

# 2018 SMALL BUSINESS PROFILE

## OFFICE OF ADVOCACY

REGULATION • RESEARCH • OUTREACH

### IOWA



**267,733** Small Businesses  
**99.3%** of Iowa Businesses

**646,525** Small Business Employees  
**48.3%** of Iowa Employees

**EMPLOYMENT**  
**17,970**  
net new jobs

**DIVERSITY**  
**14,686**  
minority-owned  
businesses

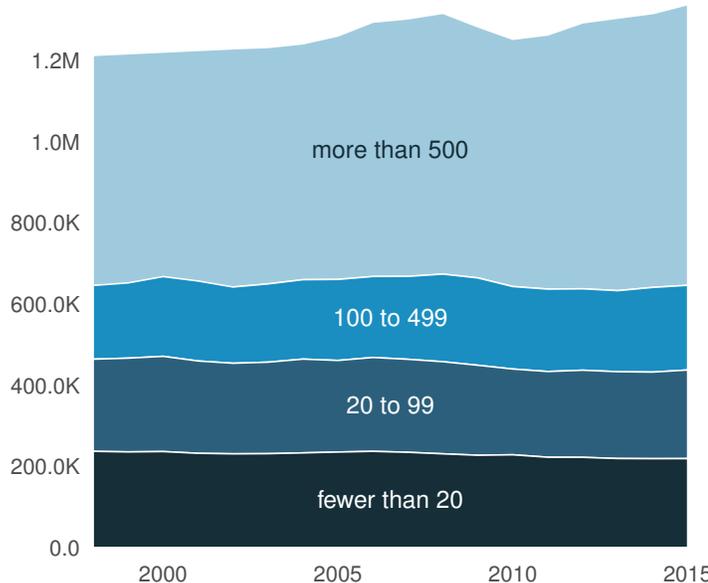
**TRADE**  
**2,672**  
small business  
exporters

### OVERALL IOWA ECONOMY

- In the third quarter of 2017, Iowa grew at an annual rate of **2.2%**, which was slower than the overall US growth rate of **3.4%**. Iowa's 2016 growth rate of **1.6%** was down from the 2015 rate of **4.0%**. (Source: [BEA](#))
- In January 2018, the unemployment rate was **2.9%**, down from **3.4%** in January 2017. This was below the January 2018 national unemployment rate of **4.1%**. (Source: [CPS](#))

### EMPLOYMENT

Figure 1: Iowa Employment by Business Size (Employees)



- Iowa small businesses employed **646,525** people, or **48.3%** of the private workforce, in 2015. (Source: [SUSB](#))
- Firms with fewer than 100 employees have the largest share of small business employment. Figure 1 provides further details on firms with employees. (Source: [SUSB](#))
- Private-sector employment decreased **0.1%** during the 12-month period ending in January 2018. This was above the decrease of **0.9%** during the prior 12-month period. (Source: [CPS](#))
- The number of proprietors increased in 2016 by **1.7%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **17,970** net jobs in 2015. Firms employing fewer than 20 employees experienced the largest gains, adding **8,320** net jobs. The smallest gains were in firms employing 20 to 99 employees, which added **3,417** net jobs. (Source: [SUSB](#))

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 for this profile as firms employing fewer than 500 employees. Net small business job change, minority small business ownership, and exporter share statistics are based on the 2015 Statistics of US Businesses (SUSB), 2012 Survey of Business Owners (SBO), and 2015 International Trade Administration (ITA) data, respectively.

## INCOME AND FINANCE

- The number of banks decreased by 7 between June 2016 and June 2017 to 301 banks. (Source: FDIC)
- In 2016, 39,195 loans under \$100,000 (valued at \$631.1 million) were issued by Iowa lending institutions reporting under the Community Reinvestment Act. (Source: FFIEC)
- The median income for individuals self-employed at their own incorporated businesses was \$44,504 in 2016. For individuals self-employed at their own unincorporated firms, this figure was \$25,494. (Source: ACS)

