



Office of Advocacy

A Voice for Small Business

Small Business Economic Indicators for 2003

A reference guide to the latest data on small business activity, including state and industry data

August 2004

Small Business Economic Indicators was prepared by Brian Headd and edited by Rebecca Krafft. The full text of this report is available on the Office of Advocacy's website, www.sba.gov/advo. Reprints in paper or microfiche are available for purchase from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161.

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Office of Advocacy
U.S. Small Business Administration
Washington, D.C.
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EXECUTIVE SUMMARY

The year 2003 began on a positive note, and important economic indicators advanced throughout the year. Output increased, the stock markets rose, proprietors' income grew, and corporate profits were up. The cautious atmosphere of the two previous years gave way to increased entrepreneurial risk taking. The number of employer firms and self-employed persons increased by 0.3 percent and 3.7 percent, respectively. The only qualification to the year's positive economic news was in employment. The unemployment rate remained at around 6 percent and overall private sector employment declined by 400,000.

The number of new employer firms outnumbered employer terminations by a small percentage. New employer firms dropped 2.8 percent from the previous year, but estimated employer terminations fell 2.5 percent. Business bankruptcies declined 9.1 percent, indicating that fewer closed businesses needed protection from creditors.

Businesses had solid returns as cost increases were held in check and productivity grew. Sole proprietor incomes and corporate profits were up 6.2 percent and 18.3 percent respectively. The compensation cost index (an indicator of labor costs) rose 4 percent, while the prime rate (an indicator of the cost of capital) fell by 11.8 percent. Productivity rose 4.5 percent.

The outlook for future small business expansion was positive at the end of 2003. Banks began relaxing lending standards in late 2003 for the first time since 1998, and the demand for small business loans halted its decline. The National Federation of Independent Business' index of small business optimism was at its highest level since January 2000. This index gauges how many businesses view the coming three months as a good time to expand.

INTRODUCTION

Running a small business is not for the faint of heart. In addition to working long work weeks, small business owners must overcome financing hurdles, regulatory requirements, and other challenges to successfully compete in their industries. Because the bar is set high, small business owners' efforts, ingenuity, and inventiveness profoundly affect the economy overall, making it more productive and competitive. Small businesses play several key roles in the economy.¹ For large businesses, small businesses represent the stock from which they grew, and whence their next competitor will emerge. To individuals in the labor market, small businesses are often a first job, an entry into the working world. They are often an individual's entry into the world of business too, as employees set out on their own to start their own businesses. To the overall economy, small businesses are a method of launching new ideas and incorporating new processes which propel the economy's evolution by bringing about more efficient uses of resources.

In statistical terms, small firms represent about 99 percent of employers, employ about half of the private sector workforce, and generate between two-thirds and three-quarters of the net new jobs. While small firms contribute substantially to the growth of the economy, the number of small firms does not change dramatically over time. The steady level represents an equilibrium which results from a constant churning, as new firms are born, small firms grow into large firms, and large ones contract into small firms or disappear.²

SMALL BUSINESS IN THE YEAR 2003

By the end of 2003, the U.S. economy had surged out of the recession of 2001. At year's end, employment growth remained muted and concern continued to grow about the rising cost of health insurance coverage. The economy avoided a return trip into recession, as real output rose 3.1 percent in 2003, following on 2.2 percent growth in 2002. Businesses benefited from the economic rebound, as proprietors' income rose 5.6 percent and corporate profits rose 18.3 percent. These increasing business returns were the combined effect of an accelerating economy and subdued cost increases. The wage and

¹ The Office of Advocacy often defines a small firm as one with fewer than 500 employees. Precise size definitions vary by industry and are available from SBA's Office of Size Standards (www.sba.gov/size).

² Some large firms do shrink into small firms during a recession and then grow back into large firms; this is a relatively rare occurrence, however.

salary index rose 3 percent, the producer price index rose 3.2 percent, and interest rates continued to decline. Nevertheless, the employee benefits cost index rose 6.4 percent, a significant one-year increase.

Small businesses played a role in the 2003 economic rebound. However, data distinguishing growth by size of firm is only available with a lag of a few years, making it difficult to pinpoint their exact contribution. In place of specific data, proxy indicators can be used to demonstrate small businesses' resilience throughout the downturn.³ Since only 17,000 firms out of the U.S. total of 5.7 million firms have 500 or more employees, it is apparent that more than 99 percent of businesses are small. Indicators based on the number of firms reveal trends among small businesses.

The change in business bankruptcies is one indicator of whether the economy is getting the best of the small business or whether the best small businesses keep contributing to the economy. Business bankruptcies declined 9.1 percent in 2003. The change in the number of businesses is another sign of an expanding or declining small business sector. The number of employer firms rose 0.3 percent and the number of self-employed (nonincorporated) rose 3.7 percent in 2003. So the proxy data indicates small business strength in 2003.

The quarterly indicators listed in Tables I and II show the steadily expanding economic foundation. Output, as measured by real GDP, rose every quarter in 2002 and 2003. Self-employment and NFIB's small business optimism index rose every quarter in 2003. Business bankruptcies fell throughout most of 2003. And even the laggard of the recovery, employment, showed strong signs at the end of 2003. In the fourth quarter of 2003, nonfarm employment rose for the first time in three years, and the unemployment rate declined from its short-term peak reached mid-year.

³ Note that when the economy gained momentum after the previous downturn in the early 1990s, firms with fewer than 500 employees increased their net employment in the first year after the recession, while large firms continued to shrink. And from March 2000 to March 2001, small firms added 1.15 million net new jobs while large firms lost 0.15 million net new jobs.

Table I: Output and Employment, 2001 – 2003

Year	Quarter	Real GDP (Billions of 2000 Dollars)	Nonfarm Employment (Thousands)	Unemploy- ment Rate
2003	4	10,600.1	130,002.0	5.9
	3	10,493.1	129,819.7	6.1
	2	10,288.3	129,877.7	6.1
	1	10,210.4	130,047.3	5.8
2002	4	10,160.8	130,247.7	5.9
	3	10,128.4	130,286.7	5.7
	2	10,045.1	130,388.7	5.8
	1	9,997.9	130,448.3	5.7
2001	4	9,883.6	130,911.0	5.6
	3	9,834.6	131,789.0	4.8
	2	9,866.3	132,186.7	4.4
	1	9,882.2	132,462.3	4.2

Note: Employment is seasonally adjusted.

Source: U.S. Small Business Administration, Office of Advocacy, from data provided by the U.S. Department of Commerce: Bureau of Economic Analysis and U.S. Department of Labor: Bureau of Labor Statistics.

Table II: Small Business Indicators, 2001 – 2003

Year	Quarter	Self- Employment (Thousands)	Business Bankruptcies	NFIB Optimism Index (1986=100)
2003	4	10,485	8,294	104.0
	3	10,312	8,446	100.6
	2	10,185	9,331	100.0
	1	10,009	8,814	99.2
2002	4	10,256	9,500	100.4
	3	10,114	9,433	99.5
	2	9,858	9,695	102.2
	1	9,477	9,775	100.8
2001	4	9,954	10,013	96.3
	3	10,243	9,537	98.5
	2	10,250	10,330	98.4
	1	9,988	10,005	96.5

Note: Self-employment figures are based on seasonally adjusted monthly average of primary self-employed non-incorporated.

Source: U.S. Small Business Administration, Office of Advocacy, from data provided by the U.S. Department of Labor: Bureau of Labor Statistics; Administrative Office of the U.S. Courts; and National Federation of Independent Business.

The Number of Businesses and Turnover

Business participation increased in 2003. Employer firms rose to an estimated 5.7 million, a 0.3 percent increase from the previous year. The unincorporated self-employed, a proxy for non-employer firms, rose by 3.7 percent to 10.7 million.⁴ The number of nonfarm sole proprietors rose 1.9 percent to 18.7 million. This figure does not necessarily indicate the number of businesses, since businesses can file more than one tax return. But the direction of these numbers is a useful indicator.

A comparison of the downturn in 2001 to an earlier one in 1991 reveals that employer firm counts declined in 1991, the year of the downturn, but have not declined since. The count of unincorporated self-employed declined in 1992, the year following the downturn. During the recent downturn, the number of unincorporated self-employed declined in both 2001 and 2002. There are several reasons that may account for the delayed recovery of self-employed in the recent downturn. The labor market was tight going into the downturn of 2001, the unemployment rate didn't peak until two years after the downturn of 2001 (versus a year after the downturn of 1991), and the unemployment rate peaking at a relatively low 6.3 percent (seasonally adjusted). Since self-employment can be an alternative to wage-earning work, it has a tendency to climb when a shortage of jobs exists and declines when jobs are plentiful.

