



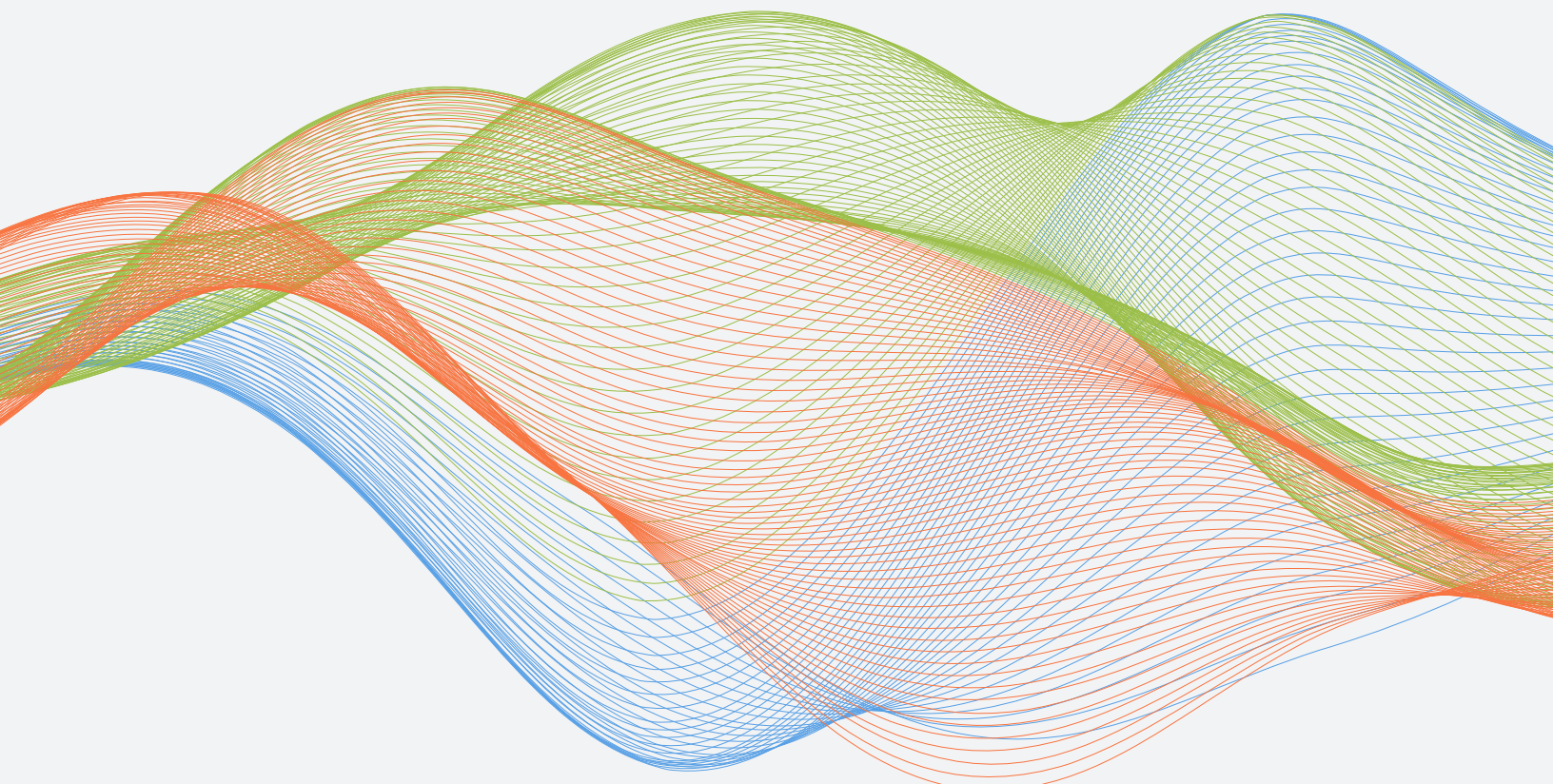
KAUFFMAN
INDICATORS *of*
ENTREPRENEURSHIP

NATIONAL REPORT
ON EARLY-STAGE
ENTREPRENEURSHIP
IN THE UNITED STATES: 2025

MAY 2026



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EARLY-STAGE ENTREPRENEURSHIP IN THE UNITED STATES

This report tracks four indicators capturing early-stage entrepreneurship activity in the United States:

Rate of new entrepreneurs

Opportunity share of new entrepreneurs

Startup early job creation

Startup early survival rate

These indicators collectively inform the Kauffman Early-Stage Entrepreneurship (KESE) Index, a summary index of entrepreneurial activity.

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Executive Summary

The Kauffman Indicators of Early-Stage Entrepreneurship is a set of measures that represents new business creation in the United States, integrating several high-quality, timely sources of information on early-stage entrepreneurship.

This report presents four indicators that track early-stage entrepreneurship for the thirty-year period from 1996 to 2025: **rate of new entrepreneurs** reflects the number of new entrepreneurs in a given month, **opportunity share of new entrepreneurs** is the percentage of new entrepreneurs who created their businesses out of opportunity instead of necessity, **startup early job creation** is the total number of jobs created by startups per capita, and **startup early survival rate** is the one-year average survival rate for new firms. National trends for the four indicators as well as some demographic trends for the rate of new entrepreneurs and opportunity share of new entrepreneurs are reported.

National Trends in Early-Stage Entrepreneurship in 2025:

- The **rate of new entrepreneurs** in 2025 was 0.36 percent, meaning that an average of 360 out of every 100,000 adults became new entrepreneurs in a given month in the United States. The rate of new entrepreneurs increased in 2025 and remained higher than pre-pandemic levels.
 - The rate of new entrepreneurs was 0.28 percent among women and 0.44 percent among men, reflecting higher than previous year and pre-pandemic levels.
 - In 2025, the rate of new entrepreneurs was 0.53 percent among those identifying as Latino, 0.45 percent among those identifying as Black or African American, 0.33 percent among those identifying as Asian, and 0.29 percent among those identifying as white. Rates increased in 2025 for all groups.
 - The rate of new entrepreneurs was 0.60 percent for immigrants – substantially higher than that for native-born Americans at 0.30 percent. The rate of new entrepreneurs among immigrants has increased from the previous year and increased substantially from pre-pandemic levels.
 - The rate of new entrepreneurs was the lowest among the 20–34 year age group at 0.26 percent. All age groups had higher rates in 2025.
- The veteran rate of new entrepreneurs increased in 2025 but remained lower than the non-veteran rate.
- The **opportunity share of new entrepreneurs** increased to 83.3 percent in 2025 from its low of 69.8 percent in 2020, but remained lower than its pre-pandemic level of 86.9 percent in 2019. The decline from 2019 to 2020 during the first year of the pandemic was 17.1 percentage points, which is much larger than the one-year decline of 6.9 percentage points from 2008 to 2009 during the Great Recession.
 - The opportunity share of new entrepreneurs decreased for both women and men in 2025 remaining lower than pre-pandemic levels.
 - All ethnic and racial groups have lower opportunity shares in 2025. The opportunity share in 2025 is the lowest among those identifying as Latino and the highest among those identifying as Asian.
 - The opportunity share of new entrepreneurs was lower for immigrants and the native-born population in 2025 than the previous year and pre-pandemic levels.
 - All age groups experienced decreases in the opportunity share of new entrepreneurs in 2025. Opportunity shares are generally higher with higher education levels across all years.

The rate of new entrepreneurs increased in 2025 and remained higher than pre-pandemic levels. The opportunity share of new entrepreneurs increased in 2025 from its low in 2020, but remained lower than the 2019 pre-pandemic level.

- The opportunity share for veterans decreased in 2025 but was higher than pre-pandemic levels.
- **Startup early job creation** in 2025 was 5.3 jobs per 1,000 people, remaining at the same level as the previous year. Startup job creation dropped in the pandemic but is now above pre-pandemic levels.
- The **startup early survival rate** was 77.9 percent in 2025, which is slightly lower than the previous year and lower than pre-pandemic levels.
- The overall **KESE Index** — an equally-weighted composite of the four indicators — was 1.2 in 2025. The index is normalized at zero based on a two-decade average. The KESE Index increased in 2025 from the previous year and returned to levels found just prior to the pandemic. The index dropped from 1.2 in 2019 to 0.2 in 2020. This drop in the KESE Index was the largest drop since the Great Recession.

The purpose of these indicators is to provide a guidepost for early-stage entrepreneurial activity so that interested individuals and organizations can better understand trends in different aspects of new business creation.

Kauffman Indicators of Entrepreneurship

The Kauffman Indicators of Early-Stage Entrepreneurship captures early-stage entrepreneurial activity, broadly defined. It includes four key early-stage measures of entrepreneurial activity:

1. **Rate of new entrepreneurs:** the broadest measure possible for business creation by population.
2. **Opportunity share of new entrepreneurs:** the percentage of new entrepreneurs who created a business out of choice instead of necessity.
3. **Startup early job creation:** the number of jobs created in the first year of business per capita.
4. **Startup early survival rate:** the rate of survival in the first year of business.

