

TPMA

Black and Brown Entrepreneurship in Delaware: Industry Distribution and Economic Impact Analysis

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Submitted by



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Executive Summary

The Pete du Pont Freedom Foundation (PDFF) commissioned a comprehensive study focusing on the economic impact of Black and Brown entrepreneurs in the state of Delaware. The findings presented here help PDFF understand the challenges and opportunities faced by minority entrepreneurs and refine and strengthen PDFF's role in fostering an inclusive and thriving entrepreneurial ecosystem in Delaware.

Findings reveal that Delaware is home to approximately **1,869** Black and Brown-owned employer businesses, with **61%** identifying as Hispanic/Latino and **39%** as Black/African American. This translates to **4.8%** of all Delaware businesses being owned by individuals from Black and Brown communities. In contrast, national averages, as reported by the U.S. Census Bureau's 2021 Annual Business Survey, indicate **6.5%** for Latino-owned businesses and **2.44%** for Black-owned businesses, totaling **8.44%** collectively. Therefore, Delaware falls below the national average in terms of the number of businesses owned by Black and Brown founders. Overall economic impact is demonstrated in their substantial contribution of **\$2.98 billion to the Gross Regional Product (GRP)** and **\$173 million in taxes contributed** to the state of Delaware.

Furthermore, the report will delve into an overview of the barriers faced by minority entrepreneurs and conclude with key recommendations tailored for the enhancement of the E3 program and its collaborative ecosystem partners.

Introduction

Established in 2003, the Pete du Pont Freedom Foundation (PDFF) is dedicated to fostering innovation and creating job opportunities to improve the overall quality of life in the state. This mission aligns with the foundation's commitment to expanding the legacy of former Governor Pete du Pont through programs such as the Reinventing Delaware Program, the Freedom Award, and the Equitable Entrepreneurial Ecosystem (E3).

Launched in March 2020, E3 represents a critical component of PDFF's efforts, specifically designed to support minority businesses, particularly in the context of the challenges posed by COVID-19. E3 facilitates an equitable

entrepreneurial environment by creating strategic coalitions of service providers offering resources for business identification, vetting, incubation, and acceleration.

Purpose

Entrepreneurship is an essential driver of economic growth, innovation, and inclusion, and research has shown that Black and Brown entrepreneurs face unique challenges in accessing resources and building successful businesses. The COVID-19 pandemic highlighted this vulnerability, with over 40% of Black businesses closing their doors, taking a bigger hit than any other demographic group¹. Despite this, Black firms have demonstrated the ability remain resilient, with 2022 data showing that Black business ownership saw a growth at above 30% of pre pandemic levels².

However, Black-owned businesses still face significant barriers, including limited access to capital, networking opportunities, and institutional support. Since 2020, the Pete Du Pont Freedom Foundation (PDFF) received funding from Barclays US Consumer Bank to support its Equitable Entrepreneurial Ecosystem (E3) and Reinventing programs. With programming available to support equal access to resources and coaching from advisors, E3 cohorts are actively engaged throughout New Castle County.

As part of these efforts, PDFF seeks a deeper understanding of the extent of Black and Brown entrepreneurship in the State of Delaware. PDFF will use this study data to build a foundation for working with the greater entrepreneurial ecosystem throughout the state to support Black and Brown business success.

¹ Mills, Claire Kramer, and Jessica Battisto. "Double Jeopardy: COVID-19's Concentrated Health and Wealth Effects in Black Communities." Federal Reserve of New York, August 2020. https://www.newyorkfed.org/medialibrary/media/smallbusiness/DoubleJeopardy_COVID19andBlackOwnedBusinesses.

² Garsd, Jasmine. "The Number of Black-Owned Businesses Is Increasing, Driven by Women." NPR, March 7, 2022, sec. Business. <https://www.npr.org/2022/03/07/1085028685/the-number-of-Black-owned-businesses-is-increasing-driven-by-women>.

Quantitative Analysis

Information on minority-owned businesses can be difficult to compile in an exhaustive manner, a challenge encountered repeatedly by the Foundation and the research team from TPMA. In an effort to create the most exhaustive list possible, the team relied on both publicly available information as well as proprietary information.

Publicly available information included lists of Black-owned businesses from news sources and online directories, along with broader minority-owned directories published by the State of Delaware. Proprietary information was drawn from the Delaware Black Chamber of Commerce as well as Lightcast and DataAxleGenie.

Limitations and Assumptions

Not included in this list is information collected and verified by government sources. To secure information on business registrations and ownership in the state, the team filed multiple Freedom of Information Act (FOIA) requests with the Delaware Department of Labor and the Department of Finance. We requested any data that may have been collected prior to or, ideally, during the new campaign advocated by the Delaware Black Chamber of Commerce, known as “Check the Box”, a part of Delaware’s One Stop initiative.

Ultimately, after being referred to other agencies and finally informed such information could not be provided and would not be in a state of data integrity until after a 3 year collection cycle, the team, in consultation with officials from the Pete du Pont Freedom Foundation, opted to move forward with the data collected from the sources identified above. Even in the absence of verified, government-collected data, the team is confident that the data that was collected is a fair representation of the state of minority-owned businesses in Delaware.

The impact modeling that concludes this summary report is likely an *under*-estimation of the number of businesses owned by minorities in the state- shows just how vital minority entrepreneurs are to the economy of Delaware.

Cleaning and Processing

Data gleaned from such disparate sources required significant cleaning, collating, and standardizing. Each data set contained the vital measure of interest - minority status of owner - but a great deal of variation existed in what

else each source contained. Data cleaning included removing duplicates, removal of out-of-state businesses, Further details are provided in [Appendix A](#).

After cleaning and validating for accuracy, the final list of Black and Brown-owned businesses in the state of Delaware we have used for the remainder of the analysis totaled 1,868. Of these businesses, 1,143 (61%) are owned by minorities who identify/are identified as Hispanic/Latine while 725 (39%) are owned by individuals identifying as Black or African American. A weakness of the data lies in capturing multi-racial owners, who may identify as both Hispanic and African American, so while figures and tables below often include breakouts for both groups, it is most relevant to consider the group as a whole so as to not over or under report impact of one Brown or Black businesses vis-à-vis each other.

To put these numbers in perspective, the latest reported data from the Bureau of Labor Statistics on businesses in the state (accessed via Lightcast) indicates that there are currently 38,589 establishments within the state. The 1,868 businesses with Black or Brown owners make up only 4.8% of all businesses in the state. It is important to remember, however, that the BLS data includes only *payrolled* establishments; that is, businesses that have employees. Owner operators/sole proprietors with no employees are not included in the count of 38,589 but are *not similarly excluded* from some of the data sources we utilized to compile our list of minority-owned businesses.

Entrepreneurial Landscape

Delaware is well known for its favorable business environment, primarily due to its business-friendly regulatory environment, tax incentives and laws (<https://www.choosedelaware.com/why-delaware/>). The state also has a small population which can make it easier to contact important networks to support business success. Additionally, its proximity to major markets like Philadelphia, New York, and Washington D.C. make it attractive for business. Delaware has a growing startup ecosystem with support from various organizations, including major research institutions.

Even with this favorability, in Delaware, the rate of new entrepreneurs overall in 2020 was 0.27%, meaning that 2.7 out of every 1,000 adults became new entrepreneurs, on average, in a given month. This compares to a rate of 0.34%

nationally³. Being slightly behind national average is not entirely concerning, however when accounting for the challenges faced by minority-owned businesses, the state overall could improve in encouraging entrepreneurial activity overall, but especially amongst minority entrepreneurs.

The Pete du Pont Freedom Foundation's (PDFF) E3 program serves as a deliberate framework designed to facilitate the effective sharing and utilization of information among community stakeholders. The overarching goal of the E3 ecosystem is to address and resolve problems, enhance impact, optimize resource efficiency, and foster alignment. This system employs a well-defined process wherein seasoned advisors craft clear, supportive, and sustainable pathways for entrepreneurs, offering a comprehensive wrap-around support structure for their journey.

The E3 framework, utilizing a collective impact model, concentrates on key areas such as creating backbone drivers, establishing a common agenda, developing shared measurements, implementing mutually reinforcing activities, and fostering open and frequent communication. In the context of Delaware, which experiences varying degrees of fragmented resources across its three counties, the E3 model strategically aligns partners to establish a collaborative infrastructure at the statewide level.

The ecosystem that PDFF and E3 operate within includes robust university presence, most notably, University of Delaware's robust entrepreneurial activity and Delaware State University's Delaware State Center for Enterprise Development. There are also notable ecosystem opportunities, specifically in the tech sector, with players like the Delaware Innovation Space and Delaware Biotechnology Institute offering programming and funding support from discovery to growth stages of entrepreneurship. Because of Delaware's rich history in chemical and biological sciences, there may be more opportunities within these spaces for budding entrepreneurs.

Delaware is also a global leader in banking and financial services, and the University of Delaware has launched a FinTech Innovation Hub, with sponsorship from Discover Bank. About half of the space of the Fintech Innovation Hub is devoted to University of Delaware-based work. The other half is home to fintech-related startups, and support companies in areas like data science and software development. While this initiative is promising for the

³ Ewing Marion Kauffman Foundation, "Entrepreneurship in 2020: Delaware Snapshot".
https://indicators.kauffman.org/wp-content/uploads/sites/2/2021/12/2020_Early-Stage-Entrepreneurship-DE_Snapshot.pdf

world of startups in this space, it is unclear how they might plan to specifically support minority founders.

As noted in the limitations on access to data for this report, the numbers here represent Black and Brown-owned employer businesses. A significant portion of small businesses may be sole proprietors, at least to start, and perhaps for the first few years. These types of ventures will not qualify for the areas of support that are prominent in Delaware, though there are some programs available such as Wilmington Kitchen Collective, which provides access to affordable commercial kitchen facilities, business development, and economic support to culinary entrepreneurs. This program has been successful and there is currently a waitlist to gain access to space.

This linked [Ecosystem Resources](#) spreadsheet describes Delaware's current entrepreneurship ecosystem using the approach employed by University of Delaware Horn Entrepreneurship. According to their thought leadership, creating a new venture involves startup teams reaching a series of five major new venture development milestones, and that each requires unique supports: ideation, discovery, business model development, launch, and growth.

Based on the compiled resources, Delaware has significant support for the growth stage, where businesses have launched, have revenue, and are ready to expand into new markets. There are some funding options in the form of venture capital, accelerators and incubators, though much fewer for earlier stage venture funding. There is also plentiful support for the discovery stage, which is the most important in technology-based ventures. However, at the ideation stage, there is just one offering, which is the PDFF Reinventing Delaware event and support programming. While this event has seen several ventures successfully launch and make meaningful impact in Delaware, such as ZIP Code Wilmington, it is limited in scope to a once-per-year vetting process. There is also space for additional supports in the areas of business model development and launch.

Two standout examples in the ecosystem are the Startup 302 competition and the PDFF's HBCU Innovative Solutions Initiative. Startup 302 is a competition led by the Delaware Prosperity Partnership and Horn Entrepreneurship that is open to minority founders and offers both in-kind and non-dilutive financial awards. PDFF's recently launched HBCU Innovative Solutions Initiative is a program similar to their successful Reinventing Delaware program where participants attend a roundtable pitch competition to share ideas and collaborate on innovative approaches to further strengthen the HBCU community. Programs like these are promising additions to the ecosystem

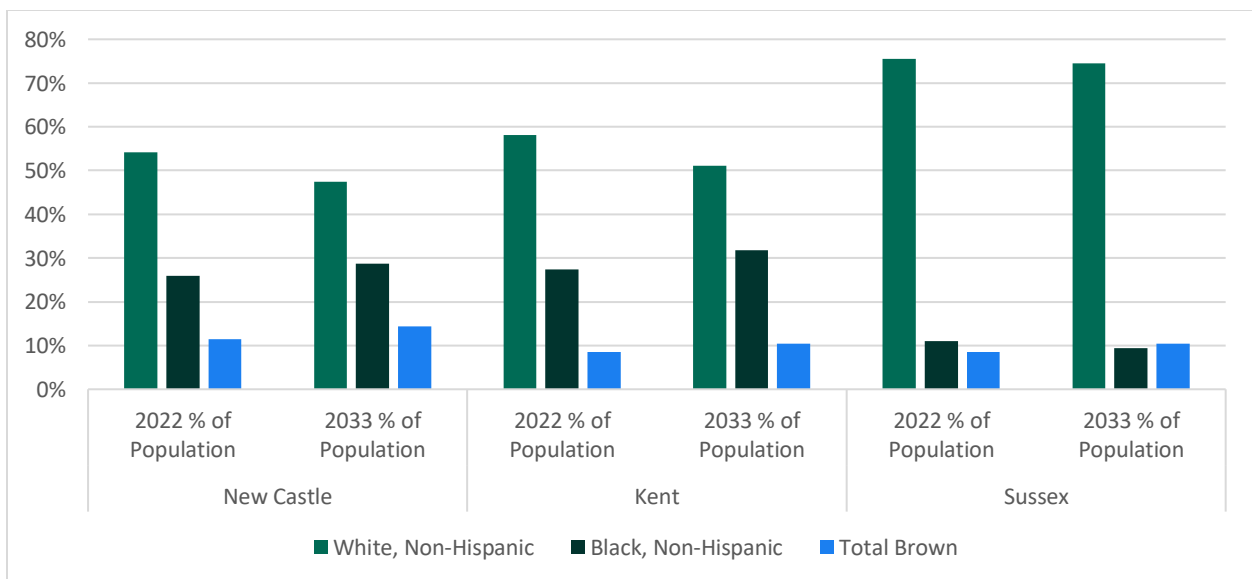
supporting the ideation and growth stages of ventures. However, the analysis indicates a need for more programming to close the gap between very early and late stages of the entrepreneurial journey for Black and Brown founders.

