2020 Small Business Profile

U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF ADVOCACY
REGULATION • RESEARCH • OUTREACH

Colorado

653,639 Small Businesses
99.5% of Colorado Businesses

1.1 million Small Business Employees
48.1% of Colorado Employees

EMPLOYMENT
33,618
net new jobs

DIVERSITY
72,132
self–employed minorities

TRADE
5,105
small business exporters

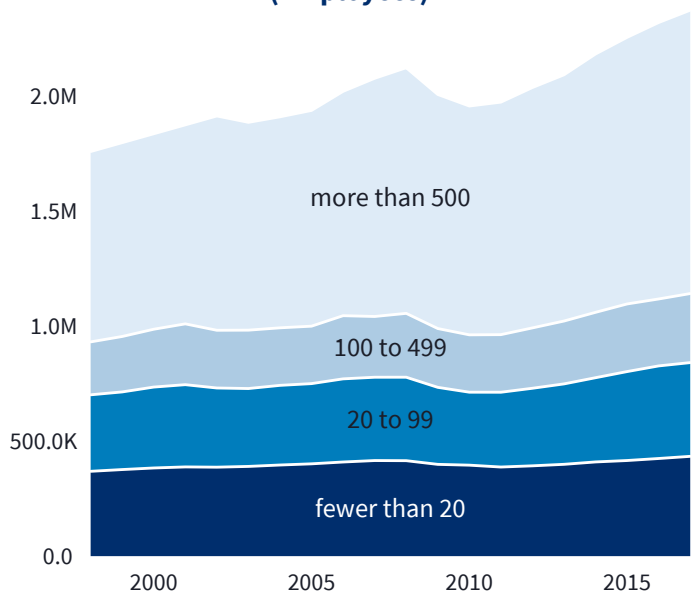
A note on COVID–19: This report uses the most up-to-date government data to present a unique snapshot of small businesses. The BLS employment estimates capture the early stages of the pandemic. All other sources reflect data collected prior to the pandemic.

Overall Economy

- In the fourth quarter of 2019, Colorado grew at an annual rate of 2.6%, which was faster than the overall US growth rate of 2.1%. Colorado's 2019 overall growth rate of 3.5% was unchanged from the 2018 rate of 3.5%. (Source: BEA)
- In April 2020, the unemployment rate was 11.3%, up from 2.9% in April 2019. This was below the April 2020 national unemployment rate of 14.7%. (Source: CPS)

Employment

Figure 1: Colorado Employment by Business Size (Employees)



- Colorado small businesses employed 1.1 million people, or 48.1% of the private workforce, in 2017. (Source: SUSB)
- Firms with fewer than 20 employees have the largest share of small business employment. Figure 1 provides further details on firms with employees. (Source: SUSB)
- Private-sector employment decreased 12.8% during the 12-month period ending in April 2020. This was below the increase of 1.9% during the prior 12-month period. (Source: CES)
- The number of proprietors increased in 2018 by 3.2% relative to the previous year. (Source: BEA)
- Small businesses created 33,618 net jobs in 2019. Firms employing fewer than 20 employees experienced the largest gains, adding 27,593 net jobs. The smallest gains were in firms employing 100 to 499 employees, which added 1,579 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 $51,821 in 2018. For self–employed individuals at their own unincorporated firms, median income was $29,928. (Source: ACS)
- The total number of banks decreased by 4 between June 2018 and June 2019 to 77 banks. During the same period, the number of banks with assets under $1 billion decreased by 2 to 68 banks. (Source: FDIC)
- In 2018, Colorado lending institutions reporting under the Community Reinvestment Act issued 146,848 loans under $100,000, a total value of $2.2 billion. (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: Colorado Self–Employment Rates by Gender & Demographic, 2018