The first two indicators reflect *early entrepreneurial activity among the population*, and the next two indicators capture *first-year business outcome trends*. A summary index of entrepreneurship activity, the KESE Index, is also created from these four indicators. The KESE Index equally weights contributions from the four indicators and presents a snapshot of early-stage entrepreneurial activity.

The purpose of these indicators is to provide a guidepost for early-stage entrepreneurial activity so that interested individuals and organizations can better understand trends in different aspects of new business creation. No single indicator can provide a complete picture of all types of entrepreneurial activity at any given time. For example, if the rate of new

entrepreneurs were to increase rapidly while the startup early survival rate stayed fairly constant, it would suggest a need for further exploration of the causes of this difference. Along the same lines, if an indicator were to differ significantly across demographic groups, it would point to questions about the reasons for such variation.

The four early-stage entrepreneurship indicators and the summary index are reported at the national level. Some demographic trends are also reported for the rate of new entrepreneurs and opportunity share of new entrepreneurs: sex (men, women), race and ethnicity (Asian, Black/African American, Latino, white), nativity (immigrant, native-born), age (20–34, 35–44, 45–54, 55–65 years), and veteran status.

Each of the indicators is based on either a nationally representative sample of more than a half-million observations each year, or the universe of employer businesses in the United States (roughly 5 million businesses), using datasets of the U.S. Census Bureau and U.S. Bureau of Labor Statistics. The indicators track changes in entrepreneurial activity over time, across geographies, and among various demographic groups. Similar to many measures derived from large longitudinal datasets, the indicators are limited by sampling, interpretation, and reporting constraints.

INDICATORS

1. RATE OF NEW ENTREPRENEURS

The rate of new entrepreneurs provides a broad measure of entrepreneurship, capturing all new business owners, regardless of business size or origin. As such, it includes businesses of all types, regardless of their growth potential or the intentions of their owners. It captures all new business owners, including those who own incorporated or unincorporated businesses, and those who are employers or non-employers.¹

The rate of new entrepreneurs captures the percentage of the adult, non-business owner population that starts a business each month. New business owners are defined here as those individuals who worked an average of 15 or more hours per week in their businesses in the preceding month.

Source: Author calculation using compiled microdata from the Current Population Survey (CPS), a monthly survey of the U.S. Bureau of the Census and Bureau of Labor Statistics.

2. OPPORTUNITY SHARE OF NEW ENTREPRENEURS

The opportunity share of new entrepreneurs provides broad insight into the influence of economic conditions on overall business creation among new entrepreneurs. It distinguishes between individuals who are “opportunity entrepreneurs” – including those coming out of work, school, or another labor market status – and individuals who are “necessity entrepreneurs” due to unemployment.² The opportunity share of new entrepreneurs reflects the percent of the total number of new entrepreneurs who were not unemployed and not looking for a job as they started a new business. Although the motivations for starting businesses can differ (and can be seen in the context of weak economic conditions and high unemployment rates), necessity businesses could eventually become very successful.

Source: Author calculation using compiled microdata from the Current Population Survey (CPS), a monthly survey of the U.S. Bureau of the Census and Bureau of Labor Statistics.

**3. STARTUP EARLY JOB CREATION**

Startup early job creation captures the employment of a cohort of startup businesses in their first year. It is an annual measure of the number of total jobs that are created by startups in their first year, and it is normalized by the population. As a result, it reflects total employment created by new employer firms in their first year for every 1,000 people. This measure represents the job creation power of startups in their first year of operations and not longer-term employment.³

Source: Startup data come from Business Employment Dynamics (BED), a database of the Bureau of Labor Statistics; population estimates come from the U.S. Census Bureau.

4. STARTUP EARLY SURVIVAL RATE

Startup early survival rate reflects early-stage business performance among startups within their first year. It measures the percentage of new employer business establishments that are still active after one year of operation.⁴ This indicator is an annual measure of immediate and not long-term survival.⁵

Source: Business Employment Dynamics (BED), a database of the Bureau of Labor Statistics.

1. Most self-employed business owners do not have employees.
2. See Fairlie and Fossen (2019). It is important to note that although the motivations for starting businesses can differ (and can be in the context of weak economic conditions and high unemployment rates), necessity businesses could eventually become very successful.
3. See Fairlie et al. (2023) for an analysis of longer-term job creation trends among startups.
4. This indicator measures the early survival rates of new establishments rather than new firms. New establishments can be generated from existing businesses. Historically, the early establishment survival rate has been very similar to the firm survival rate (see Fairlie and Desai, 2022).
5. See Fairlie et al. (2023) for an analysis of longer-term survival rate trends among startups.

Kauffman Early-Stage Entrepreneurship (KESE) Index

The KESE Index is a summary index that reflects early-stage entrepreneurial activity, broadly defined. It is an equally weighted index of the four indicators of early-stage entrepreneurship activity that has a mean of zero, and it is normalized based on the first two decades of available data (1996-2015).⁶

The KESE Index is a composite of the four indicators. In some cases, therefore, an index score may be driven by one very high or low indicator. As such, for more specific insights, the recommendation is that users focus primarily on each individual indicator and less on the overall composite score.

KAUFFMAN EARLY-STAGE ENTREPRENEURSHIP (KESE) INDEX

The **KESE Index** presents a snapshot of early-stage entrepreneurial activity and equally weights contributions from the four indicators. It can be used to track changes in entrepreneurial activity over time.

6. The KESE index is normalized using Z-scores for each variable for the first two decades of available data (1996-2015) to fix the measure over time and capture variation over essentially two business cycles. Over this period, the index is normalized to have a mean of zero and a standard deviation of one.



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NATIONAL TRENDS IN THE RATE OF NEW ENTREPRENEURS

NATIONAL TRENDS IN THE RATE OF NEW ENTREPRENEURS

The rate of new entrepreneurs reflects how many adults start a business, on average each month, in a year. Figure 1 and Table 1 present the rate of new entrepreneurs from 1996 to 2025. In 2025, an average of 0.36 percent of the adult population, or 360 out of 100,000 adults, created a new business each month.⁷

In 2025, an average of 0.36 percent of the adult population created a new business each month.⁷

1996	0.32%	2006	0.30%	2016	0.31%
1997	0.28%	2007	0.30%	2017	0.33%
1998	0.29%	2008	0.32%	2018	0.32%
1999	0.27%	2009	0.34%	2019	0.31%
2000	0.27%	2010	0.34%	2020	0.38%
2001	0.27%	2011	0.32%	2021	0.36%
2002	0.28%	2012	0.30%	2022	0.37%
2003	0.30%	2013	0.28%	2023	0.35%
2004	0.30%	2014	0.31%	2024	0.33%
2005	0.28%	2015	0.33%	2025	0.36%

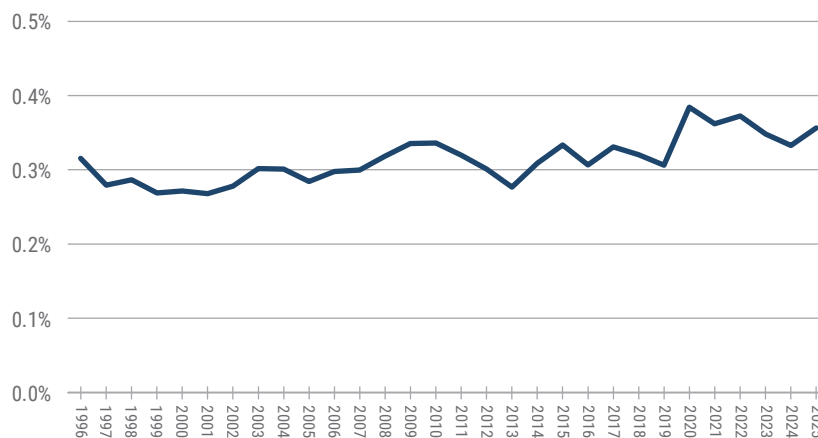


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RATE OF NEW ENTREPRENEURS

The **rate of new entrepreneurs** captures the percentage of the adult, non-business owner population that starts a business each month. This indicator captures all new business owners, including those who own incorporated or unincorporated businesses, and those who are employers or non-employers.⁸

FIGURE 1: RATE OF NEW ENTREPRENEURS (1996–2025)



Source: Authors calculations from compiled Current Population Survey microdata

Due to the federal government shutdown in fall 2025, the CPS data for the rate of new entrepreneurs and opportunity share of new entrepreneurs covering 2025 are missing the October 2025 data collection. As noted by the BLS, "CPS data were not collected for October 2025 due to the lapse in appropriations and were not collected retroactively. All CPS operations were suspended during the federal government shutdown, which began before and continued beyond the scheduled collection period for October data."⁸

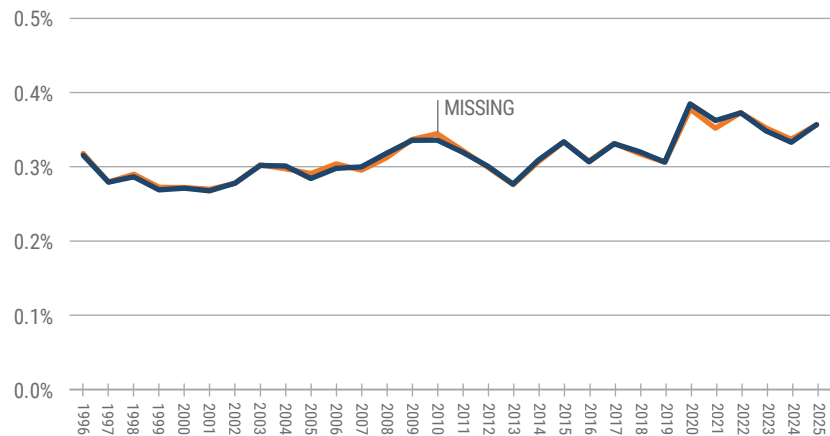
7. Estimates of annual business creation rates would be approximately six to eight times higher. They are not twelve times higher than monthly rates because an individual could start and exit the business multiple times in the same year. See Fairlie and Desai (2022).

