



Small Businesses Economic Update

Kansas Economic Outlook Conference

October 8, 2020

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Disclaimer

Any views or opinions expressed are my own, and not necessarily those of the Office of Advocacy, or the U.S. Small Business Administration.

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Overview

- The Role of the Office of Advocacy
- Small Business in the U.S. Economy
- Small Business Impacts of the Pandemic
- Small Business Challenges and Policy Implications
- Road Ahead

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Office of Advocacy

- Established by Congress in 1976.
- Independent office within SBA.
- Represent the interests of small businesses across the federal government.
- Monitor compliance of the Regulatory Flexibility Act (1980).
- Analyze economic impacts of proposed federal regulations on small businesses.
- Conduct economic research on small business issues.
- Sponsor and disseminate small business statistics.

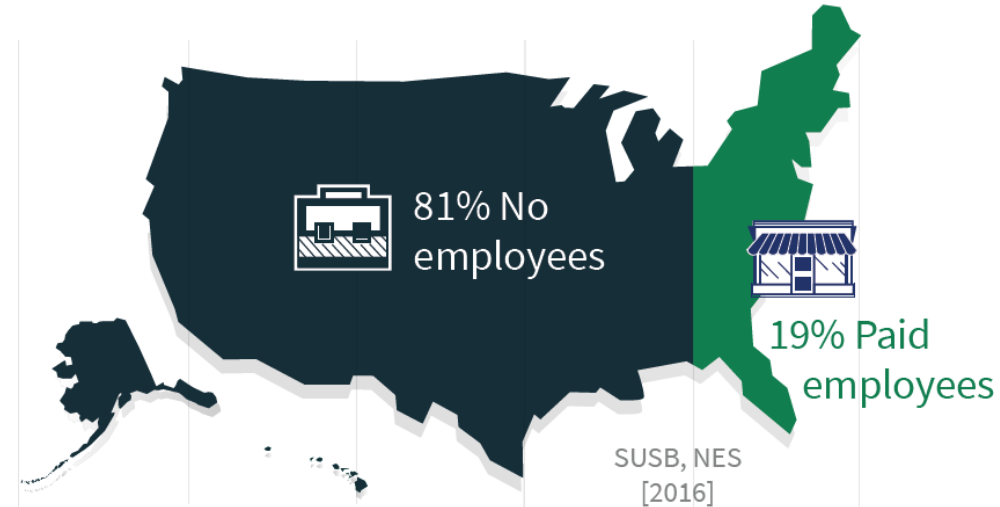
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Small Businesses in the U.S. Economy

30.7M SMALL BUSINESSES IN THE U.S.



SMALL BUSINESSES COMPRISE:

ALL FIRMS	ALL FIRMS with paid employees	EXPORTING FIRMS	KNOWN EXPORT VALUE	PRIVATE SECTOR EMPLOYEES	PRIVATE SECTOR PAYROLL
99.9%	99.7%	97.5%	33.3%	47.3%	40.7%

SUSB, NES [2016], ITA [2016]

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Small Business in the U.S. Economy

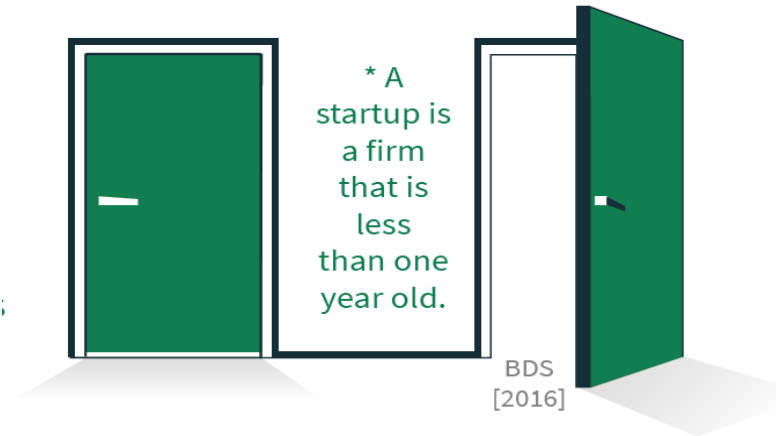
NET NEW JOBS



BED, [2000-2018]

400K CLOSURES

433K STARTUPS*

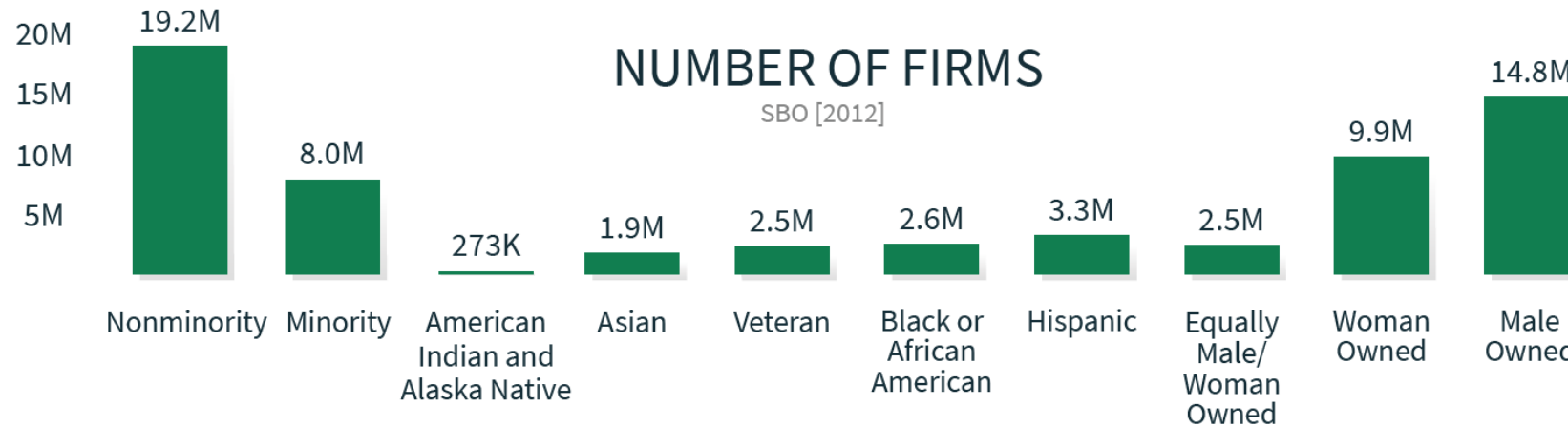


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Small Businesses in the U.S. Economy