Although the number of employers increased, employer firm births declined 2.8 percent to an estimated 572,900. Employer firm births climbed in the five years following the 1991 downturn. Employer terminations declined 2.3 percent to an estimated 554,800 in 2003. While many observers have expressed concern at the stagnant rate of new firm creation, in fact, the number of employer firms declined from 1996 to 2000, a period of tremendous expansion for the economy. Worries about the impact of the declining number of new employers on the macroeconomy may be unfounded.

Business Bankruptcies

The number of business bankruptcies has declined since 2001 and fell to 35,037 in 2003. (Business bankruptcies are to be distinguished from personal bankruptcies, which rose over this period.) Business bankruptcies have been declining for the past two decades, an unexplained trend. They averaged 66,800 a year in the 1980s, 55,400 in the 1990s and 37,300 so far in the 2000s. For the past fifteen years, business bankruptcies have only increased in recessionary years (by 6,700 in 1991 and 4,600 in 2001) except for slight increases of 2,068 from 1995 to 1997.

Financing

The outlook for small business financing was good/solid by the end of 2003. Interest rates were low, and banks had relaxed lending standards by year's end. The equity markets rose steadily throughout 2003, with the S&P index rising 17 percent and the Nasdaq rising 29 percent. Many new businesses rely on the equity markets, as they contain savings needed for seed capital. The equity markets are also the lifeline for a small number of ventures seeking large infusions of capital to help them grow into large businesses. The growth of the S&P and Nasdaq indexes broke the pattern of declines in place since 2000. Their improvements essentially balanced out the losses of 2002, providing relief from the losses and hope for the future.

Employment Trends

There has been some controversy over the differing trends seen in the nation's two main sources of employment data: the Current Population Survey and Current Employment Statistics (Table III.) Although each measures employment in slightly different ways, their overall trends are expected to be similar.⁵ In 2003, their annual changes diverged by 1.66 million. Some analysts tend to focus on one survey or the other, but a Joint Economic Committee study offers this prudent advice: "Analysts should consider both the household and payroll surveys in trying to understand the employment situation."⁶

Table III: Employment Measures from the Principal Government Surveys, 2000-2003
(Millions of jobs)

Year	Payroll Survey	Year-over-year change	Household Survey	Year-over-year change
2003	129.93	-0.41	137.74	1.25
2002	130.34	-1.48	136.49	-0.45
2001	131.83	0.94	136.93	0.04
2000	131.79	-	136.89	-

Source: U.S. Department of Labor: Bureau of Labor Statistics.

Both measures of employment had one-year change improvements. Although the payroll survey showed decreases in employment every quarter from 2001 to 2003's third quarter, 2003's fourth quarter was

⁴ Non-employers are best measured by the U.S. Census Bureau, but this data is available with a lag of two to three years. See www.sba.gov/advo/stats/data.html or www.census.gov/epcd/nonemployer/.

⁵ Both surveys are conducted by the Bureau of Labor Statistics, but one measures employment by household and one by payroll. It is useful to note that over the long term, disparities in the measures are mitigated and they increased by a similar amount from 1995 to 2003 (14.7 million for the household survey and 15.6 million for the payroll survey).

⁶ "A Tale of Two Employment Surveys," Joint Economic Committee, October 2003, http://jec.senate.gov/_files/TwoSurveysUpdated.pdf.

positive, indicating that employment declines may be ending. Another sign that the labor market woes could be coming to an end was the drop in the unemployment rate from the third to fourth quarter in 2003.

Although the labor market was showing improvement in 2003, job losses from the downturn remain. Total nonfarm private employment dropped to 108.4 million, a decrease of 400,000 from 2002. All of these declines and more were from manufacturing, with this sector losing 734,000 jobs and the other sectors as a whole gained jobs. Manufacturing has been declining in employment since 1999, losing 3 million jobs over this period, but increasing in output over this period. The 2003 employment decline led to a rising unemployment rate, from 5.8 percent to 6.0 percent.

The unemployment rate may have peaked. The National Federation of Independent Business' survey of small business showed its highest percentage of businesses feeling the next three months are a good time to expand since January 2000. Even with the labor market struggling so far in this century, a labor shortage could develop swiftly. The December 2003 unemployment rate was the same as it had been in December 2001 rate, 5.7 percent. At that time, the National Federation of Independent Business's *Small Business Economic Trends* reported that the availability of qualified labor was the single most important problem for small business.

Insurance—A Continuing Small Business Challenge in 2003

Rising health care costs plagued small businesses in 2002, and the trend continued in 2003. Small businesses started 2003 citing the cost and availability of insurance (mainly health) as their largest problem. By the end of the year, the highest percentage of businesses ever responding to the survey listed this category as their largest problem.⁷

A survey by the Kaiser Family Foundation and Health Research and Educational Trust found that insurance rates for small firms rose 15.5 percent in 2003.⁸ In response, more small firms are no longer offering health benefits or are charging employees a higher share of the cost. The percentage of small firms providing health insurance coverage to their employees fell from 71 percent in 1999 to 65 percent in 2003.

⁷ National Federation of Independent Business, *Small Business Economic Trends*, January 2004, www.nfib.com/object/4147629.html.

⁸ *Employer Health Benefits, 2003 Annual Survey*, Kaiser Family Foundation and Health Research and Educational Trust, 2003, www.kff.org/insurance/ehbs2003-abstract.cfm. (The survey defined small businesses as having between 3 and 199 workers.)

Conclusion

U.S. economic performance in 2003 assuaged fears that the economy would slip into an echo recession following the downturn of 2001. Output increased 3.1 percent in real terms in 2003, following on a 2.2 percent increase in 2002. To achieve these output gains, cautious businesses squeezed existing resources for productivity gains instead of increasing hiring. The unemployment rate climbed from 5.8 percent in 2002 to 6.0 percent in 2003. With proprietors' income up, corporate profits up, interest rates low, financing available and productivity gains maxed out, hiring increases are likely in the year to come.

The stage is set for an uptick in employment: the number of employer firms has increased every year since 1991. Considering that hiring the first employee is the most difficult, there are a great many businesses that are potential job creators. Even with a solid economy and available workers, small businesses are struggling to cope with rising health insurance costs. Despite a 5.7 percent unemployment rate at the end of 2003, a labor shortage could still potentially arise quickly.

INTRODUCTION TO THE DATA

This report presents the status of small firms in 2003 and makes current data on small firms more accessible to the public, decision-makers and researchers. It lists the number of businesses, new employer firms, business terminations, bankruptcies, and lending terms and standards for 2003 and years prior. Because very little current economic data has been collected that distinguishes between small and large firms, estimates and proxies are often used. For instance, the total number of U.S. businesses is used as an indicator of the number of small businesses since more than 99 percent of all U.S. firms are small! (In fact, 99.7 percent of America's 5.7 million employer firms in 2001 had fewer than 500 employees.) Consequently, data that are based on the number of firms indicate small business status. Data on the financial side are not disaggregated by firm size, and small firms represent only about half of the financial totals, making financial indicators difficult to interpret. Most of the data is at the national level, but state-by-state data is given wherever it is available.

A note about Table 11, nonfarm private employment by industry: previous editions of this report have listed detailed industry employment changes along with the industry's share of small business employment. Unfortunately, discrepancies between the Bureau of Labor Statistics' and U.S. Census Bureau's application of the new industry classification, NAICS, prevent this table from being generated this year.

DATA TABLES

This report's 14 tables provide a wealth of data to show the status of small firms in 2003. Below is a description of each table. Whenever possible, information is shown at the state or industry level, as well as the national macroeconomic level.