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

## EMPLOYER BUSINESS OWNER DEMOGRAPHICS

Figure 2: Iowa Employees per Business by Owner's Demographic, 2015

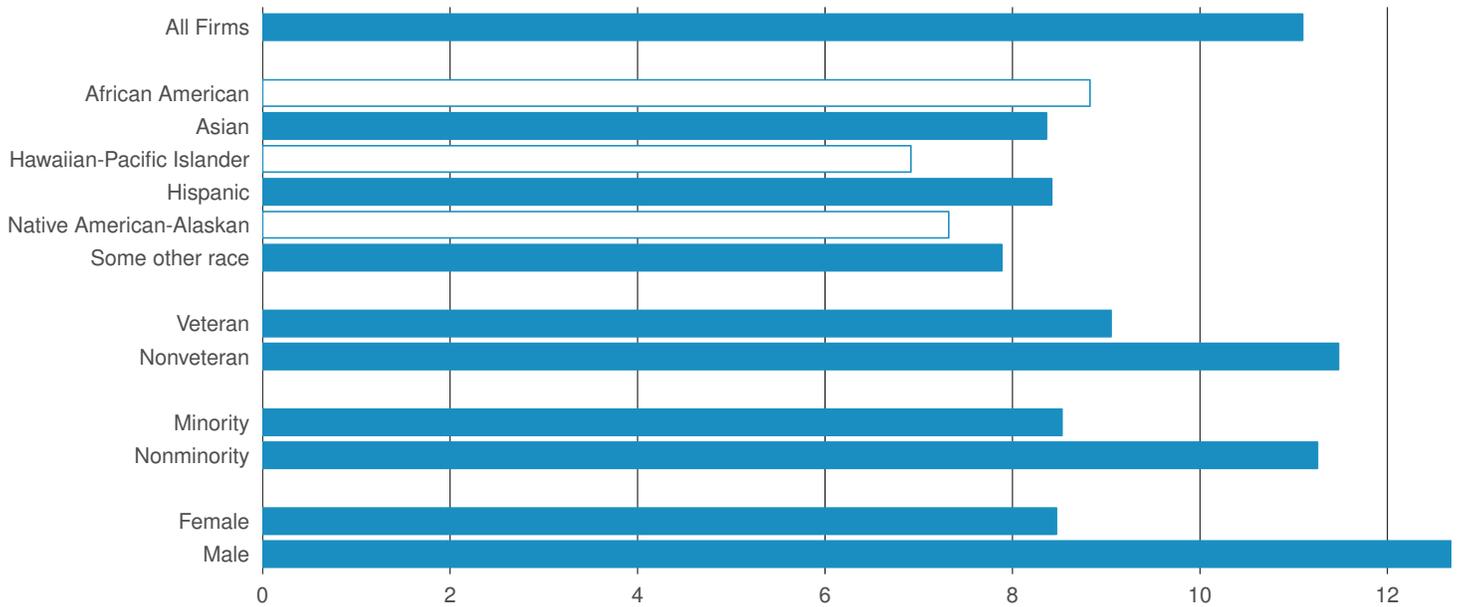
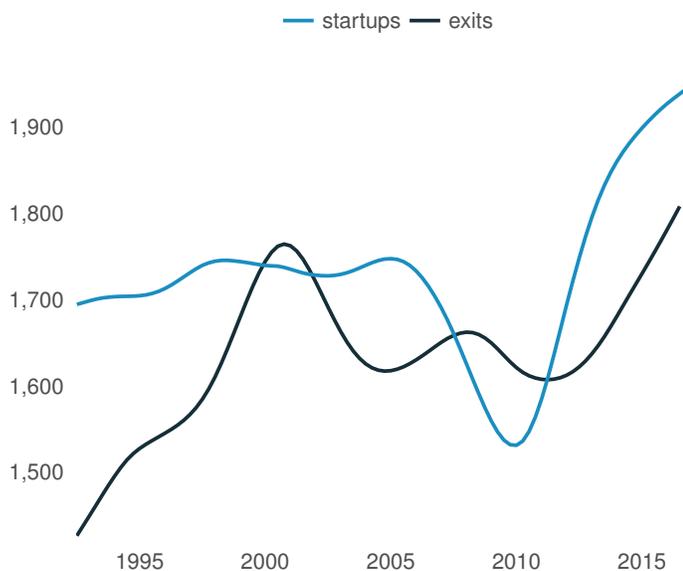


Figure 2 shows the average number of employees per employer business by owner's demographic group according to the Annual Survey of Entrepreneurs (ASE). Unshaded bars display US values; data were withheld because they do not meet Census Bureau publication standards or could disclose information regarding individual businesses.

