June 21, 2022

To: County Council

From: Blaise DeFazio, Senior Legislative Analyst
              Stephen Roblin, Performance Management and Data Analyst
              Office of Legislative Oversight

Subject: **Montgomery County Businesses' Composition**

Small businesses play a vital role in Montgomery County's economy. More than 95% of businesses located in Montgomery County have fewer than 50 employees.[1] According to the Census Bureau, Montgomery County was home to 27,498 employer establishments and 118,612 non-employer establishments in 2020.[2] These small businesses include a range of self- or family- run businesses ranging from law offices to food trucks. However, there is limited information on the composition of all County businesses. In particular, the Council would like to better understand the composition of County businesses by:

- business location;
- demographics of the business owners;
- type of businesses being operated; and
- revenues generated by these businesses.

The lack of information on these characteristics makes it difficult for the County Council, the County Executive, and the Montgomery County Economic Development Corporation (MCEDC) to serve the needs of these diverse groups of small businesses.

To get closer to this vital information, the Office of Legislative Oversight (OLO) worked with a consultant to explore sources of County business information (including small businesses), reached out to the County Executive's Office, MCEDC, and chambers of commerce for available local data/information, explored proper entities and survey instruments to get needed information, and provided discussion items for Council consideration. In sum, this memorandum report finds that:

- The consultant distinguished between two types of data on the characteristics of businesses: **Primary data** is "data obtained by locally administered surveys or businesses." **Secondary data** is "data collected by the federal or state government."
- The County has a few sources for primary data, but these sources are still in progress, the data may be unreliable, or the sources may not contain information on small businesses.
- There are quality secondary data through the United States Census Bureau and the Bureau of Economic Analysis, but these data sets have limitations and should mainly be used to complement primary data.
- To obtain more comprehensive data on County businesses, the Council could hire a survey firm experienced in performing business surveys at the local government level to collaborate with County data analysts in designing and administering a periodic survey of County businesses.
- The Council also may be able to obtain the data of interest by lobbying the state to require entities to provide this information when registering businesses and filing annual reports.

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[1] Small Business Resources, Montgomery County Business Portal
[2] Quick Facts: Montgomery County, Maryland, by the United States Census Bureau

Montgomery County Small Businesses' Composition

A. Data Sources Available for Businesses

Data Sources Identified by Harpswell Strategies. To understand the composition of businesses, OLO hired Harpswell Strategies to research the data sources available on businesses and provide observations regarding the strengths, weaknesses, and relevance of the data. Harpswell Strategies prefaced their research by distinguishing the two types of data available – primary and secondary data. Harpswell defined primary data as "data obtained by locally administered surveys of businesses" and secondary data as "data collected by federal or state government." The firm noted that the primary data serves as a valuable supplement to secondary data.

Harpswell indicated that for larger local jurisdictions like Montgomery County, primary data collections are less common, forcing these larger jurisdictions to rely more heavily on secondary data from the state or federal level. By relying on secondary data, larger jurisdictions have a less "granular understanding of the local economy and its businesses," but this data can provide meaningful benchmarking against other jurisdictions and provide trend analysis. Harpswell identified the following sources for secondary data:

	Data Set/Series
	Core Business Statistics Series
	County Business Patterns
United States Census Bureau	Statistics of US Businesses
	Survey of Business Owners and Self-Employed Persons
	Non-Employer Statistics
	Industry Economic Accounts
Bureau of Economic Analysis	Regional Economic Accounts
	Special Topics

The firm stated that while there are many secondary data sets to get a clear understanding of a local economy, **the data is limited on individual firms, minor industries, non-employer firms, and small geographic locations – leaving a degree of uncertainly.** The table in Attachment 1 shows the Harpswell-identified sources for the small business secondary data, a description of the source, limitations, how the data may be used to benefit Montgomery County, and links to the data sources.

Harpswell also noted that private sector entities collect, maintain, and sell useful business data. For example, CoStar Realty Information Services provides information about office or retail tenants by certain geographical areas. However, this information is usually best when attempting to build a mailing list. It does not provide business demographic details and it is not integrated with other business information such as number of employees, payroll, or annual gross receipts.

