Demographics

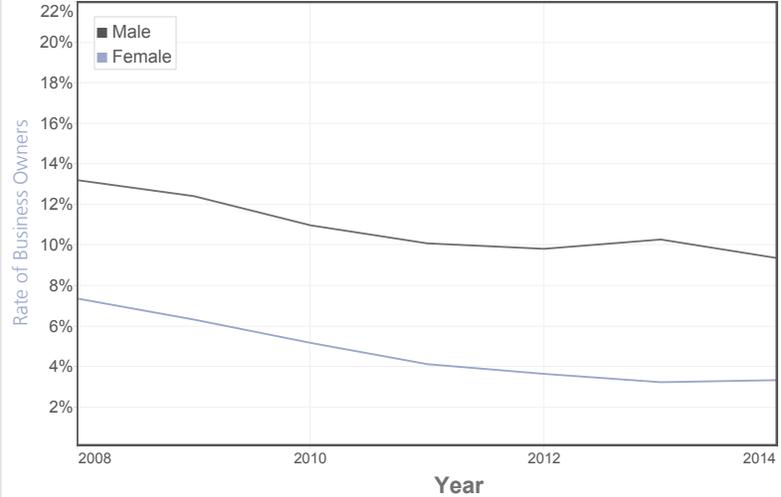
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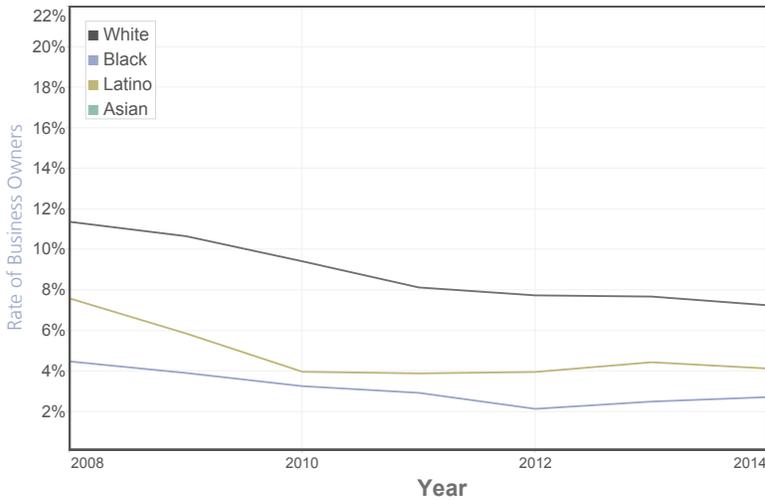
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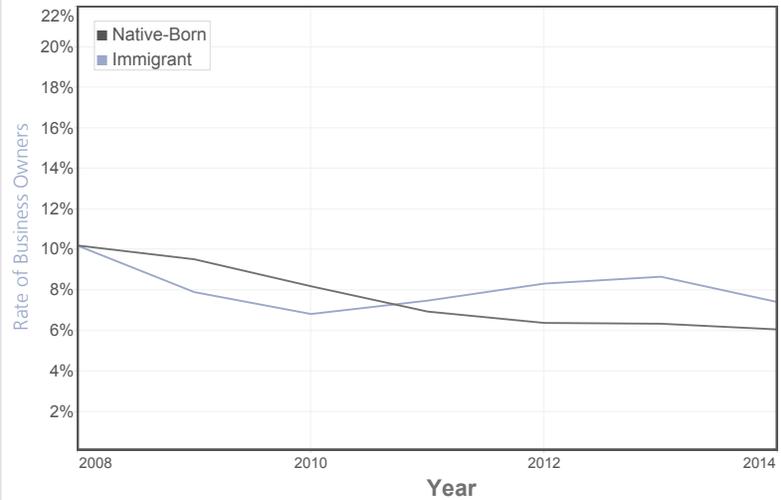
Gender



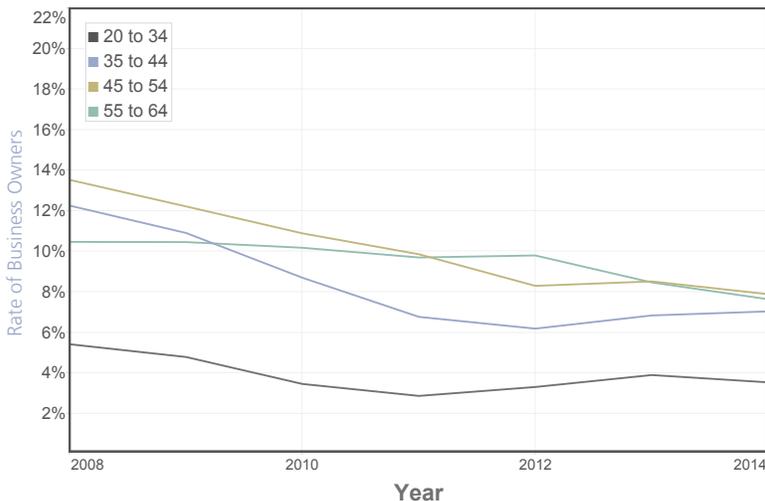
Race



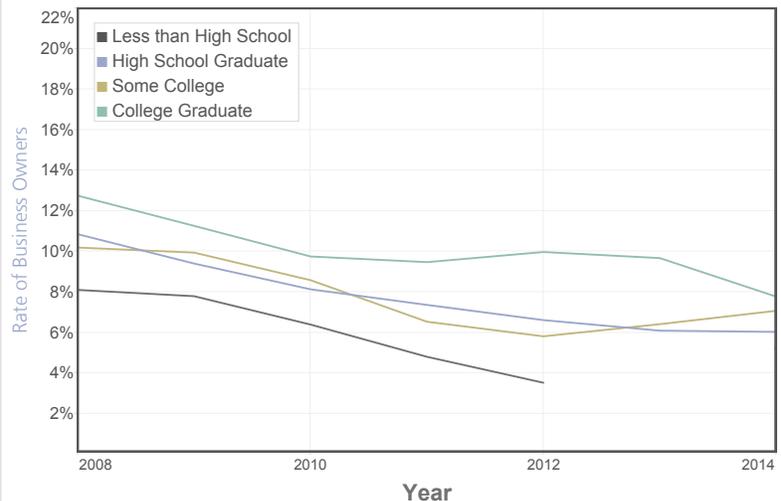
Nativity



Age



Education



Main Street Rank

2015	2014
23	22

Nashville

Metro: Nashville-Davidson-Murfreesboro-Franklin | State: Tennessee

Metro Profile

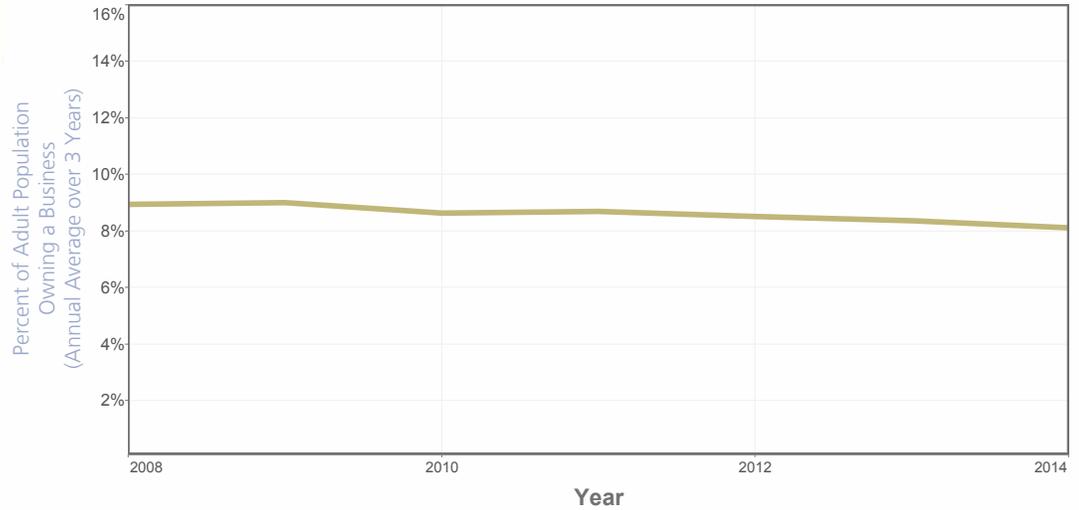
Rate of Business Owners

2015 Component	2014 Component
8.12%	8.37%

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



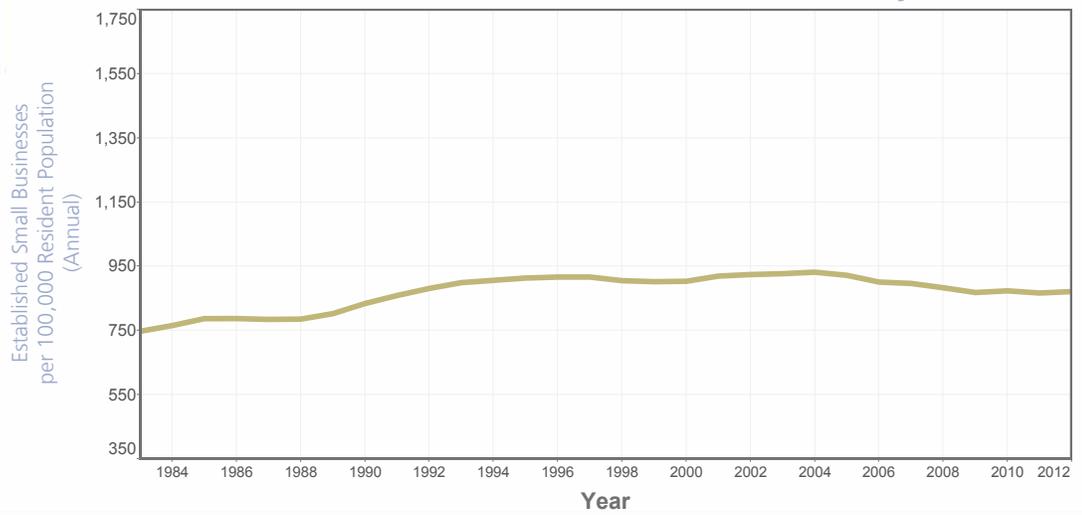
Established Small Business Density

2015 Component	2014 Component
871.6	867.1

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

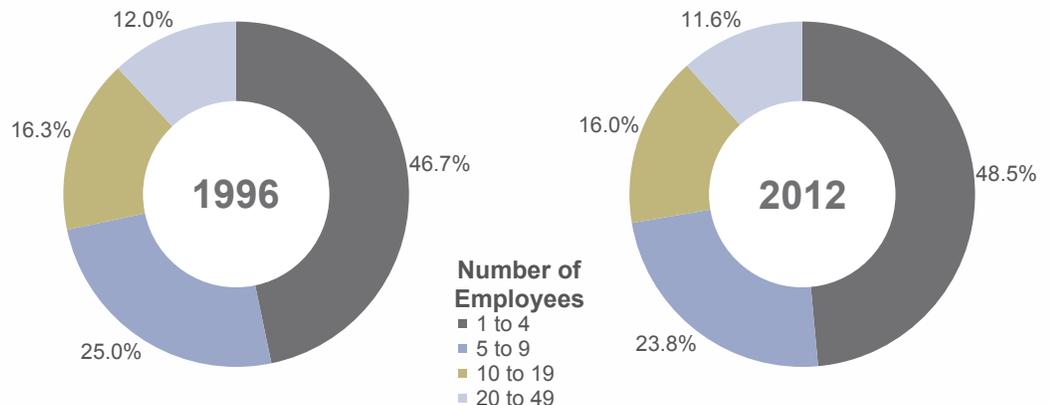


Composition of Established Small Businesses

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



Nashville

Metro: Nashville-Davidson-Murfreesboro-Franklin | State: Tennessee

Business Owner Demographics

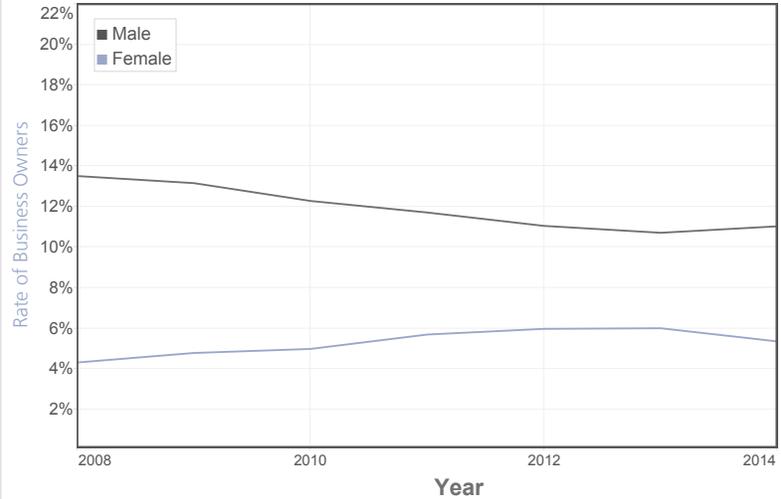
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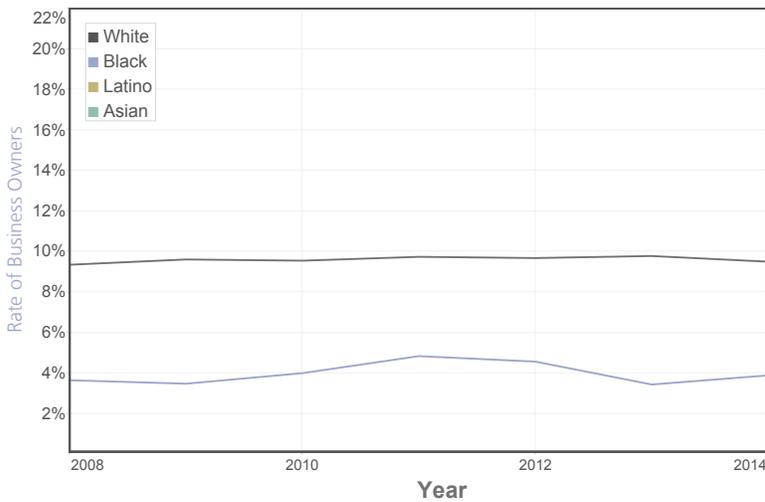
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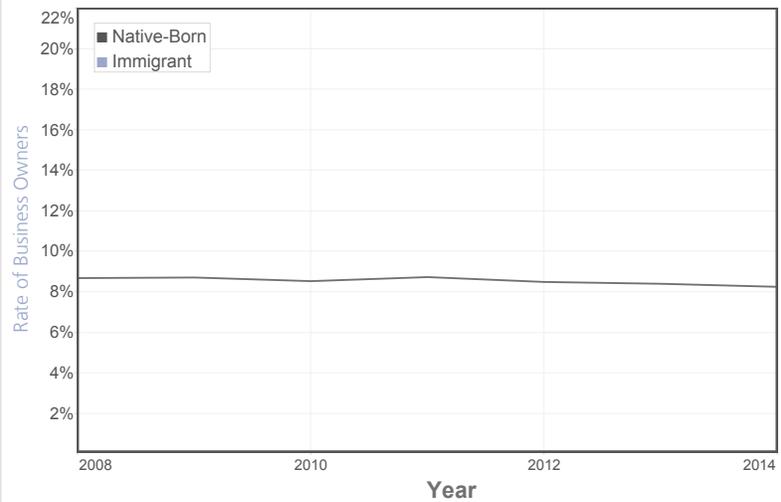
Gender



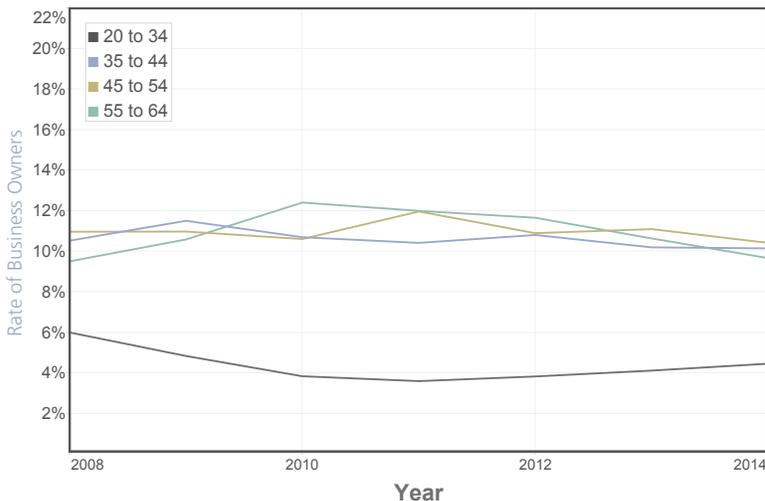
Race



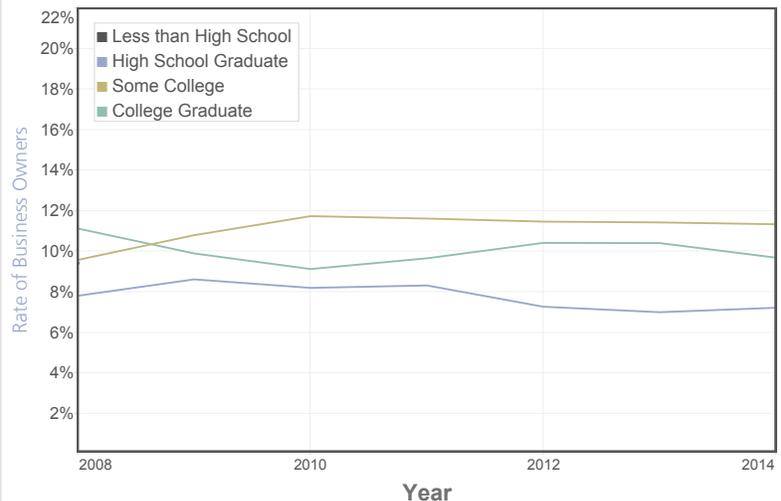
Nativity



Age



Education



Main Street Rank

2015	2014
24	24

Detroit

Metro: Detroit-Warren-Livonia | State: Michigan

Metro Profile

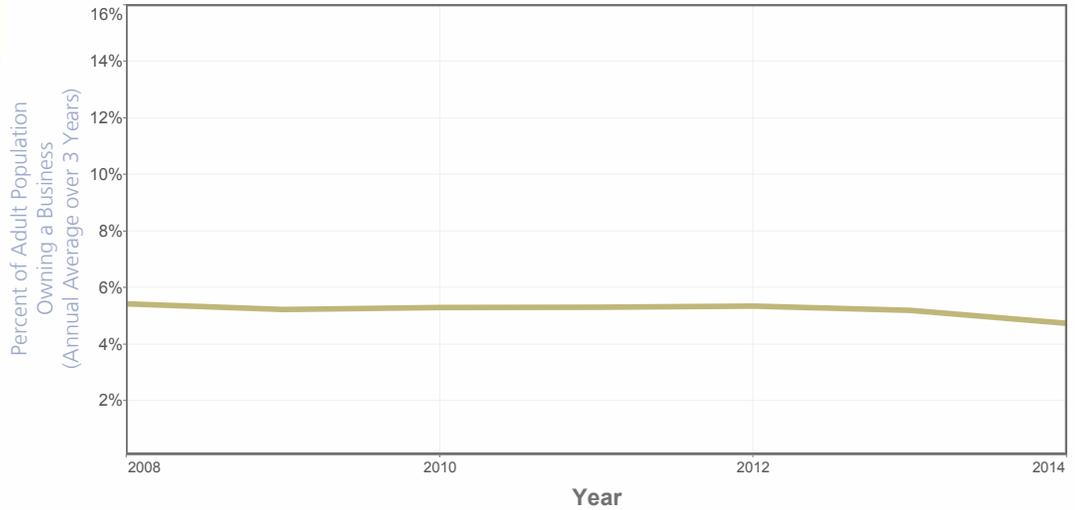
Rate of Business Owners

2015 Component	2014 Component
4.74%	5.20%

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



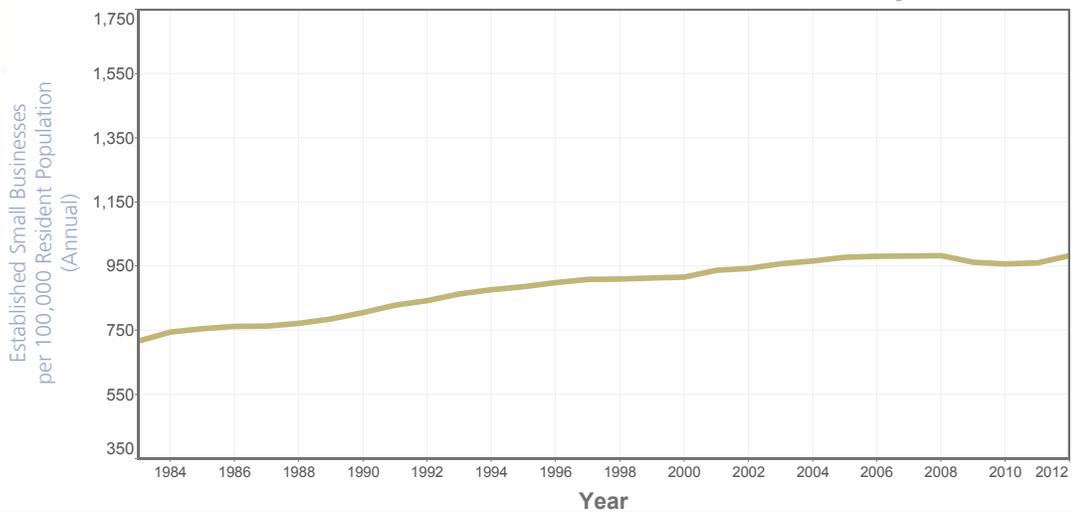
Established Small Business Density

2015 Component	2014 Component
983.7	961.2

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

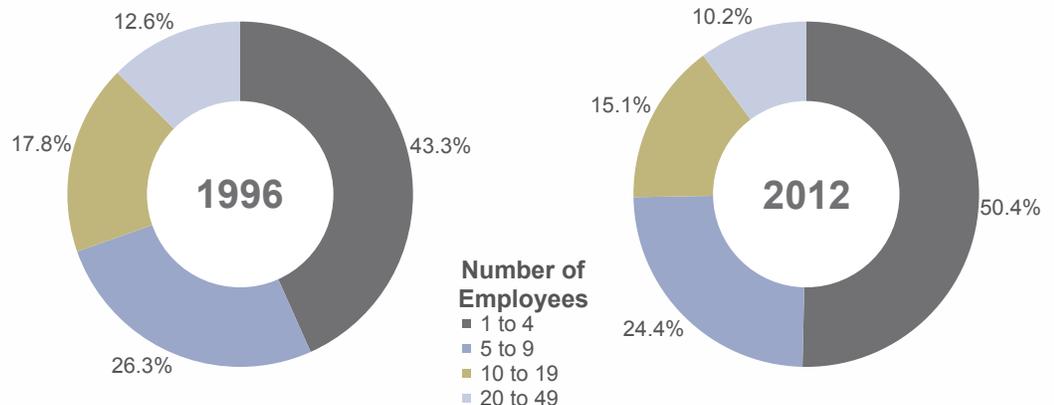


Composition of Established Small Businesses

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



Detroit

Metro: Detroit-Warren-Livonia | State: Michigan

Business Owner Demographics

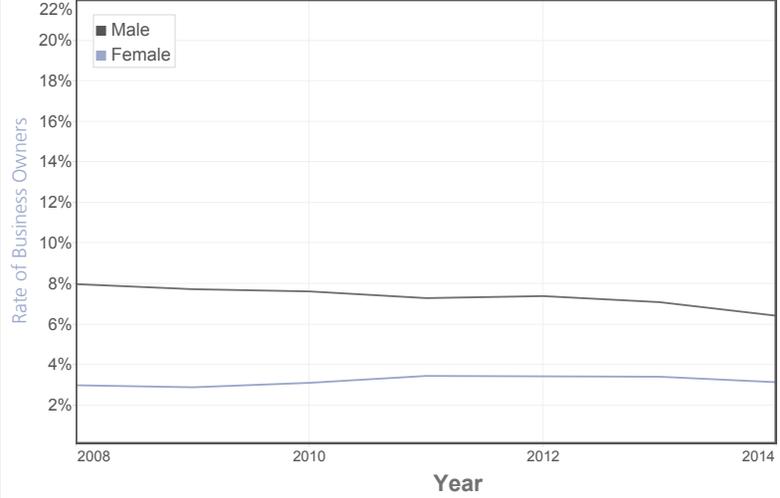
Rate of Business Owners by Demographic Group

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.

