

SPOTLIGHT

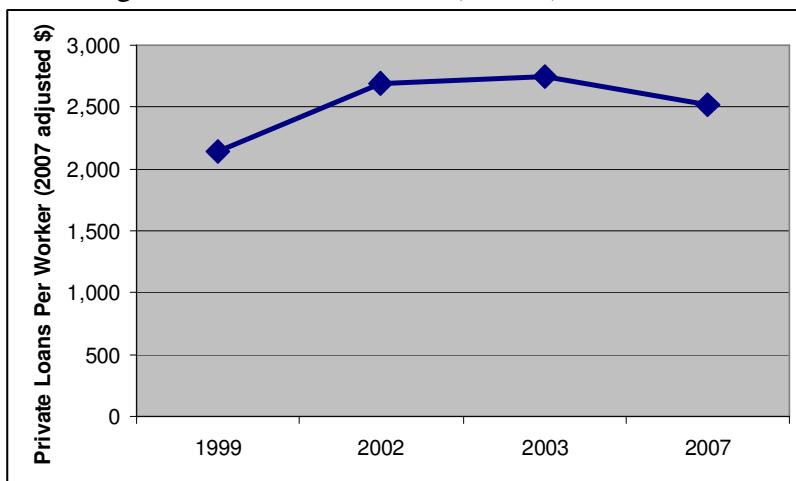
Small Business Ownership

Strong evidence connects small business success with job creation, asset creation and economic growth. In N.C., small business represents a significant share of the state's employers (98.1%). From 2003 to 2006, job opportunities in small businesses grew by more than 82,000 jobs compared to just 31,000 jobs in larger companies.¹

The Numbers

North Carolina ranks 26th among states in small business ownership. There are 17.4 employer firms with fewer than 500 employees per 100 people in the labor force in North Carolina compared to 17.7 nationally. Small business ownership not only provides an opportunity to build wealth but is also an essential engine of growth in local economies.

In recent years, North Carolina has seen a decline in the amount of private lending to small businesses. Restricted access to capital can limit the ability of small businesses to take on new employees, expand their commercial activity and contribute to local economies. From 2003 to 2007, private loans to small businesses in NC declined by 8.1% but average loans amounts in 2007 (\$2,517) remained above 1999 levels (\$2,144).



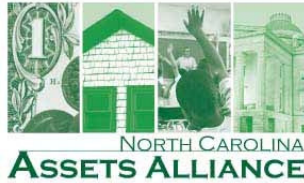
Source: Community Reinvestment Act Data (1999, 2001, 2003, 2007). Washington, DC: U.S. Small Business Administration, [Office of Advocacy](#), Office of Economic Research.

From 2007 to 2008, quarterly business establishment openings were down from 48,788 to 44,564. Business bankruptcies were up 55 percent from 597 to 931 over the same period.

In Fiscal Year 2008, the Small Business Administration loan program experienced the largest decline in total loans in the program's history. North Carolina also experienced a decline in both the number of loans written and the dollar volume of those loans.²

¹ SBA Office of Advocacy. 2009. North Carolina: Small Business Profile. Accessed at: <http://www.sba.gov/advo/research/profiles/09nc.pdf>

² Weisbecker, Lee. <http://triad.bizjournals.com/triad/stories/2008/08/18/story7.html>



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Key Policy Connections

At the federal level, investments in both the Community Development Finance Institution (CDFI) Fund at the Department of Treasury and the Small Business Administration lending program provide essential supports to North Carolina small businesses by making both capital and training and technical assistance services available statewide. CDFI's provide an essential lending and financial service to underserved markets.

At the state level, there is great opportunity to support small business ownership through policies that expand funding and training for microenterprise development, support CDFIs and other vehicles that provide business expansion loans, and allocate at least 10% of state purchases to businesses owned by minorities, women, or persons with a disability