D.C.’s Startup Scene: Parts I and II

D.C.’s Startup Scene
D.C. Policy Center
June 1, 2018

D.C.’s Startup Scene, Part II: Opportunity Cost
D.C. Policy Center
August 29, 2018
Startup Establishment RATE: 2013 – 2017

D.C. Policy Center | dcpolicycenter.org
Startup Employment Rate: 2013 – 2017
= percentage of total employment gains by businesses that are ≤ 1 year

D.C. Policy Center | dcpolicycenter.org
NAICS Sector Job Gains In DC: 2016

NAICS Sector

- Professional, Scientific, and Technical Services
- Other Services (except Public Administration)
- Accommodation & Food Services
- Admin Support/ Waste Mgmt & Remediation Services
- Educational Services
- Health Care and Social Assistance
- Construction
- Retail Trade
- Information
- Arts, Entertainment, and Recreation
- Real Estate and Rental and Leasing
- Finance and Insurance

0-1 Years • 2-3 Years • 4-5 Years • 6-10 Years • 11+ Years
Startup Job Gains: 2016
D.C. & the U.S.

Percentage of Total Job Gains

- Professional, Scientific, and Technical Services
- Other Services (except Public Administration)
- Accommodation & Food Services
- Administrative Support/ Waste Mgmt & Remediation Services
- Educational Services
- Health Care and Social Assistance
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- Startup Employment Rate (DC)
- Startup Employment Rate (US)
Start-up Pay Gap

Start-up Pay Gap: the Difference between average salaries paid at startups and established firms

\[
\text{Startup Pay Gap} = 1 - \frac{\text{Average Monthly Salary at Startups}}{\text{Average Monthly Salary at Established Firms}}
\]

\[
\leq 1 \text{ year} \\
\geq 11 \text{ year}
\]
Opportunity Cost: [Startup Pay Gap]

Startup pay gap can shed light on the opportunity cost workers face when choosing to work for a startup rather than an established firm.
Startup Pay Gap: Wages Foregone

\[ \text{Startup Pay Gap} = 1 - \frac{\text{Average Monthly Salary at Startups}}{\text{Average Monthly Salary at Established Firms}} \]

≤ 1 year
≥ 11 years

QWI Explorer

https://qwiexplorer.ces.census.gov

Indicator: Average Monthly Earnings
Firm Characteristics: Firm Age (0 – 1 year; 11+ years)
Geography level: Washington, D.C.
Washington Metropolitan Area
DC & The Metro

Startup Pay Gap

- Health Care and Social Assistance
- Construction
- Admin & Support
- Finance and Insurance
- Educational Services
- Management of Companies/Enterprises

METRO
DC

Startup Pay Gap

- Health Care and Social Assistance
- Construction
- Admin & Support
- Finance and Insurance
- Educational Services
- Management of Companies/Enterprises

METRO

DC

Startup Pay Gap

- Health Care and Social Assistance
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METRO

DC
Startup Pay Gap: Wages Foregone

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\[ \geq 11 \text{ years} \]

QWI Explorer

Indicator: Average Monthly Earnings

Firm Characteristics: Firm Age (0 – 1 year; 11+ years)

Geography level: Washington, D.C., San Francisco, CA, Boston, MA, Seattle, WA

NAICS Sectors:

- Healthcare and Social Assistance (62)
- Educational Services (61)
- Professional, Scientific and Technical Services (54)
- Retail Trade (44-45)
- Wholesale Trade (42)
- Accommodations and Food Services (72)
Early-Career Workers
25 – 34

Peak-Career Workers
35 – 44

Mid-Career Workers
45 – 54

\[
\text{Startup Pay Gap} = 1 - \frac{\text{Average Monthly Salary at Startups}}{\text{Average Monthly Salary at Established Firms}}
\]

QWI Explorer
Indicator: Average Monthly Earnings
Firm Characteristics: Firm Age (0 – 1 year; 11+ years)
Worker Characteristics: 3 age groups
Geography level: Washington, D.C., San Francisco, CA, Boston, MA, Seattle, WA

NAICS Sectors:
- Healthcare and Social Assistance (62)
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- Wholesale Trade (42)
- Accommodations and Food Services (72)
Mid-Career Workers
45 - 54

Health Care and Social Assistance
-0.37

Educational Services
0.42

Professional, Scientific, and Technical Services
0.11

Retail Trade
0.41

Accommodation and Food Services
0.33

Wholesale Trade
0.65

DC, SF, Boston, Seattle

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<table>
<thead>
<tr>
<th>Industry</th>
<th>Start-up Pay Gap</th>
<th>Start-up Employment Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare and Social Assistance</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Educational Services</td>
<td>Moderate</td>
<td>Low</td>
</tr>
<tr>
<td>Prof., Scientific &amp; Tech Services</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>High</td>
<td>High</td>
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<tr>
<td>Wholesale Trade</td>
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<td>High</td>
</tr>
<tr>
<td>Accommodations &amp; Food Services</td>
<td>High</td>
<td>High</td>
</tr>
</tbody>
</table>
THANK YOU!

Shirin Arslan
shirin.w.arslan@gmail.com