8. See <https://www.bls.gov/cps/methods/2025-federal-government-shutdown-impact-cps.htm#1>.

For the rate of new entrepreneurs, both the matches for September to October 2025, and October to November 2025, are missing. Estimates were created, and removing these matches does not noticeably affect the annual rate of new entrepreneurs for any of the prior years.

For the rate of new entrepreneurs, both the matches for September to October 2025, and October to November 2025, are missing. To investigate the impact of this omission for 2025 when comparing to earlier years, estimates were created for the full time series with and without the September-October and October-November matches for all years. Figure 1.B presents both series. Removing these matches does not noticeably affect the annual rate of new entrepreneurs for any of the prior years.

**FIGURE 1B: RATE OF NEW ENTREPRENEURS (1996–2025)
WITHOUT SEPT-OCT AND OCT-NOV MATCHES FROM ALL YEARS**



Source: Authors calculations from compiled Current Population Survey microdata

Returning to the results for the full sample available for each year (figure 1), the rate of new entrepreneurs remained higher than pre-pandemic levels after the sharp increase from 2019 to 2020 in the first year of the pandemic. During tumultuous times such as the COVID-19 pandemic, the rate of new entrepreneurs can increase substantially as businesses close and restart, and workers are laid off and turn to part-time business activities. The measure is based on month-to-month movement into new business activity. The large-scale damage to the economy that began near the end of March 2020 showed up in more movement into and out of self-employment and new business activity during 2020 than in previous years. The Great Recession also witnessed an increase in the rate of new entrepreneurs, but this increase was much smaller than the unprecedented pandemic-induced recession of 2020. The rate of new entrepreneurs might be at a higher plateau after the pandemic with more of the population trying business ownership than before the pandemic.

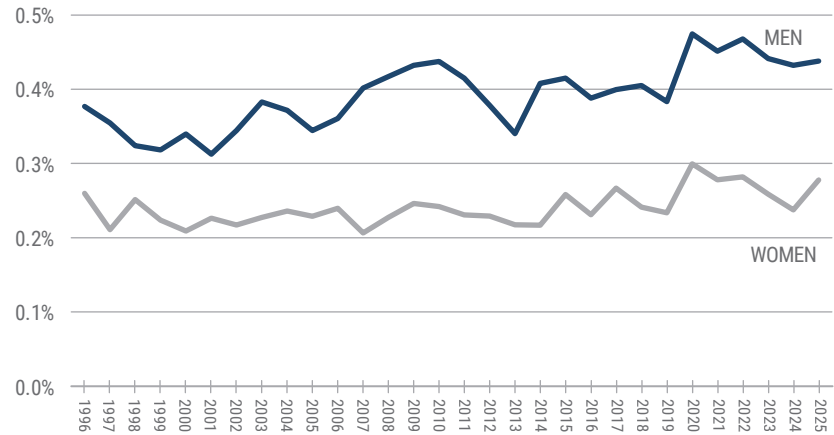
DEMOGRAPHIC TRENDS IN THE RATE OF NEW ENTREPRENEURS

The rate of new entrepreneurs increased in 2025 for both women and men. Figure 2 and Table 2 show these trends. The rates are also higher than pre-pandemic levels. For women, the rate of new entrepreneurs was 0.28 percent in 2025 compared with 0.23 percent in 2019. For men, it was 0.44 percent in 2025 compared with 0.38 percent in 2019.

During tumultuous times such as the COVID-19 pandemic, the rate of new entrepreneurs can increase substantially as businesses close and restart, and workers are laid off and turn to part-time business activities.

Overall, men are substantially more likely to start businesses than women. In 1919, before the pandemic, 230 out of 100,000 women became new entrepreneurs in a given month, compared to 380 out of every 100,000 men. The gender gap in new entrepreneurs has been persistent over the past 30 years and continued in 2025.

FIGURE 2: RATE OF NEW ENTREPRENEURS BY SEX (1996–2025)



Source: Authors calculations from compiled Current Population Survey microdata

TABLE 2

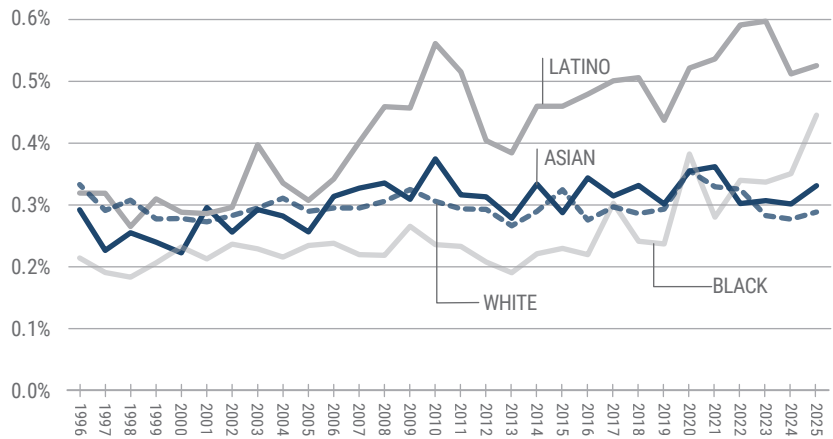
RATE OF NEW ENTREPRENEURS BY SEX (1996–2025)

YEAR	WOMEN	MEN	TOTAL
1996	0.26%	0.38%	0.32%
1997	0.21%	0.36%	0.28%
1998	0.25%	0.32%	0.29%
1999	0.22%	0.32%	0.27%
2000	0.21%	0.34%	0.27%
2001	0.23%	0.31%	0.27%
2002	0.22%	0.35%	0.28%
2003	0.23%	0.38%	0.30%
2004	0.24%	0.37%	0.30%
2005	0.23%	0.35%	0.28%
2006	0.24%	0.36%	0.30%
2007	0.21%	0.40%	0.30%
2008	0.23%	0.42%	0.32%
2009	0.25%	0.43%	0.34%
2010	0.24%	0.44%	0.34%
2011	0.23%	0.42%	0.32%
2012	0.23%	0.38%	0.30%
2013	0.22%	0.34%	0.28%
2014	0.22%	0.41%	0.31%
2015	0.26%	0.42%	0.33%
2016	0.23%	0.39%	0.31%
2017	0.27%	0.40%	0.33%
2018	0.24%	0.41%	0.32%
2019	0.23%	0.38%	0.31%
2020	0.30%	0.48%	0.38%
2021	0.28%	0.45%	0.36%
2022	0.28%	0.47%	0.37%
2023	0.26%	0.44%	0.35%
2024	0.24%	0.43%	0.33%
2025	0.28%	0.44%	0.36%

Notes: (1) Estimates calculated from the Current Population Survey. (2) The rate of new entrepreneurs is the percent of individuals (ages 20–64) who do not own a business in the first survey month and start a business in the following month with 15 or more hours worked per week. (3) All observations with allocated labor force status, class of worker, and hours worked variables are excluded.

The rate of new entrepreneurs increased for all racial and ethnic groups in 2025 with the largest increase for those identifying as Black or African American. The rates for those identifying as Black or Latino were much higher in 2025 than pre-pandemic levels. For those identifying as Asian, the rate of new entrepreneurs was slightly higher in 2025 than pre-pandemic levels.⁹ Figure 3 and Table 3 provide estimates of the rate of new entrepreneurs by race and ethnicity. Over most of the time period covered, the rate of new entrepreneurs was highest among those identifying as Latino.

