

# SMALL BUSINESS PROFILE

U.S. SMALL BUSINESS ADMINISTRATION

## OFFICE OF ADVOCACY

REGULATION • RESEARCH • OUTREACH

### IOWA



**264,384**  
97.1%  
Small Businesses  
of Iowa Businesses

**633,270**  
48.5%  
Small Business Employees  
of Iowa Employees

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**EMPLOYMENT**  
**3,906**  
net new jobs<sup>1</sup>

**DIVERSITY**  
**80.9%**  
increase in minority  
ownership<sup>2</sup>

**TRADE**  
**83.2%**  
of Iowa exporters<sup>3</sup>

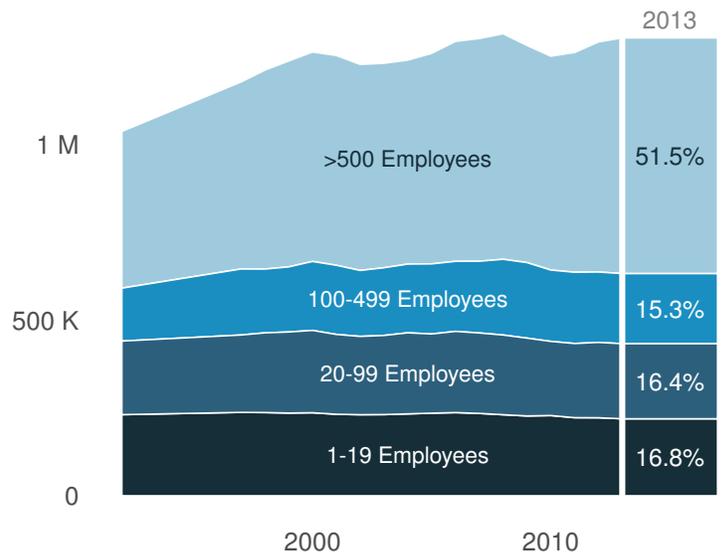
### OVERALL IOWA ECONOMY

- In the third quarter of 2015, Iowa grew at an annual rate of 6.4% which was faster than the overall US growth rate of 1.9%. By comparison, Iowa's 2014 growth of 3.2% was unchanged from the 2013 level of 3.2%. (Source: BEA)
- The employment situation in Iowa improved. At the close of 2015, unemployment was 3.5%, down from 3.9% at the close of 2014. This was below the national unemployment rate of 5.0%. (Source: CPS)

### EMPLOYMENT

- Iowa small businesses employed 633,270 people, or 48.5% of the private workforce, in 2013. (Source: SUBS)
- Firms with fewer than 100 employees have the largest share of small business employment. See Figure 1 for further details on firms with employees. (Source: SUBS)
- Private-sector employment increased 2.1% in 2015. This was above the previous year's increase of 1.5%. (Source: CES)
- The number of proprietors increased in 2014 by 0.8% relative to the previous year. (Source: BEA)
- Small businesses created 3,906 net jobs in 2013. Among the seven BDS size-classes, firms employing 250 to 499 employees experienced the largest gains, adding 4,251 net jobs. The largest losses were in firms employing 1 to 4 employees which lost 2,284 net jobs. (Source: BDS)

Figure 1: Iowa Employment by Firm Size



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 as firms employing fewer than 500 employees.** Hyperlinks to data sources and report generation information are provided in Table 3.

<sup>1,3</sup> Net small business jobs change and exporter share are based on newly released 2013 BDS and 2012 ITA data.

<sup>2</sup> Diversity statistic tracks changes between 2007 and 2012 based on the Survey of Business Owners (SBO) 2015 release.

## INCOME AND FINANCE

- The number of banks reported in the Call Reports between June 2014 and June 2015 declined. (Source: FDIC)
- In 2014, 37,562 loans under \$100,000 (and valued at \$556.5 million) were issued by Iowa lending institutions reporting under the Community Reinvestment Act. (Source: FFIEC)
- The median income<sup>4</sup> for individuals who were self-employed at their own incorporated businesses was \$44,180 in 2014. For individuals self-employed at their own unincorporated firms, this figure was \$25,022. (Source: ACS)

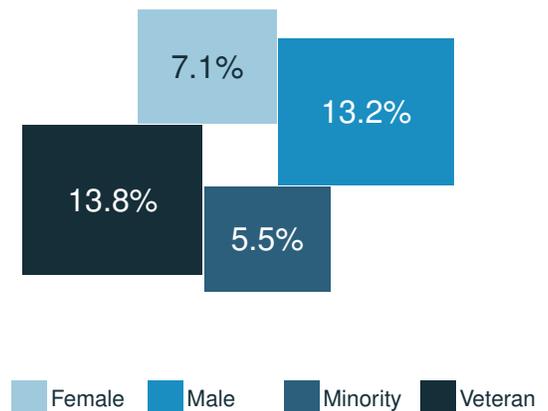
<sup>4</sup> Median income represents earnings from all sources. Unincorporated self-employment income includes unpaid family workers, a very small percent of the unincorporated self-employed.

