

2020 Small Business Profile

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California

4.1 million Small Businesses
99.8% of California Businesses

7.2 million Small Business Employees
48.5% of California Employees



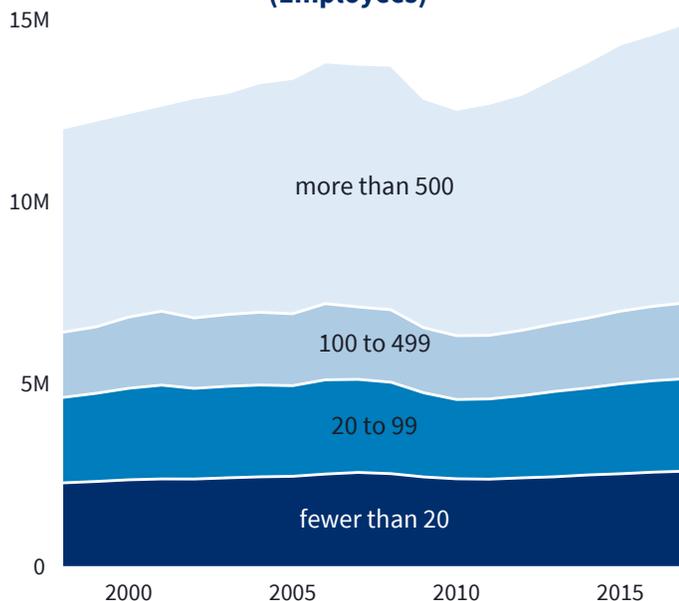
A note on COVID-19: This report uses the most up-to-date government data to present a unique snapshot of small businesses. The BLS employment estimates capture the early stages of the pandemic. All other sources reflect data collected prior to the pandemic.

Overall Economy

- In the fourth quarter of 2019, California grew at an annual rate of **2.2%**, which was faster than the overall US growth rate of **2.1%**. California's 2019 overall growth rate of **2.6%** was down from the 2018 rate of **4.3%**. (Source: [BEA](#))
- In April 2020, the unemployment rate was **15.5%**, up from **4.2%** in April 2019. This was above the April 2020 national unemployment rate of **14.7%**. (Source: [CPS](#))

Employment

Figure 1: California Employment by Business Size (Employees)



- California small businesses employed **7.2 million** people, or **48.5%** of the private workforce, in 2017. (Source: [SUSB](#))
- Firms with fewer than 20 employees have the largest share of small business employment. Figure 1 provides further details on firms with employees. (Source: [SUSB](#))
- Private-sector employment decreased **15.3%** during the 12-month period ending in April 2020. This was below the increase of **1.7%** during the prior 12-month period. (Source: [CES](#))
- The number of proprietors increased in 2018 by **3.5%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **214,569** net jobs in 2019. Firms employing fewer than 20 employees experienced the largest gains, adding **147,780** net jobs. The smallest gains were in firms employing 20 to 99 employees, which added **31,315** net jobs. (Source: [BDM](#))

The Small Business Profiles are produced by the US Small Business Administration's Office of Advocacy (<http://advocacy.sba.gov>). These profiles define small businesses as firms with fewer than 500 employees. Net small business job change, self-employed minorities, and exporter share statistics are based on 2019 Business Employment Dynamics (BDM), 2018 American Community Survey (ACS), and 2018 International Trade Administration (ITA) data, respectively.

Income and Finance

- The median income for self-employed individuals at their own incorporated businesses was **\$61,523** in 2018. For self-employed individuals at their own unincorporated firms, median income was **\$28,924**. (Source: [ACS](#))
- The total number of banks decreased by **10** between June 2018 and June 2019 to **152** banks. During the same period, the number of banks with assets under \$1 billion decreased by **13** to **89** banks. (Source: [FDIC](#))
- In 2018, California lending institutions reporting under the Community Reinvestment Act issued **1.1 million** loans under \$100,000, a total value of **\$16.1 billion**. (Source: [FFIEC](#))

Median income represents earnings from all sources. Unincorporated self-employment income includes unpaid family workers, a very small percent of the unincorporated self-employed. The decline in the number of banks with assets under \$1 billion may exceed the change in the total number of banks due to mergers and asset balance changes.

