Business Formation Statistics (BFS)

Alyson Plumb
Business Formation Statistics Team Lead
Economic Indicators Division

Emin Dinlersoz
Principal Economist
Center for Economic Studies

John Haltiwanger
Special Assistant
Associate Directorate for Economic Programs
Professor of Economics
University of Maryland

Any opinions and conclusions expressed herein are those of the authors and do not represent the views of the U.S. Census Bureau.
The Census Bureau has reviewed this data product to ensure appropriate access, use, and disclosure avoidance protection of the confidential source data (Project No. P-7515311, Disclosure Review Board (DRB) approval numbers: CBDRB-FY23-0139, CBDRB-FY23-0140).

What is Business Formation Statistics?

Focuses on measuring early-stage business activity with shorter lag and with more frequent updates

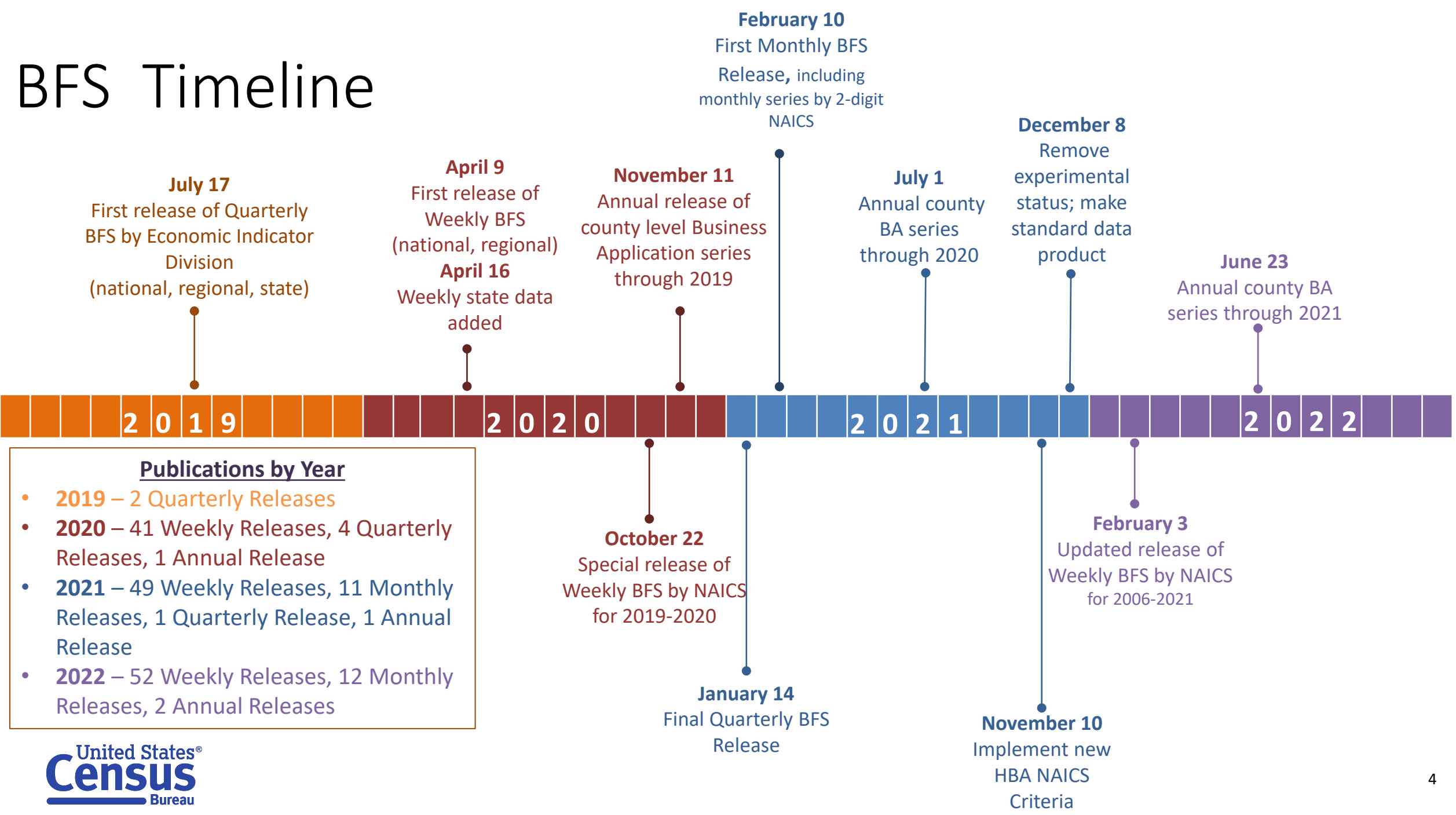
Derived from applications for Employer Identification Number (EIN)