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Small Business in the U.S. Economy

Industry	1-19 Employees	1-499 Employees	Nonemployer Firms	Total Small Firms	Industry	Small Business Employment	Total Private Employment	% Small Business Employment Share
Other Services (except Public Administration)	649,612	695,268	3,740,305	4,435,573	Health Care and Social Assistance	8,984,159	20,241,438	44.4
Professional, Scientific, and Technical Services	757,638	807,932	3,535,071	4,343,003	Accommodation and Food Services	8,542,661	14,088,211	60.6
Construction	643,304	700,393	2,494,089	3,194,482	Retail Trade	5,526,296	15,705,808	35.2
Real Estate and Rental and Leasing	295,084	308,106	2,784,753	3,092,859	Construction	5,373,702	6,533,061	82.3
Retail Trade	589,200	645,685	2,093,459	2,739,144	Professional, Scientific, and Technical Services	5,190,980	8,905,549	58.3
Health Care and Social Assistance	561,991	650,689	1,941,097	2,591,786	Manufacturing	5,039,772	11,721,785	43.0
Administrative, Support, and Waste Management	305,247	343,791	2,143,437	2,487,228	Other Services (except Public Administration)	4,697,878	5,534,978	84.9
Transportation and Warehousing	163,167	182,688	2,205,648	2,388,336	Administrative, Support, and Waste Management	3,754,463	11,897,056	31.6
Arts, Entertainment, and Recreation	112,643	129,287	1,436,152	1,565,439	Wholesale Trade	3,413,157	6,115,476	55.8
Finance and Insurance	220,285	236,657	732,196	968,853	Finance and Insurance	1,909,993	6,408,168	29.8
Accommodation and Food Services	413,464	537,443	402,772	940,215	Transportation and Warehousing	1,685,388	4,866,282	34.6
Educational Services	73,163	92,148	741,870	834,018	Educational Services	1,645,962	3,688,541	44.6
Wholesale Trade	253,458	294,909	399,261	694,170	Real Estate and Rental and Leasing	1,451,546	2,148,006	67.6
Manufacturing	185,612	244,098	348,476	592,574	Arts, Entertainment, and Recreation	1,428,531	2,368,928	60.3
Information	67,876	78,430	349,905	428,335	Information	984,379	3,507,966	28.1
Agriculture, Forestry, and Fishing and Hunting	21,184	22,535	250,537	273,072	Management of Companies and Enterprises	423,295	3,462,498	12.2
Mining, Quarrying, and Oil and Gas Extraction	15,808	18,720	88,882	107,602	Mining, Quarrying, and Oil and Gas Extraction	244,367	578,098	42.3
Utilities	4,535	5,752	13,761	19,513	Agriculture, Forestry, and Fishing and Hunting	136,591	164,046	83.3
Total	5,339,918	5,976,761	25,701,671	31,678,432	Utilities	111,747	644,703	17.3
					Industries Not Classified	11,214	11,214	100.0
					Total	60,556,081	128,591,812	47.1

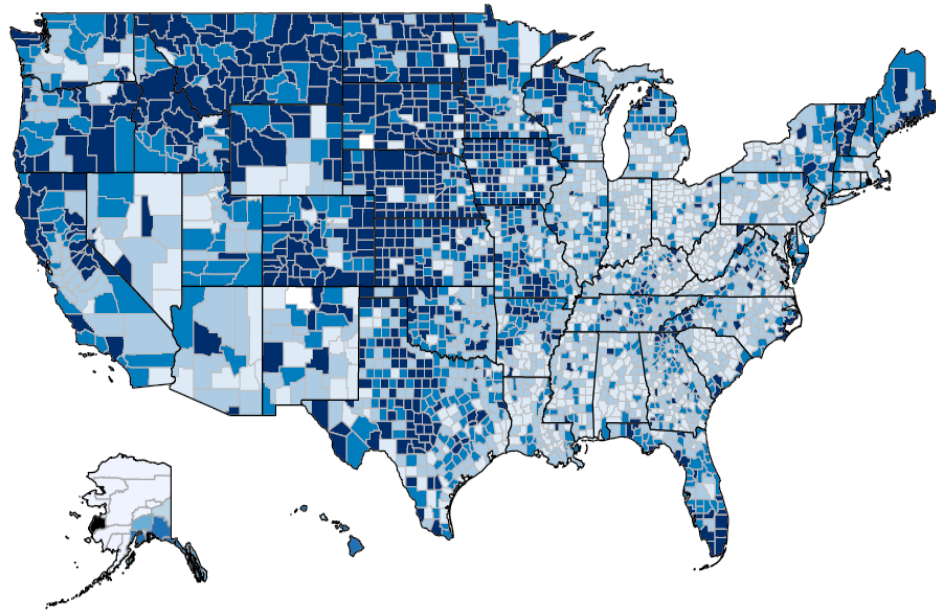
<https://cdn.advocacy.sba.gov/wp-content/uploads/2020/06/04144224/2020-Small-Business-Economic-Profile-US.pdf>

