

**THE ECONOMIC IMPACT OF BLACK BUSINESSES IN
THE ATLANTA REGION**



ATLANTA BUSINESS LEAGUE

Prepared for the Atlanta Business League

E. Davis Enterprises

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Executive Summary

Atlanta has long been seen as an area that is fertile for the creation and growth of Black business. Since the first Survey of Minority Business (SMOBE) by the U. S. Census Bureau in 1969, the Metro Atlanta region has consistently ranked high in terms of the number of Black-owned firms. In 1982, Metro Atlanta firms numbered 7,077 ranking the area in the tenth spot. In the latest survey, in 2002, Metro Atlanta has moved to third with 63,940 Black-owned firms trailing only New York and the Washington, DC-MD, VA metro area. Atlanta's ascendance in rank of number of Black firms is even more remarkable when compared on total populations with other metro regions that rank in the top 10. The New York Metro Area, in 2000, had a population of 21.2 million with Blacks comprising 3.6 million or 17.2% of the total. Atlanta, on the other hand, had a total population of 4.1 million with Blacks making up 28.9% of the total at 1.2 million. Washington, DC, the other Metro that has more Black firms than Atlanta, has a population of 7.6 million, nearly 2 million of whom are Black or 26.2 percent. In terms of percentage of the metro area that is Black, Atlanta ranked first among the areas that have the five largest number of Black firms. This is an indicator that one contributor to the successful growth and development of Black business is the size of an areas Black population.

Black businesses in Metro Atlanta comprise nearly 71 percent of all Black businesses in the State of Georgia. Five counties, led by DeKalb with 19,428 Black firms, represent 85 percent of all those businesses located in Metro Atlanta. The other four counties are: Fulton (15,275); Cobb (7,251); Clayton (6,657); and Gwinnett (5,939). Black firms in the Atlanta MSA, in 2002, represent nearly 16% of all firms and generate sales and receipts of over \$4.1 billion. These firms employ nearly 26,000 persons and have payrolls that total almost \$.7 billion. Metro Atlanta Black firms are concentrated in services; 11,388 firms in other services, 8,669 in administrative support, waste management and remediation services and 7,720 in professional and technical services. However, the strong emphasis on services in terms of number of firms doesn't translate to generation of sales and receipts. Retail trade and construction generate the most sales and receipt at \$759.7 million and \$559 million respectively. Black firms in Metro Atlanta are relatively small averaging less than \$64,000 in sales and receipts per firm. However, employer firms though small in number, 3,894 have sales and receipts that average \$711,444.

The economic impact of Black business is measured in regional terms using the U.S. Census Bureau RIMS II multipliers to calculate impact on output (sales and receipts), earnings and employment. The use of multipliers is based on the notion that dollars spent in a region have both direct and induced effects. In 2002, Black businesses accounted for direct sales and receipts of \$4.1 billion and induced sales and receipts of \$4.7 billion resulting in total output impact of \$8.8 billion. The earnings impact is \$2.7 billion with \$.7 billion in direct impact and \$2.0 billion in induced impact. Black businesses employed nearly 26,000 but induced an additional 56,000 regional jobs.

The Census Bureau business surveys for 2007 are not yet available. For this study we employ average growth rates to extend 2002 data to 2007. These data project that in

2007 approximately 115,000 Black firms generate \$10.7 billion in sales and receipts and employ more than 52,000 persons. Using the regional input-output model, we project the total economic impact to be \$23.5 billion in sales and receipt, \$7.3 billion in earnings and approximately 219,000 jobs.

These results attest to the overall impact that Black businesses have in the metro region. In terms of total output, earnings and employment, Black businesses are an important component of the regional economy.

I. Introduction

E. Davis Enterprises has prepared this report on the Economic Impact of Atlanta's Black businesses. The project was funded by the Atlanta Business League (ABL). ABL is interested in establishing a baseline on the economic impact that Black businesses have on the City of Atlanta, the Atlanta metro area and the State of Georgia. ABL recognizes the important role its members and other Black businesses have in the economic viability and growth in the region that it serves.

A. Study Objectives

An economic impact study seeks to measure changes (economic effects) to a system caused by climatological, environmental, physical or other changes. This report documents the economic benefits that Black businesses afford the City of Atlanta and Metro Atlanta. It serves as a baseline from which the important contribution these businesses make to the region can be measured going forward. Future economic impacts of Black businesses can then be periodically updated to ensure that awareness of their contributions to economic development are captured and shared with the entire community.

The report provides

- (1) A brief overview of minority entrepreneurship in the United States
- (2) Demographic profiles of the City of Atlanta, Metro Atlanta and the State of Georgia
- (3) A summary of Black buying power
- (4) A history of Black Business in Metro Atlanta and the City of Atlanta
- (5) Estimates of the economic impact of Black businesses in the Atlanta region.

B. Study Methodology

The report relies on secondary data, principally census data, to document the growth of Black business in the Atlanta region. The economic impact of those businesses is estimated using the Regional Input-Output Modeling Systems (RIMS II) developed by the Bureau of Economic Analysis of the U.S. Department of Commerce.