United States® Census Bureau

Partners

United States® Census Bureau

BFS Timeline



Publications by Year

- **2019** – 2 Quarterly Releases
- **2020** – 41 Weekly Releases, 4 Quarterly Releases, 1 Annual Release
- **2021** – 49 Weekly Releases, 11 Monthly Releases, 1 Quarterly Release, 1 Annual Release
- **2022** – 52 Weekly Releases, 12 Monthly Releases, 2 Annual Releases

United States® Census Bureau

Data Products

Business Formation Statistics Publications			
Frequency	**Weekly**	**Monthly**	**Annual**
Availability	Week 1, 2006 - to Present	July 2004 - to Present	2005-2022
Series	4 Application series, not seasonally adjusted	4 Application series 8 Formation series, seasonally adjusted and not seasonally adjusted	1 Application Series
Geography	National, Regional, State	National, Regional, State	County
Other	Annual release of weekly data by 2- and 3-digit NAICS from 2006 to 2022	National industry series	

United States® Census Bureau

Content: Business *Application* Series

- Several criteria applied to the entire set of EIN applications to generate business application series
- **Business Applications (BA)** - The core series that includes all EIN applications made in the U.S. (50 states + DC) except those filed without a business intent:
  - Trusts, estates, tax-liens
  - Public entities
  - Some other filings with little or no business intent (e.g. personal tax/finance related filings, some household activities, etc.)

United States® Census Bureau

Content: Other *Application* Series

High-Propensity Business Applications (HBA) – Applications that have a relatively high likelihood of becoming employer businesses

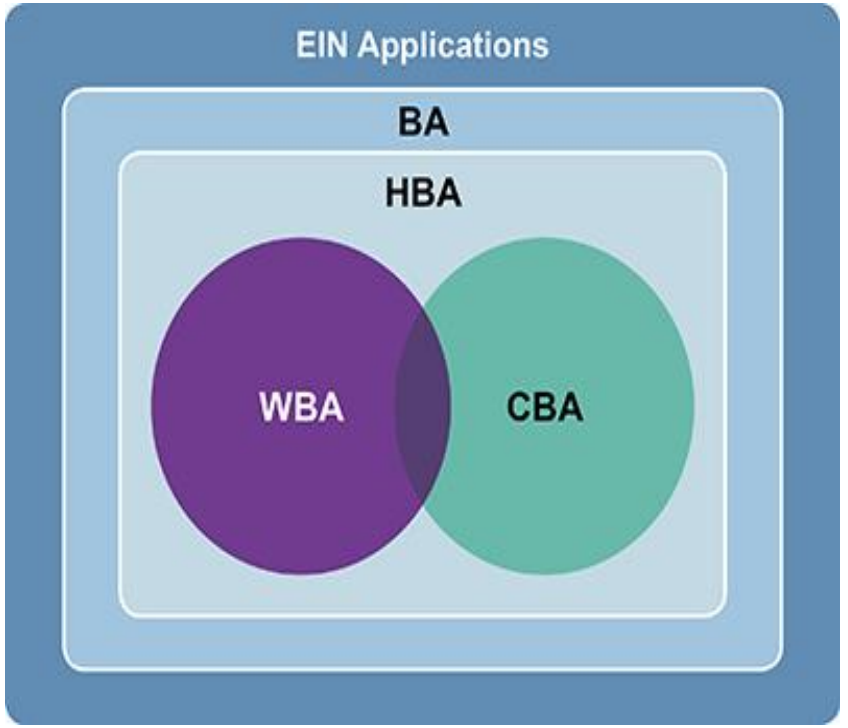
- From corporate entities
- Indicate hiring employees, purchasing a business or changing organizational type
- Provide a date for first-wages paid/planned
- Classified in certain industries