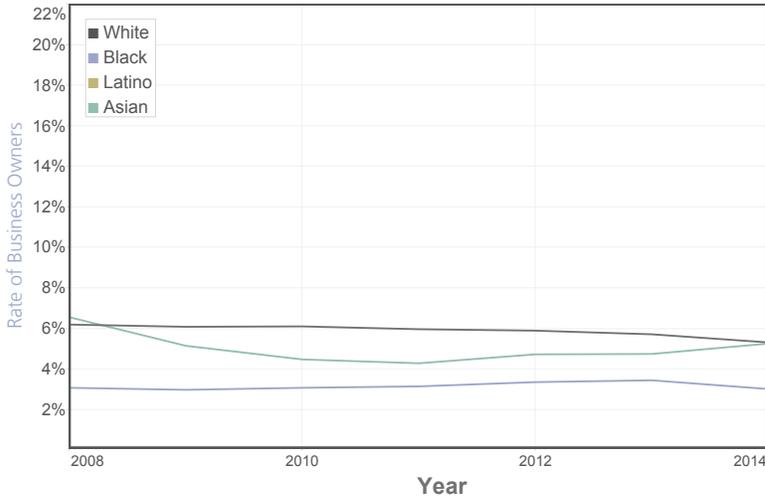
A Note on Confidence Intervals and Missing Data

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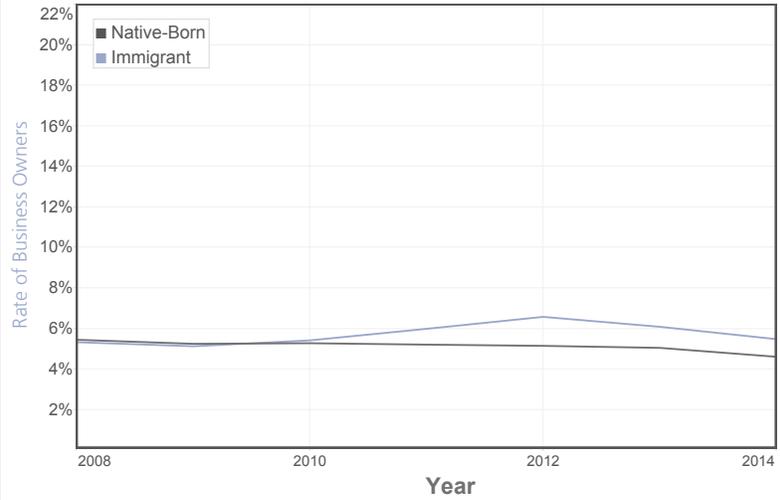
Gender



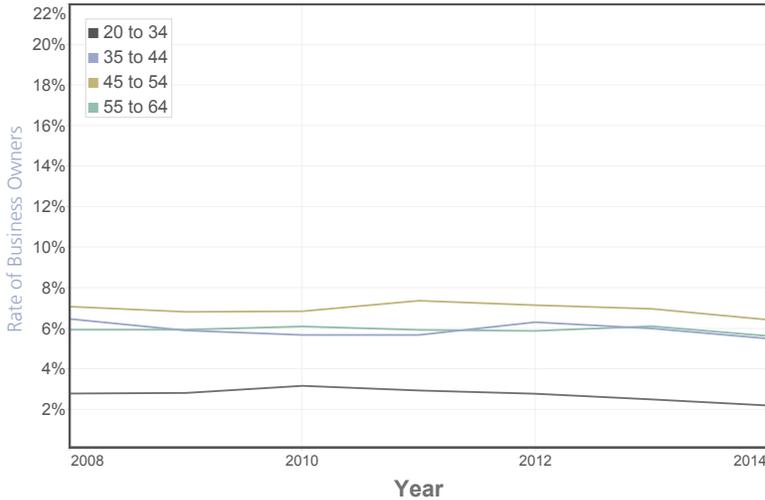
Race



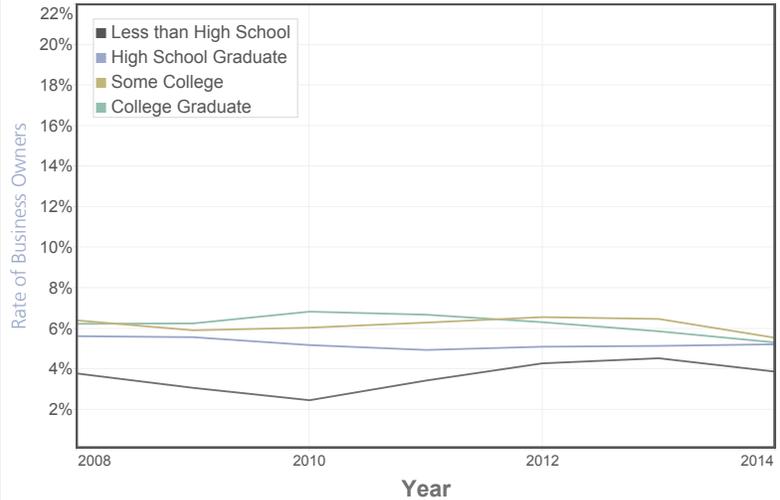
Nativity



Age



Education



Main Street Rank

2015	2014
25	25

Indianapolis

Metro: Indianapolis-Carmel | State: Indiana

Metro Profile

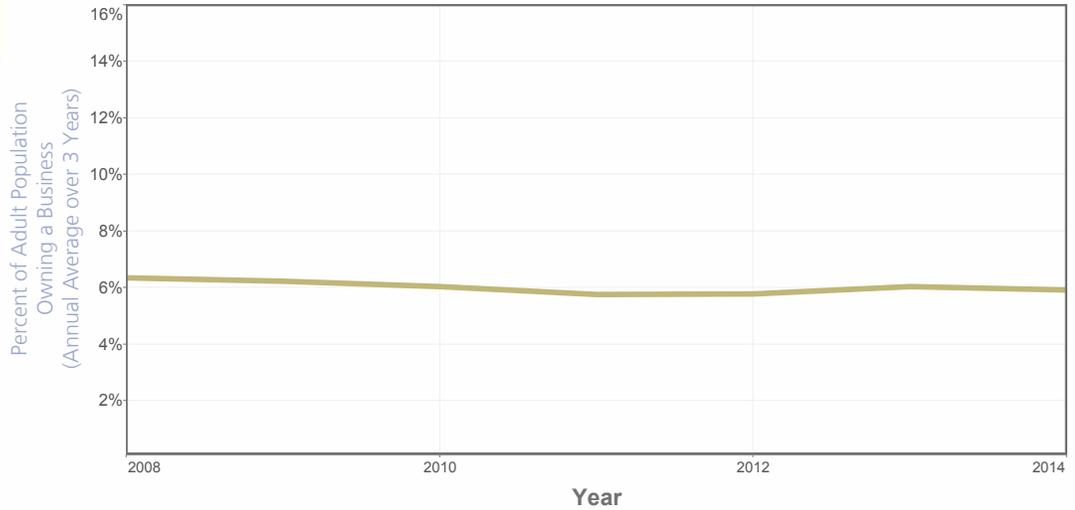
Rate of Business Owners

2015 Component	2014 Component
5.92%	6.04%

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



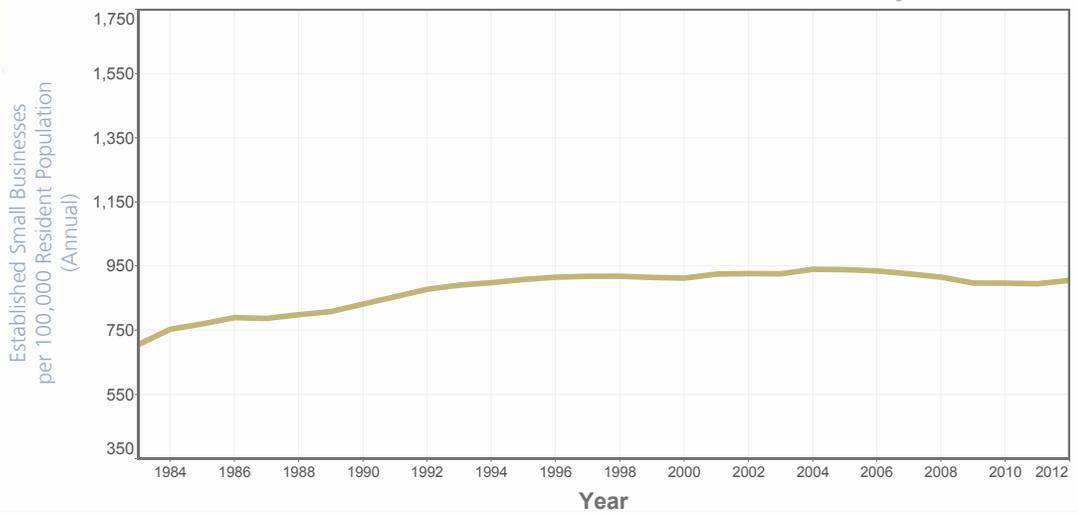
Established Small Business Density

2015 Component	2014 Component
906.7	896.0

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

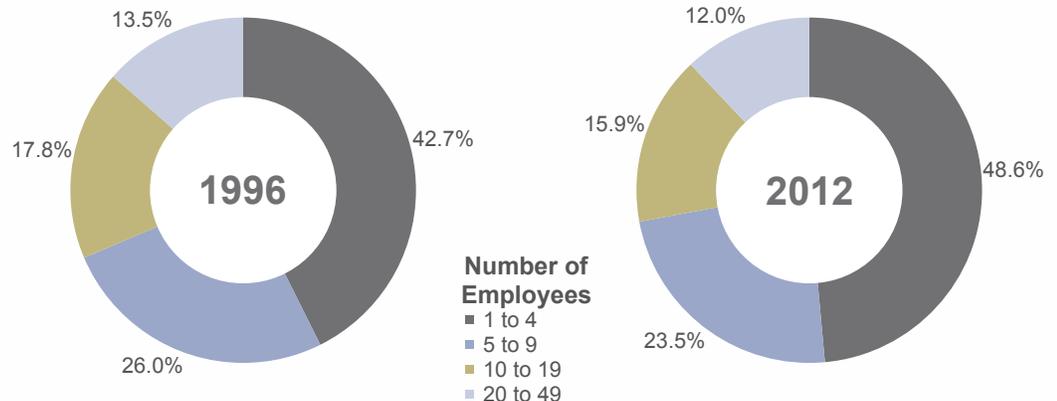


Composition of Established Small Businesses

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



Indianapolis

Metro: Indianapolis-Carmel | State: Indiana

Business Owner Demographics

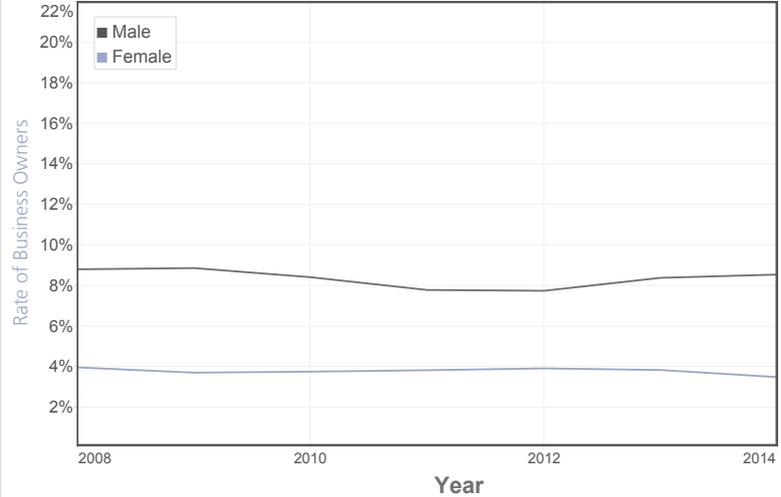
Rate of Business Owners by Demographic Group

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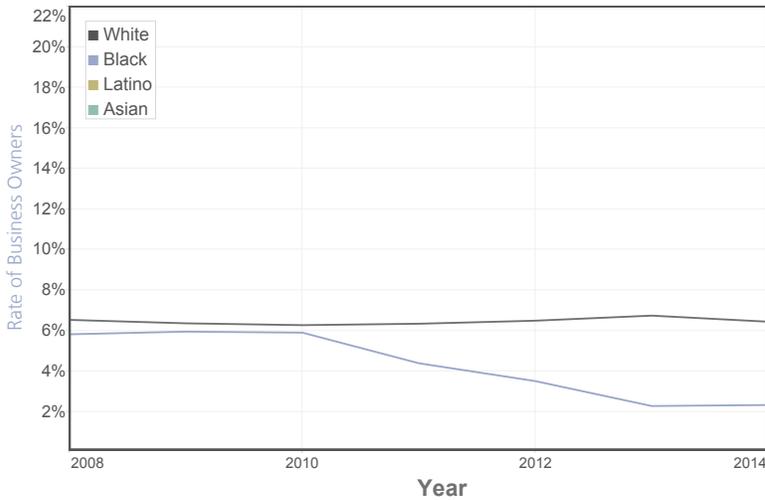
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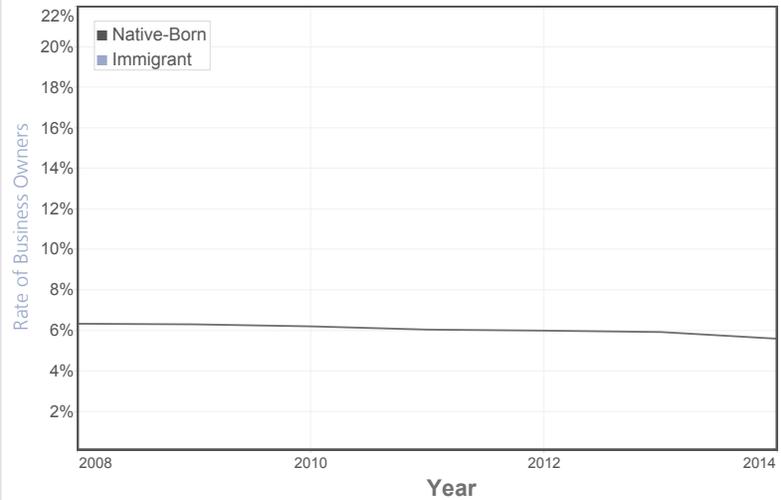
Gender



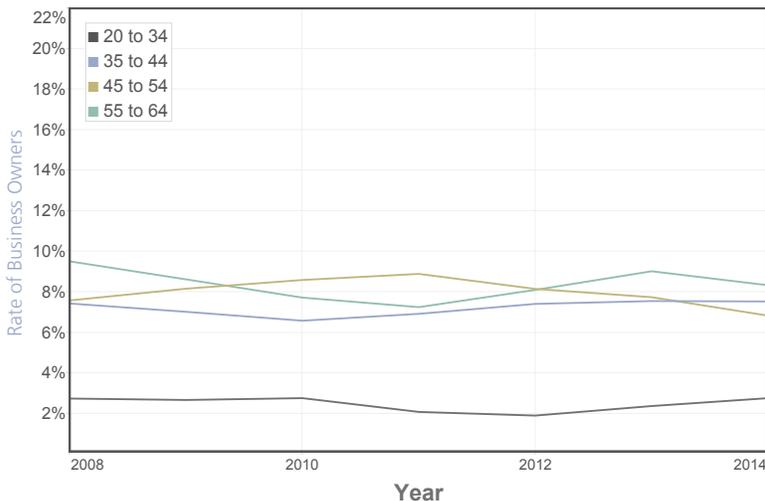
Race



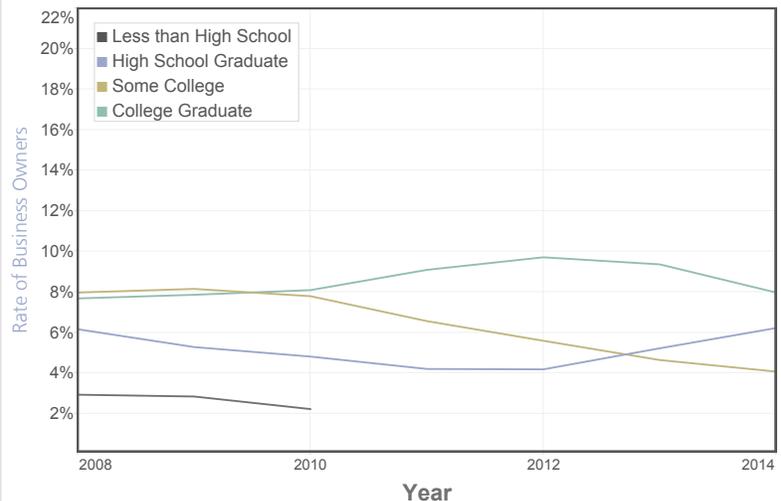
Nativity



Age



Education



Main Street Rank

2015	2014
26	30

Orlando

Metro: Orlando-Kissimmee-Sanford | State: Florida

Metro Profile

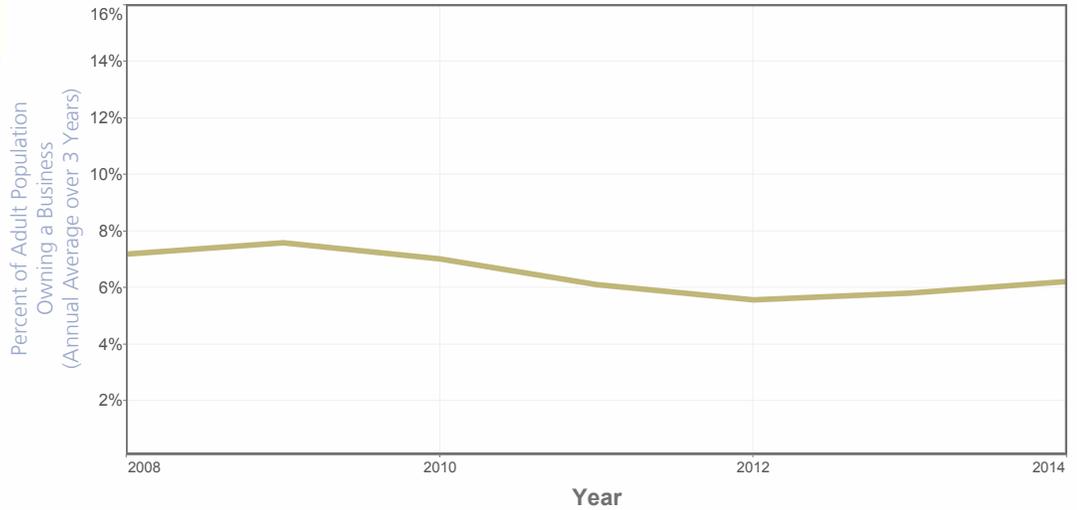
Rate of Business Owners

2015 Component	2014 Component
6.22%	5.81%

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



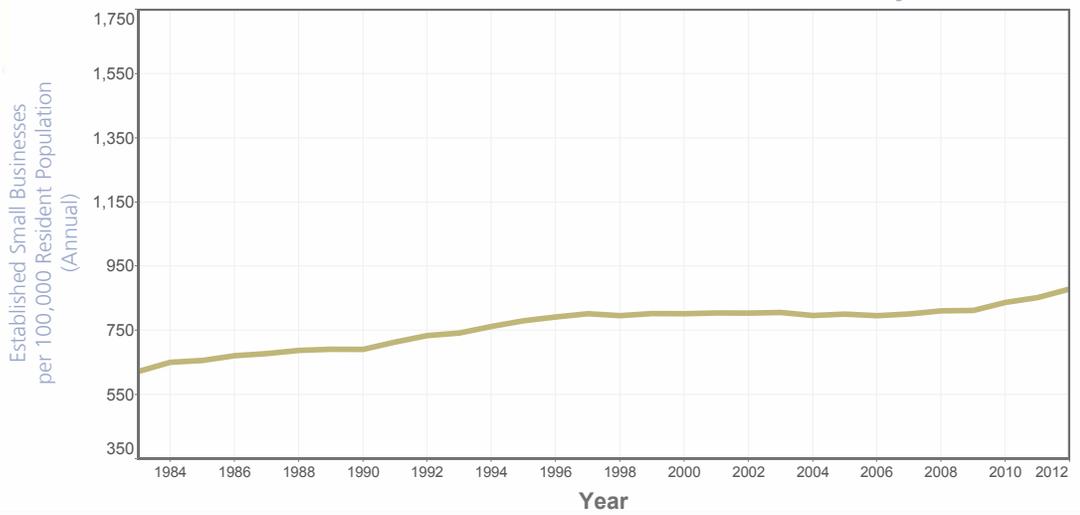
Established Small Business Density

2015 Component	2014 Component
879.7	852.9

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

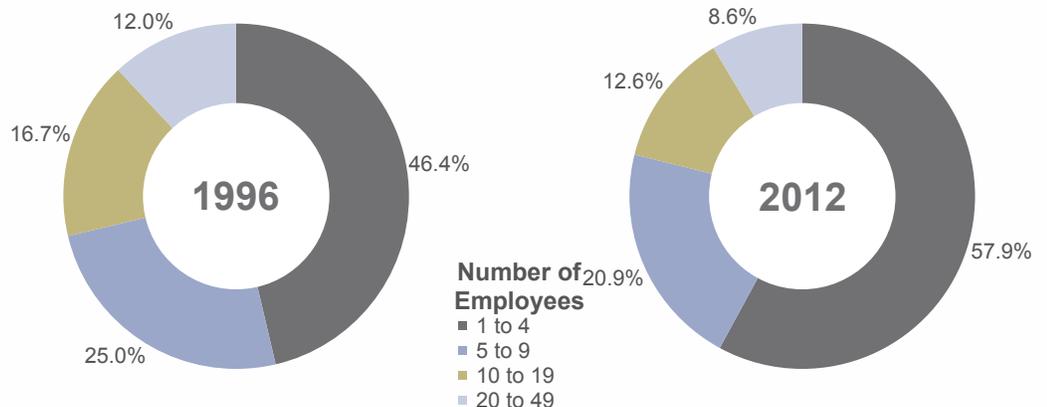


Composition of Established Small Businesses

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



Orlando

Metro: Orlando-Kissimmee-Sanford | State: Florida
 Business Owner Demographics

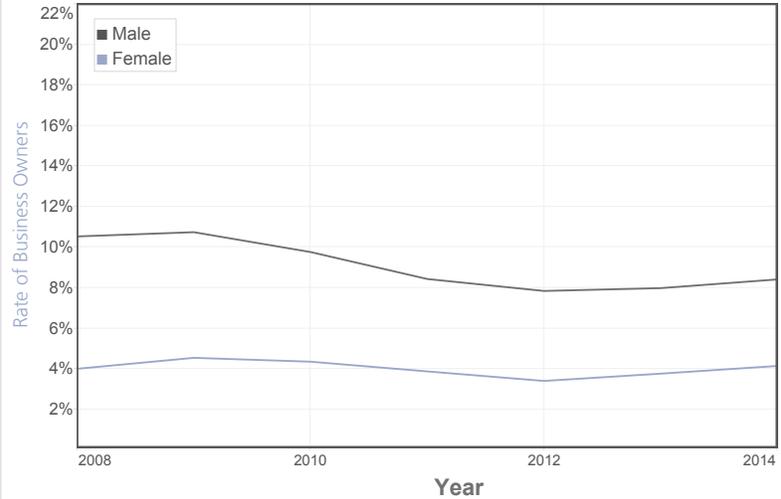
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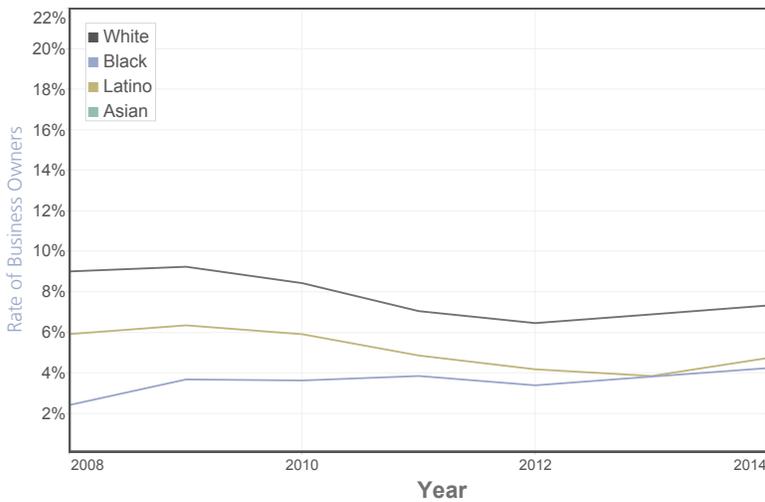
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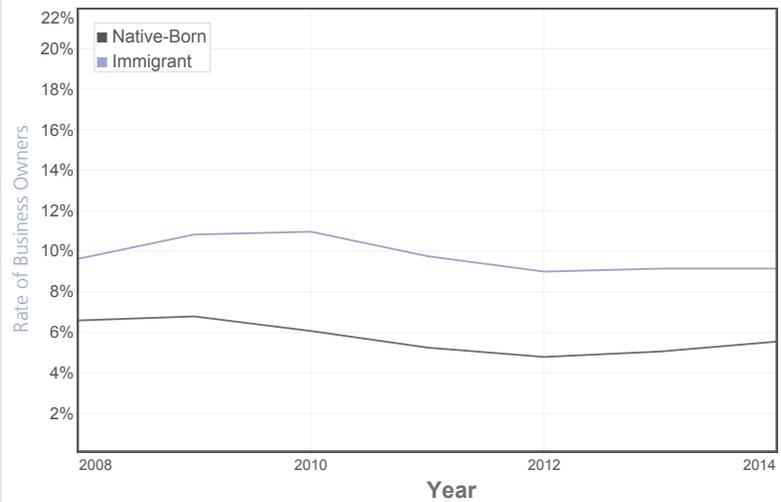
Gender



