

SMALL BUSINESS PROFILE

U.S. SMALL BUSINESS ADMINISTRATION

OFFICE OF ADVOCACY

REGULATION • RESEARCH • OUTREACH

TEXAS



2.4 million
98.6%

Small Businesses
of Texas Businesses

4.4 million
45.6%

Small Business Employees
of Texas Employees



EMPLOYMENT
152,231
net new jobs¹



DIVERSITY
48.0%
increase in minority
ownership²



TRADE
93.2%
of Texas exporters³

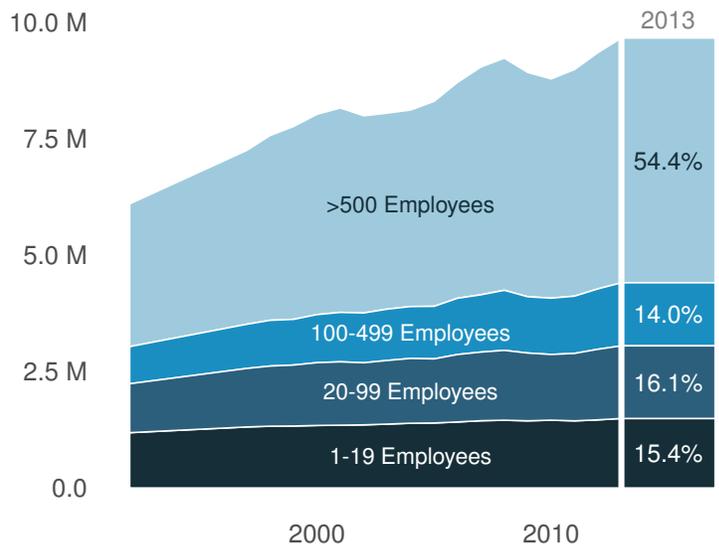
OVERALL TEXAS ECONOMY

- In the third quarter of 2015, Texas grew at an annual rate of 0.1% which was slower than the overall US growth rate of 1.9%. By comparison, Texas's 2014 growth of 5.5% was down from the 2013 level of 7.3%. (Source: BEA)
- At the close of 2015, unemployment was 4.6%, up from 4.5% at the close of 2014. This was below the national unemployment rate of 5.0%. (Source: CPS)

EMPLOYMENT

- Texas small businesses employed 4.4 million people, or 45.6% of the private workforce, in 2013. (Source: SUSB)
- 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: SUSB)
- Private-sector employment increased 1.4% in 2015. This was below the previous year's increase of 4.0%. (Source: CES)
- The number of proprietors increased in 2014 by 1.4% relative to the previous year. (Source: BEA)
- Small businesses created 152,231 net jobs in 2013. Among the seven BDS size-classes, firms employing 100 to 249 employees experienced the largest gains, adding 30,166 net jobs. The smallest gains were in firms employing 5 to 9 employees which added 15,618 net jobs. (Source: BDS)

Figure 1: Texas 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.

^{1,3} Net small business jobs change and exporter share are based on newly released 2013 BDS and 2012 ITA data.

² 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, 421,254 loans under \$100,000 (and valued at \$6.2 billion) were issued by Texas lending institutions reporting under the Community Reinvestment Act. (Source: FFIEC)
- The median income⁴ for individuals who were self-employed at their own incorporated businesses was \$51,624 in 2014. For individuals self-employed at their own unincorporated firms, this figure was \$21,803. (Source: ACS)

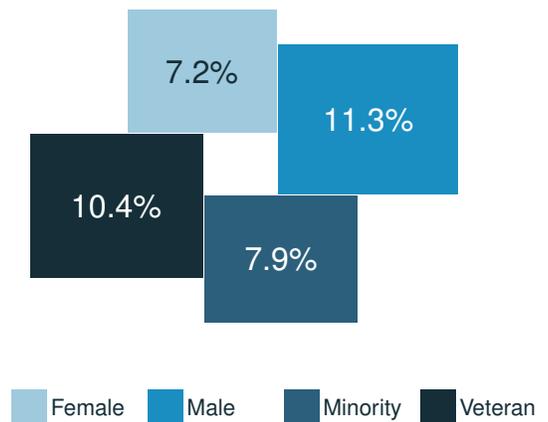
⁴ Median income represents earnings from all sources. Unincorporated self-employment income includes unpaid family workers, a very small percent of the unincorporated self-employed.