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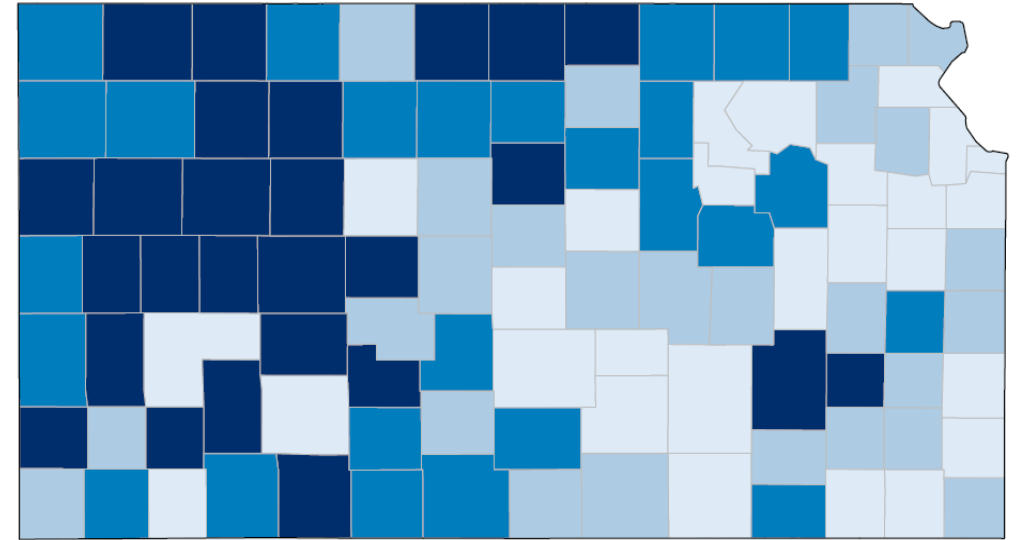
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Small Business in the U.S. Economy



self-employment (%)



self-employment (%)



<https://cdn.advocacy.sba.gov/wp-content/uploads/2020/06/04144224/2020-Small-Business-Economic-Profile-US.pdf>;
<https://cdn.advocacy.sba.gov/wp-content/uploads/2020/06/04143039/2020-Small-Business-Economic-Profile-KS.pdf>

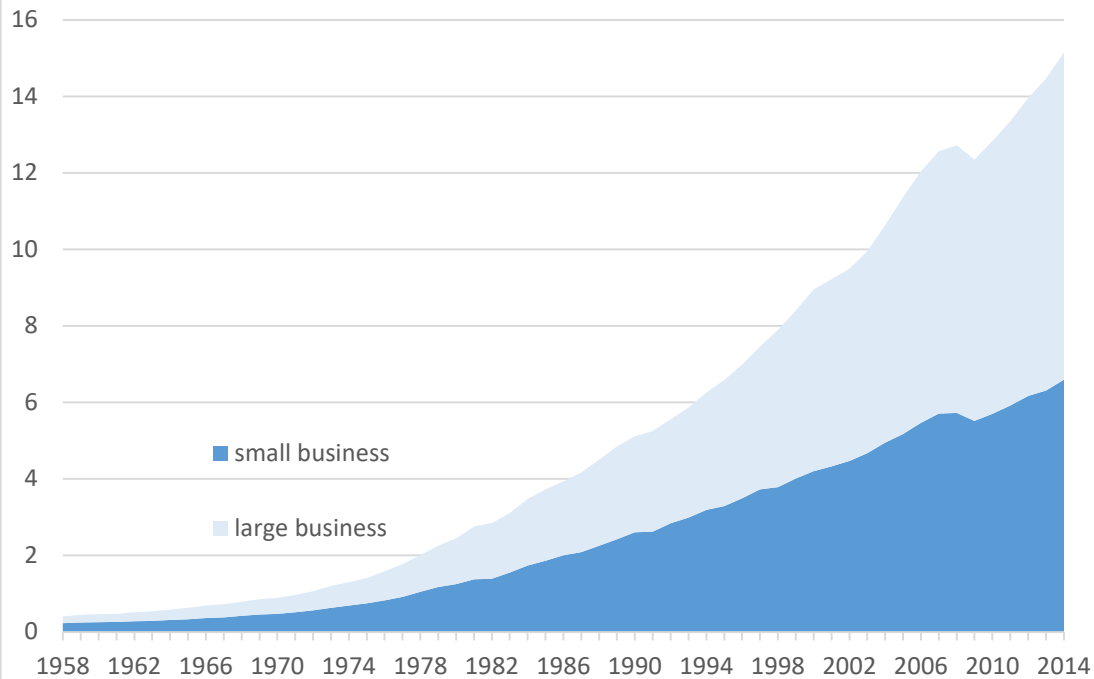
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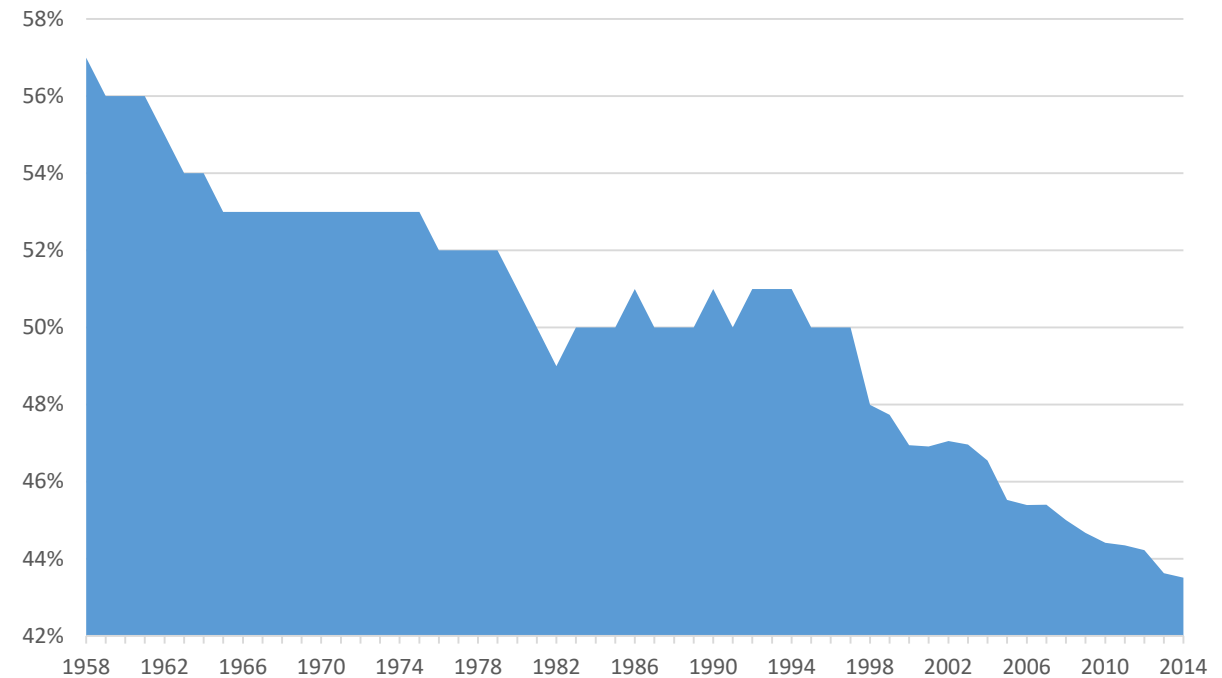
Small Business in the U.S. Economy

Small and Large Business GDP, 1958–2014 (Trillions \$)



Source: SBA Office of Advocacy calculations of data from the U.S. Department of Commerce, Bureau of Economic Analysis.