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Table 1 Macroeconomic Indicators, 1990 - 2003, Selected Years

	1990	1995	2000	2001	2002	2003	Percent Change 2002-2003
Gross Domestic Product (GDP) (billions of dollars) (1)							
Current dollars	5,803.1	7,397.7	9,817.0	10,100.8	10,480.8	10,987.9	4.8
Constant dollars (billions of 2000 dollars)	7,112.5	8,031.7	9,817.0	9,866.6	10,083.0	10,398.0	3.1
Personal consumption expenditures	3,839.9	4,975.8	6,739.4	7,045.4	7,385.3	7,757.4	5.0
Sales (billions of dollars) (2)							
Manufacturing	242.7	290.0	350.7	330.9	324.3	333.3	2.8
Wholesale trade	149.5	176.2	228.6	225.1	228.5	240.4	5.2
Retail trade	153.7	189.0	255.8	263.1	269.2	283.3	5.2
Income (billions of dollars)							
Compensation of employees (3)	3,351.0	4,177.0	5,782.7	5,940.4	6,019.1	6,198.1	3.0
Nonfarm proprietors' income	349.9	469.5	705.7	745.6	783.4	827.4	5.6
Farm proprietors' income	31.1	22.7	22.7	25.0	14.3	19.5	36.4
Corporate profits (4)	408.6	696.7	817.9	770.4	904.2	1,069.9	18.3
Output and productivity (business sector indexes, 1992=100)							
Output	98.6	111.5	140.5	140.6	143.8	149.1	3.7
Hours of all persons worked	102.6	109.5	121.4	118.9	116.0	115.1	(0.8)
Productivity (output per hour)	96.1	101.7	115.7	118.3	124.0	129.6	4.5
Employment and compensation							
Nonfarm private employment (millions) (3)	91.1	97.9	111.0	110.7	108.8	108.4	(0.4)
Unemployment rate (percent)	5.6	5.6	4.0	4.7	5.8	6.0	3.4
Total compensation cost index (Dec.) (June 1989=100)	107.0	126.7	150.9	157.2	162.3	168.8	4.0
Wage and salary index (Dec) (June 1989=100)	106.1	123.1	147.7	153.3	157.5	162.3	3.0
Employee benefits cost index (Dec.) (June 1989=100)	109.4	135.9	158.6	166.7	174.6	185.8	6.4
Bank loans, interest rates, and yields							
Bank commercial & industrial loans (billions of dollars)	641.2	723.8	1,088.4	1,028.4	963.5	898.2	(6.8)
Prime rate (percent)	10.01	8.83	9.23	6.91	4.67	4.12	(11.8)
U.S. Treasury 10-year bond yields (percent)	8.55	6.57	6.03	5.02	4.61	4.01	(13.0)
Investments by nonfarm nonfinancial corporate business (billions of dollars)							
Capital expenditures	387.8	628.2	926.7	800.1	782.5	796.9	1.8
Change in financial assets	131.5	426.4	1,209.2	187.3	237.1	604.9	155.1
Federal budget (billions of dollars, fiscal year)							
Receipts	1,032.0	1,351.8	2,025.2	1,991.2	1,853.2	1,782.3	(3.8)
Outlays	1,253.2	1,515.8	1,788.8	1,863.9	2,011.0	2,157.0	7.3
Surplus or deficit ()	(221.2)	(164.0)	236.4	127.3	(157.8)	(374.7)	137.5
Price indices (inflation measures)							
Consumer price index (urban) (1982-84 = 100)	130.7	152.4	172.2	177.1	179.9	184.0	2.3
Producer price index (finished goods) (1982 = 100)	119.2	127.9	138.0	140.7	138.9	143.3	3.2
GDP implicit price deflator (2000 = 100)	81.6	92.1	100.0	102.4	103.9	105.7	1.7

(1) *Small Business Share of Private, Nonfarm Gross Domestic Product* by Joel Popkin and Company (Office of Advocacy funded study) estimates small businesses (fewer than 500 employees) created 52 percent of the total nonfarm private output in 1999.

(2) U.S. Census Bureau, Statistics of U.S. Business, showed that in 1997, small firms (fewer than 500 employees) accounted for 24.8 percent of manufacturing, 52.6 percent of retail, 46.8 percent of wholesale sales.

(3) Statistics of U.S. Businesses, Bureau of the Census, showed that in 2001, small firms accounted for 44.3 percent of annual payroll, and 49.9 percent of total nonfarm private employment.

(4) With inventory valuation adjustment and capital consumption adjustments.

Source: U.S. Small Business Administration, Office of Advocacy, from U.S. Department of Commerce: Bureau of Economic Analysis.

Table 2 Indicators Related to Small Business, 1990 - 2003, Selected Years

	1990	1995	2000	2001	2002	2003	Percent Change 2002-2003
Number of businesses (1)							
Employer firms (nonfarm) (2)	5,073,795	5,369,068	5,652,544	5,657,774	5,678,500 e.	5,696,600 e.	0.3
Self-employment (unincorporated)	10,097,000	10,482,000	9,907,000	10,109,000	9,926,000	10,295,000	3.7
Business tax returns (nonfarm)	20,219,400	22,555,200	25,106,900	25,631,200	26,347,100 e.	26,915,900 e.	2.2
Sole proprietor tax returns (nonfarm)	14,783,000	16,424,000	17,570,500	17,904,900	18,336,500	18,684,200	1.9
Business turnover							
Employer firm births (2)	584,892	594,369	574,300	585,140	589,700 e.	572,900 e.	(2.8)
Employer firm terminations (2)	531,400	497,246	542,831	553,291	569,000 e.	554,800 e.	(2.5)
Bankruptcies	64,853	51,959	35,472	40,099	38,540	35,037	(9.1)
Income (billions)							
Wage and salary income	2,754.0	3,419.3	4,829.2	4,942.9	4,974.6	5,095.6	2.4
Proprietors' income (3)	380.6	492.1	728.4	770.6	797.7	846.9	6.2
Federal corporate taxes	93.5	157.0	207.3	151.1	148.0	131.8	(10.9)
State and local corporate taxes	22.5	29.1	32.5	31.7	25.9	NA	NA

e. = estimate. All estimates by Office of Advocacy except business tax returns, by Internal Revenue Service.

(1) Self-employment presented here represents individuals whose primary occupation is self-employment and they may or may not have employees. Note that some businesses file more than one tax return.

(2) Birth and terminations for 2002 and 2003 are estimated from 2001 data from the Bureau of the Census, yearly percent changes in similar data provided by the Department of Labor, Employment and Training Administration and rounded. Births and terminations are from prior year's March through current year's March. Employer firm estimates are the previous year figure plus the difference between birth and termination estimates.

(3) With inventory valuation and capital consumption adjustments

Sources: U.S. Small Business Administration, Office of Advocacy, from data provided by the U.S. Department of Commerce: Bureau of the Census and Bureau of Economic Analysis; U.S. Department of Labor: Bureau of Labor Statistics; Employment and Training Administration; Internal Revenue Service; and Administrative Office of the U.S. Courts.

Table 3 U.S. Business Measures, 1980 - 2003

Year	Real GDP (billions 2000\$)	Employer Firms	Establishments (a)	Self Emp. (000)	Self Emp. Rate (%)	Bus. Tax Returns	Nonfarm sole props.	Employer Births	Employer Terminations	Business Bankruptcies
2003	10,398	5,696,600 e.	NA	10,295	7.0	26,915,900	18,684,200	572,900 e.	554,800 e.	35,037
2002	10,083	5,678,500 e.	NA	9,926	6.9	26,347,100	18,336,500	589,700 e.	569,000 e.	38,540
2001	9,867	5,657,774	7,095,302	10,109	7.0	25,631,200	17,904,900	585,140	553,291	40,099
2000	9,817	5,652,544	7,070,048	10,215	7.2	25,106,900	17,570,500	574,300	542,831	35,472
1999	9,470	5,607,743	7,008,444	10,087	7.2	24,750,100	17,377,100	579,609	544,487	37,884
1998	9,067	5,579,177	6,941,822	10,303	7.5	24,285,900	17,183,700	589,982	540,601	44,367
1997	8,704	5,541,918	6,894,869	10,513	7.7	23,857,100	17,176,000	590,644	530,003	54,027
1996	8,329	5,478,047	6,738,476	10,489	7.8	23,115,300	16,955,000	597,792	512,402	53,549
1995	8,032	5,369,068	6,612,721	10,482	7.9	22,555,200	16,424,000	594,369	497,246	51,959
1994	7,836	5,276,964	6,509,065	10,648	8.1	22,191,000	16,154,000	570,587	503,563	52,374
1993	7,533	5,193,642	6,401,233	10,279	8.0	20,874,796	15,848,000	564,504	492,651	62,304
1992	7,337	5,095,356	6,319,300	9,960	7.8	20,476,775	15,495,000	544,596	521,606	70,643
1991	7,101	5,051,025	6,200,859	10,274	8.1	20,498,855	15,181,000	541,141	546,518	71,549
1990	7,113	5,073,795	6,175,559	10,097	8.0	20,219,400	14,783,000	584,892	531,400	64,853
1989	6,981	5,021,315	6,106,922	10,008	8.1	19,560,700	14,298,000	NA	NA	62,449
1988	6,743	4,954,645	6,016,367	9,917	8.2	18,619,400	13,679,000	NA	NA	62,845
1987	6,475	NA	5,937,061	9,624	8.0	18,351,400	13,091,000	NA	NA	81,463
1986	6,264	NA	5,806,973	9,328	7.9	17,524,600	12,394,000	NA	NA	79,926
1985	6,054	NA	5,701,485	9,269	8.0	16,959,900	11,929,000	NA	NA	70,644
1984	5,814	NA	5,517,715	9,338	8.2	16,077,000	11,262,000	NA	NA	64,211
1983	5,424	NA	5,306,787	9,140	8.2	15,245,000	10,704,000	NA	NA	62,412
1982	5,189	NA	4,633,960	8,898	8.1	14,546,000	10,106,000	NA	NA	69,242
1981	5,292	NA	4,586,510	8,735	8.0	13,858,000	9,585,000	NA	NA	48,086
1980	5,162	NA	4,543,167	8,642	8.1	13,021,600	8,932,000	NA	NA	43,252

NA = not available. e. = estimate. All estimates by Office of Advocacy.

