

2020 Small Business Profile

Rhode Island



103,986 Small Businesses
98.9% of Rhode Island Businesses

229,212 Small Business Employees
52.6% of Rhode Island Employees



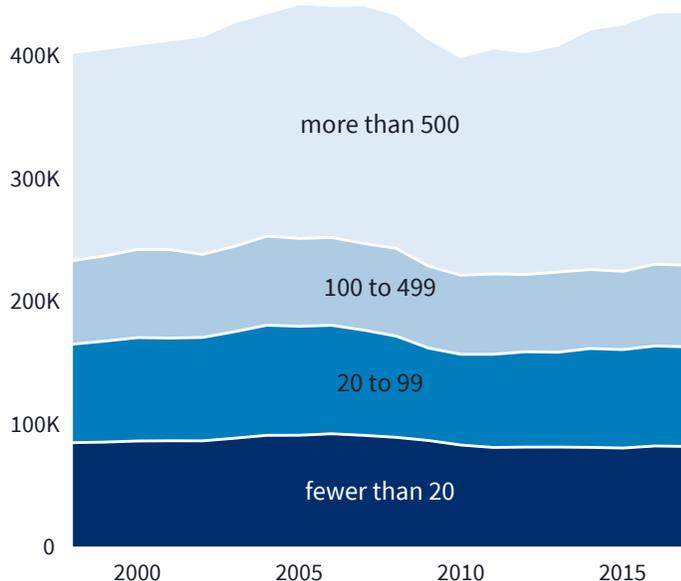
A note on COVID-19: This report uses the most up-to-date government data to present a unique snapshot of small businesses. The BLS employment estimates capture the early stages of the pandemic. All other sources reflect data collected prior to the pandemic.

Overall Economy

- In the fourth quarter of 2019, Rhode Island grew at an annual rate of **2.2%**, which was faster than the overall US growth rate of **2.1%**. Rhode Island's 2019 overall growth rate of **2.7%** was up from the 2018 rate of **1.2%**. (Source: [BEA](#))
- In April 2020, the unemployment rate was **17.0%**, up from **3.6%** in April 2019. This was above the April 2020 national unemployment rate of **14.7%**. (Source: [CPS](#))

Employment

Figure 1: Rhode Island Employment by Business Size (Employees)



- Rhode Island small businesses employed **229,212** people, or **52.6%** 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 **21.1%** during the 12-month period ending in April 2020. This was below the increase of **0.7%** during the prior 12-month period. (Source: [CES](#))
- The number of proprietors increased in 2018 by **3.2%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **3,186** net jobs in 2019. Firms employing fewer than 20 employees experienced the largest gains, adding **4,255** net jobs. The largest losses were in firms employing 100 to 499 employees, which lost **1,000** 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 **\$53,794** in 2018. For self-employed individuals at their own unincorporated firms, median income was **\$32,639**. (Source: [ACS](#))
- The total number of banks decreased by **1** between June 2018 and June 2019 to **8** banks. During the same period, the number of banks with assets under \$1 billion decreased by **1** to **3** banks. (Source: [FDIC](#))
- In 2018, Rhode Island lending institutions reporting under the Community Reinvestment Act issued **21,364** loans under \$100,000, a total value of **\$295.3 million**. (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.