Small Business Share of GDP, 1958–2014 (percent)



Source: SBA Office of Advocacy calculations of data from the U.S. Department of Commerce, Bureau of Economic Analysis.

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<https://cdn.advocacy.sba.gov/wp-content/uploads/2018/12/21060437/Small-Business-GDP-1998-2014.pdf>

Small Business Impacts of the Pandemic

- Census Bureau, Small Business Pulse Survey
- Census Bureau, Current Population Survey
- ADP, National Employment Report
- Census Bureau, Business Formation Statistics
- Opportunity Insights Economic Tracker

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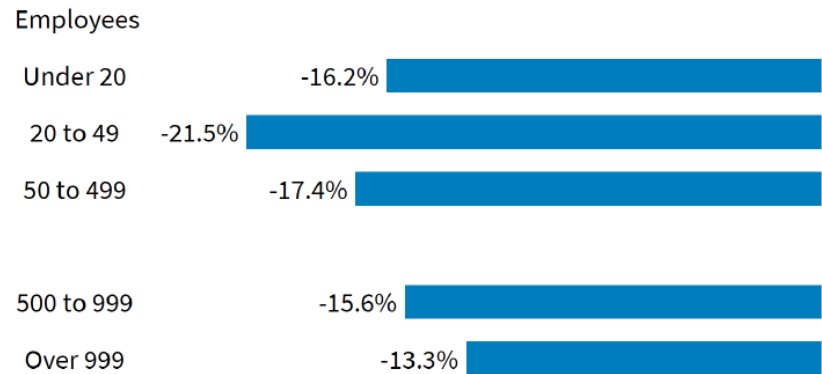
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Small Business Impacts of the Pandemic

March-April 2020

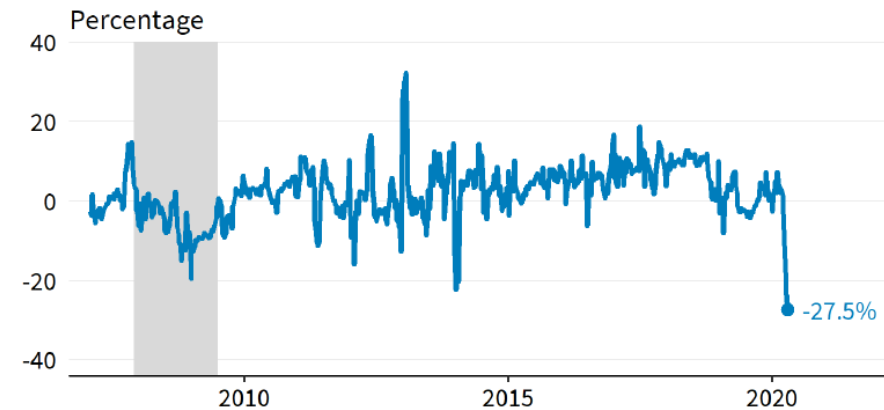
Change in employment by employer size



Size groups indicate employees per Employer Identification Number
Source: ADP Research institute

<https://cdn.advocacy.sba.gov/wp-content/uploads/2020/05/29101113/Small-Business-Facts-Small-Business-Unemployment-Plummets.pdf>

Change in total business applications



Applications summed over 5 weeks. Change from 52 weeks prior.
Shading indicates a recessionary period.
Source: Business Formation Statistics, Census Bureau

<https://cdn.advocacy.sba.gov/wp-content/uploads/2020/04/24155054/Small-Business-Facts-Early-Pandemic-Data.pdf>

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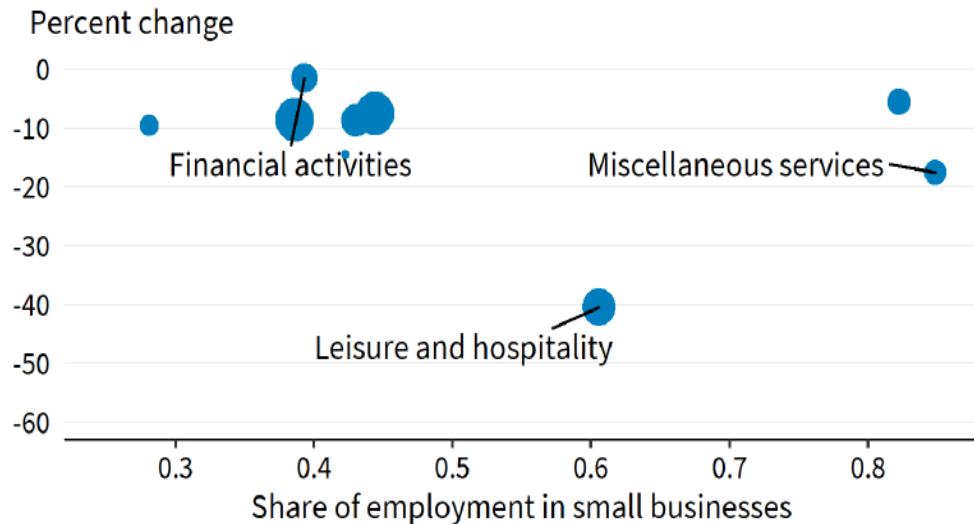
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Small Business Impacts of the Pandemic