Local Primary Data. As Harpswell stated, primary data for Montgomery County is limited. OLO contacted MCEDC, chambers of commerce[3], the Office of the County Executive's Chief Administrative Officer who oversees economic development and business activities, CountyStat (within the Office of Management and Budget) to

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[3] OLO reached out to the following chambers of commerce: the African American Chamber of Commerce of Montgomery County, the Hispanic Chamber of Commerce of Montgomery County, the Asian American Chamber of Commerce of Montgomery County, and the Maryland Black Chamber of Commerce.

develop an inventory of local primary data sources. The table below illustrates potential sources of local primary data for Montgomery County.

Data Source	Potential Primary Data
Hispanic Chamber of Commerce of	Currently working on a database of County minority business data with 600 entities to date. The chamber has obtained data through state minority business information, non-certified businesses that attended or enrolled in US Department of Commerce Minority Business Development Agency webinars, small businesses registered through the County, periodic chamber campaigns and outreach, and businesses that the chamber has interacted with. The chamber is actively seeking more information through the Hispanic Construction Business Association, KOBE the Korean Incubator, and the Asian American Chamber of Commerce.
Maryland Black Chamber of Commerce	Currently working on a database for Montgomery County Black-Owned Businesses.[4]
County Disparity Study	The planned County Disparity Study will evaluate the continued need of the Minority, Female, and Disabled-Owned Business Program as a remedy against the effects of discrimination on minority, female, and disabled-owned businesses in the awarding of County contracts and awards.[5] Through this study, the selected vendor will review and analyze business data from contracting and subcontracting activities of the County and its prime contractors over a recent period. The Office of the County Attorney is administering the study and anticipates entering a contract with a selected vendor by June 30, 2022, with the goal of completing the study by June 30, 2023.[6] The previous disparity study was completed in 2014.

The data collected by the Hispanic Chamber of Commerce, the Maryland Black Chamber of Commerce, and the County Disparity Study are still a work in progress. Furthermore, the data collected by the chambers of commerce may not have key information related to Council small business goals.

B. **Potential Data Sources**

As reviewed above, the available primary and secondary sources provide limited information on the composition of these businesses in terms of business location, demographics of business owners, type of business, and revenues generated. Here, OLO reviews two potential data sources that may provide insight into the questions regarding County businesses that Councilmembers have.

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[4] OLO followed up with the Maryland Black Chamber of Commerce for details on the database and as of the release of this memorandum report, has not heard back from them yet.
[5] Montgomery County Council Agenda Item #5A, Special Appropriation to the FY22 Operating Budget: Montgomery County Government, Office of the County Attorney, Minority, Female, and Disabled-Owned Business Program – Disparity Study, by Carlos Camacho, July 13, 2021.
[6] FY23 Recommended Operating Budget Worksession – Office of the County Attorney, by Naeem Mia, May 4, 2022.

1. Secondary Data: State Business Registry Data

Businesses are required to register with The Maryland State Department of Assessments and Taxation (SDAT) and file an Annual Report each year.[7] These requirements can be done through the Maryland Business Express website.[8] The Maryland State Department of Assessments and Taxation makes available for public request its master dataset of business registrations. The dataset or a subset of information from that dataset can be requested through a third-party vendor called SpecPrint.[9] The necessary and recurring points of contact between the state and businesses could be taken advantage of to capture the data of interest to Councilmembers.

OLO has received a sample of SDAT data from the third-party vendor. In its current form, the data would provide limited insight into the characters of County businesses of interest to Councilmembers. The limitations include:

1. The data are organized by property instead of business, which does not capture all businesses in the County. For instance, multiple businesses are located at commercial properties like shopping centers.
2. There are no data on the demographics of business owners and other business characteristics.
3. Many businesses are registered with principal addresses, which may not necessarily be where the business operates, and/ some limited liability companies (LLC) are solely created for the purpose of holding title to a piece of property.

Note that OLO has asked the vendor whether the data can be organized by business, instead of property, and, if so, for a list of all indicators for businesses. OLO also has inquired whether the state can provide all the information captured in business reporting documents. OLO will follow-up with details once they become available.