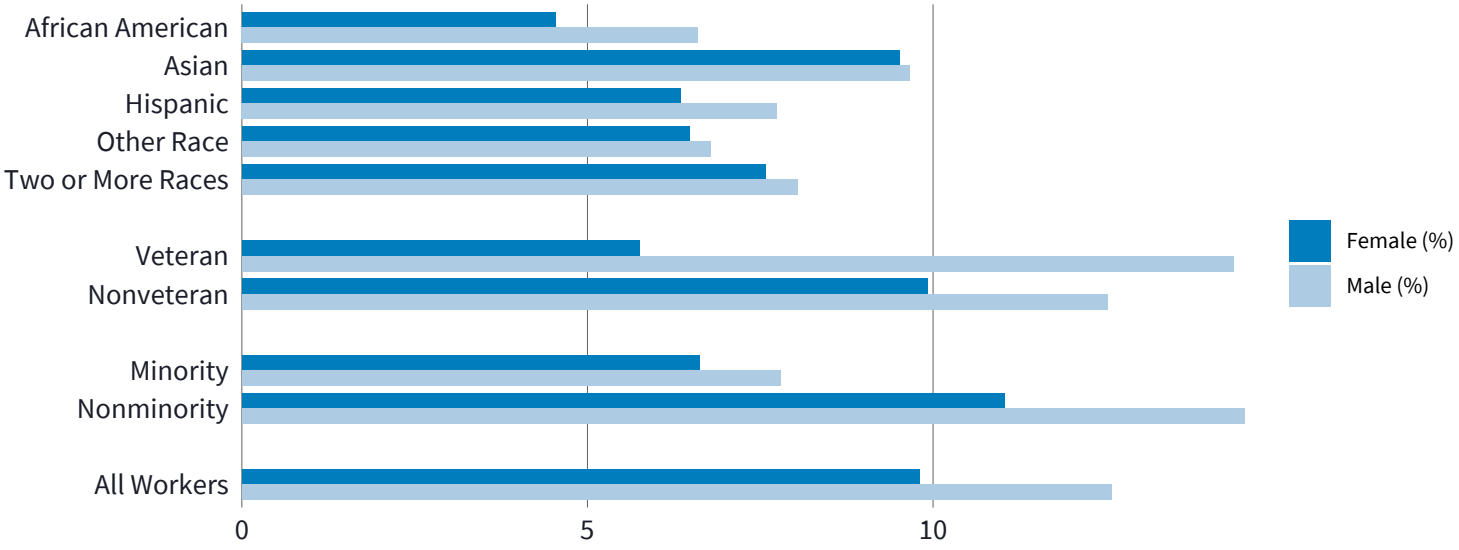
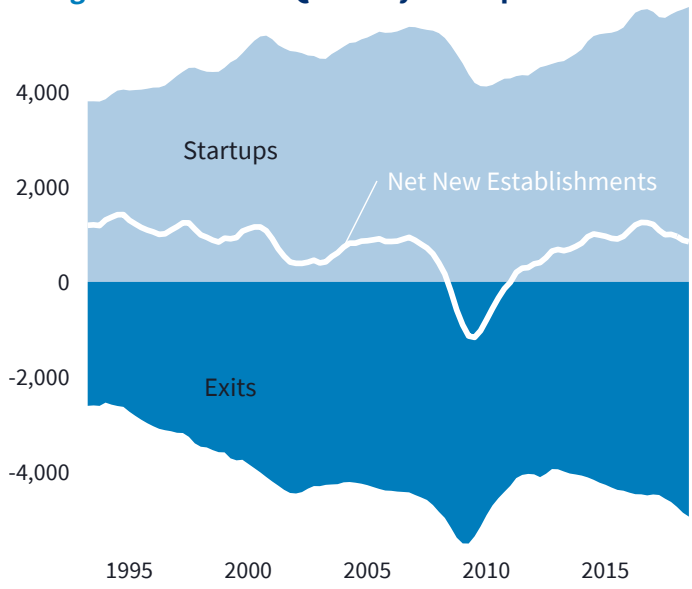


Figure 2 shows the self–employment rate for each demographic group by gender according to the 2018 American Community Survey (ACS). Other Race includes those who selected Alaska Native, American Indian, Native Hawaiian, Pacific Islander, or Some Other Race.

Turnover among Establishments with Employees

Figure 3: Colorado Quarterly Startups and Exits



- In the fourth quarter of 2018, 6,064 establishments started up, generating 18,681 new jobs in Colorado. Startups are counted when business establishments hire at least one employee for the first time. (Source: BDM)
- In the same period, 4,762 establishments exited, resulting in 14,407 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

