

# 2018 SMALL BUSINESS PROFILE

## OFFICE OF ADVOCACY

REGULATION • RESEARCH • OUTREACH

### TEXAS



**2.6 million** Small Businesses  
**99.8%** of Texas Businesses

**4.7 million** Small Business Employees  
**45.6%** of Texas Employees

**EMPLOYMENT**  
**194,243**  
net new jobs

**DIVERSITY**  
**1.1 million**  
minority-owned  
businesses

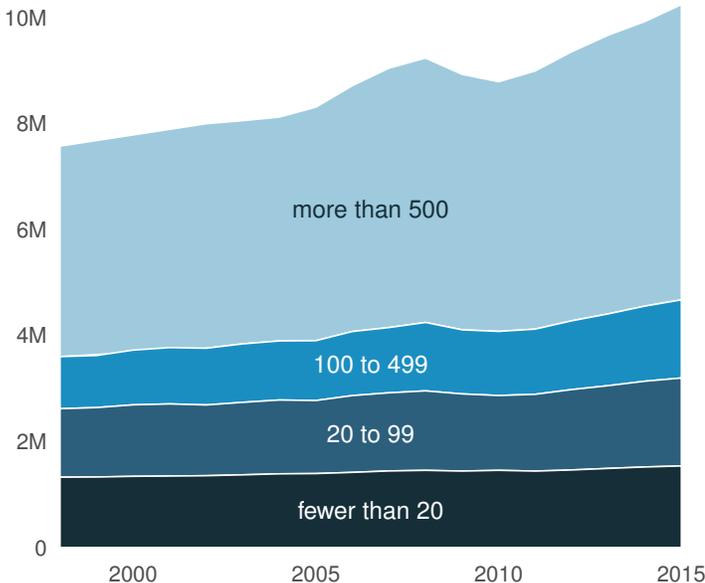
**TRADE**  
**37,471**  
small business  
exporters

### OVERALL TEXAS ECONOMY

- In the third quarter of 2017, Texas grew at an annual rate of **5.0%**, which was faster than the overall US growth rate of **3.4%**. Texas's 2016 growth rate of **-0.3%** was down from the 2015 rate of **4.2%**. (Source: [BEA](#))
- In January 2018, the unemployment rate was **4.0%**, down from **4.8%** in January 2017. This was below the January 2018 national unemployment rate of **4.1%**. (Source: [CPS](#))

### EMPLOYMENT

Figure 1: Texas Employment by Business Size (Employees)



- Texas small businesses employed **4.7 million** people, or **45.6%** 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 increased **2.0%** during the 12-month period ending in January 2018. This was above the increase of **1.6%** during the prior 12-month period. (Source: [CPS](#))
- The number of proprietors increased in 2016 by **2.0%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **194,243** net jobs in 2015. Firms employing fewer than 20 employees experienced the largest gains, adding **104,382** net jobs. The smallest gains were in firms employing 20 to 99 employees, which added **44,364** 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 18 between June 2016 and June 2017 to 456 banks. (Source: FDIC)
- In 2016, 444,418 loans under \$100,000 (valued at \$6.8 billion) were issued by Texas lending institutions reporting under the Community Reinvestment Act. (Source: FFIEC)
- The median income for individuals self-employed at their own incorporated businesses was \$52,359 in 2016. For individuals self-employed at their own unincorporated firms, this figure was \$22,573. (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: Texas Employees per Business by Owner's Demographic, 2015

