

# SMALL BUSINESS PROFILE

### DISTRICT OF COLUMBIA



**68,236**  
92.3% Small Businesses  
of DC Businesses

**233,821**  
47.6% Small Business Employees  
of DC Employees



**EMPLOYMENT**  
**3,589**  
net new jobs<sup>1</sup>



**DIVERSITY**  
**33.2%**  
increase in minority  
ownership<sup>2</sup>



**TRADE**  
**78.2%**  
of DC exporters<sup>3</sup>

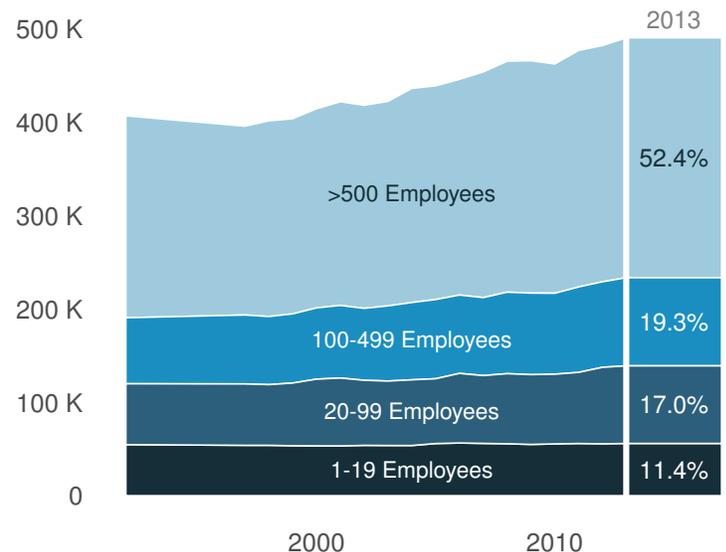
#### OVERALL DC ECONOMY

- In the third quarter of 2015, the District of Columbia grew at an annual rate of 1.4% which was slower than the overall US growth rate of 1.9%. By comparison, the District of Columbia's 2014 growth of 4.0% was up from the 2013 level of 1.6%. (Source: BEA)
- The employment situation in the District of Columbia improved. At the close of 2015, unemployment was 6.6%, down from 7.5% at the close of 2014. This was above the national unemployment rate of 5.0%. (Source: CPS)

#### EMPLOYMENT

- DC small businesses employed 233,821 people, or 47.6% 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 2.0% in 2015. This was below the previous year's increase of 2.3%. (Source: CES)
- The number of proprietors increased in 2014 by 1.2% relative to the previous year. (Source: BEA)
- Small businesses created 3,589 net jobs in 2013. Among the seven BDS size-classes, firms employing 50 to 99 employees experienced the largest gains, adding 1,201 net jobs. The largest losses were in firms employing 100 to 249 employees which lost 407 net jobs. (Source: BDS)

Figure 1: DC 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 was unchanged. (Source: FDIC)
- In 2014, 11,502 loans under \$100,000 (and valued at \$164.6 million) were issued by DC 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 \$70,575 in 2014. For individuals self-employed at their own unincorporated firms, this figure was \$30,916. (Source: ACS)

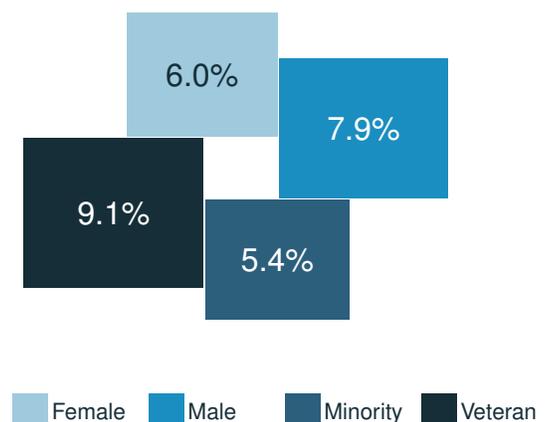
<sup>4</sup> Median income represents earnings from all sources. Unincorporated self-employment income includes unpaid family workers, a very small percent of the unincorporated self-employed.

## BUSINESS OWNER DEMOGRAPHICS

Figure 2: DC Changes in Business Ownership by Demographic Group

African American-owned	●	40.2%
Asian-owned	●	21.2%
Hawaiian/Pacific Islander-owned		-
Hispanic-owned	●	21.6%
Native American/Alaskan-owned	○	-10.3%
Minority-owned	●	33.2%
Nonminority-owned	•	4.2%

