Texas Small Business Profile, 2016

Texas

2.4 million
98.6%
Small Businesses
of Texas Businesses

4.4 million
45.6%
Small Business Employees
of Texas Employees

EMPLOYMENT
152,231
net new jobs

DIVERSITY
48.0%
increase in minority
ownership

TRADE
93.2%
of Texas exporters

Overall Texas Economy

- In the third quarter of 2015, Texas grew at an annual rate of 0.1% which was slower than the overall US growth rate of 1.9%. By comparison, Texas’s 2014 growth of 5.5% was down from the 2013 level of 7.3%. (Source: BEA)

- At the close of 2015, unemployment was 4.6%, up from 4.5% at the close of 2014. This was below the national unemployment rate of 5.0%. (Source: CPS)

Employment

- Texas small businesses employed 4.4 million people, or 45.6% of the private workforce, in 2013. (Source: SUSB)

- Firms with fewer than 100 employees have the largest share of small business employment. See Figure 1 for further details on firms with employees. (Source: SUSB)

- Private-sector employment increased 1.4% in 2015. This was below the previous year’s increase of 4.0%. (Source: CES)

- The number of proprietors increased in 2014 by 1.4% relative to the previous year. (Source: BEA)

- Small businesses created 152,231 net jobs in 2013. Among the seven BDS size-classes, firms employing 100 to 249 employees experienced the largest gains, adding 30,166 net jobs. The smallest gains were in firms employing 5 to 9 employees which added 15,618 net jobs. (Source: BDS)

The Small Business Profiles are produced by the US Small Business Administration’s Office of Advocacy. Each report incorporates the most up-to-date government data to present a unique snapshot of small businesses. Small businesses are defined as firms employing fewer than 500 employees. Hyperlinks to data sources and report generation information are provided in Table 3.

1,3 Net small business jobs change and exporter share are based on newly released 2013 BDS and 2012 ITA data.

2 Diversity statistic tracks changes between 2007 and 2012 based on the Survey of Business Owners (SBO) 2015 release.
**INCOME AND FINANCE**

- The number of banks reported in the Call Reports between June 2014 and June 2015 declined. (Source: FDIC)

- In 2014, 421,254 loans under $100,000 (and valued at $6.2 billion) were issued by Texas lending institutions reporting under the Community Reinvestment Act. (Source: FFIEC)

- The median income\(^4\) for individuals who were self-employed at their own incorporated businesses was $51,624 in 2014. For individuals self-employed at their own unincorporated firms, this figure was $21,803. (Source: ACS)

\[^4\] Median income represents earnings from all sources. Unincorporated self-employment income includes unpaid family workers, a very small percent of the unincorporated self-employed.

**BUSINESS OWNER DEMOGRAPHICS**

<table>
<thead>
<tr>
<th>Demographic Group</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>African American-owned</td>
<td>40.9%</td>
</tr>
<tr>
<td>Asian-owned</td>
<td>36.3%</td>
</tr>
<tr>
<td>Hawaiian/Pacific Islander-owned</td>
<td>85.6%</td>
</tr>
<tr>
<td>Hispanic-owned</td>
<td>53.6%</td>
</tr>
<tr>
<td>Native American/Alaskan-owned</td>
<td>16.8%</td>
</tr>
<tr>
<td>Minority-owned</td>
<td>48.0%</td>
</tr>
<tr>
<td>Nonminority-owned</td>
<td>-8.7%</td>
</tr>
</tbody>
</table>

**BUSINESS TURNOVER**

- In the second quarter of 2014, 14,990 establishments started up\(^5\) in Texas and 13,100 exited.\(^6\) Startups generated 62,607 new jobs while exits caused 51,770 job losses. (Source: BDM)

- Figure 2 displays the change in overall firm ownership for each demographic group from 2007 to 2012 based on the Survey of Business Owners (SBO) for Texas, released in December 2015.

- Figure 3 displays the percent of each demographic group identified as self-employed according to the 2014 American Community Survey (ACS) 5-year estimates.