To capture the data of interest to Councilmembers, the Council would need to **lobby the state to require entities to provide this information when registering businesses and filing annual reports.** If efforts to lobby the state to change its business reporting requirements were successful, the Council could gain access to the following data product:

- *Annual data on business characteristics for all legally registered businesses in the County*

This data product would have two noteworthy characteristics:

First, business information would be captured at the **population level**. In statistics, a "population" includes *all members* of a group which a researcher wants to draw conclusions. A "sample" consists of *some members* of the group which draw conclusions about the population. Because all County businesses are required to complete state business reporting requirements, requiring entities to complete fields would yield data for the population of legally registered businesses in the County (rather than a sample).

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[7] https://dat.maryland.gov/businesses/Pages/Maryland-Checklist-for-New-Businesses.aspx; https://dat.maryland.gov/SDAT%20Forms/PPR_Forms/Form1_AR_2022.pdf; https://open.maryland.gov/business-resources/starting-a-business/

[8] https://businessexpress.maryland.gov/

[9] The information about how to make that request is found at the bottom of the page here: https://dat.maryland.gov/Pages/Services.aspx.

It is important to note, however, that all legally registered businesses may not be the population of interest to Councilmembers, depending on what the Councilmembers want to know about businesses in the County. For instance, while LLCs created for the purpose of holding property are legally registered businesses, Councilmembers may be uninterested in knowing their characteristics. If so, they would fall outside the population of County businesses about which Councilmembers seek information and knowledge.

Second, changing the business reporting requirements would yield **panel data** on business characteristics. "Panel data" refers to data that includes observations for the *same subjects over time*. Another type of data that is relevant for this analysis is "repeated cross-sectional data." This type of data includes observations for *different subjects in different time periods.* Repeated cross-sectional data is common for periodic surveys, in which different samples of a population are collected at regular intervals.

Because all legally registered businesses must complete an annual report each year, requiring entities to complete fields in the report should yield panel data at the population level with yearly intervals. This data product would allow for tracking changes over time in the composition of individual businesses or specific business groups. For instance, the data could indicate temporal changes in how ownership demographics for food service businesses in the Silver Spring submarket—a zoomed-in look at County businesses which would be difficult to achieve with periodic surveys due to small sample sizes and various sampling challenges.

Importantly, OLO emphasizes that the state business registry data would be valuable, only if entities would be <u>required</u> to provide information of interest to Councilmembers when registering businesses and filing annual reports. Experience from the Small Business Administration's Paycheck Protect Program (PPP) indicates that optional fields may be an insufficient data collection tool. As observed in the OLO report, <u>Paycheck Protection Loans Received by Montgomery County Businesses</u>, "an insufficient portion of PPP loan applicants responded to questions about race, ethnicity, gender, and veteran status to allow for accurate reporting of the demographic characteristics of PPP loan recipients in Montgomery County."[10] Having required demographic fields in the business registration and annual reporting forms likely would prevent too many respondents from skipping the questions to draw meaningful conclusions about the characteristics of County businesses.

2. **Business Survey**

OLO has identified several local governments that contract with private survey firms to conduct periodic surveys aimed at better understanding the opinions, behavior, and characteristics of businesses operating within their jurisdictions.[11] Among the surveys reviewed for this report, business owners were asked anywhere from 25 to 41 questions. They include questions on the characteristics of businesses, such as ownership demographics, industry, number of employees, and whether they rent or own their facility. In addition, there are questions that assess business owners' opinions and behavior regarding a range of policy-relevant topics. These topics include:

- use of and satisfaction with services and programs offered by government departments, economic development corporations, and other public entities;

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[10] <u>Paycheck Protection Loans Received by Montgomery County Businesses</u>, OLO Report 2021-7, July 13, 2021. The report adds, "Of all loan recipients, 81% did not indicate their race; 76% did not indicate their ethnicity; 66% did not indicate their gender; and 71% did not indicate their veteran status. Low response rates to these questions are not unique to Montgomery County businesses; SBA data show that the majority of loan recipients nationwide did not respond to the demographic questions."

- views on the local business climate, workforce, code and regulations, tax structure, and government strategic priorities;
- need for workforce training, financing, and other assistance; and
- reasons for locating and remaining within the jurisdiction.