Delaware Demographics by County

To better understand the population of future potential business owners, the research team examined key demographic features for each county in Delaware, including population, age, education, income, and poverty rate. The data used was compiled from various Census Bureau and Lightcast reports.

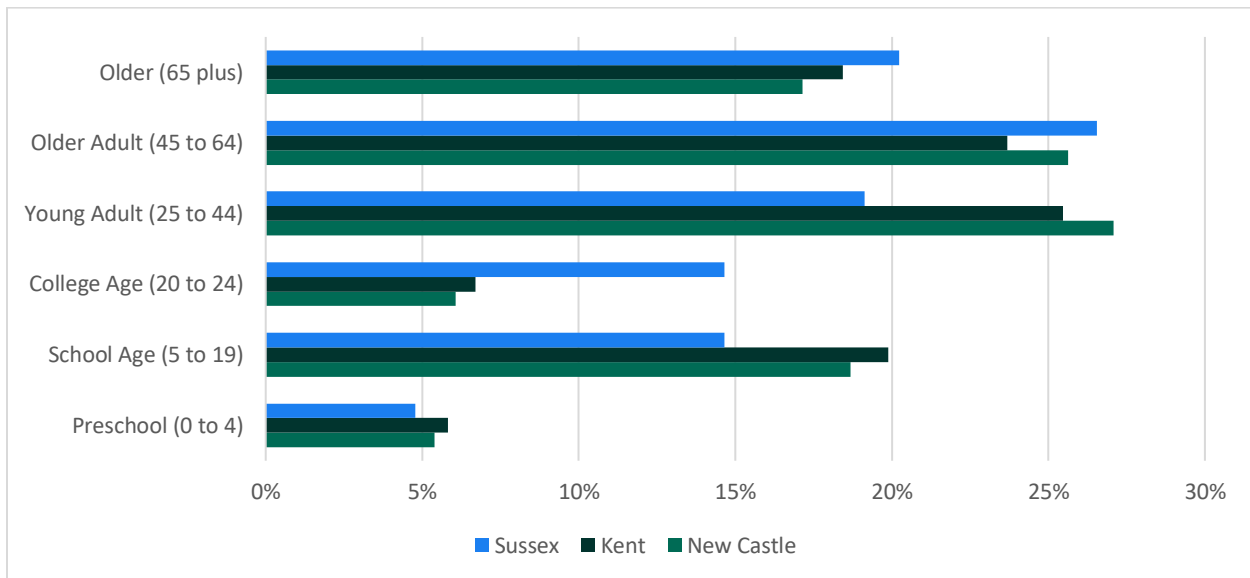
All three counties will see the percentage of Black and Brown residents increase in the next 10 years. Brown residents will increase their percentage of total population the fastest in all three counties, with New Castle gaining 36 percent, Kent 33 percent, and Sussex growing 50 percent from a very small base. The percentage of Black residents will increase at nearly the same rate in New Castle and Kent, with each gaining about 26 percent and over 27 percent of total population, respectively. Sussex County will see a comparatively slight increase, with a four percent growth in the number of Black residents.

Figure I Percentage of Total Population for 2022 and Projected for 2033



Available data allowed for an overall age breakdown by county (see Figure II). The data for New Castle and Kent is similar, with Young Adults (25-44) being the largest age cohort. Despite having more than double the percentage in the College Age cohort (20-24) compared to the other counties, Sussex lagged its northern neighbors in the Young Adult cohort by at least 6 percent. Sussex also has a higher percentage among the Older Adult (45-64) and Older (65 plus) cohorts.

Figure II Percent Distribution of Age Group by County



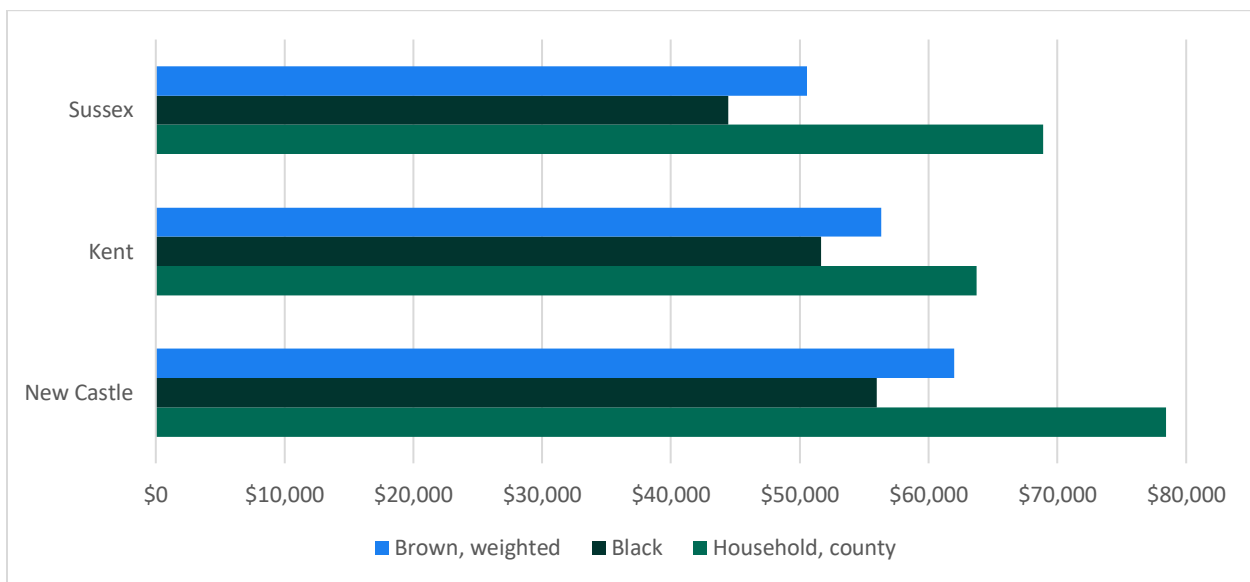
Education data reveals an imbalance in educational attainment in all three counties. Almost 50 percent of White residents in New Castle hold some sort of college degree. By comparison, only about 36 percent of Black residents in New Castle have a college degree. The percentage of Brown residents who are college graduates is worse at 25 percent in New Castle. The largest gap in education attainment for all three counties includes those residents with less than a high school diploma. The largest disparity is in Sussex County where 16 percent of Black and almost 43 percent of Brown residents did not complete high school, compared to the White rate at 6 percent.

Table I Education Attainment in Delaware Counties by Race

Race/Ethnicity	New Castle			Kent			Sussex		
	2022 % Less Than High School	2022 % High School Diploma	2022 % College Degree	2022 % Less Than High School	2022 % High School Diploma	2022 % College Degree	2022 % Less Than High School	2022 % High School Diploma	2022 % College Degree
White, Non-Hispanic	4.04%	46.12%	49.84%	9.61%	55.79%	34.60%	6.13%	49.07%	44.81%
Black, Non-Hispanic	6.57%	57.25%	36.18%	10.48%	53.95%	35.57%	16.35%	59.39%	24.26%
Brown, Total	31.14%	44.15%	24.72%	22.48%	47.69%	29.82%	42.80%	38.14%	19.06%

Median Household Income is highest in New Castle County and generally falls further south in Delaware for Black and Brown residents (see Figure III). Although, the overall household income is around \$78,000 in New Castle, almost \$64,000 in Kent, and near \$69,000 in Sussex. The median for Black residents is \$55,995 in New Castle, \$51,656 in Kent, and \$44,444 in Sussex. The data for Brown residents is limited and a weighted median income was used. That weighted median income is \$61,971 in New Castle, \$56,345 in Kent, and \$50,563 in Sussex.

Figure III County Median Household Income by County



Like income, the further south in the state the worse the poverty levels are for Black and Brown residents. The overall poverty level is 11.3 percent for New Castle, 12.3 percent for Kent, and Sussex with 11.8 percent. While the largest total number of Black and Brown residents in poverty live in New Castle, those living in Kent and Sussex have a greater likelihood of falling below the poverty level. Table III contains each county’s overall poverty level and the rate for Black and Brown residents. The data at county level is limited specifically for Brown residents. In this instance, Hispanic rates were used as a surrogate for Brown residents, likely underestimating the actual rate.

Table II Poverty Level in Delaware by County

Race/Ethnicity	New Castle	Kent	Sussex
Overall Rate	11.3%	12.3%	11.8%
Black or African American alone	14.5%	16.5%	23.1%
Hispanic or Latino origin (of any race)	16.4%	29.1%	29.2%

Comparing Delaware to Maryland

Neighboring Maryland provides a useful comparison to contextualize the overall landscape of Delaware. Maryland has about six times the population of Delaware. Maryland also has an annual household income nearly \$20,000 dollars higher than Delaware. While Maryland’s projected population growth in the next ten years is a fairly robust 9 percent, Delaware’s population will grow at a rate of 14 percent.

Table III Maryland Delaware Population and Income

Area	2022 Population	2033 Population	% Change	Median Income
Delaware	1,018,396	1,156,095	14%	\$72,724
Maryland	6,164,660	6,738,370	9%	\$91,431
United States	333,287,557	354,259,858	6%	\$69,021

Maryland already has a more diverse population than Delaware, but there is more growth among most of Delaware’s racial cohorts. While the number of Black residents in Maryland is projected to increase by 15 percentage points in the next decade, Delaware will see a 21 percent increase. The percentage of Hispanic residents in the Delaware will grow by nearly 44 percent in the next decade, compared to 41 percent in Maryland.