While this report relies heavily on numerical data, one must not only measure the contributions of Black businesses in terms of growth rates and other numerical metrics. As so eloquently stated by Edward Irons, "...given a perception by Black people that business is a worthy pursuit, no amount of statistical extrapolation can predict what Black people can achieve in business."¹

¹Edward D. Irons, "Black Entrepreneurship: Its Rationale, Its Problems, Its Prospects", Phylon, 1974

II. Minority Entrepreneurship

Small business is recognized as a major contributor to economic growth in the United States, representing 99.7% of all employer firms. Small businesses employ roughly half of all private sector employees. They have for more than a decade generated 60 to 80 percent of net new jobs annually. Entrepreneurship among minority groups in general and Blacks in particular is a component of this growth. However, research suggests that with the exception of Asians, other minority groups exhibit weaker performance in entrepreneurship. Asians (10.9%) have the highest self-employment rates among the minority groups and the Black self-employment rate (4.8%) is roughly 40% of the White rate (11.8%).²

Minorities in 2002 owned 18 % of all U.S. firms. Black-owned firms were 5% of the 23 million total and generated .4 % of all receipts. When the U.S. Department of Commerce first began tracking this data in 1969, Black firms were 2% of total firms and had gross receipts that were .3% of total receipts. More than 75% of those firms had no employees. Those with employees averaged 4 persons and had annual sales of \$95,000.

In 2002, 86 percent of Black-owned firms had sales and receipts of less than \$50,000 with average receipts per firm of \$74,000. Those firms earning \$ 1 million or more are roughly 1 percent of the total but account for 55 percent of total receipts. There were less than 1000 Black-owned firms with 100 or more employees. Employer firms comprise about 8 percent of all black-owned firms but are responsible for 74 percent of receipts totaling almost \$66 billion. These firms employ 756,000 people or 8 persons per firm.

III. Demographics

STATE OF GEORGIA

Of Georgia's 8.2 million population, more than 2.3 million or 28.7 % are Black, ranking Georgia as a state with the fifth largest Black population (Table 1). The median household income , in 2000, is \$42,433 while the median family income is nearly \$7000 higher at \$49,280. Blacks in Georgia have a median household income of \$ 30,998 and a median family income of \$ 34,147. Per capita income of Georgia's Black residents is about 70% of the total population's per capita income and a little more than 58% of that of the White population. Nearly 10% of Blacks in the labor force are unemployed compared to less than 4% of Whites.

² Fralic, Roberts W. Minority Entrepreneurship, U.S. Small Business Administration Office of Advocacy

Table 1
Black & White Household Comparisons
STATE OF GEORGIA, METRO ATLANTA and The CITY OF ATLANTA
(2000)

	STATE OF GEORGIA			METRO ATLANTA			CITY OF ATLANTA		
	ALL	BLACK	WHITE	ALL	BLACK	WHITE	ALL	BLACK	WHITE
Population	8,186,453	2,349,542	5,327,281	4,112,198	1,189,179	2,589,888	416,474	255,689	138,352
No. of Households	3,006,369	803,324	2,070,172	1,504,871	414,821	1,001,821	168,147	91,852	69,380
Average Household Size	3	3	3	2.68	2.79	2.56	2	3	2
Median Household Income	\$42,433	\$30,998	\$47,832	\$51,948	\$39,073	\$59,185	\$34,770	\$23,128	\$60,936
Median Family Income	\$49,280	\$34,147	\$55,644	\$59,313	\$42,624	\$67,923	\$37,231	\$26,031	\$102,657
Per Capita Income	\$21,154	\$14,371	\$24,724	\$25,033	\$17,107	\$29,721	\$25,772	\$13,156	\$50,500
No. of Families below Poverty level	210,138	114,879	80,779	71,996	39,135	13,222	17,966	16,264	997
No. of Individuals below Poverty level	1,033,793	518,668	429,047	379,924	188,292	143,744	95,743	79,862	11,071
No. In labor force (adults 16 & order)	4,129,666	1,062,957	2,811,710	2,208,940	740,875	1,443,164	213,257	106,184	93,457
% Unemployed		9.94	3.76		8.72	3.33		16.85	10.04

Source: U.S. Census Bureau, Census 2002

METRO ATLANTA³

Metro Atlanta is home to 4.1 million people, 1,189,179 or 28.9% of who is Black. The Black population of Metro Atlanta has more than doubled over the past 20 years, growing at a faster rate than that of the nation (31.2%) and the south (37.1%). Given that the City of Atlanta's population is shrinking, this increase of Blacks in Metro Atlanta suggests an out migration from the City of Atlanta to the counties surrounding Atlanta.

The average household size was comparable between Blacks and Whites in the metro area at 2.79 and 2.56 respectively. Black households numbered 414,821 (27.6%) and White households numbered 1,001,821 (66.6%). The median Black household income, \$39,073 is 66% of the median White household income of \$59,185. The disparity between Black and White family incomes is slightly more than the household income difference, with Black median family income equaling 62.8% of that of Whites. The Black per capita income, \$17,107 is 57.6% of the White per capita income of \$29,721.

Slightly over 50% of all families and just fewer than 50% of all individuals in Metro Atlanta living below the poverty level are Black . In 2000, Blacks account for 33.5% of the labor force and have an unemployment rate of 8.72 more than two and half times the white unemployment rate of 3.33.

³ The data for the Atlanta MSA is not strictly comparable across years as the definition has expanded from 15 counties to 18 in 1983, 20 in 1992 and the current 28 in 2003.

CITY OF ATLANTA

Reversing a decline⁴ that lasted between 1970 and 1990, the City of Atlanta has shown upward population trends over the past decade increasing to over 416,000 residents in 2002. Projections by the Atlanta Bureau of Planning estimate the increasing trend will continue through 2010 when the population will be nearly 480,000.

