

2020 Small Business Profile

U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF ADVOCACY

REGULATION • RESEARCH • OUTREACH

Iowa

272,555 Small Businesses
99.3% of Iowa Businesses

649,796 Small Business Employees
48.0% of Iowa Employees



EMPLOYMENT
5,034
net new jobs



DIVERSITY
11,843
self-employed minorities



TRADE
2,817
small business exporters

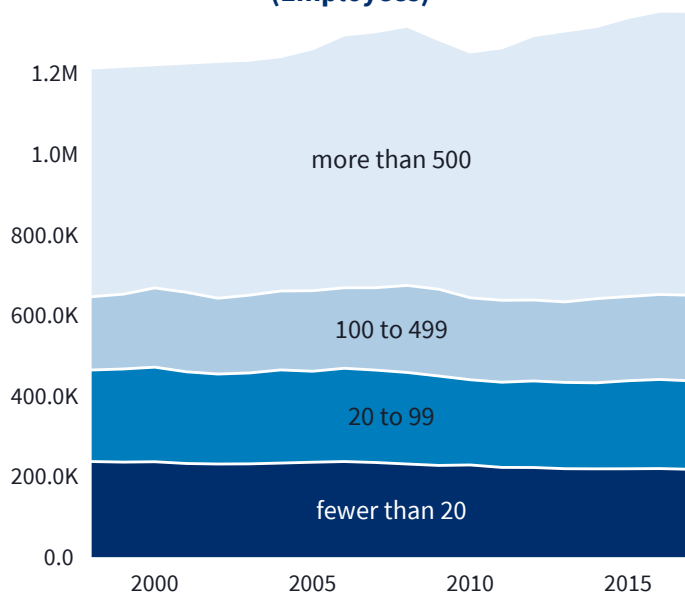
A note on COVID-19: This report uses the most up-to-date government data to present a unique snapshot of small businesses. The BLS employment estimates capture the early stages of the pandemic. All other sources reflect data collected prior to the pandemic.

Overall Economy

- In the fourth quarter of 2019, Iowa grew at an annual rate of **1.3%**, which was slower than the overall US growth rate of **2.1%**. Iowa's 2019 overall growth rate of **0.9%** was down from the 2018 rate of **2.2%**. (Source: [BEA](#))
- In April 2020, the unemployment rate was **10.2%**, up from **2.7%** in April 2019. This was below the April 2020 national unemployment rate of **14.7%**. (Source: [CPS](#))

Employment

Figure 1: Iowa Employment by Business Size (Employees)



- Iowa small businesses employed **649,796** people, or **48.0%** of the private workforce, in 2017. (Source: [SUSB](#))
- Firms with 20 to 99 employees have the largest share of small business employment. Figure 1 provides further details on firms with employees. (Source: [SUSB](#))
- Private-sector employment decreased **12.6%** during the 12-month period ending in April 2020. This was below the increase of **0.6%** during the prior 12-month period. (Source: [CES](#))
- The number of proprietors increased in 2018 by **2.4%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **5,034** net jobs in 2019. Firms employing fewer than 20 employees experienced the largest gains, adding **5,150** net jobs. The largest losses were in firms employing 20 to 99 employees, which lost **1,691** net jobs. (Source: [BDM](#))

The Small Business Profiles are produced by the US Small Business Administration's Office of Advocacy (<http://advocacy.sba.gov>). These profiles define small businesses as firms with fewer than 500 employees. Net small business job change, self-employed minorities, and exporter share statistics are based on 2019 Business Employment Dynamics (BDM), 2018 American Community Survey (ACS), and 2018 International Trade Administration (ITA) data, respectively.