FIGURE 3: RATE OF NEW ENTREPRENEURS BY RACE AND ETHNICITY (1996–2025)



Source: Authors calculations from compiled Current Population Survey microdata

TABLE 3 RATE OF NEW ENTREPRENEURS BY RACE AND ETHNICITY (1996–2025)

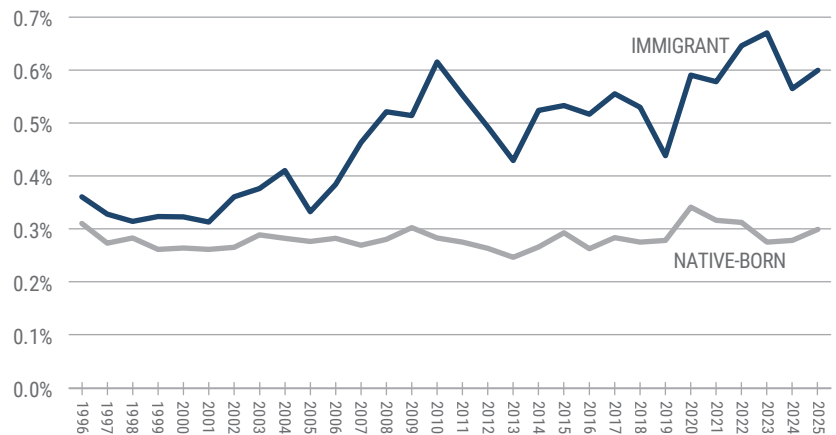
YEAR	ASIAN	BLACK	LATINO	WHITE	TOTAL
1996	0.29%	0.21%	0.32%	0.33%	0.32%
1997	0.23%	0.19%	0.32%	0.29%	0.28%
1998	0.25%	0.18%	0.27%	0.31%	0.29%
1999	0.24%	0.21%	0.31%	0.28%	0.27%
2000	0.22%	0.23%	0.29%	0.28%	0.27%
2001	0.30%	0.21%	0.29%	0.27%	0.27%
2002	0.26%	0.24%	0.30%	0.28%	0.28%
2003	0.29%	0.23%	0.40%	0.30%	0.30%
2004	0.28%	0.22%	0.34%	0.31%	0.30%
2005	0.26%	0.23%	0.31%	0.29%	0.28%
2006	0.31%	0.24%	0.34%	0.30%	0.30%
2007	0.33%	0.22%	0.40%	0.30%	0.30%
2008	0.34%	0.22%	0.46%	0.31%	0.32%
2009	0.31%	0.27%	0.46%	0.33%	0.34%
2010	0.37%	0.24%	0.56%	0.31%	0.34%
2011	0.32%	0.23%	0.52%	0.29%	0.32%
2012	0.31%	0.21%	0.40%	0.29%	0.30%
2013	0.28%	0.19%	0.38%	0.27%	0.28%
2014	0.33%	0.22%	0.46%	0.29%	0.31%
2015	0.29%	0.23%	0.46%	0.32%	0.33%
2016	0.34%	0.22%	0.48%	0.28%	0.31%
2017	0.31%	0.30%	0.50%	0.30%	0.33%
2018	0.33%	0.24%	0.51%	0.29%	0.32%
2019	0.30%	0.24%	0.44%	0.29%	0.31%
2020	0.35%	0.38%	0.52%	0.36%	0.38%
2021	0.36%	0.28%	0.54%	0.33%	0.36%
2022	0.30%	0.34%	0.59%	0.33%	0.37%
2023	0.31%	0.34%	0.60%	0.28%	0.35%
2024	0.30%	0.35%	0.51%	0.28%	0.33%
2025	0.33%	0.45%	0.53%	0.29%	0.36%

Notes: (1) Estimates calculated from the Current Population Survey. (2) The rate of new entrepreneurs is the percent of individuals (ages 20–64) who do not own a business in the first survey month and start a business in the following month with 15 or more hours worked per week. (3) Race and Latino codes changed in 2003. Estimates for 2003 only include individuals reporting one race. (4) All observations with allocated labor force status, class of worker, and hours worked variables are excluded.

9. See <https://www.census.gov/topics/population/race/about.html> for Census classifications. Categories for which there are sufficient sample sizes are used to present accurate estimates.

For the immigrant population, entrepreneurship rates increased in the pandemic and remained at a higher level in 2025. For the native-born population, entrepreneurship rates increased in the first year of the pandemic but returned to closer to pre-pandemic levels in 2025. The rate of new entrepreneurs was higher for immigrants than the native-born population. The 2025 rate of new entrepreneurs among immigrants was 0.60 percent, which is substantially higher than the 0.30 percent rate for the native born. Figure 4 and Table 4 report estimates of the rate of new entrepreneurs by nativity.

FIGURE 4: RATE OF NEW ENTREPRENEURS BY NATIVITY (1996–2025)



Source: Authors calculations from compiled Current Population Survey microdata

TABLE 4

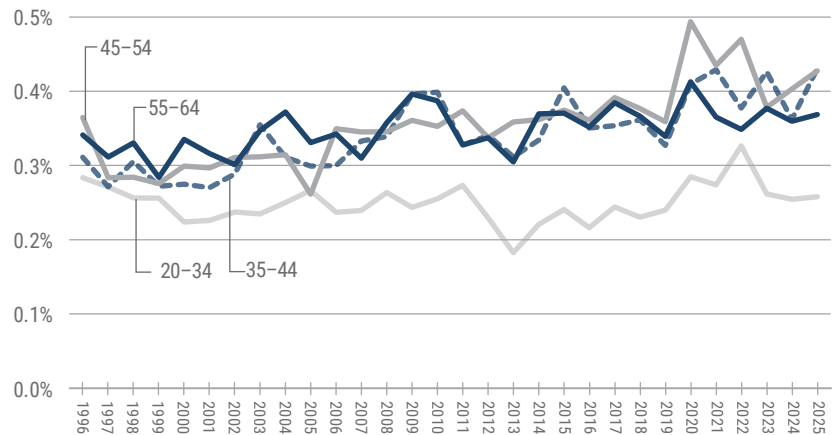
RATE OF NEW ENTREPRENEURS BY NATIVITY (1996–2025)

YEAR	IMMIGRANT	NATIVE-BORN	TOTAL
1996	0.36%	0.31%	0.32%
1997	0.33%	0.27%	0.28%
1998	0.31%	0.28%	0.29%
1999	0.32%	0.26%	0.27%
2000	0.32%	0.26%	0.27%
2001	0.31%	0.26%	0.27%
2002	0.36%	0.26%	0.28%
2003	0.38%	0.29%	0.30%
2004	0.41%	0.28%	0.30%
2005	0.33%	0.28%	0.28%
2006	0.38%	0.28%	0.30%
2007	0.46%	0.27%	0.30%
2008	0.52%	0.28%	0.32%
2009	0.51%	0.30%	0.34%
2010	0.62%	0.28%	0.34%
2011	0.55%	0.27%	0.32%
2012	0.49%	0.26%	0.30%
2013	0.43%	0.25%	0.28%
2014	0.52%	0.27%	0.31%
2015	0.53%	0.29%	0.33%
2016	0.52%	0.26%	0.31%
2017	0.56%	0.28%	0.33%
2018	0.53%	0.27%	0.32%
2019	0.44%	0.28%	0.31%
2020	0.59%	0.34%	0.38%
2021	0.58%	0.32%	0.36%
2022	0.65%	0.31%	0.37%
2023	0.67%	0.28%	0.35%
2024	0.57%	0.28%	0.33%
2025	0.60%	0.30%	0.36%

Notes: (1) Estimates calculated from the Current Population Survey. (2) The rate of new entrepreneurs is the percent of individuals (ages 20–64) who do not own a business in the first survey month and start a business in the following month with 15 or more hours worked per week. (3) All observations with allocated labor force status, class of worker, and hours worked variables are excluded.

Figure 5 and Table 5 report estimates of the rate of new entrepreneurs by age group. The rate of new entrepreneurs was higher for all age groups in 2025 compared with 2024. Rates were also higher than pre-pandemic levels for all groups, and most groups experienced a partial return to pre-pandemic levels from the peak in 2020. The rate of new entrepreneurs is lowest among the youngest group (ages 20-34 years) and highest among the middle two age groups.

FIGURE 5: RATE OF NEW ENTREPRENEURS BY AGE (1996–2025)



Source: Authors calculations from compiled Current Population Survey microdata

TABLE 5

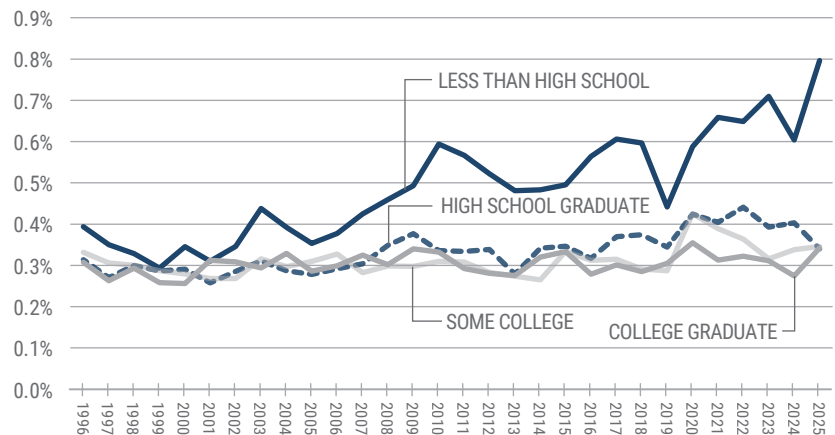
RATE OF NEW ENTREPRENEURS BY AGE GROUP (1996–2025)