Blacks comprise the largest percentage of city residents, 61.4% in 2000 (Table 2). However their share of the population has declined from 69.6% in 1990. Whites make up the other large segment of Atlanta's population at 33.2% in 2000, increasing from 30.4% in 1990.

Paralleling the population decline, Atlanta's total households declined from 1970 to 1990, but show an 8% increase to 168,147 households in 2000. Owing to a larger average household size, the Black percentage of total households, 54.6% is about 11% less than their share of the population.

Two important measures of economic well-being are household and family income. In 2000, the median household and family income for the City of Atlanta were \$34,770 and \$37,231, respectively. In comparison the Black median household income is \$23,128 or 66.5% of the total. On the other hand the White median household income at \$ 60,936

Table 2
Black & White Household % Comparisons (2002)
STATE OF GEORGIA, METRO ATLANTA and The CITY OF ATLANTA

	STATE OF GEORGIA (%)			METRO ATLANTA (%)			CITY OF ATLANTA (%)		
	ALL	BLACK	WHITE	ALL	BLACK	WHITE	ALL	BLACK	WHITE
Population	8,186,453	28.7	65.1	4,112,198	28.9	63.0	416,474	61.4	33.2
No. of Households	3,006,369	26.7	68.9	1,504,871	27.6	66.6	168,147	54.6	41.3
Median Household Income	\$42,433	73.1(64.8)	112.7	\$51,948	75.2(66.0)	113.90	\$34,770	66.5(38.0)	175.3
Median Family Income	\$49,280	69.3(61.4)	112.9	\$59,313	71.9(62.8)	114.5	\$37,231	69.9(25.6)	275.7
Per Capita Income	\$21,154	67.9(58.1)	116.9	\$25,033	68.3(57.6)	118.70	\$25,772	51.0(26.1)	195.9
No. of Families Below Poverty Level	210,138	54.7	38.4	71,996	54.5	18.4	17,966	90.5	5.5
No. of Individuals Below Poverty Level	1,033,793	50.2	41.5	379,924	49.6	37.8	95,743	83.8	11.6
No. In Labor Force (Adults 16 & older)	4,129,666	25.4	68.1	2,208,940	33.5	65.3	213,257	49.8	43.8
% Unemployed		9.94	3.76		8.72	3.33		16.85	10.04

() Black as a % of White

Source: U.S. Census Bureau, Census 2002

is 175.3% of the total. The figures for family income are equally disparate. Black median family income of \$26,031 is 69.9% of the total, while the White family median income at \$102,657 is 275.7% of all household median incomes.

Blacks have a per capita income of \$13,165 compared to White per capita income of \$50,500. There are 16,264 Black families or 90.5% of the total number of families below the poverty level.

⁴ The City lost 70,000 persons during this period

From the data presented in tables 2 and 3, we conclude that Blacks in the City of Atlanta are less well off than those in the State and Metro area. For almost all socio-economic indicators, the MSA statistics are improved over those of the State and City. These data are summarized in table 3.

Table 3: Socio-economic Comparison of Blacks , State, MSA , City

	State	Msa	City
Average household Size	3	2.79	3
Median Household Income	\$30,998	\$39,073	\$23,128
Median Family Income	\$34,147	\$42,624	\$26,031
Per Capita Income	\$14,371	\$17,107	\$13,156
Percent Unemployed	9.94	8.72	16.85
Percent of Families Living Below Poverty	54.7	54.5	90.5
Percent of Individuals Living Below Poverty	50.2	49.6	83.8

IV. Employment Impacts

Research by a number of authors has shown that Black firms employ a large number of black workers. In 2006 Blacks made up 11% of the nations workforce.

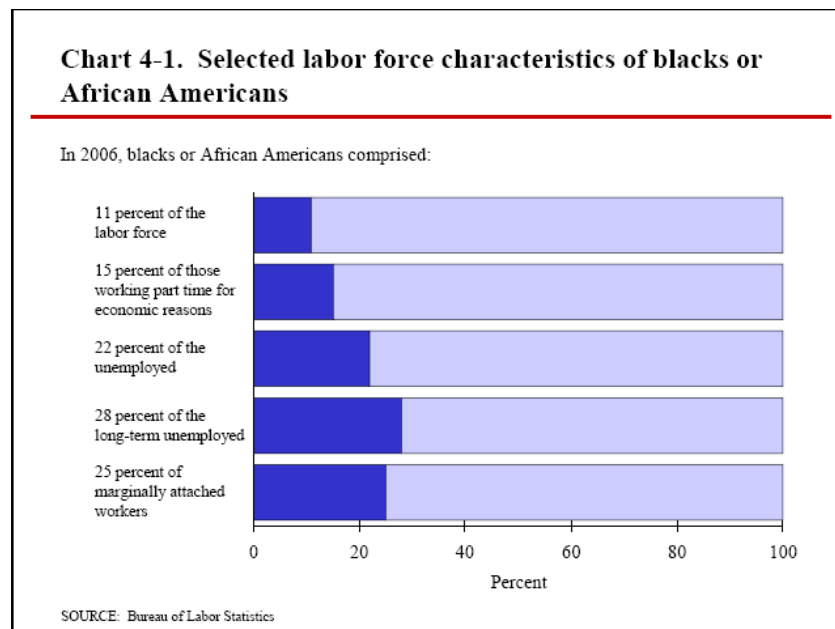


Chart 4-6. Blacks and Hispanics are less likely than are whites and Asians to be employed in management and professional occupations



The metro Atlanta workforce totaled 2,208,940 in 2000 and increase of over 700,000 over the 1990 number (Figure 1). Metro Atlanta’s Black workforce experienced a similar increase moving from 372,314 in 1990 to 740,875 in 2000.