BUSINESS OWNER DEMOGRAPHICS

Figure 2: Texas Changes in Business Ownership by Demographic Group

African American-owned	●	40.9%
Asian-owned	●	36.3%
Hawaiian/Pacific Islander-owned	●	85.6%
Hispanic-owned	●	53.6%
Native American/Alaskan-owned	●	16.8%
Minority-owned	●	48.0%
Nonminority-owned	○	-8.7%

Figure 3: Texas Self-Employment within Demographic Group

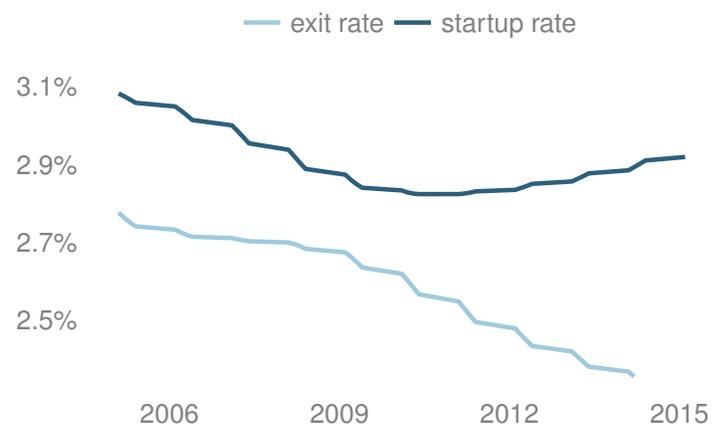


- Figure 2 displays the change in overall firm ownership for each demographic group from 2007 to 2012 based on the Survey of Business Owners (SBO) for Texas, released in December 2015.
- Figure 3 displays the percent of each demographic group identified as self-employed according to the 2014 American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

BUSINESS TURNOVER

- In the second quarter of 2014, 14,990 establishments started up⁵ in Texas and 13,100 exited.⁶ Startups generated 62,607 new jobs while exits caused 51,770 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: Texas Private Startup and Exit Rates



⁵ **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.

⁶ **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 41,558 companies exported goods from Texas in 2013. Among these, 38,735, or 93.2%, were small firms; they generated 34.9% of Texas's total known export value. (Source: ITA)

SMALL BUSINESSES BY INDUSTRY

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

				
Industry	1 – 499 Employees	1 – 19 Employees	Nonemployer Firms	Total Small Firms
Professional, Scientific, and Technical Services	57,781	53,529	257,225	315,006
Health Care and Social Assistance	50,305	43,720	152,725	203,030
Other Services (except Public Administration)	44,319	40,477	310,339	354,658
Retail Trade	44,292	40,454	171,486	215,778
Construction	38,182	33,622	258,109	296,291
Accommodation and Food Services	33,979	25,697	38,199	72,178
Wholesale Trade	24,498	20,328	34,462	58,960
Administrative, Support, and Waste Management	21,404	18,043	220,392	241,796
Real Estate and Rental and Leasing	19,323	18,096	167,731	187,054
Finance and Insurance	18,765	17,113	69,614	88,379
Manufacturing	16,520	12,241	32,327	48,847
Transportation and Warehousing	12,835	10,971	113,168	126,003
Mining, Quarrying, and Oil and Gas Extraction	6,842	5,645	38,541	45,383
Arts, Entertainment, and Recreation	5,732	4,891	83,735	89,467
Educational Services	5,584	4,457	46,601	52,185
Information	4,183	3,412	23,072	27,255
Agriculture, Forestry, Fishing and Hunting	1,011	949	19,435	20,446
Utilities	917	779	2,571	3,488
Total	406,472	354,424	2,039,732	2,446,204

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: Texas 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	652,108	1,360,812	47.9%
Accommodation and Food Services	560,550	1,021,740	54.9%
Construction	402,297	587,842	68.4%
Professional, Scientific, and Technical Services	376,994	647,105	58.3%
Retail Trade	371,004	1,206,760	30.7%
Other Services (except Public Administration)	356,100	431,924	82.4%
Manufacturing	336,496	789,812	42.6%
Administrative, Support, and Waste Management	311,879	945,320	33.0%
Wholesale Trade	271,583	500,704	54.2%
Finance and Insurance	154,933	491,299	31.5%
Transportation and Warehousing	137,630	390,221	35.3%
Real Estate and Rental and Leasing	110,769	176,674	62.7%
Mining, Quarrying, and Oil and Gas Extraction	95,550	234,893	40.7%
Educational Services	91,587	172,075	53.2%
Arts, Entertainment, and Recreation	72,914	124,710	58.5%
Information	54,378	226,590	24.0%
Utilities	13,117	50,050	26.2%
Agriculture, Forestry, Fishing and Hunting	5,932	6,706	88.5%
Total	4,375,821	9,365,237	46.7%

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

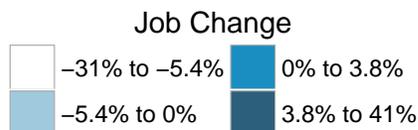
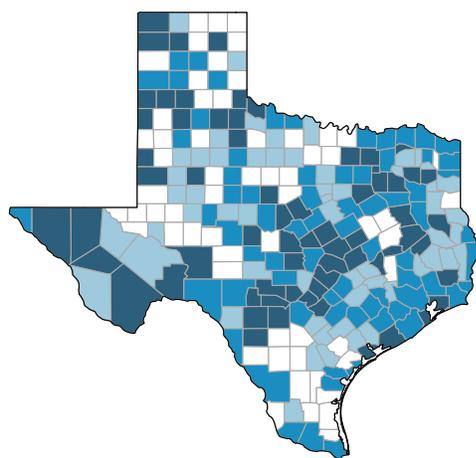


Table 3: Abbreviations and Resources

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>