YEAR	AGES 20–34	AGES 35–44	AGES 45–54	AGES 55–64	TOTAL
1996	0.28%	0.31%	0.36%	0.34%	0.32%
1997	0.27%	0.27%	0.28%	0.31%	0.28%
1998	0.26%	0.31%	0.28%	0.33%	0.29%
1999	0.26%	0.27%	0.28%	0.28%	0.27%
2000	0.22%	0.27%	0.30%	0.34%	0.27%
2001	0.23%	0.27%	0.30%	0.32%	0.27%
2002	0.24%	0.29%	0.31%	0.30%	0.28%
2003	0.23%	0.36%	0.31%	0.35%	0.30%
2004	0.25%	0.31%	0.31%	0.37%	0.30%
2005	0.27%	0.30%	0.26%	0.33%	0.28%
2006	0.24%	0.30%	0.35%	0.34%	0.30%
2007	0.24%	0.33%	0.35%	0.31%	0.30%
2008	0.26%	0.34%	0.35%	0.36%	0.32%
2009	0.24%	0.40%	0.36%	0.40%	0.34%
2010	0.26%	0.40%	0.35%	0.39%	0.34%
2011	0.27%	0.33%	0.37%	0.33%	0.32%
2012	0.23%	0.34%	0.34%	0.34%	0.30%
2013	0.18%	0.31%	0.36%	0.31%	0.28%
2014	0.22%	0.33%	0.36%	0.37%	0.31%
2015	0.24%	0.40%	0.37%	0.37%	0.33%
2016	0.22%	0.35%	0.36%	0.35%	0.31%
2017	0.24%	0.35%	0.39%	0.38%	0.33%
2018	0.23%	0.36%	0.38%	0.37%	0.32%
2019	0.24%	0.33%	0.36%	0.34%	0.31%
2020	0.28%	0.41%	0.49%	0.41%	0.38%
2021	0.27%	0.43%	0.44%	0.37%	0.36%
2022	0.33%	0.38%	0.47%	0.35%	0.37%
2023	0.26%	0.43%	0.38%	0.38%	0.35%
2024	0.25%	0.36%	0.40%	0.36%	0.33%
2025	0.26%	0.43%	0.43%	0.37%	0.36%

Notes: (1) Estimates calculated from the Current Population Survey. (2) The rate of new entrepreneurs is the percent of individuals (ages 20–64) who do not own a business in the first survey month and start a business in the following month with 15 or more hours worked per week. (3) All observations with allocated labor force status, class of worker, and hours worked variables are excluded.

The rate of new entrepreneurs was higher for all education groups in 2025 except for the high school graduate group, which decreased. College graduates followed the national pattern of a substantial increase in the first year of the pandemic, then a partial return to pre-pandemic levels in 2025. The pattern for less than high school was different with a large increase from 2019 to 2020 and continued increase to higher levels in 2025, perhaps reflecting less attachment to specific jobs for this group. Figure 6 and Table 6 report estimates by education level. The rate of new entrepreneurs is highest among those with less than a high school degree.¹⁰

FIGURE 6: RATE OF NEW ENTREPRENEURS BY EDUCATION (1996–2025)



Source: Authors calculations from compiled Current Population Survey microdata

TABLE 6

RATE OF NEW ENTREPRENEURS BY EDUCATION (1996–2025)

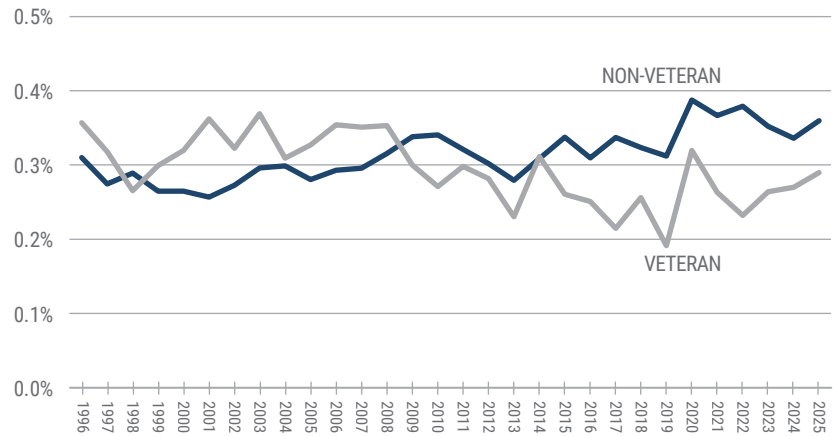
YEAR	LESS THAN HIGH SCHOOL	HIGH SCHOOL GRADUATE	SOME COLLEGE	COLLEGE GRADUATE	TOTAL
1996	0.39%	0.31%	0.33%	0.31%	0.32%
1997	0.35%	0.27%	0.31%	0.26%	0.28%
1998	0.33%	0.30%	0.30%	0.29%	0.29%
1999	0.29%	0.29%	0.29%	0.26%	0.27%
2000	0.35%	0.29%	0.28%	0.26%	0.27%
2001	0.31%	0.26%	0.27%	0.31%	0.27%
2002	0.35%	0.29%	0.27%	0.31%	0.28%
2003	0.44%	0.31%	0.32%	0.29%	0.30%
2004	0.39%	0.29%	0.30%	0.33%	0.30%
2005	0.35%	0.28%	0.31%	0.29%	0.28%
2006	0.38%	0.29%	0.33%	0.30%	0.30%
2007	0.42%	0.30%	0.28%	0.33%	0.30%
2008	0.46%	0.35%	0.30%	0.30%	0.32%
2009	0.49%	0.38%	0.30%	0.34%	0.34%
2010	0.59%	0.34%	0.31%	0.33%	0.34%
2011	0.57%	0.33%	0.31%	0.29%	0.32%
2012	0.52%	0.34%	0.28%	0.28%	0.30%
2013	0.48%	0.28%	0.27%	0.28%	0.28%
2014	0.48%	0.34%	0.27%	0.32%	0.31%
2015	0.50%	0.35%	0.33%	0.33%	0.33%
2016	0.56%	0.32%	0.31%	0.28%	0.31%
2017	0.61%	0.37%	0.31%	0.30%	0.33%
2018	0.60%	0.37%	0.29%	0.29%	0.32%
2019	0.44%	0.34%	0.29%	0.30%	0.31%
2020	0.59%	0.42%	0.43%	0.36%	0.38%
2021	0.66%	0.40%	0.39%	0.31%	0.36%
2022	0.65%	0.44%	0.36%	0.32%	0.37%
2023	0.71%	0.39%	0.32%	0.31%	0.35%
2024	0.60%	0.40%	0.34%	0.27%	0.33%
2025	0.80%	0.34%	0.35%	0.34%	0.36%

Notes: (1) Estimates calculated from the Current Population Survey. (2) The rate of new entrepreneurs is the percent of individuals (ages 20–64) who do not own a business in the first survey month and start a business in the following month with 15 or more hours worked per week. (3) All observations with allocated labor force status, class of worker, and hours worked variables are excluded.

10. This finding may partially reflect a high level of necessity entrepreneurship for this group. See Fairlie and Fossen (2019).

Figure 7 and Table 7 report estimates of the rate of new entrepreneurs by veteran status. The rate of new entrepreneurs for both veterans and non-veterans increased in 2025. From 2019 to 2020, the rate of new entrepreneurs increased sharply for veterans but partially returned to pre-pandemic levels. The non-veteran population followed the national trend.

FIGURE 7: RATE OF NEW ENTREPRENEURS BY VETERAN STATUS (1996–2025)



Source: Authors calculations from compiled Current Population Survey microdata

YEAR	NON-VETERANS	VETERANS	TOTAL
1996	0.31%	0.36%	0.32%
1997	0.27%	0.32%	0.28%
1998	0.29%	0.27%	0.29%
1999	0.26%	0.30%	0.27%
2000	0.26%	0.32%	0.27%
2001	0.26%	0.36%	0.27%
2002	0.27%	0.32%	0.28%
2003	0.30%	0.37%	0.30%
2004	0.30%	0.31%	0.30%
2005	0.28%	0.33%	0.28%
2006	0.29%	0.35%	0.30%
2007	0.30%	0.35%	0.30%
2008	0.32%	0.35%	0.32%
2009	0.34%	0.30%	0.34%
2010	0.34%	0.27%	0.34%
2011	0.32%	0.30%	0.32%
2012	0.30%	0.28%	0.30%
2013	0.28%	0.23%	0.28%
2014	0.31%	0.31%	0.31%
2015	0.34%	0.26%	0.33%
2016	0.31%	0.25%	0.31%
2017	0.34%	0.21%	0.33%
2018	0.32%	0.26%	0.32%
2019	0.31%	0.19%	0.31%
2020	0.39%	0.32%	0.38%
2021	0.37%	0.26%	0.36%
2022	0.38%	0.23%	0.37%
2023	0.35%	0.26%	0.35%
2024	0.34%	0.27%	0.33%
2025	0.36%	0.29%	0.36%

Notes: (1) Estimates calculated from the Current Population Survey. (2) The rate of new entrepreneurs is the percent of individuals (ages 20–64) who do not own a business in the first survey month and start a business in the following month with 15 or more hours worked per week. (3) All observations with allocated labor force status, class of worker, and hours worked variables are excluded. (4) The total sample size is slightly larger than the sum of the veteran and non-veteran sample sizes from 1996 to 2005 because of missing values for veteran status in those years.