Figure 1

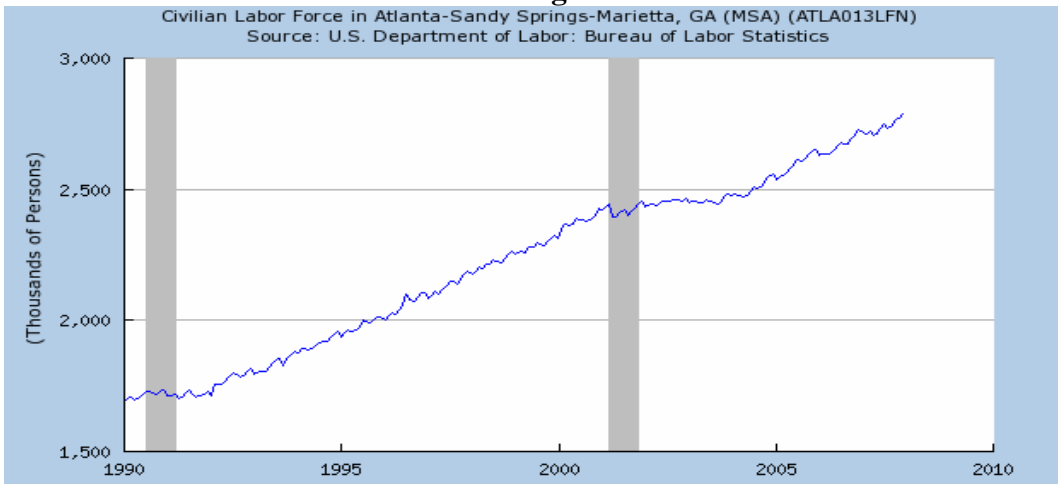


Table 4 lists the top occupations in the City of Atlanta, Metro Atlanta and the State in 2006. Management, Professional and Related is by far the most dominant occupation in the region accounting for 37% of total workers in Metro Atlanta and nearly 43% in the City of Atlanta.

Table 4 Top Five Occupations & Number of Workers in 2006

Rank	Occupation	# of Workers		
		Georgia	Metro Atlanta	Atlanta
1	Management, Profesional & Related	1,447,551	943,559	89,495
2	Sales & Office	1,144,457	696,066	51,697
3	Service	650,326	347,748	34,303
4	Production, Transportation&Material Moving	610,268	286,410	19,567
5	Construction,Extraction, Maintenance& Repair	487,156	273,242	14,575

Source: U.S. Census Bureau, 2006 American Community Survey

V. Black Buying Power

Annual reports produced by the Selig Center at the University of Georgia chronicle U.S. buying power statistics by race. The center defines buying power as “the total personal income of residents that is available, after taxes, for spending on virtually anything that they buy, but it does not include dollars that are borrowed or that were saved in previous years”. The data is presented at the State and MSA levels and shows that Georgia ranks tenth in total buying power, but third in Black buying power at \$ 58 billion. It is no

**Table 5
The Largest Consumer Markets in 2007
(Billions of dollars)**

Total Buying Power			Black Buying Power		
Rank	State	Amount	Rank	State	Amount
1	California	1,285	1	New York	77.9
2	Texas	777.5	2	Texas	63.1
3	New York	712.7	3	Georgia	58
4	Florida	608.2	4	California	57.8
5	Illinois	447.9	5	Florida	57.4
6	Pennsylvania	418.6	6	Maryland	49.6
7	New Jersey	364.8	7	Illinois	41.8
8	Ohio	348.7	8	North Caroli	38.5
9	Michigan	316.2	9	Virginia	35.6
10	Georgia	278.4	10	New Jersey	33

Source: Selig Center for Economic Growth, Terry College of Business

accident that Georgia ranks high in total Black buying power as it has the largest Black population among the ten states with the largest share of total buying power that is Black.

Blacks in Georgia contribute 20.8 % of total buying power in the state, placing fourth behind the District of Columbia, Mississippi and Maryland in share of buying power that can be attributed to Blacks. Table 7 compares national Black buying power to that of the State of Georgia and the Atlanta Metropolitan Area. The Atlanta MSA and the State have Black buying power percentages that are relatively the same but are two and a half times the national percentage.

Table 6
Ten States with the Largest
Share of Buying Power that is Black

Rank	State	Amount
1	District of Columbia	30.6
2	Mississippi	24.3
3	Maryland	22.2
4	Georgia	20.8
5	Louisiana	20.4
6	South Carolina	18.4
7	Alabama	17.4
8	Delaware	14.9
9	North Carolina	14.5
10	Virginia	13.1

**Source: Selig Center for Economic Growth,
Terry College of Business University of Georgia**

Table 7
Buying Power in U.S., Georgia, & Atlanta MSA
(In thousands, 2007)

	Total	Black	% Black
U. S.	10,006,433,893	845,422,638	8.4
Georgia	278,394,016	57,955,352	20.8
Atlanta MSA	173,065,425	37,627,825	21.7

