

Small Business Profile: TEXAS

Small businesses make a significant contribution to the U.S. economy, and in 2003, they were the engine of Texas's economic performance. Nationally, half of U.S. non-farm private output and employment is generated by small firms with 500 or fewer employees; in Texas, small business owners—including women, minorities, and home based individuals—were leaders in the state's economy in 2003. The Office of Advocacy's *Small Business Profile* reports on small businesses in the state using the most currently available data.

Number of Businesses. The estimated total number of small businesses in Texas in 2003 was 1,712,700.¹ Of the 398,928 employer firms in 2003, 98.6 percent or an estimated 393,300 were small firms. The estimated number of employer businesses increased by 1.2 percent in 2003. The most recent data available show that non-employer businesses numbered 1,319,388 in 2001. Self-employment increased by 7.8 percent, from 826,814 in 2002 to 891,016 in 2003. (Source: U.S. Dept. of Labor, Employment and Training Administration; U.S. Dept. of Commerce, Census Bureau; U.S. Dept. of Labor, Bureau of Labor Statistics.)

Women-Owned Businesses. Self-employment by women increased by 6.1 percent, from 278,538 in 2002 to 295,559 in 2003 and represented 33 percent of self-employed persons in the state. Women-owned businesses generated \$65.1 billion in revenues, employed 548,756 workers, and constituted 381,500 firms or 25 percent of all firms in 1997. (Sources: U.S. Dept. of Labor, Bureau of Labor Statistics; U.S. Dept. of Commerce, Census Bureau.)

Minority-Owned Businesses. In 1997, 19.6 percent or 71,500 of the minority-owned businesses in the state were employer firms, and they generated 86.5 percent of the total minority-owned business revenue of \$67.4 billion. There were 240,400 Hispanic-owned businesses; 60,400 Black-owned businesses; 60,200 Asian and Pacific Islander-owned businesses; and 15,700 American Indian and Alaskan Native-owned businesses in 1997. (Source: U.S. Dept. of Commerce, Census Bureau.)

¹ The Office of Advocacy's estimate of the total number of state small businesses is based on the percent of small businesses (2001 Census Bureau firm size data) multiplied by the total number of employer businesses in 2003 (Dept. of Labor). To this total, we add the 2001 number of non-employer firms (Census Bureau).

Business Turnover. The estimated number of new employer businesses was 52,677 in 2003, which is 2.5 percent less than the previous year. Business bankruptcies increased by 5.3 percent, and totaled 3,153 in 2003. Business terminations decreased by 4.6 percent and numbered 55,461 in 2003. (Source: U.S. Dept. of Labor, Employment and Training Administration; Administrative Office of the U.S. Courts; U.S. Dept. of Commerce, Census Bureau.)

Employment. Small businesses with fewer than 500 employees numbered 364,263 in 2001 and employed 3,770,740 people or 46.2 percent of the state's non-farm private workforce (Table 1).² Total net employment gain in the state amounted to 128,799 between 2000 and 2001, and 138,290 jobs were created in MSAs (metropolitan statistical areas). During the same time period, firms with fewer than 20 employees gained 105,065 jobs. (Source: U.S. Dept. of Commerce, Census Bureau, Statistics of U.S. Businesses. Note: Urban (MSA) and rural (non-MSA) employment data is available at: www.sba.gov/advo/stats/data.html.)

Small Business Income. Small business proprietors' income in 2003 increased by 6.4 percent, from \$90.4 billion in 2002 to \$96.2 billion in 2003. (Source: U.S. Dept. of Commerce.)

Finance. Small firms typically use commercial bank lenders and rely on local bank services. Over the last five years there has been a gradual decline in the number of banks in Texas (Table 3). The Office of Advocacy has identified banks in each state that make the most loans to small businesses. This information is available in its banking studies available at www.sba.gov/advo/stats.