Figure IV Racial Makeup Delaware and Maryland

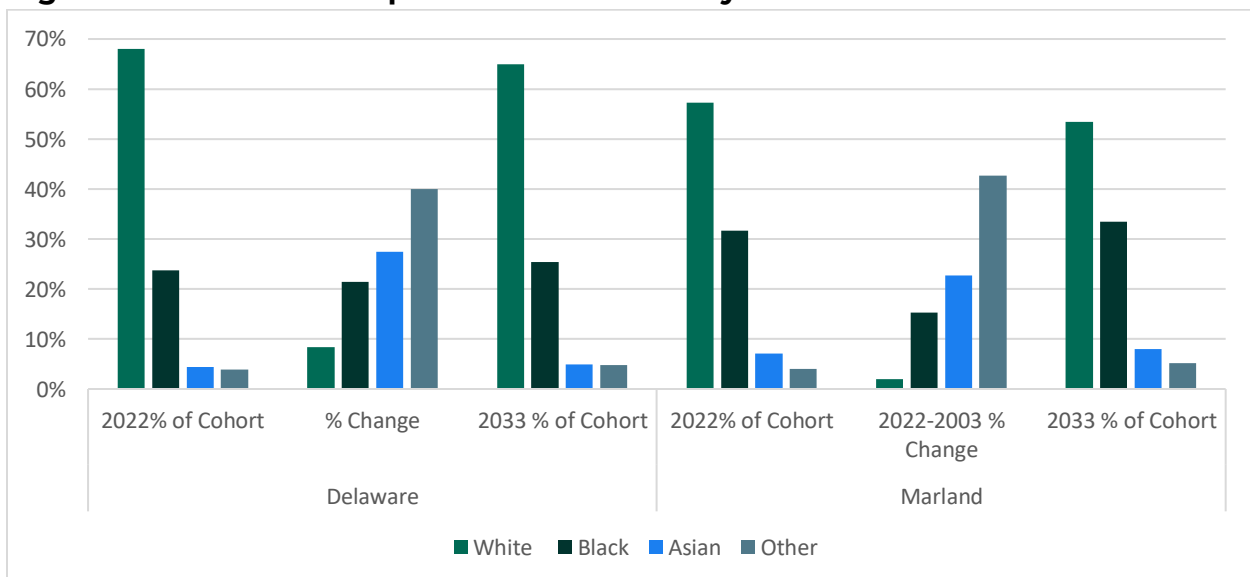
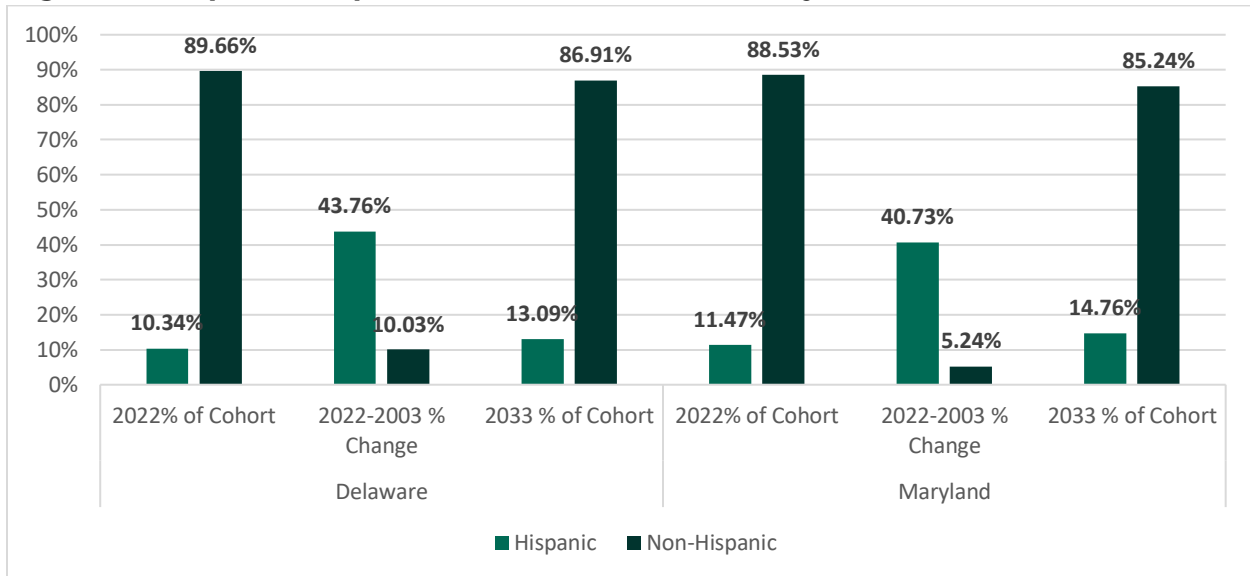


Figure V Hispanic Population Delaware and Maryland



Delaware lags behind Maryland in educational achievement across all three cohorts examined in Table IV below. Of particular interest to this report Black and Hispanic residents in Maryland held a bachelor’s degree or higher at a rate seven or three percent higher than in Delaware, respectively. This gap between Black and Hispanics residents is lower than the gap for White residents, which hold bachelor’s degrees or higher at a rate almost 10 percent higher in Maryland.

Table IV Educational Attainment by Race Delaware and Maryland

Educational Attainment	Delaware			Maryland		
	White alone, not Hispanic or Latino	Black alone	Hispanic or Latino Origin	White alone, not Hispanic or Latino	Black alone	Hispanic or Latino Origin
High school graduate or higher	94.40%	92.10%	73.80%	95.00%	92.00%	69.10%
Bachelor's degree or higher	39.60%	27.30%	22.30%	49.40%	34.50%	25.50%

Black and Brown Businesses

Industry Sector Overview

To understand the overall landscape of Delaware business by sector, Table V below compares counts of Black and Brown businesses with the statewide totals, by NAICS.

Table V: All, Black, and Brown Establishments by NAICS

Description	NAICS	All Businesses	Black and Brown Businesses	Black Only	Brown Only
Agriculture, Forestry, Fishing and Hunting	11	184	4	1	3
Mining, Quarrying, and Oil and Gas Extraction	21	8	3	3	
Utilities	22	51	2	2	
Construction	23	3,368	100	35	65
Manufacturing	31-33	751	44	14	30
Wholesale Trade	42	2,625	34	13	21
Retail Trade	44-45	3,709	116	37	79
Transportation and Warehousing	48-49	1,036	31	19	12
Information	51	784	20	12	8
Finance and Insurance	52	2,145	44	15	29
Real Estate and Rental and Leasing	53	1,203	38	19	19
Professional, Scientific, and Technical Services	54	7,041	219	99	120
Management of Companies and Enterprises	55	972	1	0	1
Administrative and Support and Waste Management and Remediation Services	56	3,752	91	53	38
Educational Services	61	514	51	25	26
Health Care and Social Assistance	62	5,362	699	207	492
Arts, Entertainment, and Recreation	71	499	30	16	14
Accommodation and Food Services	72	2,321	148	85	63
Other Services (except Public Administration)	81	2,265	193	70	123
TOTAL	N/A	38,589	1868	725	1143

Industry Sector Distribution in Overall Ecosystem

Recall that Black and Brown owned enterprises account for approximately 4.8% of all establishments in the state of Delaware. Variation by industry sector means that this distribution is not uniform. Tables VI and VII below show industry sectors where minority ownership exceeds this 4.8% threshold and those where it falls short.

Table VI: Industries with Black and Brown Ownership Above 4.8%

Industry Description	Percent and Owned	Black Brown
Mining, Quarrying, and Oil and Gas Extraction	37.50%	
Health Care and Social Assistance	13.04%	
Educational Services	9.92%	
Other Services (except Public Administration)	8.52%	
Accommodation and Food Services	6.38%	
Arts, Entertainment, and Recreation	6.01%	
Manufacturing	5.86%	

While Mining, Quarrying, Oil and Gas Extraction tops the list, it is important to note that only 8 such establishments exist in the state of Delaware, with 3 of those owned by African Americans (see Table II on). Health Care and Social Assistance represents a larger share of Black and Brown entrepreneurship in the state. For example, physicians' offices and counselors represent just over 13% of all such establishments owned by minorities in the state owned by minorities. The nebulous "Other Services" industry, which includes hair, nail salons, personal trainers, tattoo parlors, etc. also sees a significantly above-average share of Black and Brown entrepreneurship (8.52% of all establishments) and the educational services industry (non-public sector), with 9.92% of all establishments Black or Brown owned.

Table VII: Industries with Black and Brown Ownership Below 4.8%

Industry Description	Percent Black and Brown Owned
Utilities	3.92%
Real Estate and Rental and Leasing	3.16%
Retail Trade	3.13%
Professional, Scientific, and Technical Services	3.11%
Transportation and Warehousing	2.99%
Construction	2.97%
Information	2.55%
Administrative and Support and Waste Management and Remediation Services	2.43%
Agriculture, Forestry, Fishing and Hunting	2.17%
Finance and Insurance	2.05%
Wholesale Trade	1.30%
Management of Companies and Enterprises	0.10%

On the opposite side of the spectrum are Finance and Insurance, Wholesale Trade, and Management of Companies and Enterprises industries, which have significantly below-average ownership rates for Black and Brown entrepreneurs, below 2% of all establishments in the state. Other high-tech, high growth industries, like Real Estate, Retail Trade, Technical Services, and Information also have low percentages of Black and Brown ownership as compared to the overall rate.

Industry Sector Distribution Within Black and Brown Business Ecosystem

Turning now to the distribution of businesses, by type, within the Black and Brown entrepreneurial ecosystem itself, Table VIII below reports the percentage of all Black and Brown businesses by industry sector. The Health Care and Social Assistance sector outpaces all others, with almost 38% of all Black and Brown businesses falling within the sector. This overall percentage

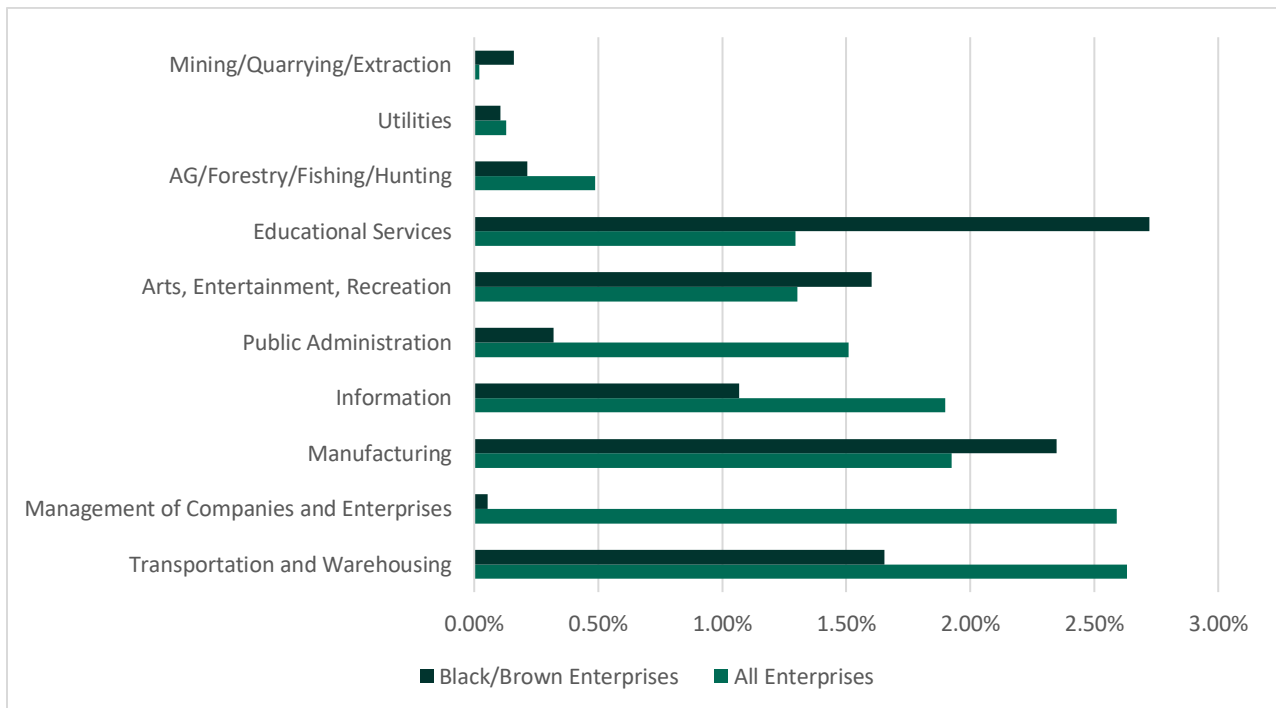
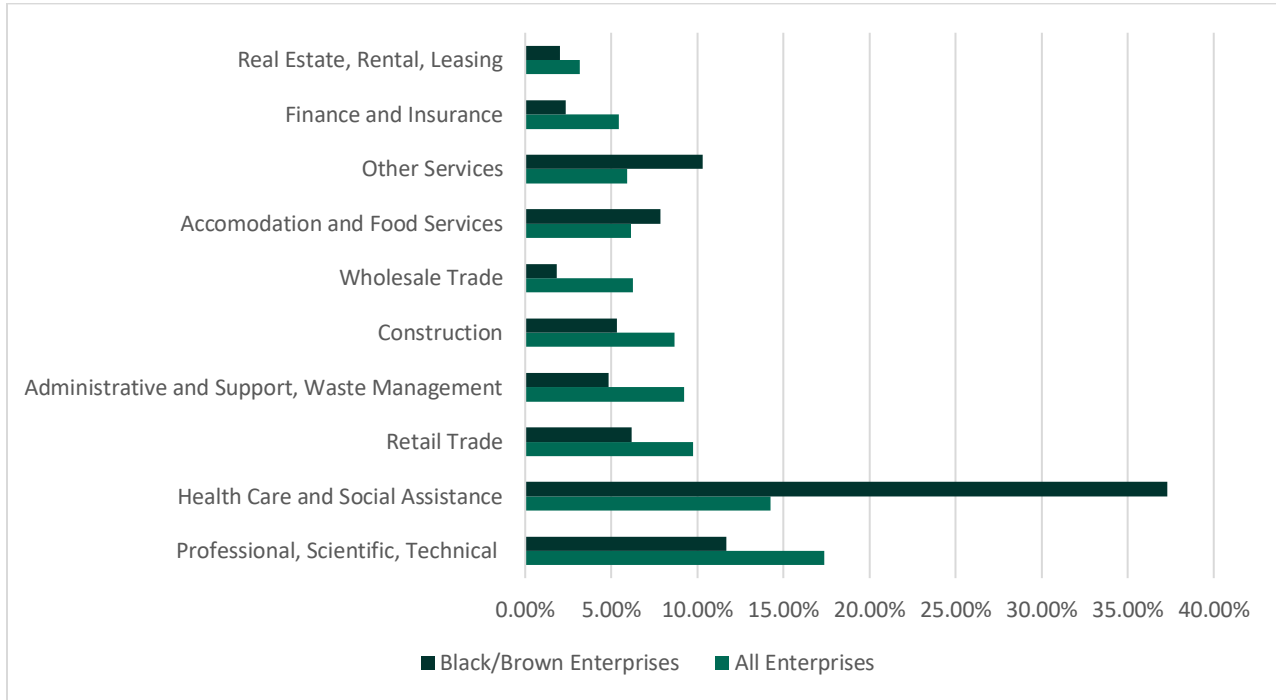
does mask a marked difference between Black and Brown establishments with the Brown-only sector skewing even more heavily towards Health Care and Social Assistance.