## TURNOVER AMONG ESTABLISHMENTS WITH EMPLOYEES

Figure 3: Iowa Quarterly Startups and Exits



- In the third quarter of 2016, 1,892 establishments started up, generating 7,238 new jobs in Iowa. Startups are counted when business establishments hire at least one employee for the first time. (Source: BDM)
- In the same period, 1,879 establishments exited resulting in 6,523 jobs lost. Exits occur when establishments go from having at least one employee to having none, and then remain closed for at least one year. (Source: BDM)
- Figure 3 displays quarterly startups and exits from 1992 to 2016. Each series is smoothed across multiple quarters to highlight long-run trends. (Source: BDM)

The BLS data covers only business establishments with employees. BLS refers to startups as births and exits as deaths. These terms are distinct from the BLS openings and closings categories. Openings include seasonal re-openings and closings include seasonal shutterings. Quarterly startup and exit values may not align with Figure 3 due to smoothing.

## INTERNATIONAL TRADE

- A total of 3,221 companies exported goods from Iowa in 2015. Of these, 2,672, or 83.0%, were small firms; they generated 18.9% of Iowa's \$11.7 billion in total exports. (Source: ITA)

## SMALL BUSINESS EMPLOYMENT BY INDUSTRY AND COUNTY

Table 1: Iowa Employment by Industry, 2015

 Industry	 Small Business Employment	 Total Private Employment	 Small Business Employment Share
Health Care and Social Assistance	111,406	219,531	50.7
Accommodation and Food Services	82,669	118,733	69.6
Manufacturing	68,246	211,610	32.3
Retail Trade	64,475	184,663	34.9
Construction	56,062	64,083	87.5
Other Services (except Public Administration)	47,591	52,699	90.3
Wholesale Trade	45,027	67,914	66.3
Professional, Scientific, and Technical Services	35,586	55,059	64.6
Finance and Insurance	32,410	93,674	34.6
Administrative, Support, and Waste Management	26,564	77,330	34.4
Transportation and Warehousing	20,516	55,985	36.6
Arts, Entertainment, and Recreation	14,748	19,792	74.5
Educational Services	12,293	37,085	33.1
Real Estate and Rental and Leasing	9,779	12,891	75.9
Information	9,027	30,607	29.5
Management of Companies and Enterprises	5,149	24,037	21.4
Agriculture, Forestry, and Fishing and Hunting	1,776	2,574	69.0
Utilities	1,659	8,012	20.7
Mining, Quarrying, and Oil and Gas Extraction	1,406	2,003	70.2
Industries not classified	136	136	100.0
<b>Total</b>	<b>646,525</b>	<b>1,338,418</b>	<b>48.3</b>

