

2020 Small Business Profile

Texas

2.8 million Small Businesses
99.8% of Texas Businesses

4.8 million Small Business Employees
45.1% of Texas Employees



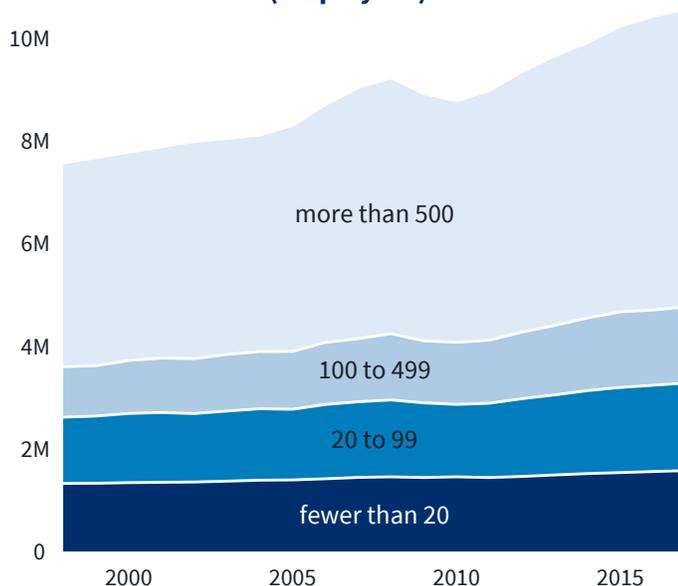
A note on COVID-19: This report uses the most up-to-date government data to present a unique snapshot of small businesses. The BLS employment estimates capture the early stages of the pandemic. All other sources reflect data collected prior to the pandemic.

Overall Economy

- In the fourth quarter of 2019, Texas grew at an annual rate of **2.9%**, which was faster than the overall US growth rate of **2.1%**. Texas' 2019 overall growth rate of **4.4%** was up from the 2018 rate of **4.0%**. (Source: [BEA](#))
- In April 2020, the unemployment rate was **12.8%**, up from **3.5%** in April 2019. This was below the April 2020 national unemployment rate of **14.7%**. (Source: [CPS](#))

Employment

Figure 1: Texas Employment by Business Size (Employees)



- Texas small businesses employed **4.8 million** people, or **45.1%** of the private workforce, in 2017. (Source: [SUSB](#))
- Firms with 20 to 99 employees have the largest share of small business employment. Figure 1 provides further details on firms with employees. (Source: [SUSB](#))
- Private-sector employment decreased **10.2%** during the 12-month period ending in April 2020. This was below the increase of **2.7%** during the prior 12-month period. (Source: [CES](#))
- The number of proprietors increased in 2018 by **3.0%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **227,487** net jobs in 2019. Firms employing fewer than 20 employees experienced the largest gains, adding **118,889** net jobs. The smallest gains were in firms employing 100 to 499 employees, which added **49,674** 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 **\$53,686** in 2018. For self-employed individuals at their own unincorporated firms, median income was **\$26,084**. (Source: [ACS](#))
- The total number of banks decreased by **19** between June 2018 and June 2019 to **429** banks. During the same period, the number of banks with assets under \$1 billion decreased by **18** to **367** banks. (Source: [FDIC](#))
- In 2018, Texas lending institutions reporting under the Community Reinvestment Act issued **555,395** loans under \$100,000, a total value of **\$8.8 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.