(a) Units with paid employees in the fourth quarter through 1983. 1984 on includes units active in any quarter of the year.

Sources: U.S. Small Business Administration, Office of Advocacy, from data provided by sources below:

Real Gross Domestic Product (GDP) from the U.S. Department of Commerce: Bureau of Economic Analysis.

Employer firms, births and terminations from the U.S. Census Bureau with estimates for 2002 and 2003 (see Table 2 for details).

Establishments from the U.S. Department of Commerce: Bureau of the Census.

Self-employment (unincorporated, primary occupation) from the U.S. Department of Labor: Bureau of Labor Statistics.

The self employment rate is based on the civilian labor force.

Nonfarm business tax returns and nonfarm sole proprietors from the Internal Revenue Service.

Bankruptcies from the Administrative Office of the U.S. Courts (business bankruptcy filings).

Table 4 Number of Employer Firms by State, 1990 - 2003 (Selected Years)

State	1990	1995	2000	2001	2002	2003	Ann. percent change	Rank
United States	5,073,795	5,369,068	5,652,544	5,657,774	5,678,500 e.	5,696,600 e.		
Yearly Change (%)	--	--	0.8	0.1	0.4	0.3		
Alabama	80,289	83,038	88,222	86,007	85,895	85,768	(0.1)	43
Alaska	13,176	15,214	16,190	16,398	16,511	16,825	1.9	10
Arizona	79,109	91,244	103,893	106,680	107,894	109,692	1.7	11
Arkansas	49,066	56,649	59,431	59,757	60,668	60,416	(0.4)	45
California	767,697	764,169	939,979	985,846	1,022,192	1,063,230	4.0	1
Colorado	89,419	109,695	134,085	138,411	140,704	143,821	2.2	7
Connecticut	95,132	93,135	96,344	96,916	96,677	95,969	(0.7)	48
Delaware	18,368	21,554	24,782	25,199	25,097	25,280	0.7	32
District of Columbia	20,865	24,161	26,157	26,312	26,503	26,633	0.5	37
Florida	311,377	343,017	385,113	392,756	413,476	426,245	3.1	4
Georgia	142,831	160,715	189,156	192,736	194,062	196,921	1.5	14
Hawaii	26,588	26,775	28,112	28,569	28,800	29,217	1.4	15
Idaho	26,209	33,326	39,089	40,459	40,633	41,539	2.2	6
Illinois	248,675	265,927	278,754	279,627	278,839	281,869	1.1	25
Indiana	109,077	119,805	124,654	125,119	124,673	125,129	0.4	41
Iowa	61,956	66,350	68,970	68,704	68,466	68,737	0.4	40
Kansas	58,573	63,374	67,461	67,197	67,757	68,095	0.5	36
Kentucky	71,381	76,970	88,460	88,138	87,589	81,407	(7.1)	51
Louisiana	80,449	87,371	96,441	95,829	93,989	94,437	0.5	38
Maine	33,676	34,431	38,711	38,907	39,180	39,691	1.3	20
Maryland	112,823	122,202	130,628	132,049	133,536	134,447	0.7	33
Massachusetts	151,995	153,829	167,740	170,026	173,896	175,827	1.1	24
Michigan	178,726	203,374	213,865	212,608	211,567	210,803	(0.4)	44
Minnesota	100,061	112,477	128,943	130,348	131,646	133,419	1.3	19
Mississippi	45,781	49,089	53,509	53,303	53,409	53,641	0.4	39
Missouri	126,548	123,007	128,319	129,404	129,777	131,464	1.3	21
Montana	23,867	27,499	32,593	32,891	33,339	33,991	2.0	9
Nebraska	39,785	42,332	44,699	45,019	45,342	45,595	0.6	35
Nevada	28,423	34,951	44,741	46,339	47,340	48,929	3.4	3
New Hampshire	32,921	34,584	39,643	39,542	39,211	39,508	0.8	31
New Jersey	204,807	209,145	265,758	277,425	274,966	268,203	(2.5)	50
New Mexico	33,767	38,640	41,535	41,616	42,066	41,731	(0.8)	49
New York	491,566	488,360	471,808	473,471	474,425	478,270	0.8	29
North Carolina	134,990	149,462	172,661	175,461	178,560	179,580	0.6	34
North Dakota	17,766	18,467	18,637	18,544	18,639	18,817	1.0	27
Ohio	207,701	223,751	232,755	232,266	230,705	229,648	(0.5)	46
Oklahoma	64,901	70,722	74,554	75,177	75,250	75,486	0.3	42
Oregon	77,338	92,717	99,521	99,943	100,726	102,862	2.1	8
Pennsylvania	233,679	236,746	259,492	265,451	268,723	271,459	1.0	26
Rhode Island	27,806	30,430	32,666	33,011	32,295	32,594	0.9	28
South Carolina	70,624	77,822	88,668	89,300	89,634	90,998	1.5	13
South Dakota	18,888	20,905	22,556	22,759	22,803	23,161	1.6	12
Tennessee	93,666	104,633	110,510	109,376	108,928	110,427	1.4	18
Texas	318,352	360,735	388,439	390,390	394,303	398,928	1.2	23
Utah	32,687	42,358	51,940	54,461	56,346	58,507	3.8	2
Vermont	18,986	19,681	20,976	21,247	20,755	20,922	0.8	30
Virginia	128,895	147,710	160,988	162,459	165,185	167,527	1.4	17
Washington	134,944	162,525	194,977	199,233	200,909	206,699	2.9	5
West Virginia	35,098	37,900	38,665	37,805	37,364	37,144	(0.6)	47
Wisconsin	103,039	115,278	121,850	122,051	122,249	123,800	1.3	22
Wyoming	15,059	17,219	18,566	19,141	19,339	19,616	1.4	16
Puerto Rico	--	--	50,645	51,164	50,228	NA	NA	--

e. = estimate. All estimates by Office of Advocacy.

Notes: State data is from the Department of Labor and U.S. data 1990 - 2001 is from the U.S. Census Bureau. State totals do not add to the U.S. figure as firms can be in more than one state. U.S. 2002 and 2003 estimates are based on data from the U.S. Department of Commerce: Bureau of the Census and U.S. Department of Labor: Employment and Training Administration.

Source: U.S. Small Business Administration, Office of Advocacy, from data provided by the U.S. Department of Commerce: Bureau of the Census and U.S. Department of Labor: Employment and Training Administration.

Small Business Economic Indicators

Table 5 Self-Employment by State, 1990 - 2003 (Selected Years)

(Thousands)

State	1990	1995	2000	2001	2002	2003	Ann. percent change	Rank
United States	10,097	10,482	9,907	10,109	9,926	10,295		
Yearly Change (%)	--	--	(1.7)	2.0	(1.8)	3.7		
Alabama	140	140	143	125	118	139	17.5	6
Alaska	31	35	28	28	29	31	9.8	12
Arizona	148	153	156	177	157	161	2.9	28
Arkansas	127	111	87	104	101	101	(0.0)	32
California	1,453	1,520	1,502	1,535	1,517	1,566	3.2	27
Colorado	158	166	182	175	171	201	17.7	5
Connecticut	113	125	125	124	126	116	(7.5)	47
Delaware	18	21	22	20	18	21	16.2	8
District of Columbia	17	12	14	14	12	14	23.3	2
Florida	475	468	432	454	452	503	11.2	10
Georgia	231	240	248	236	261	320	22.7	3
Hawaii	44	54	48	46	50	43	(14.5)	51
Idaho	59	80	66	72	67	69	2.7	29
Illinois	382	382	335	345	352	342	(2.8)	43
Indiana	193	226	199	193	194	206	6.2	21
Iowa	191	190	143	147	136	134	(2.0)	39
Kansas	138	136	110	103	119	127	6.5	18
Kentucky	163	147	135	141	135	121	(10.6)	50
Louisiana	171	147	135	132	134	155	16.2	7
Maine	76	81	80	72	66	70	6.2	20
Maryland	131	143	153	158	166	170	2.2	31
Massachusetts	222	238	210	226	217	226	4.1	24
Michigan	270	298	299	308	295	288	(2.4)	40
Minnesota	243	275	216	253	246	223	(9.6)	48
Mississippi	95	81	105	96	107	96	(10.2)	49
Missouri	209	247	194	217	207	214	3.4	25
Montana	59	69	64	62	62	62	(0.0)	33
Nebraska	111	124	98	104	98	96	(1.8)	38
Nevada	45	52	46	52	54	56	3.3	26
New Hampshire	49	64	62	53	57	56	(1.7)	37
New Jersey	243	225	200	215	201	211	5.0	22
New Mexico	87	90	73	67	73	78	7.1	16
New York	569	543	533	535	547	589	7.6	15
North Carolina	275	263	293	276	256	253	(1.1)	34
North Dakota	51	54	42	42	41	44	6.3	19
Ohio	337	376	344	364	328	315	(4.0)	45
Oklahoma	175	161	155	170	150	157	4.8	23
Oregon	170	174	192	164	155	151	(2.8)	42
Pennsylvania	405	423	379	418	389	384	(1.4)	35
Rhode Island	33	24	24	25	26	32	23.6	1
South Carolina	121	111	120	120	108	120	10.7	11
South Dakota	59	62	50	55	52	48	(7.1)	46
Tennessee	196	219	216	223	246	238	(3.2)	44
Texas	712	836	814	850	827	891	7.8	14
Utah	74	72	76	77	69	84	21.8	4
Vermont	43	40	35	33	38	37	(2.7)	41
Virginia	230	235	200	173	187	210	12.4	9
Washington	265	249	225	232	226	241	7.0	17
West Virginia	48	49	46	46	46	49	8.5	13
Wisconsin	212	220	222	220	212	209	(1.7)	36
Wyoming	27	32	31	31	27	27	2.7	30