Table VIII: Distribution of Businesses by Industry Type, Within the Black and Brown Entrepreneurial Ecosystem

Description	Black and Brown Businesses	Black Only	Brown Only
Health Care and Social Assistance	37.42%	28.55%	43.04%
Professional, Scientific, and Technical Services	11.72%	13.66%	10.50%
Other Services (except Public Administration)	10.33%	9.66%	10.76%
Accommodation and Food Services	7.92%	11.72%	5.51%
Retail Trade	6.21%	5.10%	6.91%
Construction	5.35%	4.83%	5.69%
Administrative and Support and Waste Management and Remediation Services	4.87%	7.31%	3.32%
Educational Services	2.73%	3.45%	2.27%
Manufacturing	2.36%	1.93%	2.62%
Finance and Insurance	2.36%	2.07%	2.54%
Real Estate and Rental and Leasing	2.03%	2.62%	1.66%
Wholesale Trade	1.82%	1.79%	1.84%
Transportation and Warehousing	1.66%	2.62%	1.05%
Arts, Entertainment, and Recreation	1.61%	2.21%	1.22%
Information	1.07%	1.66%	0.70%
Agriculture, Forestry, Fishing and Hunting	0.21%	0.14%	0.26%
Mining, Quarrying, and Oil and Gas Extraction	0.16%	0.41%	0.00%
Utilities	0.11%	0.28%	0.00%
Management of Companies and Enterprises	0.05%	0.00%	0.09%

To visualize the information captured in Table VIII, the figures below compare industry distribution within the Black and Brown entrepreneurial ecosystem to the full universe of businesses within the state.

Figure V: Industry Distribution in Delaware, Black and Brown Owned Establishments vs. All Establishments



When a form of 'industry equilibrium' exists, the percentage of businesses within the minority owned sample should be more or less equal to the overall

percentage of businesses within the state as a whole: the dark green bar should be the same length as the lighter green. Opportunities to increase parity are plentiful when the dark green bar outpaces the lighter green bar, but also likely represent industries with significant barriers for entry for minority entrepreneurs.

Economic Impact

Economic impact is articulated by estimating initial, direct, indirect, and induced impact. **Table IX** provides definitions for these impact categories.

Table IX: Impact Terms and Definitions

Impact Type	Description	Source
Initial	The Jobs, Earnings, Taxes, Sales, GRP and Industry Sales produced by Black and Brown owned industries	Modeled by Research Team, Preceding Pages
Direct	Jobs, Earnings, and Taxes generated via Suppliers to Black and Brown Industries	Lightcast Impact Scenario, Input/Output Model, Type II
Indirect	Jobs, Earnings, and Taxes generated via "Suppliers to Suppliers" (the Supply Chain's, Supply Chain)	Lightcast Impact Scenario, Input/Output Model, Type II
Induced	Jobs, Earnings, and Taxes generated as employees of Black and Brown businesses spend their paychecks and the creation of government positions that oversee the industries (reporting, filing, auditing, inspection, etc.)	Lightcast Impact Scenario, Input/Output Model, Type II

Initial Impact

Initial impact is determined by estimating Gross Regional Product, Taxes paid, as well as Inter-Industry Purchases and Sales. **Table X** describes these measures.

Table X: Measures, Definitions, and Sources

Measure	Definition	Data Source
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Gross Regional Product (GRP)	The value of all goods and services sold in 2022 by Delaware Businesses	US Bureau of Economic Analysis, as reported and modeled by Lightcast
Taxes	Sales, import, excise, and property taxes paid either directly on the goods/services produced or incurred in the production of these services	US Bureau of Economic Analysis, as reported and modeled by Lightcast
Inter-Industry Purchases	The value of all goods and services purchased by industry, from other industry sectors, either wholesale or retail, in region (from other Delaware establishments)	US Bureau of Economic Analysis, as reported and modeled by Lightcast
Inter-Industry Sales	The value of all goods and services sold by industry directly to other industry sectors, either retail or wholesale, in region (to other Delaware establishments)	US Bureau of Economic Analysis, as reported and modeled by Lightcast

GRP, Inter-Industry Sales, and Taxes

To estimate the annual Gross Regional Product (GRP) and Taxes generated by Black and Brown owned establishments in Delaware at the industry sector level, we utilized ratios. By dividing the number of total establishments into the number of Black and Brown establishments, we produced a percentage, which was then applied to total GRP and taxes by industry to estimate the Black and Brown contribution to these vital economic measures. Table XI reports these estimates by industry, but in total, the research team estimates that in 2022 Black and Brown owned businesses contributed \$2.98 billion to the state’s GRP and nearly \$173 million in sales, import, and property taxes to the state of Delaware’s economy.

Table XI: 2022 Gross Regional Product and Taxes, All Businesses vs. Black and Brown Businesses

Industry Description	2022 GRP	2022 Black and Brown GRP	2022 Taxes	2022 Black and Brown Taxes
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Agriculture, Forestry, Fishing and Hunting	\$433,054,531	\$9,414,736	\$21,445,470	\$466,231
Mining, Quarrying, and Oil and Gas Extraction	\$67,288,235	\$25,233,088	\$9,199,762	\$3,449,911
Utilities	\$1,847,236,280	\$72,440,638	\$313,697,374	\$12,301,858
Construction	\$3,473,391,515	\$103,129,202	\$49,264,380	\$1,462,719
Manufacturing	\$8,923,649,889	\$523,136,267	\$355,073,760	\$20,815,694
Wholesale Trade	\$3,910,956,747	\$50,656,276	\$789,632,102	\$10,227,631
Retail Trade	\$4,737,424,862	\$148,164,272	\$1,041,117,357	\$32,561,233
Transportation and Warehousing	\$2,185,771,778	\$65,435,949	\$77,408,660	\$2,317,401
Information	\$1,706,830,390	\$43,536,999	\$104,937,210	\$2,676,687
Finance and Insurance	\$15,992,279,718	\$327,973,713	\$444,651,289	\$9,119,021
Real Estate and Rental and Leasing	\$2,451,163,071	\$77,426,597	\$249,647,756	\$7,885,798
Professional, Scientific, and Technical Services	\$5,890,049,716	\$183,194,871	\$226,798,997	\$7,054,000
Management of Companies and Enterprises	\$2,044,049,734	\$2,103,473	\$53,796,679	\$55,361
Administrative and Support and Waste Management and Remediation Services	\$2,838,606,632	\$68,851,390	\$65,566,270	\$1,590,333
Educational Services	\$436,664,528	\$43,305,573	\$16,401,789	\$1,626,624

Health Care and Social Assistance	\$7,280,237,485	\$949,109,153	\$188,508,929	\$24,575,510
Arts, Entertainment, and Recreation	\$691,734,664	\$41,587,254	\$123,486,494	\$7,424,038
Accommodation and Food Services	\$2,409,426,995	\$153,671,707	\$309,940,083	\$19,767,779
Other Services (except Public Administration)	\$1,087,232,890	\$92,642,810	\$87,702,941	\$7,473,143
TOTAL	\$68,407,049,660	\$2,981,013,970	\$4,528,277,302	\$172,850,971

Similarly, we utilize the industry-wide measures of industry purchases and sales in Table XII to estimate both the inter-industry purchases and inter-industry sales (business-to-business commerce) made by Black and Brown owned businesses. All told, in 2022, Black and Brown businesses sold over \$1.16 billion worth of goods and services directly other industries operating in Delaware. During the same period of time, these Black and Brown businesses bought approximately \$932 million worth of goods and services, from other Delaware businesses.

Table XII: 2022 Industry-to-Industry Sales and Purchases

Industry	Total Sales	In-Region	Black Brown and In-Region Sales	In-region Purchases	Black and Brown In-Region Purchases
Agriculture, Forestry, Fishing and Hunting	\$199,181,613		\$4,330,268	\$253,884,635	\$5,519,528.69
Mining, Quarrying, and Oil and Gas Extraction	\$18,365,573		\$6,887,090	\$61,456,327	\$23,046,122.70
Utilities	\$636,614,125		\$24,965,260	\$788,537,845	\$30,923,052.75
Construction	\$1,246,839,386		\$37,020,172	\$1,468,643,423	\$43,605,802.34
Manufacturing	\$3,515,725,234		\$206,104,385	\$2,524,603,804	\$148,001,302.91
Wholesale Trade	\$1,454,637,675		\$18,841,049	\$1,419,022,047	\$18,379,741.01
Retail Trade	\$1,841,398,546		\$57,590,248	\$386,864,336	\$12,099,289.03

Transportation and Warehousing	\$1,306,216,215	\$39,104,493	\$1,670,399,273	\$50,007,124.54
Information	\$573,469,452	\$14,627,780	\$994,049,826	\$25,355,738.97
Finance and Insurance	\$5,368,065,351	\$110,089,641	\$5,519,955,080	\$113,204,633.58
Real Estate and Rental and Leasing	\$2,282,940,490	\$72,112,833	\$4,207,112,137	\$132,892,985.22
Professional, Scientific, and Technical Services	\$1,751,532,451	\$54,476,919	\$3,660,609,319	\$113,853,852.75
Management of Companies and Enterprises	\$718,562,783	\$739,452	\$1,475,447,003	\$1,518,340.11
Administrative and Support and Waste Management and Remediation Services	\$1,303,464,145	\$31,615,976	\$3,313,736,194	\$80,375,822.92
Educational Services	\$101,635,730	\$10,079,577	\$86,436,893	\$8,572,253.87
Health Care and Social Assistance	\$2,745,900,795	\$357,977,275	\$176,654,673	\$23,030,095.87
Arts, Entertainment, and Recreation	\$254,472,542	\$15,298,950	\$144,148,379	\$8,666,235.21
Accommodation and Food Services	\$1,075,765,214	\$68,611,615	\$807,184,408	\$51,481,703.23
Other Services (except Public Administration)	\$360,810,559	\$30,744,567	\$482,228,693	\$41,090,572.09
TOTAL	\$26,755,597,877	\$1,161,217,550	\$29,440,974,297	\$931,624,198

Ultimately, Black and Brown businesses in Delaware have an estimated total economic footprint combining GRP, Taxes, and Inter-Industry Sales and Purchases of \$5.25 billion.

Figure VII: Economic Footprint of Black and Brown Businesses, Delaware, 2022



Estimated Employment

While the section above describes the impact of Black and Brown businesses on the macro economy of Delaware, the full impact goes beyond the value of goods and services they produce. These industries also employ residents and generate earnings for their employees, which are taxed by the state of Delaware and spent in the community at large.

To capture this impact, we modeled employment in Black and Brown owned enterprises. The Bureau of Labor Statistics suppresses information on individual employers including the number of employees to protect employer confidentiality. However, industry sector employment in the aggregate is collected, verified, and shared for public consumption and can be applied to estimate the sub-set of Black and Brown industry employment in the state. Using the same method employed above, research team used the state-wide employment totals to estimate the number of residents who earn their living at Black and Brown owned establishments. Along with supplemental data on total employee earnings for each industry, also provided by BLS and reported by Lightcast, we estimated the income taxes paid by these employees to the state of Delaware.

The marginal tax rates in Delaware vary (see Table XIII), making calculations of generated income taxes less precise. However, given the spread of rates (5.5% for earners making \$20,000 plus to 6.6% percent to those making over \$60,000), we opted to estimate a range of possible tax contributions to the state of Delaware between 4.5% and 6%.

Table XIII: Marginal Tax Rates, Delaware, 2022

Tax Bracket	Marginal Tax Rate
\$2,000 +	2.20%
\$5,000 +	3.90%
\$10,000 +	4.80%
\$20,000 +	5.20%
\$25,000 +	5.55%
\$60,000 +	6.60%

All told, in 2022, Black and Brown owned establishments contributed an estimated 22,099 jobs to residents of Delaware, producing \$1.61 Billion in gross payroll earnings, generating between \$72.6 and \$96.8 Million in income taxes for the state of Delaware. Table XIV contains all of the calculated estimates at the industry sector level.