Income and Finance

- The median income for self-employed individuals at their own incorporated businesses was **\$48,937** in 2018. For self-employed individuals at their own unincorporated firms, median income was **\$26,443**. (Source: [ACS](#))
- The total number of banks decreased by **13** between June 2018 and June 2019 to **281** banks. During the same period, the number of banks with assets under \$1 billion decreased by **12** to **265** banks. (Source: [FDIC](#))
- In 2018, Iowa lending institutions reporting under the Community Reinvestment Act issued **38,773** loans under \$100,000, a total value of **\$648.9 million**. (Source: [FFIEC](#))

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

Self-Employment Demographics

Figure 2: Iowa Self-Employment Rates by Gender & Demographic, 2018

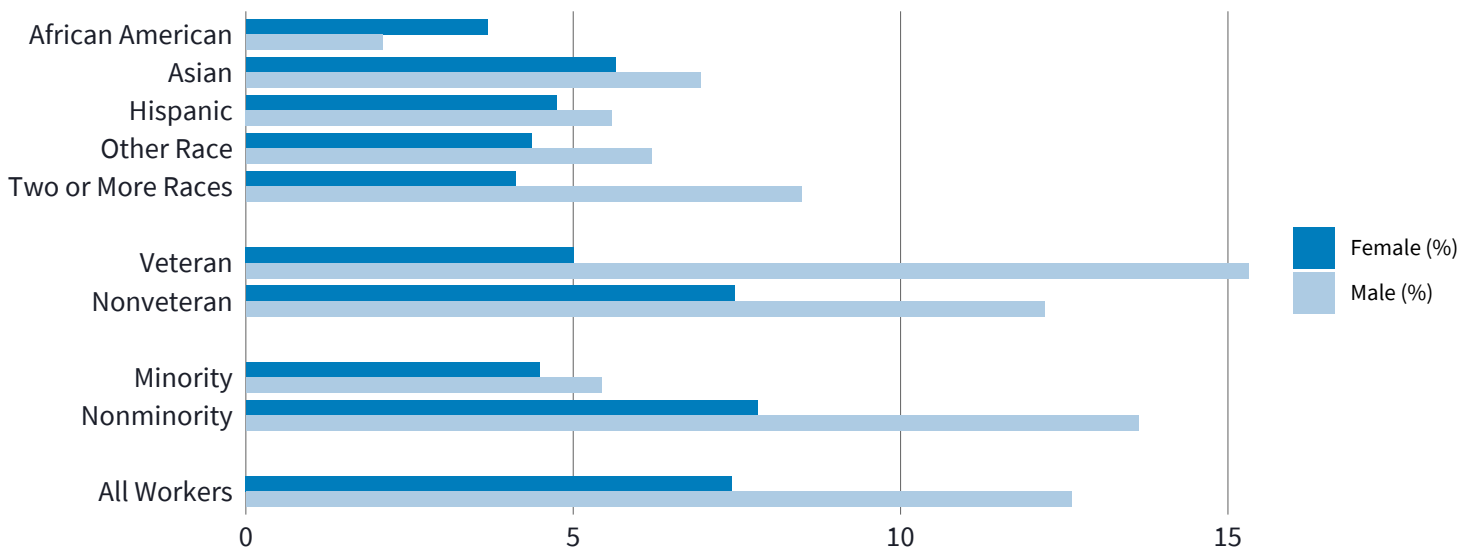
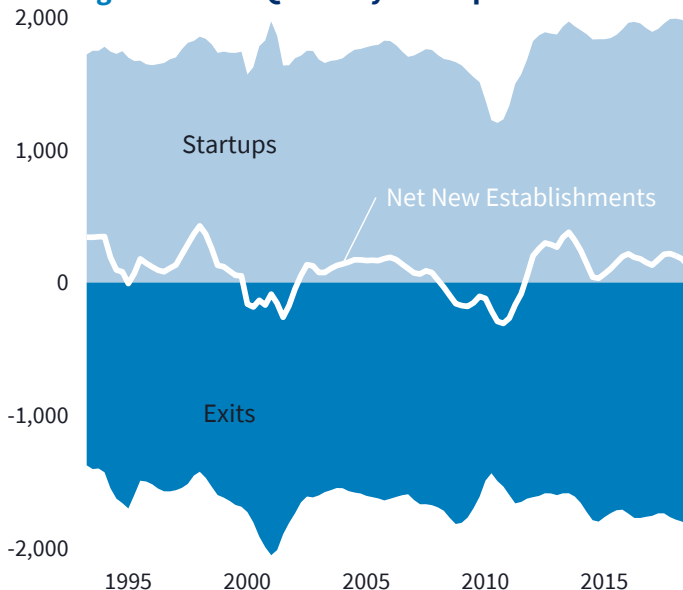