- Figure 4 displays startup and exit rates from 2005 to 2015. Each series is smoothed across multiple quarters to highlight long-run trends. (Source: BDM)

\[^5\] STARTUPS are counted when business establishments hire at least one employee for the first time. The BLS terms these births, as distinct from the BLS openings category which includes seasonal re-openings.

\[^6\] EXITS occur when establishments go from having at least one employee to having none, and then remain closed for at least a year. The BLS terms these events deaths, as distinct from the closings category which includes seasonal shutterings.
INTERNATIONAL TRADE

- A total of 41,558 companies exported goods from Texas in 2013. Among these, 38,735, or 93.2%, were small firms; they generated 34.9% of Texas’s total known export value. (Source: ITA)

SMALL BUSINESSES BY INDUSTRY

Table 1: Texas Small Firms by Industry, 2013
(sorted by small employer firms)

<table>
<thead>
<tr>
<th>Industry</th>
<th>1 – 499 Employees</th>
<th>1 – 19 Employees</th>
<th>Nonemployer Firms</th>
<th>Total Small Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional, Scientific, and Technical Services</td>
<td>57,781</td>
<td>53,529</td>
<td>257,225</td>
<td>315,006</td>
</tr>
<tr>
<td>Health Care and Social Assistance</td>
<td>50,305</td>
<td>43,720</td>
<td>152,725</td>
<td>203,030</td>
</tr>
<tr>
<td>Other Services (except Public Administration)</td>
<td>44,319</td>
<td>40,477</td>
<td>310,339</td>
<td>354,658</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>44,292</td>
<td>40,454</td>
<td>171,486</td>
<td>215,778</td>
</tr>
<tr>
<td>Construction</td>
<td>38,182</td>
<td>33,622</td>
<td>258,109</td>
<td>296,291</td>
</tr>
<tr>
<td>Accommodation and Food Services</td>
<td>33,979</td>
<td>25,697</td>
<td>38,199</td>
<td>72,178</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>24,498</td>
<td>20,328</td>
<td>34,462</td>
<td>58,960</td>
</tr>
<tr>
<td>Administrative, Support, and Waste Management</td>
<td>21,404</td>
<td>18,043</td>
<td>220,392</td>
<td>241,796</td>
</tr>
<tr>
<td>Real Estate and Rental and Leasing</td>
<td>19,323</td>
<td>18,096</td>
<td>167,731</td>
<td>187,054</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>18,765</td>
<td>17,113</td>
<td>69,614</td>
<td>88,379</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>16,520</td>
<td>12,241</td>
<td>32,327</td>
<td>48,847</td>
</tr>
<tr>
<td>Transportation and Warehousing</td>
<td>12,835</td>
<td>10,971</td>
<td>113,168</td>
<td>126,003</td>
</tr>
<tr>
<td>Mining, Quarrying, and Oil and Gas Extraction</td>
<td>6,842</td>
<td>5,645</td>
<td>38,541</td>
<td>45,383</td>
</tr>
<tr>
<td>Arts, Entertainment, and Recreation</td>
<td>5,732</td>
<td>4,891</td>
<td>83,735</td>
<td>89,467</td>
</tr>
<tr>
<td>Educational Services</td>
<td>5,584</td>
<td>4,457</td>
<td>46,601</td>
<td>52,185</td>
</tr>
<tr>
<td>Information</td>
<td>4,183</td>
<td>3,412</td>
<td>23,072</td>
<td>27,255</td>
</tr>
<tr>
<td>Agriculture, Forestry, Fishing and Hunting</td>
<td>1,011</td>
<td>949</td>
<td>19,435</td>
<td>20,446</td>
</tr>
<tr>
<td>Utilities</td>
<td>917</td>
<td>779</td>
<td>2,571</td>
<td>3,488</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>406,472</strong></td>
<td><strong>354,424</strong></td>
<td><strong>2,039,732</strong></td>
<td><strong>2,446,204</strong></td>
</tr>
</tbody>
</table>

Totals for Tables 1 and 2 differ from SUSB's statewide tallies due to firms with establishments in more than one industry and the omission of industry classifications not reported by NES. (Source: NES and SUSB)

