

Small Business Profiles Frequently Asked Questions (FAQ)

1. What new data series are used in this edition of the Small Business Profiles?

The median income and self-employment rate calculations used in this year's edition are based on the American Community Survey ([ACS](#)) 2014 5-year estimates. The 5-year estimates are "period" estimates which represent data collected between January 1, 2010, and December 31, 2014. Because these estimates are the only [ACS](#) estimates covering the entire US population, they are best suited for analyzing small populations, such as minority demographic groups in small states. In past editions, these indicators were based on the [ACS](#) 1-year estimates which exclude areas of the US with 65,000 people or fewer.

In previous editions, self-employment rates were calculated as the number of self-employed individuals divided by the total number of people working in a given demographic group. In contrast, this year's methodology calculates self-employment rates by dividing the number of self-employed people by the number of people in the labor force for each group. This approach produces smaller estimates. The advantage is the new statistics' insensitivity to the movement of labor force participants between employment and unemployment.

The data sets are provided for the 50 states, the District of Columbia, and the US. Because of limited data availability, a separate small business profile for the US territories will be published at a later date.

2. What's the difference between net jobs lost or gained and change in the unemployment rate?

These two measures differ in year, source, and definition. Net job change is measured for 2013 by the Census Bureau's [BDS](#) and is defined on the agency's [website](#). The unemployment rate is measured for multiple years by the [BLS](#) and is defined on its [website](#).

3. What are the seven BDS small firm-size categories?

The seven [BDS](#) small firm size categories are:

1. 1 to 4
2. 5 to 9
3. 10 to 19
4. 20 to 49
5. 50 to 99
6. 100 to 249
7. 250 to 499

See the [BDS website](#) for further details.

4. How were the demographic groups reported in Figure 2 chosen?

Changes in business ownership are calculated as the percent increase or decrease in business ownership reported in the 2012 Survey of Business Owners (SBO) relative to the 2007 SBO levels for each demographic group. SBO methodology notes warn that survey question changes and the use of administrative data for direct substitution may have affected the comparability of statistics for veteran-owned, equally -owned, and female-owned business. Due to these methodological changes and in order to provide relevant and reliable estimates, Advocacy was not able to detail changes in the level of ownership for these groups; in addition, male-owned firms are not reported.

5. Why are some statistics in Figure 2 not included?

Very small demographic groups can display large percent changes in business ownership from the opening of only a small number businesses. In Wyoming for example, Native Hawaiian and Other Pacific Islander firm-ownership increased from 9 firms to 85 firms between 2007 and 2012 implying 844% growth in firm ownership. In order to display relative changes across demographic groups, only percentage changes in business ownership of less than 200% are reported.

6. How were the rates in Figure 4 processed?

The Business Employment Dynamics' (BDM) startup and exit rate data measures startups and exits as a percentage of the average number of establishments for the current and previous quarters. The raw series span from 1993 to 2015. They are smoothed using a standard Hodrick-Prescott filter. Smoothing highlights low-frequency trends in otherwise noisy data. The selected smoothing parameter, $\lambda = 1,600$, is based on the Ravn-Uhlig recommendations for quarterly time series.

7. Where can I find the county-level job growth data that Figure 5 is based on?

You can view the data for each county along with hyperlinks to the Bureau of Labor Statistics [BLS website](#) from the spreadsheet available on Advocacy's [Small Business Profiles website](#). See

8. In Table 1 and Table 2, why do the totals differ slightly from the state and national totals on the first page of each profile?

The first page totals differ with the table totals due to two countervailing factors. First, firms with establishments in more than one industry are counted more than once in the table totals. This increases the table totals relative to the first page totals. Second, the "Industries not classified" and "Management of Companies and Enterprises" categories are omitted from the both tables since they are not report by the NES. The first page totals are should be used

9. In Table 1 and Table 2, what does “s” mean?

The “s” is used to flag data withheld by the Census Bureau to avoid releasing information that does not meet publication standards. See [SUSB definitions](#).

10. What are “other services (except public administration)”?

According to [BLS](#), the “other services (except public administration)” sector comprises establishments engaged in providing services not specifically provided for elsewhere in the classification system. Establishments in this sector are primarily engaged in activities, such as equipment and machinery repairing, promoting or administering religious activities, grantmaking, advocacy, and providing drycleaning and laundry services, personal care services, death care services, pet care services, photofinishing services, temporary parking services, and dating services.

11. In Table 2, why is the difference between columns 1 and 2 sometimes less than 500 employees?

Employment and firm level tabulations by firm- size and industry are provided by the Statistics of U.S. Businesses ([SUSB](#)). When a firm with more than 500 employees has establishments in multiple industries, it is possible for fewer than 500 of its employees to be counted in a single industry, even though they are classified as large-firm employees. For this reason, total employment in certain industries sometimes exceeds small business employment by fewer 500 employees.