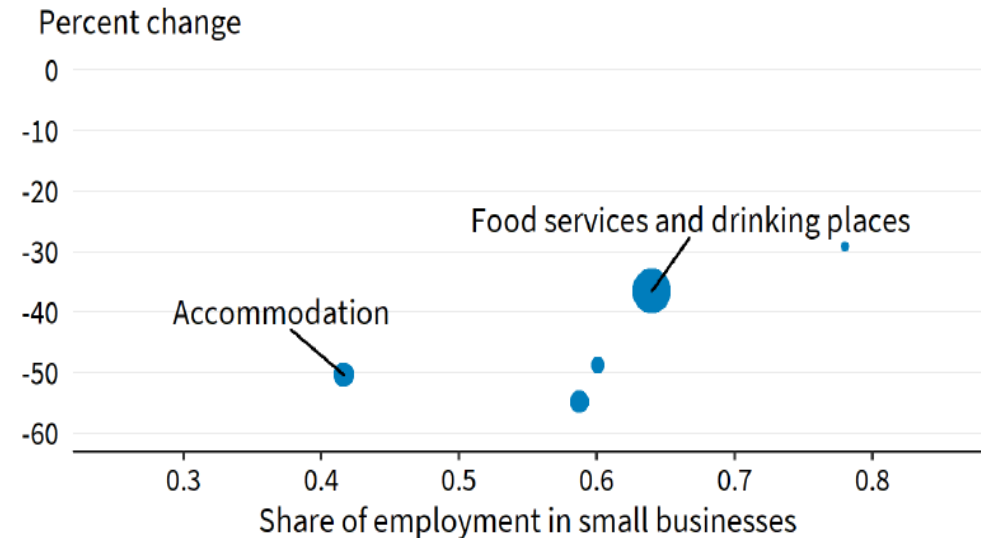
May 2020

Change in employment by industry group



Change relative to prior year. Symbol size reflects share of total employment.
Source: CES (BLS), SUSB 2017 (Census)

Employment changes within leisure and hospitality



Change relative to prior year. Symbol size reflects share of group employment.
Source: CES (BLS), SUSB 2017 (Census)

<https://cdn.advocacy.sba.gov/wp-content/uploads/2020/06/29105857/Small-Business-Facts-Restaurants-And-Bars-Staggered-By-Pandemic.pdf>

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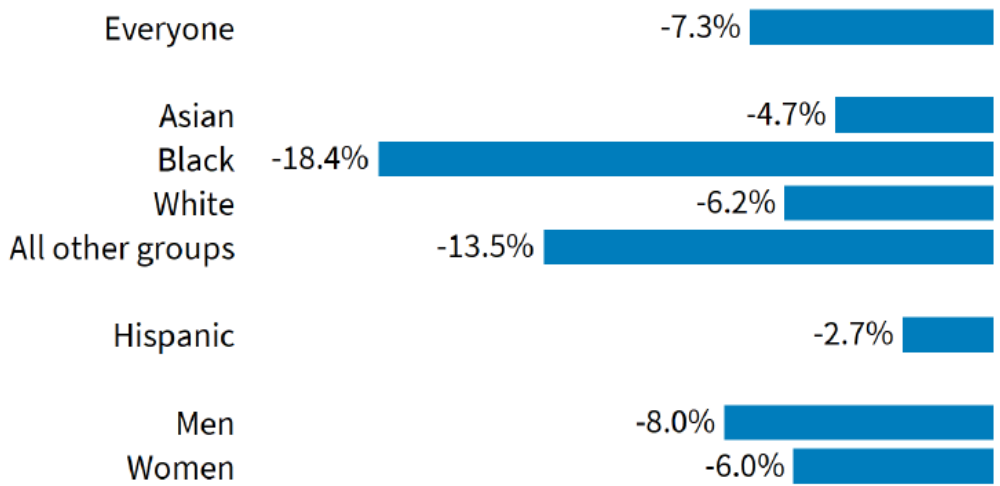
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Small Business Impacts of the Pandemic

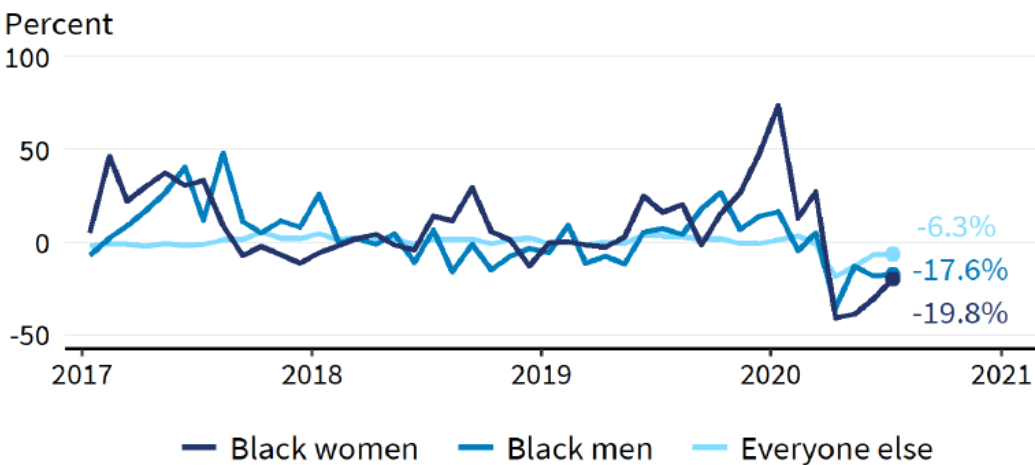
July 2020

Change in total working self-employed



Change from July 2019 to July 2020.
Source: Current Population Survey; BLS, Census, and IPUMS

Change in Black self-employment by gender



Change relative to 12 months prior.
Source: Current Population Survey; BLS, Census, and IPUMS

<https://cdn.advocacy.sba.gov/wp-content/uploads/2020/08/31083212/Black-Business-Owners-Hit-Hard-By-Pandemic.pdf>

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Small Business Impacts of the Pandemic

Number of Active Business Owners since February 2020			
	Number of Active Business Owners	% Change from Feb	Difference from Feb
February-20	15,022,316	-	-
March-20	14,486,882	-3.6%	-535,434
April-20	11,715,348	-22.0%	-3,306,968
May-20	12,825,934	-14.6%	-2,196,382
June-20	13,811,789	-8.1%	-1,210,527
July-20	13,959,391	-7.1%	-1,062,925
August-20	14,553,645	-3.1%	-468,671
Source: Census Bureau, Current Population Survey			