Self-Employment Demographics

Figure 2: California Self-Employment Rates by Gender & Demographic, 2018

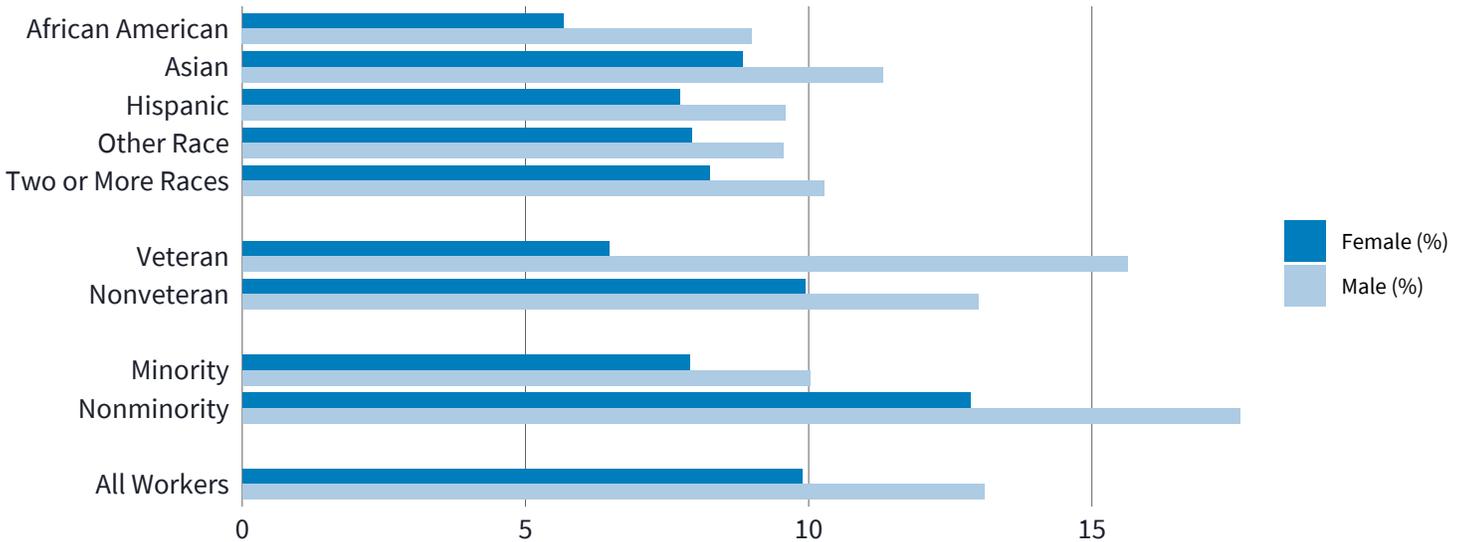
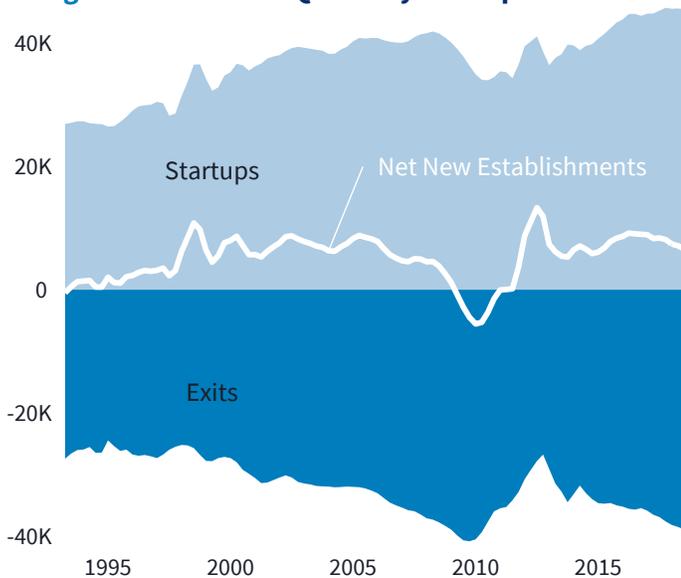


Figure 2 shows the self-employment rate for each demographic group by gender according to the 2018 American Community Survey (ACS). Other Race includes those who selected Alaska Native, American Indian, Native Hawaiian, Pacific Islander, or Some Other Race.