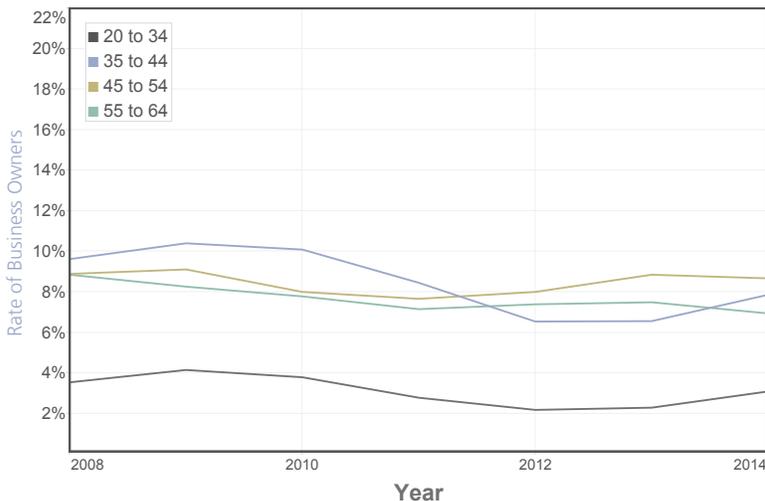
Race



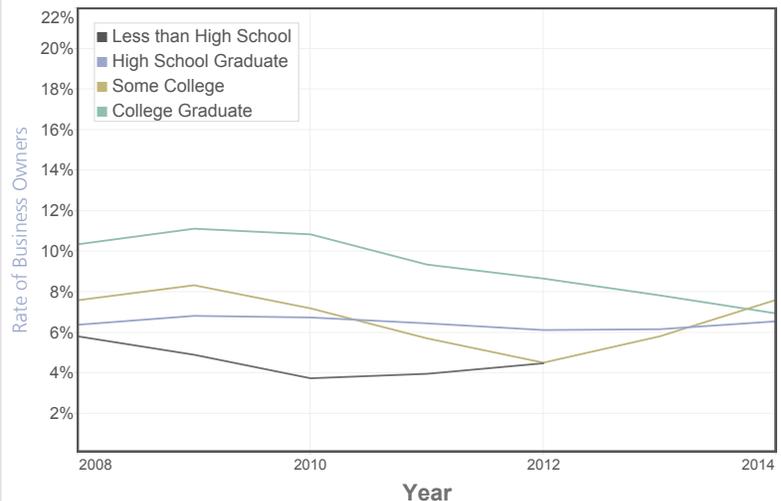
Nativity



Age



Education



Main Street Rank

2015	2014
27	28

Atlanta

Metro: Atlanta-Sandy Springs-Marietta | State: Georgia

Metro Profile

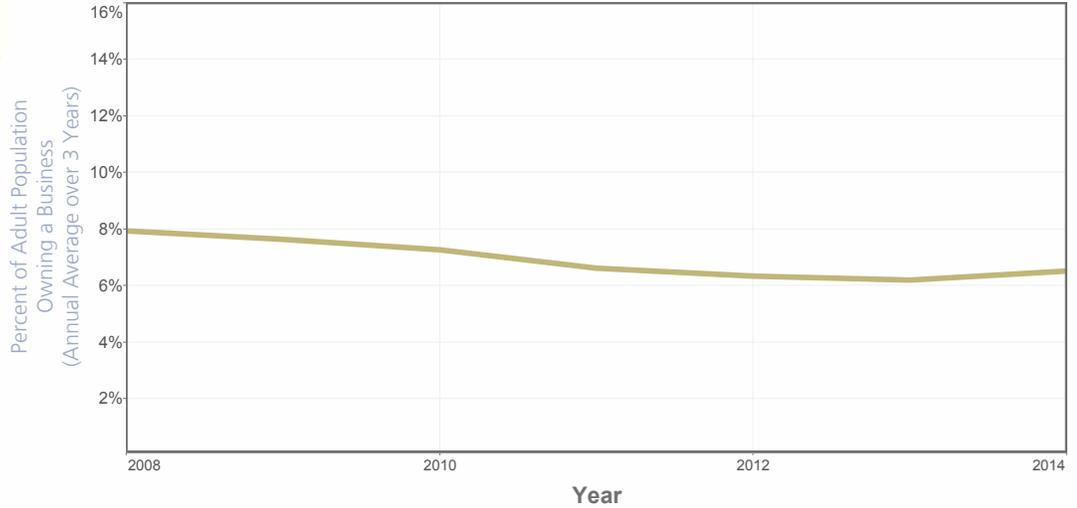
Rate of Business Owners

2015 Component	2014 Component
6.52%	6.20%

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



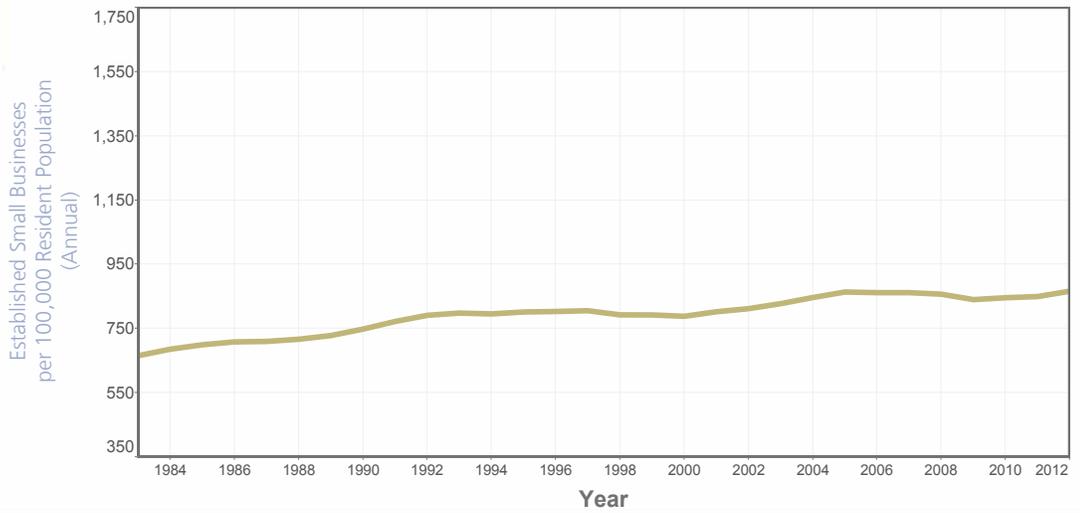
Established Small Business Density

2015 Component	2014 Component
866.6	849.8

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

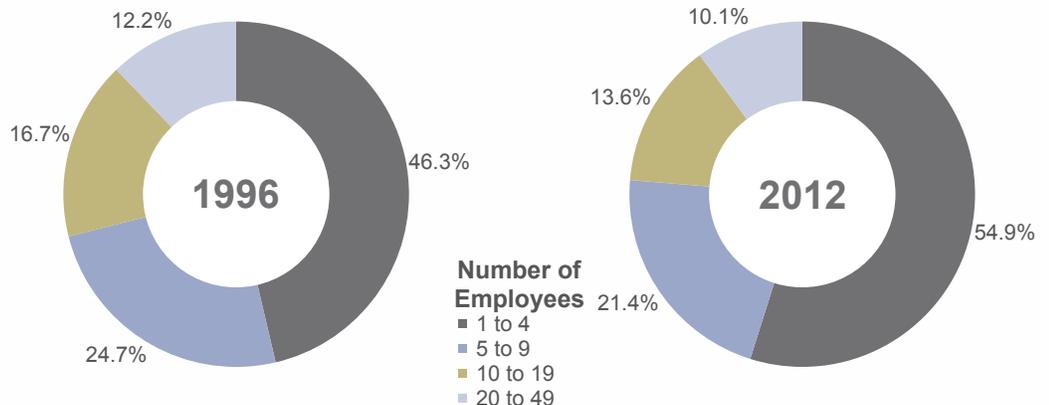


Composition of Established Small Businesses

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



Atlanta

Metro: Atlanta-Sandy Springs-Marietta | State: Georgia
 Business Owner Demographics

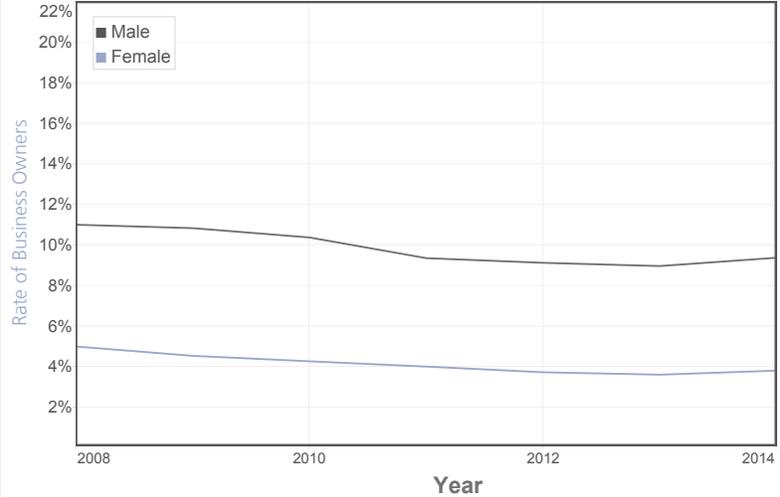
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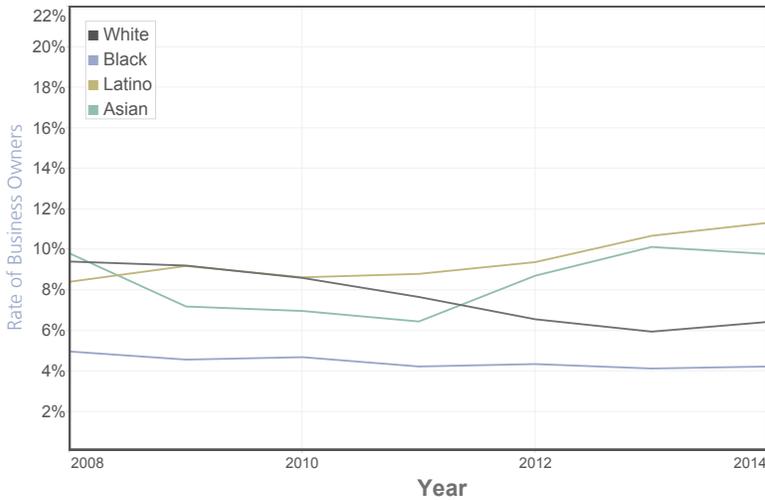
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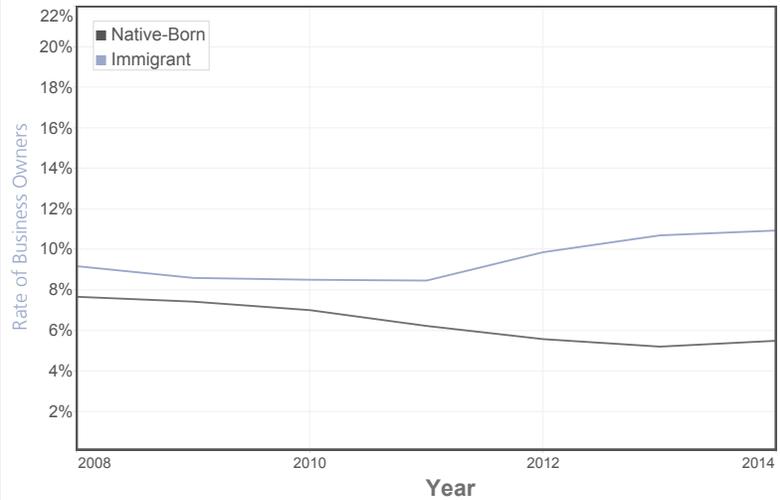
Gender



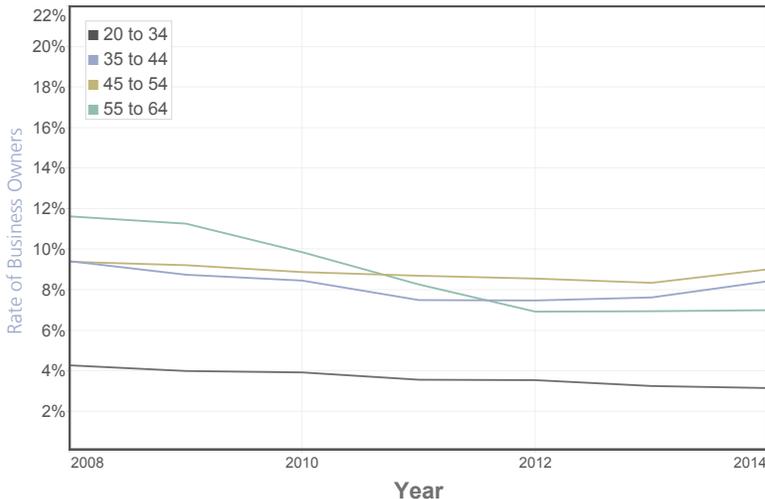
Race



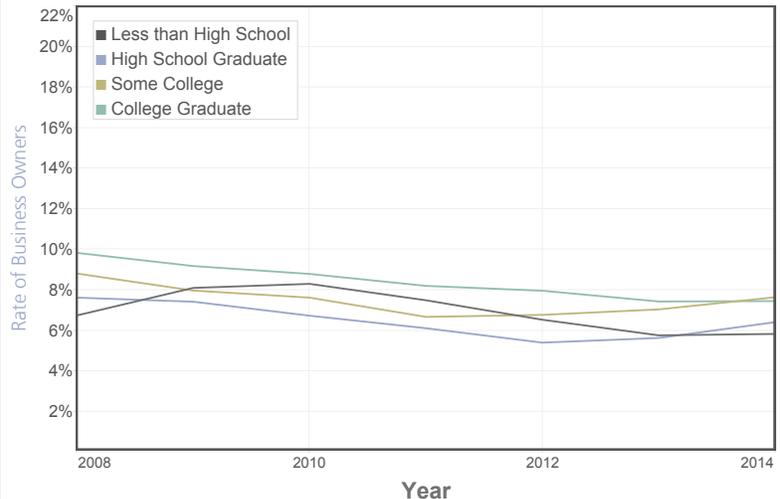
Nativity



Age



Education



Main Street Rank

2015	2014
28	27

Austin

Metro: Austin-Round Rock-San Marcos | State: Texas

Metro Profile

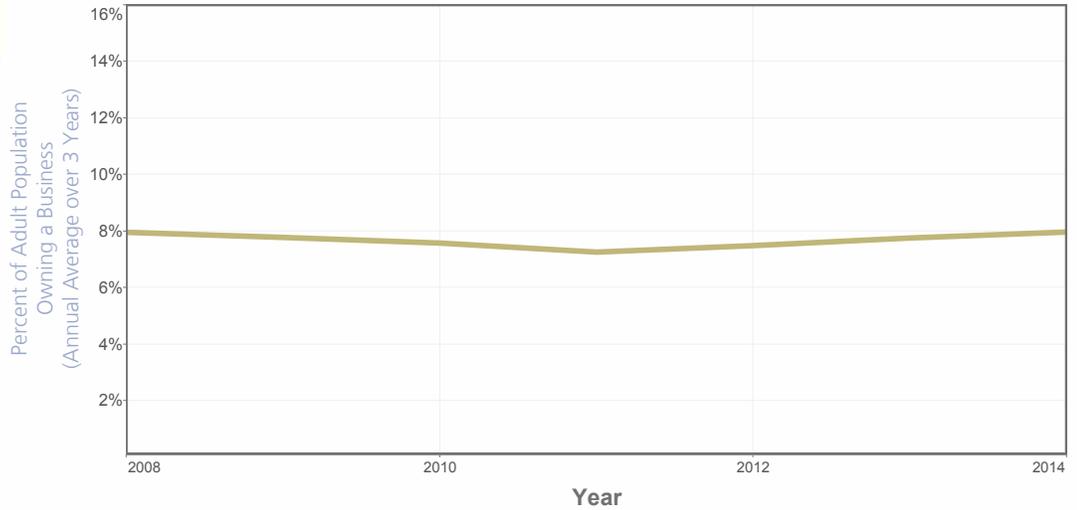
Rate of Business Owners

2015 Component	2014 Component
7.97%	7.76%

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



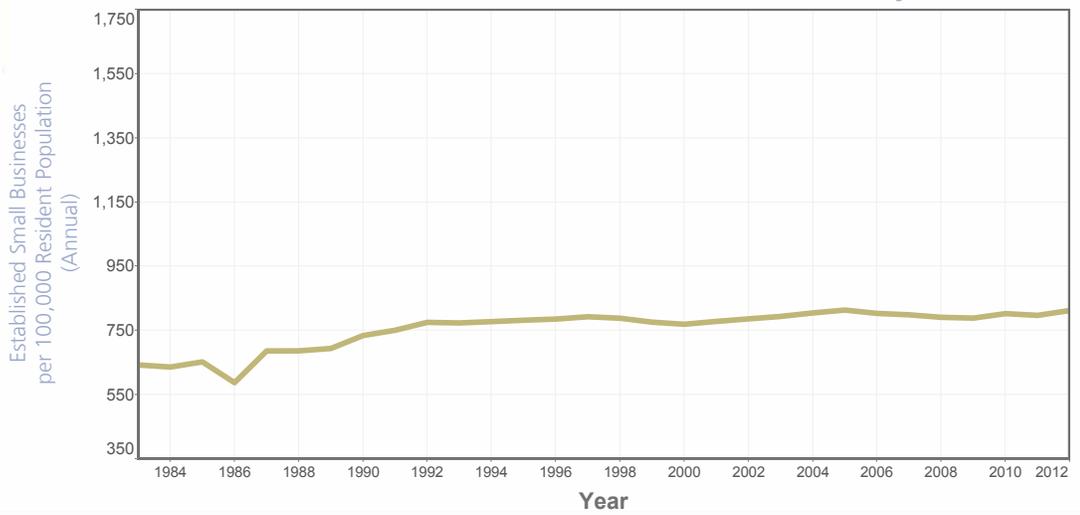
Established Small Business Density

2015 Component	2014 Component
812.6	797.5

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

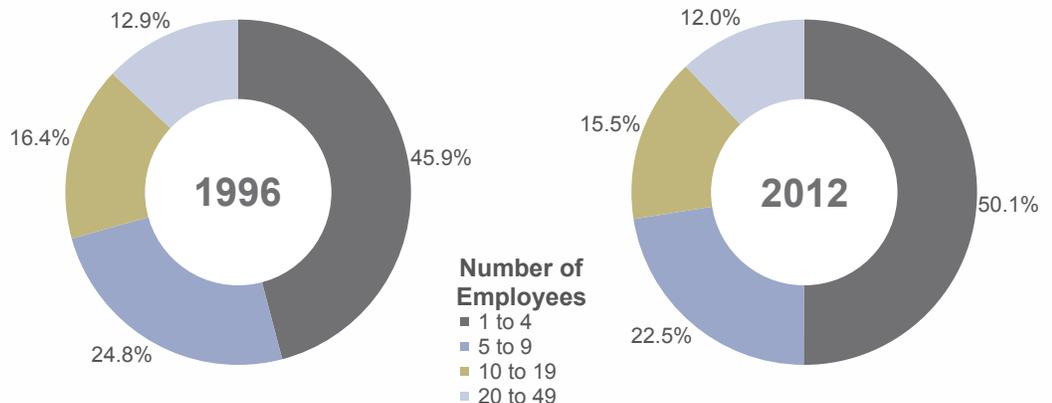


Composition of Established Small Businesses

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



Austin

Metro: Austin-Round Rock-San Marcos | State: Texas
 Business Owner Demographics

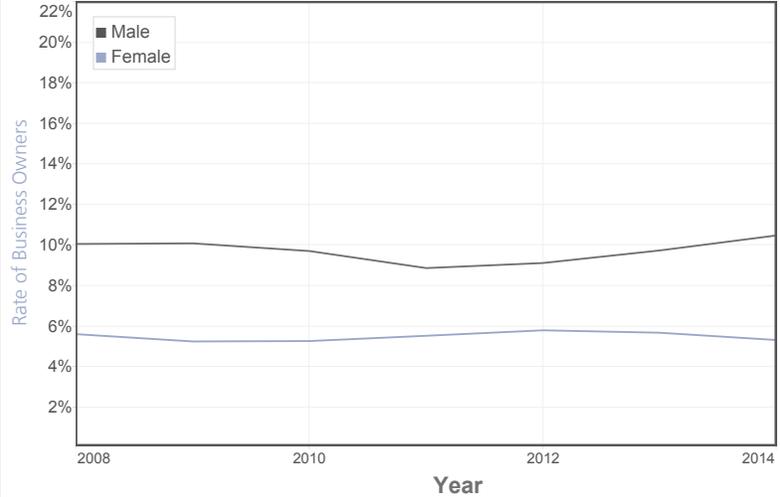
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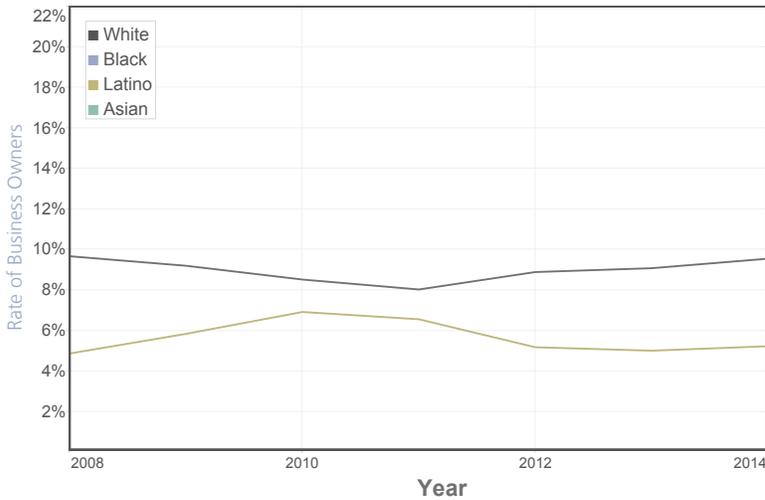
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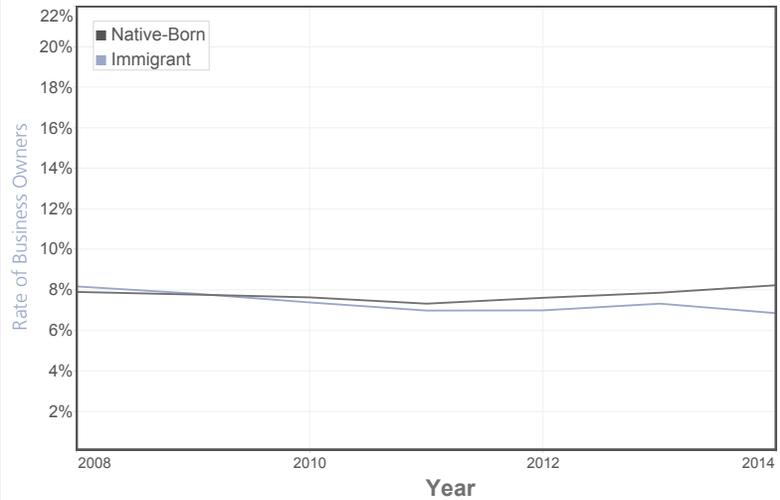
Gender



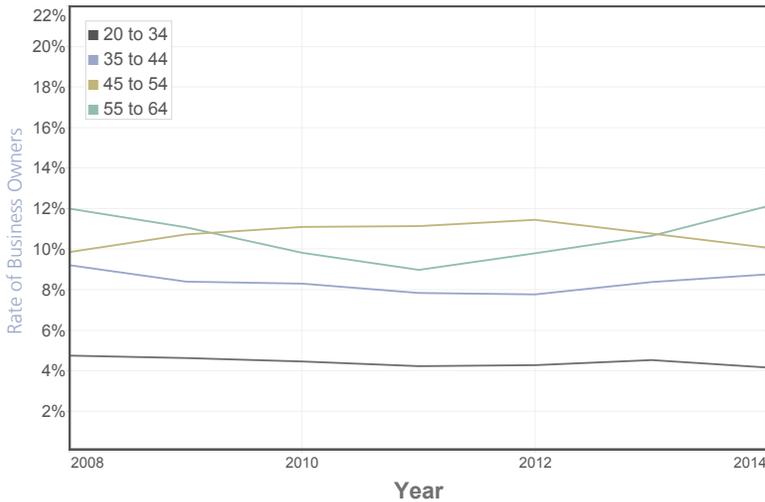
Race



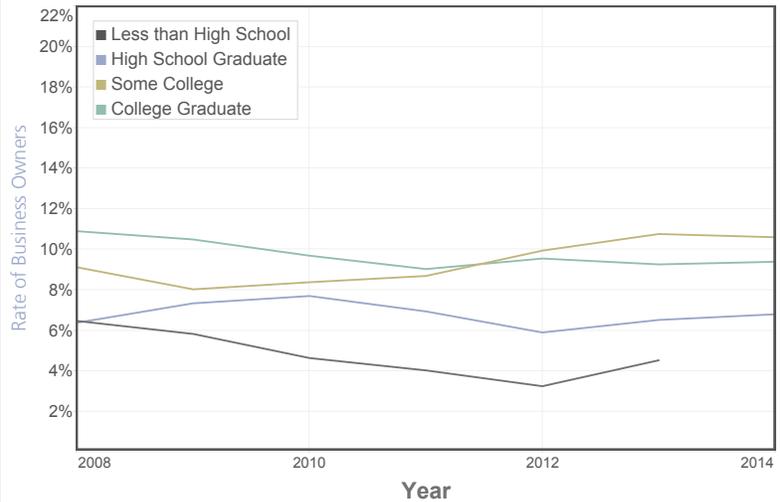
Nativity



Age



Education



Main Street Rank

2015	2014
29	29

Jacksonville

Metro: Jacksonville | State: Florida

Metro Profile

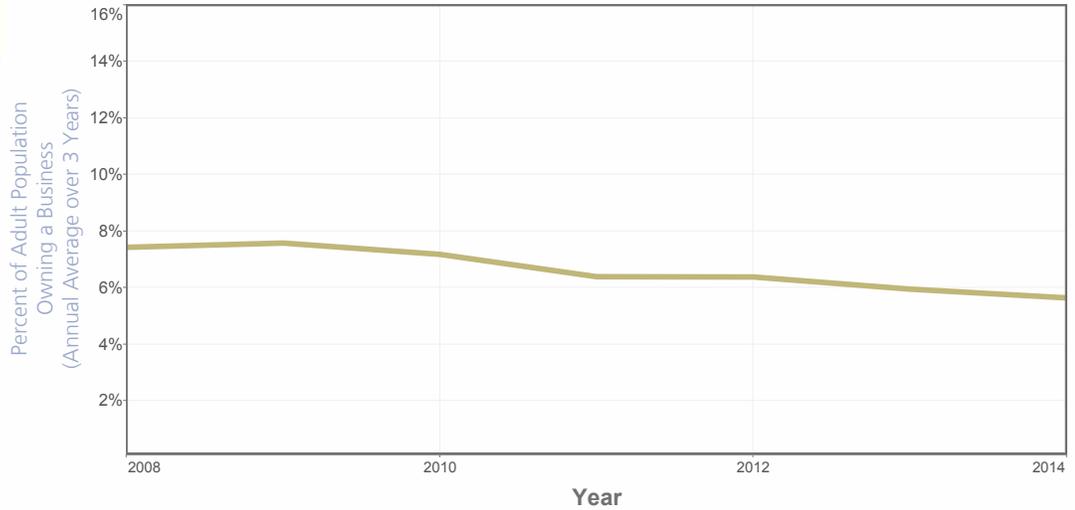
Rate of Business Owners

2015 Component	2014 Component
5.64%	5.95%

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



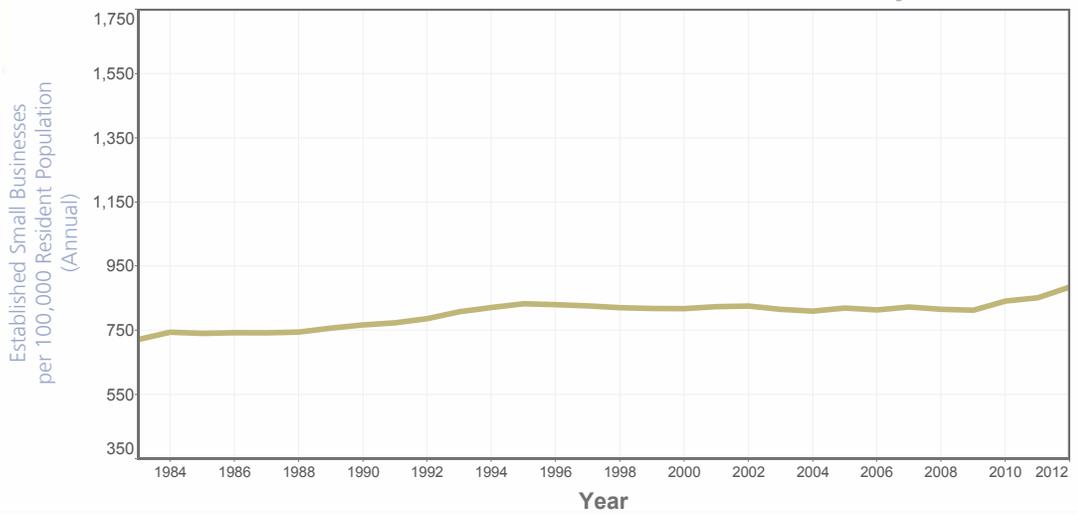
Established Small Business Density

2015 Component	2014 Component
885.8	852.2

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

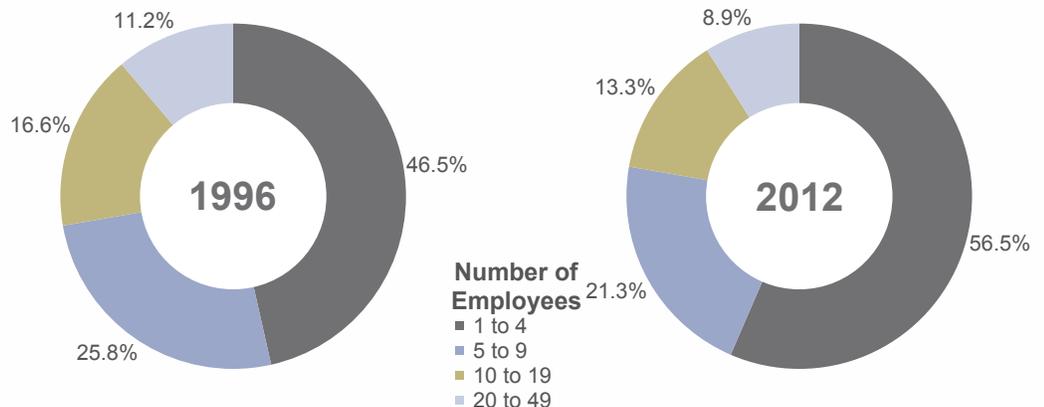


Composition of Established Small Businesses

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



Jacksonville

Metro: Jacksonville | State: Florida

Business Owner Demographics

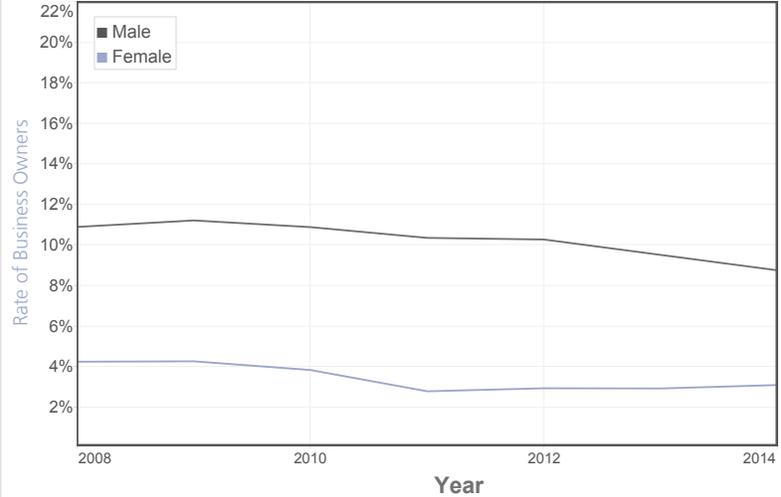
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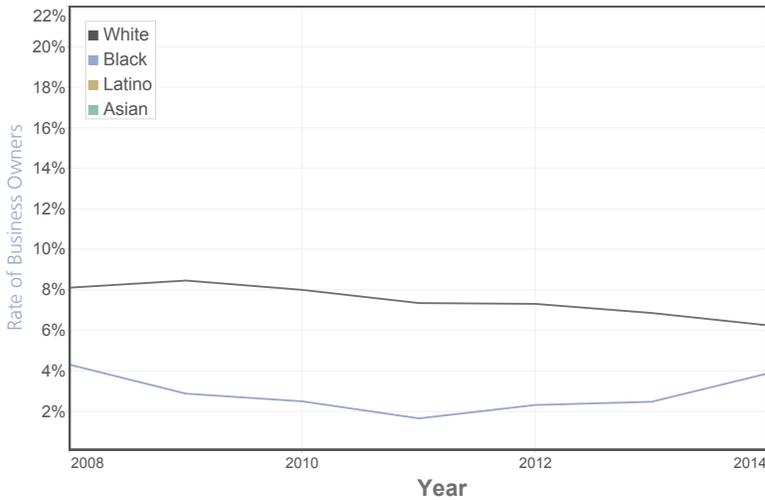
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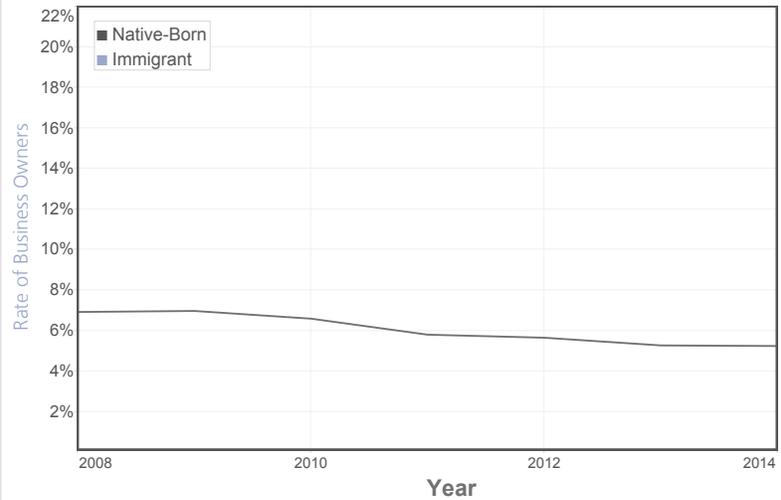
Gender