**Source: Selig Center for Economic Growth,
Terry College of Business, University of Georgia**

VI. Black Business Impact

The number of Black businesses in the U.S. has nearly doubled between 1992 and 2002 increasing from 620,912 in 1992 to 1,197,567 in 2002. The growth in Black businesses outpaces all other minority groups and is nearly three times the growth of all businesses over that time period. While there has been remarkable growth in Black businesses nationally, Metro Atlanta's growth is even more phenomenal. Black businesses in the metro area have nearly tripled, increasing from 23,488 in 1992 to 63,940 in 2002. It may be thought that some of this growth is attributable to the definition of the metro area which included 20 counties in 1992 and expanded to 28 counties in 2000 (Table 8). However, this is not the case. The eight counties that are added to the metro area in 2002 had no reported Black businesses or the numbers were suppressed to protect the anonymity of the firms. Two metro counties are largely responsible for the growth, DeKalb which increased from 11,987 in 1997 to 19,428 in 2002 and Fulton which grew from 11,234 to 15,075. Perhaps a truer way to measure the growth of Atlanta's Black business community is to compare the top 10 metro areas with the largest number of Black businesses.

Atlanta ranked tenth in 1982 with a total of 7,077 firms. Its ranking increased to sixth in 1987, fifth in 1992, and to fourth in 1997 with 37,592 Black firms. As the definition of Atlanta's metro area expanded, so too did other metro areas in the top 10 list. Therefore,

Table 9 clearly shows that the Atlanta MSA is one of the top growth areas for Black business ascending to the rank of third in 2002 with 63,940 businesses.

Table 8				
Black Business Growth Rates in Georgia, Atlanta Metro and The City of Atlanta				
Year	Criteria	Georgia	Atlanta MSA	City of Atlanta
1992	No. of Firms	425,118	238,198	26,835
	Sales & Receipts	82,009,000	49,145,000	9,851,000
	Employees	692,235	402,527	99,370
	Payroll	12,390,000	7,899,000	1,963,000
	Black Firms	38,624	23,488	5,762
	Sales & Receipts	1,677,083	1,049,164	280,701
	Employees	18,744	10,872	3,299
	Payroll	253,026	144,951	47,412
1997	No. of Firms	568,552	327,053	38,412
	Sales & Receipts	580,344,999	387,465,384	69,159,361
	Employees	3,047,650	1,805,780	359,301
	Payroll	81,591,286	54,485,888	12,546,751
	Black Firms	55,766	34,592	7,853
	Sales & Receipts	4,110,716	2,959,189	1,012,038
	Employees	40,593	27,430	10,000 to 24,9999
	Payroll	741,509	509,346	D
2002	No. of Firms	674,521	405,315	43,576
	Sales & Receipts	730,945,018	518,044,278	95,525,756
	Employees	3,303,861	2,063,410	413,583
	Payroll	110,491,922	78,107,703	18,756,838
	Black Firms	90,461	63,940	8,434
	Sales & Receipts	5,664,651	4,063,194	975,765
	Employees	39,106	25,877	9,326
	Payroll	909,070	675,694	235,405
D- Withheld to avoid disclosure				
Source: U.S. Census Bureau				

Black firms in the Atlanta MSA in 2002 represent nearly 16% of all firms and generate sales and receipts of roughly \$4.1 billion. These firms employ nearly 26,000 persons and have payrolls that total \$675.7 million.

The City of Atlanta saw its number of Black firms grow by 46.4% between 1992 and 2002. The 8,434 firms in 2002 had sales and receipts approaching \$1 billion at \$975.8 million and employed 9,326 persons generating payrolls totaling \$235.4 million. With the exception of the growth in sales and receipts between 1992 and 1997, Black firms in the Atlanta MSA experienced higher growth rates than all firms in the total numbers and sales and receipts. Growth rates in the City of Atlanta lagged total growth rates both in

Table 9
Top Ten Metro Areas in Terms of Number of Black Owned Firms

	1982	Rank	1987	Rank	1992	Rank	1997	Rank	2002	Rank
New York	20,242	2	28,063	1	39,404	1	69,410	1	145,517	1
Washington	18,805	3	23,046	3	37,988	2	48,709	2	67,213	2
Los Angeles	23,520	1	23,932	2	32,645	3	38,277	3	56,228	4
Atlanta	7,077	10	11,804	6	23,488	5	37,592	4	63,940	3
Chicago	13,660	4	15,374	4	24,664	4	35,569	5	59,570	5
Houston	12,206	5	12,989	5	18,840	6	24,286	6	35,846	6
Philadelphia	8,581	8	10,249	7	13,956	7	17,863	7	24,486	10
Detroit	8,731	7	9,852	8	13,910	8	17,692	8	31,208	7
Dallas	7,825	9	7,857	10	11,395	10	14,021	9	27,514	8
Oakland										
San Francisco	9,388	6								
Baltimore	6,376		8,593	9	12,492	9	10,779	10	24,536	9

Source: U. S. Census Bureau, Survey of Minority Businesses, 1982,1987,1992,1997,2002

Table 10
Firm & Receipt Growth Rates for Georgia, Atlanta MSA and The City of Atlanta
(% increase)

		Georgia		MSA		City of Atlanta	
		Total	Black	Total	Black	Total	Black
Firms	1992 to 1997	33.3	44.4	37.3	47.2	43.1	36.2
	1997 to 2002	18.6	62.2	23.9	87.5	13.4	7.3
Receipts	1992 to 1997	707.6	245.1	788.4	282.1	702.1	360.5
	1997 to 2002	125.9	137.8	133.7	137.3	138.1	96.4

Source: E. Davis

number of firms and sales and receipts. The same is not true for growth in employees and payroll. The total growth rates in these areas exceeded the Black growth rate for each of the comparison years (Table 11).