Business Applications with Planned Wages (WBA) – a subset of HBA

- Provide a date for first-wages paid/planned

Business Applications from Corporations (CBA) – a subset of HBA

- From corporate entities



United States® Census Bureau

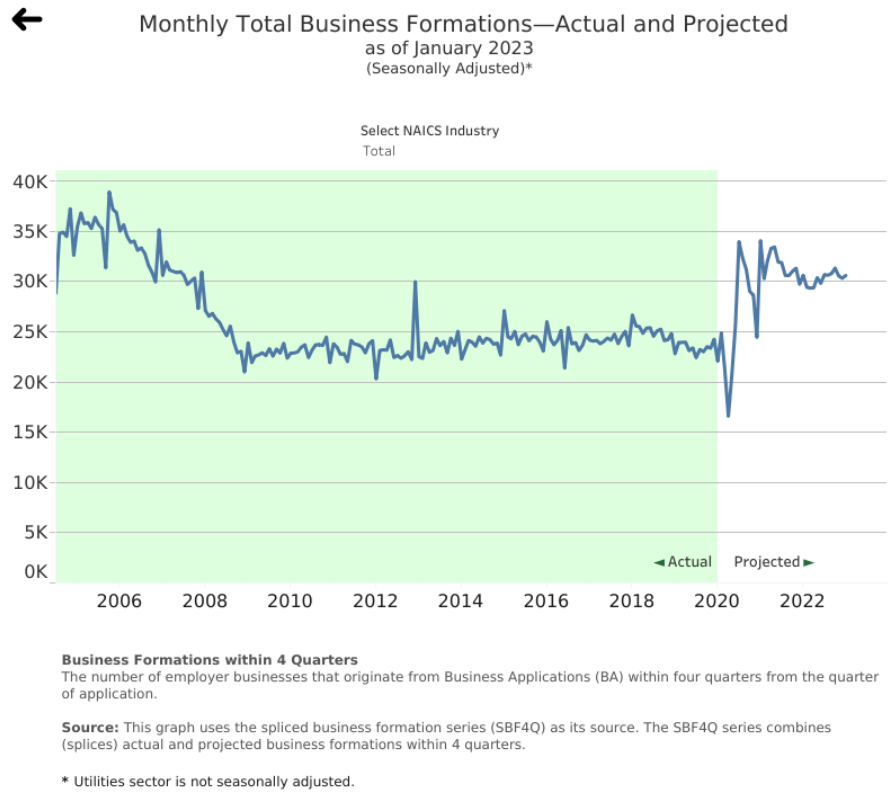
Content: Business *Formation* Series

- Use Census Bureau's Longitudinal Business Database (LBD) to identify new employer firm (EIN) births from business applications and the timing (quarter) of these births
- **Business Formations within 4 Quarters (BF4Q)**
  - Employer businesses that originate from Business Applications (BA) within a four quarter window from the quarter of application
- **Business Formations within 8 Quarters (BF8Q)**
  - Employer businesses that originate from Business Applications (BA) within an eight quarter window from the quarter of application

United States® Census Bureau

Content: Other *Formation* Series

- **Projected Business Formations within 4/8 Quarters (PBF4Q/PBF8Q)**
  - Projected employer businesses that originate from Business Applications (BA) within a four/eight-quarter window from the month of application
  - Provides estimates for the months for which actuals are not yet available
  - Estimates based on a model of employer birth indicator as a function of application characteristics
- **Spliced Business Formations within 4/8 Quarters (SBF4Q/SBF8Q)**
  - Combines actual and projected formations to provide a time series
- **Average Duration (in Quarters) from Business Application to Formation within 4/8 Quarters (DUR4Q/DUR8Q)**
  - Measures average duration from application to formation



Data Files

United States Census Bureau

// Census.gov > Business & Economy > Business Formation Statistics > Data

Business Formation Statistics - Data

Monthly Data

Monthly BFS data are released approximately 11-12 days after the end of the observed month.