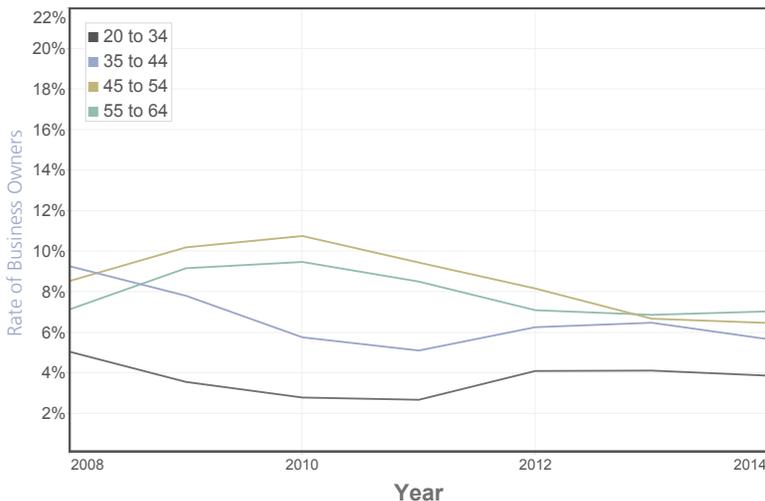
Race



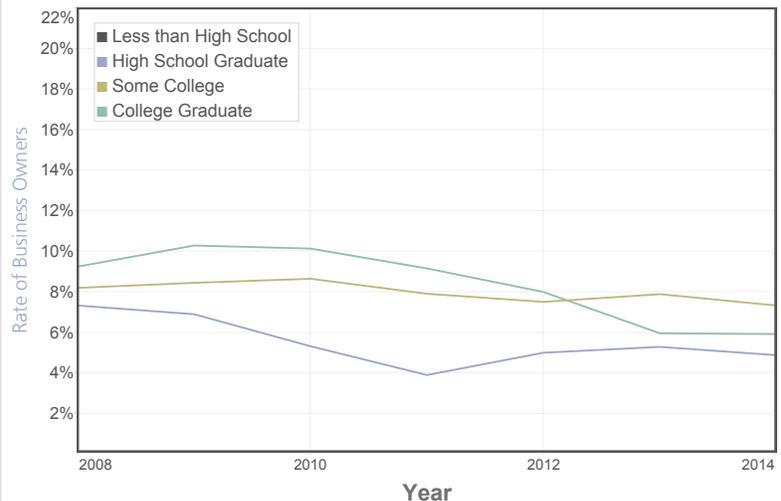
Nativity



Age



Education



Main Street Rank

2015	2014
30	26

Charlotte

Metro: Charlotte-Gastonia-Rock Hill | State: North Carolina-South Carolina

Metro Profile

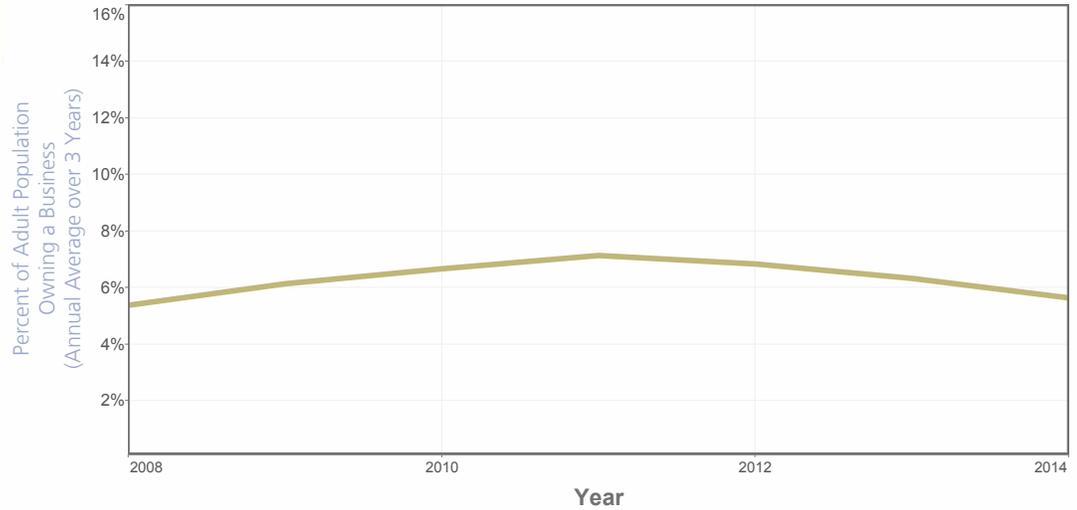
Rate of Business Owners

2015 Component	2014 Component
5.64%	6.33%

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



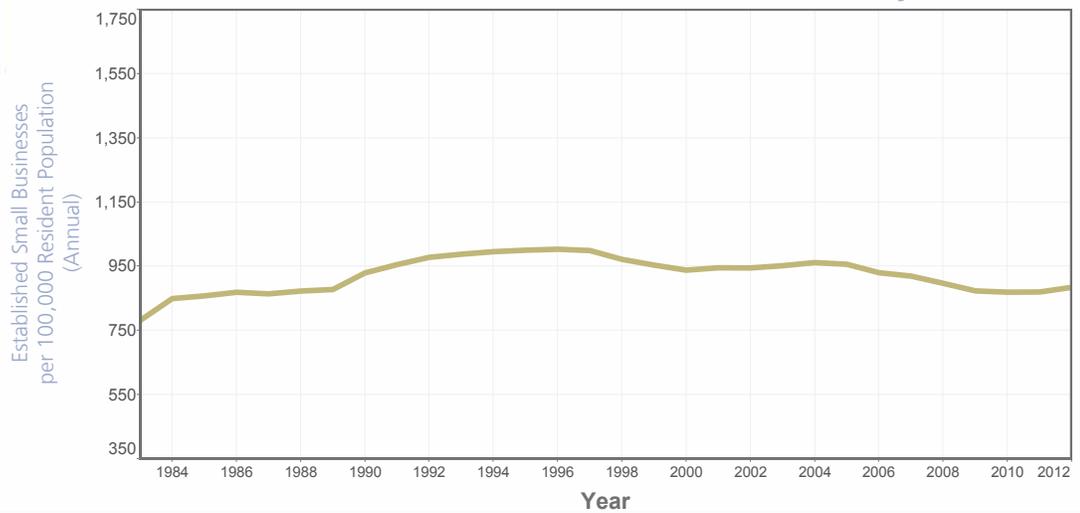
Established Small Business Density

2015 Component	2014 Component
884.8	870.3

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

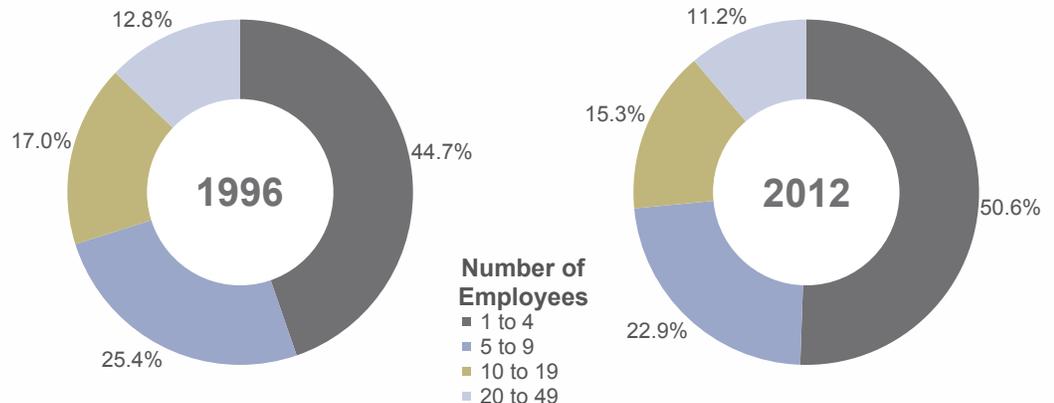


Composition of Established Small Businesses

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



Charlotte

Metro: Charlotte-Gastonia-Rock Hill | State: North Carolina-South Carolina

Business Owner Demographics

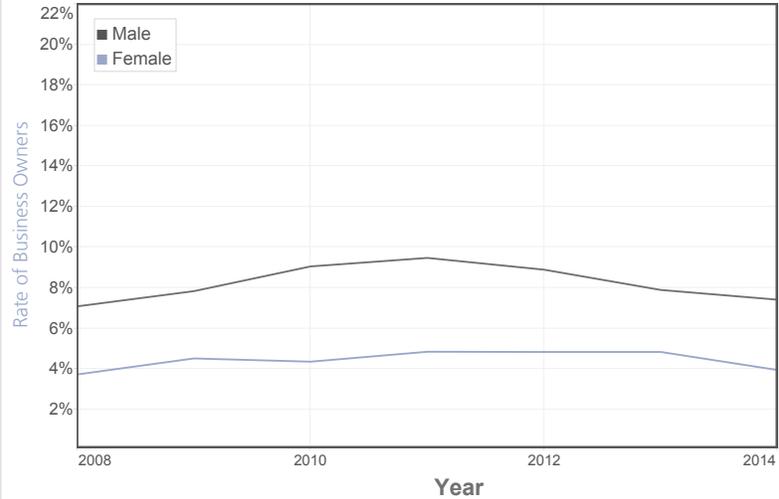
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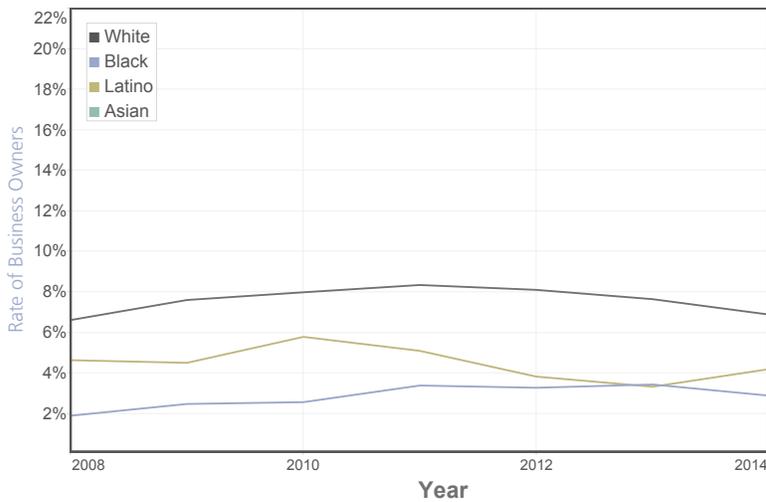
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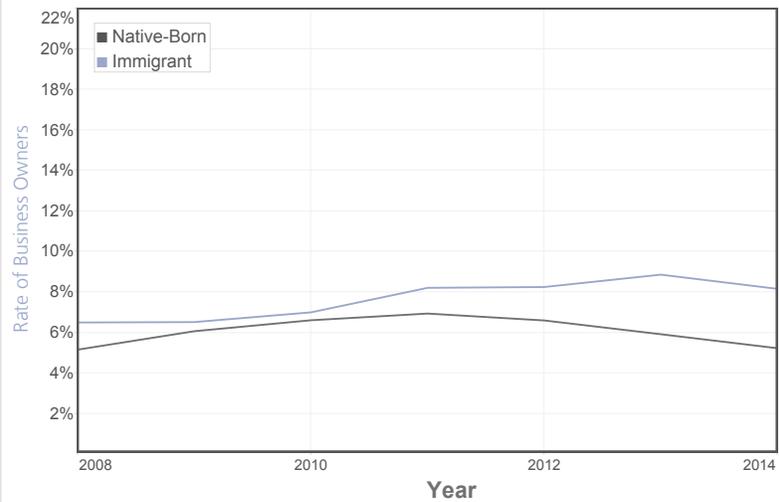
Gender



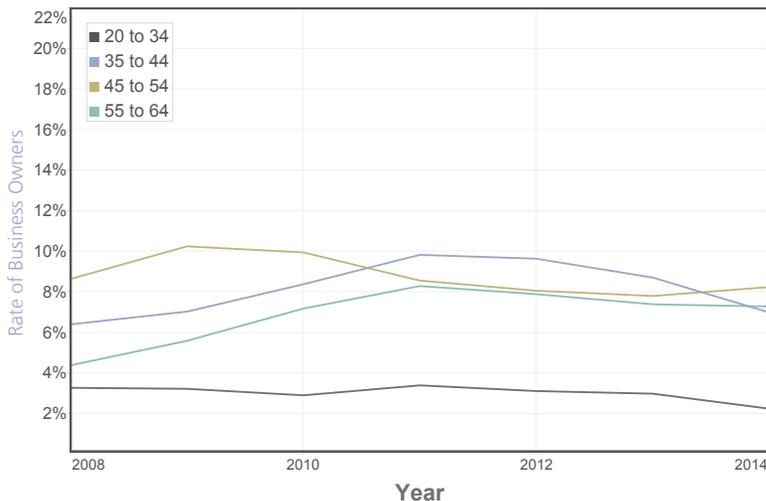
Race



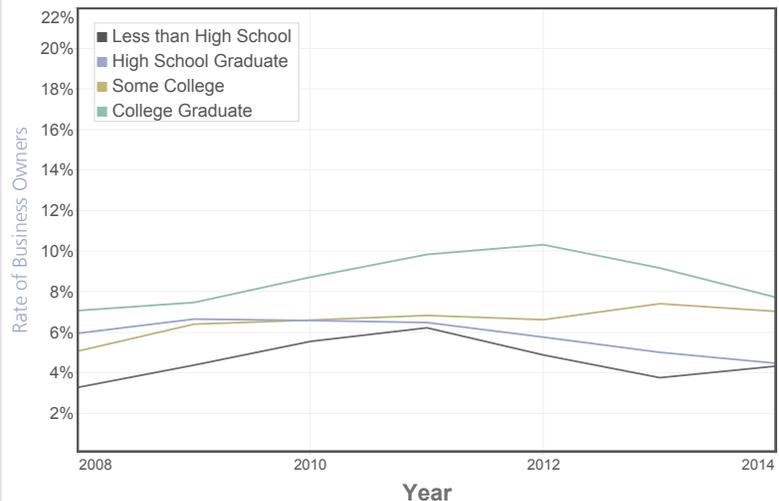
Nativity



Age



Education



Main Street Rank

2015	2014
31	31

Columbus

Metro: Columbus | State: Ohio

Metro Profile

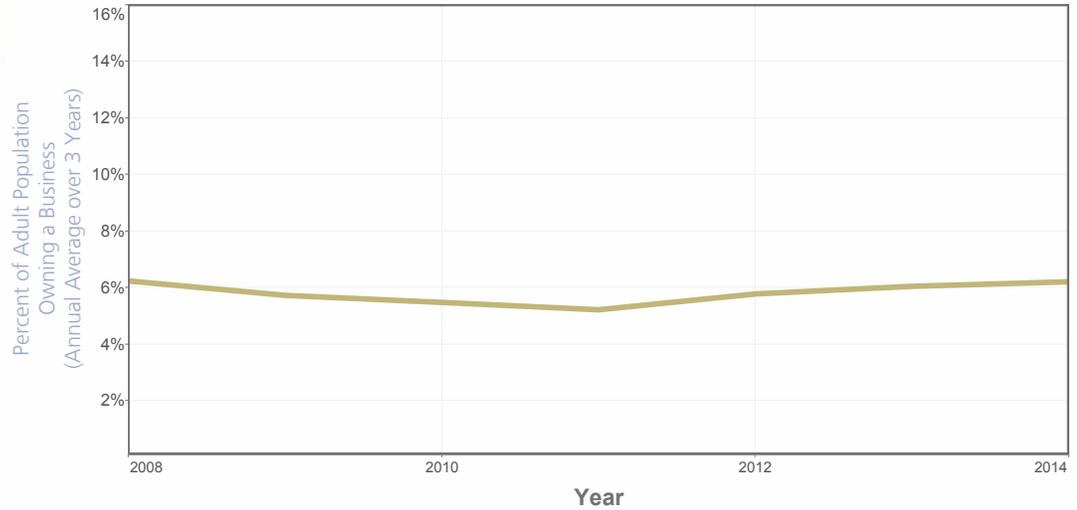
Rate of Business Owners

2015 Component	2014 Component
6.21%	6.05%

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



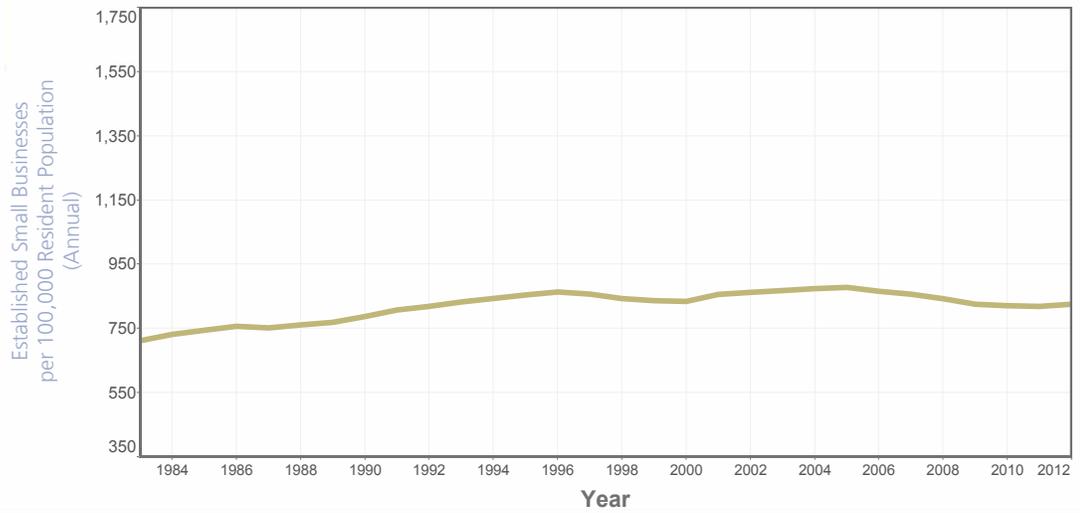
Established Small Business Density

2015 Component	2014 Component
826.0	819.2

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

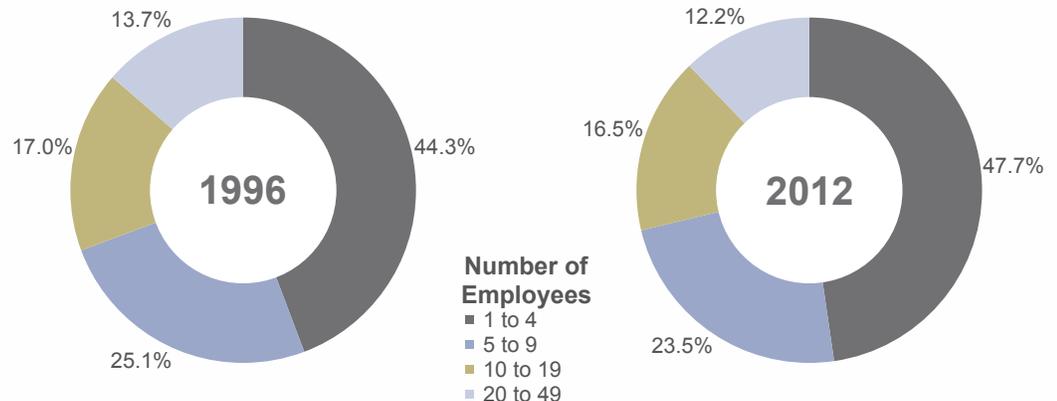


Composition of Established Small Businesses

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



Columbus

Metro: Columbus | State: Ohio

Business Owner Demographics

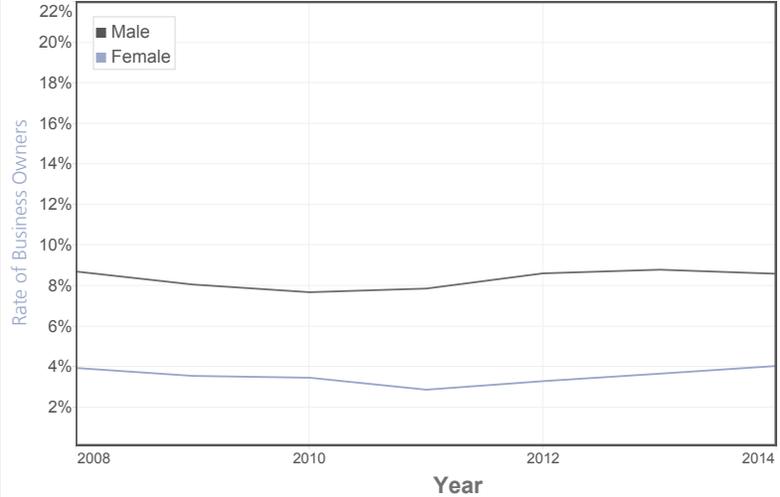
Rate of Business Owners by Demographic Group

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.