Table 11
Employee and Payroll Growth Rates for Georgia, Atlanta MSA and The City of Atlanta (% increase)

		Georgia		MSA		Atlanta	
		Total	Black	Total	Black	Total	Black
Employees	1992 to 1997	440.3	216.6	448.6	252.3	316.3	360.5
	1997 to 2002	108.4	96.3	114.3	94.8	115.1	n/a
Payroll	1992 to 1997	658.5	293.1	689.8	351.4	639.2	n/a
	1997 to 2002	135.4	122.6	143.4	132.7	149.5	n/a

Source: E. Davis

⁵ A S indicates publication standards are not met, such as, the firm count is less than 3 or the relative standard error of the sales and receipts is 50% or more. D indicates the data is withheld to avoid disclosing data for individual companies; data are included in higher level totals.

Metro Atlanta Black firms (in 2002) are concentrated in services with 11,138 firms in other services, 8,669 in administrative support, waste management and remediation service, and 7,720 in professional scientific and technical service (Table 12). Together (service industries are 42.5% of all Black firms and generate nearly \$1.1 billion. As shown in the table some firm's counts are suppressed⁵ indicative of numbers too small and to ensure the anonymity of the firm.

		Table 12					
		Atlanta Metro Area: Atlanta - Sandy Spring - Gainsville (2002)					
		GA-AL Combined Statistical Area					
		All Firms		Firms w/Paid Employees			
2002 NAICS Codes	All Industries, Meaning for 2002 NAICS Code	Firms	Sales & Receipts ('000s)	Firms	Sales & Receipts ('000s)	Employees	Payroll ('000s)
	Forestry & fishing & hunting & Agriculture Support service	S	S	S	S	S	S
11							
21	Mining	S	D	S	S	S	S
22	Utilities	S	D	S	S	S	S
23	construction	4,171	559,047	384	407,790	2,269	70,644
31-33	Manufacturing	513	D	50	D	E	D
48-49	Transportation communication	5,115	289,797	178	D	G	D
42	Whole sale Trade	657	118,249	74	D	C	D
44-45	Retail Trade	6,154	759,735	356	643,798	1,862	52,121
53	Finance & Insurance	1,489	169,691	259	108,810	742	24,775
51	Information	943	53,578	50	43,571	466	20,078
53	Real Estate & Rental & Leasing	4,212	145,469	138	42,897	512	10,903
54	Professional Scientific & Technical Service	7,770	518,654	660	352,385	2,687	127,025
55	Management of company & Enterprise	8	D	8	D	b	D
56	Administrative & support +waste management & Remediation service	8,669	283,335	364	166,158	4,217	81,805
61	Educational Service	1,372	24,938	52	12,860	117	4,959
62	Health care & Social Assistance	8,134	443,832	701	302,822	5,459	124,826
71	Art & Entertainment & Recreation	3,048	123,750	49	D	e	D
72	Accommodation & food service	1,388	237,157	S	D	h	D
81	Other Service	11,138	278,417	310	99,386	1,334	31,987
99	Industrial not Classified	S	D	S	D	a	D

Source: 2002 Survey of Business Owners: Release Date 8/29/06

Note: Company statistics series; by kind of business metropolitan area with more than 100 Black-owned firms in 2002

Interestingly with the strong emphasis on services in the Atlanta region, it is retail trade and construction that generate the most sales and receipts at \$759.7 million and \$559 million respectively. Black firms in Metro Atlanta are relatively small averaging less than \$64,000 in sales and receipts per firm. Most of the firms are sole proprietorships as 3,894 or roughly 6% of the firms have paid employees. Employer firms average \$711,444 in sales and receipts, more than eleven times the average of nonemployer firms.

Among employer firms, retail trade with 356 total firms has average sales and receipts of over \$1.8 million. The industry with the next highest average sales among employer firms is construction averaging about \$1.1 million per firm. These numbers indicate the disparity in income generation between employer and non-employer firms as all retail trade and construction firms average \$123,454 and \$134,032, respectively.

VII. Economic Impact of Black Businesses

The use of multipliers is based on the notion that dollars spent in a region have both direct and induced effects. Multipliers account for dollars spent initially plus any subsequent re-spending of those dollars within a particular area. For example, a dollar that is linked directly to a particular entity represents the direct impact that entity has on the region. Suppose that 25 cents of that dollar leaves the region but the remaining 75 cents is re-spent in the region. Further suppose that 50 cents of the remaining 75 cents leaves the region but 25 cents remain. The total impact at this point is \$2. If none of the remaining 25 cent is re-spent in the region, the total impact of that initial \$1 spent is \$2. Research indicates that dollars do not turn within the Black community. However, the impacts we measure in this report are regional impacts at the MSA level.

The economic impact estimates use regional input-output RIMS II multipliers for output, earnings and employment. The multipliers compute the change in output, earnings and employment resulting from a \$1 change in final demand. The multipliers were obtained from the Bureau of Economic Analysis, U.S. Department of Commerce and represent multipliers for the Atlanta-Sandy Springs-Marietta, GA Metropolitan Statistical Area for the year 2005 (see Appendix I).