OLO believes that firms experienced in local business surveys could gather business data for Montgomery County. If Countywide business surveys were conducted, the Council would gain access to the following data product:

- *Periodic data on business characteristics and other topics for a different, randomly selected sample of County businesses*

The survey data would have two characteristics that differ from the state business registry data:

- Rather than population level data, information on business characteristics would be captured at the **sample level**. Performing an accurate and cost-effective census of the entire population of County businesses would not be possible for a survey firm due to high costs and various sampling challenges. Indeed, a carefully attained random sample of County businesses would provide a more accurate picture than a census and at a much lower cost. Thus, due to feasibility and data quality considerations, a business survey would collect data on business characteristics and other topics for a sample of businesses in the County.

- Rather than panel data, the survey would provide **repeated cross-sectional data** on business characteristics. Performing a panel survey of a sample of County businesses would be highly challenging for a survey firm. Attempting to survey the same, random selection of County businesses over a span of years ultimately would produce poor data due to survey attrition (i.e., participants dropping out of the survey study), business closures, and survey incompletion. For this reason, a periodic business survey would collect data on the composition of businesses and other topics for different samples of County business for each regular interval.

OLO emphasizes that the Council work with a survey firm underlined in performing business surveys for local governments for two reasons. First, a firm with experience conducting these surveys likely would be better able to devise and implement an effective sampling strategy than a professional service firm that offers one survey among many research services. An effective sample strategy is crucial to mitigating common methodological concerns, such as businesses chosen for the sample being unwilling or unable to participate in the survey and businesses in the sample failing to complete the survey. Without an effective sampling strategy, the data likely would provide a biased estimate of ownership demographics, thereby preventing us from drawing valid statistical inferences from the sample to the population of businesses in the County.[12] Second, OLO has identified at least one firm that specializes in performing local business surveys that offers benchmarking data. Having access to benchmarking data would allow the County to compare the results from its business survey against other local jurisdictions.

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[12] For instance, if the proportion of Latinx-owned businesses in the sample attained from the survey is systematically lower than the true proportion of Latinx-owned businesses in the population of County businesses. The biased estimate would be due to an unrepresentative sample if, for instance, Latinx entrepreneurs were less willing to take the survey than non-Latinx entrepreneurs (i.e., "nonresponse bias"). On the other hand, measurement error would be the culprit if, for instance, Latinx entrepreneurs misidentified their ethnicity in the survey questionnaire due to confidentiality concerns (i.e., "response bias").

In addition, OLO would encourage the Council to require close <u>collaboration</u> between County data analysts and the survey firm's technical staff during the design and administration phases of the business surveys. Doing so should help ensure that the survey methodology is capable of accurately and consistently measuring what the Council and other County stakeholders expect to learn from the periodic business surveys. Preferably, County staff assigned to collaborating with the survey firm would include an analyst(s) with expertise in survey methodology to optimize the survey quality.

C. Discussion Items

The Councilmembers may want to consider the following in their discussion of County business information with Executive Branch representatives and the Montgomery County Economic Development Corporation:

1. What specific goals does the County want to accomplish when obtaining specific information on businesses? Specifying these goals would be crucial to defining the population of businesses about which the Council wants to learn and formulating the questions the Council wants answered. Doing so should be viewed as preliminary steps that must be taken to identify the changes to the state business registration requirements that the Council would like to see and/or guide the design and administration of a local business survey.

2. Consider obtaining complementary primary and secondary data for desired information on County businesses. Indeed, knowing the population of all legally registered businesses in the County likely would help in selecting a representative sample of businesses for a local business survey.

   o **Secondary Data** - Lobbying the state to collect data on the composition of businesses by requiring entities to provide this information when registering businesses and filing annual reports.
   o **Primary Data** - Hiring a survey firm experienced in performing business surveys at the local government level to collaborate with County data analysts in designing and administering a periodic survey of County businesses.