Self-Employment Demographics

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

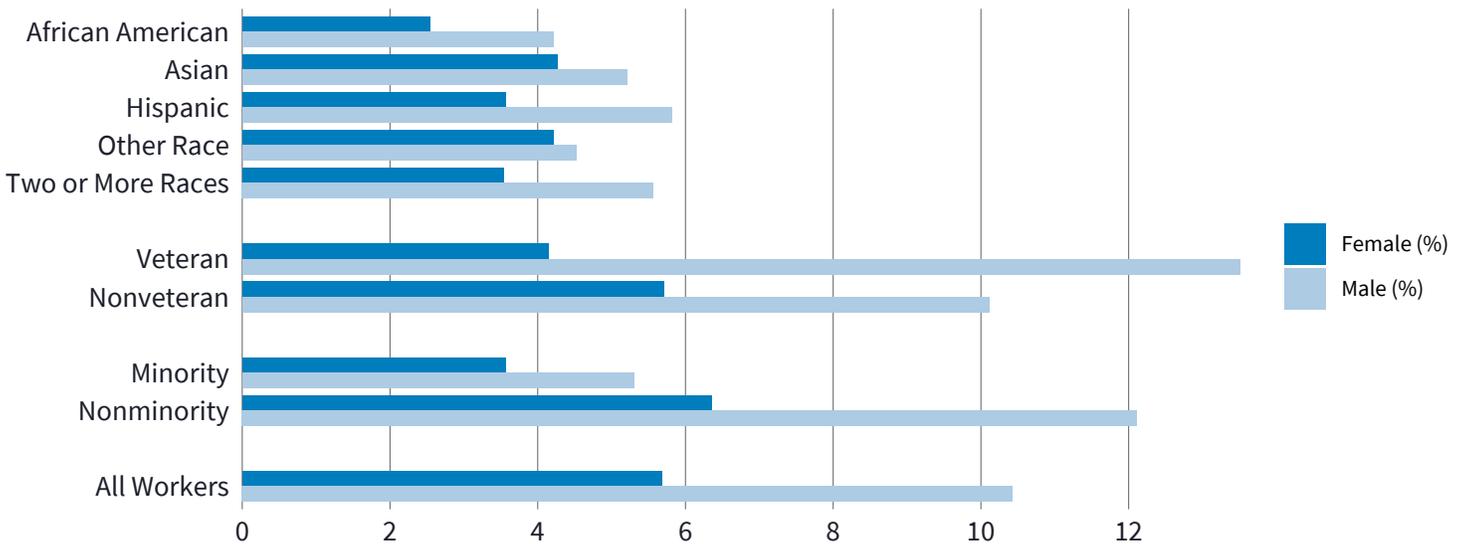
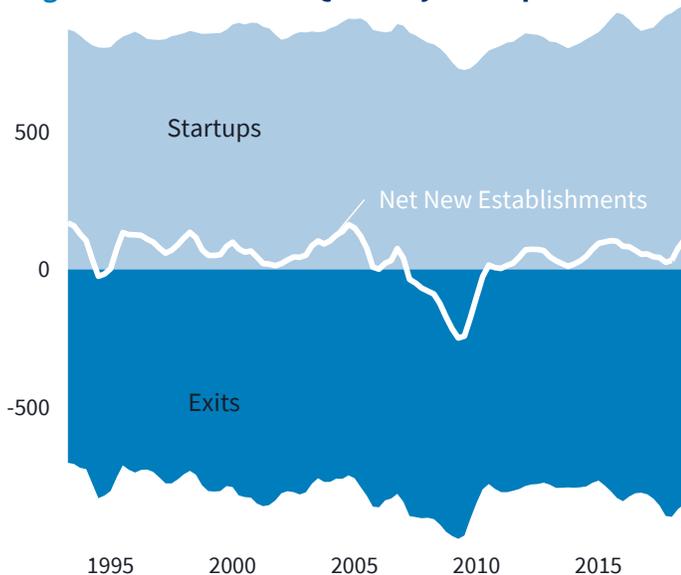


Figure 2 shows the self-employment rate for each demographic group by gender according to the 2018 American Community Survey (ACS). Other Race includes those who selected Alaska Native, American Indian, Native Hawaiian, Pacific Islander, or Some Other Race.