s Indicates samples deemed too small to represent the population according to SUSB.
Table 2: Texas Employment by Industry and Firm Size, 2013 (sorted by small firm employment)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Small Business Employment</th>
<th>Total Private Employment</th>
<th>Small Business Employment Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Care and Social Assistance</td>
<td>652,108</td>
<td>1,360,812</td>
<td>47.9%</td>
</tr>
<tr>
<td>Accommodation and Food Services</td>
<td>560,550</td>
<td>1,021,740</td>
<td>54.9%</td>
</tr>
<tr>
<td>Construction</td>
<td>402,297</td>
<td>587,842</td>
<td>68.4%</td>
</tr>
<tr>
<td>Professional, Scientific, and Technical Services</td>
<td>376,994</td>
<td>647,105</td>
<td>58.3%</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>371,004</td>
<td>1,206,760</td>
<td>30.7%</td>
</tr>
<tr>
<td>Other Services (except Public Administration)</td>
<td>356,100</td>
<td>431,924</td>
<td>82.4%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>336,496</td>
<td>789,812</td>
<td>42.6%</td>
</tr>
<tr>
<td>Administrative, Support, and Waste Management</td>
<td>311,879</td>
<td>945,320</td>
<td>33.0%</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>271,583</td>
<td>500,704</td>
<td>54.2%</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>154,933</td>
<td>491,299</td>
<td>31.5%</td>
</tr>
<tr>
<td>Transportation and Warehousing</td>
<td>137,630</td>
<td>390,221</td>
<td>35.3%</td>
</tr>
<tr>
<td>Real Estate and Rental and Leasing</td>
<td>110,769</td>
<td>176,674</td>
<td>62.7%</td>
</tr>
<tr>
<td>Mining, Quarrying, and Oil and Gas Extraction</td>
<td>95,550</td>
<td>234,893</td>
<td>40.7%</td>
</tr>
<tr>
<td>Educational Services</td>
<td>91,587</td>
<td>172,075</td>
<td>53.2%</td>
</tr>
<tr>
<td>Arts, Entertainment, and Recreation</td>
<td>72,914</td>
<td>124,710</td>
<td>58.5%</td>
</tr>
<tr>
<td>Information</td>
<td>54,378</td>
<td>226,590</td>
<td>24.0%</td>
</tr>
<tr>
<td>Utilities</td>
<td>13,117</td>
<td>50,050</td>
<td>26.2%</td>
</tr>
<tr>
<td>Agriculture, Forestry, Fishing and Hunting</td>
<td>5,932</td>
<td>6,706</td>
<td>88.5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,375,821</strong></td>
<td><strong>9,365,237</strong></td>
<td><strong>46.7%</strong></td>
</tr>
</tbody>
</table>

Figure 5: Texas County-Level Job Changes, 2015 (CEW)

<table>
<thead>
<tr>
<th>Job Change</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>-31% to -5.4%</td>
<td></td>
</tr>
<tr>
<td>-5.4% to 0%</td>
<td></td>
</tr>
<tr>
<td>0% to 3.8%</td>
<td></td>
</tr>
<tr>
<td>3.8% to 41%</td>
<td></td>
</tr>
</tbody>
</table>

Table 3: Abbreviations and Resources

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACS</td>
<td>American Community Survey, US Census Bureau</td>
</tr>
<tr>
<td>BEA</td>
<td>Bureau of Economic Analysis</td>
</tr>
<tr>
<td>BDM</td>
<td>Business Employment Dynamics, BLS</td>
</tr>
<tr>
<td>BDS</td>
<td>Business Dynamics Statistics, US Census Bureau</td>
</tr>
<tr>
<td>BLS</td>
<td>Bureau of Labor Statistics, US Department of Labor</td>
</tr>
<tr>
<td>CES</td>
<td>Current Employment Statistics, BLS</td>
</tr>
<tr>
<td>CEW</td>
<td>Census of Employment and Wages, BLS</td>
</tr>
<tr>
<td>CPS</td>
<td>Current Population Survey, BLS</td>
</tr>
<tr>
<td>FDIC</td>
<td>Federal Deposit Insurance Corporation</td>
</tr>
<tr>
<td>FFIEC</td>
<td>Federal Financial Institutions Examination Council</td>
</tr>
<tr>
<td>ITA</td>
<td>International Trade Administration</td>
</tr>
<tr>
<td>NES</td>
<td>Nonemployer Statistics, US Census Bureau</td>
</tr>
<tr>
<td>SBO</td>
<td>Survey of Business Owners, US Census Bureau</td>
</tr>
<tr>
<td>SUSB</td>
<td>Statistics of US Businesses, US Census Bureau</td>
</tr>
</tbody>
</table>

All profiles, source data, methodology notes, and county-level employment statistics are available at http://go.usa.gov/cfKMd