

# For the Record

- Christi Bell
  
- Assoc. Vice Chancellor - University of Alaska Anchorage, lead the Business Enterprise Institute
  - Mission: Develop and diversify the economy of Alaska  
Serve all of Alaska and across the UA system – position University as a partner
  
  - SBDC, CED, MEP, PTAC, Coop – business and economic development
  
  - Other programming – largely entrepreneurial endeavors of UAA

# Impacts to Small Business and Communities

# PFD Economic Impacts

- PFD discretionary spending tends to go to box stores / national retailers, national airlines. Consumers seeking reacting to deals.
  - Jobs created tend to be part-time, temporary - approximately one quarter
  - No fundamental change to the Alaska labor market
  
- PFD contributes to additional spending to local businesses (grocery, restaurants, retail, etc.)
  - Buying patterns really don't change significantly
  - Expenditures spread over several months
  
- PFD spending on debt or financial delinquencies
  - Argued to be addressed, but no real data to back this assumption

# COVID Stimulus Impacts

## ➤ Personal and Business Impacts

### ◦ Current PFD's and Federal Payments (anecdotal information)

- Consumer spending has increased / Labor expenditure boost
- Savings rate boost from 13.9 percent to 30 percent
- Paying off debt (credit cards, past rent, overdue mortgage or 2<sup>nd</sup> mortgage)
- No significant recovery – relatively flat economy

## ➤ Discretionary Spending Down (individuals / businesses)

### ◦ Antidotal information and therefore assumption

- Any new dollars are paying down debt due to job or business losses
- Saving due to the unknowns
- Some new investment on the part of innovative business owners

# Small Business Definitions

## ➤ Small Business

- U.S. Small Business Administration defined
- Varies by industry sector
  - Employs 500 or fewer employees
  - Annual receipts under \$7.5M

## ➤ Micro Enterprises

- Varies by state and organizations
  - Less than 5 employees
  - Capital needs less than \$35,000

## ➤ Solo Entrepreneurs

# Alaska Small Business Stats

Total number of businesses in Alaska 73,354

- Small Businesses – 4,986 firms
- Micro Enterprises – 16,413, 1 to 10 employees
- Solo Enterprises – 51,955 sole proprietor, no employees
  - Specialists: freelancers; real estate agent; consultant; handy man; house cleaner; taxi and Uber drivers; commercial fishing crew members; etc.
  - Employed with a “side gig” business license
  - Less than one percent may be early stage entrepreneurs

# Alaska Compared

- 99.9 Percent of all businesses across the US are small businesses
  - 47.3 percent of the workforce
  - 100 employees or less, the majority of these firms
  
- Alaska
  - Total small businesses: 73,354 (99.1% of businesses)
  
  - Small business rate: 13,289 per 100k residents 18+ (#11 highest among all states)
  
  - Total small business employees: 137,271 (#50 highest among all states)
  
  - Small business share of total employment: 52.4% (#12 highest among all states)
  
  - Self-employed minorities: 10,413 (#41 among all states)

# CED: State of Entrepreneurship

- Startups – employer firm less than one year old
  
- Alaska Private Sector Job Growth – attributed to these firms
  - 4.8 employees at point of start up
  - 89 percent of job growth firms five years old
  
- Sources of Start Up Capital
  - Personal / Family Savings – 64%
  - Business Commercial Loan – 16%
  - Personal Credit Cards – 12%
  - Personal Family Assets – 11%
  - Personal / Family Home Equity Loan – 7%
  - Family / Friend Investment – 6%

# CED: State of Entrepreneurship

➤ US Census Annual Survey of Entrepreneurs, 2016

Amount of Startup Capital	AK % of businesses
Less than \$5,000	14%
\$5,000 to \$9,999	9%
\$10,000 to \$24,999	12%
\$25,000 to \$49,999	10%
\$50,000 to \$99,999	10%
\$100,000 to \$249,999	9%
\$250,000 to \$999,999	7%
\$1,000,000 to \$2,999,999	2%
\$3,000,000 or more	1%

# Closing Thoughts

- Near impossible to predict the behavior of individuals or businesses
- ASSUME, consistently known PFD amount, may see more solo businesses or micro-enterprise plan for a launch or expansion – again, while an assumption, many entrepreneurs bootstrap....
  - 23 percent of entrepreneurs required less than \$9,999 to launch in 2016
  - 12 percent of entrepreneurs required between \$10,000 and \$24,999 in 2016
- Entrepreneurial activity correlated to increased economic growth.
- Supporting small businesses stimulates the economy.

# THANK YOU!

