

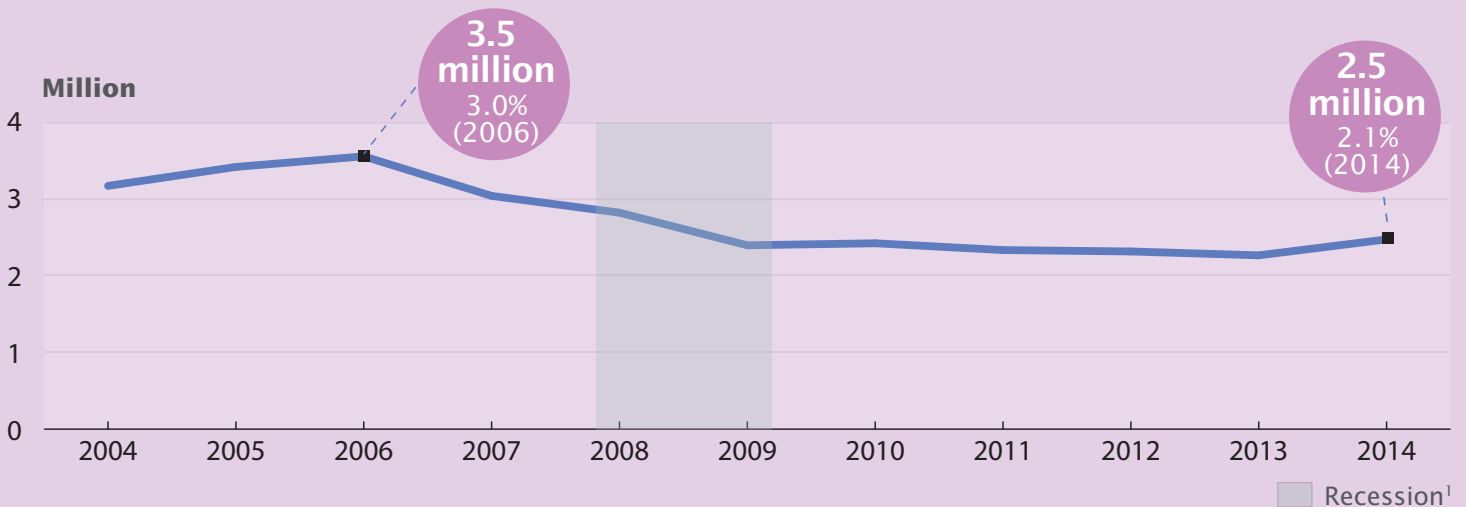
STARTUPS AND JOB CREATION IN THE UNITED STATES

The U.S. Census Bureau releases data every year describing changes for businesses operating in the United States. These Business Dynamics Statistics (BDS) include information on the number of startups (businesses that began operating in a given year) and the number of new jobs that were created by startups.

Job Creation From Startups

Job creation from startups shows signs of recovery in 2014, but level remains below prerecession levels.

Startups created approximately 2.5 million jobs in 2014, representing 2.1 percent of total U.S. private nonfarm employment. While this indicates a recovery for startups from lower levels of job creation in recent years, job creation from startups remained far below its pre-Great Recession level of 3.5 million in 2006. These 3.5 million jobs in 2006 represented 3.0 percent of total U.S. private nonfarm employment.



Percentage of Metro Areas With an Annual Increase in the Number of Startups²

Approximately half of U.S. metropolitan areas saw an increase in the number of startups in 2014.

