

2019 Small Business Profile

Texas



2.7 million Small Businesses
99.8% of Texas Businesses

4.7 million Small Business Employees
45.1% of Texas Employees



EMPLOYMENT
93,022
net new jobs



DIVERSITY
1.1 million
minority-owned
business employees



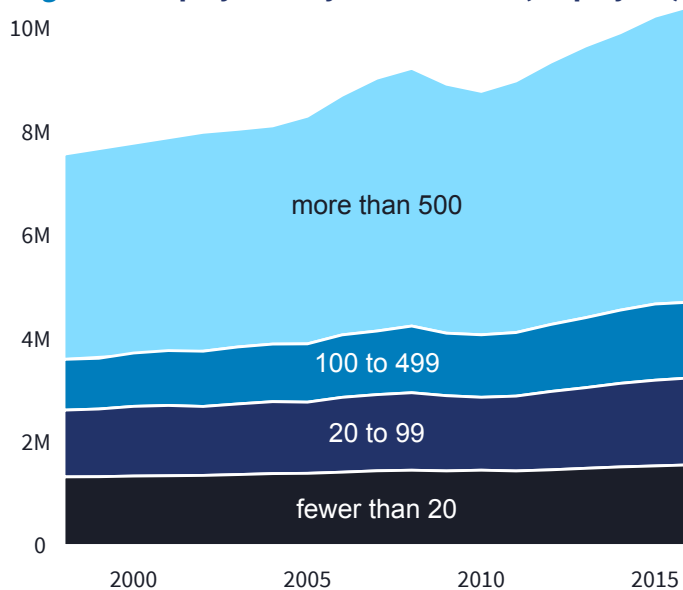
TRADE
36,590
small business
exporters

Overall Texas Economy

- In the third quarter of 2018, Texas grew at an annual rate of **3.7%**, which was faster than the overall US growth rate of **3.4%**. Texas's 2017 growth rate of **1.3%** was up from the 2016 rate of less than **0.1%**. (Source: [BEA](#))
- In February 2019, the unemployment rate was **3.8%**, down from **4.1%** in February 2018. This was equal to the February 2019 national unemployment rate of **3.8%**. (Source: [CPS](#))

Employment

Figure 1: Employment by Business Size (Employees)



- Texas small businesses employed **4.7 million** people, or **45.1%** of the private workforce, in 2016. (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 **1.9%** during the 12-month period ending in February 2019. This was below the increase of **2.6%** during the prior 12-month period. (Source: [CPS](#))
- The number of proprietors increased in 2017 by **2.2%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **93,022** net jobs in 2016. Firms employing fewer than 20 employees experienced the largest gains, adding **94,600** net jobs. The largest losses were in firms employing 100 to 499 employees, which lost **10,004** net jobs. (Source: [SUSB](#))

The Small Business Profiles are produced by the US Small Business Administration's Office of Advocacy (<http://advocacy.sba.gov>). 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, employees of minority-owned businesses, and exporter share statistics are based on the 2016 Statistics of US Businesses (SUSB), 2016 Annual Survey of Entrepreneurs (ASE), and 2016 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 2017, **510,662** loans under \$100,000 (valued at **\$7.9 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 **\$52,460** in 2017. For individuals self-employed at their own unincorporated firms, this figure was **\$25,126**. (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, 2016