For example, construction in Metro Atlanta generates \$70.6 million in earnings in 2002. The RIMS II direct effect multiplier for construction earnings is 2.0237. Thus the MSA's Black construction business earnings impact on the regional economy is approximately \$143 million. This total is made of \$70.6 million of direct earnings impact and \$72.3 million of induced earnings impact. To continue using the construction example, the final demand output multiplier (2.3332) is applied to total construction sales and receipts (\$559,047,000) to yield a total construction economic impact of \$1,304,368,000.

The total output, i.e. sales & receipts, earnings and employment impacts of Metro Atlanta Black business are shown in Table 13. Black business has an \$8.8 billion impact on the regional economy.

	Direct Impact	Economic Impact	Induced Impact
Output	\$4,106,455	\$8,801,572	\$4,695,117
Earnings	675,694	2,735,062	2,059,378
Employment	26,006	81,945	55,939

Source: E. Davis

The earnings impact is \$2.7 billion and Black businesses impact on employment is 81,945 jobs. This does not mean that Black businesses create 81,945 jobs. It means that this number of jobs in the region is spawned by Black businesses.

Data on minority and women –owned firms is compiled by the Census Bureau every five years with a lag in reporting that sometimes extends several years. As such, the 2007 report is not yet available and quite possibly will not be released until 2009. To provide estimates of the state of black business in Metro Atlanta in 2007, we computed the average growth rates of those businesses for the three most recent reporting years; 1992, 1997, 2002. Average growth rates were computed for the number of firms , sales & receipts, firms with paid employees, receipts from these employer firms, number of employees and payroll. These data are shown in Table 14. The average growth is lowest for employer firms at 29 percent and highest for payroll at 177 percent. Payroll growth

Table 14				
Growth Rates for Metro Atlanta Black Businesses				
	1987 to 1992	1992 to 1997	1997 to 2002	Average
Number of Firms	99	47	88	78
Receipts	40	282	142	121
Number of Employer Firms	8	63	15	29
Receipts	14	341	21	125
Number of Employees	59	252	-5	102
Payroll	40	351	133	127

between 1992 and 1997 was pegged at 351 percent, very similar to the growth of employer firms receipts which was 341 percent. As shown in table 14, the total number of firms experienced its lowest growth rate between 1992 and 1997, however, every other category saw the highest growth rate in this five-year span. Applying the average three-period growth rates (table 14) to the data reported for 2002 results in the estimates that are displayed in table 15. These estimates imply that total number of metro area Black firms will increase to 115,435 and generate roughly \$10.7 billion in sales and receipts. Firms with paid employees will grow to more than 5,000 , employ nearly 53,000 with total sales and receipts of \$6.2 billion. Total payroll of these employer firms will swell to

Table 15	
Estimates for Metro Atlanta Black Firms (2007)	
Number of Firms	115,435
Receipts(in 1000s)	\$10,692,307
Number of Employer Firms	5,017
Receipts of employer Firms (in 1000s)	\$6,236,301
Number of Employees	52,535
Payroll (in 1000s)	\$1,867,703

almost \$1.9 billion. Caution should be applied in using these estimates since the projections are based on the crude methodology of averages. There was insufficient data to use more sophisticated estimation techniques.

Table 16: Estimated Economic Impact (2007)			
(\$ in 1000s)			
	Direct Impact	Economic Impact	Induced Impact
Output	\$10,692,303	\$23,494,090	\$12,801,787
Earnings	\$1,867,703	\$7,300,717	\$5,433,014
Employment	52,532	218,736	166,204

Similar methodology was applied to disaggregate the data using the Census Bureau's NAICS codes. The distribution as computed for these industry classifications for 2002 were used to allocate the estimates from table 15 across the industries for 2007. For example, in 2002 construction represented 6.5 percent of all Black firms in metro Atlanta. Thus, we might expect that the number of construction firms in 2007 would be 7503 (6.5% x 115,435). Of course we realize that it is unlikely that the growth in firms will move in total lockstep with the 2002 distribution. However, the distributions in previous census years were not radically different than what occurred in 2002 providing further for using this methodology.

VIII. Summary

The Black business impact on the Atlanta regional economy is substantial. Although not always talked about in these terms, Black businesses contribute much to Metropolitan Atlanta and the State of Georgia through direct and induced impacts on total output, earnings and employment.

Blacks in 2000 comprise 29 percent of the metro's total population an increase from the 1990 proportion of 26 percent. Black buying power in 2007 is estimated at \$58 billion or roughly 21 percent of total buying power in the State of Georgia. This ranks Georgia as third in overall Black buying power and fourth in terms of the percentage of a state's total buying power. The Atlanta MSA contributes nearly 65 percent of the state's Black buying power at \$37.6 billion. Blacks comprise about 22 percent of the metro areas total buying power. Black buying power nationally is 8.4 percent of the total buying power of more than \$ 10 trillion.

While the number of Black businesses nationally have nearly doubled over the ten years Between 1992 and 2002, Metro Atlanta has seen a near tripling of its numbers... Atlanta easily ranks as an area that has experienced tremendous growth in the number of firms. The region has moved from tenth in total firms in 1982 to its current ranking of third in 2002 with nearly 64,000 firms. These firms generated \$4.1 billion in sales and receipts, had payrolls totaling \$675.7 million and employed 26,000 persons. These direct impacts generated an additional \$ 4.7 billion in sales \$ receipts, induced another \$ 2 billion in earnings and stimulated almost 56,000 regional jobs. Estimates for 2007 project these regional impacts at \$ 23.5 billion in output, \$ 7.3 billion in earnings and regional job impact of almost 219,000. Direct sales and receipts for Black firms are estimated at \$10.7 billion. With \$ 37.6 billion of buying power, each one percent increase of spending by Blacks with Black business would generate an additional \$ 376 million in sales and receipts.