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Small Business Impacts of the Pandemic

Employment by Size of Business since March 2020						
	Small Business (<500 employees)			Large Business (500+ employees)		
	Number of Workers	% Change from Feb	Difference from Feb	Number of Workers	% Change from Feb	Difference from Feb
Feb	63,430,274	-	-	66,007,176	-	-
Mar	63,178,791	-0.4%	-251,483	65,956,772	-0.1%	-50,404
Apr	53,038,717	-16.4%	-10,391,557	56,687,968	-14.1%	-9,319,208
May	55,231,963	-12.9%	-8,198,311	57,835,273	-12.4%	-8,171,903
June	57,813,723	-8.9%	-5,616,551	59,739,002	-9.5%	-6,268,173
Jul	57,868,702	-8.8%	-5,561,572	59,896,356	-9.3%	-6,110,820
Aug	57,999,213	-8.6%	-5,431,061	60,194,202	-8.8%	-5,812,974
Source: ADP						

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Small Business Impacts of the Pandemic

Change in Employment by Size of Business, March - August 2020		
	Small Business Employment (Firms with <500 employees)	Large Business Employment (Firms with 500+ employees)
Mar	-251,483	-50,404
Apr	-10,140,074	-9,268,804
May	2,193,246	1,147,305
June	2,581,760	1,903,729
Jul	54,979	157,354
Aug	130,511	297,846
Source: ADP		

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Small Business Impacts of the Pandemic

OPPORTUNITY
INSIGHTS ECONOMIC TRACKER

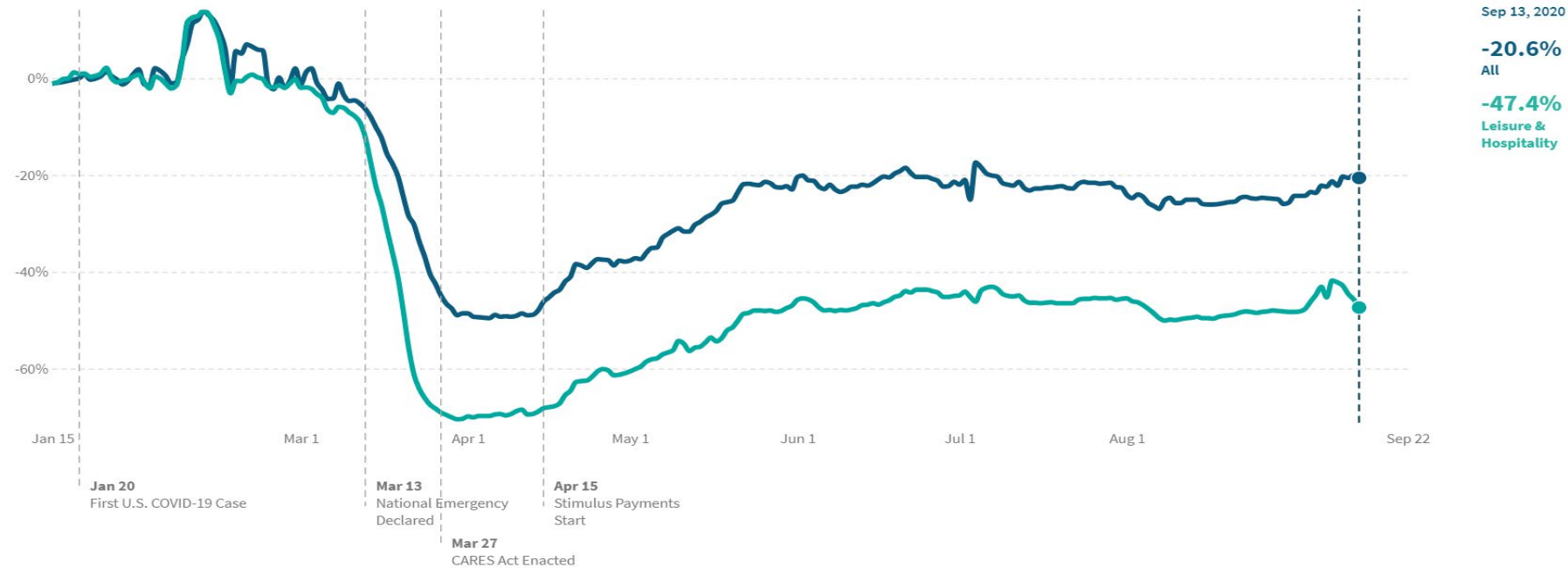
HARVARD
UNIVERSITY

BROWN

BILL & MELINDA
GATES foundation

Percent Change in Small Business Revenue*

In the United States, as of September 13, 2020, total small business revenue decreased by **20.6%** compared to January 2020.



*Change in net business revenue for small businesses, indexed to January 4-31 2020 and seasonally adjusted. This series is based on data from Womply.