D. Acknowledgements

OLO appreciates the information shared and insights provided by all who participated in this project. In particular, OLO thanks:

County
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Thomas Tippet, OMB

Montgomery County Economic Development Corporation
Bill Tompkins
Nadia Khan

Maryland-National Capital Park and Planning Commission
Ben Kraft, Department of Planning

Hispanic Chamber of Commerce
Carmen Larsen

Maryland Black Chamber of Commerce
Ken White

Attachment 1: Small Business Secondary Data Sources, Limitations, and Applicability

Data Source	Description	Limitations	Montgomery County Applicability	Links
United States Census Bureau (Core Business Statistics Series)	Includes data for industry sectors for the following geographies: states, metropolitan areas, micropolitan areas, counties, and Census-designated places. This coverage is obtained as a function of the multiple, related "series" tracked by the Census. The Core Business Statistics Series addresses: the number of establishments; employment; payroll; and value of sales, receipts, revenue, or shipments for establishments of firms with paid employees.	Used mainly at the federal level. Economic Census is only produced every five years (for years ending in "2" or "7" and the data is released piecemeal. For example, data from the 2017 Economic Census was released periodically from September 2019 through December 2021. Following the end of 2022, the process will begin anew with surveys delivered and responses due in the first half of 2023.	The data is used by Federal agencies for key measures of economic activity, such as the Gross Domestic Product (GDP), National Income and Product Accounts (NIPAs), and the Producer Price Index (PPI). Provides key business facts to gauge organizational structure and product trends. Helps make decisions about operating sites, capital investments, and product development.	https://www.census.gov/programs-surveys/economic-census/about.html
United States Census Bureau (County Business Patterns)	CBP statistics provide the only annual source of complete and consistent County-level data with industry detail. This series includes the number of establishments, employment information, first quarter payroll, and annual payroll.	If only looking at small businesses with fewer than 50 employees, the CBP is limted. It only has information on businesses with employees from 0-19 and 20-99 - but not just 50 and below. Also, the data does not give demographic data, non-employer data, or subcounty geographic information.	The data are useful for understanding the economic activity of local areas. State and local government entities use the data to assess business changes, develop policies, and plan future policies and programs. CBP data are used to benchmark public and private sector statistical series, surveys, and databases between economic census years.	https://www.census.gov/programs-surveys/cbp/about.html
United States Census Bureau (Statistics of US Businesses)	The Statistics of US Businesses (SUSB) program covers U.S. businesses with paid employees. The SUSB excludes most employees of government and government enterprise but covers most private non-farm employers. Generally, SUSB coverage excludes a small number of industries: crop and animal production; rail transportation; Postal Service; pension, health, welfare, and vacation funds; trusts, estates, and agency accounts; office of notaries; private households; and public administration.	SUSB data includes some data collected annually (number of firms, number of establishments, number of employees during the week of March 12, and annual payroll) as well as other data that are collected only for years ending in "2" or "7" (receipts). SUSB data is released with a lag of approximately 24 months after each reference year and are available for the following geographies: the U.S., each state, county, Metropolitan Statistical Area (MSA) and Congressional District. In 2018, changes to the disclosure avoidance methods were implemented that have made it very difficult to get custom tabulations of the data for sub-state geographies (such as counties).	The data are the standard reference source for small business statistics. State and local governments, as well as, budget, economic development, and planning offices use the data to assess business changes, develop fiscal policies, and plan future policies and programs.	https://www.census.gov/programs-surveys/susb/about.html
United States Census Bureau (Survey of Business Owners and Self-Employed Persons)	The Survey of Business Owners (SBO) includes selected economic and demographic characteristics for businesses and business owners by gender, ethnicity, race, and veteran status. The SBO covers firms with and without paid employees. The SBO covers businesses with receipts of $1,000 or more, including all nonfarm businesses filing Internal Revenue Service tax forms as individual proprietorships, partnerships, or any type of corporation. The SBO is conducted on a company or firm basis – ownership and control – rather than an establishment or location basis. Business owners, that is those having 51 percent or more of the stock or equity in the business, are categorized based gender, ethnicity, race, veteran status, and if publicly held.	The most recent published available data is from 2012 and only goes down to the County level (no subcounty information).	The data from the survey can be used for the following, but not limited to: assess business assistance needs, establish and evaluate contract procurement practices, assess programs that promote the activities of disadvantaged groups, and analyze long-term economic and demographic shifts and differences in ownership and performance among geographic areas.	https://www.census.gov/programs-surveys/sbo/about.html
United States Census Bureau (Non-Employer Statistics)	An annual data series that includes data for businesses that have no paid employees and are subject to federal income tax. The data consist of the number of non-employer businesses and total receipts; furthermore, it is available at the industry level and for some subnational geographies. Most non-employer businesses are self-employed individuals, i.e., individuals operating unincorporated businesses. Non-Employer Statistics is the only annual source of detailed data on the number of such establishments and their receipts at the County level.	Includes good information on business owners, but it cannot focus on specific areas. Furthermore, data is only available on the metropolitan level (grouping of counties and cities used for census purposes).	State and local governments use the data to assess business changes, develop fiscal policies, and plan future policies and programs.	https://www.census.gov/programs-surveys/nonemployer-statistics/about.html
Bureau of Economic Analysis (Industry Economic Accounts)	Provide a detailed view of the relationships between producers and users and the contribution to production across industries. The data include value-added (GDP) by industry, gross output by industry, employment by industry, as well as the input-output accounts and integrated industry-level production accounts.	Although it provides relevant information about industry operating margins, it does not provide information such as number of firms by size or information at subcounty geographies.	These accounts are used extensively by policymakers and businesses to understand industry interactions, productivity trends, and the changing structure of the U.S. economy.	https://www.bea.gov/resources/learning-center/what-to-know-industries
Bureau of Economic Analysis (Regional Economic Accounts)	The regional accounts include estimates of gross domestic product by state, county, and metro area, price parities, and state and local area personal income and employment by industry. The regional accounts include two satellite accounts to help provide a better understanding of specific groupings of economic activity: the arts and cultural production satellite account, and the outdoor recreation satellite account.	Does not include subcounty geography data and does not focus on demographics of owners or revenues by industries.	Useful for understanding the geographic distribution of U.S. economic activity and growth. These data, and the accompanying detail, provide a framework for analyzing and comparing individual state and local area economies.	https://www.bea.gov/resources/learning-center/about-regional
Bureau of Economic Analysis (Special Topics)	BEA maintains data for several "special topics" like the space economy, marine economy, household production, travel and tourism, and government finance. One "special topic" is small business. BEA is working to develop an entire satellite account for small business data, to provide a more comprehensive and consistent measure of small business activity.	TBD - the small business satellite account is in progress. Experimental small business statistics have been developed.	TBD - the small business satellite account is in progress. Experimental small business statistics have been developed.	https://www.bea.gov/data/special-topics/small-business