Figure 4: Iowa Small Business Employment by County, 2015

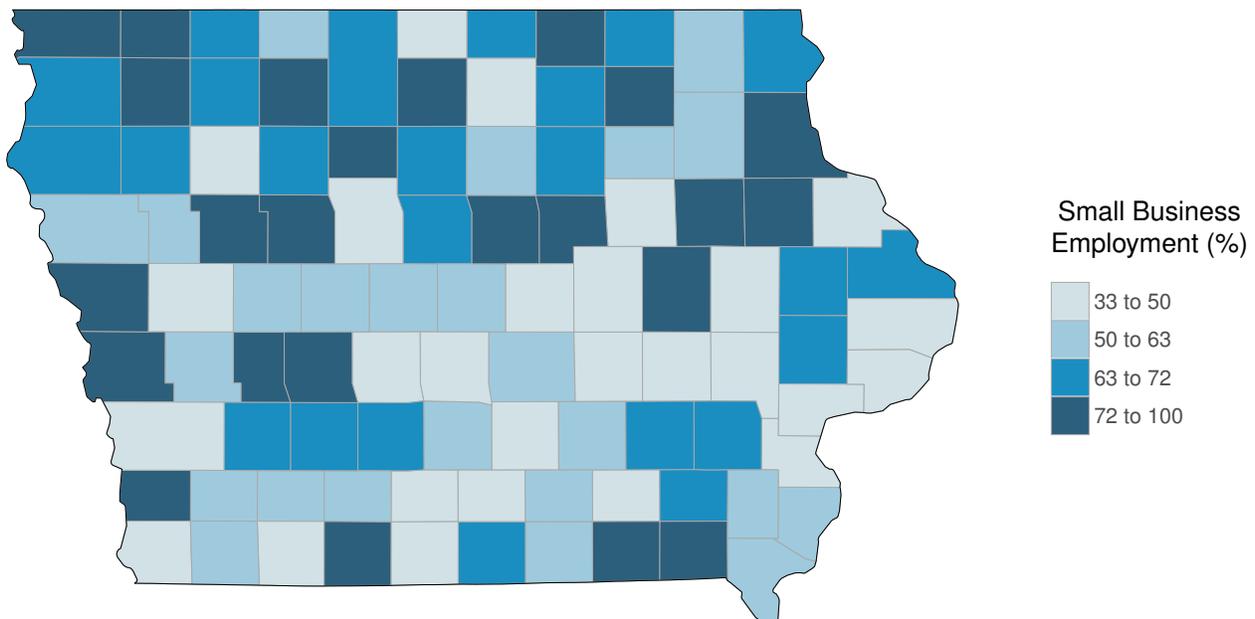


Table 2: Iowa Small Businesses by Industry and Firm Size, 2015

Industry	1-499 Employees	1-20 Employees	Nonemployer Firms	Total Small Firms
Other Services (except Public Administration)	8,431	8,007	31,489	39,920
Construction	8,382	7,779	25,900	34,282
Retail Trade	6,973	6,138	22,574	29,547
Professional, Scientific, and Technical Services	5,619	5,176	20,282	25,901
Accommodation and Food Services	5,419	4,206	2,750	8,169
Health Care and Social Assistance	5,419	4,286	19,698	25,117
Finance and Insurance	3,359	2,994	7,775	11,134
Wholesale Trade	3,062	2,330	3,147	6,209
Administrative, Support, and Waste Management	2,997	2,695	13,798	16,795
Transportation and Warehousing	2,994	2,691	11,175	14,169
Manufacturing	2,738	1,902	3,040	5,778
Real Estate and Rental and Leasing	2,246	2,111	23,676	25,922
Arts, Entertainment, and Recreation	1,376	1,208	9,638	11,014
Information	741	608	2,159	2,900
Educational Services	647	499	4,815	5,462
Agriculture, Forestry, and Fishing and Hunting	300	281	4,979	5,279
Utilities	76	40	224	300
Mining, Quarrying, and Oil and Gas Extraction	62	43	48	110
<b>Total</b>	<b>60,566</b>	<b>53,088</b>	<b>207,167</b>	<b>267,733</b>

Figure 4 and Tables 1 and 2 display data from the 2015 SUSB. Table 2 includes additional data from the 2015 Nonemployer Statistics (NES).

REFERENCES

The Small Business Profiles, source data, and methodology are available at <https://go.usa.gov/xQT4w>.

- ASE Annual Survey of Entrepreneurs, US Census Bureau
- BEA Bureau of Economic Analysis, US Department of Commerce
- BDM Business Employment Dynamics, BLS
- BLS Bureau of Labor Statistics, US Department of Labor
- CPS Current Population Survey, BLS
- FDIC Call Reports, Federal Deposit Insurance Corporation
- FFIEC Federal Financial Institutions Examination Council
- ITA International Trade Administration, US Department of Commerce
- NES Nonemployer Statistics, US Census Bureau
- SBO Survey of Business Owners, US Census Bureau
- SUSB Statistics of US Businesses, US Census Bureau