To learn more about the Office of Advocacy's research, data, and analyses of small businesses, visit www.sba.gov/advo, call (202) 205-6533 or email advocacy@sba.gov.

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² The number of employers listed in Table 1 is not directly comparable to the figures listed in the *Number of Businesses* section due to different data sources.

Table 1. Firms and Employment in Texas by Industry and Firm Size, 2001 (Thousands)

Industry	Non-employer Firms	Employer Firms			Employment		
		Total	< 100	< 500	Total	< 100	< 500
Total	1,319.39	369.33	356.59	364.26	8,161.32	2,708.80	3,770.74
Agriculture, forestry, fishing, and hunting	16.93	1.27	1.25	1.26	8.87	6.49	7.98
Mining	30.37	5.48	5.24	5.35	115.83	37.02	50.98
Utilities	1.22	1.03	0.94	0.97	47.13	6.64	10.46
Construction	193.47	37.26	36.46	37.04	523.12	291.15	386.42
Manufacturing	21.15	19.24	17.08	18.19	948.28	219.25	367.53
Wholesale trade	29.13	25.75	23.58	24.6	456.67	23.58	267.54
Retail trade	136.41	46.94	45.47	46.22	1,049.44	45.47	390.46
Transportation and warehousing	67.13	11.48	10.75	11.11	311.94	10.75	112.17
Information	14.8	4.98	4.45	4.66	268.48	38.36	58.58
Finance and insurance	63.81	17.8	16.96	17.34	407.01	99.37	145.35
Real estate; rental and leasing	117.86	16.56	16.08	16.31	152.55	73.28	152.55
Professional, scientific, and technical services	175.47	46.63	45.34	45.99	479.97	242.26	305.37
Management of companies and enterprises	N/A	2.39	0.96	1.51	253.58	7.04	23.68
Admin., support, waste mngt., and remed., services	94	19.59	18.3	18.99	775.68	18.3	257.26
Educational services	19.71	3.91	3.67	3.82	111.36	41.71	62.06
Health care and social assistance	80.38	37.51	36.38	37.13	950.03	291.86	423.7
Arts, entertainment, and recreation	46.09	4.83	4.66	4.77	89.14	41.78	57.35
Accommodation and food services	19.91	24.12	23.19	23.81	717.95	290.89	394.37
Other services	191.55	43.22	42.52	42.96	399.6	290.97	341.25
Auxiliary, except corp, subsidiary, and regional managing offices	N/A	0.61	0.09	0.23	87.25	0.72	4.04
Unclassified	N/A	4.72	4.72	7.45	7.45	7.45	7.45

*Data suppressed to protect the confidentiality of individual firms.

Source: U.S. Department of Commerce, Census Bureau.

Table 2. Non-farm Establishment Job Gains and Losses by Firm Size, 2000–2001 (Thousands)

	Firm Size (Number of Employees)			
	Total	1–19	1–499	500+
Job Gains:				
New establishments	566.95	138.32	285.07	281.88
Expanding establishments	909.58	228.1	493.51	416.06
Job Losses:				
Downsized establishments	-824.17	-136.05	-384.21	-439.96
Closed establishments	-523.56	-125.3	-266.35	-257.21
Net change in employment	128.8	105.07	128.03	0.77

Source: U.S. Department of Commerce, Bureau of the Census, Statistics of U.S. Businesses, 2001.

Table 3. Number of Banks in Texas by Asset Size, 1995 – 2003

Number of Banks Per Year					Number of Banks by Asset Size, 2003				
1995	2000	2001	2002	2003	Below \$100M	\$100M–\$500M	\$500–\$1B	\$1B–\$10B	Over \$10B
959	735	693	675	662	397	216	28	19	2

Source: U.S. Small Business Administration, Office of Advocacy, from data collected by the Federal Reserve Board.

The full list of small-business-friendly banks can be found on the Office of Advocacy's website at www.sba.gov/advocacy/lending.