Attachment 2: Memorandum from Harpswell Strategies

CLIENT MEMORANDUM

TO:	STEPHEN ROBLIN, OFFICE OF LEGISLATIVE OVERSIGHT
	JACOB SESKER, HARPSWELL STRATEGIES
FROM:	
	COMPOSITION OF MONTGOMERY COUNTY'S BUSINESSES
SUBJECT:	
	FEBRUARY 13, 2022
DATE:	
	BLAISE DEFAZIO, OFFICE OF LEGISLATIVE OVERSIGHT
CC:	

Context

Purpose of the project

Small businesses include a range of self- or family-run businesses ranging from law offices to food trucks. To best serve the needs of this vast and diverse group of businesses, the County Council wants to better understand where these businesses are located, the demographics of the business' owners, the type of businesses being operated, and revenues generated by these businesses.

Purpose of this memorandum

A purpose of this memorandum is to provide an overview of data sources available, including new datasets released in December 2021. A second purpose is to provide observations regarding the strengths, weaknesses, and relevance of available public data.

It is intended that this document will inform OLO's report and serve as a companion to the assembled tabular data that will be drawn from these various sources. Furthermore, this memorandum is also intended to aid to future efforts to track changes over time by establishing a record of basic and background research with respect to information available regarding the County's small businesses.

Background

In smaller communities, it is possible to rely on what is often referred to as "primary data," such as locally administered surveys of businesses, as a valuable supplement to "secondary data" such as data collected by the federal or state government. However, these same smaller communities often face data suppression issues with respect to secondary data – for example, no data about industries with small numbers of firms, establishments, or employees.

In places like Montgomery County – with tens of thousands of businesses and tens of thousands more self-employed individuals – "primary data" collection efforts are less common. Rather, larger communities often rely more heavily on secondary data, data which is often more useful or complete than in smaller counterparts.