Figure 3: DC Self-Employment within Demographic Group

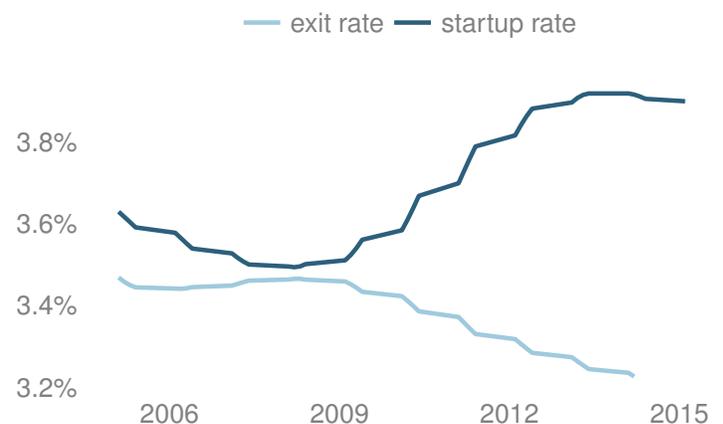


- Figure 2 displays the change in overall firm ownership for each demographic group from 2007 to 2012 based on the Survey of Business Owners (SBO) for the District of Columbia, released in December 2015.
- Figure 3 displays the percent of each demographic group identified as self-employed according to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

## BUSINESS TURNOVER

- In the second quarter of 2014, 884 establishments started up<sup>5</sup> in the District of Columbia and 787 exited.<sup>6</sup> Startups generated 3,625 new jobs while exits caused 3,959 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: DC 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.

## INTERNATIONAL TRADE

- A total of 564 companies exported goods from the District of Columbia in 2013. Among these, 441, or 78.2%, were small firms; they generated 86.1% of the District of Columbia's total known export value. (Source: ITA)

## SMALL BUSINESSES BY INDUSTRY

Table 1: DC 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	3,976	3,259	14,449	18,425
Other Services (except Public Administration)	3,615	2,818	7,324	10,939
Accommodation and Food Services	1,747	1,206	1,066	2,813
Health Care and Social Assistance	1,664	1,357	4,776	6,440
Retail Trade	1,226	1,097	1,980	3,206
Real Estate and Rental and Leasing	706	593	4,693	5,399
Administrative, Support, and Waste Management	654	441	3,491	4,145
Educational Services	463	299	2,449	2,912
Construction	431	341	2,032	2,463
Finance and Insurance	379	267	978	1,357
Information	367	258	1,524	1,891
Arts, Entertainment, and Recreation	271	223	4,426	4,697
Wholesale Trade	259	209	279	538
Transportation and Warehousing	108	80	2,388	2,496
Manufacturing	95	83	301	396
Utilities	4	4	56	60
Agriculture, Forestry, Fishing and Hunting	2	2	45	47
Mining, Quarrying, and Oil and Gas Extraction	1	1	5	6
<b>Total</b>	<b>15,968</b>	<b>12,538</b>	<b>52,262</b>	<b>68,230</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: DC Employment by Industry and Firm Size, 2013  
(sorted by small firm employment)

Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Other Services (except Public Administration)	58,193	74,673	77.9%
Professional, Scientific, and Technical Services	41,623	97,936	42.5%
Accommodation and Food Services	35,120	63,419	55.4%
Health Care and Social Assistance	29,314	65,595	44.7%
Administrative, Support, and Waste Management	16,250	32,544	49.9%
Educational Services	14,362	52,963	27.1%
Retail Trade	7,176	20,263	35.4%
Construction	6,387	7,800	81.9%
Information	6,184	20,854	29.7%
Real Estate and Rental and Leasing	6,165	9,431	65.4%
Arts, Entertainment, and Recreation	4,384	7,954	55.1%
Finance and Insurance	3,752	16,596	22.6%
Wholesale Trade	2,071	4,409	47.0%
Transportation and Warehousing	1,090	2,845	38.3%
Manufacturing	802	1,047	76.6%
Agriculture, Forestry, Fishing and Hunting	s	s	-
Mining, Quarrying, and Oil and Gas Extraction	s	s	-
Utilities	s	s	-
<b>Total</b>	<b>232,873</b>	<b>478,329</b>	<b>48.7%</b>

Figure 5: DC and Surrounding County-Level Job Changes, 2015 (CEW)

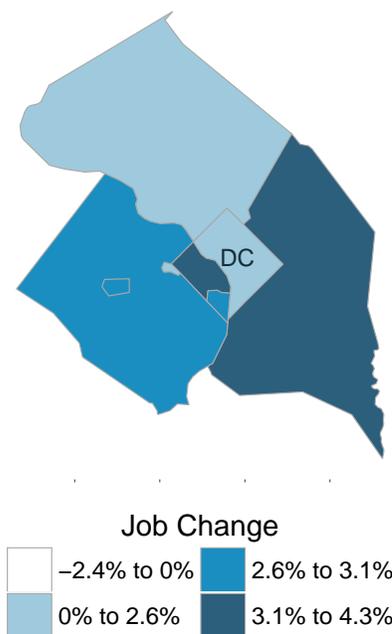


Table 3: Abbreviations and Resources

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>