Notes: Primarily self-employed and unincorporated. Some years figures are directly from the Bureau of Labor Statistics (BLS) and other years the figures are from the Current Population Survey microdata and adjusted to match the BLS U.S. figure.

Source: U.S. Small Business Administration, Office of Advocacy, from data provided by the Current Population Survey, a joint project of the U.S. Department of Commerce: Bureau of the Census and U.S. Department of Labor: Employment and Training Administration.

Table 6 Employer Firm Formation and Termination Rates by State, 2003

State	Firms at the Beginning of 2003	Rate of Firm Formations		Rate of Firm Terminations	
		Percent	Rank	Percent	Rank
U.S.	5,678,500 e.	10.1		9.8	
Alabama	85,895	10.5	38	12.7	28
Alaska	16,511	14.8	9	15.2	7
Arizona	107,894	12.3	22	14.4	13
Arkansas	60,668	12.0	25	11.4	43
California	1,022,192	11.1	32	13.7	18
Colorado	140,704	15.9	6	9.4	50
Connecticut	96,677	8.8	48	11.4	42
Delaware	25,097	13.7	12	12.5	31
District of Columbia	26,503	15.3	8	14.6	12
Florida	413,476	16.9	4	13.7	20
Georgia	194,062	12.5	21	13.3	24
Hawaii	28,800	12.7	18	13.9	17
Idaho	40,633	14.8	10	16.6	4
Illinois	278,839	10.4	40	14.7	11
Indiana	124,673	10.8	35	12.1	37
Iowa	68,466	8.1	49	10.8	47
Kansas	67,757	11.3	30	12.4	34
Kentucky	87,589	9.3	47	12.3	35
Louisiana	93,989	9.9	44	12.9	26
Maine	39,180	10.3	41	12.0	38
Maryland	133,536	15.5	7	16.2	5
Massachusetts	173,896	10.9	34	12.6	30
Michigan	211,567	10.4	39	11.7	41
Minnesota	131,646	11.1	31	13.6	21
Mississippi	53,409	11.3	29	13.6	22
Missouri	129,777	12.3	23	15.6	6
Montana	33,339	13.6	13	14.0	16
Nebraska	45,342	9.5	46	11.1	45
Nevada	47,340	20.6	1	18.9	1
New Hampshire	39,211	11.9	26	11.7	40
New Jersey	274,966	10.6	37	13.4	23
New Mexico	42,066	13.1	16	13.7	19
New York	474,425	12.8	17	12.9	27
North Carolina	178,560	12.6	19	13.0	25
North Dakota	18,639	7.8	50	11.0	46
Ohio	230,705	9.6	45	10.2	49
Oklahoma	75,250	11.7	27	11.2	44
Oregon	100,726	13.7	11	14.1	14
Pennsylvania	268,723	11.6	28	12.2	36
Rhode Island	32,295	10.7	36	12.7	29
South Carolina	89,634	12.0	24	11.9	39
South Dakota	22,803	5.9	51	8.3	51
Tennessee	108,928	16.2	5	15.0	9
Texas	394,303	13.4	15	14.1	15
Utah	56,346	18.9	2	18.4	2
Vermont	20,755	10.2	42	12.5	32
Virginia	165,185	13.4	14	12.4	33
Washington	200,909	18.0	3	17.6	3
West Virginia	37,364	11.0	33	14.9	10
Wisconsin	122,249	10.1	43	10.3	48
Wyoming	19,339	12.5	20	15.1	8

e. = estimate. All estimates by Office of Advocacy.

Notes: See Table 2 notes. On occasion, some state terminations result in successor firms which are not listed as new firms, thus making terminations higher than formations for most states.

Source: U.S. Small Business Administration, Office of Advocacy, from data provided by the U.S. Department of Commerce: Bureau of the Census and U.S. Department of Labor: Employment and Training Administration.

Table 7 Employer Firm Births by State, 1990 - 2003 (Selected Years)

State	1990	1995	2000	2001	2002	2003	Ann. percent change	Rank
U.S. Total	584,892	594,369	574,300	585,140	589,700 e.	572,900 e.		
Yearly Change (%)	---	---	(0.9)	1.9	0.8	(2.8)		
Opening Rate (%)	---	---	10.2	10.4	10.4	10.1		
Alabama	9,260	9,140	10,067	10,060	9,534	9,014	(5.5)	44
Alaska	2,688	2,521	2,333	2,438	2,270	2,441	7.5	7
Arizona	9,832	12,044	15,175	14,541	14,291	13,322	(6.8)	45
Arkansas	6,484	7,042	4,680	3,990	5,381	7,253	34.8	1
California	139,146	127,074	167,047	128,885	130,840	113,500	(13.3)	50
Colorado	11,962	19,703	25,462	24,730	25,290	22,400	(11.4)	49
Connecticut	9,399	9,395	9,910	9,074	8,726	8,501	(2.6)	36
Delaware	2,083	2,783	3,682	3,352	3,223	3,439	6.7	10
District of Columbia	3,226	3,250	4,472	4,090	4,157	4,052	(2.5)	35
Florida	48,391	54,006	59,912	60,370	72,720	69,711	(4.1)	41
Georgia	22,309	24,478	28,925	23,211	28,756	24,217	(15.8)	51
Hawaii	3,585	3,874	3,745	3,811	3,555	3,658	2.9	18
Idaho	3,853	5,053	5,829	5,534	5,039	5,998	19.0	3
Illinois	27,952	30,393	28,875	28,426	27,342	28,933	5.8	12
Indiana	10,993	14,355	14,112	13,903	13,530	13,452	(0.6)	26
Iowa	5,526	6,103	5,668	5,659	5,660	5,534	(2.2)	30
Kansas	6,716	7,600	6,483	7,026	6,703	7,625	13.8	4
Kentucky	7,730	9,078	8,637	8,713	8,526	8,155	(4.4)	42
Louisiana	8,321	9,817	10,468	9,816	9,810	9,298	(5.2)	43
Maine	3,978	4,476	5,135	4,667	4,428	4,033	(8.9)	46
Maryland	18,923	18,458	20,539	20,072	20,576	20,687	0.5	25
Massachusetts	14,697	16,040	18,640	18,166	21,262	18,984	(10.7)	48
Michigan	16,804	23,972	23,760	23,060	22,799	22,022	(3.4)	37
Minnesota	11,525	12,178	13,906	12,700	13,683	14,652	7.1	9
Mississippi	5,620	6,185	6,439	6,164	6,256	6,020	(3.8)	39
Missouri	13,336	14,935	13,996	14,360	16,337	15,947	(2.4)	33
Montana	2,295	3,377	4,418	3,608	3,569	4,548	27.4	2
Nebraska	4,143	3,895	4,441	4,419	4,372	4,311	(1.4)	28
Nevada	4,934	7,151	8,587	8,864	8,826	9,749	10.5	6
New Hampshire	4,278	4,988	4,677	4,398	4,562	4,653	2.0	21
New Jersey	24,610	27,106	27,885 e.	36,747	29,916	29,236	(2.3)	32
New Mexico	4,721	4,837	5,836	5,753	5,281	5,508	4.3	16
New York	54,781	54,620	61,507	62,730	59,571	60,569	1.7	23
North Carolina	19,652	21,650	23,310	22,436	22,950	22,465	(2.1)	29
North Dakota	1,392	1,631	1,493	1,419	1,356	1,456	7.4	8
Ohio	20,286	27,046	22,290	22,951	22,379	22,227	(0.7)	27
Oklahoma	8,069	8,790	8,979	9,940	8,702	8,802	1.1	24
Oregon	15,504	13,770	14,729	13,246	13,160	13,842	5.2	13
Pennsylvania	26,125	23,820	35,104	33,497	31,939	31,214	(2.3)	31
Rhode Island	2,900	3,290	3,675	3,547	3,397	3,465	2.0	20
South Carolina	9,913	10,447	11,114	11,372	10,266	10,759	4.8	14
South Dakota	2,026	1,858	2,138	1,953	1,389	1,338	(3.7)	38
Tennessee	17,297	15,823	15,793	16,488	15,982	17,700	10.7	5
Texas	49,419	52,871	54,330	53,271	54,009	52,677	(2.5)	34
Utah	4,662	7,742	9,875	10,745	10,431	10,656	2.2	19
Vermont	2,183	2,139	2,511	2,226	2,331	2,122	(9.0)	47
Virginia	19,856	19,433	22,219	21,371	21,438	22,069	2.9	17
Washington	29,322	30,243	40,357	39,641	37,562	36,136	(3.8)	40
West Virginia	4,231	4,425	4,177	3,691	3,944	4,126	4.6	15
Wisconsin	10,307	12,342	12,436	12,025	12,172	12,400	1.9	22
Wyoming	1,879	2,230	2,314	2,558	2,275	2,419	6.3	11