Latest Monthly Business Formation Statistics Report

Weekly Data

Weekly BFS will be released each Thursday by 12:00 p.m. EDT.

CSV Files of Weekly Business Formation Statistics Data

Annual County Data

Business Applications by County data will be provided annually, approximately 6 months after year's end.

Annual Business Applications by County

Historical Data

Historical Business Formation Statistics Releases

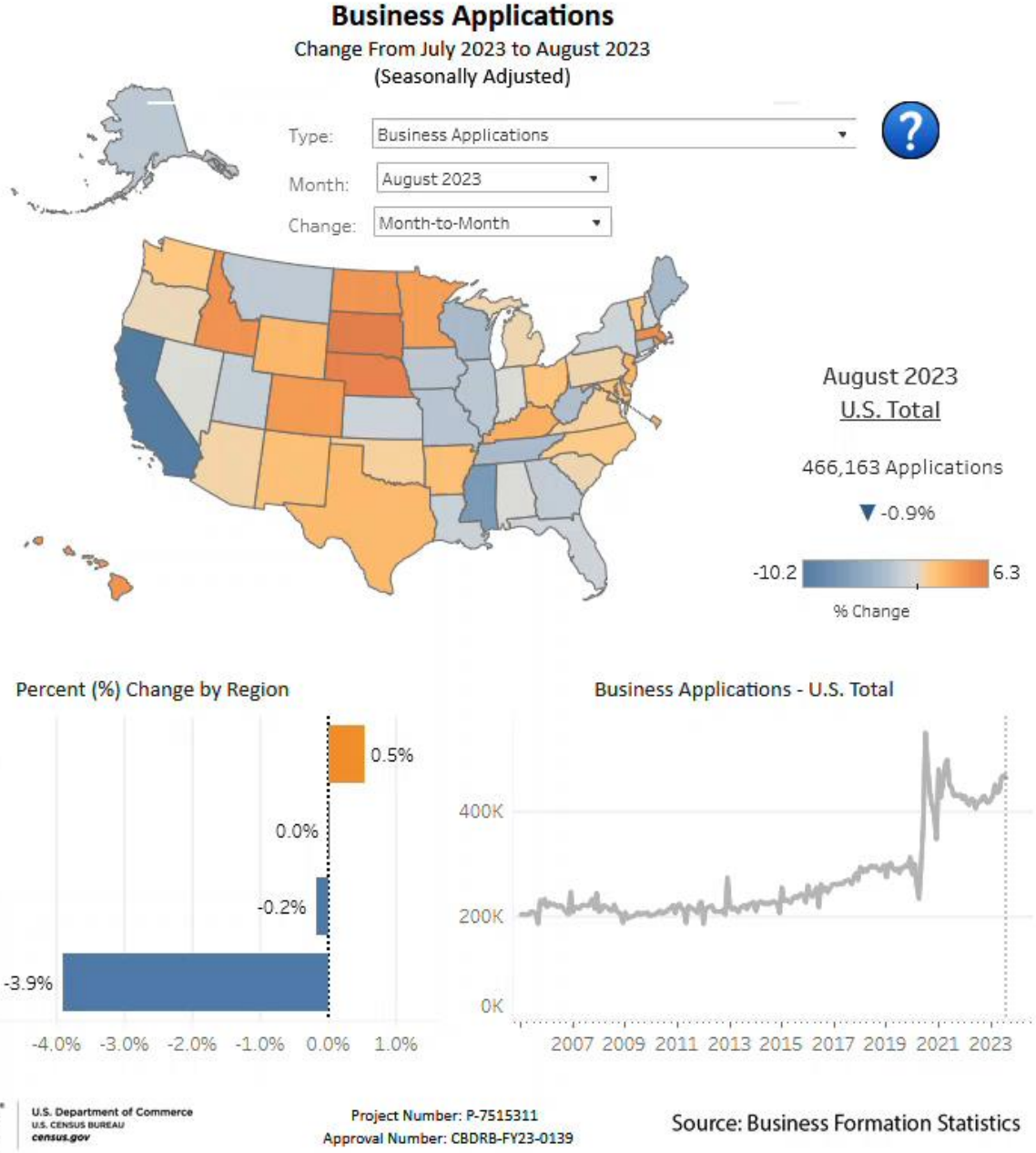
Special Projects

Weekly BFS by Industry

Data Visualizations

Monthly and Annual

Monthly Geographical Visualization



United States Census Bureau | U.S. Department of Commerce U.S. CENSUS BUREAU census.gov

