

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 2nd 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!