Figure 2 shows the self-employment rate for each demographic group by gender according to the 2018 American Community Survey (ACS). Other Race includes those who selected Alaska Native, American Indian, Native Hawaiian, Pacific Islander, or Some Other Race.

Turnover among Establishments with Employees

Figure 3: Iowa Quarterly Startups and Exits



- In the fourth quarter of 2018, **1,905** establishments started up, generating **6,371** new jobs in Iowa. Startups are counted when business establishments hire at least one employee for the first time. (Source: [BDM](#))
- In the same period, **1,842** establishments exited, resulting in **5,465** jobs lost. Exits occur when establishments go from having at least one employee to having none, and then remain closed for at least one year. (Source: [BDM](#))
- Figure 3 displays quarterly startups and exits from 1993 to 2018. Each series is smoothed across multiple quarters to highlight long-run trends. (Source: [BDM](#))

The BDM data covers only business establishments with employees. BDM refers to startups as births and exits as deaths. These terms are distinct from the BDM openings and closings categories. Openings include seasonal re-openings and closings include seasonal shutterings. Quarterly startup and exit values may not align with Figure 3 due to smoothing.

International Trade

- A total of 3,396 firms exported goods from Iowa in 2018. Of these, 2,817, or 83.0%, were small firms, which generated 19.2% of Iowa's \$12.9 billion in total exports. (Source: ITA)

Small Business Employment by Industry and Self-Employment by County

Table 1: Iowa Employment by Industry, 2017

 Industry	 Small Business Employment	 Total Private Employment	 Small Business Employment Share
Health Care and Social Assistance	113,815	217,484	52.3
Accommodation and Food Services	86,408	123,676	69.9
Manufacturing	64,917	210,737	30.8
Retail Trade	61,879	179,727	34.4
Construction	59,291	67,984	87.2
Other Services (except Public Administration)	48,297	51,695	93.4
Wholesale Trade	41,948	69,807	60.1
Professional, Scientific, and Technical Services	35,212	55,478	63.5
Finance and Insurance	31,116	96,037	32.4
Administrative, Support, and Waste Management	28,287	84,423	33.5
Transportation and Warehousing	20,434	59,286	34.5
Arts, Entertainment, and Recreation	14,756	19,108	77.2
Educational Services	12,654	35,179	36.0
Real Estate and Rental and Leasing	11,040	14,202	77.7
Information	9,390	29,798	31.5
Management of Companies and Enterprises	5,560	26,222	21.2
Utilities	1,670	7,884	21.2
Agriculture, Forestry, and Fishing and Hunting	1,532	2,726	56.2
Mining, Quarrying, and Oil and Gas Extraction	1,510	2,148	70.3
Industries Not Classified	80	80	100.0
Total	649,796	1,353,681	48.0