Project Number: P-7515311
Approval Number: CBDRB-FY23-0139

Source: Business Formation Statistics

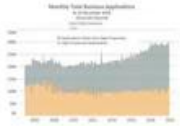
Monthly Interactive Visualizations

Business Formation Statistics (BFS)

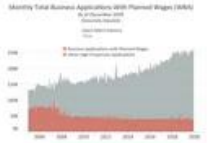
Interactive Visualizations

U.S. Total

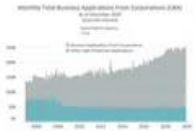
Monthly Business Applications (BA) and High Propensity Business Applications (HBA)



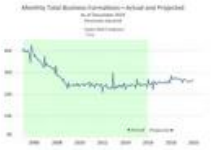
Monthly Business Applications with Planned Wages (WBA)



Monthly Business Applications from Corporations (CBA)



Monthly Business Formations - Actual & Projected (SBF4Q)



By State

Monthly Business Applications by State (BA)

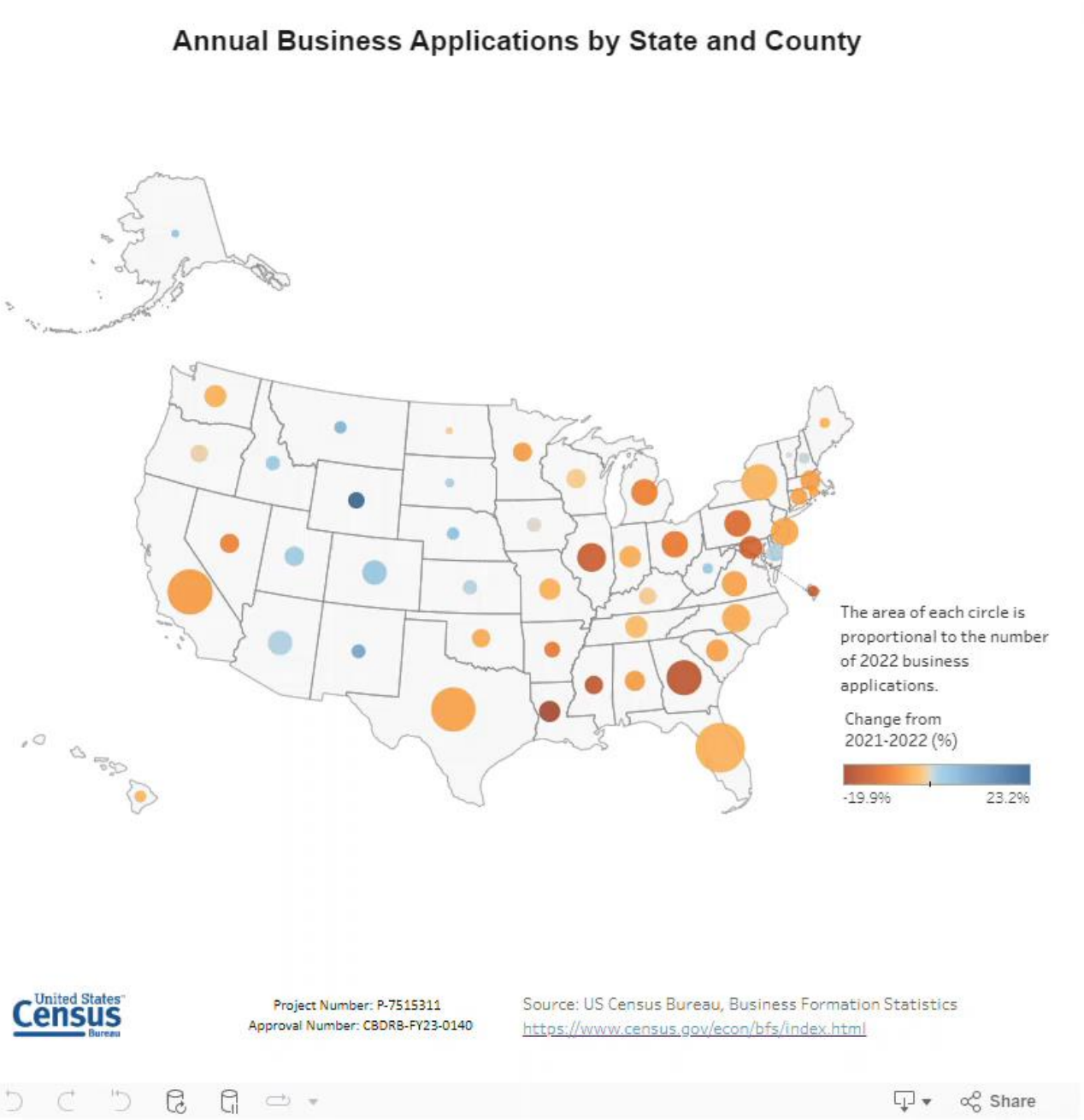
Monthly Business Formations by State (SBF4Q)