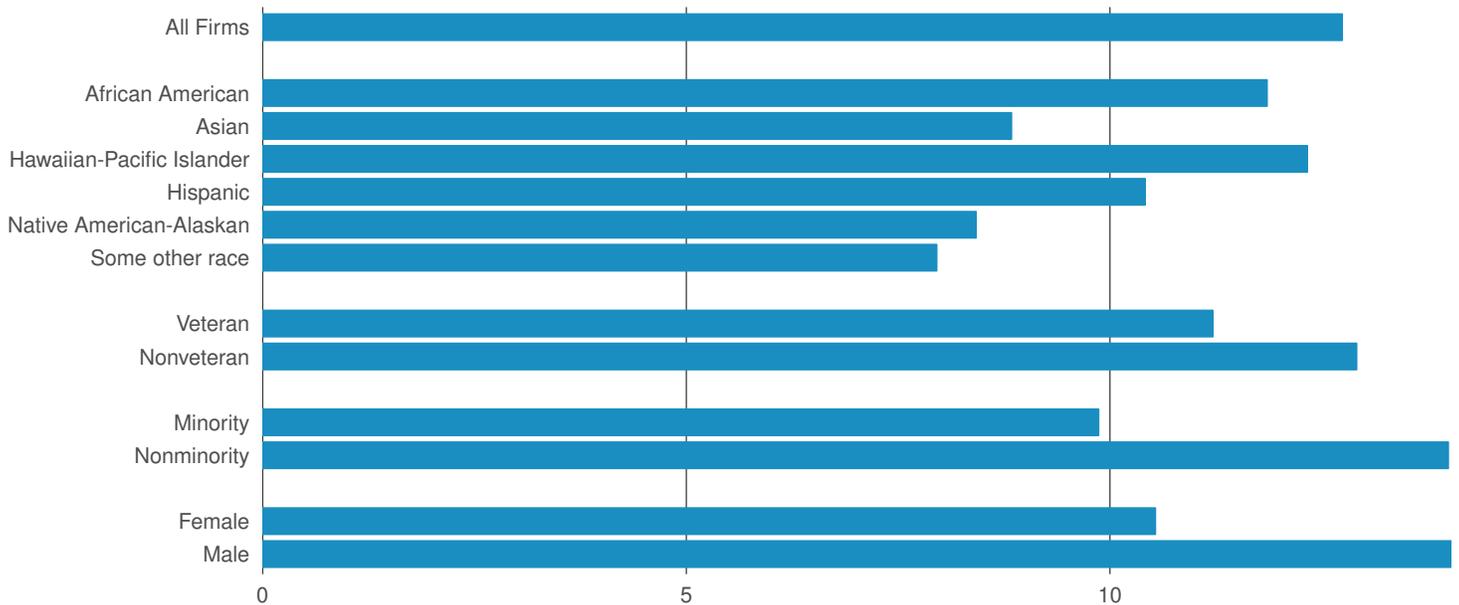
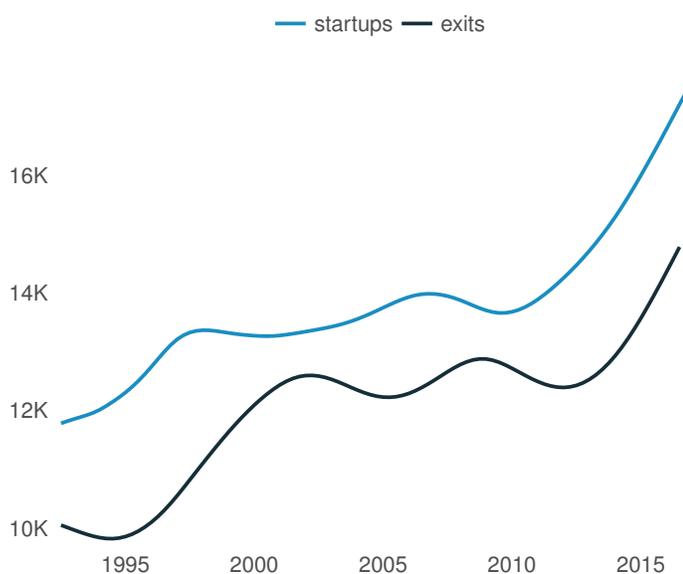


Figure 2 shows the average number of employees per employer business by owner's demographic group according to the Annual Survey of Entrepreneurs (ASE).

## TURNOVER AMONG ESTABLISHMENTS WITH EMPLOYEES

Figure 3: Texas Quarterly Startups and Exits



- In the third quarter of 2016, 18,499 establishments started up, generating 80,792 new jobs in Texas. Startups are counted when business establishments hire at least one employee for the first time. (Source: BDM)
- In the same period, 15,395 establishments exited resulting in 57,352 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 40,343 companies exported goods from Texas in 2015. Of these, 37,471, or 92.9%, were small firms; they generated 37.6% of Texas's \$231.7 billion in total exports. (Source: ITA)