e. = estimate. All estimates by Office of Advocacy.

Notes: See Table 2 notes. On occasion, some state terminations result in successor firms which are not listed as new firms.

Source: U.S. Small Business Administration, Office of Advocacy, from data provided by the U.S. Department of Commerce: Bureau of the Census and U.S. Department of Labor: Employment and Training Administration.

Table 8 Employer Firm Terminations by State, 1990 - 2003 (Selected Years)

State	1990	1995	2000	2001	2002	2003	Ann. percent change	Rank
U.S. Total	531,400	497,246	542,831	553,291	569,000 e.	554,800 e.		
Yearly Change (%)	---	---	(0.3)	1.9	2.8	(2.5)		
Closing Rate (%)	---	---	9.7	9.8	10.1	9.8		
Alabama	10,927	10,968	9,302	14,781	12,062	10,927	(9.4)	40
Alaska	3,382	2,530	2,671	2,575	2,541	2,507	(1.3)	20
Arizona	14,235	15,431	11,984	16,371	17,642	15,488	(12.2)	43
Arkansas	7,252	4,872	5,581	4,746	4,491	6,918	54.0	1
California	135,767	152,945	134,541	149,831	156,858	140,435	(10.5)	42
Colorado	12,864	17,933	7,561	6,954	10,332	13,243	28.2	3
Connecticut	11,994	11,619	11,528	11,348	11,383	11,044	(3.0)	23
Delaware	1,422	3,193	3,052	3,122	3,891	3,148	(19.1)	49
District of Columbia	3,715	3,302	4,996	4,013	3,973	3,874	(2.5)	22
Florida	54,009	52,467	55,186	54,573	52,241	56,665	8.5	7
Georgia	24,448	23,161	26,754	24,352	31,479	25,898	(17.7)	48
Hawaii	3,385	3,953	3,521	4,080	3,994	4,010	0.4	17
Idaho	3,337	4,861	6,249	5,851	7,040	6,742	(4.2)	28
Illinois	29,173	30,260	31,361	31,976	32,093	41,112	28.1	4
Indiana	10,632	14,129	15,738	15,839	16,156	15,137	(6.3)	31
Iowa	6,971	7,702	7,485	7,770	7,480	7,378	(1.4)	21
Kansas	8,788	8,387	6,981	8,055	6,876	8,392	22.0	5
Kentucky	11,276	9,307	7,508	9,883	11,614	10,801	(7.0)	35
Louisiana	10,883	11,347	13,708	13,319	14,416	12,171	(15.6)	46
Maine	4,737	4,676	4,906	5,401	5,042	4,715	(6.5)	32
Maryland	17,945	16,256	19,563	20,667	20,927	21,697	3.7	12
Massachusetts	17,539	15,417	18,164	18,268	20,532	21,870	6.5	9
Michigan	28,676	20,340	30,240	26,535	26,975	24,748	(8.3)	39
Minnesota	13,614	12,458	4,829	6,770	12,851	17,928	39.5	2
Mississippi	7,200	7,077	7,555	7,557	7,160	7,267	1.5	14
Missouri	16,674	17,588	17,580	18,188	21,653	20,190	(6.8)	33
Montana	3,453	4,066	2,435	3,881	4,445	4,679	5.3	10
Nebraska	6,144	4,645	5,234	5,394	5,234	5,050	(3.5)	25
Nevada	4,888	6,483	7,761	8,252	8,667	8,939	3.1	13
New Hampshire	6,018	5,044	7,341	5,264	5,418	4,598	(15.1)	45
New Jersey	25,538	25,667	23,950	27,890	31,571	36,827	16.6	6
New Mexico	4,943	5,240	6,451	5,495	7,949	5,770	(27.4)	51
New York	63,627	56,813	57,423	65,616	63,631	61,199	(3.8)	26
North Carolina	21,643	23,389	23,467	23,217	22,184	23,234	4.7	11
North Dakota	2,265	2,045	2,191	2,112	1,893	2,049	8.2	8
Ohio	23,863	28,091	24,276	25,460	24,269	23,544	(3.0)	24
Oklahoma	9,397	8,623	8,848	9,498	8,923	8,434	(5.5)	30
Oregon	11,921	13,022	16,102	15,512	14,793	14,194	(4.0)	27
Pennsylvania	27,929	27,254	34,893	33,426	35,859	32,917	(8.2)	38
Rhode Island	3,863	5,985	4,170	4,152	4,981	4,103	(17.6)	47
South Carolina	10,736	10,391	11,721	12,893	11,491	10,711	(6.8)	34
South Dakota	2,370	2,360	1,809	2,156	2,098	1,899	(9.5)	41
Tennessee	18,902	15,896	17,563	17,637	16,514	16,315	(1.2)	19
Texas	53,831	56,027	57,300	59,342	58,114	55,461	(4.6)	29
Utah	5,774	7,654	10,135	13,565	11,272	10,368	(8.0)	37
Vermont	2,687	2,577	2,653	2,578	3,501	2,584	(26.2)	50
Virginia	21,438	18,493	20,569	21,449	20,305	20,539	1.2	15
Washington	23,087	30,847	41,793	41,122	40,782	35,345	(13.3)	44
West Virginia	4,408	5,119	5,542	5,741	5,595	5,550	(0.8)	18
Wisconsin	11,591	13,054	15,151	14,135	13,651	12,629	(7.5)	36
Wyoming	2,900	2,735	2,908	2,969	2,895	2,921	0.9	16

e. = estimate. All estimates by Office of Advocacy.

Notes: See Table 2 notes. On occasion, some state terminations result in successor firms which are not listed as new firms.

Source: U.S. Small Business Administration, Office of Advocacy, from data provided by the U.S. Department of Commerce: Bureau of the Census and U.S. Department of Labor: Employment and Training Administration.

Table 9 Business Bankruptcies by State, 1990 - 2003 (Selected Years)