Reliance on secondary data is likely to result in a less nuanced or granular understanding of the local economy and its businesses. On the other hand, for the economic developer who is familiar with the sources the secondary data provides opportunities for meaningful benchmarking against other communities and longitudinal analysis of local trends.

There is also a key distinction between data related to the economy and data related to businesses. There are many data sets that can help economic developers get a "clear picture" of some aspect of their local economy; in contrast, data about individual firms, minor industries, non-employer firms, and small geographies is more limited. Consequently, some degree of uncertainty is inherent when it comes to data about businesses.

The Economic Census and County business patterns (CBP)

The Economic Census is produced every 5 years (for years ending in "2" or "7"). Economic Census data is released piecemeal – for example, data from the 2017 Economic Census was released periodically from September 2019 through December 2021. Following the end of 2022, the process will begin anew with surveys delivered and responses due in the first half of 2023.   According to the Census Bureau, "Nearly 4 million business locations, large, medium, and small, covering most industries and all geographic areas of the United States will receive surveys tailored to their primary business activity."

The Economic Census includes data for industry sectors for the following geographies: states, metropolitan areas, micropolitan areas, counties, and Census-designated places. This coverage is obtained as a function of the multiple, related "series" tracked by the Census. Most relevant to this project, the Core Business Statistics Series addresses the following: number of establishments; employment; payroll; and value of sales, receipts, revenue, or shipments for establishments of firms with paid employees.

CBP statistics provide the only annual source of complete and consistent county-level data with industry detail. The data are useful for understanding the economic activity of local areas. State and local government entities use the data to assess business changes, develop policies, and plan future policies and programs. CBP data are used to benchmark public and private sector statistical series, surveys, and databases between economic census years.

Information about county business pattern data and its collection can be accessed here. The datasets can be explored here – if OLO has access to a statistical software package, it may be possible to get data at sub-county geographies using comma-delimited files.

Statistics of U.S. Businesses (SUSB)

The SUSB program covers U.S. businesses with paid employees. The SUSB excludes most employees of government and government enterprise but covers most private nonfarm employers. Generally, SUSB coverage excludes a small number of industries: crop and animal production; rail transportation; Postal Service; pension, health, welfare, and vacation funds; trusts, estates, and agency accounts; office of notaries; private households; and public administration. Furthermore, SUSB data includes some data collected annually (number of firms, number of establishments, number of employees during the week of March 12, and annual payroll) as well as other data that are collected only for years ending in "2" or "7" (receipts). SUSB data is released with a lag of approximately 24 months after each reference year and are available for the following geographies: the U.S., each state, county, Metropolitan Statistical Area (MSA) and Congressional District.

In 2018, changes to the disclosure avoidance methods were implemented that have made it very difficult to get custom tabulations of the data for sub-state geographies (such as counties).

More information about the SUSB data, and access to the data, can be found here.

Survey of Business Owners and Self-Employed Persons

The Survey of Business Owners (SBO) includes selected economic and demographic characteristics for businesses and business owners by gender, ethnicity, race, and veteran status.

The SBO covers firms with and without paid employees. The SBO covers businesses with receipts of $1,000 or more, including all nonfarm businesses filing Internal Revenue Service tax forms as individual proprietorships, partnerships, or any type of corporation. The SBO is conducted on a company or firm basis – ownership and control – rather than an establishment or location basis.

Business owners, that is those having 51 percent or more of the stock or equity in the business, are categorized based on the following characteristics:

- Gender (female, male, or equally male/female)
- Ethnicity (Hispanic, non-Hispanic, equally Hispanic/non-Hispanic)
- Race (American Indian or Alaska Native; Asian; Black or African American; Native Hawaiian or Other Pacific Islander; White; some other race; minority; equally minority and non-minority)

- Veteran Status (Nonveteran; veteran; equally veteran/nonveteran)
- Publicly held and other firms not classifiable based on gender, ethnicity, race, and veteran status

The SBO does not cover government and government enterprises. It also does not cover the following: crop and animal production; rail transport; U.S. Postal Service; monetary authorities; funds, trusts, and other financial vehicles; religious, grantmaking, civic, professional, and similar organization; private households; and public administration.

More about the SBO, and access to its data, can be accessed here.