## BUSINESS OWNER DEMOGRAPHICS

Figure 2: Iowa Changes in Business Ownership by Demographic Group

African American-owned	●	124.6%
Asian-owned	●	52.1%
Hawaiian/Pacific Islander-owned	○	-43.3%
Hispanic-owned	●	91.2%
Native American/Alaskan-owned	●	75.0%
Minority-owned	●	80.9%
Nonminority-owned	○	-1.1%

Figure 3: Iowa Self-Employment within Demographic Group

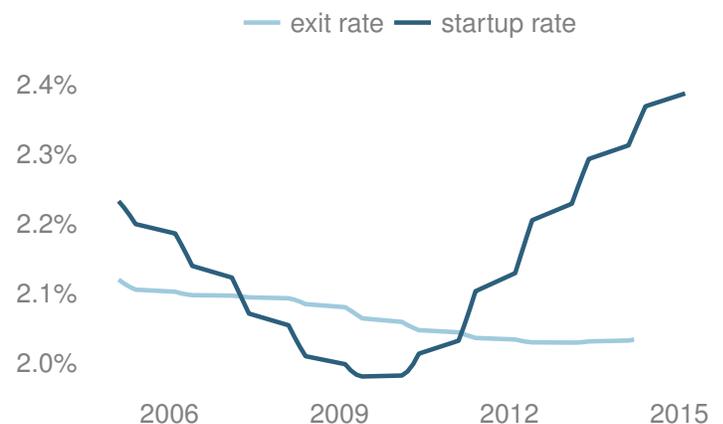


- Figure 2 displays the change in overall firm ownership for each demographic group from 2007 to 2012 based on the Survey of Business Owners (SBO) for Iowa, released in December 2015.
- Figure 3 displays the percent of each demographic group identified as self-employed according to the 2014 American Community Survey (ACS) 5-year estimates.

## BUSINESS TURNOVER

- In the second quarter of 2014, 1,847 establishments started up<sup>5</sup> in Iowa and 1,801 exited.<sup>6</sup> Startups generated 7,054 new jobs while exits caused 7,178 job losses. (Source: BDM)
- Figure 4 displays startup and exit rates from 2005 to 2015. Each series is smoothed across multiple quarters to highlight long-run trends. (Source: BDM)

Figure 4: Iowa Private Startup and Exit Rates



<sup>5</sup> **STARTUPS** are counted when business establishments hire at least one employee for the first time. The BLS terms these **births**, as distinct from the BLS **openings** category which includes seasonal re-openings.

<sup>6</sup> **EXITS** occur when establishments go from having at least one employee to having none, and then remain closed for at least a year. The BLS terms these events **deaths**, as distinct from the **closings** category which includes seasonal shutterings.

- A total of 3,420 companies exported goods from Iowa in 2013. Among these, 2,845, or 83.2%, were small firms; they generated 19.1% of Iowa's total known export value. (Source: ITA)

## SMALL BUSINESSES BY INDUSTRY

Table 1: Iowa Small Firms by Industry, 2013  
(sorted by small employer firms)

				
Industry	1 – 499 Employees	1 – 19 Employees	Nonemployer Firms	Total Small Firms
Other Services (except Public Administration)	8,417	8,004	30,778	39,195
Construction	8,289	7,761	25,926	34,215
Retail Trade	7,230	6,389	22,655	29,885
Professional, Scientific, and Technical Services	5,624	5,193	19,930	25,554
Accommodation and Food Services	5,514	4,330	2,670	8,184
Health Care and Social Assistance	5,428	4,301	20,806	26,234
Finance and Insurance	3,349	2,988	7,821	11,170
Wholesale Trade	3,074	2,299	3,170	6,244
Transportation and Warehousing	2,962	2,672	10,172	13,134
Administrative, Support, and Waste Management	2,951	2,652	13,925	16,876
Manufacturing	2,743	1,893	3,002	5,745
Real Estate and Rental and Leasing	2,150	2,017	22,038	24,188
Arts, Entertainment, and Recreation	1,399	1,238	9,135	10,534
Information	747	615	2,149	2,896
Educational Services	637	494	4,234	4,871
Agriculture, Forestry, Fishing and Hunting	306	287	5,099	5,405
Utilities	77	41	213	290
Mining, Quarrying, and Oil and Gas Extraction	60	41	40	100
<b>Total</b>	<b>60,957</b>	<b>53,215</b>	<b>203,763</b>	<b>264,720</b>