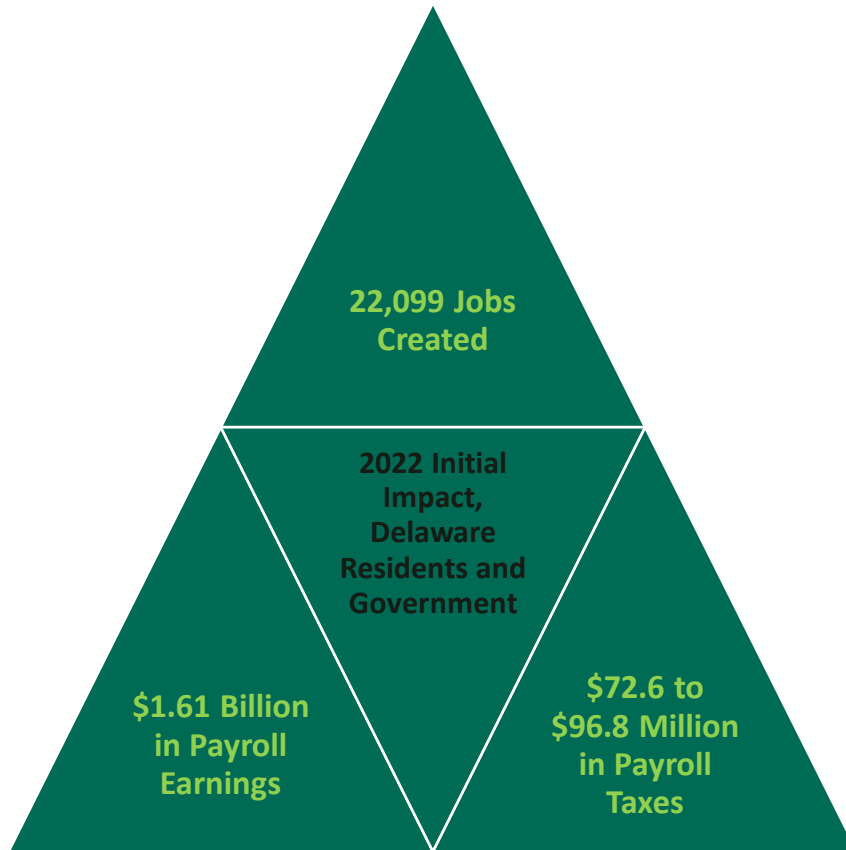
Table XIV: Estimated Employment, Earnings, and Taxes, Black and Brown Owned Businesses, 2022

Description	2022 Emp.	2022 Estimated Emp., Black and Brown Owned	2022, Average Earnings per Job	2022 Black and Brown Earnings	2022 Black and Brown Income Taxes, 4.5%	2022 Black and Brown Income Taxes, 5.25%	2022 Black and Brown Income Taxes, 6%
Agriculture, Forestry, Fishing and Hunting	1,972	43	\$41,425	\$1,776,419	\$79,939	\$93,262	\$106,585
Mining, Quarrying, and Oil and Gas Extraction	86	32	\$82,308	\$2,665,410	\$119,943	\$139,934	\$159,925
Utilities	2,032	80	\$185,939	\$14,817,374	\$666,782	\$777,912	\$889,042
Construction	23,829	708	\$83,881	\$59,346,250	\$2,670,581	\$3,115,678	\$3,560,775

Manufacturing	25,997	1,524	\$92,588	\$141,109,960	\$6,349,948	\$7,408,273	\$8,466,598
Wholesale Trade	12,116	157	\$111,473	\$17,493,579	\$787,211	\$918,413	\$1,049,615
Retail Trade	50,595	1,582	\$46,964	\$74,314,287	\$3,344,143	\$3,901,500	\$4,458,857
Transportation and Warehousing	23,316	698	\$63,555	\$44,361,457	\$1,996,266	\$2,328,976	\$2,661,687
Information	3,784	97	\$112,324	\$10,840,210	\$487,809	\$569,111	\$650,413
Finance and Insurance	43,489	892	\$141,840	\$126,505,377	\$5,692,742	\$6,641,532	\$7,590,323
Real Estate and Rental and Leasing	6,082	192	\$78,381	\$15,058,550	\$677,635	\$790,574	\$903,513
Professional, Scientific, and Technical Services	26,652	829	\$137,591	\$114,054,500	\$5,132,452	\$5,987,861	\$6,843,270
Management of Companies and Enterprises	8,403	9	\$194,905	\$1,685,412	\$75,844	\$88,484	\$101,125
Administrative and Support and Waste Management and Remediation Services	30,867	749	\$64,285	\$48,129,856	\$2,165,844	\$2,526,817	\$2,887,791
Educational Services	6,612	656	\$53,935	\$35,369,411	\$1,591,623	\$1,856,894	\$2,122,165
Health Care and Social Assistance	70,940	9,248	\$81,043	\$749,508,580	\$33,727,886	\$39,349,200	\$44,970,515
Arts, Entertainment, and Recreation	8,587	516	\$38,081	\$19,659,074	\$884,658	\$1,032,101	\$1,179,544
Accommodation and Food Services	40,826	2,604	\$28,725	\$74,796,700	\$3,365,852	\$3,926,827	\$4,487,802
Other Services (except Public Administration)	17,423	1,485	\$42,071	\$62,458,792	\$2,810,646	\$3,279,087	\$3,747,528
TOTAL	403,609	22,099	N/A	\$1,613,951,198	\$72,627,804	\$84,732,438	\$96,837,072

Figure VII reports top-line totals, for all industries, in the Black and Brown entrepreneurial ecosystem.

Figure VII: 2022 Employee* Impact, Black and Brown Owned Businesses



**Due to limitations in data provided through sole proprietorships these estimates do not include 1099 employees.*

Direct, Indirect, and Induced Impact

To this point in the analysis, we have focused only on the *initial* impact of the black and brown entrepreneurial ecosystem on the economy and residents of Delaware. That is, we have only accounted for employment, earnings, and taxes generated by the industries themselves and not the ripple effects these industries have throughout the state. For the remainder of the analysis, we turn to the direct, indirect, and induced impact that Black and Brown businesses have on the residents and economy of Delaware.

To estimate these direct, indirect, and induced impacts of Black and Brown businesses on the state of Delaware, we utilized Lightcast’s proprietary impact (Input/Output) modeling, specifically “Lightcast Type II” which is designed to best capture the regional impact of employment by industry. Because of the sensitivity of the modeling to specific industry type, used the much more specific 6-digit NAICS industry sectors. For some perspective, while the preceding pages offer output in 19 different categories (NAICS Industry Sectors) the modeling conducted below required input for 301 unique industry sub-sectors, all of which have Black and Brown owners and entrepreneurs within them. We utilized the same ratios methodology employed above, capturing total industry employment as reported by BLS, then estimating Black and Brown industry employment as a function of the number of Black and Brown businesses in the sector, divided by the total number of all businesses in the sector. This rich, detailed data appears in its entirety in [Appendix A](#) with summary measures of direct, indirect, and induced impacts reported in Table XV below.

Table XV: Expanded Impact of Black/Brown Business

	Initial	Direct	Indirect	Induced
Jobs	22,099	3,423	1,196	6,160
Earnings	\$1,610,000,000	\$230,040,588	\$79,742,353	\$364,712,353

Initial Jobs: the 22,099 employees of Black or Brown owned businesses.

Direct Jobs: These jobs are created as a result of the supplies required to operate Black/Brown businesses

Indirect Jobs: Jobs created to meet the “supply chain’s, supply chain”, that is, to generate the supplies needed by the employees in the direct jobs category

Induced Jobs: jobs created in the community as a result of employees of Black/Brown owned businesses spending their paychecks in the community on a wide array of goods and services.

Initial/Direct/Indirect/Induced Earnings: the paycheck earnings of employees in each of the job categories

When factoring the expanded impact of the black/brown owned businesses in Delaware, the full picture of earnings approaches \$2.3 billion annually. Figures VIII and IX below highlight the distribution of the jobs and earnings generated by these entrepreneurs, broken down by impact category.

Figure VIII: Initial, Direct, Indirect, and Induced Jobs

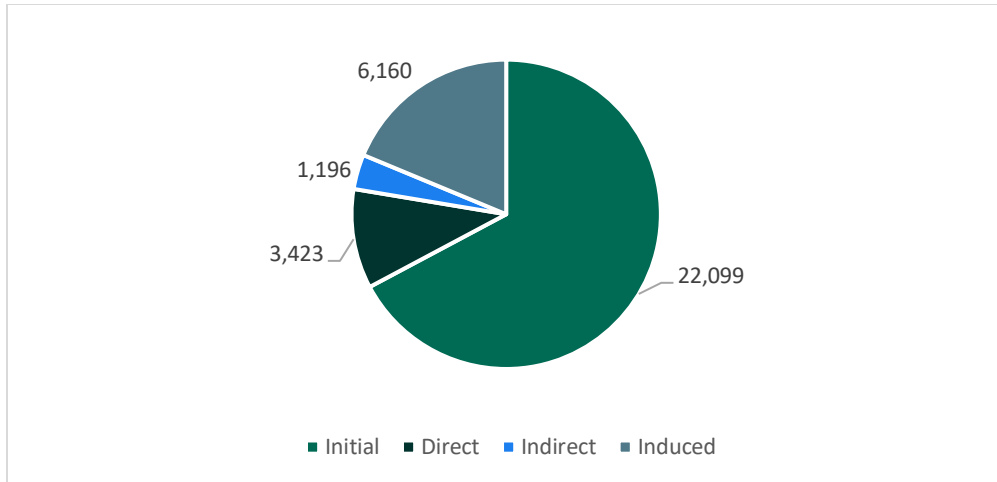
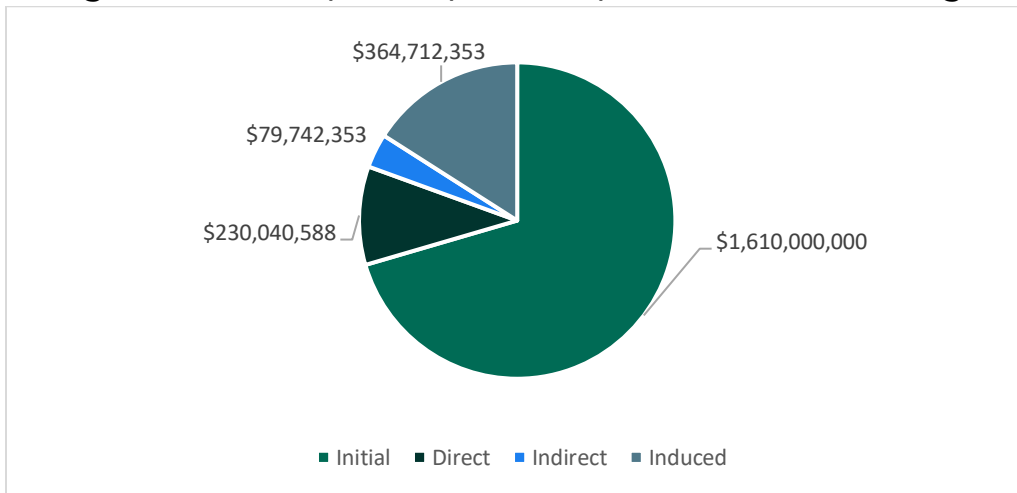


Figure IX: Initial, Direct, Indirect, and Induced Earnings



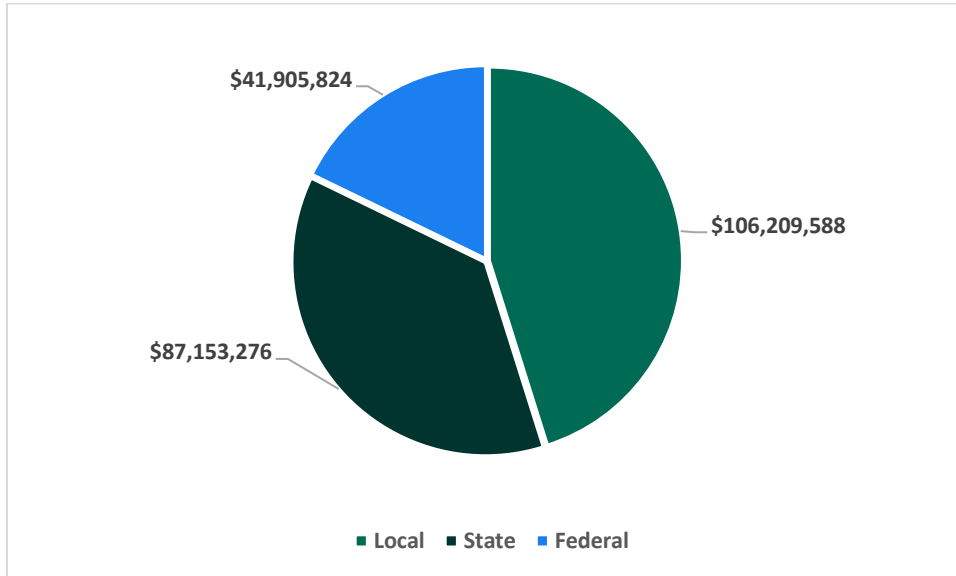
Finally, in addition to the generated state income taxes discussed in a previous section, this collection of Initial, Direct, Indirect and Induced employers also generated important sales, excise, and property taxes as well. Table XVI and Figure X illustrate the contribution across the levels of government these taxes are distributed. All told, the sales, excise, and property taxes attributed to the economic activity of black/brown owned businesses totals just over **\$235 million annually**.

