



## **Why a grant program for businesses owned by minorities and women?**

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The Vermont Commission on Women has received a lot of inquiries about why there is a grant program specifically for businesses that are owned by minority Vermonters and by women Vermonters. It's a good question; at a time when almost everyone is hurting because of COVID-19, and a time when businesses in almost every corner of our economy are having to lay people off, see their customers dwindle, or close down completely, it's reasonable to ask why there are different kinds of help available for different kinds of businesses.

The short answer is that different businesses have different needs, and the State is attempting to meet those different needs in as best a way as possible in order to grow the Vermont economy. Minority- and women-owned businesses are much more likely to be sole proprietors, they generate much smaller revenues, and they have faced systemic obstacles to growth. In many cases, minority business-owners are non-native English speakers, and need information and technical assistance in multiple languages. This grant program is designed to recognize the disparate needs of these businesses, and to help ensure that they get some help that is targeted to their needs.

The Vermont Agency of Commerce and Community Development says that retention and expansion of existing businesses is "job #1 for Vermont."<sup>i</sup> Investing in small businesses owned by minorities and women is a powerful way to jumpstart a sector that has the potential to add billions of dollars to the Vermont economy.

The long answer contains a lot of statistics and more information, some examples of which follow.

### **Businesses owned by women in Vermont lag significantly behind those owned by men.**

Women make up 51% of the population in Vermont, but women-owned businesses:

- are only 32% of all private businesses in Vermont<sup>ii</sup>
- employ just 12% of all employees in private businesses<sup>iii</sup>
- generate only 9% of all privately owned business revenue<sup>iv</sup>
- are significantly under-represented in all of the top ten highest grossing sectors in Vermont, and face a revenue gap compared to men-owned businesses in every one<sup>v</sup>

The difference in revenue generated by women-owned and men-owned businesses is enormous – women-owned businesses generate just **19% of the revenue** generated by men-owned businesses.<sup>vi</sup>

### **Businesses owned by minorities lag well behind those owned by non-minorities.**

Non-white Vermonters are 6.4% of the population, but minority-owned businesses:

- are only 3% of all private businesses in Vermont<sup>vii</sup>
- have less than 75% the number of employees of white-owned businesses<sup>viii</sup>

Nationally, minority-owned businesses:

- generate only 48% of the revenue that non-minority-owned businesses do<sup>ix</sup>
- are growing at a rate that's less than that of the minority population as a whole<sup>x</sup>
- pay higher interest, get smaller loans, and are more likely to be denied funding for their small businesses<sup>xi</sup>

**Minority- and women-owned businesses are much more likely to be sole proprietors.**

- 89% of businesses owned by women in Vermont have no employees, compared to 77% of those owned by men.<sup>xii</sup>
- Nationally, almost 95% of Black-owned businesses are sole proprietors<sup>xiii</sup>

**Businesses owned by minorities and women have the potential to add billions of dollars to the Vermont economy.**

- If the percent of women-owned businesses that have employees matched that of men-owned businesses, and if the revenue generated matched as well, Vermont would see an additional \$3.8 billion dollars in the economy.<sup>xiv</sup>
- If Vermont women started businesses at the same rate as Vermont men, it would result in 10,500 new businesses in the state.<sup>xv</sup>
- If just 1 in 4 of the existing sole proprietors who are women were able to add one employee, Vermont would see over 5000 new jobs created.<sup>xvi</sup>
- As the United States moves toward a near future in which minority communities make up the majority of the population, the success of minority-owned businesses will be essential to the success of the economy overall.<sup>xvii</sup>
- If minority-owned businesses in the US employed people and generated revenue at the same rate as non-minority-owned businesses, they would add 11.9 million jobs and \$2.69 trillion to the economy.<sup>xviii</sup>

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<sup>i</sup> Telling the Vermont Story as a Great Place to Work, Live, and Do Business. Vermont Economic Development Marketing Plan, VT Agency of Commerce and Community Development, May 2016.

<http://accd.vermont.gov/economic-development/major-initiatives/marketing-plan>

<sup>ii</sup> [https://changethestoryvt.org/wp-content/uploads/2016/10/CTS-2016-Status-Report\\_Womens-Business-Ownership-and-the-VT-Economy.pdf](https://changethestoryvt.org/wp-content/uploads/2016/10/CTS-2016-Status-Report_Womens-Business-Ownership-and-the-VT-Economy.pdf)

<sup>iii</sup> [https://changethestoryvt.org/wp-content/uploads/2016/10/CTS-2016-Status-Report\\_Womens-Business-Ownership-and-the-VT-Economy.pdf](https://changethestoryvt.org/wp-content/uploads/2016/10/CTS-2016-Status-Report_Womens-Business-Ownership-and-the-VT-Economy.pdf)

<sup>iv</sup> [https://changethestoryvt.org/wp-content/uploads/2016/10/CTS-2016-Status-Report\\_Womens-Business-Ownership-and-the-VT-Economy.pdf](https://changethestoryvt.org/wp-content/uploads/2016/10/CTS-2016-Status-Report_Womens-Business-Ownership-and-the-VT-Economy.pdf)

<sup>v</sup> [https://changethestoryvt.org/wp-content/uploads/2016/10/CTS-2016-Status-Report\\_Womens-Business-Ownership-and-the-VT-Economy.pdf](https://changethestoryvt.org/wp-content/uploads/2016/10/CTS-2016-Status-Report_Womens-Business-Ownership-and-the-VT-Economy.pdf)

<sup>vi</sup> [https://changethestoryvt.org/wp-content/uploads/2016/10/CTS-2016-Status-Report\\_Womens-Business-Ownership-and-the-VT-Economy.pdf](https://changethestoryvt.org/wp-content/uploads/2016/10/CTS-2016-Status-Report_Womens-Business-Ownership-and-the-VT-Economy.pdf)

<sup>vii</sup> <https://www.census.gov/quickfacts/VT>

<sup>viii</sup> <https://cdn.advocacy.sba.gov/wp-content/uploads/2019/04/23142700/2019-Small-Business-Profiles-VT.pdf>

<sup>ix</sup> <https://content.benetrends.com/blog/minority-owned-businesses-beyond-the-statistics>

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- <sup>xii</sup> [https://changethestoryvt.org/wp-content/uploads/2016/10/CTS-2016-Status-Report\\_Womens-Business-Ownership-and-the-VT-Economy.pdf](https://changethestoryvt.org/wp-content/uploads/2016/10/CTS-2016-Status-Report_Womens-Business-Ownership-and-the-VT-Economy.pdf)
- <sup>xiii</sup> <https://content.benetrends.com/blog/minority-owned-businesses-beyond-the-statistics>
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- <sup>xv</sup> [https://changethestoryvt.org/wp-content/uploads/2016/10/CTS-2016-Status-Report\\_Womens-Business-Ownership-and-the-VT-Economy.pdf](https://changethestoryvt.org/wp-content/uploads/2016/10/CTS-2016-Status-Report_Womens-Business-Ownership-and-the-VT-Economy.pdf)
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- <sup>xviii</sup> [https://www.mbda.gov/mbda-research-report/files/assets/common/downloads/MBDAStateofMinorityBusinessEnterprises\\_2012Data.pdf?uni=e7b71c8dc099d7cba95b5be30e6618df](https://www.mbda.gov/mbda-research-report/files/assets/common/downloads/MBDAStateofMinorityBusinessEnterprises_2012Data.pdf?uni=e7b71c8dc099d7cba95b5be30e6618df)