Appendix I

Final Demand Impacts for Black Business								
Atlanta- Sandy Springs- Marietta MSA (2002)								
Industry	Sales & Receipts (\$1,000)	Payroll	Final Demand Multiplier			Impact		
			Output	Earnings	Employment	Output	Earnings	Employment
Forestry & fishing	0	0	1.9267	0.4504	16.3629	0	0	0
Mining	0	0	1.9162	0.4916	10.5646	0	0	0
Utilities	0	0	1.3952	0.2514	4.6506	0	0	0
Construction	559,047	70644	2.3332	0.7623	21.0283	1304368.5	426161.528	11755808.03
Manufacturing	0	0	1.795	0.3679	8.5591	0	0	0
Transportation	289,797	0	1.7774	0.3462	7.854	515085.19	100327.721	2276065.638
Wholesale Trade	118,249	0	2.0461	0.6391	14.18	241949.28	75572.9359	1676770.82
Retail Trade	759,735	52121	2.1686	0.6741	23.9885	1647561.3	512137.364	18224903.05
Finance & Insurance	169,691	24775	2.3127	0.6362	14.2076	392444.38	107957.414	2410901.852
Information	53,578	20078	2.2322	0.669	15.1749	119596.81	35843.682	813040.7922
Real Estate & Renting & leasing	145,469	10903	1.671	0.2757	8.8438	243078.7	40105.8033	1286498.742
Professional Scientific	518,654	127028	2.3638	0.8499	19.7101	1225994.3	440804.035	10222722.21
Management of Company	0	0	2.3705	0.7862	15.1116	0	0	0
Administrative & Support	283,335	81805	2.2957	0.7965	29.2682	650452.16	225676.328	8292705.447
Educational Services	24,938	4959	2.3883	0.8344	28.3603	59559.425	20808.2672	707249.1614
Healthcare & Social Services	443,832	124826	2.2302	0.7603	19.937	989834.13	337445.47	8848678.584
Arts & Entertainment	123,750	0	2.2226	0.6438	27.7912	275046.75	79670.25	3439161
Accommodation & Food Service	237,157	0	2.1359	0.601	21.7696	506543.64	142531.357	5162813.027
Other Service	278,417	31981	2.263	0.6825	24.5227	630057.67	190019.603	6827536.566
Industries not Classified	0	0					0	
Total	4005649	549120	39.8443	11.5185	331.885	8801572.2	2735061.76	81944854.91

Note: The values that have been suppressed have been replaced by zeroes

Appendix II

Final Demand Impacts for Black Business								
Atlanta, Sandy Springs, Marietta MSA (2007)								
Industry	Sales & Receipts (\$1000)	Payroll	Final Demand Multiplier			Impact		
			Output	Earnings	Employment	Output	Earnings	Employment
Forestry & fishing	0	0	1.9267	0.4504	16.3629	0	0	0
Mining	0	0	1.9162	0.4916	10.5646	0	0	0
Utilities	0	0	1.3952	0.2514	4.6506	0	0	0
Construction	1,492,268	240278	2.3332	0.7623	21.0283	3481759.7	1137555.9	31379859.18
Manufacturing	0	0	1.795	0.3679	8.5591	0	0	0
Transportation	773,557	0	1.7774	0.3462	7.854	1374920.2	267805.433	6075516.678
Wholesale Trade	315,642	0	2.0461	0.6391	14.18	645835.1	201726.802	4475803.56
Retail Trade	2,027,966	177276	2.1686	0.6741	23.9885	4397847.1	1367051.88	48647862.39
Finance & Insurance	452,957	84266	2.3127	0.6362	14.2076	1047553.7	288171.243	6435431.873
Information	143,016	68290	2.2322	0.669	15.1749	319240.32	95677.704	2170253.498
Real Estate& Renting& leasing	388,301	37084	1.671	0.2757	8.8438	648850.97	107054.586	3434056.384
Professional Scientific	1,384,447	432043	2.3638	0.8499	19.7101	3272555.8	1176641.51	27287588.81
Management of Company	0	0	2.3705	0.7862	15.1116	0	0	0
Administrative & Support	756,308	278239	2.2957	0.7965	29.2682	1736256.3	602399.322	22135773.81
Educational Services	66,567	16867	2.3883	0.8344	28.3603	158981.97	55543.5048	1887860.09
Healthcare& Social Services	1,184,724	424564	2.2302	0.7603	19.937	2642171.5	900745.657	23619842.39
Arts& Entertainment	330,326	0	2.2226	0.6438	27.7912	734182.57	212663.879	9180155.931
Accomodation& Food Service	633,044	0	2.1359	0.601	21.7696	1352118.7	380459.444	13781114.66
Other Service	743,180	108796	2.263	0.6825	24.5227	1681816.3	507220.35	18224780.19
Industries not Classified	0	0						
Total	10692303	1867703	39.8443	11.5185	331.885	23494090	7300717.21	218735899.4

Note: The values that have been suppressed have been replaced by zeroes

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