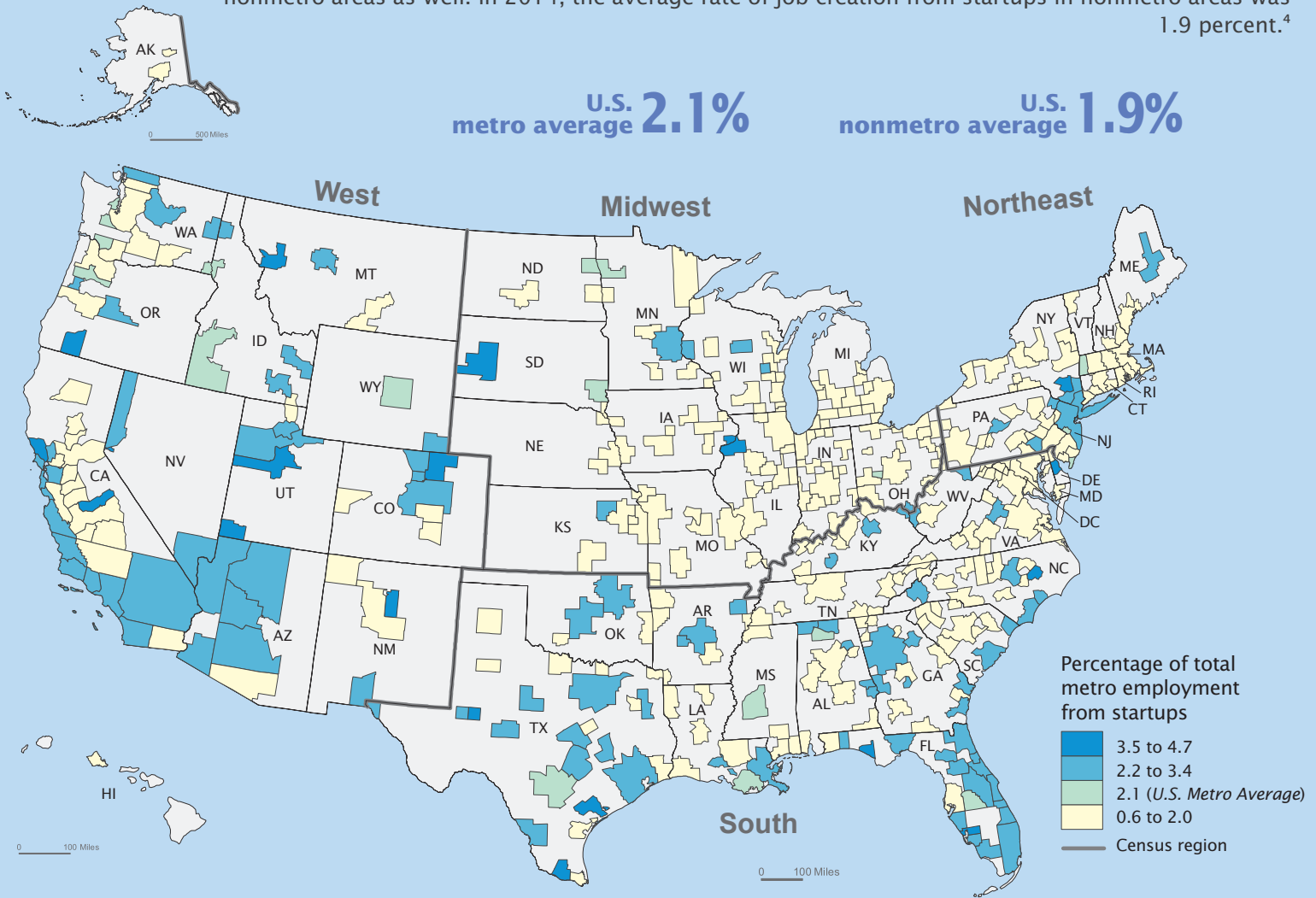
The number of startups increased in approximately half, 50.3 percent, of U.S. metro areas in 2014. This reflects an increase from the percentage in 2013, when 40.7 percent of metro areas saw an increase in the number of startups. However, the level in 2014 is still far below the pre-Great Recession level in 2005, when 71.6 percent of metro areas saw an increase in the number of startups.



Startups' Contribution to Metropolitan Employment²

Job creation from startups as a percentage of total metropolitan employment

Startups contributed more to employment in some metro areas in the United States than others in 2014. The metro areas with the highest job creation rates from startups—3.5 percent and higher—were mostly in the South and West. Most of the metro areas in the Northeast and Midwest had job creation rates from startups that were lower than the U.S. metro average of 2.1 percent.³ It should be noted that while this map focuses on startups in metro areas, there is startup activity in nonmetro areas as well. In 2014, the average rate of job creation from startups in nonmetro areas was 1.9 percent.⁴



¹ Shaded areas are recession dates from the National Bureau of Economic Research, U.S. Business Cycle Expansions and Contractions.

² For the purposes of the infographic, "metro areas" refers to Metropolitan Statistical Areas as defined by the Office of Management and Budget as of December 2009.

³ The U.S. metro average of 2.1 percent in 2014 is a weighted average—where the rate for each metro is weighted by its employment size. It should be noted that while the U.S. metro average represents metros only, the national rates shown in the first panel above represent both metro and nonmetro areas. In 2014, the U.S. metro average and the national rate were very close, with both rates rounding to 2.1 percent.

⁴ The U.S. nonmetro average of 1.9 percent is also a weighted average.

Notes: The metropolitan job creation rate from startups is defined as the job creation from startups in the metro area divided by the employment in that metro area. These estimates are subject to nonsampling error, which includes errors of coverage, reporting, and nonreporting. Because the BDS tabulations are based on a combination of administrative and survey-collected data, rather than a probability sample, sampling error cannot be measured for the BDS. For additional information, see "Reliability of Data" at www.census.gov/ces/dataproducts/bds/methodology.html.

SOURCE: U.S. Census Bureau, Business Dynamics Statistics (BDS). For additional information about the BDS and the BDS methodology, see www.census.gov/ces/dataproducts/bds/.