Table XVI: Local, State, and Federal Tax Revenue Generated

	Local	State	Federal	TOTAL

Sales, Import, and Property Taxes	\$106,209,588	\$87,153,276	\$41,905,824	\$235,268,687
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Figure X: Distribution of Local, State, and Federal Tax Revenue



Barriers to Black and Brown Entrepreneurship

Access to Financing

Barriers to minority entrepreneurship, particularly for Black and Latine founders, are evident in the significant funding disparities within the venture capital (VC) landscape. A 2020 Crunchbase diversity report highlights that, since 2015, the top 10 VC firms have invested in only 70 companies led by Black or Latine founders out of a total of over 970. Despite Black and Latine founders raising over \$15 billion in the past five years, this accounts for just 2.4% of the total VC funding for U.S. startups⁴.

The seed stage, where founders convince early-stage investors of the worthiness of their idea, is identified as particularly susceptible to bias. New Age Capital cofounders Ivan Alo and LaDante McMillon note that rejection

⁴ Crunchbase Diversity Spotlight 2020: Funding to Black and Lantinx Founders. Crunchbase 2020. <https://about.crunchbase.com/2020-diversity-spotlight-report/>

often occurs because Black and Latine founders do not fit a certain profile, highlighting the impact of subjective biases.⁵

Representation

The underrepresentation of Black and Brown individuals in leadership roles within corporations and venture capital firms can perpetuate a lack of diversity in decision-making processes. This lack of representation can contribute to biased practices and hinder opportunities for minority entrepreneurs.

Crunchbase's analysis, based on data from over 970 Black- and Latine-founded companies, exposes an unequal distribution of funds. Latine founders received \$9.9 billion, leaving Black entrepreneurs with a disproportionately smaller share. The lack of equitable funding is exacerbated by the fact that 81% of VC firms do not have a single Black investor, indicating a significant lack of representation.⁶ Although there are micro-venture firms focusing on underrepresented founders, such as Backstage Capital and Precursor Ventures, they remain a minority within the broader VC landscape.

Systemic Racism

Systemic racism poses significant barriers to Black and Brown entrepreneurs in the USA, and in Delaware, hindering their ability to access opportunities and resources essential for business success. Research indicates that discriminatory practices in lending, access to capital, and institutional biases contribute to a substantial wealth gap between minority-owned businesses and their white counterparts. Black and Brown entrepreneurs often face challenges in securing loans, navigating biased financial systems, and establishing networks crucial for business growth. Additionally, historical disparities in education and employment opportunities have lasting effects, limiting the pool of experienced and skilled individuals within these communities. These cumulative barriers perpetuate economic inequities, making it essential to address systemic racism to foster a more inclusive and supportive environment for Black and Brown entrepreneurs.

Healthcare Disparities

The lack of affordable and accessible healthcare can be a barrier for entrepreneurs, as it may limit their ability to take risks or pursue opportunities without the safety net of comprehensive health coverage. The lack of adequate healthcare coverage not only poses direct challenges to the health and well-

⁵ Ibid.

⁶ Crunchbase Diversity Spotlight 2020: Funding to Black and Lantinx Founders. Crunchbase 2020. <https://about.crunchbase.com/2020-diversity-spotlight-report/>

being of entrepreneurs but also creates financial burdens that can impede business growth. The intersection of systemic racism and healthcare disparities further exacerbates these challenges, underscoring the need for comprehensive reforms to ensure equitable healthcare access for Black and Brown entrepreneurs.

Examples of Successful Efforts

PledgeLA

To address gaps in access to funding for minority entrepreneurs, PledgeLA, a coalition of over 215 LA venture capital firms, announced the "50 in 5" regional goal, aiming to direct 50% of venture investments to companies led by women, Black, and Latine founders by 2028. This initiative recognizes the need to shift the paradigm around supporting diverse founders, not just as a charitable activity but as a strategy to fill innovation gaps and create new business opportunities. PledgeLA is also implementing programs to enhance access to capital, including events connecting leaders with underrepresented fund managers and a new equity-based fund-of-funds. According to their website, PledgeLA has connected more than 170 people from underrepresented backgrounds to paid opportunities in tech and venture capital since 2019. They have awarded \$875K to 35 Black and Latine-led startups and helped them to raise an additional \$19 million in follow-on capital⁷.

ESO Ventures

ESO Ventures is a for-profit entrepreneurial support organization founded in East Oakland, California in 2020. The philosophy of ESO Ventures is that entrepreneurship is the way to address the economic, racial and gender gaps⁸. The organization focuses on early-stage entrepreneurs and offers community and connection, business incubation, entrepreneurial education, coaching and financing. They are committed to uplifting not only fully developed launch or growth-stage entrepreneurs, but also people who are willing to grow, create, and become change agents in their communities.

Cincinnati Minority Business Accelerator (CMBA)

The Minority Business Accelerator is the flagship economic development initiative of the Cincinnati USA Regional Chamber. CMBA was founded in 2003

⁷ PledgeLA. "Our Impact." PledgeLA, 2023. <https://pledgela.org/our-impact/>

⁸ ESO Ventures. "About." <https://www.eso-ventures.com/about>

with a mission to boost the city's local economy and provide significant strategies to close the racial wealth gap. To participate in the CMBA, companies must be minority-owned and have annual revenues surpassing \$1M. This tells indicates that while the accelerator is great for growth stage companies, the support is not present for early-stage entrepreneurs. Yet, the CMBA has supported 67 portfolio companies, driving \$1.2 Billion in regional minority spending, creating 3,500 jobs.⁹

There are several communities replicating the CMBA model. The success of the model has galvanized cities nationally, helping to drive local economies and close the racial wealth gap. Example regions include Greenville, SC, Boston, Tampa, Pittsburgh and Wilmington, NC. The CMBA website includes a opportunities for regions to reach out and learn how they can replicate the model. The leadership at CMBA have created a Factors for Success scoring mechanism to assess whether a city is well positioned to create a similar program.

⁹ Cincinnati Minority Business Accelerator. Annual Report, 2021-2022.
https://minoritybusinessaccelerator.com/wp-content/uploads/2022/11/MBA_AnnualReport-DIGITAL-single-2.pdf



Factor	Description	1-Point	2-Points	3-Points	4-Points
Corporate community	Are there corporate or institutional leaders who have demonstrated or signaled commitment to this issue, or with high potential to engage?	No, no local corporations have signaled any interest	There is some possibility	There have been positive signals	Yes, there are corporate leaders who are acting on this commitment already
Minority-owned business community	How many minority owned businesses exist in your community at scale and size [\$1M+ annual revenue]	No MBEs of scale [\$1M+ revenue]	Few MBEs of scale [\$1M+ revenue]	Some MBEs of scale [\$1M+ revenue]	Many MBEs of scale [\$1M+ revenue]
Philanthropic support	Are local funders already investing in, or demonstrating interest in investing in this issue?	No, no local institutional funders have signaled any interest	There is some possibility	There are positive signals	Yes, there have been commitments already made
Impetus and environment	Is there sufficient energy and potential investment and engagement in your community around accelerating the growth of minority owned businesses?	There is no energy or engagement around this issue	There is little energy or engagement around this issue	There is energy or engagement around this issue	There is a surge of energy or engagement around this issue
"Home" organization	Is there an organization who possesses the criteria outlined in Figure 3 that could possibly "House" the CMBA?	With 1 or 2/5 characteristics only	Yes, with 3/5 characteristics	Yes, with 4/5 characteristics	Yes, with 5/5 characteristics

The CMBA can help you understand the number of MBEs of scale within your community, and how that compares to national benchmarks to assess this with greater precision and confidence.

Your summed score:
 ☹️ 5-10 not yet prepared
 😐 10-15 some potential, work to be done
 😊 15-20 strong potential

Steps to Consider Under This Model

- In all cases, this accelerator is housed within a Chamber of Commerce. There are a few chambers that may be positioned to take on this initiative: New Castle County, Delaware State Chamber, and Delaware Black Chamber. Another group that may be well-positioned includes Delaware Prosperity Partnership (DPP). If there is strong interest in replicating this model in Delaware, PDFF could gather leadership from the organizations to do a design spring. Understanding the attributes that the ideal "home" organization would have could be a key first step.
- Once a home organization is identified, the community might form an initial "Board of Managers" (this is a term used by the CMBA), from the corporations and institutional philanthropists that would be charged with financially supporting this initiative.
- Noting that this model focuses on scaling minority-owned businesses that are already at the \$1M in revenue mark, PDFF could task this same leadership community to engage in conversations around front-end support for would-be entrepreneurs of color in Delaware. While the Startup 302 competition provides financial and in-kind support to startups, the region requires a pre-accelerator

model that takes potential entrepreneurs from idea-stage to action. Utilizing the data from this report, identify key industries that show the most opportunity for business launch success and growth to implement a pre-accelerator model.

Recommendations

To address the main challenges faced by minority owned businesses and their advocates, there are several strategies that can be employed to support and enhance the ecosystem for Black and Brown entrepreneurs in Delaware.

Increase and Improve Access to Capital: Providing access to capital is essential for the growth and development of Black and Brown-owned businesses. The Joint Economic Committee recommends expanding Community Development Financial Institutions (CDFIs) and Minority Depository Institutions (MDIs) to provide affordable loans to minority-owned businesses. Brookings Institute suggests providing tax incentives for investors to invest in Black-owned businesses, such as the New Markets Tax Credit program. Delaware could provide additional funding and resources to CDFIs and MDIs to increase their capacity to serve minority-owned businesses. Other models for providing guidance and funding that may be considered include investment funds that are a combination of public and private investors, accelerator models that provide mentorship and access to funds, and grant programs led by institutional philanthropists that provide seed funding to minority entrepreneurs.

Shift to an Innovation Mindset: Supporting the overall growth and availability of venture funding in the state is key to ensuring that all types of entrepreneurs find access to funding. Once this ecosystem is a bit more mature, a coalition, like PledgeLA, can ensure that a substantial portion of venture capital is directed towards minority owned firms. In the meantime, more substantial seed stage supports, that are available at all times, rather only in annual cycles such as with a competition, are needed.

Cultivate Community Empowerment and Support: Networking and mentorship opportunities are crucial for Black and Brown entrepreneurs to connect with potential investors, partners, and customers. Delaware should continue and expand a statewide mentorship program specifically for Black and Brown-owned businesses, which could provide guidance on business development, marketing, and financial management.

Increase Government Support: Governments at the federal, state, and local levels can provide support to Black and Brown-owned businesses in several ways. In every research paper viewed for this report, there were recommendations for increasing government contracting opportunities for minority-owned businesses, which could help increase their revenues and create jobs. While Delaware is already hard at work through their Supplier Diversity program, Delaware could also establish a state-level Office of Minority Business Enterprise to provide technical assistance, networking opportunities, and other resources to minority-owned businesses. Additionally, legislation that supports methods for collecting demographic information for all business registries, would help those in support roles to understand the true impact by being able to track changes and grown longitudinally.

Support Industry-Specific Education and Skill Development Education is identified as a key factor in empowering Black entrepreneurs, with a focus on addressing disparities in educational opportunities. Skill development, including vocational education and apprenticeships, is highlighted as crucial for breaking barriers and fostering entrepreneurial mindsets.

Increase Support for Early-Stage Entrepreneurs: There is a need for more support at the ideation and discovery stages for minority entrepreneurs. As mentioned in the gap analysis section, there are ample funding opportunities in life sciences and technology made available through the Delaware Biosciences CAT grants program and the federally funded SBIR and STTR programs. These programs focus on the discovery stages of high tech ventures, whereas more “everyday” entrepreneurs require less technical support and more overall early-stage support, from mentoring through to funding.