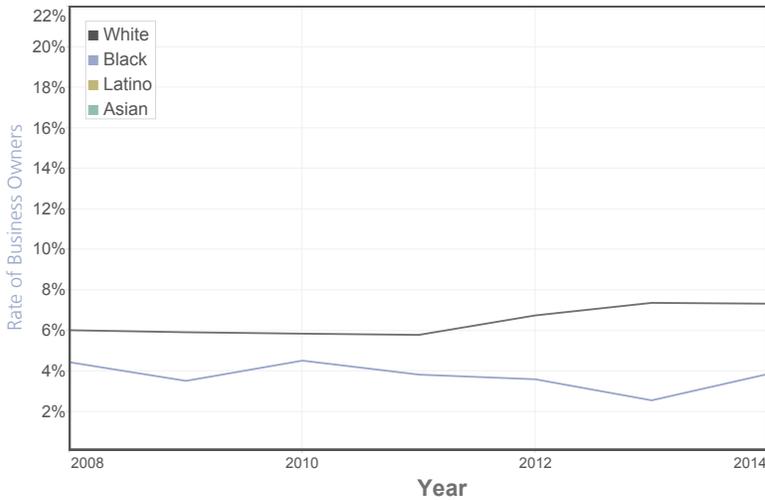
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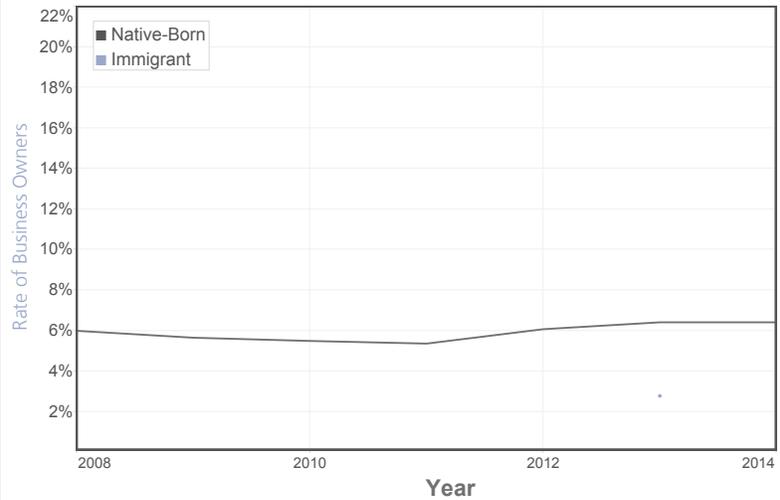
Gender



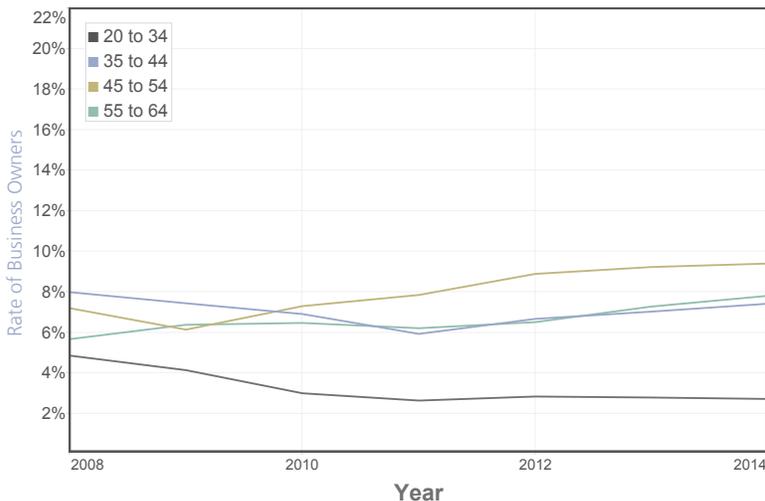
Race



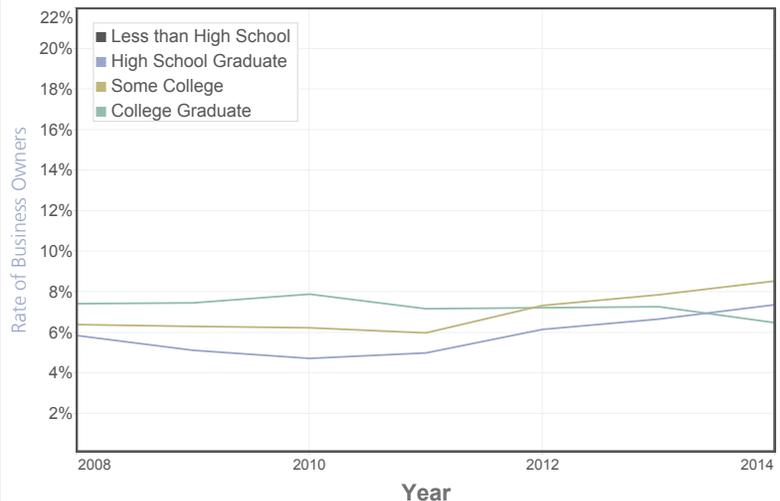
Nativity



Age



Education



Main Street Rank

2015	2014
32	34

Sacramento

Metro: Sacramento-Arden-Arcade-Roseville | State: California

Metro Profile

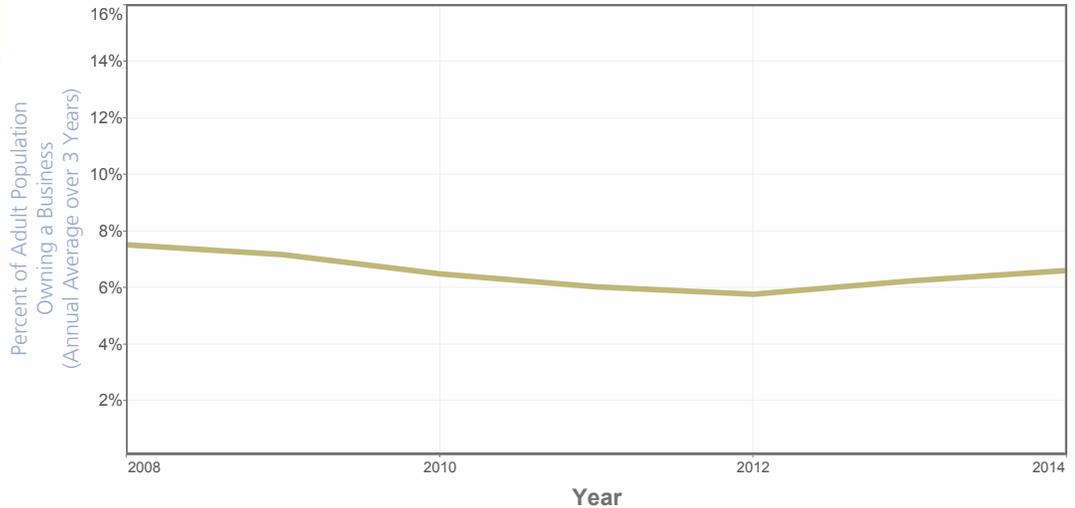
Rate of Business Owners

2015 Component	2014 Component
6.61%	6.24%

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



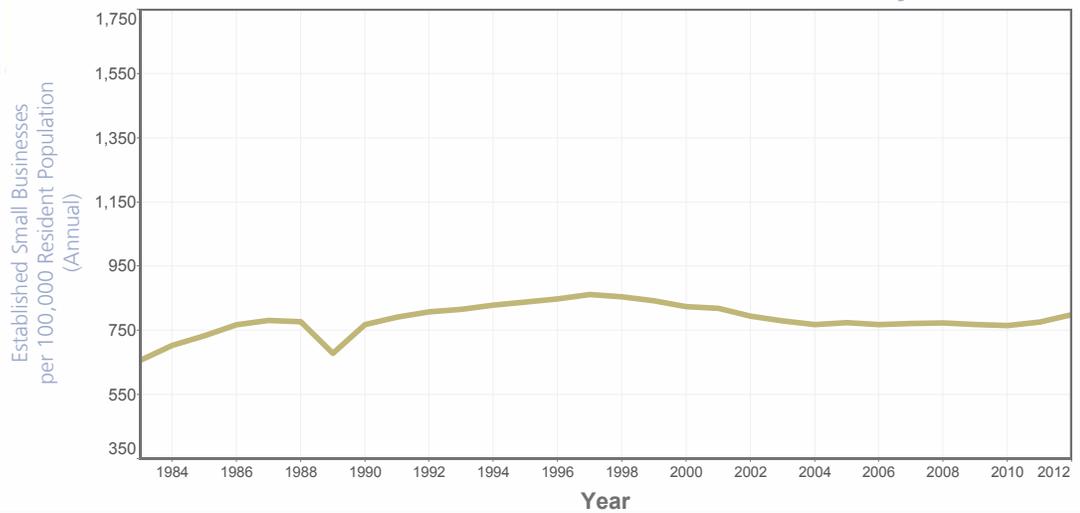
Established Small Business Density

2015 Component	2014 Component
799.7	776.6

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

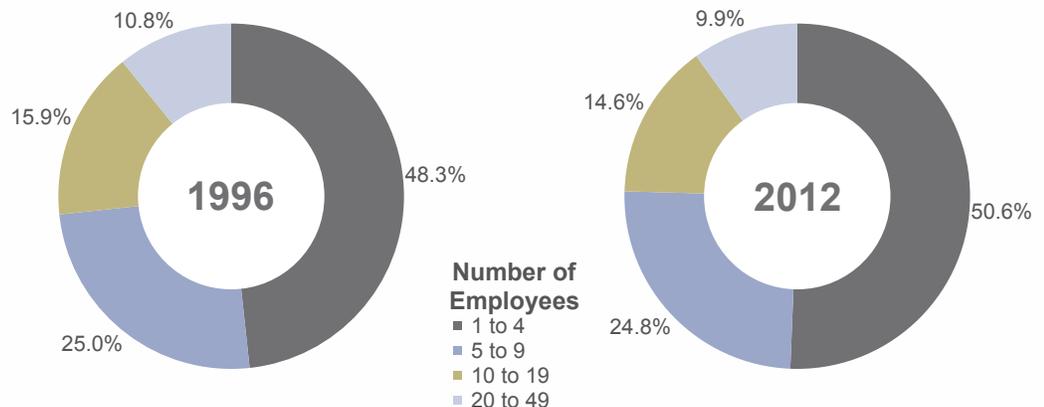


Composition of Established Small Businesses

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



Sacramento

Metro: Sacramento-Arden-Arcade-Roseville | State: California

Business Owner Demographics

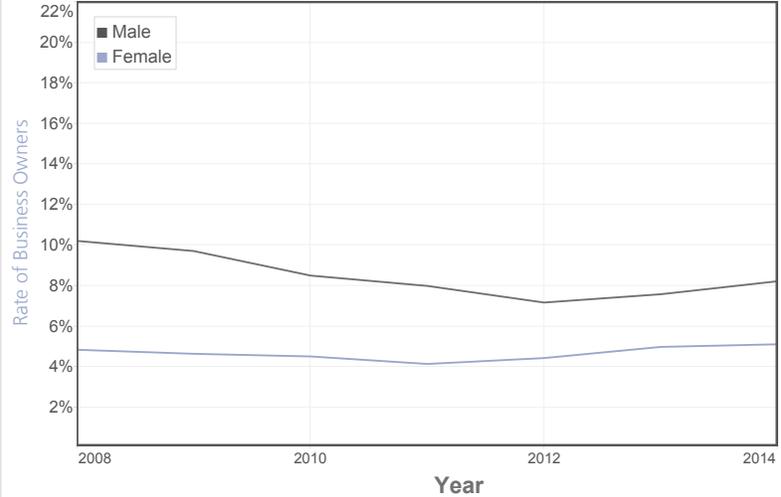
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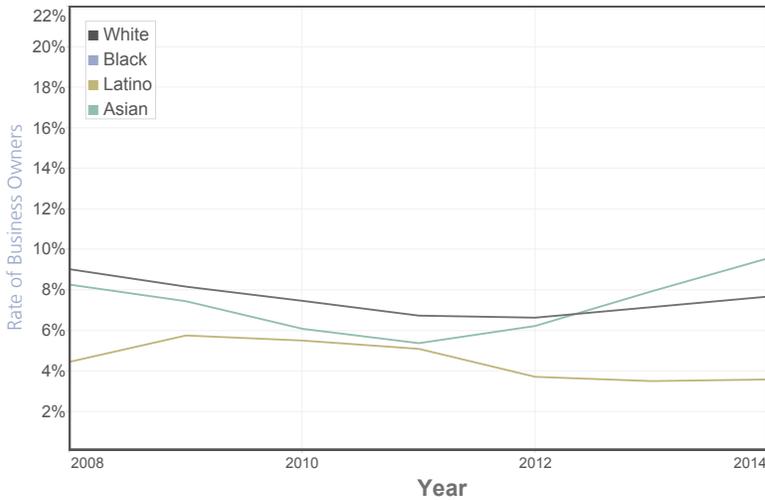
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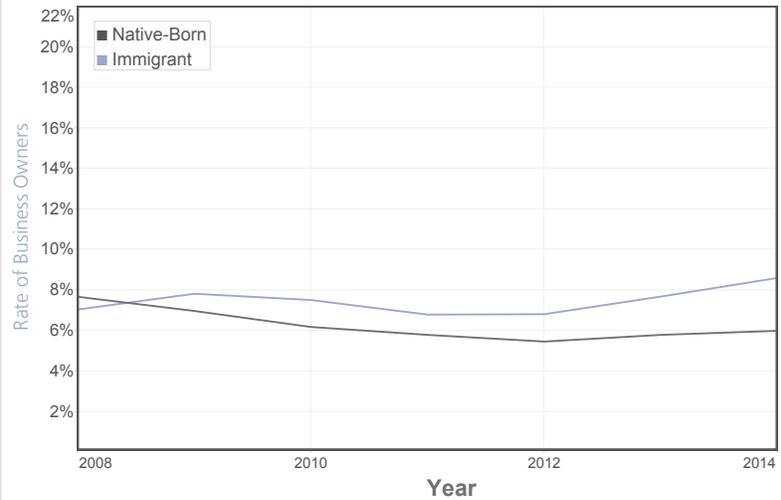
Gender



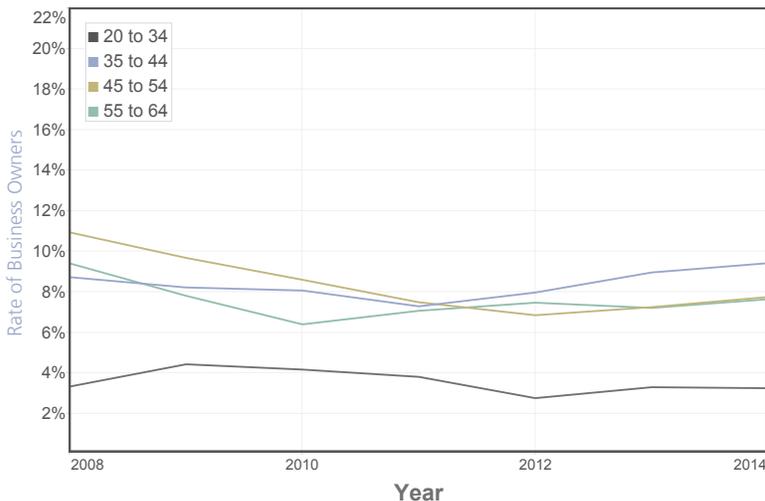
Race



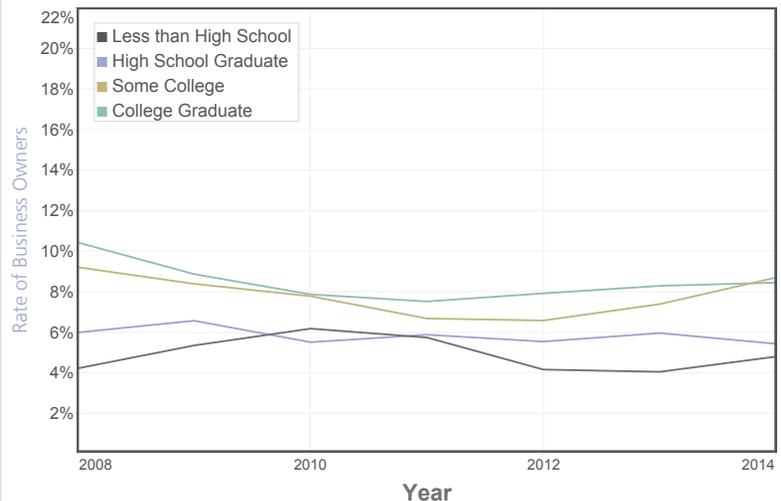
Nativity



Age



Education



Main Street Rank

2015	2014
33	32

Cincinnati

Metro: Cincinnati-Middletown | State: Ohio-Kentucky-Indiana

Metro Profile

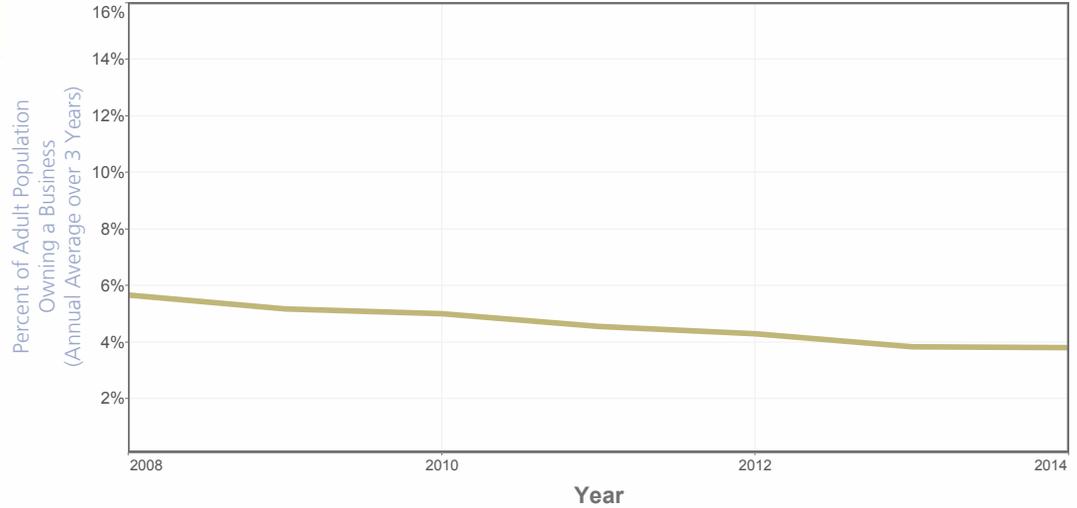
Rate of Business Owners

2015 Component	2014 Component
3.81%	3.84%

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



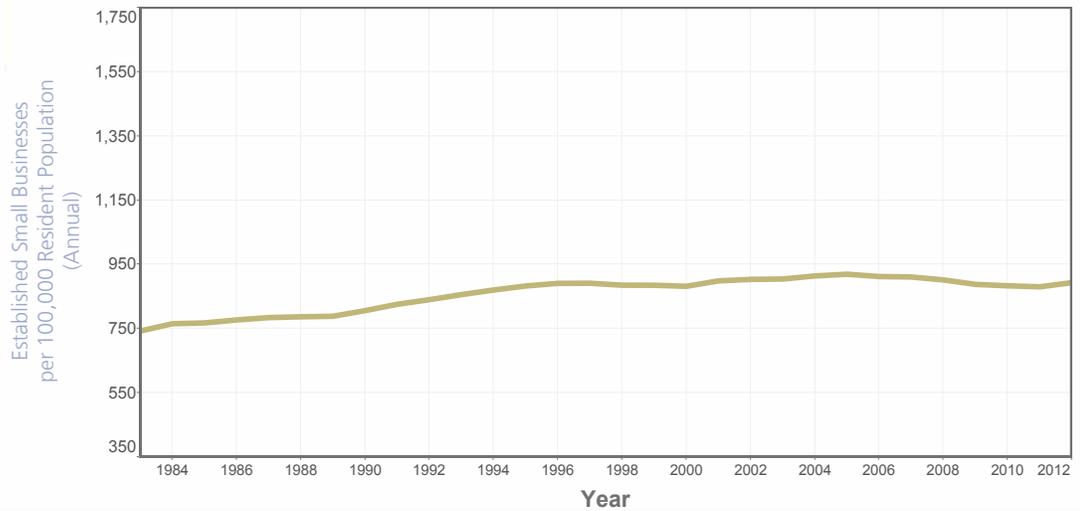
Established Small Business Density

2015 Component	2014 Component
893.1	880.2

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

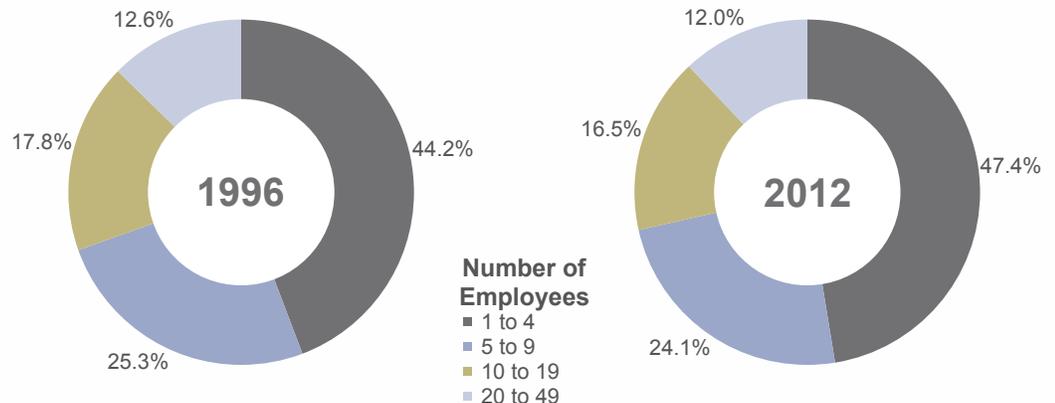


Composition of Established Small Businesses

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



Cincinnati

Metro: Cincinnati-Middletown | State: Ohio-Kentucky-Indiana

Business Owner Demographics

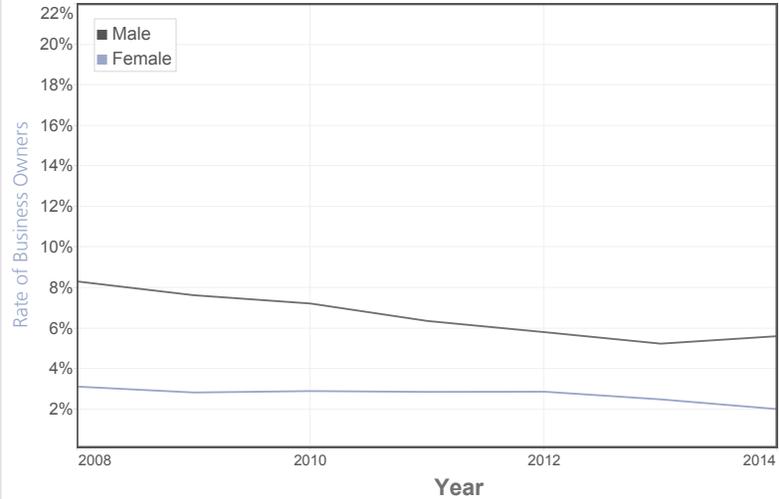
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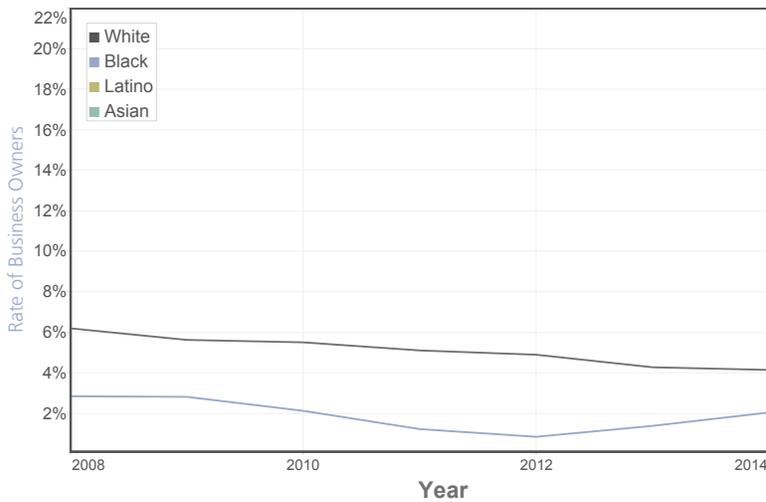
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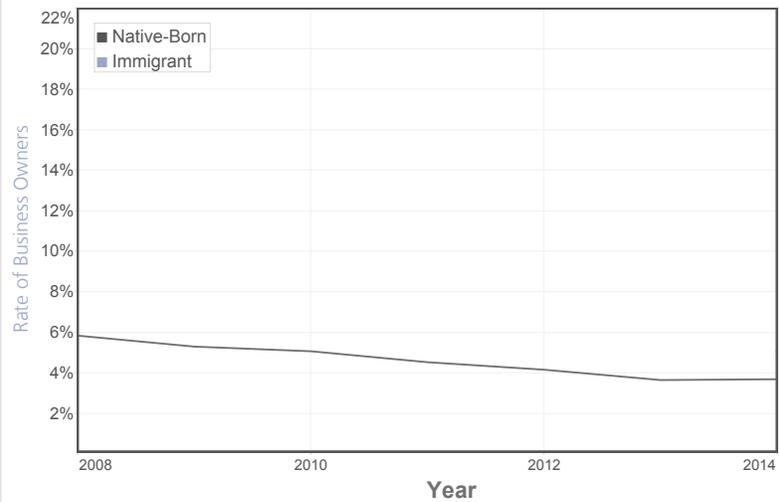
Gender



