

SMALL BUSINESS PROFILE

CALIFORNIA




3.7 million
99.2% Small Businesses
of California Businesses

6.7 million
49.6% Small Business Employees
of California Employees



EMPLOYMENT
244,926
net new jobs¹



DIVERSITY
32.7%
increase in minority
ownership²



TRADE
95.8%
of California exporters³

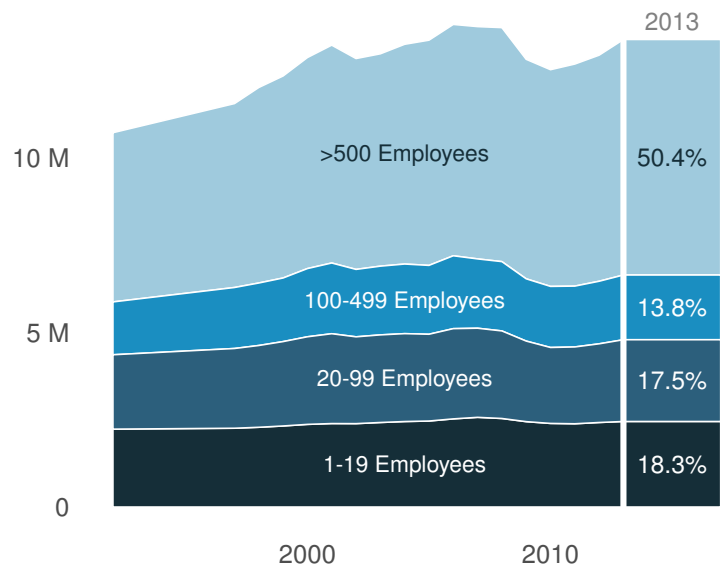
OVERALL CALIFORNIA ECONOMY

- In the third quarter of 2015, California grew at an annual rate of **2.1%** which was faster than the overall US growth rate of **1.9%**. By comparison, California's 2014 growth of **4.1%** was down from the 2013 level of **4.3%**. (Source: BEA)
- The employment situation in California improved. At the close of 2015, unemployment was **5.9%**, down from **6.9%** at the close of 2014. This was above the national unemployment rate of **5.0%**. (Source: CPS)

EMPLOYMENT

- California small businesses employed **6.7 million** people, or **49.6%** 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 **3.2%** in 2015. This was below the previous year's increase of **3.3%**. (Source: CES)
- The number of proprietors increased in 2014 by **1.2%** relative to the previous year. (Source: BEA)
- Small businesses created **244,926** net jobs in 2013. Among the seven BDS size-classes, firms employing 100 to 249 employees experienced the largest gains, adding **47,050** net jobs. The smallest gains were in firms employing 5 to 9 employees which added **22,865** net jobs. (Source: BDS)

Figure 1: California 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, 836,919 loans under \$100,000 (and valued at \$11.7 billion) were issued by California 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 \$56,099 in 2014. For individuals self-employed at their own unincorporated firms, this figure was \$24,454. (Source: ACS)

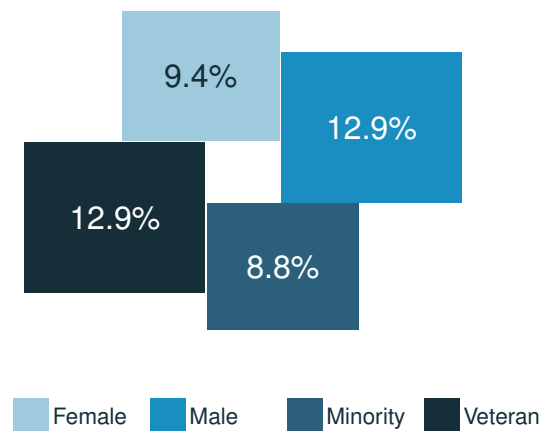
⁴ Median income represents earnings from all sources. Unincorporated self-employment income includes unpaid family workers, a very small percent of the unincorporated self-employed.

BUSINESS OWNER DEMOGRAPHICS

Figure 2: California Changes in Business Ownership by Demographic Group

African American-owned	●	28.6%
Asian-owned	●	18.8%
Hawaiian/Pacific Islander-owned	●	57.5%
Hispanic-owned	●	43.9%
Native American/Alaskan-owned	○	-9.5%
Minority-owned	●	32.7%
Nonminority-owned	○	-8.8%