Consider Innovative Healthcare Options: Innovative solutions to healthcare barriers should be considered in the state. One of the main barriers to entry for minority entrepreneurs is access to affordable healthcare for themselves and their families. As the development of healthcare co-ops and alternative networks are growing, support partners may consider a program within the state where active founders can enroll in a specialized healthcare program.

Conclusion

The economic impact of Black and Brown entrepreneurs in Delaware is significant. This study has shown that Black and Brown businesses are contributing to the overall GRP and tax base, though at a rate that is behind national averages. Nonetheless, Black and Brown businesses have important impacts on individuals and communities that create ripple effects in the

Delaware economy and its residents' quality of life. Pete du Pont Freedom Foundation can partner with state and local government, community partners, and investment partners in implementing the above recommendations to support minority entrepreneurs at every stage of the entrepreneurial process.

Appendix A: Initial Source Data Process and Ancillary Tables and Figures

Data cleaning and processing steps included the following:

1. *Removal of Duplicates:* A large number of duplicate businesses needed to be removed from the master spreadsheet. To accurately gauge the economic impact these businesses have on Delaware, a careful eye was turned to the master spreadsheet to ensure each business was only counted once. In total, **71** businesses appeared as duplicates and had all additional instances removed from the database. We did, however, leave businesses that had one owner, but multiple establishments in different counties of the state.
2. *Removal of Out-of-State Businesses:* Certain data sources, such as DataAxleGenie and the Office of Supplier Diversity, included minority owned establishments conducting business in Delaware, but headquartered in some other state. To ensure the integrity of our analysis, we removed these **172** establishments.
3. *Addition of North American Industry Classification System (NAICS) Standard Industry Codes:* As the primary classification schema for industries in the United States, Canada, and Mexico, the NAICS code for a business is vital when modeling economic impact. Each industry contributes to the economy in a unique way and varies widely by size of the establishment and the nature of the work it conducts. To ensure that the final input/output analysis accurately represented the state of Black and Brown-owned businesses in Delaware, each business was assigned a NAICS code. Some data sources, like Lightcast and the Office of Supplier Diversity included NAICS codes with their business directories. Others, like DataAxleGenie, relied instead on a similar (but competing) classification scheme - Standard Industry Classification (SIC) codes. To account for this, the team utilized a SIC/NAICS crosswalk to standardize all codes to their corresponding NAICS. For the more informal data

sources, like the list of Black-owned restaurants and the 2020 directory of Black-owned businesses, the research team instead reviewed each of the businesses and assigned a NAICS code that fit most closely with the available information.

4. *Removal of Managed/Director Roles:* DataAxleGenie, though a rich and thorough source of information on minority-owned businesses, does over-report the number of Black and Brown entrepreneurs. As part of the data pull, the database also includes businesses in the state that have minorities listed as the primary contact, even if they are not, technically, business owners. This happened frequently with large corporations (notably banks and financial institutions) that are publicly traded but have minority representation in branch or division leadership within the state. While this information can be insightful, it is not the primary focus of this analysis, which is restricted to Black and Brown ownership. For some perspective, the table below highlights the list of excluded titles and the frequency of their occurrence in the original data extraction. All told, **602 businesses were removed** from the analysis based on titles assigned to the Black and Brown contact reported by DataAxleGenie.

Table A1: Excluded Titles and Frequency

Title	Count	Title	Count	Title	Count
Administrator	14	General Manager	12	Editor	1
Board Member	21	HR Executive	1	Regional Manager	3
CIO	1	IT	1	Sales Exec	2
COO	2	Manager	406	Senior VP	11
Controller	1	Marketing Exec	1	Site Manager	58
Educator	2	Office Manager	9	Treasurer	1
Finance Exec	3	Publisher	2	Vice President	43

Table A2: Black and Brown Businesses in Delaware, by 6-Digit NAICS and Estimated Employment

6-Digit NAICS	Industry Description	Black and Brown Businesses	Black and Brown Employment
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112340	Poultry Hatcheries	1	10
112390	Other Poultry Production	1	10
114210	Hunting and Trapping	1	10
115210	Support Activities for Animal Production	1	6
212311	Dimension Stone Mining and Quarrying	2	20
213112	Support Activities for Oil and Gas Operations	1	15
221112	Fossil Fuel Electric Power Generation	1	17
221310	Water Supply and Irrigation Systems	1	28
236115	New Single-Family Housing Construction (except For-Sale Builders)	7	48
236118	Residential Remodelers	20	79
236220	Commercial and Institutional Building Construction	19	126
237130	Power and Communication Line and Related Structures Construction	3	29
237210	Land Subdivision	2	8
237310	Highway, Street, and Bridge Construction	3	103
238110	Poured Concrete Foundation and Structure Contractors	4	34
238140	Masonry Contractors	4	23
238160	Roofing Contractors	1	8
238190	Other Foundation, Structure, and Building Exterior Contractors	1	6
238210	Electrical Contractors and Other Wiring Installation Contractors	11	89
238220	Plumbing, Heating, and Air-Conditioning Contractors	7	83
238310	Drywall and Insulation Contractors	4	35
238320	Painting and Wall Covering Contractors	10	68



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238330	Flooring Contractors	1	5
238390	Other Building Finishing Contractors	1	5
238910	Site Preparation Contractors	1	12
238990	All Other Specialty Trade Contractors	1	10
311119	Other Animal Food Manufacturing	1	27
311351	Chocolate and Confectionery Manufacturing from Cacao Beans	1	10
311421	Fruit and Vegetable Canning	1	31
311811	Retail Bakeries	2	33
312140	Distilleries	1	63
321991	Manufactured Home (Mobile Home) Manufacturing	1	10
322121	Paper (except Newsprint) Mills	1	10
323111	Commercial Printing (except Screen and Books)	1	6
325199	All Other Basic Organic Chemical Manufacturing	1	81
325411	Medicinal and Botanical Manufacturing	1	10
325412	Pharmaceutical Preparation Manufacturing	1	8
325620	Toilet Preparation Manufacturing	1	34
326199	All Other Plastics Product Manufacturing	1	28
327991	Cut Stone and Stone Product Manufacturing	1	11
332312	Fabricated Structural Metal Manufacturing	1	19
332322	Sheet Metal Work Manufacturing	1	11
332710	Machine Shops	2	23
332812	Metal Coating, Engraving (except Jewelry and Silverware), and Allied Services to Manufacturers	2	18
332999	All Other Miscellaneous Fabricated Metal	1	10



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	Product Manufacturing		
333318	Other Commercial and Service Industry Machinery Manufacturing	1	10
333517	Machine Tool Manufacturing	1	10
333999	All Other Miscellaneous General Purpose Machinery Manufacturing	1	10
334118	Computer Terminal and Other Computer Peripheral Equipment Manufacturing	1	10
334515	Instrument Manufacturing for Measuring and Testing Electricity and Electrical Signals	1	10
334516	Analytical Laboratory Instrument Manufacturing	1	46
334614	Software and Other Prerecorded Compact Disc, Tape, and Record Reproducing	4	40
336390	Other Motor Vehicle Parts Manufacturing	1	10
337122	Nonupholstered Wood Household Furniture Manufacturing	1	67
339112	Surgical and Medical Instrument Manufacturing	3	6
339114	Dental Equipment and Supplies Manufacturing	1	77
339940	Office Supplies (except Paper) Manufacturing	2	20
339999	All Other Miscellaneous Manufacturing	4	40
423130	Tire and Tube Merchant Wholesalers	1	2
423390	Other Construction Material Merchant Wholesalers	1	5
423450	Medical, Dental, and Hospital Equipment and Supplies Merchant Wholesalers	4	10



423490	Other Professional Equipment and Supplies Merchant Wholesalers	1	2
423510	Metal Service Centers and Other Metal Merchant Wholesalers	1	3
423610	Electrical Apparatus and Equipment, Wiring Supplies, and Related Equipment Merchant Wholesalers	3	18
423830	Industrial Machinery and Equipment Merchant Wholesalers	2	9
423840	Industrial Supplies Merchant Wholesalers	2	8
423850	Service Establishment Equipment and Supplies Merchant Wholesalers	1	3
423930	Recyclable Material Merchant Wholesalers	2	18
424120	Stationery and Office Supplies Merchant Wholesalers	1	4
424210	Drugs and Druggists' Sundries Merchant Wholesalers	2	6
424410	General Line Grocery Merchant Wholesalers	2	29
424710	Petroleum Bulk Stations and Terminals	1	14
424720	Petroleum and Petroleum Products Merchant Wholesalers (except Bulk Stations and Terminals)	1	10
425110	Business to Business Electronic Markets	1	10
425120	Wholesale Trade Agents and Brokers	8	24
441110	New Car Dealers	4	210
441120	Used Car Dealers	6	64
441222	Boat Dealers	1	16
441228	Motorcycle, ATV and All Other Motor Vehicle Dealers	3	30



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441310	Automotive Parts and Accessories Stores	1	10
441320	Tire Dealers	5	50
442110	Furniture Stores	2	20
442210	Floor Covering Stores	1	10
442291	Window Treatment Stores	1	10
443142	Electronics Stores	3	30
444130	Hardware Stores	1	10
444190	Other Building Material Dealers	5	50
444220	Nursey, Garden Center, and Farm Supply Stores	2	20
445110	Supermarkets and Other Grocery Retailers (except Convenience Retailers)	12	534
445120	Convenience Stores	3	30
445230	Fruit and Vegetable Retailers	1	7
445291	Baked Goods Retailers	1	9
445310	Beer, Wine, Liquor Stores	3	30
446110	Pharmacies and Drug Stores	5	50
446120	Cosmetics, Beauty Supplies, and Perfume Stores	4	40
446130	Optical Goods Stores	2	20
446199	All Other Health and Personal Care Stores	1	10
447110	Gasoline Stations with Convenience Stores	1	10
448110	Men's Clothing Stores	1	10
448120	Womens Clothing Stores	3	30
448130	Children's and Infants' Clothing Store	1	10
448140	Family Clothing Stores	2	20
448190	Other Clothing Stores	3	30
448210	Shoe Store	1	10
448310	Jewelry Stores	4	40
451110	Sporting Goods Stores	2	20
451120	Hobby, Toy and Game Stores	2	20
452210	Department Stores	3	30



452319	All Other General Merchandise Stores	2	20
453110	Florists	6	60
453210	Office Supplies and Stationery Stores	1	10
453220	Gift, Novelty, Souvenir and Stores	3	30
453310	Used Merchandise Stores	4	40
453910	Pet and Pet Supplies Stores	1	10
453920	Art Dealers	1	10
453930	Manufactured (Mobile) Home Dealers	1	10
453998	All Other Miscellaneous Store Retailers	3	30
454110	Electronic Shopping and Mail-Order Houses	2	20
454210	Vending Machine Operators	1	10
454390	Other Direct Selling Establishments	1	10
481112	Scheduled Freight Air Transportation	1	18
481219	Other Nonscheduled Air Transportation	1	3
484110	General Freight Trucking, Local	2	10
484121	General Freight Trucking, Long-Distance, Truckload	4	51
484122	General Freight Trucking, Long-Distance, Less Than Truckload	1	13
484210	Used Household and Office Goods Moving	1	11
484220	Specialized Freight (except Used Goods) Trucking, Local	4	21
484230	Specialized Freight (except Used Goods) Trucking, Long-Distance	2	14
485310	Taxi and Ridesharing Services	3	30
485320	Limousine Service	2	36
485991	Special Needs Transportation	1	6
485999	All Other Transit and Ground Passenger Transportation	1	18
487110	Scenic and Sightseeing Transportation, Land	2	20



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488190	Other Support Activities for Air Transportation	1	6
488410	Motor Vehicle Towing	1	6
488490	Other Support Activities for Road Transportation	1	5
488510	Freight Transportation Arrangement	1	7
492210	Local Messengers and Local Delivery	2	30
511110	Newspaper Publisher	1	10
511120	Periodical Publishers	1	10
511130	Book Publishers	2	20
511140	Directory and Mailing List Publishers	1	10
512110	Motion Picture and Video Production	2	4
512191	Teleproduction and Other Postproduction Services	1	2
515112	Radio Stations Industry	1	10
517312	Wireless Telecommunications Carriers	4	40
518210	Computing Infrastructure Providers, Data Processing, Web Hosting, and Related Services	4	11
519120	Libraries and Archives	3	30
522110	Commercial Banking	4	112
522130	Credit Unions	2	16
522210	Credit Card Issuing	4	1447
522291	Consumer Lending	2	65
522292	Real Estate Credit	1	5
522320	Financial Transactions Processing, Reserve, and Clearinghouse Activities	1	23
523110	Investment Banking and Securities Dealing	2	20
523910	Miscellaneous Intermediation	2	11
523930	Investment Advice	6	60
524128	Other Direct Insurance (except	1	10