United States Census Bureau | U.S. Department of Commerce U.S. CENSUS BUREAU census.gov

Project Number: P-7515311
Approval Number: CBDRB-FY23-0139

Source: Business Formation Statistics

Annual Business Applications by State and County Visualization



Research: Business Applications as Economic Indicators

Written by: Jose Asturias, Emin Dinlersoz, John Haltiwanger, and Rebecca Hutchinson

CES Working Paper CES-21-09, May 2021.

United States® Census Bureau

- Are business applications early indicators of aggregate economic activity?
- Are they informative about future economic conditions?
- Growth in HBA are a particularly early indicator of total non-farm employment growth (monthly).
  - Highest correlation (.64) with monthly growth rate of employment at 11 months (over the period 2005-2019).
  - This is the second largest lead, after New Single-Family Homes Sold.
  - HBA also leads 13 of the 16 PFEIs (leads ranging from 12 months to 1 month).
  - BA is also a leading indicator -- to a lesser extent than HBA
- Proposed monthly BA and HBA series as PFEIs, awaiting feedback from OMB.

Research: The Local Origins of Business Formation

Written by: Emin Dinlersoz, Timothy Dunne, John Haltiwanger, and Veronika Penciakova

CES Working Paper 23-34, July 2023.

United States® Census Bureau

- Analyze the spatial disparity in the creation of business ideas (applications) and the formation of new employer startups from these ideas.
- Startups per capita exhibit enormous variation across granular geography (counties and tracts).
- Break down the variation in startups per capita into variation in business ideas and in their rate of transition to startups
  - Both variations are important.
- Local demographic, economic, financial, and business conditions explain a significant fraction of the variation in business ideas per capita and business formation rates.
- Local conditions can be used to characterize an area as high/low startup activity (and high/low idea creation, high/low transition rate).