last updated: September 21, 2020 next update expected: September 25, 2020

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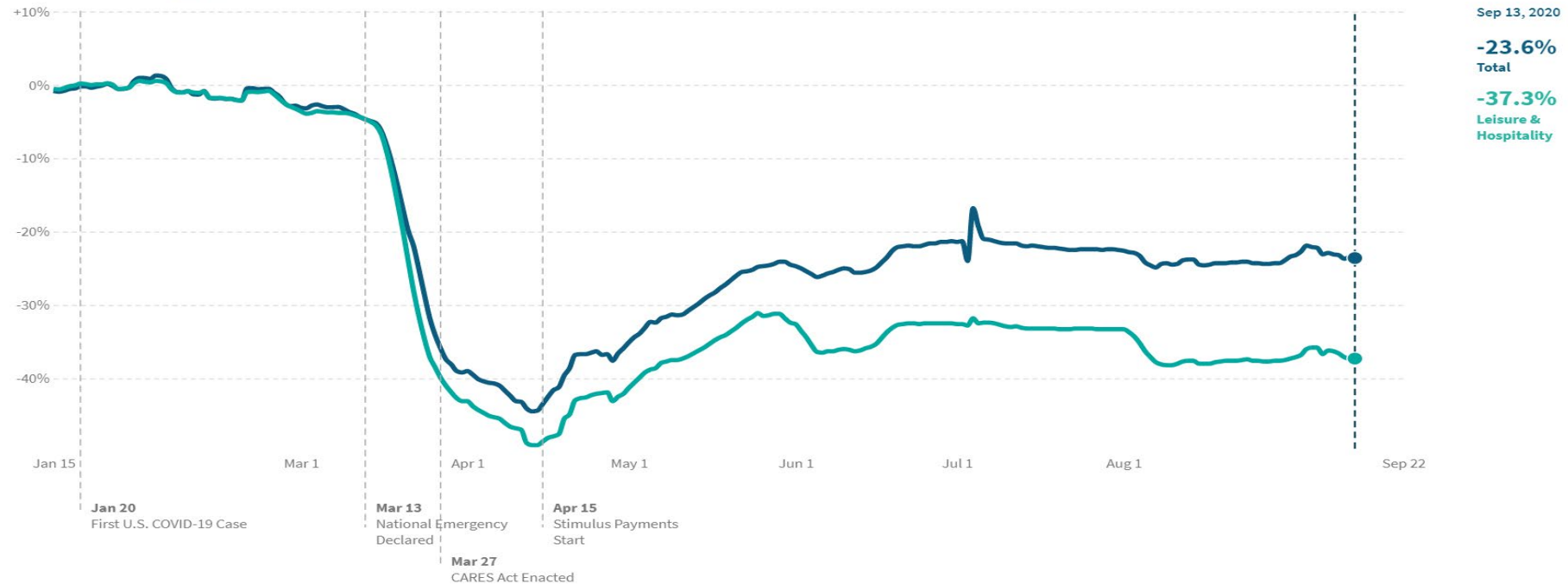
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Small Business Impacts of the Pandemic

Percent Change in Number of Small Businesses Open*

In the United States, as of September 13, 2020, the number of small businesses open decreased by **23.6%** compared to January 2020.



*Change in small businesses open (defined as having financial transaction activity), indexed to January 4-31 2020 and seasonally adjusted. This series is based on data from Womply.

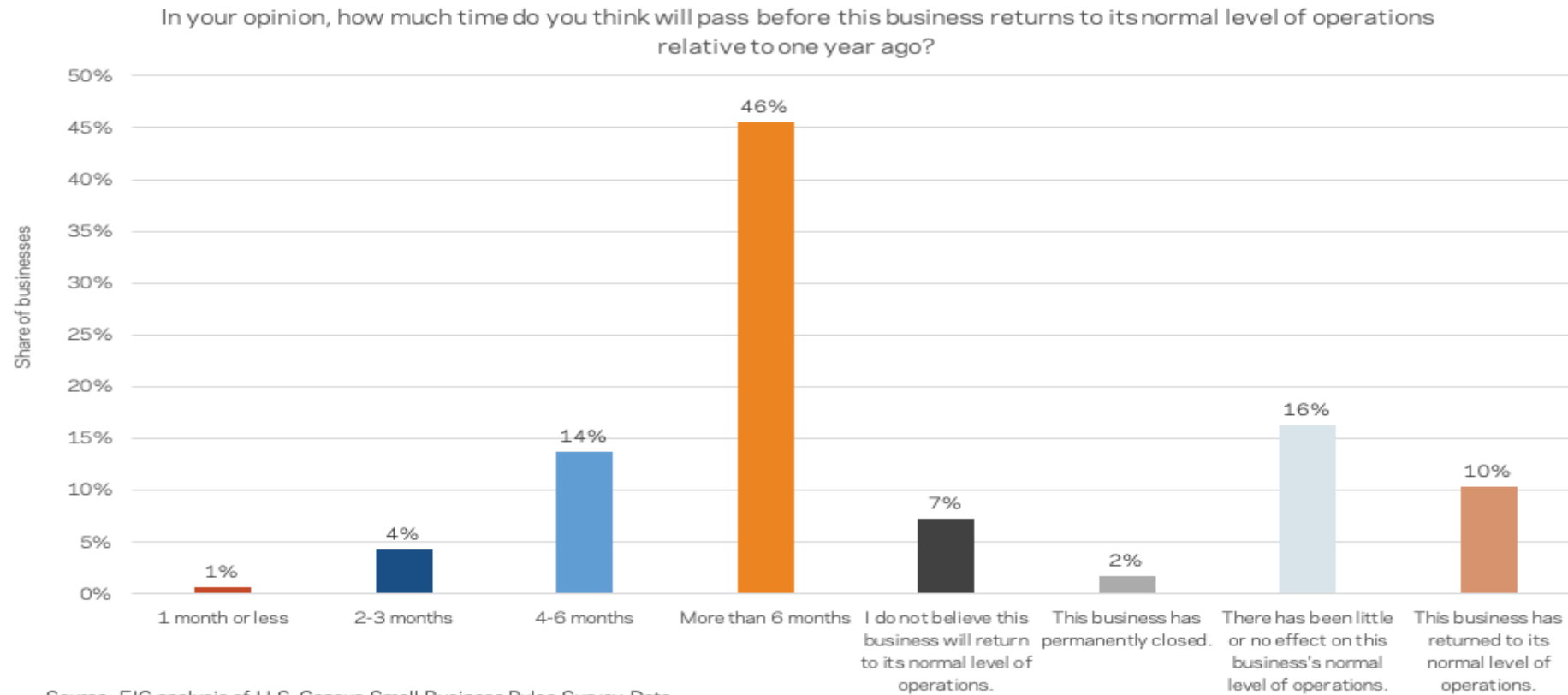
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Small Business Impacts of the Pandemic