NATIONAL TRENDS IN THE OPPORTUNITY SHARE OF NEW ENTREPRENEURS

The opportunity share represents new business activity that is inspired by opportunity rather than necessity (table 8 and figure 8). The opportunity share of new entrepreneurs increased slightly in 2025. It was 83.3 percent in 2025 reflecting a continuation of improving economic conditions after the early-stage impacts of COVID-19. But, the opportunity share remained lower in 2025 than in pre-pandemic levels.

The opportunity share of new entrepreneurs remained lower in 2025 than in pre-pandemic levels.



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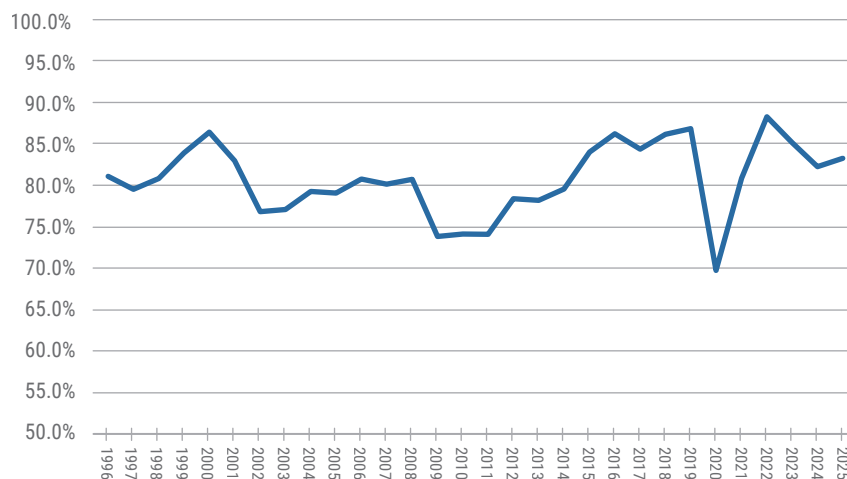
OPPORTUNITY SHARE OF NEW ENTREPRENEURS

The opportunity share of new entrepreneurs includes entrepreneurs and businesses of all types. It can be useful to distinguish between individuals who are “**opportunity entrepreneurs**,” including those coming out of wage and salary work, school, or other labor market status, and individuals who are “**necessity entrepreneurs**,” due to unemployment.¹¹ This distinction offers some insight into the influence of economic conditions on overall business creation. The opportunity share of new entrepreneurs reflects the percent of the total number of new entrepreneurs who were not unemployed and not looking for a job as they started the new business.

TABLE 8
**OPPORTUNITY SHARE OF NEW ENTREPRENEURS
(1996–2025)**

1996	81.1%	2006	80.8%	2016	86.3%
1997	79.5%	2007	80.2%	2017	84.4%
1998	80.8%	2008	80.7%	2018	86.2%
1999	83.9%	2009	73.8%	2019	86.9%
2000	86.4%	2010	74.2%	2020	69.8%
2001	83.0%	2011	74.1%	2021	80.9%
2002	76.8%	2012	78.4%	2022	88.3%
2003	77.1%	2013	78.2%	2023	85.2%
2004	79.3%	2014	79.6%	2024	82.3%
2005	79.1%	2015	84.0%	2025	83.3%

FIGURE 8: **OPPORTUNITY SHARE OF NEW ENTREPRENEURS
(1996–2025)**



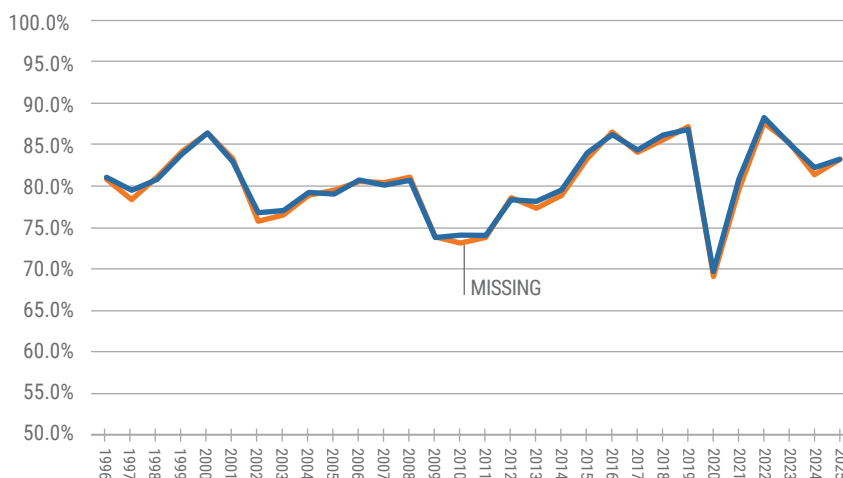
Source: Authors calculations from compiled Current Population Survey microdata

In the first year of the pandemic, the opportunity share of new entrepreneurs plummeted. It decreased from 86.9 percent in 2019 to 69.8 percent in 2020, representing the largest drop over the past 25 years (as tracked in this series) and perhaps much longer. The sharp decrease in the opportunity share in 2020 reflects the massive economic losses during the pandemic. As non-essential businesses closed to stop the rapid spread of COVID-19, consumers cut back on in-person consumption, and owners and their employees scaled back work effort for health concerns, new business creation originating from opportunities instead of necessity fell precipitously. The decline in the opportunity share of new entrepreneurs from 2019 to 2020 was 17.1 percentage points. In comparison, the drop in the opportunity share from 2008 to 2009 during the Great Recession was 6.9 percentage points.

The findings for the opportunity share and rate of new entrepreneurs provide more nuance to the story of what happened at the start of the pandemic. The rate of new entrepreneurs was higher in 2020 than in pre-pandemic 2019, reflecting more transitions into entrepreneurial activity, broadly defined. At the same time, the opportunity share of this activity dropped sharply in 2020 when it was at its lowest level in at least 25 years, indicating that many of these transitions were undertaken by people with few other options for economic engagement.

The CPS data for the opportunity share of new entrepreneurs are also missing for October 2025, which affects the matches for September to October 2025, and October to November 2025. To investigate the impact of this omission for 2025 when comparing to earlier years, estimates were created for the full time series with and without the September-October and October-November matches for all years. Figure 8.B presents both series. Removing these matches does not noticeably affect the annual opportunity share of new entrepreneurs for any of the prior years.

FIGURE 8B: OPPORTUNITY SHARE OF NEW ENTREPRENEURS (1996–2025) WITHOUT SEPT-OCT AND OCT-NOV MATCHES FROM ALL YEARS



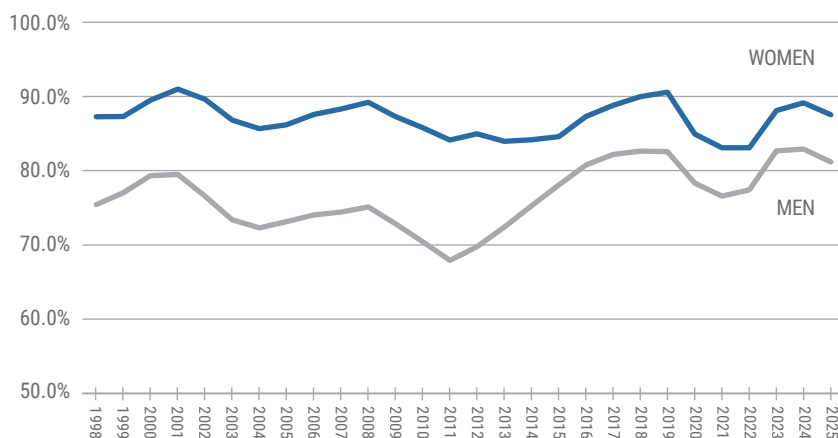
Source: Authors calculations from compiled Current Population Survey microdata

DEMOGRAPHIC TRENDS IN THE OPPORTUNITY SHARE OF NEW ENTREPRENEURS

Trends in the opportunity share of new entrepreneurs by demographic groups are also examined. Three-year moving averages are reported to increase the precision of estimates.¹¹ Figure 9 reports estimates of the opportunity share for women and men. The opportunity share of new entrepreneurs decreased in 2025 for both women and men remaining lower for both groups than pre-pandemic levels. The opportunity shares for both groups, however, have experienced an upward trend in the COVID economic recovery since hitting low points at the beginning of the pandemic.

The opportunity share of new entrepreneurs is lower for men than for women. Furthermore, the opportunity share of new entrepreneurs for women has generally been more stable than that for men.