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	Life, Health, and Medical) Carriers		
524210	Insurance Agencies and Brokerages	19	128
531110	Lessors of Residential Buildings and Dwellings	5	49
531130	Lessors of Miniwarehouses and Self-Storage Units	1	6
531190	Lessors of Other Real Estate Property	1	10
531210	Offices of Real Estate Agents and Brokers	21	92
531311	Residential Property Managers	2	11
531320	Offices of Real Estate Appraisers	1	2
531390	Other Activities Related to Real Estate	2	8
532120	Truck, Utility Trailer, and RV (Recreational Vehicle) Rental and Leasing	2	28
532210	Consumer Electronics and Appliances Rental	1	10
532283	Home Health Equipment Rental	1	11
532289	All Other Consumer Goods Rental	1	5
541110	Offices of Lawyers	26	228
541199	All Other Legal Services	6	166
541211	Offices of Certified Public Accountants	9	49
541213	Tax Preparation Services	12	34
541219	Other Accounting Services	5	17
541310	Architectural Services	1	5
541330	Engineering Services	9	54
541340	Drafting Services	1	4
541370	Surveying and Mapping (except Geophysical) Services	1	5
541380	Testing Laboratories and Services	2	10
541410	Interior Design Services	4	29
541430	Graphic Design Services	5	24
541511	Custom Computer Programming Services	4	8



541512	Computer Systems Design Services	5	11
541513	Computer Facilities Management Services	1	3
541519	Other Computer Related Services	1	2
541611	Administrative Management and General Management Consulting Services	37	98
541612	Human Resources Consulting Services	2	4
541613	Marketing Consulting Services	4	10
541614	Process, Physical Distribution, and Logistics Consulting Services	7	46
541618	Other Management Consulting Services	8	15
541690	Other Scientific and Technical Consulting Services	6	19
541715	Research and Development in the Physical, Engineering, and Life Sciences (except Nanotechnology and Biotechnology)	4	42
541720	Research and Development in the Social Sciences and Humanities	3	5
541810	Advertising Agencies	2	5
541890	Other Services Related to Advertising	1	6
541921	Photography Studios, Portrait	1	3
541930	Translation and Interpretation Services	2	4
541990	All Other Professional, Scientific, and Technical Services	50	191
551112	Offices of Other Holding Companies	1	1
561110	Office Administrative Services	3	10
561311	Employment Placement Agencies	2	11
561320	Temporary Help Services	7	81
561410	Document Preparation Services	2	9



561439	Other Business Service Centers (including Copy Shops)	1	7
561440	Collection Agencies	2	29
561492	Court Reporting and Stenotype Services	1	3
561510	Travel Agencies	2	9
561520	Tour Operators	3	30
561599	All Other Travel Arrangement and Reservation Services	1	29
561612	Security Guards and Patrol Services	2	59
561622	Locksmiths	2	5
561710	Exterminating and Pest Control Services	1	7
561720	Janitorial Services	25	341
561730	Landscaping Services	19	186
561740	Carpet and Upholstery Cleaning Services	4	37
561790	Other Services to Buildings and Dwellings	5	34
561920	Convention and Trade Show Organizers	1	2
561990	All Other Support Services	3	30
562111	Solid Waste Collection	1	28
562119	Other Waste Collection	1	9
562212	Solid Waste Landfill	1	19
562910	Remediation Services	2	14
611110	Elementary and Secondary Schools	21	2076
611310	Colleges, Universities, and Professional Schools	4	95
611420	Computer Training	1	3
611430	Professional and Management Development Training	4	4
611511	Cosmetology and Barber Schools	5	56
611610	Fine Arts Schools	3	32
611691	Exam Preparation and Tutoring	7	56
611699	All Other Miscellaneous Schools and Instruction	2	9



611710	Educational Support Services	4	14
621111	Offices of Physicians (except Mental Health Specialists)	282	3542
621210	Offices of Dentists	18	203
621310	Offices of Chiropractors	11	51
621330	Offices of Mental Health Practitioners (except Physicians)	26	156
621340	Offices of Physical, Occupational and Speech Therapists, and Audiologists	183	1956
621391	Offices of Podiatrists	7	45
621399	Offices of All Other Miscellaneous Health Practitioners	4	27
621420	Outpatient Mental Health and Substance Abuse Centers	2	46
621491	HMO Medical Centers	10	25
621498	All Other Outpatient Care Centers	8	95
621511	Medical Laboratories	1	8
621512	Diagnostic Imaging Centers	2	16
621610	Home Health Care Services	13	520
621910	Ambulance Services	1	19
621999	All Other Miscellaneous Ambulatory Health Care Services	1	6
622110	General Medical and Surgical Hospitals	1	0*
622210	Psychiatric and Substance Abuse Hospitals	2	119
623110	Nursing Care Facilities (Skilled Nursing Facilities)	2	149
623210	Residential Intellectual and Developmental Disability Facilities	2	302
623220	Residential Mental Health and Substance Abuse Facilities	2	100
623311	Continuing Care Retirement Communities	2	129
623312	Assisted Living Facilities for the Elderly	2	140



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623990	Other Residential Care Facilities	1	82
624110	Child and Youth Services	1	19
624120	Services for the Elderly and Persons with Disabilities	1	2
624190	Other Individual and Family Services	93	1605
624310	Vocational Rehabilitation Services	4	83
624410	Child Care Services	17	236
711110	Theater Companies and Dinner Theaters	1	32
711130	Musical Groups and Artists	1	12
711310	Promoters of Performing Arts, Sports, and Similar Events with Facilities	4	82
711510	Independent Artists, Writers, and Performers	1	11
712110	Museums	7	303
712190	Nature Parks and Other Similar Institutions	1	28
713290	Other Gambling Industries	1	73
713940	Fitness and Recreational Sports Centers	10	172
713990	All Other Amusement and Recreation Industries	4	26
721110	Hotels (except Casino Hotels) and Motels	8	142
722330	Mobile Food Services	2	14
722511	Full-Service Restaurants	132	3090
722513	Limited-Service Restaurants	1	15
722515	Snack and Nonalcoholic Beverage Bars	5	55
811111	General Automotive Repair	18	111
811113	Automotive Transmission Repair	1	10
811121	Automotive Body, Paint, and Interior Repair and Maintenance	4	23
811122	Automotive Glass Replacement Shops	3	20
811192	Car Washes	1	14



811212	Computer and Office Machine Repair	1	10
811310	Commercial and Industrial Machinery and Equipment (except Automotive and Electronic) Repair and Maintenance	2	10
811411	Home and Garden Equipment Repair and Maintenance	1	10
811412	Appliance Repair and Maintenance	3	16
811420	Reupholstery and Furniture Repair	2	5
811490	Other Personal and Household Goods Repair and Maintenance	2	6
812112	Beauty Salons	21	218
812113	Nail Salons	2	11
812199	Other Personal Care Services	13	52
812210	Funeral Homes and Funeral Services	2	23
812310	Coin-Operated Laundries and Drycleaners	1	4
812320	Drycleaning and Laundry Services (except Coin-Operated)	1	5
812331	Linen Supply	1	43
812910	Pet Care (except Veterinary) Services	5	42
812930	Parking Lots and Garages	1	7
812990	All Other Personal Services	19	192
813110	Religious Organizations	57	285
813212	Voluntary Health Organizations	5	115
813319	Other Social Advocacy Organizations	11	143
813410	Civic and Social Organizations	7	92
813910	Business Associations	8	39
813920	Professional Organizations	1	5
TOTAL		1868	25867

Figure A1: Distribution of Black and Brown Owned Businesses by County

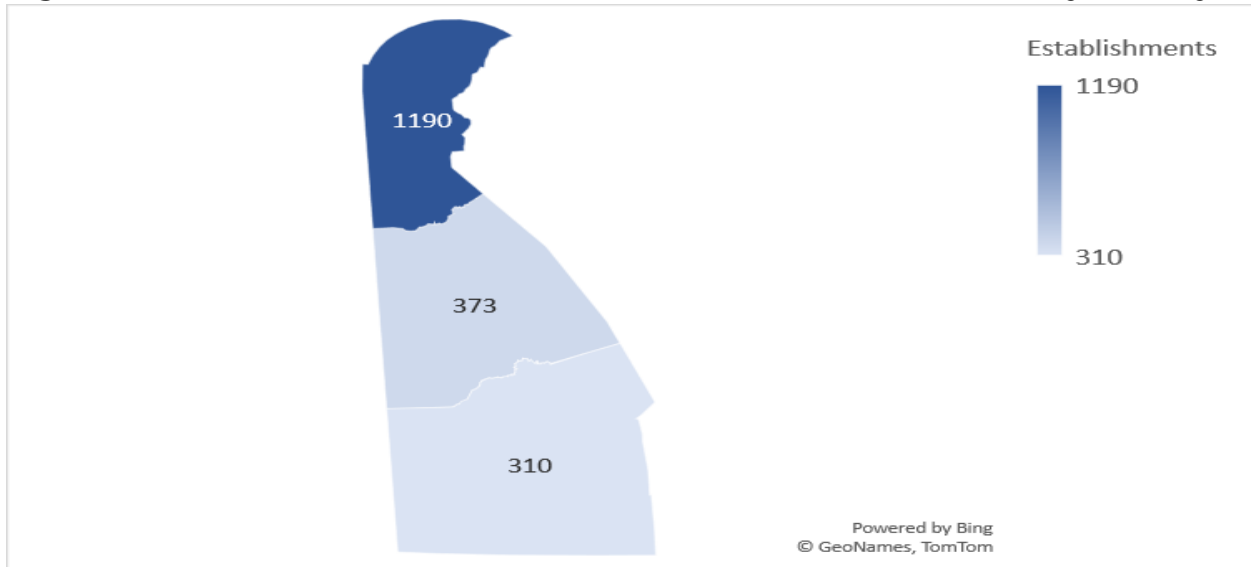
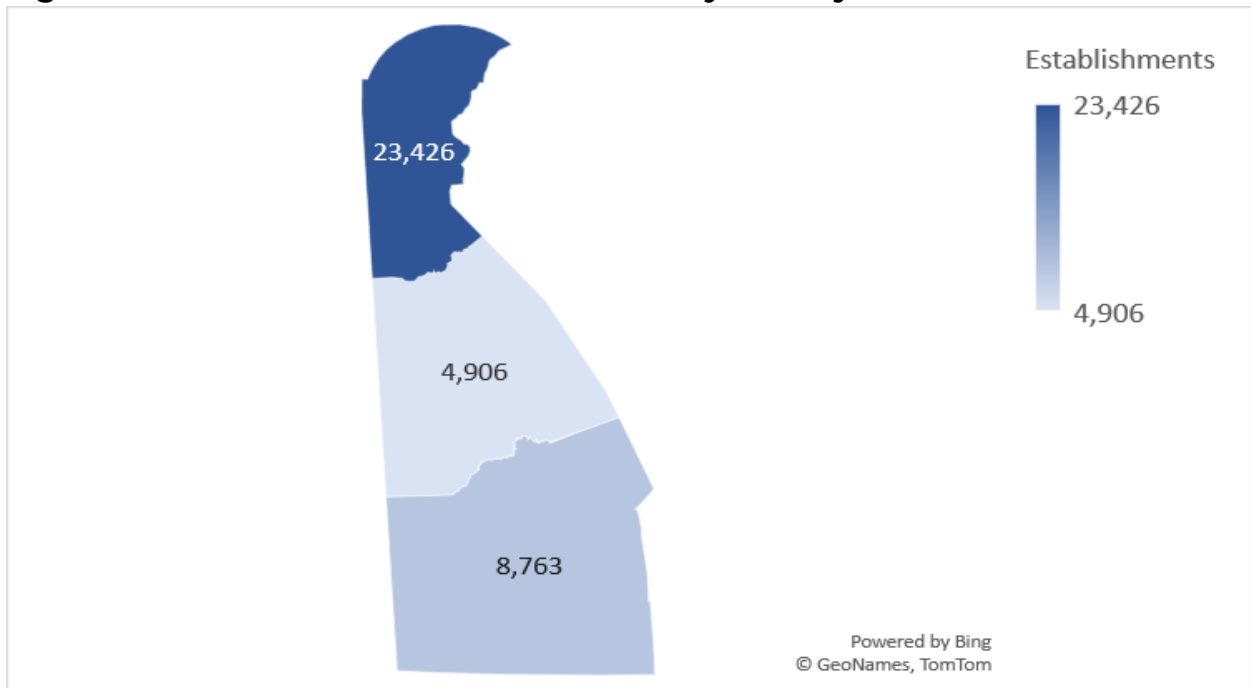


Figure A2: Distribution of All Businesses by County



Appendix B: References

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