State	1990	1995	2000	2001	2002	2003	Ann. percent change	Rank
U.S. Total	64,853	51,959	35,472	40,099	38,540	35,037		
Yearly Change (%)	---	---	(5.8)	13.0	(3.9)	(9.1)		
Alabama	1,356	796	445	428	381	287	(24.7)	46
Alaska	164	159	118	104	120	121	0.8	14
Arizona	2,377	1,045	765	753	756	701	(7.3)	23
Arkansas	467	422	261	290	282	429	52.1	2
California	7,391	12,097	4,595	5,238	5,141	4,501	(12.4)	30
Colorado	1,088	610	373	467	590	552	(6.4)	22
Connecticut	445	205	139	156	181	187	3.3	13
Delaware	114	277	2,320	1,374	649	505	(22.2)	44
District of Columbia	129	100	58	49	52	55	5.8	8
Florida	2,842	1,949	1,447	1,896	1,803	1,534	(14.9)	35
Georgia	2,366	496	1,012	1,162	1,359	1,585	16.6	5
Hawaii	74	159	63	68	53	72	35.8	3
Idaho	365	391	269	303	260	225	(13.5)	31
Illinois	2,041	1,624	1,270	1,547	1,240	991	(20.1)	41
Indiana	1,090	842	398	604	661	640	(3.2)	18
Iowa	893	556	214	289	354	323	(8.8)	28
Kansas	560	419	169	220	238	303	27.3	4
Kentucky	1,324	473	355	474	445	327	(26.5)	49
Louisiana	1,338	562	619	716	672	499	(25.7)	47
Maine	318	274	162	151	101	105	4.0	12
Maryland	1,356	1,493	677	758	873	523	(40.1)	51
Massachusetts	1,838	1,116	393	427	380	396	4.2	11
Michigan	1,633	1,072	577	688	802	684	(14.7)	34
Minnesota	1,771	1,901	1,492	1,887	1,729	1,379	(20.2)	43
Mississippi	288	283	203	289	309	282	(8.7)	27
Missouri	1,319	521	369	505	394	378	(4.1)	19
Montana	223	171	141	149	120	98	(18.3)	38
Nebraska	425	212	115	144	152	238	56.6	1
Nevada	354	390	332	419	462	321	(30.5)	50
New Hampshire	490	92	302	334	212	178	(16.0)	37
New Jersey	1,120	1,195	660	730	689	734	6.5	7
New Mexico	348	322	513	620	693	774	11.7	6
New York	2,606	3,374	1,960	2,432	2,585	1,987	(23.1)	45
North Carolina	1,280	726	445	613	576	528	(8.3)	26
North Dakota	209	118	92	115	116	105	(9.5)	29
Ohio	1,778	1,052	1,471	1,794	1,538	1,426	(7.3)	24
Oklahoma	1,716	946	876	941	607	612	0.8	15
Oregon	1,061	781	1,453	1,389	1,606	1,591	(0.9)	16
Pennsylvania	1,751	1,770	1,455	1,541	1,263	1,193	(5.5)	20
Rhode Island	327	162	74	64	65	48	(26.2)	48
South Carolina	404	337	138	147	178	142	(20.2)	42
South Dakota	388	172	133	164	119	110	(7.6)	25
Tennessee	1,274	949	641	886	735	597	(18.8)	40
Texas	5,318	3,410	2,592	3,155	2,994	3,153	5.3	10
Utah	895	242	451	475	602	519	(13.8)	32
Vermont	179	167	71	97	91	78	(14.3)	33
Virginia	2,958	1,261	815	924	969	956	(1.3)	17
Washington	1,978	1,335	717	642	698	737	5.6	9
West Virginia	381	314	277	322	357	290	(18.8)	39
Wisconsin	1,366	1,067	685	734	856	722	(15.7)	36
Wyoming	136	109	47	45	47	44	(6.4)	21
Puerto Rico	---	---	209	333	351	254	(27.6)	

Note: U.S. totals include Puerto Rico, Guam, Virgin Islands and Northern Mariana Islands. A business bankruptcy is the legal recognition that a company is insolvent (i.e., not able to satisfy creditors or discharge liabilities); must restructure or completely liquidate under Chapter 7, 11, 12, or 13 of the federal bankruptcy laws.

Source: U.S. Small Business Administration, Office of Advocacy, from data provided by the Administrative Office of the U.S. Courts.

Table 10 Financial Information by State, 2002 and 2003
(Billions of dollars unless noted)

	Proprietors' Income				Wage-and-Salary Income			
	2002	2003	Percent Change	Rank	2002	2003	Percent Change	Rank
United States	800.4	858.9	7.3		4,970.0	5,087.1	2.4	
Alabama	9.1	9.7	7.4	22	60.5	62.2	2.8	23
Alaska	2.2	2.3	5.8	41	11.9	12.4	4.0	8
Arizona	11.9	12.6	5.5	44	80.0	83.3	4.2	6
Arkansas	5.2	5.9	12.2	7	33.4	34.1	2.3	34
California	129.7	137.5	6.0	39	641.7	661.2	3.0	16
Colorado	17.2	18.4	6.8	27	86.9	88.1	1.4	46
Connecticut	14.7	15.5	5.1	47	80.1	81.5	1.7	40
Delaware	1.7	1.8	6.0	40	16.8	17.3	3.0	20
District of Columbia	3.3	3.4	3.8	49	41.4	42.5	2.7	29
Florida	31.3	33.1	5.6	42	246.6	256.9	4.2	7
Georgia	20.8	22.8	10.0	11	144.4	147.5	2.2	35
Hawaii	2.8	2.9	6.1	37	20.9	22.0	5.4	2
Idaho	4.2	4.3	3.4	51	17.2	17.6	2.7	26
Illinois	34.2	37.3	9.0	13	239.7	242.3	1.1	49
Indiana	11.8	13.2	11.5	8	96.3	98.0	1.8	39
Iowa	7.0	7.6	9.1	12	43.9	45.1	2.8	25
Kansas	6.3	7.9	23.9	4	43.0	43.4	1.0	50
Kentucky	7.4	8.0	8.4	14	56.8	58.4	2.8	24
Louisiana	9.7	10.5	7.5	21	59.5	61.1	2.7	28
Maine	2.7	2.9	6.8	28	18.5	19.0	2.9	22
Maryland	12.4	13.3	7.0	25	102.0	105.4	3.3	15
Massachusetts	20.6	21.6	4.5	48	149.9	151.0	0.8	51
Michigan	20.6	21.9	6.5	31	173.4	175.6	1.3	47
Minnesota	11.2	12.0	7.5	20	101.2	104.6	3.4	14
Mississippi	4.8	5.3	11.2	9	31.8	32.8	3.0	19
Missouri	12.3	13.2	8.0	16	92.0	94.0	2.1	36
Montana	2.3	2.7	16.1	6	10.9	11.4	4.7	5
Nebraska	4.8	6.2	28.1	3	28.0	29.0	3.5	12
Nevada	4.7	5.0	6.7	29	37.8	40.4	6.8	1
New Hampshire	3.6	3.8	5.4	45	22.7	23.4	3.0	17
New Jersey	28.3	29.9	5.6	43	180.9	186.3	3.0	21
New Mexico	3.9	4.1	6.3	36	24.0	24.9	3.6	11
New York	70.9	74.7	5.3	46	399.4	404.1	1.2	48
North Carolina	16.7	18.1	8.2	15	131.0	132.9	1.4	43
North Dakota	1.8	2.6	45.9	2	9.1	9.6	5.2	3
Ohio	22.3	24.5	10.1	10	189.7	192.3	1.4	44
Oklahoma	11.2	12.0	6.9	26	44.2	44.8	1.4	42
Oregon	8.9	9.5	7.1	24	55.3	56.3	1.8	37
Pennsylvania	32.3	34.5	6.6	30	206.0	210.9	2.4	33
Rhode Island	2.2	2.3	6.4	33	17.2	18.0	4.7	4
South Carolina	6.6	7.2	7.9	17	56.8	58.2	2.5	32
South Dakota	2.2	3.4	51.7	1	10.3	10.7	3.4	13
Tennessee	18.3	19.7	7.7	19	88.6	91.3	3.0	18
Texas	90.4	96.2	6.4	32	354.4	359.2	1.4	45
Utah	4.7	5.0	6.4	34	34.2	34.9	1.8	38
Vermont	1.6	1.7	6.3	35	9.6	9.8	2.5	31
Virginia	15.8	17.1	7.8	18	139.1	144.4	3.9	10
Washington	16.5	17.5	6.1	38	111.5	114.4	2.6	30
West Virginia	2.9	3.0	3.7	50	20.5	20.8	1.5	41
Wisconsin	10.7	11.4	7.3	23	91.5	94.0	2.7	27
Wyoming	1.7	2.0	21.1	5	7.6	7.9	4.0	9

Source: U.S. Small Business Administration, Office of Advocacy, from data provided by U.S. Department of Commerce: Bureau of Economic Analysis.

Table 11 Nonfarm Private Employment by Industry, 2002 and 2003
(Thousands of jobs unless noted)

Industry	Annual Employment		Absolute change	Percent change
	2002	2003		
Total private	108,829.0	108,356.0	(473.0)	(0.4)
Natural resources and mining	582.0	570.0	(12.0)	(2.1)
Construction	6,716.0	6,722.0	6.0	0.1
Manufacturing	15,259.0	14,525.0	(734.0)	(4.8)
Wholesale trade, transportation and warehousing, and utilities	10,472.0	10,363.0	(109.0)	(1.0)
Retail trade	15,025.0	14,912.0	(113.0)	(0.8)
Financial activities	7,847.0	7,974.0	127.0	1.6
Professional and business services	15,976.0	15,997.0	21.0	0.1
Education and health services	16,199.0	16,577.0	378.0	2.3
Leisure and hospitality	11,986.0	12,125.0	139.0	1.2
Other services and information	8,767.0	8,591.0	(176.0)	(2.0)

Source: U.S. Small Business Administration, Office of Advocacy, from employment data provided by the U.S. Department of Labor: Bureau of Labor Statistics.