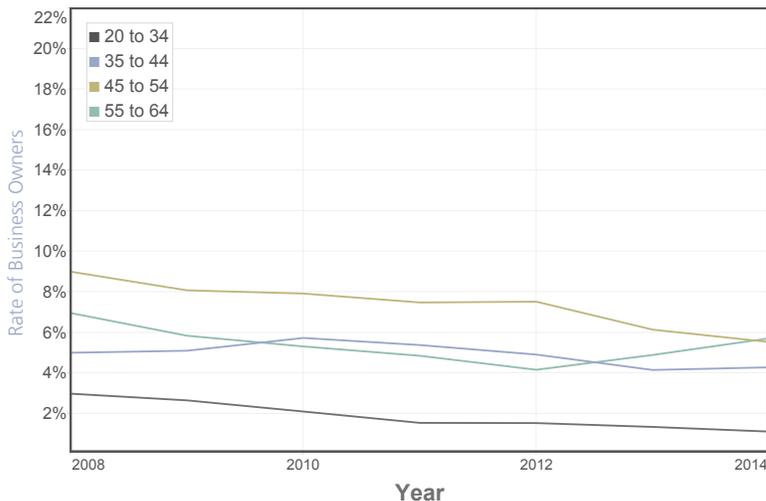
Race



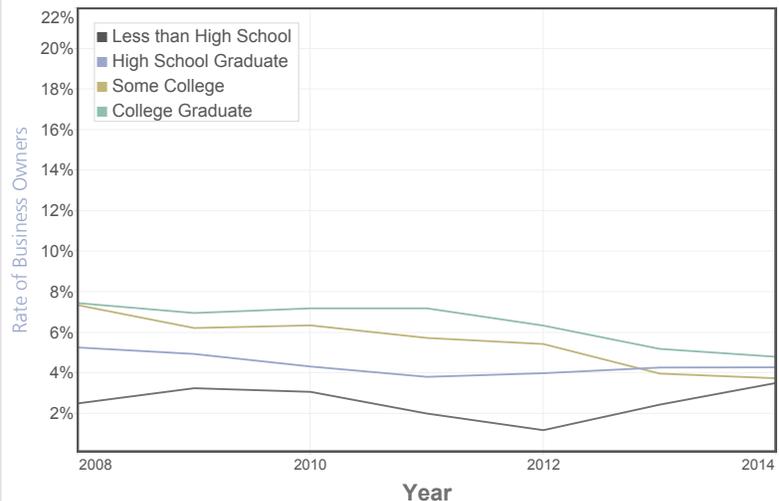
Nativity



Age



Education



Main Street Rank

2015	2014
33	33

Virginia Beach

Metro: Virginia Beach-Norfolk-Newport News | State: Virginia-North Carolina

Metro Profile

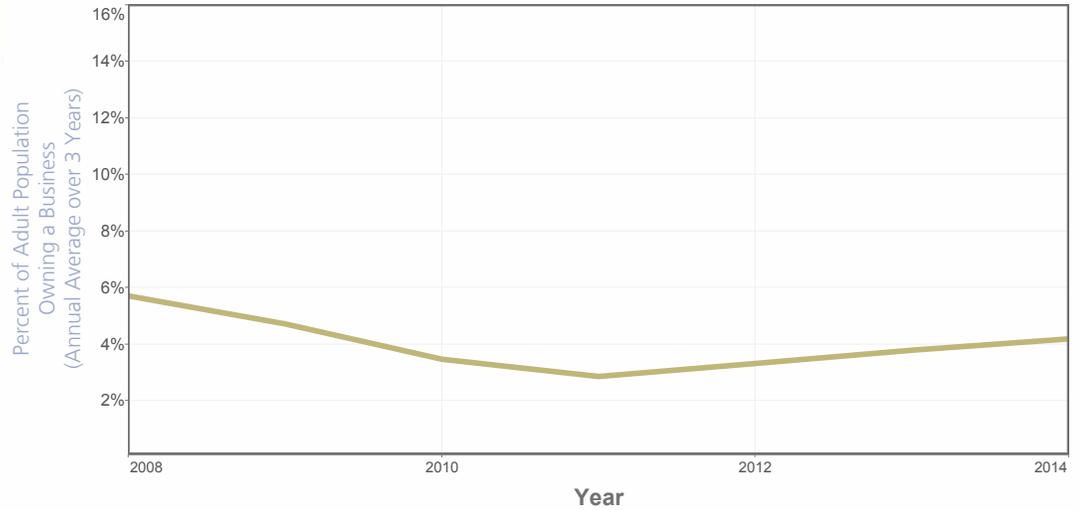
Rate of Business Owners

2015 Component	2014 Component
4.19%	3.79%

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



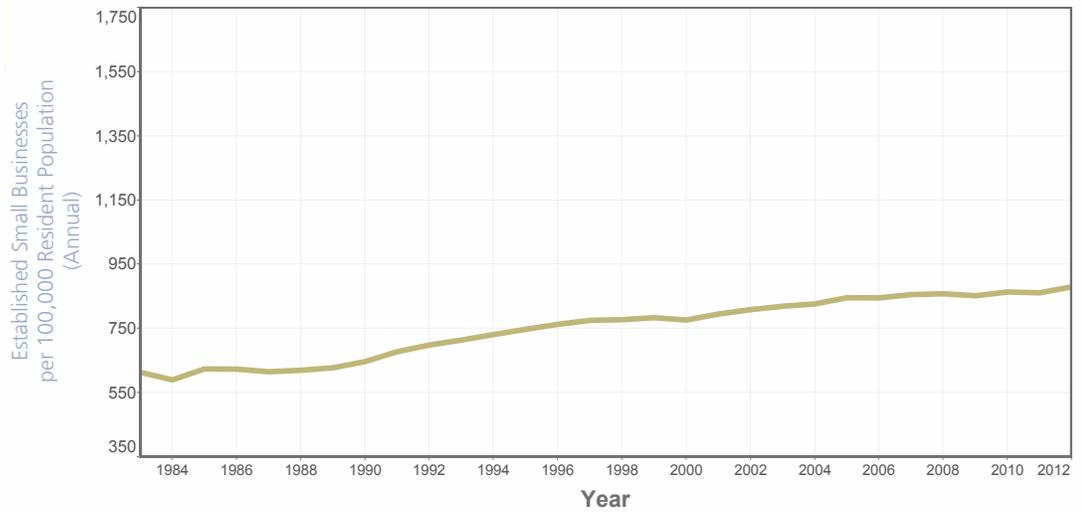
Established Small Business Density

2015 Component	2014 Component
880.1	861.6

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

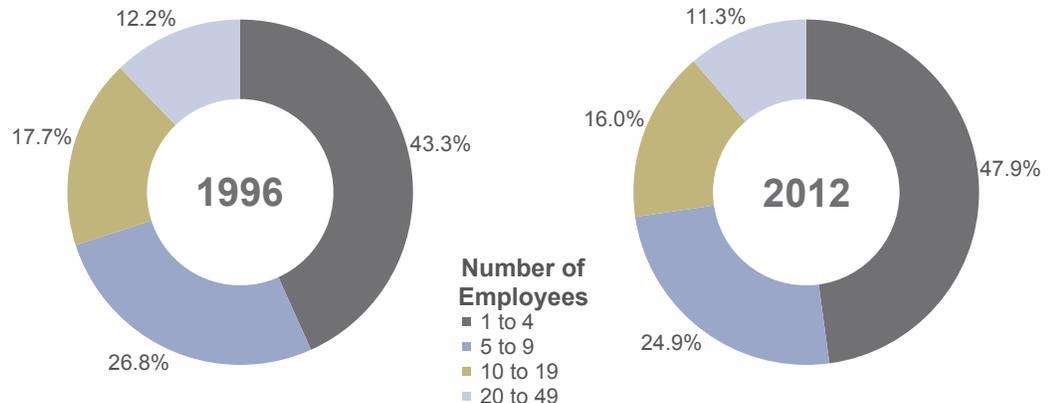


Composition of Established Small Businesses

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



Virginia Beach

Metro: Virginia Beach-Norfolk-Newport News | State: Virginia-North Carolina

Business Owner Demographics

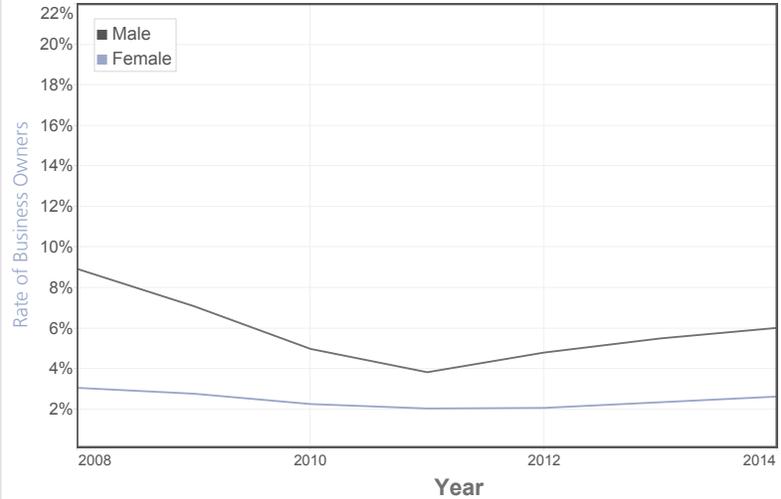
Rate of Business Owners by Demographic Group

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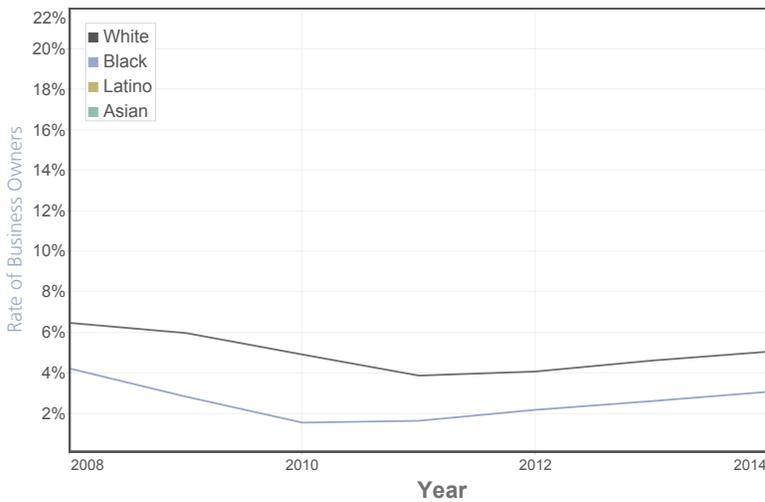
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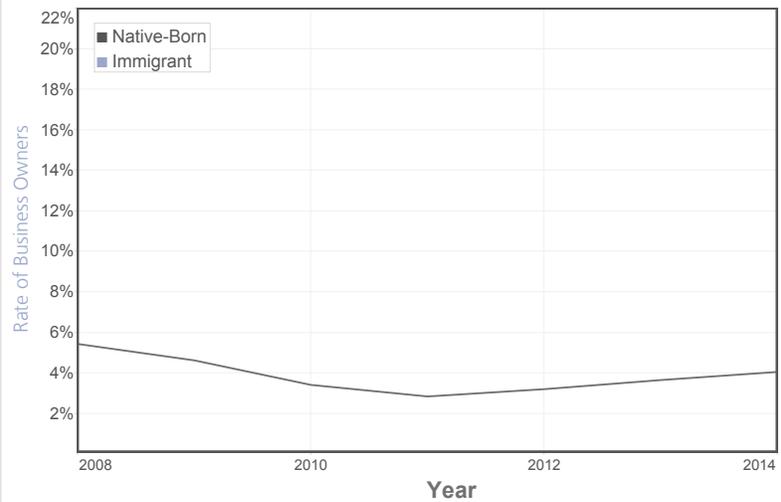
Gender



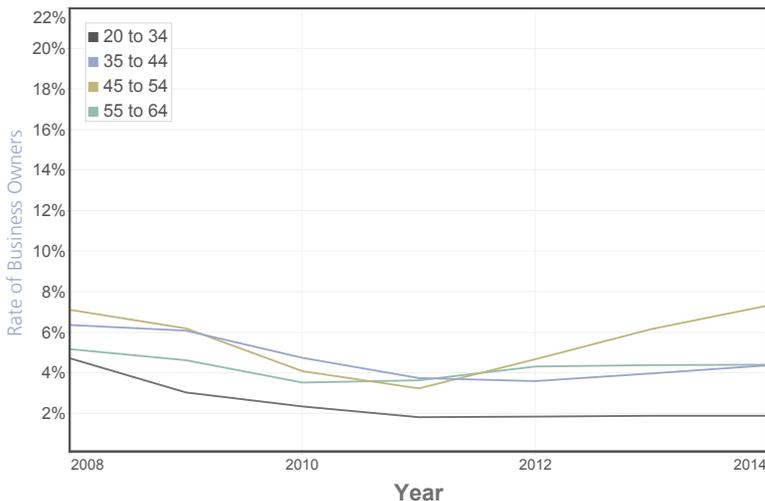
Race



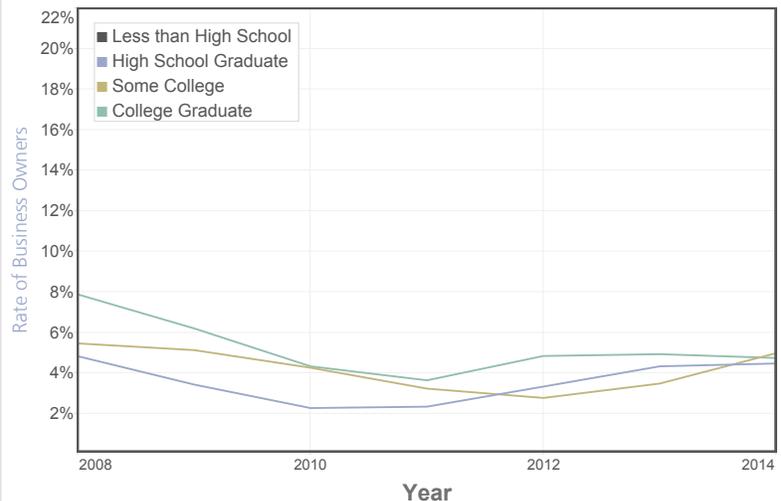
Nativity



Age



Education



Main Street Rank

2015	2014
35	35

Dallas

Metro: Dallas-Fort Worth-Arlington | State: Texas

Metro Profile

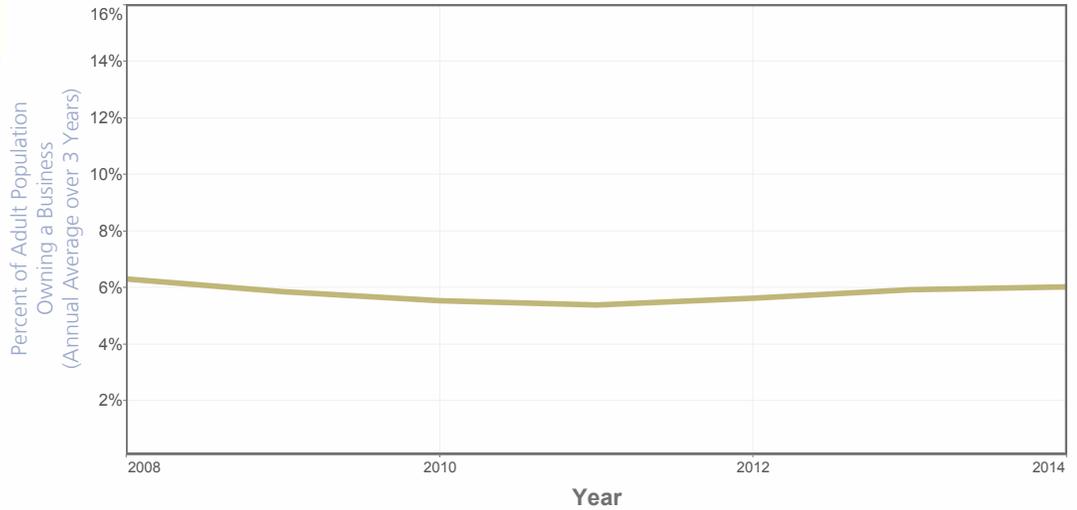
Rate of Business Owners

2015 Component	2014 Component
6.03%	5.93%

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



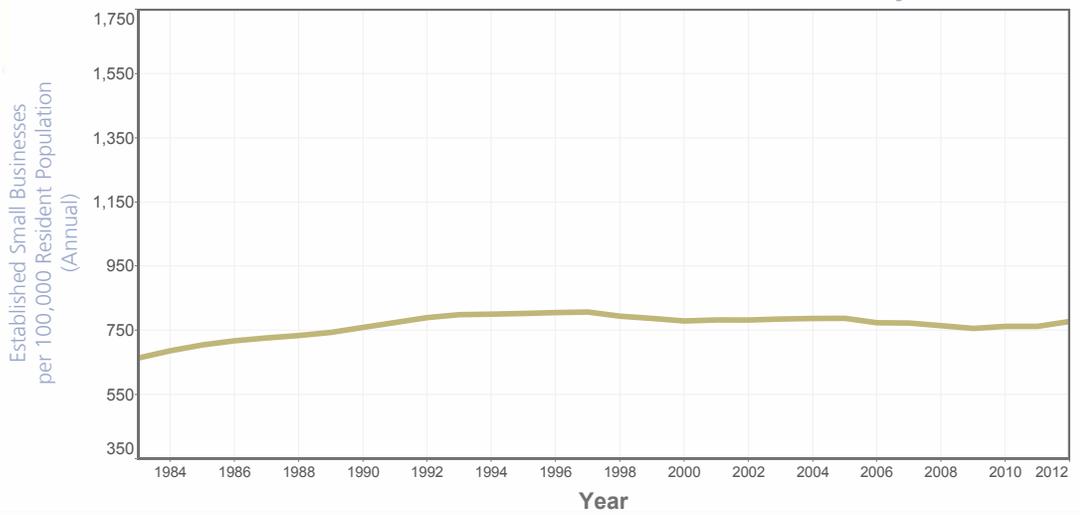
Established Small Business Density

2015 Component	2014 Component
778.5	763.3

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

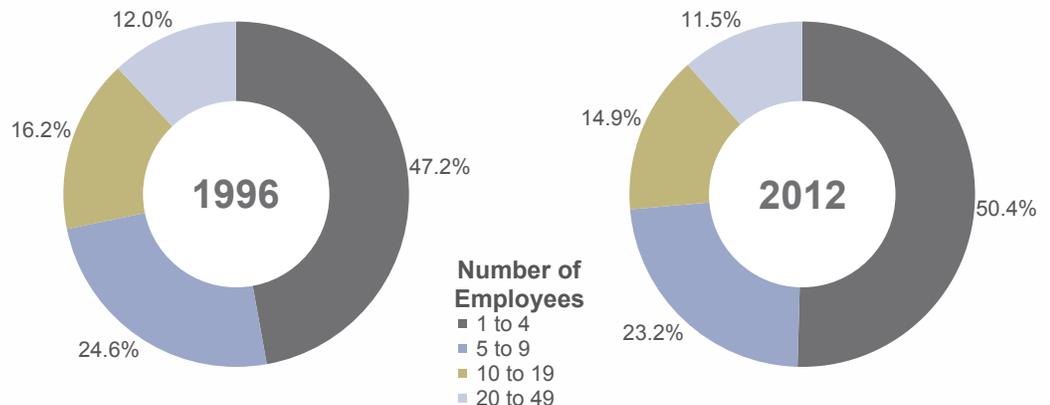


Composition of Established Small Businesses

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



Dallas

Metro: Dallas-Fort Worth-Arlington | State: Texas
 Business Owner Demographics

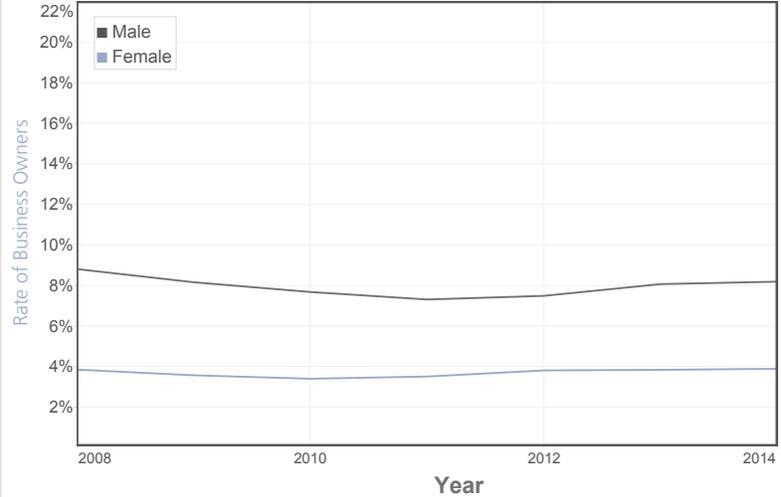
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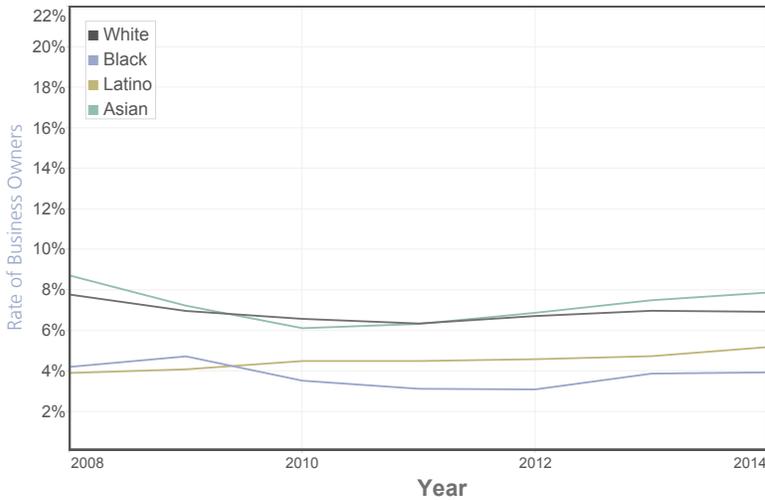
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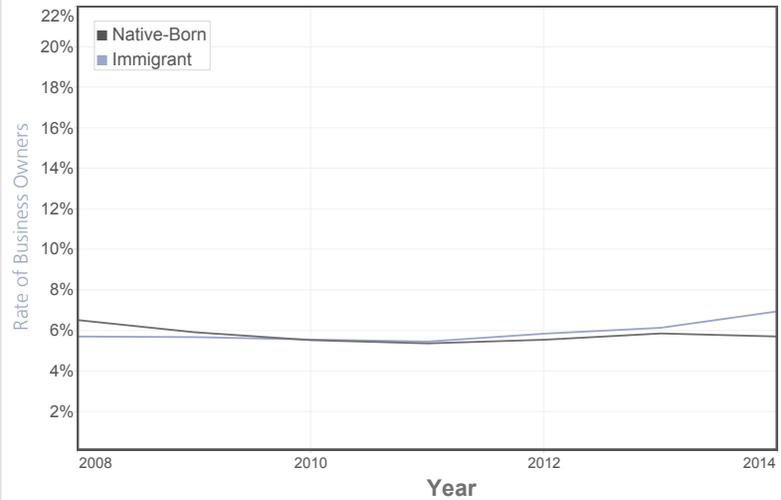
Gender