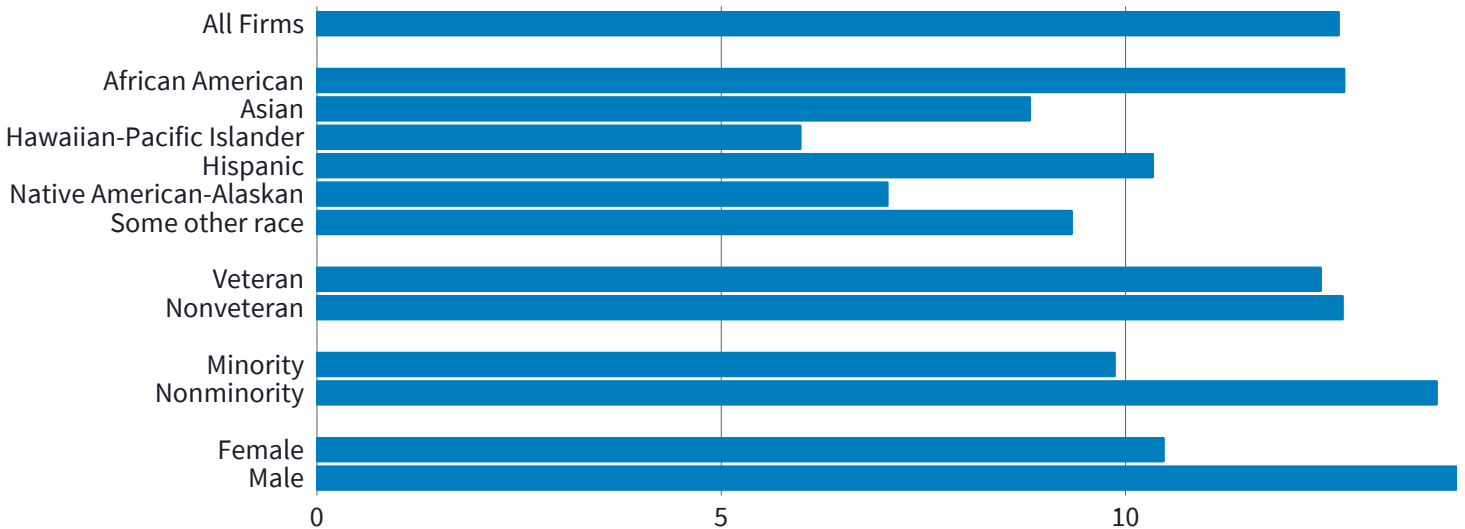
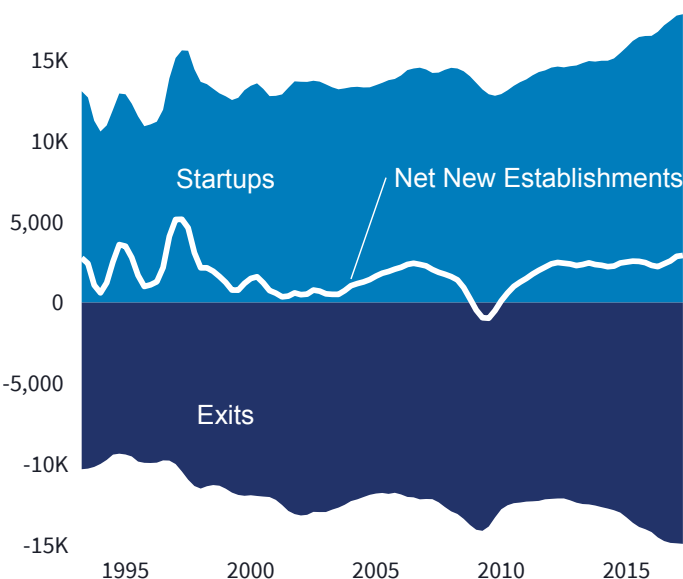


Figure 2 shows the average number of employees per employer business by owner's demographic group according to the 2016 Annual Survey of Entrepreneurs (ASE).

Turnover among Establishments with Employees

Figure 3: Texas Quarterly Startups and Exits



- In the third quarter of 2017, **17,899** establishments started up, generating **75,709** 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, **15,859** establishments exited resulting in **63,511** 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 1993 to 2017. 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 39,482 companies exported goods from Texas in 2016. Of these, 36,590, or 92.7%, were small firms; they generated 39.3% of Texas's \$217.8 billion in total exports. (Source: ITA)