FIGURE 9: OPPORTUNITY SHARE OF NEW ENTREPRENEURS BY SEX (1998–2025)



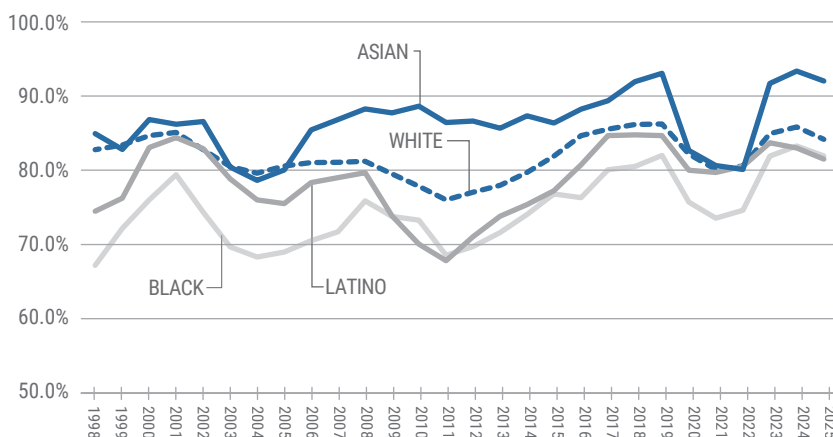
Source: Authors calculations from compiled Current Population Survey microdata

The opportunity share of new entrepreneurs for women has generally been more stable than that for men.

11. Three-year moving averages do not fluctuate as much as annual measures and can sometimes move in a different direction than annual rates from year to year. This is the case for the total opportunity share from 2024 to 2025. For the total opportunity share, the annual rate increased from 82.3 percent in 2024 to 83.3 percent in 2025 (as reported in figure 8); whereas, the three-year moving average decreased from 85.2 percent in 2024 to 83.6 percent in 2025. Thus, year-to-year movement in the three-year moving average opportunity shares by demographic group should be interpreted as capturing slower moving trends.

All racial and ethnic groups experienced a declining opportunity share of new entrepreneurs in 2025. Figure 10 reports estimates of the opportunity share of new entrepreneurs by race and ethnicity. Additionally, all groups have lower opportunity shares of new entrepreneurs in 2025 than pre-pandemic levels. Over this time period, this indicator is highest among those identifying as Asian and generally lowest among those identifying as Black or African American. In 2025, those identifying as Latino have the lowest opportunity share of all groups.

FIGURE 10: OPPORTUNITY SHARE OF NEW ENTREPRENEURS BY ETHNICITY (1998–2025)

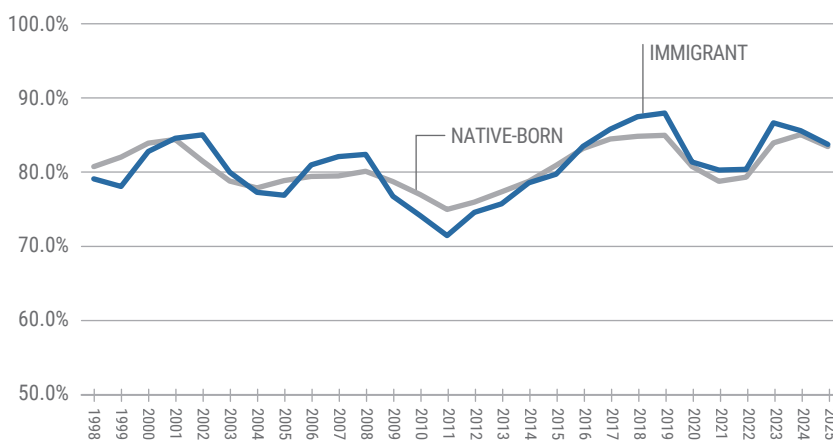


Source: Authors calculations from compiled Current Population Survey microdata

All groups have lower opportunity shares of new entrepreneurs in 2025 than pre-pandemic levels.

The opportunity share of new entrepreneurs decreased in 2025 for both immigrants and the native-born relative to 2024 and pre-pandemic levels. Figure 11 reports estimates of the opportunity share of new entrepreneurs by nativity. In general, the opportunity share is consistently higher for the immigrant population than for the native-born population.

FIGURE 11: OPPORTUNITY SHARE OF NEW ENTREPRENEURS BY NATIVITY (1998–2025)

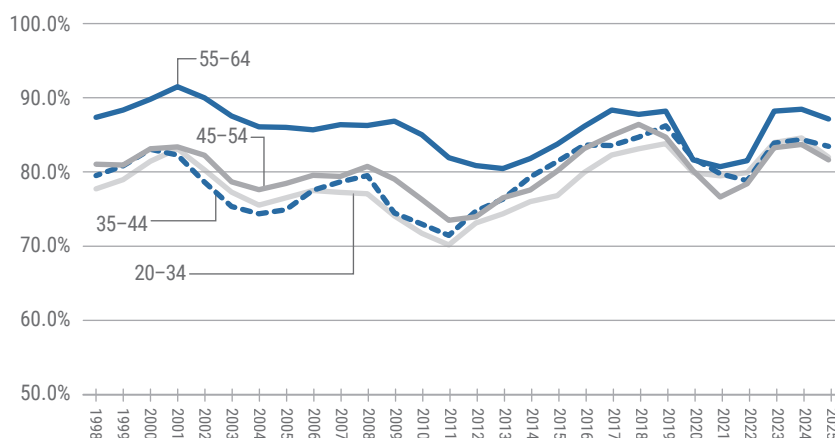


Source: Authors calculations from compiled Current Population Survey microdata

In general, the opportunity share is consistently higher for the immigrant population than for the native-born population.

Figure 12 reports the opportunity share of new entrepreneurs by age group. All age groups experienced decreases in the opportunity share in 2025 from the previous year and pre-pandemic levels. The indicator is highest among the oldest age group.

FIGURE 12: OPPORTUNITY SHARE OF NEW ENTREPRENEURS BY AGE (1998–2025)

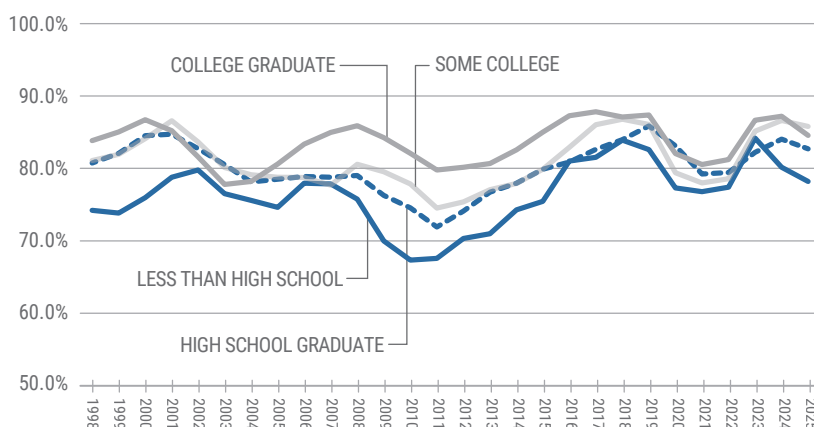


Source: Authors calculations from compiled Current Population Survey microdata

All age groups experienced decreases in the opportunity share in 2025 from the previous year and pre-pandemic levels.

The opportunity share of new entrepreneurs was lower in 2025 for all education groups. Figure 13 reports estimates of this indicator by education level. In comparison to pre-pandemic levels, the opportunity share is also lower for all education levels. The opportunity share is generally higher with each education level. Those with less than a high school degree have the lowest opportunity share of new entrepreneurs, and college graduates generally have the highest opportunity share.

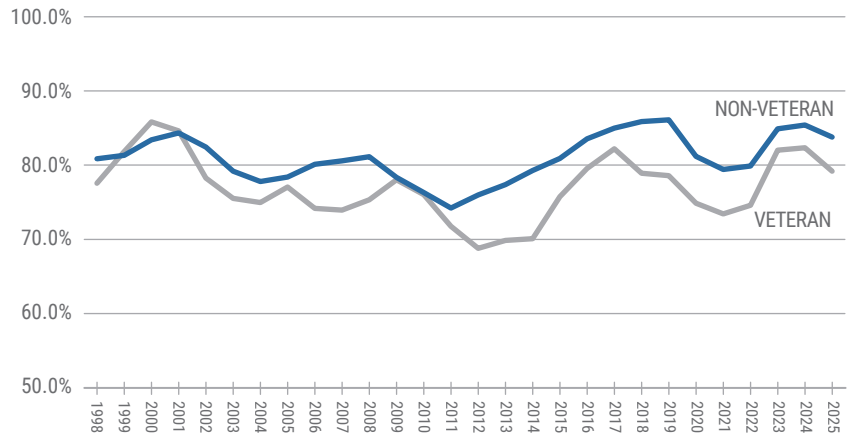
FIGURE 13: OPPORTUNITY SHARE OF NEW ENTREPRENEURS BY EDUCATION (1998–2025)



Those with less than a high school degree have the lowest opportunity share of new entrepreneurs, and college graduates generally have the highest opportunity share.