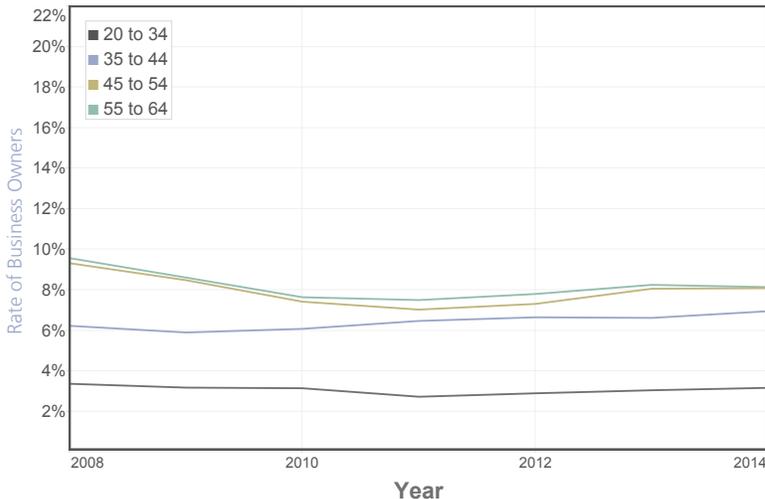
Race



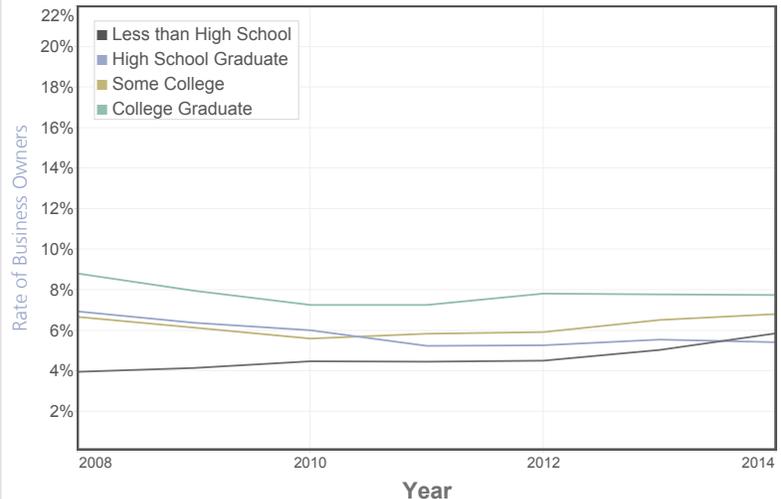
Nativity



Age



Education



Main Street Rank

2015	2014
36	36

Houston

Metro: Houston-Sugar Land-Baytown | State: Texas

Metro Profile

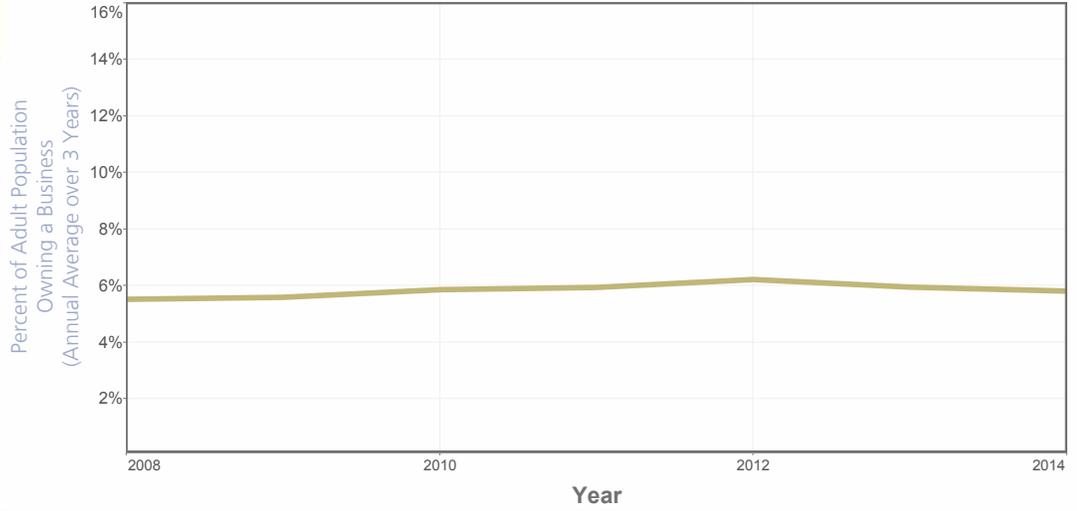
Rate of Business Owners

2015 Component	2014 Component
5.81%	5.95%

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



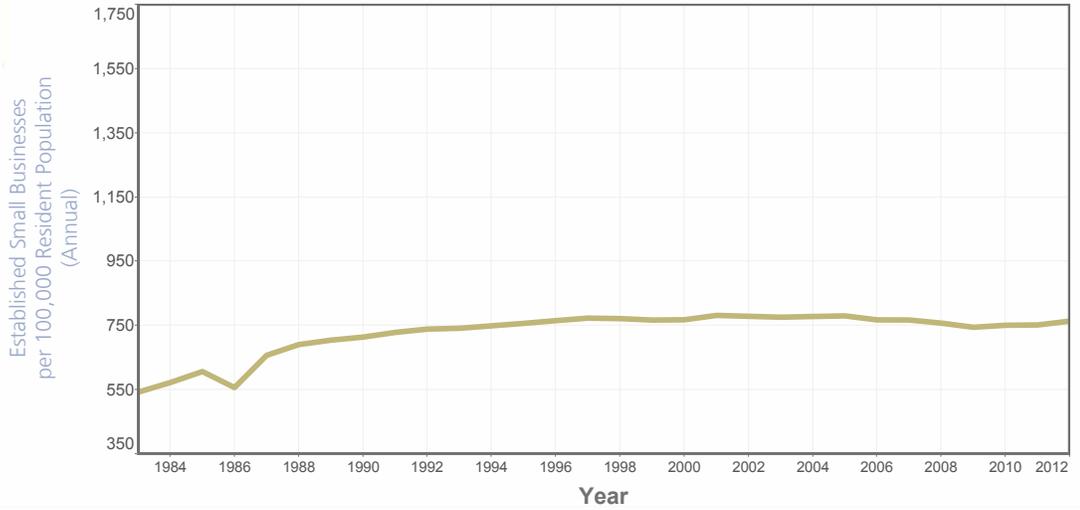
Established Small Business Density

2015 Component	2014 Component
764.0	752.1

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

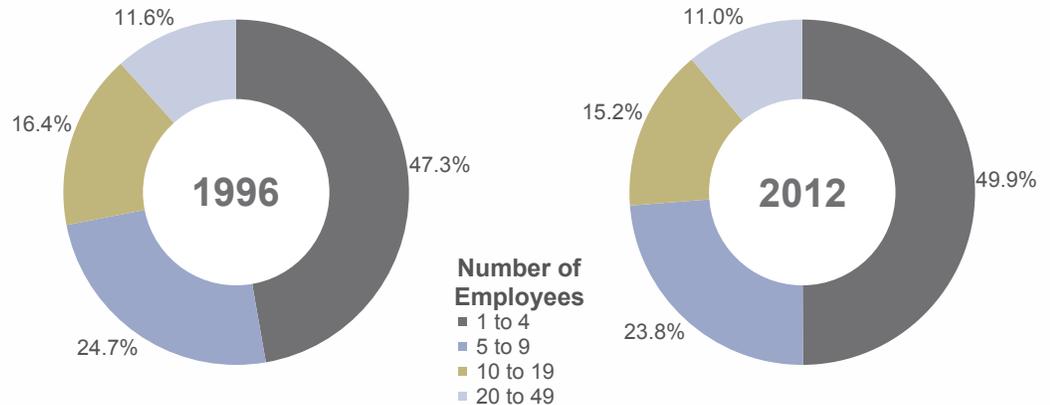


Composition of Established Small Businesses

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



Houston

Metro: Houston-Sugar Land-Baytown | State: Texas
 Business Owner Demographics

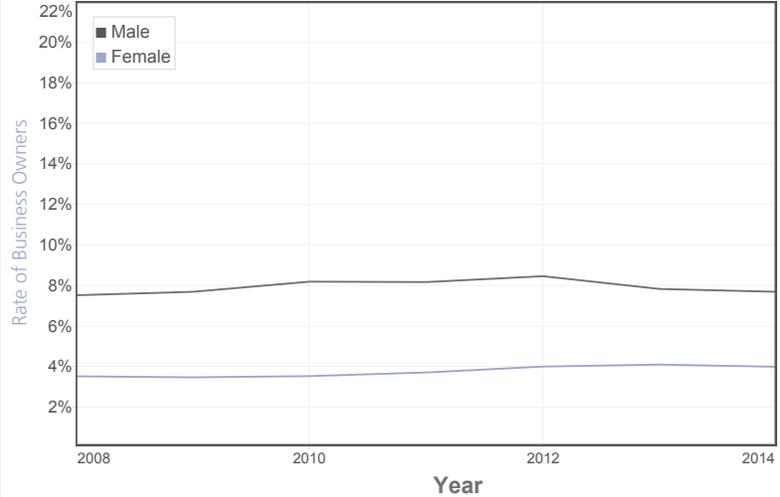
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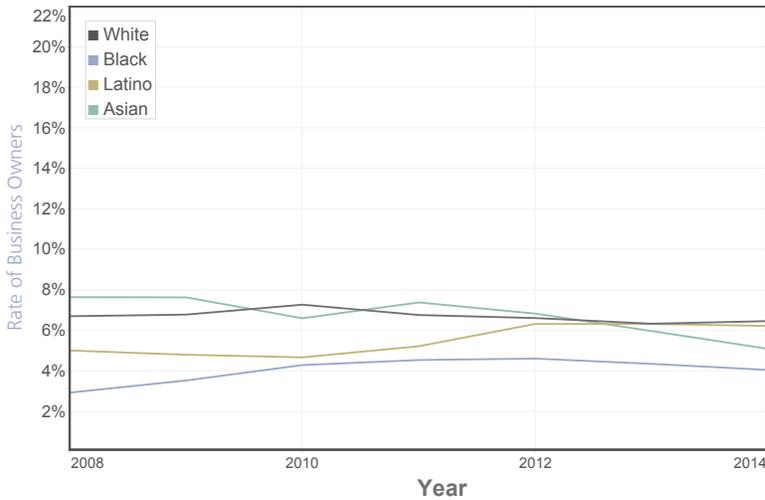
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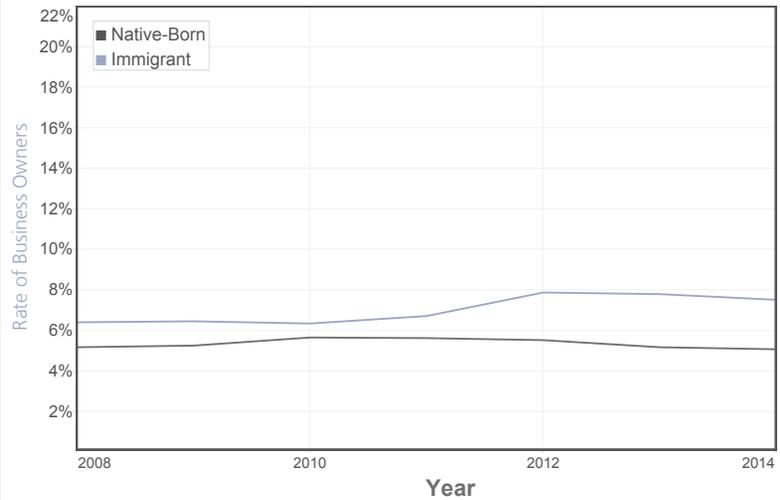
Gender



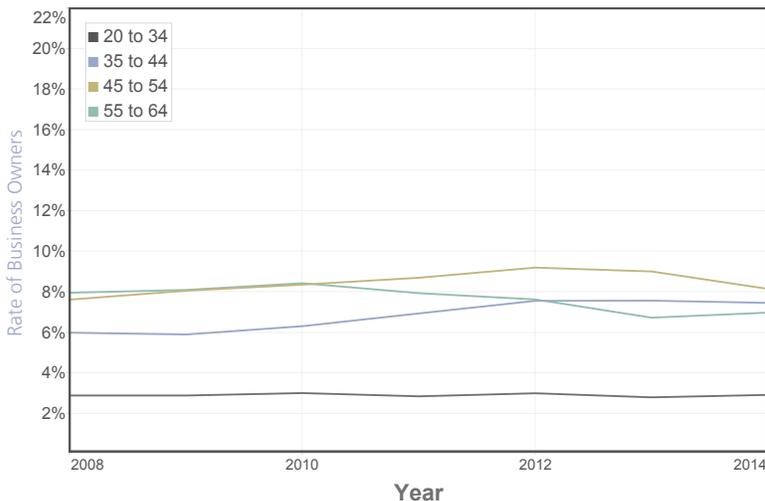
Race



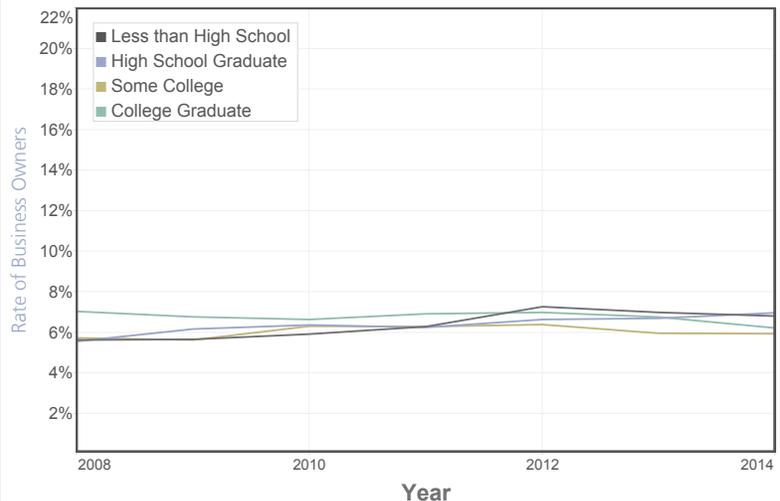
Nativity



Age



Education



Main Street Rank

2015	2014
37	37

Phoenix

Metro: Phoenix-Mesa-Glendale | State: Arizona

Metro Profile

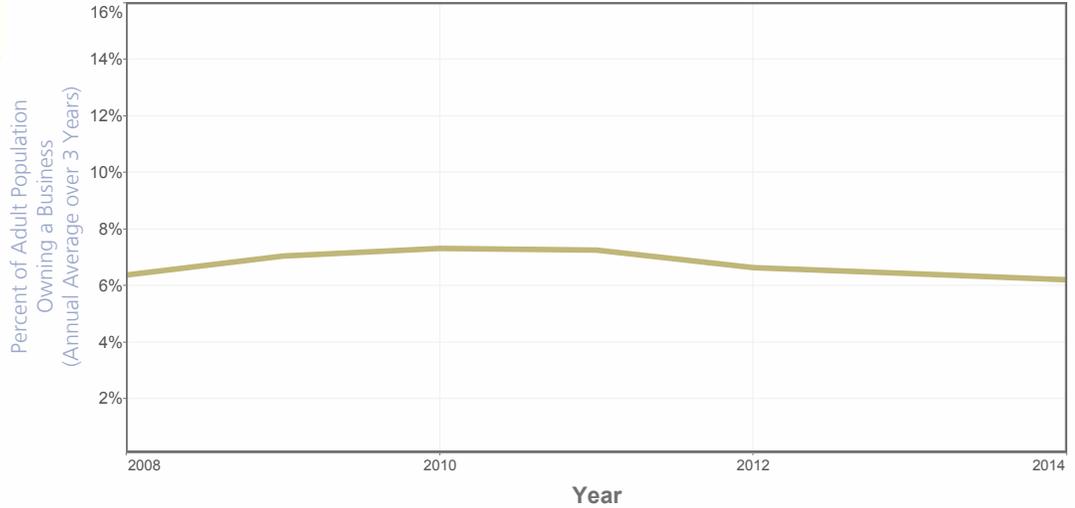
Rate of Business Owners

2015 Component	2014 Component
6.21%	6.43%

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



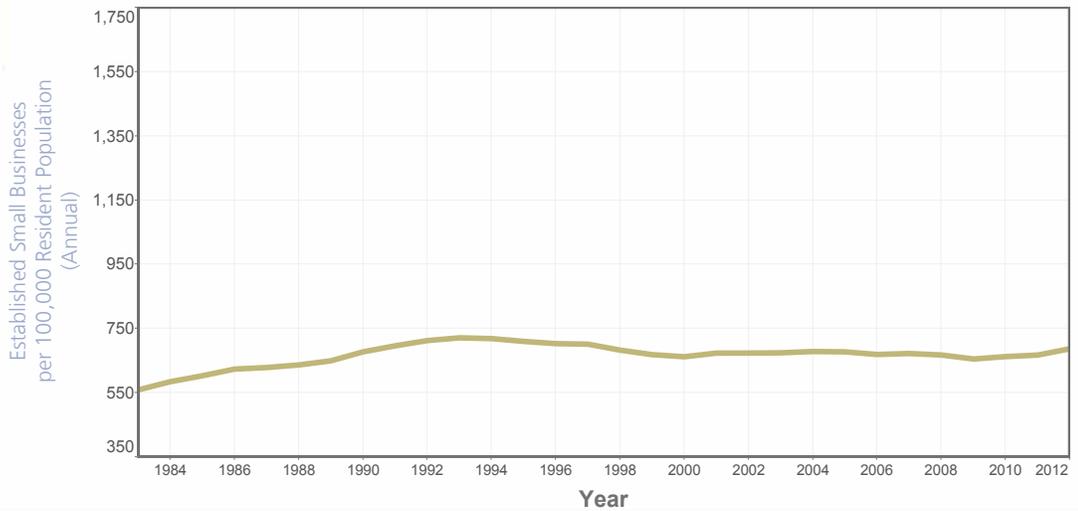
Established Small Business Density

2015 Component	2014 Component
687.1	667.6

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

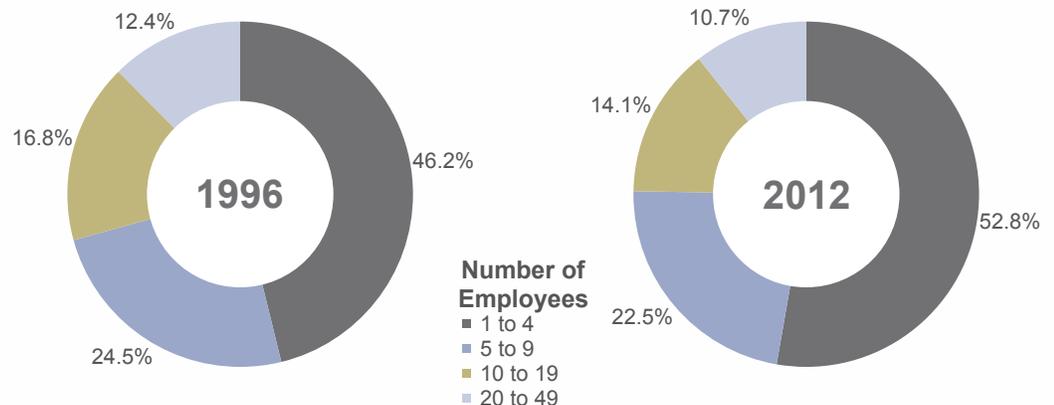


Composition of Established Small Businesses

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



Phoenix

Metro: Phoenix-Mesa-Glendale | State: Arizona

Business Owner Demographics

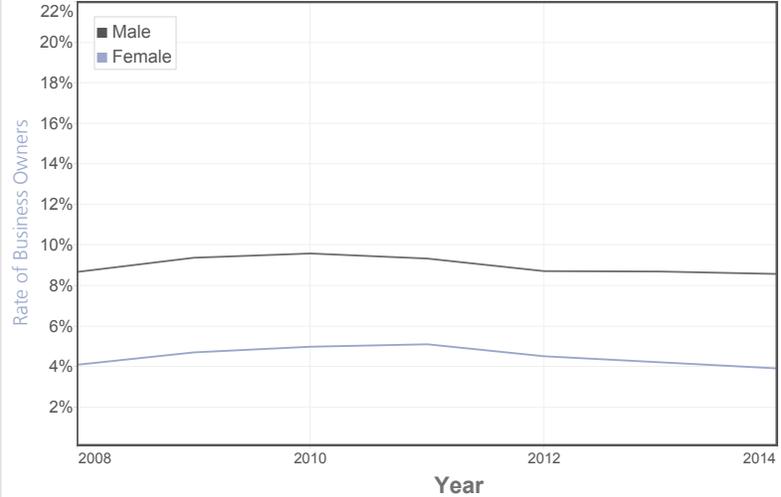
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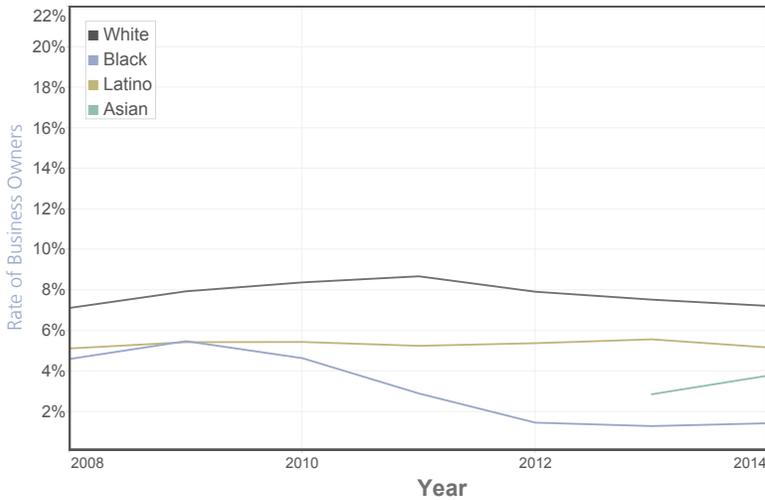
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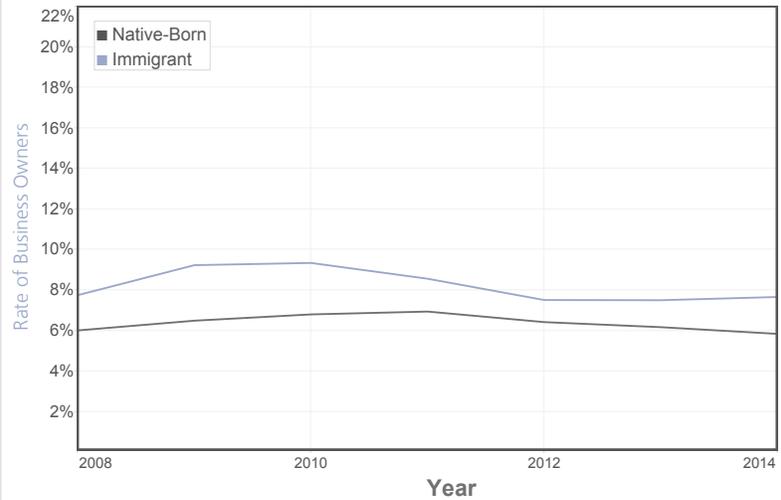
Gender



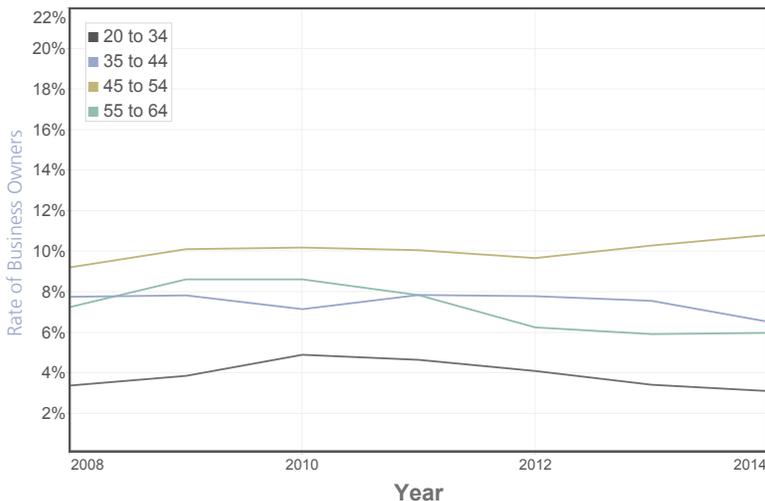
Race



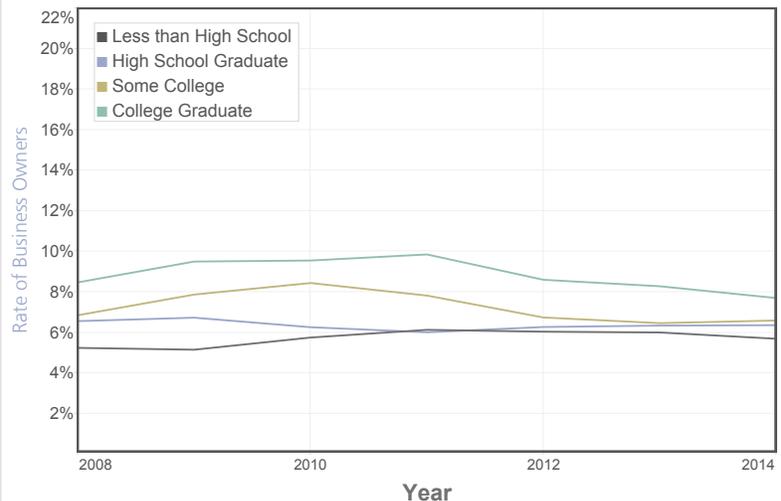
Nativity



Age



Education



Main Street Rank

2015	2014
38	38

San Antonio

Metro: San Antonio-New Braunfels | State: Texas

Metro Profile

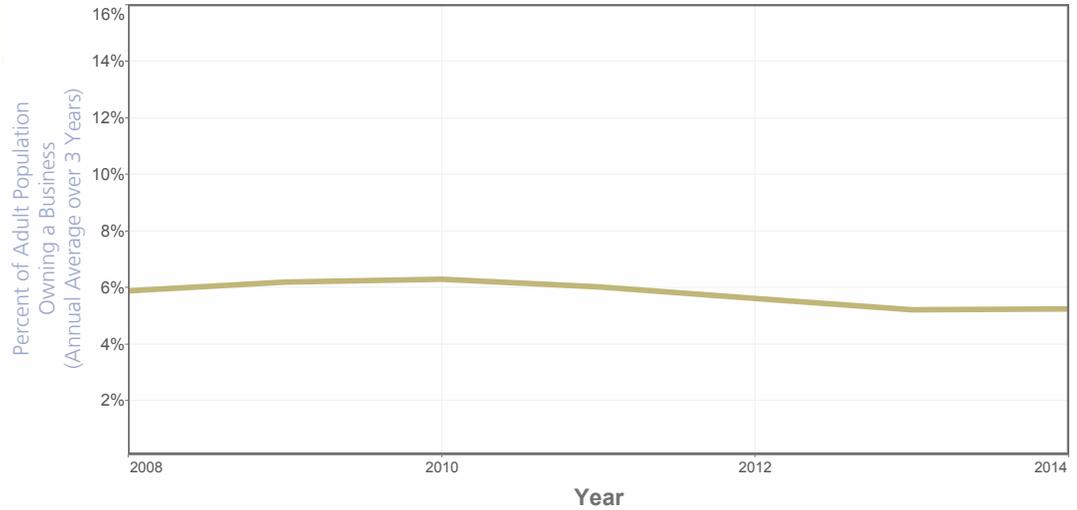
Rate of Business Owners

2015 Component	2014 Component
5.25%	5.22%

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



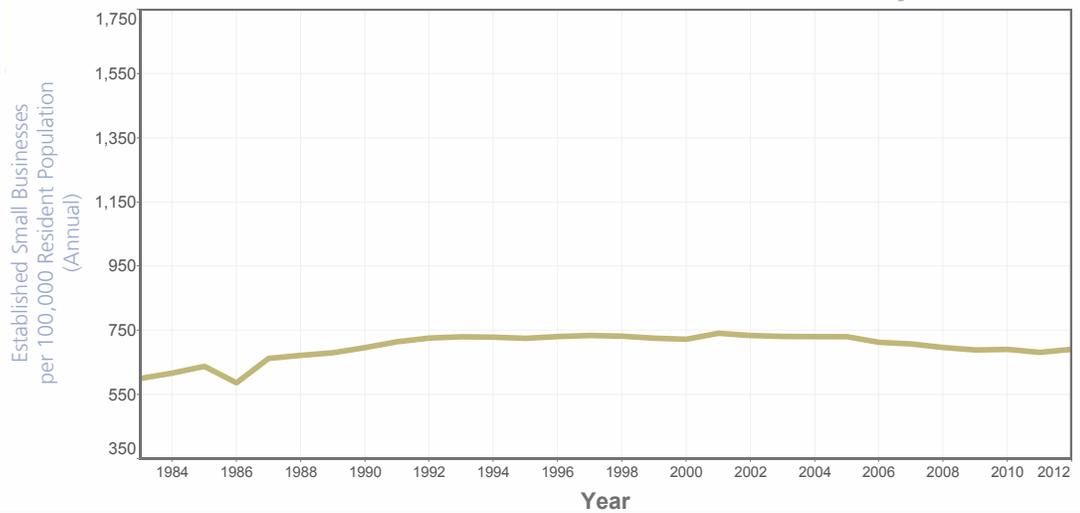
Established Small Business Density

2015 Component	2014 Component
691.7	682.2

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

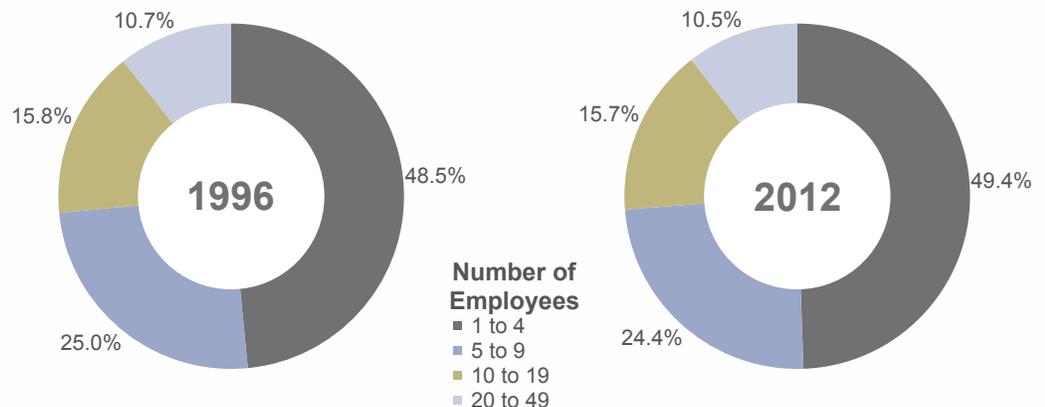


Composition of Established Small Businesses

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



San Antonio

Metro: San Antonio-New Braunfels | State: Texas

Business Owner Demographics

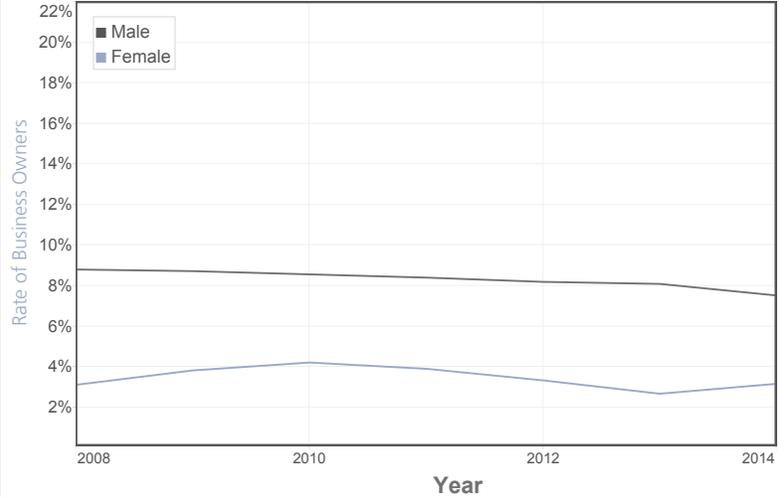
Rate of Business Owners by Demographic Group

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.

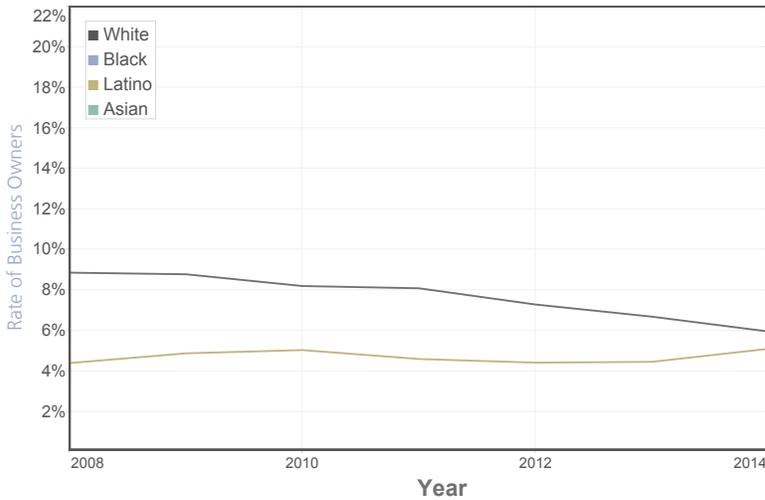
A Note on Confidence Intervals and Missing Data

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.