Turnover among Establishments with Employees

Figure 3: Rhode Island Quarterly Startups and Exits



- In the fourth quarter of 2018, **1,010** establishments started up, generating **2,812** new jobs in Rhode Island. Startups are counted when business establishments hire at least one employee for the first time. (Source: [BDM](#))
- In the same period, **874** establishments exited, resulting in **2,384** 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 1,896 firms exported goods from Rhode Island in 2018. Of these, 1,635, or 86.2%, were small firms, which generated 60.5% of Rhode Island's \$2.2 billion in total exports. (Source: ITA)

Small Business Employment by Industry and Self-Employment by County

Table 1: Rhode Island Employment by Industry, 2017

Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Health Care and Social Assistance	42,022	87,348	48.1
Accommodation and Food Services	37,054	51,332	72.2
Manufacturing	23,346	38,800	60.2
Retail Trade	18,050	49,329	36.6
Construction	17,366	18,492	93.9
Professional, Scientific, and Technical Services	16,689	24,187	69.0
Other Services (except Public Administration)	15,902	17,641	90.1
Administrative, Support, and Waste Management	13,358	24,057	55.5
Wholesale Trade	12,392	21,623	57.3
Educational Services	6,854	30,100	22.8
Finance and Insurance	5,943	25,885	23.0
Arts, Entertainment, and Recreation	5,825	8,823	66.0
Transportation and Warehousing	4,871	11,021	44.2
Real Estate and Rental and Leasing	3,835	5,386	71.2
Information	3,031	6,921	43.8
Management of Companies and Enterprises	2,229	13,425	16.6
Agriculture, Forestry, and Fishing and Hunting	162	162	100.0
Utilities	136	1,278	10.6
Mining, Quarrying, and Oil and Gas Extraction	116	137	84.7
Industries Not Classified	31	31	100.0
Total	229,212	435,978	52.6

Figure 4: Rhode Island Self-Employment Rates by County, 2018

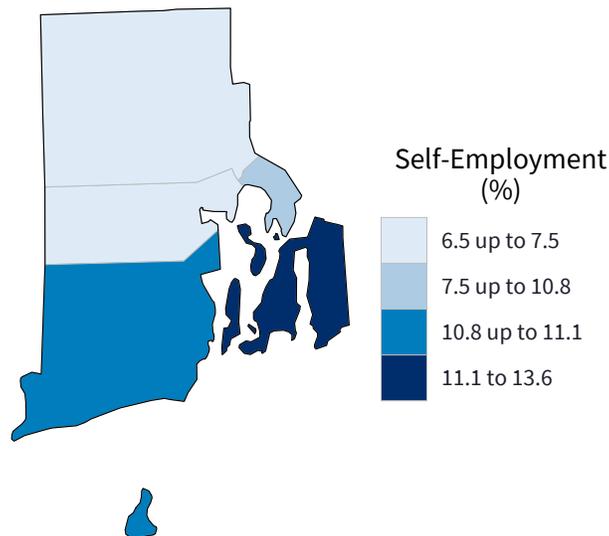


Table 2: Rhode Island Small Businesses by Industry and Firm Size, 2017

Industry	1-19 Employees	1-499 Employees	Nonemployer Firms	Total Small Firms
Professional, Scientific, and Technical Services	2,512	2,736	12,388	15,124
Other Services (except Public Administration)	2,572	2,729	11,462	14,191
Construction	2,994	3,145	8,365	11,510
Real Estate and Rental and Leasing	819	867	10,102	10,969
Retail Trade	2,314	2,544	5,532	8,076
Health Care and Social Assistance	1,737	2,143	5,762	7,905
Administrative, Support, and Waste Management	1,397	1,557	5,544	7,101
Transportation and Warehousing	533	606	5,843	6,449
Arts, Entertainment, and Recreation	431	509	5,355	5,864
Accommodation and Food Services	2,042	2,639	1,066	3,705
Educational Services	255	355	2,977	3,332
Finance and Insurance	587	664	1,938	2,602
Manufacturing	905	1,229	1,123	2,352
Wholesale Trade	825	1,054	1,135	2,189
Agriculture, Forestry, and Fishing and Hunting	45	47	1,213	1,260
Information	202	246	997	1,243
Utilities	10	12	94	106
Mining, Quarrying, and Oil and Gas Extraction	12	13	9	22
Total	20,224	23,081	80,905	103,986

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