Self-Employment Demographics

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

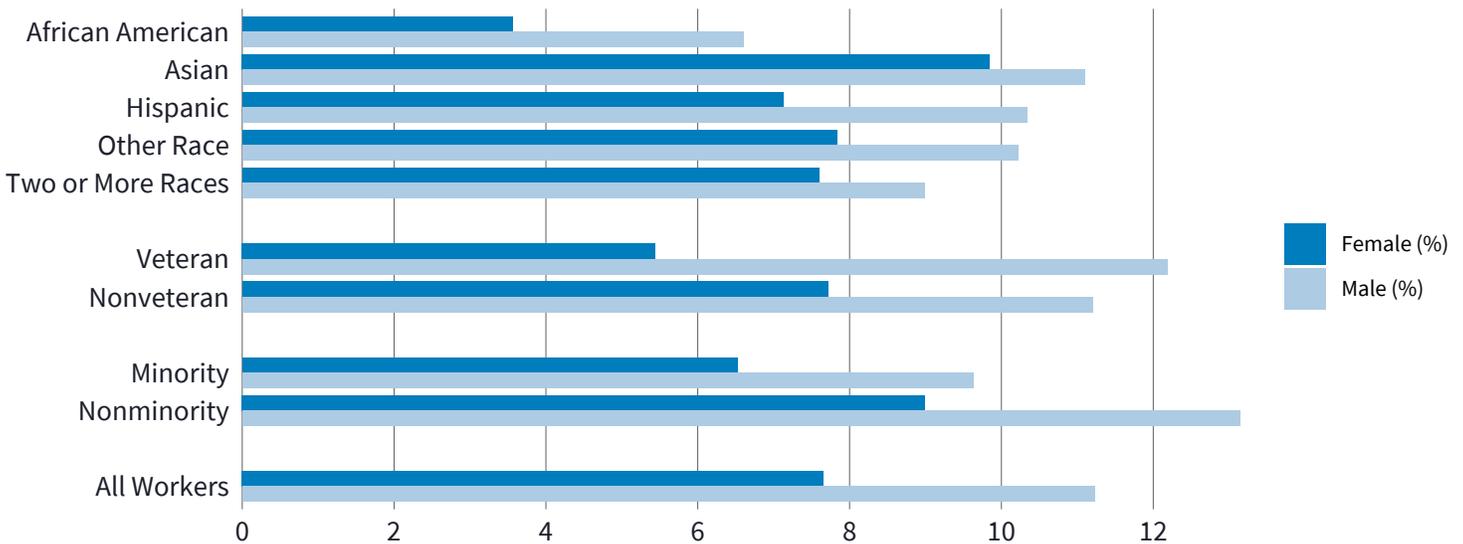
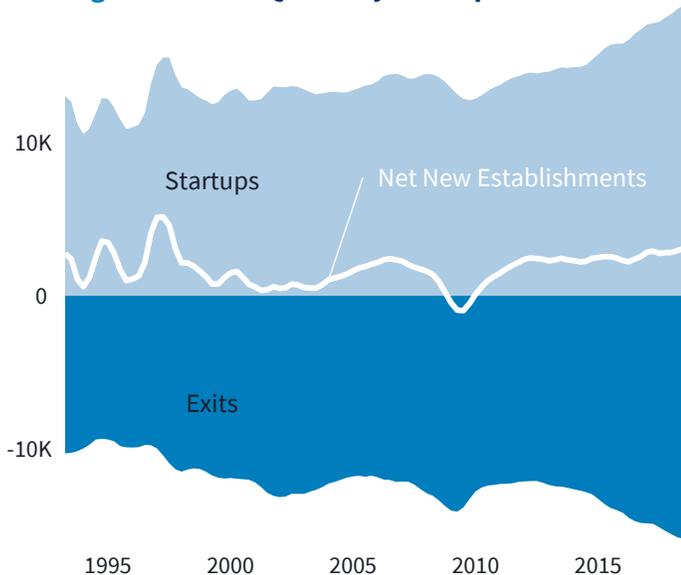


Figure 2 shows the self-employment rate for each demographic group by gender according to the 2018 American Community Survey (ACS). Other Race includes those who selected Alaska Native, American Indian, Native Hawaiian, Pacific Islander, or Some Other Race.

Turnover among Establishments with Employees

Figure 3: Texas Quarterly Startups and Exits



- In the fourth quarter of 2018, **18,663** establishments started up, generating **75,707** 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, **15,827** establishments exited, resulting in **64,824** 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 40,932 firms exported goods from Texas in 2018. Of these, 37,888, or 92.6%, were small firms, which generated 36.3% of Texas' \$287.1 billion in total exports. (Source: ITA)