## SMALL BUSINESS EMPLOYMENT BY INDUSTRY AND COUNTY

Table 1: Texas Employment by Industry, 2015

 Industry	 Small Business Employment	 Total Private Employment	 Small Business Employment Share
Health Care and Social Assistance	682,997	1,449,547	47.1
Accommodation and Food Services	622,945	1,110,892	56.1
Construction	447,111	659,179	67.8
Professional, Scientific, and Technical Services	402,045	684,780	58.7
Retail Trade	390,490	1,279,651	30.5
Other Services (except Public Administration)	362,065	437,504	82.8
Manufacturing	346,527	811,053	42.7
Administrative, Support, and Waste Management	321,591	950,248	33.8
Wholesale Trade	280,113	523,740	53.5
Finance and Insurance	158,874	508,715	31.2
Transportation and Warehousing	146,135	432,156	33.8
Real Estate and Rental and Leasing	117,089	190,674	61.4
Mining, Quarrying, and Oil and Gas Extraction	102,909	255,258	40.3
Educational Services	95,808	183,617	52.2
Arts, Entertainment, and Recreation	78,586	133,714	58.8
Information	58,465	238,809	24.5
Management of Companies and Enterprises	35,331	326,955	10.8
Utilities	14,559	53,906	27.0
Agriculture, Forestry, and Fishing and Hunting	6,371	7,674	83.0
Industries not classified	1,638	1,638	100.0
<b>Total</b>	<b>4,671,649</b>	<b>10,239,710</b>	<b>45.6</b>

Figure 4: Texas Small Business Employment by County, 2015

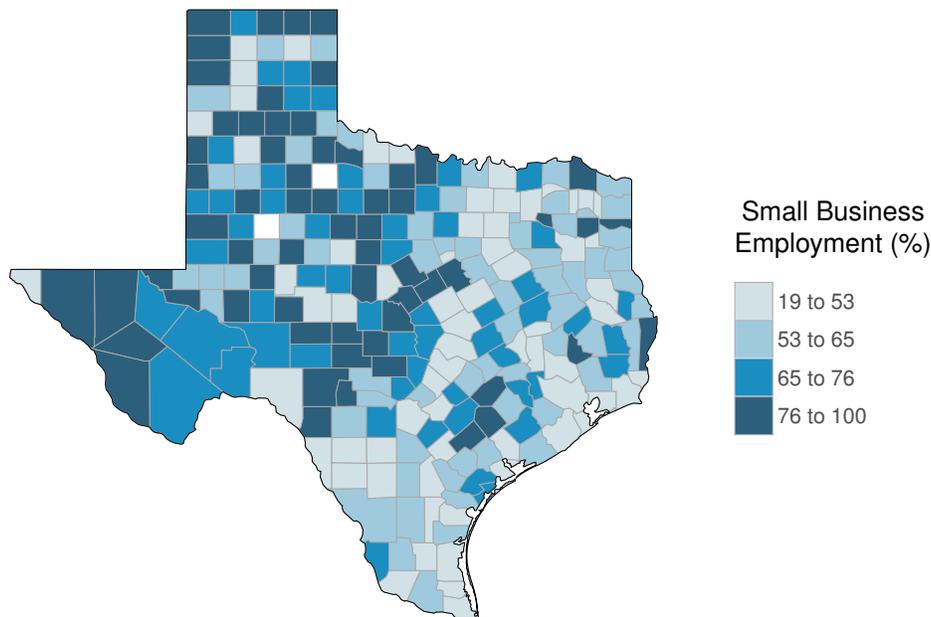


Table 2: Texas Small Businesses by Industry and Firm Size, 2015



Industry



1-499 Employees



1-20 Employees



Nonemployer  
Firms



Total Small Firms

Industry	1-499 Employees	1-20 Employees	Nonemployer Firms	Total Small Firms
Professional, Scientific, and Technical Services	60,899	56,387	275,218	336,117
Health Care and Social Assistance	52,005	45,036	156,980	208,985
Other Services (except Public Administration)	45,364	41,362	330,039	375,403
Retail Trade	45,171	41,099	186,296	231,467
Construction	40,611	35,588	275,176	315,787
Accommodation and Food Services	35,763	26,541	41,889	77,652
Wholesale Trade	24,663	20,512	36,349	61,012
Administrative, Support, and Waste Management	22,047	18,579	231,640	253,687
Real Estate and Rental and Leasing	20,659	19,400	187,754	208,413
Finance and Insurance	19,346	17,692	71,094	90,440
Manufacturing	16,649	12,216	33,962	50,611
Transportation and Warehousing	14,021	12,055	151,636	165,657
Mining, Quarrying, and Oil and Gas Extraction	7,054	5,778	36,592	43,646
Arts, Entertainment, and Recreation	6,190	5,291	89,511	95,701
Educational Services	5,954	4,772	55,760	61,714
Information	4,266	3,503	23,287	27,553
Agriculture, Forestry, and Fishing and Hunting	1,012	944	19,210	20,222
Utilities	914	762	2,756	3,670
<b>Total</b>	<b>422,575</b>	<b>368,760</b>	<b>2,205,149</b>	<b>2,627,724</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). Data for counties shown in white in Figure 4 were withheld by the Census Bureau because they do not meet publication standards or could disclose information regarding individual businesses.

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