Figure 3: California Self-Employment within Demographic Group

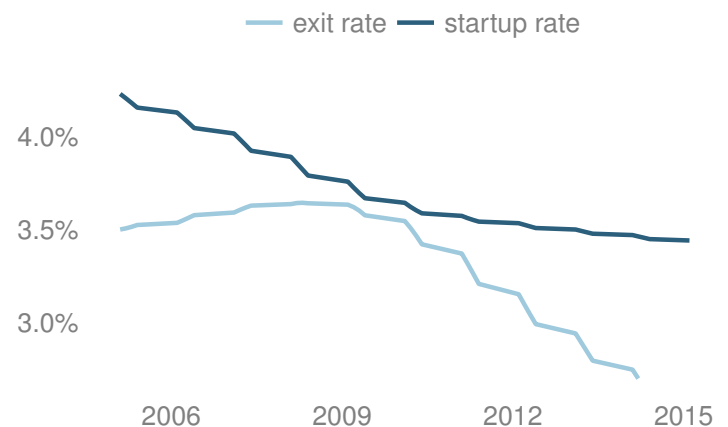


- Figure 2 displays the change in overall firm ownership for each demographic group from 2007 to 2012 based on the Survey of Business Owners (SBO) for California, released in December 2015.
- Figure 3 displays the percent of each demographic group identified as self-employed according to the 2014 American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

BUSINESS TURNOVER

- In the second quarter of 2014, 36,329 establishments started up⁵ in California and 33,139 exited.⁶ Startups generated 107,132 new jobs while exits caused 87,828 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: California Private Startup and Exit Rates



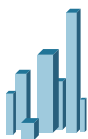




⁵ **STARTUPS** are counted when business establishments hire at least one employee for the first time. The BLS terms these **births**, as distinct from the BLS **openings** category which includes seasonal re-openings.

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 75,175 companies exported goods from California in 2013. Among these, 72,032, or 95.8%, were small firms; they generated 44.6% of California's total known export value. (Source: ITA)

SMALL BUSINESSES BY INDUSTRY

Table 1: California 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	108,107	100,947	515,814	623,921
Health Care and Social Assistance	87,547	79,771	269,490	357,037
Retail Trade	68,138	62,062	228,534	296,672
Construction	65,022	59,354	218,993	284,015
Other Services (except Public Administration)	64,052	59,098	468,857	532,909
Accommodation and Food Services	59,986	47,421	41,792	101,778
Wholesale Trade	50,210	43,271	60,876	111,086
Real Estate and Rental and Leasing	39,122	37,127	306,663	345,785
Administrative, Support, and Waste Management	35,380	30,928	253,127	288,507
Manufacturing	34,736	26,801	46,090	80,826
Finance and Insurance	27,170	25,178	81,873	109,043
Arts, Entertainment, and Recreation	20,182	18,409	195,103	215,285
Transportation and Warehousing	16,876	14,664	139,243	156,119
Information	14,923	13,035	59,681	74,604
Educational Services	11,376	8,875	78,286	89,662
Agriculture, Forestry, Fishing and Hunting	1,848	1,624	13,529	15,377
Mining, Quarrying, and Oil and Gas Extraction	562	443	4,550	5,112
Utilities	467	411	1,495	1,962
Total	705,704	629,419	2,983,996	3,689,700

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: California Employment by Industry and Firm Size, 2013
(sorted by small firm employment)

Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Accommodation and Food Services	924,893	1,464,639	63.1%
Health Care and Social Assistance	846,728	1,786,656	47.4%
Professional, Scientific, and Technical Services	653,687	1,148,692	56.9%
Manufacturing	615,131	1,146,841	53.6%
Retail Trade	575,556	1,595,788	36.1%
Construction	515,112	613,955	83.9%
Wholesale Trade	511,810	833,961	61.4%
Other Services (except Public Administration)	455,736	554,877	82.1%
Administrative, Support, and Waste Management	400,529	1,261,891	31.7%
Educational Services	204,161	390,823	52.2%
Real Estate and Rental and Leasing	197,181	277,273	71.1%
Finance and Insurance	195,534	590,753	33.1%
Transportation and Warehousing	165,035	445,742	37.0%
Arts, Entertainment, and Recreation	158,043	303,635	52.1%
Information	154,169	582,259	26.5%
Agriculture, Forestry, Fishing and Hunting	18,667	24,906	74.9%
Mining, Quarrying, and Oil and Gas Extraction	9,608	25,806	37.2%
Utilities	4,416	s	-
Total	6,605,996	13,048,497	50.6%

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

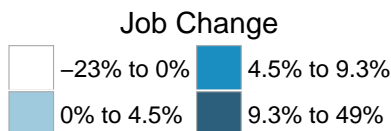
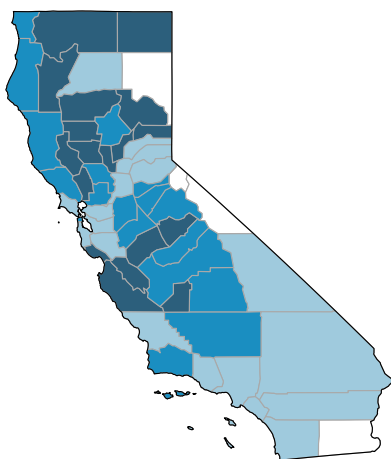


Table 3: Abbreviations and Resources

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>