Source: EIG analysis of U.S. Census Small Business Pulse Survey Data

Week of September 13th

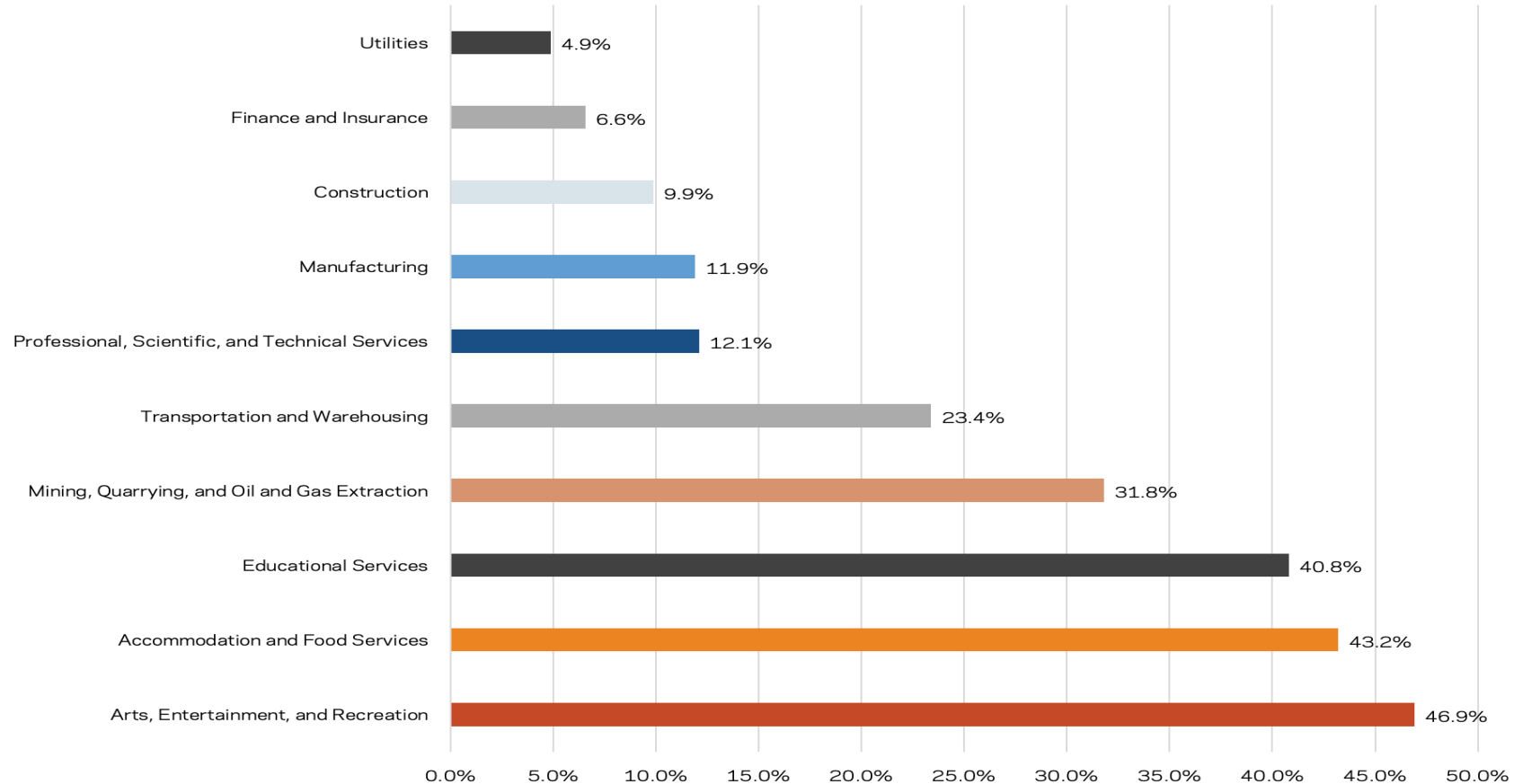
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Small Business Impacts of the Pandemic

Share of Businesses Operating at 50% or Less Capacity Relative to One Year Ago (Top 5 and Bottom 5 Sectors)



Source: EIG analysis of U.S. Census Small Business Pulse Survey

Week of September 20th

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Small Business Impacts of the Pandemic

Lender Size	Lender Count	Loan Count	Net Dollars	% of Amount
>\$50 B in Assets	34	1,696,961	\$190,260,579,519	36%
\$10 B to \$50 B in Assets	88	769,963	\$100,975,416,018	19%
<\$10 B in Assets	5,338	2,745,204	\$233,776,205,586	45%

The Paycheck Protection Program (PPP) closed to new loan applications at 11:59pm on August 8, 2020.

Approvals through 08/08/2020

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Small Business Impacts of the Pandemic

Industry by NAICS Sector

NAICS Sector Description	Loan Count	Net Dollars	% of Amount
Health Care and Social Assistance	532,775	\$67,802,899,625	12.91%
Professional, Scientific, and Technical Services	681,111	\$66,806,585,368	12.72%
Construction	496,551	\$65,070,483,743	12.39%
Manufacturing	238,494	\$54,101,623,487	10.30%
Accommodation and Food Services	383,561	\$42,477,369,498	8.09%
Retail Trade	472,418	\$40,576,055,345	7.73%
Other Services (except Public Administration)	583,385	\$31,687,938,997	6.04%
Wholesale Trade	174,707	\$27,650,501,453	5.27%
Administrative and Support and Waste Management and Remediation Services	258,907	\$26,591,901,997	5.07%
Transportation and Warehousing	229,565	\$17,522,942,736	3.34%
Real Estate and Rental and Leasing	262,921	\$15,732,532,646	3.00%
Finance and Insurance	181,493	\$12,202,534,934	2.32%
Educational Services	88,022	\$12,075,274,769	2.30%
Unclassified Establishments	219,502	\$9,652,279,182	1.84%
Information	73,824	\$9,336,848,657	1.78%
Arts, Entertainment, and Recreation	130,760	\$8,223,383,720	1.57%
Agriculture, Forestry, Fishing and Hunting	149,535	\$8,140,628,410	1.55%
Mining	22,503	\$4,542,309,832	0.87%
Public Administration	14,291	\$1,755,782,485	0.33%
Management of Companies and Enterprises	9,472	\$1,561,247,060	0.30%
Utilities	8,331	\$1,501,077,180	0.29%

Approvals through 08/08/2020

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Small Business Challenges and Policy Implications

- Access to capital
- Demand shifts
- Economic uncertainty
- Supply chain disruptions

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Road Ahead

- Close small business data gaps.
- More timely research on small business characteristics and needs.
- Greater small business participation in policy development.

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