Figure 14 reports estimates of the opportunity share of new entrepreneurs by veteran status. The opportunity share of new entrepreneurs was lower in 2025 than the previous year but higher than pre-pandemic levels among veterans. The opportunity share is lower among veterans than non-veterans.

FIGURE 14: OPPORTUNITY SHARE OF NEW ENTREPRENEURS BY VETERAN STATUS (1998–2025)



Source: Authors calculations from compiled Current Population Survey microdata

The opportunity share of new entrepreneurs was lower in 2025 than the previous year but higher than pre-pandemic levels among veterans.

NATIONAL TRENDS IN STARTUP EARLY JOB CREATION

The number of jobs created by startups in their first year was essentially unchanged from 2024 to 2025. The number of jobs created by startups was 5.3 jobs per 1,000 people in 2025. The number of jobs created by startups is slightly higher in 2025 than pre-pandemic levels.

The number of jobs created by startups in their first year dropped in the pandemic from 5.1 jobs per 1,000 people in 2019 to 4.7 jobs per 1,000 people in 2021.¹² But, there was a reversal in the trend with the number of jobs created by startups rising to higher levels that ranged from 5.3 to 5.6 jobs per 1,000 people in the next few years. Figure 15 presents the indicator from 1996 to 2025.

The longer-term trends in the level of startup early job creation are worrisome. Although just prior to the pandemic, rates represented the highest levels since 2008 and continued the general upward trend since 2012, levels remain substantially lower in recent years than they were prior to the Great Recession and especially during the 1990s. Furthermore, the decline in the past few years raises additional concerns about falling job creation levels among startups. For comparison, startup early job creation per capita peaked at 7.9 in 1997, and it has since declined by almost a third. But, the higher levels found in the last few years than just prior to the pandemic might represent a longer-term movement toward this previous level.

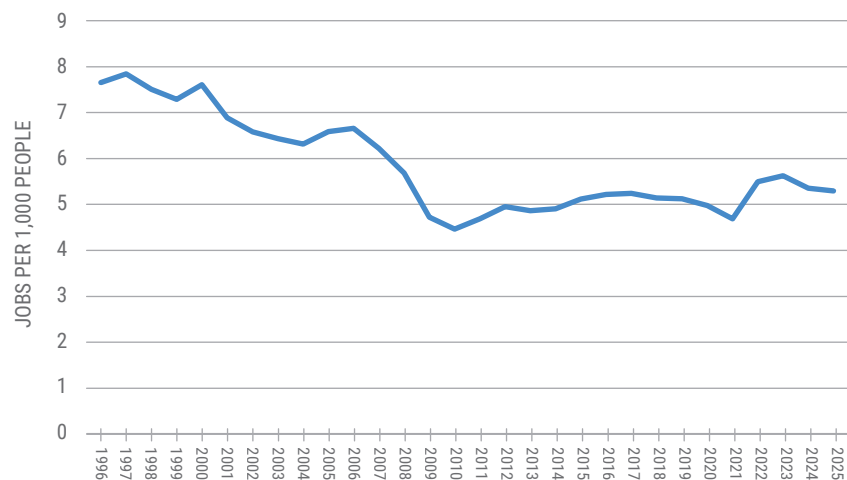


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STARTUP EARLY JOB CREATION

Startup early job creation measures how many total jobs are created by startups in their first year and is normalized by the population.

FIGURE 15: STARTUP EARLY JOB CREATION (1996–2025)



Source: Calculated from the Business Employment Dynamics

The decline in the past few years raises additional concerns about falling job creation levels among startups. For comparison, startup early job creation per capita peaked at 7.9 in 1997, and it has since declined by almost a third.

12. The 2020 measure of jobs created is from March 2020 (the last month of the first quarter), and thus it largely predates the pandemic-related changes in demand, supply, and public policy that started in full force after March 2020 (Fairlie 2020).

NATIONAL TRENDS IN THE STARTUP EARLY SURVIVAL RATE

The startup early survival rate in 2025 is slightly lower than in 2024. Among new business establishments, 77.9 percent survived one year later in 2025.

The startup early survival rate is below pre-pandemic levels. The startup early survival rate was 79.4 percent in 2019 compared with 77.9 percent in 2025. There was a slight drop in the startup early survival rate in 2020. The startup early survival rate declined slightly from 79.4 percent in 2019 to 79.0 percent in 2020. This decline captures the early stages of the impact of the COVID-19 pandemic because it measures changes between March 2019 and March 2020 but might be tempered by potential businesses being reluctant to start in the early stages of the pandemic. Figure 16 presents the startup early survival rate at the national level from 1996 to 2025.

Prior to 2020, the startup early survival rate trended upward from 75.2 percent in 2009, when it hit a low point in the Great Recession, to 79.4 percent in 2019. Survival rates generally show a pro-cyclical pattern. The drop in the startup early survival rate shows the early part of the pandemic-induced recession, but it does not capture the full extent of the pandemic in 2020 because it measures March-to-March changes instead of April-to-April changes or later month-to-month changes (Fairlie 2020).

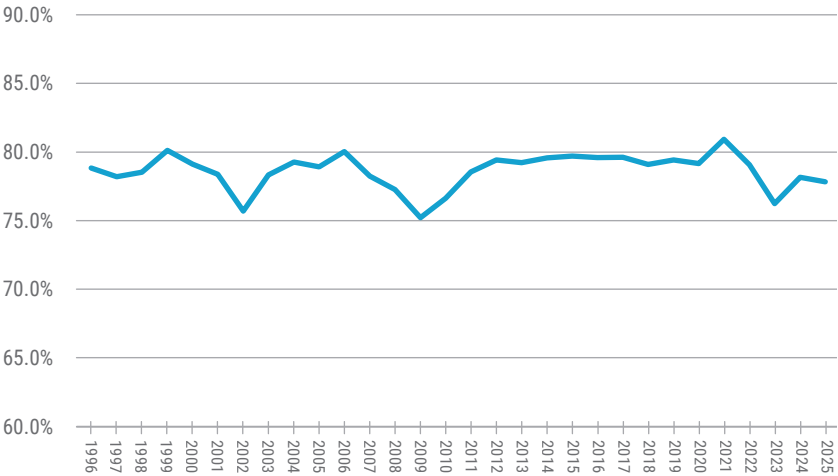


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STARTUP EARLY
SURVIVAL RATE

The **startup early survival rate**, an early-stage indicator of business performance, measures the percentage of new employer establishments that are still active after one year of operation.

FIGURE 16: STARTUP EARLY SURVIVAL RATE (1996–2025)



Source: Calculated from the Business Employment Dynamics

The drop in the startup early survival rate shows the early part of the pandemic-induced recession, but it does not capture the full extent of the pandemic in 2020 because it measures March-to-March changes instead of April-to-April changes or later month-to-month changes.

Kauffman Early-Stage Entrepreneurship (KESE) Index

Figure 17 and Table 9 present the KESE Index from 1996-2025. The KESE Index is centered at zero, which is the average over the first two decades of available data (1996-2015). Thus, a positive index value indicates that the index is above this earlier two-decade average, and a negative value indicates that it is below this average, which essentially covers two business cycles.¹³

The KESE Index increased to 1.2 in 2025 from 0.7 in 2024. The KESE Index experienced a sharp rebound from the drop in the first year of the pandemic. The index increased from 0.2 in 2020 to 1.9 in 2021 and remained higher through 2025. In contrast, the index dropped in the beginning of the pandemic from 1.2 in 2019 to 0.2 in 2020, which represents one of the largest single year drops over the past 25 years. The two years after the drop in the pandemic (2021 and 2022) have some of the highest levels recorded for the KESE Index over the past 25 years. The lowest point for the KESE Index was in 2009 at -1.9.



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KESE INDEX

Using the four key indicators, we create the KESE Index, an equally weighted index of the four normalized indicators of entrepreneurship activity:

- 1) Rate of new entrepreneurs
- 2) Opportunity share of new entrepreneurs
- 3) Startup early job creation
- 4) Startup early survival rate

FIGURE 17: KAUFFMAN EARLY-STAGE ENTREPRENEURSHIP (KESE) INDEX (1996–2025)



Source: Calculated from DPS and BED Data

The KESE Index experienced a sharp rebound from the drop in the first year of the pandemic.

TABLE 9

KAUFFMAN EARLY-STAGE ENTREPRENEURSHIP (KESE) INDEX (1996–2025)

1996	1.4	2006	1.0	2016	1.2
1997	0.2	2007	0.1	2017	1.5
1998	0.5	2008	0.0	2018	1.3
1999	1.1	2009	-1.9	2019	1.2
2000	1.3	2010	-1.4	2020	0.2
2001	0.1	2011	-1.0	2021	1.9
2002	-1.7	2012	-0.3	2022	2.9
2003	-0.2	2013	-1.0	2023	0.9
2004	0.4	2014	0.1	2024	0.7
2005	0.0	2015	1.4	2025	1.2

13. The summary index is also rescaled so that a one-unit change in the index is the equivalent of a one-standard deviation change in the index (as measured by the annual variation over the same two-decade time period).

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