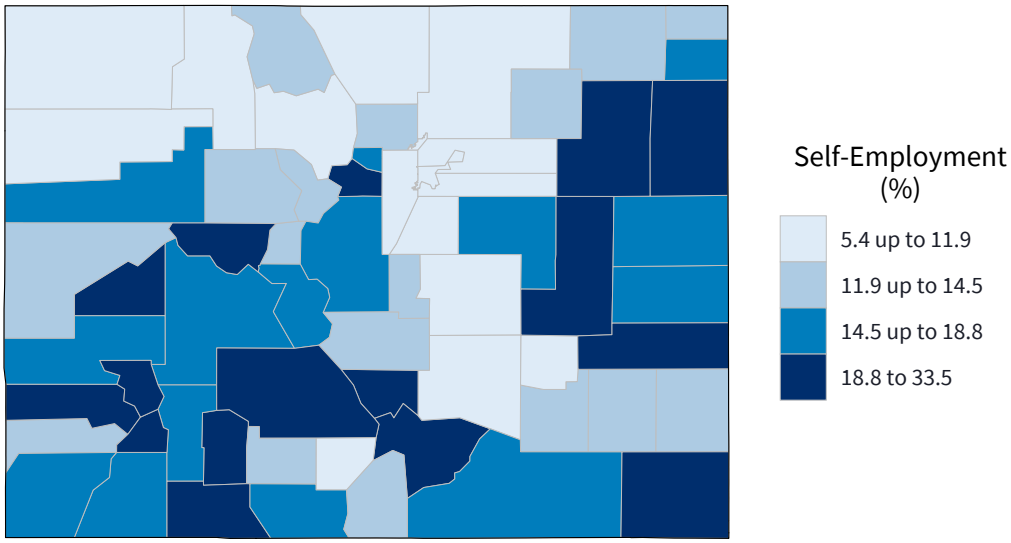
- A total of 5,862 firms exported goods from Colorado in 2018. Of these, 5,105, or 87.1%, were small firms, which generated 27.1% of Colorado's $7.9 billion in total exports. (Source: ITA)

Small Business Employment by Industry and Self–Employment by County

Table 1: Colorado Employment by Industry, 2017

Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Accommodation and Food Services	181,639	291,025	62.4
Health Care and Social Assistance	152,621	315,864	48.3
Construction	128,448	160,782	79.9
Professional, Scientific, and Technical Services	112,997	192,813	58.6
Retail Trade	99,499	275,646	36.1
Other Services (except Public Administration)	87,952	110,236	79.8
Administrative, Support, and Waste Management	74,357	266,583	27.9
Manufacturing	61,516	123,930	49.6
Wholesale Trade	49,129	101,149	48.6
Real Estate and Rental and Leasing	32,890	47,250	69.6
Finance and Insurance	32,057	116,168	27.6
Educational Services	30,776	51,522	59.7
Arts, Entertainment, and Recreation	29,040	56,769	51.2
Information	22,365	93,608	23.9
Transportation and Warehousing	22,343	70,453	31.7
Mining, Quarrying, and Oil and Gas Extraction	10,083	21,129	47.7
Management of Companies and Enterprises	7,893	64,170	12.3
Utilities	3,307	10,668	31.0
Agriculture, Forestry, and Fishing and Hunting	1,648	1,732	95.2
Industries Not Classified	197	197	100.0
Total	**1,140,757**	**2,371,694**	**48.1**

Figure 4: Colorado Self–Employment Rates by County, 2018



Small Businesses by Industry

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

Industry	1–19 Employees	1–499 Employees	Nonemployer Firms	Total Small Firms
Professional, Scientific, and Technical Services	22,519	24,035	88,887	112,922
Real Estate and Rental and Leasing	9,735	10,138	65,446	75,584
Construction	16,813	18,228	56,032	74,260
Other Services (except Public Administration)	12,322	13,286	60,290	73,576
Retail Trade	10,887	12,065	39,868	51,933
Health Care and Social Assistance	11,457	13,069	33,241	46,310
Administrative, Support, and Waste Management	6,965	7,863	34,625	42,488
Transportation and Warehousing	2,642	2,997	37,725	40,722
Arts, Entertainment, and Recreation	2,467	2,794	31,354	34,148
Finance and Insurance	5,535	5,942	14,870	20,812
Educational Services	2,043	2,457	16,359	18,816
Accommodation and Food Services	7,410	10,237	7,051	17,288
Wholesale Trade	4,338	5,286	6,965	12,251
Manufacturing	3,750	4,612	7,569	12,181
Information	1,692	1,992	7,757	9,749
Mining, Quarrying, and Oil and Gas Extraction	758	905	4,335	5,240
Agriculture, Forestry, and Fishing and Hunting	318	334	4,676	5,010
Utilities	141	184	300	484
Total	**121,943**	**136,289**	**517,350**	**653,639**

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