Figure 4: Iowa Self-Employment Rates by County, 2018

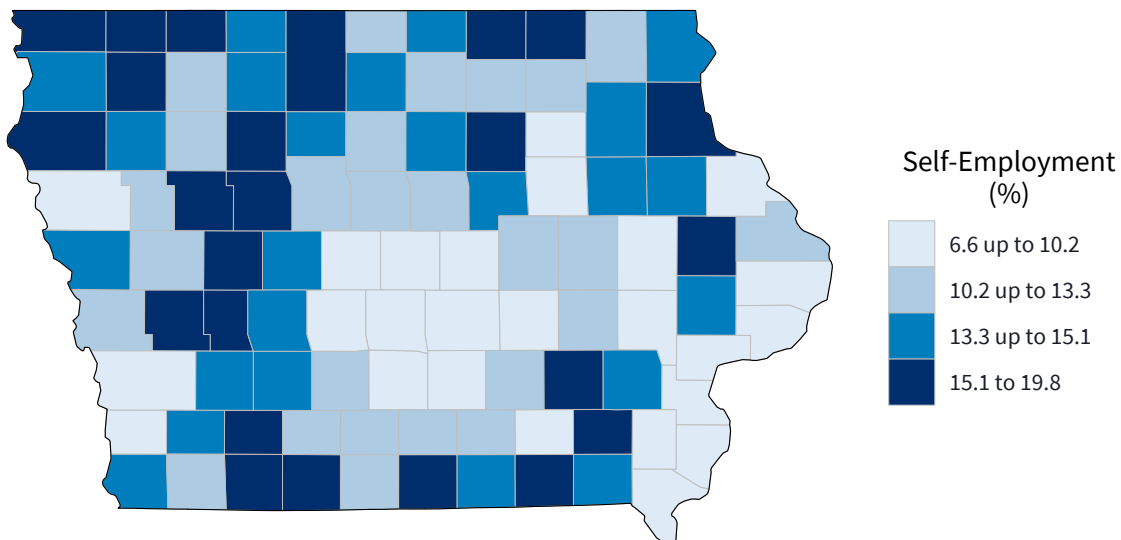


Table 2: Iowa Small Businesses by Industry and Firm Size, 2017

 Industry	 1–19 Employees	 1–499 Employees	 Nonemployer Firms	 Total Small Firms
Other Services (except Public Administration)	8,077	8,549	31,182	39,731
Construction	7,923	8,577	25,843	34,420
Retail Trade	5,892	6,698	23,994	30,692
Real Estate and Rental and Leasing	2,292	2,449	24,797	27,246
Professional, Scientific, and Technical Services	5,239	5,697	20,764	26,461
Health Care and Social Assistance	4,349	5,507	18,159	23,666
Administrative, Support, and Waste Management	2,809	3,119	13,905	17,024
Transportation and Warehousing	2,770	3,057	13,284	16,341
Arts, Entertainment, and Recreation	1,196	1,378	10,349	11,727
Finance and Insurance	2,936	3,296	7,434	10,730
Accommodation and Food Services	4,375	5,644	2,813	8,457
Wholesale Trade	2,269	3,018	3,083	6,101
Educational Services	537	695	4,999	5,694
Agriculture, Forestry, and Fishing and Hunting	324	340	5,336	5,676
Manufacturing	1,865	2,649	2,983	5,632
Information	619	773	2,180	2,953
Utilities	39	74	163	237
Mining, Quarrying, and Oil and Gas Extraction	42	62	52	114
Total	53,594	61,235	211,320	272,555

Tables 1 and 2 display data from the 2017 Statistics of U.S. Businesses (SUSB). Table 2 includes additional data from the 2017 Nonemployer Statistics (NES). Figure 4 provides estimates of the rate of self-employment among employed civilians, 16 years and over, including both incorporated and unincorporated businesses, from the 2018 American Community Survey (ACS).

References

The Small Business Profiles, source data, and methodology are available at <https://go.usa.gov/xvSPA>.

ACS	American Community Survey, US Census Bureau
BEA	Bureau of Economic Analysis, US Department of Commerce
BDM	Business Employment Dynamics, BLS
BLS	Bureau of Labor Statistics, US Department of Labor
CES	Current Employment Statistics, BLS
CPS	Current Population Survey, BLS
FDIC	Federal Deposit Insurance Corporation
FFIEC	Federal Financial Institutions Examination Council
ITA	International Trade Administration, US Department of Commerce
NES	Nonemployer Statistics, US Census Bureau
SUSB	Statistics of US Businesses, US Census Bureau