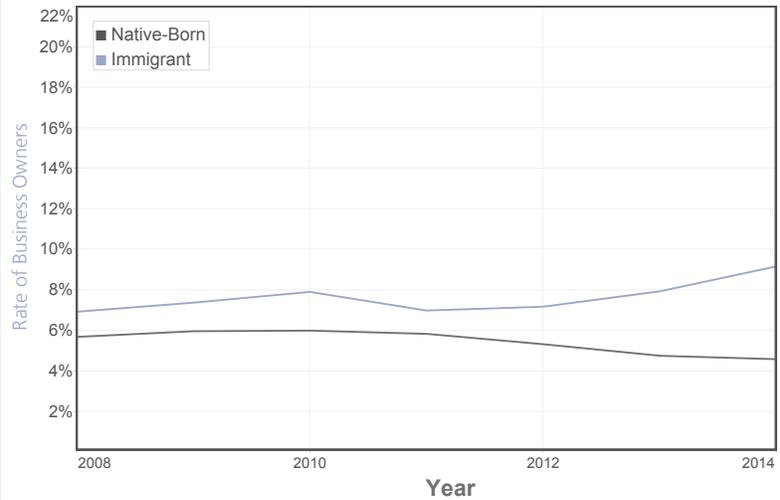
Gender



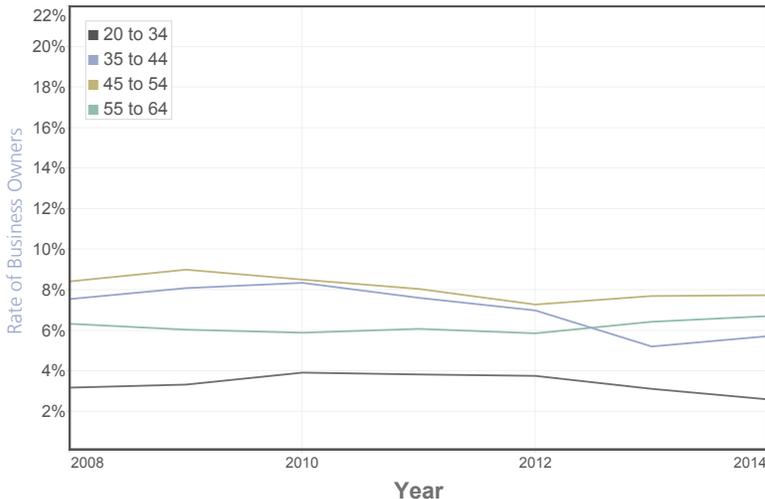
Race



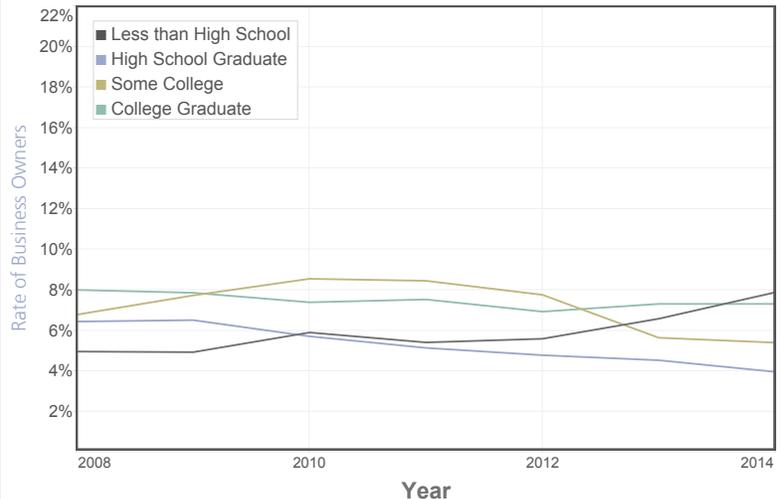
Nativity



Age



Education



Main Street Rank

2015	2014
39	39

Las Vegas

Metro: Las Vegas-Paradise | State: Nevada

Metro Profile

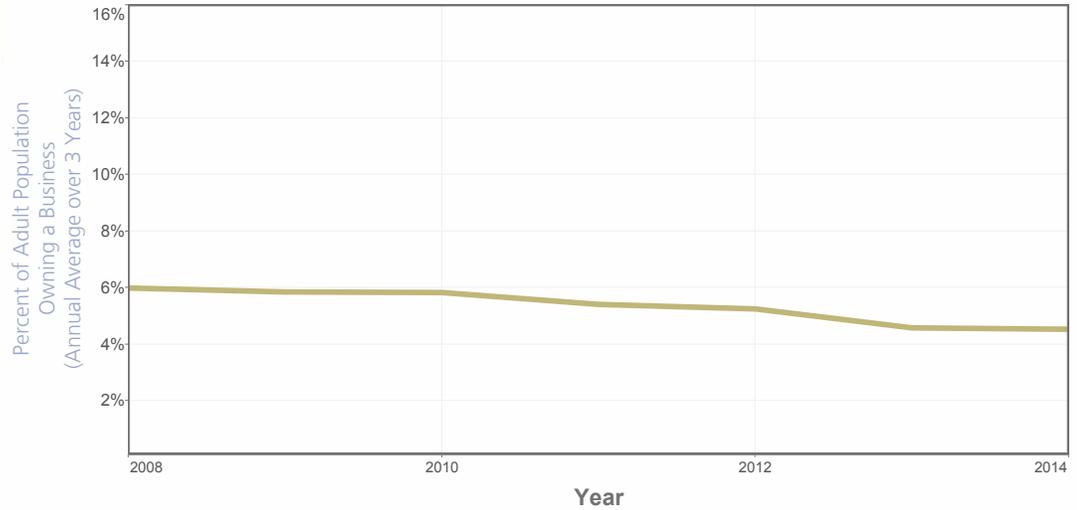
Rate of Business Owners

2015 Component	2014 Component
4.53%	4.58%

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



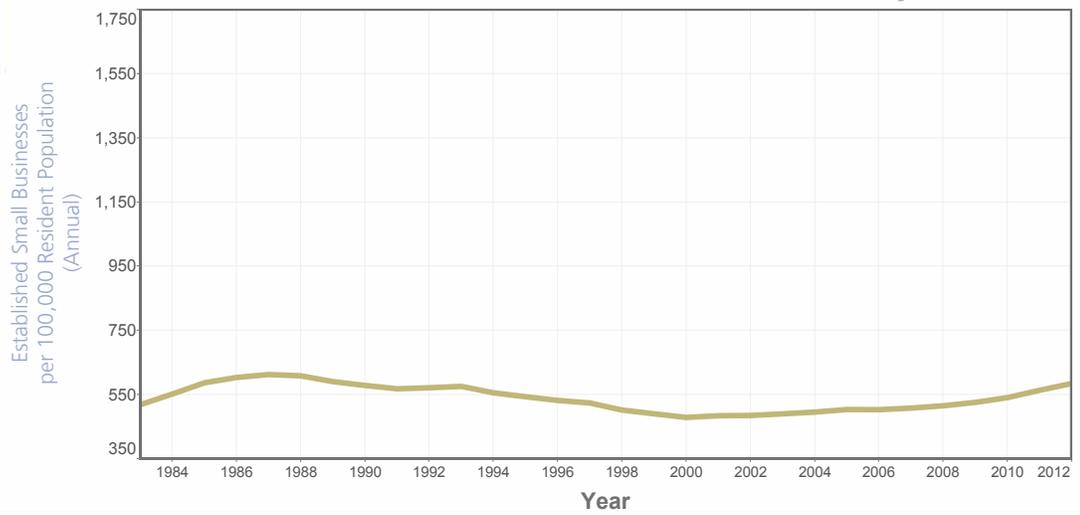
Established Small Business Density

2015 Component	2014 Component
585.4	564.2

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

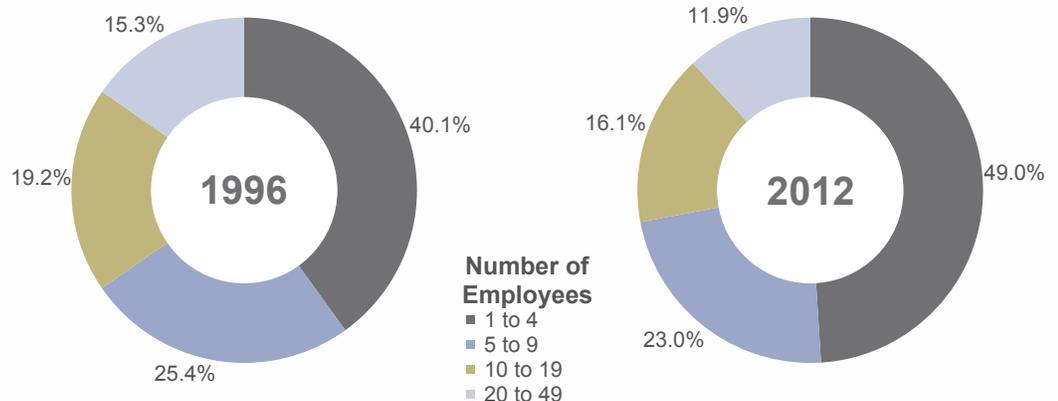


Composition of Established Small Businesses

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



Las Vegas

Metro: Las Vegas-Paradise | State: Nevada

Business Owner Demographics

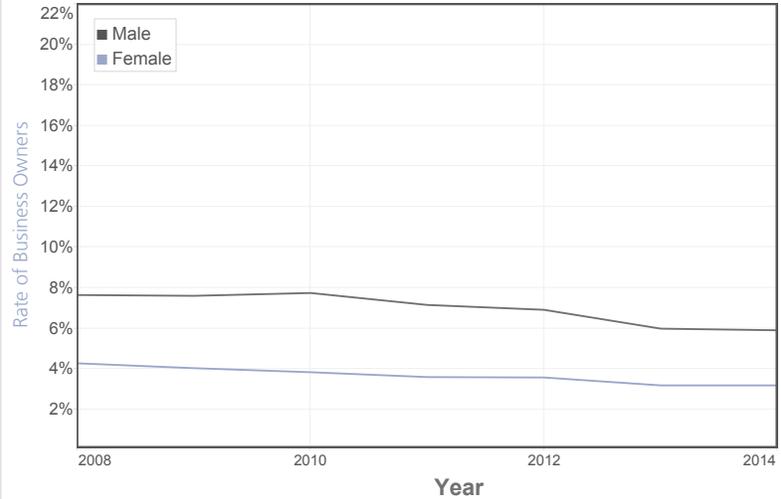
Rate of Business Owners by Demographic Group

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.

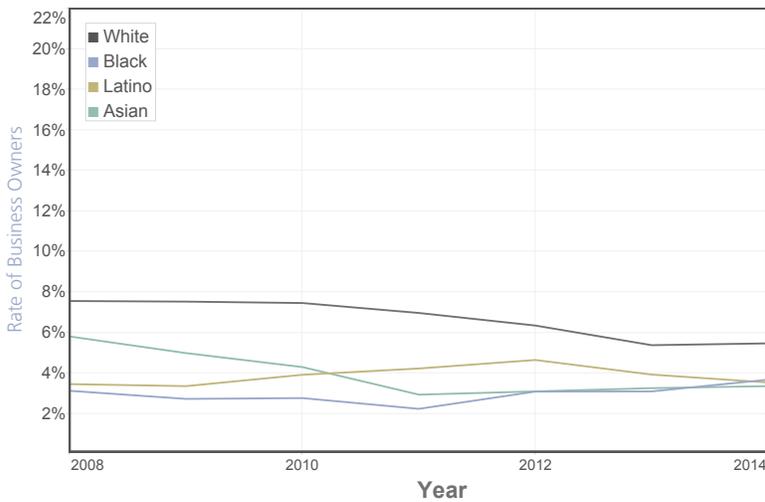
A Note on Confidence Intervals and Missing Data

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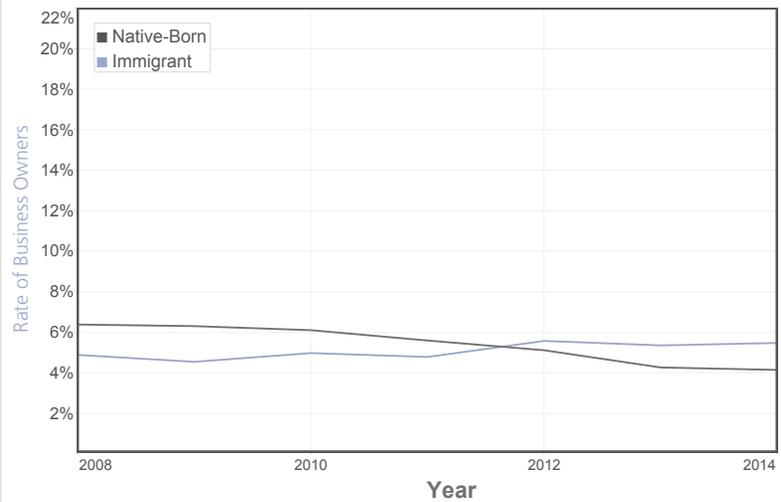
Gender



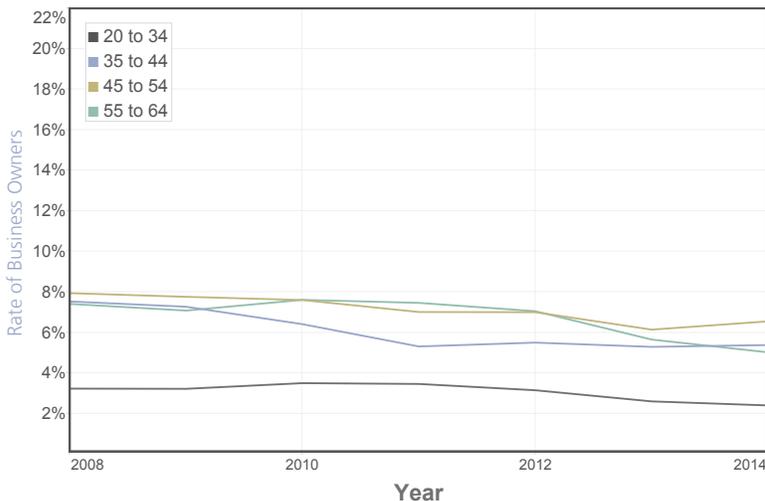
Race



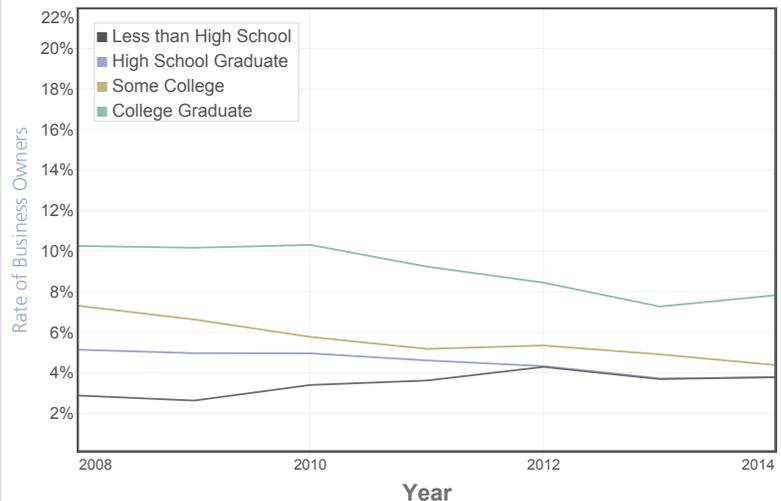
Nativity



Age



Education



Main Street Rank

2015	2014
40	40

Riverside

Metro: Riverside-San Bernardino-Ontario | State: California

Metro Profile

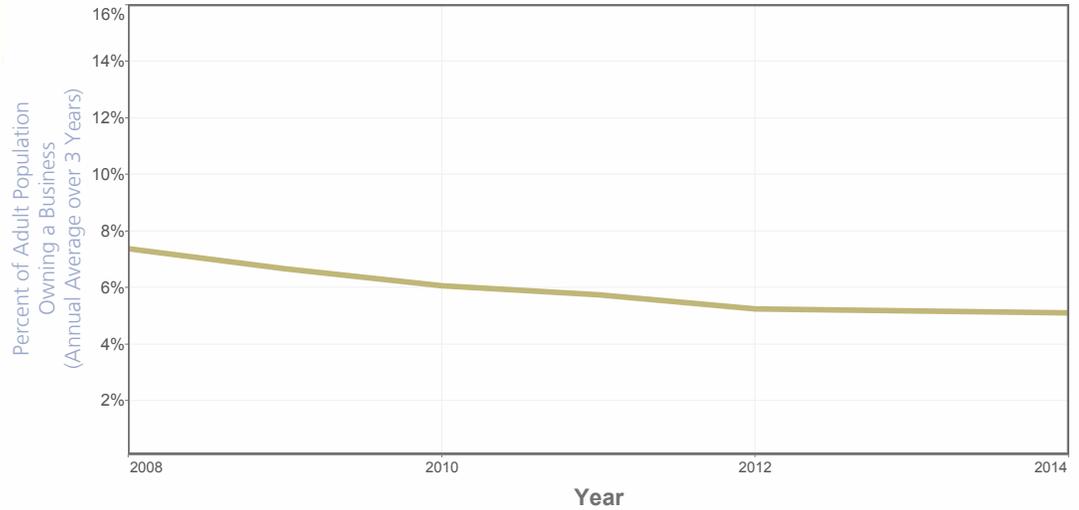
Rate of Business Owners

2015 Component	2014 Component
5.11%	5.18%

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



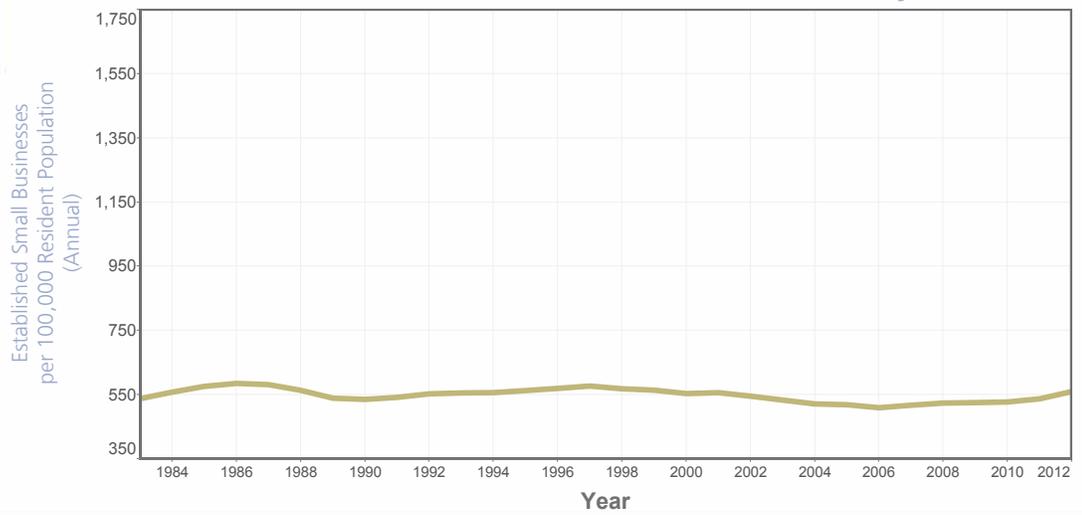
Established Small Business Density

2015 Component	2014 Component
560.1	537.5

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

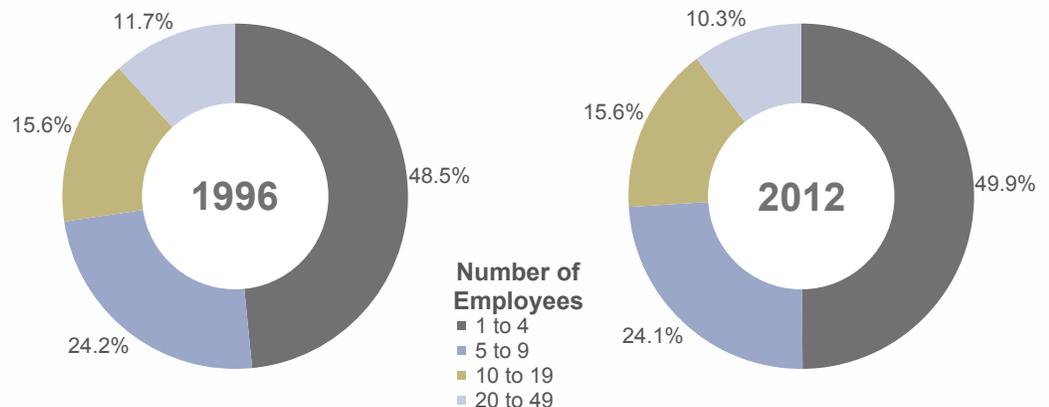


Composition of Established Small Businesses

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



Riverside

Metro: Riverside-San Bernardino-Ontario | State: California

Business Owner Demographics

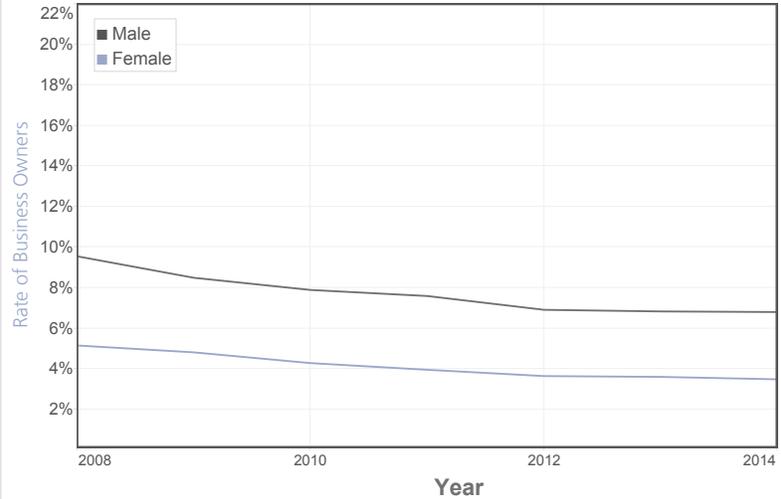
Rate of Business Owners by Demographic Group

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.

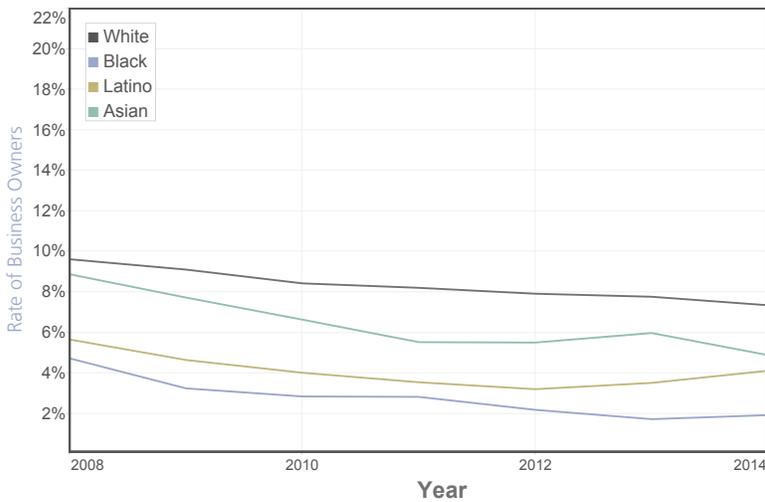
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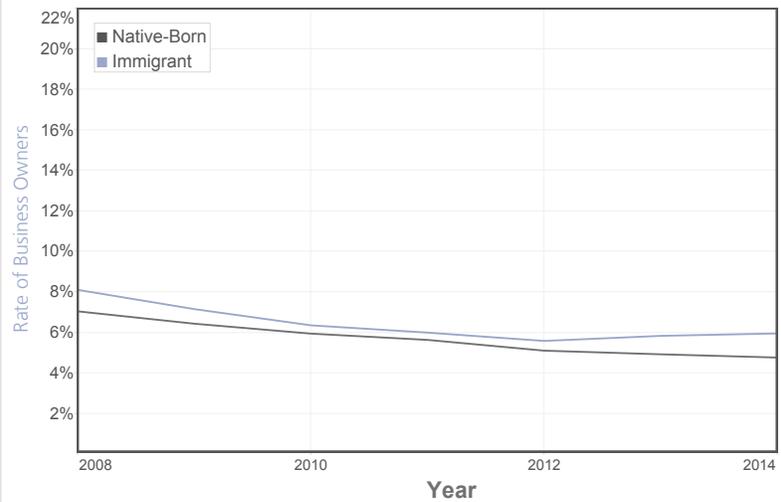
Gender



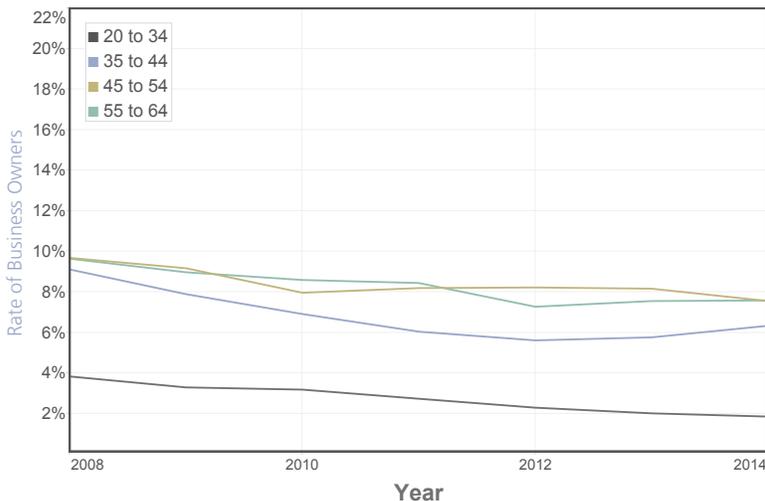
Race



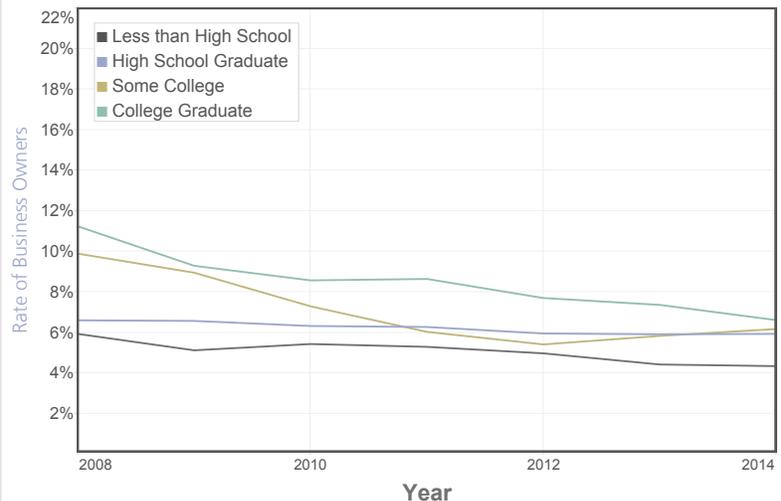
Nativity



Age



Education



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.

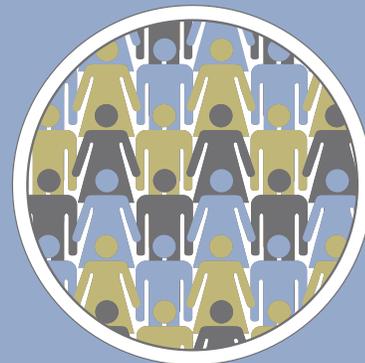
Definitions of Main Street Entrepreneurship Index Components

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.⁴ 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.

4. 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 breakouts 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).⁵ 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.⁶ 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.⁷ 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.⁸

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.

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

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

7. 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>.

8. <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).⁹ 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.

9. 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 0.011.¹⁰ 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.¹¹ 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.

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

11. 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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NOTES



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