Table 12 Bank Lending Information by Size of Firm, 1991 - 2003
(Change in percent of senior loan officer responses on bank lending practices)

Year	Quarter	Tightening loan standards		Stronger demand for loans	
		Large and medium	Small	Large and medium	Small
2003	4	0	(2)	(12)	(4)
	3	4	4	(23)	(12)
	2	9	13	(39)	(22)
	1	22	14	(32)	(21)
2002	4	20	18	(53)	(48)
	3	21	6	(45)	(36)
	2	25	15	(36)	(29)
	1	45	42	(55)	(45)
2001	4	51	40	(70)	(50)
	3	40	32	(53)	(42)
	2	51	36	(40)	(35)
	1	60	45	(50)	(30)
2000	4	44	27	(23)	(13)
	3	34	24	(5)	(4)
	2	25	21	(9)	5
	1	11	9	9	(2)
1999	4	9	2	(2)	(4)
	3	5	2	0	0
	2	10	8	0	10
	1	7	4	20	11
1998	4	36	15	28	8
	3	0	(5)	(9)	0
	2	(7)	(2)	29	21
	1	2	2	26	15
1997	4	(7)	(4)	19	19
	3	(6)	(2)	13	20
	2	(7)	(4)	5	11
	1	(5)	(5)	5	15
1996	4	(8)	(12)	1	4
	3	(4)	(2)	12	18
	2	(1)	2	10	24
	1	7	4	(3)	14
1995	4	(3)	(2)	3	7
	3	(6)	(2)	4	25
	2	(6)	(7)	29	17
	1	(7)	(5)	35	18
1994	4	(17)	(18)	31	32
	3	(7)	(7)	31	19
	2	(12)	(9)	38	38
	1	(13)	(12)	26	26
1993	4	(18)	(9)	9	17
	3	(19)	(12)	18	14
	2	(8)	(2)	(0)	12
	1	3	(2)	20	32
1992	4	4	(5)	6	(2)
	3	(2)	(2)	(9)	7
	2	1	(7)	6	25
	1	5	0	(27)	(12)
1991	4	9	5	(30)	(25)
	3	12	9	NA	NA
	2	16	7	NA	NA
	1	36	32	NA	NA

Notes: NA = not available. Figures should be used with caution because the sample size of the survey is relatively small -about 80 respondents- but they do represent a sizable portion of the market. Small firms are defined as having sales of less than \$50 million. The survey asks the following question to gauge lending standards, "Over the past three months, how have your bank's credit standards for approving applications for C&I loans or credit lines--other than those to be used to finance mergers and acquisitions--to large and middle-market firms and to small firms changed?" The survey asks the following question to gauge lending demand, "Apart from normal seasonal variation, how has demand for C&I loans changed over the past three months?"

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

Table 13 Opening and Closing Establishments, 1992 - 2003
(In thousands, seasonally adjusted)

Year	Quarter	Opening Establishment		Closing Establishments		Net	
		Number	Employment	Number	Employment	Number	Employment
2003	3	328	1,499	318	1,431	10	68
	2	331	1,527	328	1,564	3	(37)
2002	1	332	1,540	334	1,555	(2)	(15)
	4	349	1,643	329	1,610	20	33
	3	341	1,680	325	1,629	16	51
2001	2	348	1,804	334	1,719	14	85
	1	338	1,804	331	1,729	7	75
	4	352	1,838	335	1,769	17	69
	3	335	1,759	367	1,955	(32)	(196)
2000	2	339	1,815	333	1,876	6	(61)
	1	343	1,787	337	1,900	6	(113)
	4	353	1,828	336	1,772	17	56
	3	355	1,890	348	1,859	7	31
	2	354	1,789	325	1,714	29	75
1999	1	357	1,918	328	1,727	29	191
	4	365	2,032	326	1,775	39	257
	3	346	1,946	339	1,872	7	74
	2	338	2,012	337	1,812	1	200
1998	1	335	2,011	318	1,898	17	113
	4	320	1,798	318	1,757	2	41
	3	336	1,965	316	1,719	20	246
1997	2	353	2,153	296	1,838	57	315
	1	347	2,155	323	1,934	24	221
	4	335	2,004	328	1,961	7	43
	3	328	1,913	308	1,758	20	155
	2	321	1,756	304	1,579	17	177
1996	1	331	1,844	299	1,593	32	251
	4	327	1,869	300	1,528	27	341
	3	328	1,863	293	1,559	35	304
	2	318	1,778	299	1,544	19	234
1995	1	321	1,753	298	1,526	23	227
	4	311	1,724	294	1,536	17	188
	3	306	1,679	291	1,519	15	160
	2	306	1,697	286	1,473	20	224
1994	1	306	1,653	274	1,376	32	277
	4	295	1,632	284	1,476	11	156
	3	314	1,745	268	1,304	46	441
	2	309	1,747	285	1,491	24	256
1993	1	290	1,593	278	1,448	12	145
	4	286	1,596	263	1,375	23	221
	3	302	1,642	255	1,333	47	309
	2	293	1,536	272	1,408	21	128
1992	1	308	1,899	273	1,642	35	257
	4	289	1,636	271	1,398	18	238
	3	295	1,745	273	1,571	22	174

Note: Establishments could be new ventures or new affiliates of existing ventures.

Source: U.S. Small Business Administration, Office of Advocacy, from data provided by the U.S. Department of Labor: Bureau of Labor Statistics.

Table 14 Establishment Turnover by Industry, 2002 and 2003
(In thousands, seasonally adjusted)

Industry	2002				2003		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Establishment births							
Natural resources and mining	7	7	7	7	7	6	6
Construction	44	45	45	46	45	45	44
Manufacturing	10	10	10	10	9	10	9
Wholesale trade	22	23	22	22	21	21	21
Retail trade	30	32	32	31	30	29	29
Transportation and warehousing	9	10	10	9	9	9	9
Utilities	0	0	0	0	0	0	0
Information	8	7	6	7	6	6	6
Financial activities	29	31	30	32	29	30	29
Professional and business services	73	72	71	76	70	67	68
Education and health services	22	25	23	24	24	23	23
Leisure and hospitality	29	30	29	30	29	28	28
Other services and information	18	19	19	18	18	18	17
Establishment closures							
Natural resources and mining	10	10	11	10	12	10	11
Construction	46	46	46	46	47	47	46
Manufacturing	13	13	13	13	13	12	12
Wholesale trade	25	25	24	25	25	24	24
Retail trade	35	36	33	36	35	34	33
Transportation and warehousing	11	11	10	11	11	10	10
Utilities	0	0	0	0	0	0	0
Information	9	9	8	8	7	8	7
Financial activities	10	10	11	10	12	10	11
Professional and business services	74	77	74	73	74	79	70
Education and health services	10	10	11	10	12	10	11
Leisure and hospitality	10	10	11	10	12	10	11
Other services and information	19	20	19	20	20	19	20
Employment change from births and closures							
Natural resources and mining	(4)	(6)	1	2	(8)	(4)	(2)
Construction	(2)	(8)	(10)	(1)	(6)	(12)	(13)
Manufacturing	(59)	(56)	(34)	(46)	(42)	(44)	(35)
Wholesale trade	(10)	(15)	(13)	(16)	(10)	(16)	(14)
Retail trade	32	32	39	(12)	6	5	21
Transportation and warehousing	(12)	(5)	(4)	(14)	(10)	(5)	(4)
Utilities	1	(1)	2	(1)	-	-	(2)
Information	1	(8)	(11)	(10)	(11)	(10)	(6)
Financial activities	(12)	(4)	(10)	1	(3)	(4)	4
Professional and business services	1	(39)	(34)	(5)	(44)	(66)	(20)
Education and health services	(7)	17	(1)	5	3	(12)	2
Leisure and hospitality	60	80	44	67	49	57	60
Other services and information	(2)	3	2	(6)	1	(5)	(4)
Employment change from continuing establishments							
Natural resources and mining	(5)	(17)	4	(5)	9	9	(18)
Construction	(9)	(56)	(24)	(21)	(41)	1	35
Manufacturing	(173)	(109)	(135)	(166)	(152)	(190)	(117)
Wholesale trade	(3)	(14)	(13)	(11)	(18)	(4)	(1)
Retail trade	24	(13)	(100)	(40)	(104)	38	9
Transportation and warehousing	(12)	3	5	(17)	-	(48)	-
Utilities	(3)	(5)	(2)	(9)	-	(5)	(1)
Information	(34)	(71)	(67)	(24)	(24)	(31)	(30)
Financial activities	22	(13)	19	36	17	41	23
Professional and business services	(22)	12	20	(23)	(19)	17	89
Education and health services	107	94	86	112	77	59	59
Leisure and hospitality	14	9	(47)	(42)	(127)	4	(30)
Other services and information	12	12	(13)	(2)	(10)	3	(19)

Note that the figures do not add to the totals as some establishments have unclassified industry codes.

Source: U.S. Small Business Administration, Office of Advocacy, from employment data provided by the U.S. Department of Labor: Bureau of Labor Statistics.