Research: The Modes of Entry: Employer versus Non-Employer Business Formation

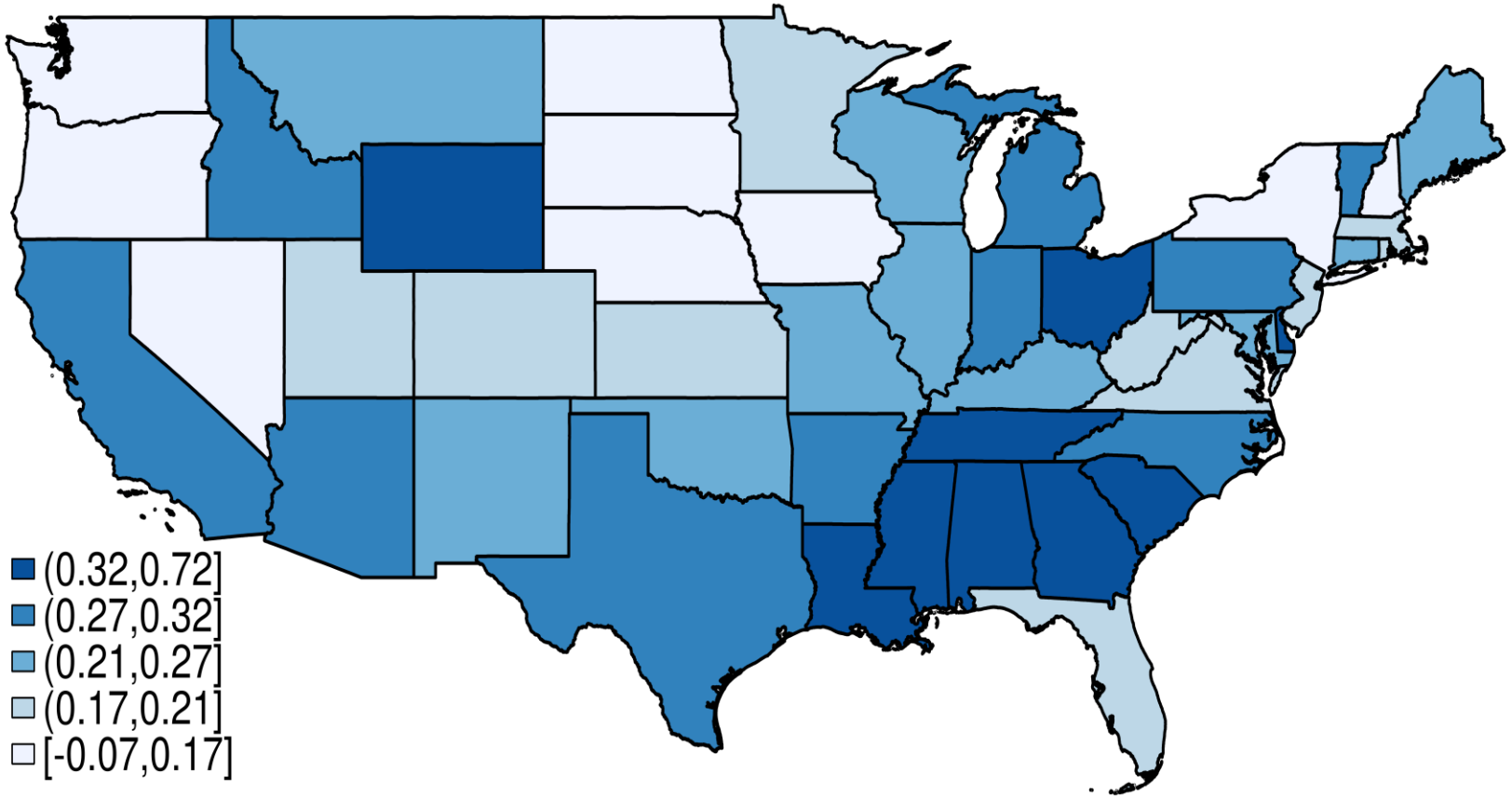
In progress by: Emin Dinlersoz, Adela Luque and Zachary Kroff

- Identify nonemployer business formations from business applications
- Match business applications to Census Bureau's nonemployer business register and Integrated Longitudinal Business Database (ILBD) which tracks nonemployer businesses over time
- Use an econometric model with three outcomes from an application: employer, nonemployer, no new business formation
- Use the model to generate predicted counts of employer and nonemployer formations from application for recent months for which actuals are not available
- Goal: Provide series that identify likely employer and likely nonemployer applications, and series for actual employer and nonemployer formations.