Small Business Employment by Industry and Self-Employment by County

Table 1: Texas Employment by Industry, 2016

Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Health Care and Social Assistance	701,103	1,509,548	46.4
Accommodation and Food Services	651,516	1,177,398	55.3
Construction	456,759	674,150	67.8
Professional, Scientific, and Technical Services	403,947	708,331	57.0
Retail Trade	393,463	1,304,467	30.2
Other Services (except Public Administration)	370,817	445,847	83.2
Manufacturing	330,724	768,921	43.0
Administrative, Support, and Waste Management	323,239	979,748	33.0
Wholesale Trade	272,934	520,508	52.4
Finance and Insurance	161,850	535,456	30.2
Transportation and Warehousing	143,543	445,428	32.2
Real Estate and Rental and Leasing	116,663	191,473	60.9
Educational Services	100,469	193,774	51.8
Mining, Quarrying, and Oil and Gas Extraction	83,729	199,207	42.0
Arts, Entertainment, and Recreation	82,228	144,598	56.9
Information	57,700	241,572	23.9
Management of Companies and Enterprises	34,260	325,375	10.5
Utilities	14,745	55,504	26.6
Agriculture, Forestry, and Fishing and Hunting	5,683	7,127	79.7
Industries not classified	1,492	1,492	100.0
Total	4,706,864	10,429,924	45.1

Figure 4: Texas Self-Employment Rates by County, 2017

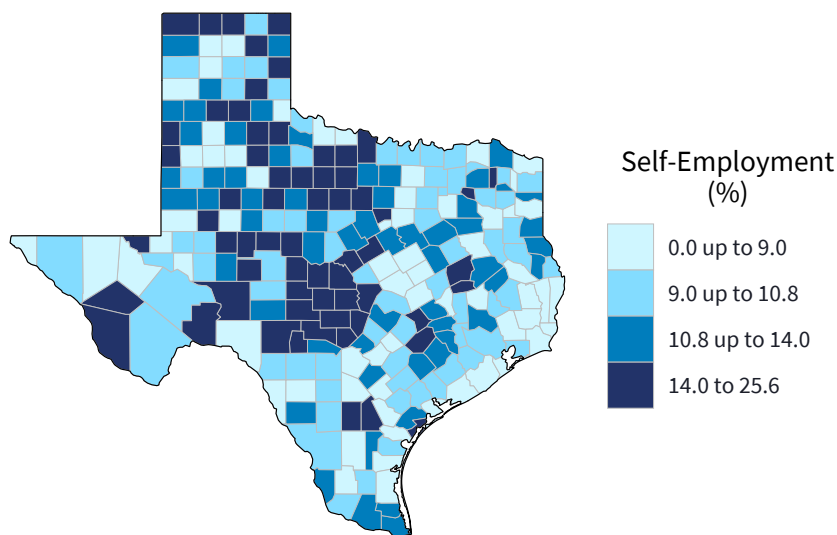


Table 2: Texas Small Businesses by Industry and Firm Size, 2016

Industry	1-499 Employees	1-19 Employees	Nonemployer Firms	Total Small Firms
Other Services (except Public Administration)	46,216	42,064	336,731	382,947
Professional, Scientific, and Technical Services	61,313	56,731	272,975	334,288
Construction	41,718	36,520	288,107	329,825
Administrative, Support, and Waste Management	22,515	19,021	236,687	259,202
Retail Trade	45,327	41,208	185,915	231,242
Health Care and Social Assistance	52,772	45,575	157,676	210,448
Real Estate and Rental and Leasing	21,341	20,101	188,861	210,202
Transportation and Warehousing	14,170	12,221	175,572	189,742
Arts, Entertainment, and Recreation	6,444	5,490	93,153	99,597
Finance and Insurance	19,443	17,808	69,784	89,227
Accommodation and Food Services	37,088	27,353	44,247	81,335
Educational Services	6,239	5,029	55,777	62,016
Wholesale Trade	24,469	20,435	34,864	59,333
Manufacturing	16,542	12,266	33,376	49,918
Mining, Quarrying, and Oil and Gas Extraction	6,478	5,373	31,570	38,048
Information	4,411	3,677	24,140	28,551
Agriculture, Forestry, and Fishing and Hunting	1,026	968	19,764	20,790
Utilities	926	773	2,588	3,514
Total	428,177	373,619	2,251,787	2,679,964

Tables 1 and 2 display data from the 2016 SUSB. Table 2 includes additional data from the 2016 Nonemployer Statistics (NES). Figure 4 provides estimates of the rate of self-employment among employed civilians, 16 years and over, including both incorporated and unincorporated businesses, from the 2017 American Community Survey (ACS).

References

The Small Business Profiles, source data, and methodology are available at <https://go.usa.gov/xmb5R>.

- ACS American Community Survey, US Census Bureau
- 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
- SUSB Statistics of US Businesses, US Census Bureau