Non-employer statistics

Non-employer statistics is an annual data series that includes data for businesses that have no paid employees and are subject to federal income tax. The data consist of the number of non-employer businesses and total receipts; furthermore, it is available at the industry level and for some subnational geographies. Most non-employer businesses are self-employed individuals, i.e., individuals operating unincorporated businesses.

NES is the only annual source of detailed data on the number of such establishments and their receipts. More about the NES, and access to its data, can be found here.

Public economic data, generally

The Bureau of Economic Analysis maintains numerous integrated economic datasets in the industrial and regional accounts. Those include:

- The **industry economic accounts** provide a detailed view of the relationships between producers and users and the contribution to production across industries. These accounts are used extensively by policymakers and businesses to understand industry interactions, productivity trends, and the changing structure of the U.S. economy. The data include value-added (GDP) by industry, gross output by industry, employment by industry, as well as the input-output accounts and integrated industry-level production accounts.
- The **regional economic accounts** are useful for understanding the geographic distribution of U.S. economic activity and growth. The regional accounts include estimates of gross domestic product by state, county, and metro area, price parities, and state and local area personal income and employment by industry. These data, and the accompanying detail, provide a framework for analyzing and comparing, on an apples-to-apples basis, individual state and local area economies.
- The regional accounts include two **satellite accounts** to help provide a better understanding of specific groupings of economic activity: the arts and cultural production satellite account, and the outdoor recreation satellite account.

- BEA also maintains data for several "special topics" like the space economy, marine economy, household production, travel and tourism, and government finance. One "special topic" is **small business**. BEA is working to develop an entire satellite account for small business data, to provide a more comprehensive and consistent measure of small business activity.

More information about the small business special topic can be found here. Information about the future small business satellite account is also available. A recent research paper on the topic of measuring the impact of small businesses may be of interest, as well as this November 2021 analysis of small business data.

Private sector business data

Private sector entities do collect, maintain, and sell useful data related to businesses. For example, local jurisdictions interested in physical addresses, mailing addresses, and e-mail addresses of local businesses can purchase such data from vendors like Data Axle (formerly known as Info USA). Similarly, vendors of real estate information, such as CoStar Realty Information Services, can provide information about office or retail tenants and owners within specific geographies.

This type of information can be very helpful for a jurisdiction that is attempting to build a mailing list. However, the information does not provide demographic details about a business's owner or owners and is not integrated with other information such as number of employees, payroll, or annual gross receipts.

Future longitudinal studies

The annual survey of businesses and non-employer statistics data are annual and therefore can be used to track changes over time in the aggregate numbers of businesses falling into certain categories. The creation of the small business satellite account will also be helpful, insofar as it will assist in tracking the economic impact of small businesses and given BEA's reputation for data integrity and usability.

Data integrity and accessibility issues

One issue that any analyst will encounter with the Census Data is that the Census Bureau's website contains numerous dead-ends and cul-de-sacs, which can make it difficult to know whether additional information is available simply by approaching it from another direction. An additional issue is that it is common to encounter corrupted files; similarly, files with odd or inconsistent formatting can prove challenging for macros and lookup functions or for sorting and filtering functions. For example, sorting NAICS codes requires some creativity or a tedious manual sorting process.

What is included in the attached spreadsheets?

The attached spreadsheets contain downloaded xls data from the County Business Patterns, Annual Survey, and Non-employer Statistics data sets.

County level data includes the following:

Tab A, B, C and Section 1: From the combined CBP and NES dataset, the number of Montgomery County establishments by industry. CBP data for employers includes number of establishments, employees, and annual payroll. NES data for non-employers includes number of establishments and total receipts. The tables include the share of establishments in each industry that are employers and non-employers and highlights those with above average concentrations of non-employer establishments. Tables also include non-employer establishments by industry, and receipts of non-employer establishments by industry.

Tab D, E, and Section 2: From the CBP dataset, the number of Montgomery County employer firms with fewer than 20 employees, by industry. These tables include firms, establishments, employment, and payroll for employer firms.

Tab F, G and Sections 3, 4: From the Annual Business Survey dataset, this includes employer firms in the Washington, DC Metropolitan Area by various characteristics of the owner (sex, race, ethnicity, veteran owned, age, nativity, and citizenship status).