Research: Surging Business Formation in the Pandemic: Causes and Consequences

Written by: Ryan Decker and John Haltiwanger

Applications show cross-country and within-city restructuring in pandemic…

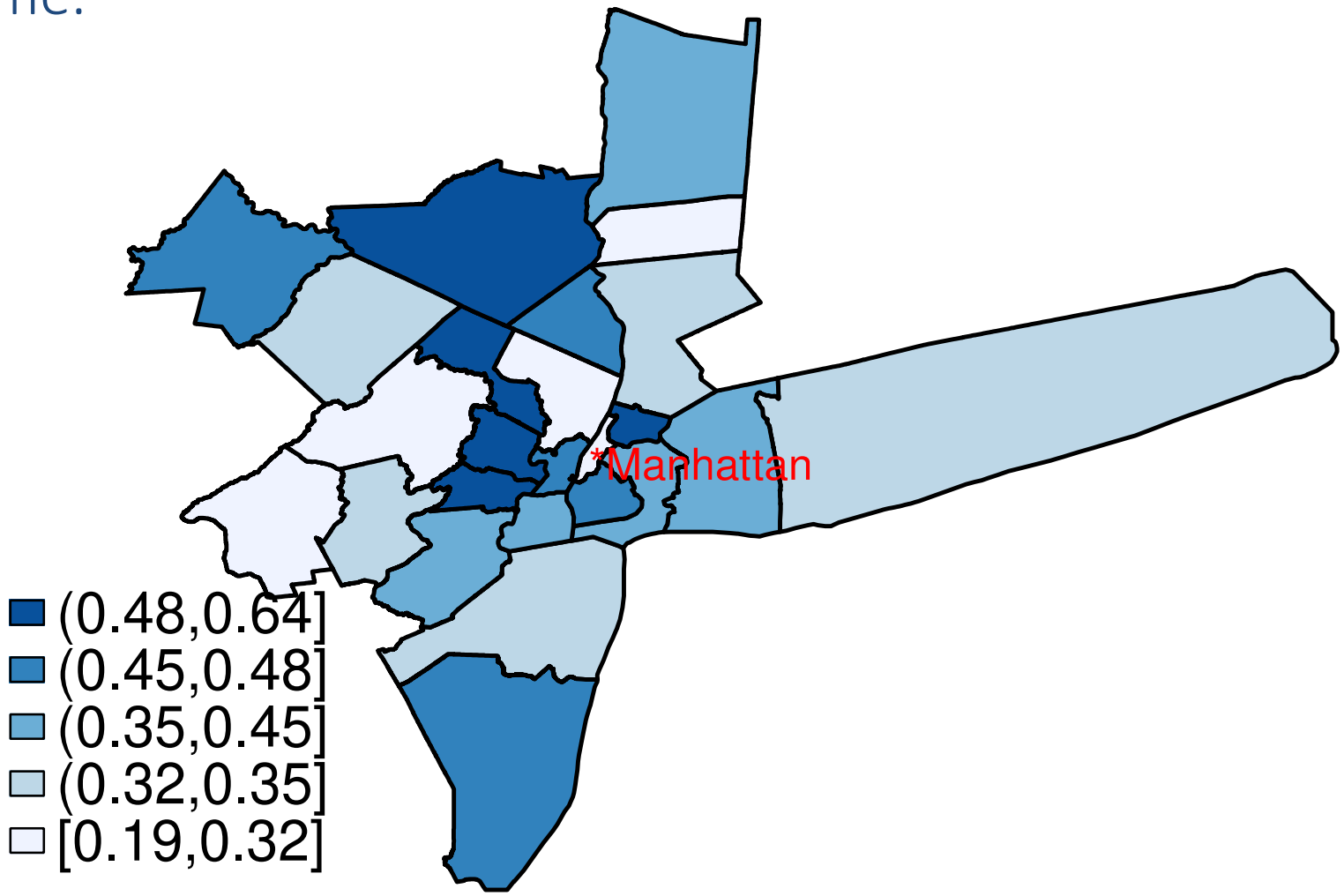


Note: Difference of average (log) likely employer applications (HBA) per capita, 2020-2022 vs 2010-2019. Source: Research using published Census Bureau Formation Statistics and Population Estimates.

Research: Surging Business Formation in the Pandemic: Causes and Consequences

Written by: Ryan Decker and John Haltiwanger

Donut effect in cities related non-linearly to population density, establishment density, and changes in work from home.



Note: Difference of average (log) all applications per capita, 2020-2022 vs 2010-2019.
Source: Research using published Census Bureau Formation Statistics and Population Estimates.

Questions and Contact Info

Business Formation Statistics

- eid.bfs@census.gov
- 301-763-2000

Alyson Plumb, EID

- Alyson.r.plumb@census.gov

Emin Dinlersoz, CES

- emin.m.dinlersoz@census.gov

John Haltiwanger, ADEP, UMD

- john.couch.haltiwanger@census.gov
- halt@umd.edu

United States® Census Bureau