Totals for Tables 1 and 2 differ from SUSB's statewide tallies due to firms with establishments in more than one industry and the omission of industry classifications not reported by NES. (Source: NES and SUSB)

s Indicates samples deemed too small to represent the population according to SUSB.

Table 2: Iowa Employment by Industry and Firm Size, 2013  
(sorted by small firm employment)

Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Health Care and Social Assistance	112,310	215,820	52.0%
Accommodation and Food Services	79,298	115,365	68.7%
Manufacturing	68,823	208,190	33.1%
Retail Trade	64,671	178,668	36.2%
Construction	51,481	56,983	90.3%
Other Services (except Public Administration)	46,094	49,910	92.4%
Wholesale Trade	44,411	66,659	66.6%
Professional, Scientific, and Technical Services	33,526	49,897	67.2%
Finance and Insurance	32,132	91,984	34.9%
Administrative, Support, and Waste Management	24,484	75,407	32.5%
Transportation and Warehousing	20,954	55,443	37.8%
Arts, Entertainment, and Recreation	13,890	20,346	68.3%
Educational Services	12,625	46,470	27.2%
Information	10,078	30,432	33.1%
Real Estate and Rental and Leasing	9,146	12,298	74.4%
Agriculture, Forestry, Fishing and Hunting	1,871	2,526	74.1%
Utilities	1,698	7,913	21.5%
Mining, Quarrying, and Oil and Gas Extraction	1,308	1,904	68.7%
<b>Total</b>	<b>628,800</b>	<b>1,286,215</b>	<b>48.9%</b>

Figure 5: Iowa County-Level Job Changes, 2015  
(CEW)

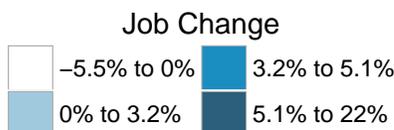
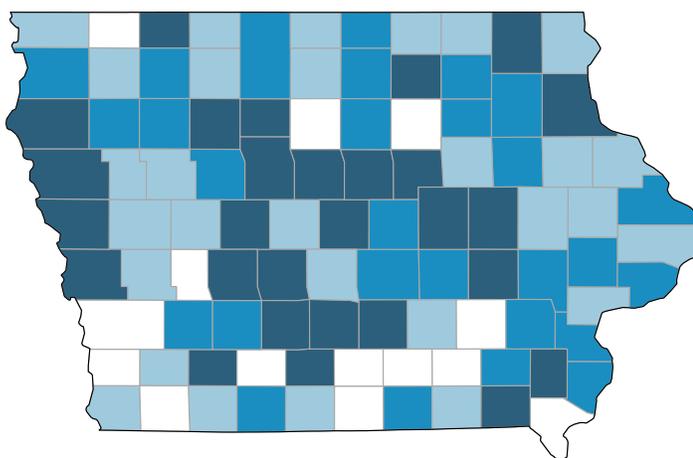


Table 3: Abbreviations and Resources

ACS	American Community Survey, US Census Bureau
BEA	Bureau of Economic Analysis
BDM	Business Employment Dynamics, BLS
BDS	Business Dynamics Statistics, US Census Bureau
BLS	Bureau of Labor Statistics, US Department of Labor
CES	Current Employment Statistics, BLS
CEW	Census of Employment and Wages, BLS
CPS	Current Population Survey, BLS
FDIC	Federal Deposit Insurance Corporation
FFIEC	Federal Financial Institutions Examination Council
ITA	International Trade Administration
NES	Nonemployer Statistics, US Census Bureau
SBO	Survey of Business Owners, US Census Bureau
SUSB	Statistics of US Businesses, US Census Bureau

All profiles, source data, methodology notes, and county-level employment statistics are available at <http://go.usa.gov/cfKMd>