Small Business Employment by Industry and Self-Employment by County

Table 1: Texas Employment by Industry, 2017

|  Industry |  Small Business Employment |  Total Private Employment |  Small Business Employment Share |
|---|---|--|---|
| Health Care and Social Assistance | 712,070 | 1,527,228 | 46.6 |
| Accommodation and Food Services | 664,705 | 1,208,331 | 55.0 |
| Construction | 471,610 | 704,666 | 66.9 |
| Professional, Scientific, and Technical Services | 407,336 | 724,464 | 56.2 |
| Retail Trade | 390,102 | 1,294,394 | 30.1 |
| Other Services (except Public Administration) | 373,116 | 455,311 | 81.9 |
| Administrative, Support, and Waste Management | 329,907 | 978,622 | 33.7 |
| Manufacturing | 321,736 | 773,920 | 41.6 |
| Wholesale Trade | 270,887 | 516,404 | 52.5 |
| Finance and Insurance | 162,153 | 539,597 | 30.1 |
| Transportation and Warehousing | 148,568 | 468,857 | 31.7 |
| Real Estate and Rental and Leasing | 120,519 | 199,470 | 60.4 |
| Educational Services | 102,166 | 197,024 | 51.9 |
| Mining, Quarrying, and Oil and Gas Extraction | 87,132 | 203,066 | 42.9 |
| Arts, Entertainment, and Recreation | 83,728 | 152,605 | 54.9 |
| Information | 64,283 | 248,484 | 25.9 |
| Management of Companies and Enterprises | 36,683 | 323,961 | 11.3 |
| Utilities | 15,039 | 55,550 | 27.1 |
| Agriculture, Forestry, and Fishing and Hunting | 6,352 | 7,360 | 86.3 |
| Industries Not Classified | 846 | 846 | 100.0 |
| Total | 4,768,938 | 10,580,160 | 45.1 |

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

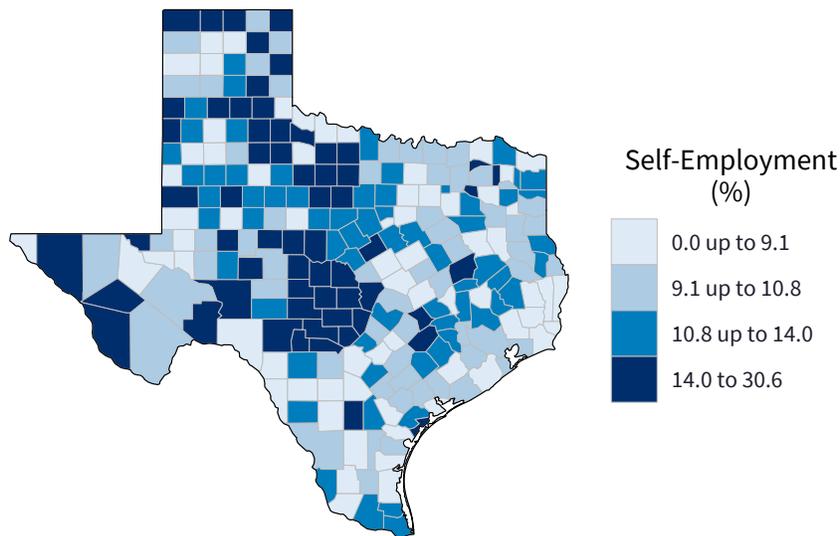


Table 2: Texas Small Businesses by Industry and Firm Size, 2017

| Industry | 1-19 Employees | 1-499 Employees | Nonemployer Firms | Total Small Firms |
|--|----------------|-----------------|-------------------|-------------------|
| Other Services (except Public Administration) | 42,989 | 47,175 | 352,778 | 399,953 |
| Professional, Scientific, and Technical Services | 57,712 | 62,394 | 292,053 | 354,447 |
| Construction | 38,215 | 43,530 | 302,019 | 345,549 |
| Administrative, Support, and Waste Management | 19,526 | 23,175 | 249,258 | 272,433 |
| Retail Trade | 41,417 | 45,468 | 196,455 | 241,923 |
| Real Estate and Rental and Leasing | 21,067 | 22,325 | 205,242 | 227,567 |
| Transportation and Warehousing | 12,582 | 14,605 | 210,237 | 224,842 |
| Health Care and Social Assistance | 46,155 | 53,507 | 160,204 | 213,711 |
| Arts, Entertainment, and Recreation | 5,706 | 6,692 | 98,383 | 105,075 |
| Finance and Insurance | 18,185 | 19,819 | 72,700 | 92,519 |
| Accommodation and Food Services | 28,622 | 38,663 | 48,107 | 86,770 |
| Educational Services | 5,178 | 6,407 | 58,522 | 64,929 |
| Wholesale Trade | 20,071 | 24,155 | 34,291 | 58,446 |
| Manufacturing | 12,309 | 16,558 | 34,111 | 50,669 |
| Mining, Quarrying, and Oil and Gas Extraction | 5,031 | 6,108 | 35,053 | 41,161 |
| Information | 4,012 | 4,853 | 25,720 | 30,573 |
| Agriculture, Forestry, and Fishing and Hunting | 1,017 | 1,085 | 22,269 | 23,354 |
| Utilities | 765 | 920 | 1,865 | 2,785 |
| Total | 381,112 | 436,546 | 2,399,267 | 2,835,813 |

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