Background Information for BEA's Small Business Satellite Account

To better track the growth of small businesses and their relative contribution to the U.S. economy, BEA has begun developing economic statistics by business size and industry as part of a small business satellite account (SBSA). In 2016, BEA received initial funding to lay the groundwork for the SBSA. Since then, BEA began evaluating potential data sources and methods, preparing initial estimates, and presenting results to subject matter experts, stakeholders, and researchers.

BEA has produced two working papers on the subject of small-business statistics. BEA used public Census Bureau Survey of U.S. Businesses (SUSB) data that showed employment and wage growth for large businesses (enterprises with 500 or more employees) was faster than for small businesses (enterprises with less than 100 employees) between 2012 and 2016[1]. BEA also found businesses with 20–49 employees had faster wage and employment growth than businesses with 50–99 employees, highlighting how the interpretation and understanding of economic growth for small businesses is influenced by how business sizes are categorized. In an earlier paper, BEA combined SUSB receipts data with Census Bureau Nonemployer Statistics receipts data to estimate gross output by industry for 2002, 2007, and 2012[2] (SUSB receipts are available only every five years). Similar to the wage and employment estimates, BEA found gross output growth for large businesses was faster than for small businesses between 2002 and 2012.

Recently, BEA data users have voiced interest in small-business statistics that categorize businesses by revenue size instead of employment size. IRS published sector-level income data categorized by revenue size for 1998–2003. BEA is in the beginning stages of developing proof-of-concept estimates of gross output and value added by sector and business size using these data.

While public Census and IRS data are useful to understanding certain economic activity across industries and business sizes, additional and more timely data are needed for a comprehensive understanding of economic activity for small businesses. Census and IRS financial microdata are the ideal data to estimate economic statistics for small businesses. Accessing nonpublic microdata would also allow for analysis using different measures of business size, such as one that incorporates both employment and revenue qualifiers. To develop a comprehensive and complete small business satellite account, access to additional resources and data are necessary.

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[1] https://www.bea.gov/system/files/papers/BEA-WP2020-4_0.pdf
[2] https://www.bea.gov/system/files/papers/WagesGOby-business-size.pdf