Turnover among Establishments with Employees

Figure 3: California Quarterly Startups and Exits



- In the fourth quarter of 2018, **47,566** establishments started up, generating **127,596** new jobs in California. Startups are counted when business establishments hire at least one employee for the first time. (Source: [BDM](#))
- In the same period, **37,602** establishments exited, resulting in **110,761** 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 2018. Each series is smoothed across multiple quarters to highlight long-run trends. (Source: [BDM](#))

The BDM data covers only business establishments with employees. BDM refers to startups as births and exits as deaths. These terms are distinct from the BDM 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 71,325 firms exported goods from California in 2018. Of these, 68,022, or 95.4%, were small firms, which generated 42.1% of California's \$165.6 billion in total exports. (Source: ITA)

Small Business Employment by Industry and Self-Employment by County

Table 1: California Employment by Industry, 2017

Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Accommodation and Food Services	1,087,904	1,735,578	62.7
Health Care and Social Assistance	933,279	2,011,358	46.4
Professional, Scientific, and Technical Services	710,972	1,209,633	58.8
Construction	627,257	754,856	83.1
Retail Trade	608,273	1,680,545	36.2
Manufacturing	598,343	1,167,502	51.2
Wholesale Trade	501,642	840,423	59.7
Other Services (except Public Administration)	477,773	589,526	81.0
Administrative, Support, and Waste Management	436,377	1,562,797	27.9
Educational Services	220,003	425,846	51.7
Real Estate and Rental and Leasing	211,546	297,953	71.0
Finance and Insurance	199,536	618,857	32.2
Information	187,805	660,559	28.4
Transportation and Warehousing	176,514	536,987	32.9
Arts, Entertainment, and Recreation	170,341	342,338	49.8
Management of Companies and Enterprises	44,979	354,312	12.7
Agriculture, Forestry, and Fishing and Hunting	19,355	28,856	67.1
Mining, Quarrying, and Oil and Gas Extraction	6,807	17,982	37.9
Utilities	4,108	58,586	7.0
Industries Not Classified	2,131	2,131	100.0
Total	7,224,945	14,896,625	48.5

Figure 4: California Self-Employment Rates by County, 2018

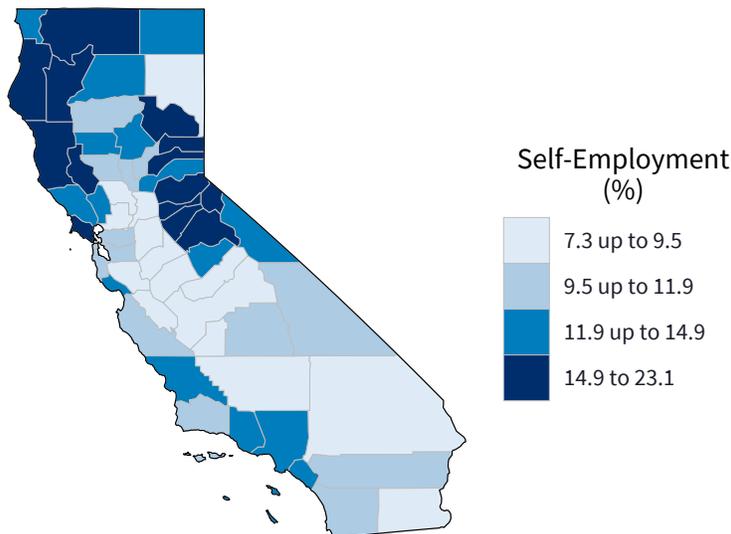


Table 2: California Small Businesses by Industry and Firm Size, 2017

				
Industry	1–19 Employees	1–499 Employees	Nonemployer Firms	Total Small Firms
Professional, Scientific, and Technical Services	108,666	116,410	565,587	681,997
Other Services (except Public Administration)	63,480	68,532	494,547	563,079
Transportation and Warehousing	17,566	19,928	359,432	379,360
Real Estate and Rental and Leasing	41,938	43,981	333,956	377,937
Health Care and Social Assistance	83,538	92,290	260,909	353,199
Retail Trade	63,249	69,611	242,592	312,203
Construction	66,575	73,348	220,968	294,316
Administrative, Support, and Waste Management	32,776	37,603	251,405	289,008
Arts, Entertainment, and Recreation	22,714	24,610	221,330	245,940
Accommodation and Food Services	51,565	67,032	50,307	117,339
Finance and Insurance	26,624	28,613	88,449	117,062
Wholesale Trade	42,761	49,490	60,489	109,979
Educational Services	10,103	12,758	91,923	104,681
Information	15,149	17,272	67,230	84,502
Manufacturing	26,698	34,263	46,344	80,607
Agriculture, Forestry, and Fishing and Hunting	1,724	1,937	14,006	15,943
Mining, Quarrying, and Oil and Gas Extraction	338	432	3,394	3,826
Utilities	441	495	1,182	1,677
Total	676,913	757,458	3,374,050	4,131,508

Tables 1 and 2 display data from the 2017 Statistics of U.S. Businesses (SUSB). Table 2 includes additional data from the 2017 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 2018 American Community Survey (ACS).

References

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

- ACS American Community Survey, 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
- CES Current Employment Statistics, BLS
- CPS Current Population Survey, BLS
- FDIC 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