

Demonstrating the Scale of Microenterprise in Your State

A Methodology for Developing County-Level Figures

This methodology was developed by James C. McConnon, Jr., Business & Economics Specialist and Associate Professor of Resource Economics and Policy at the University of Maine and Thomas Allen, Associate Scientist at the University of Maine. AEO is indebted to them for sharing this work and asks that any organizations using this methodology provide full credit to them in their final products.

The Analysis

It can be difficult to convince policy makers, funders, and the media that microenterprise is an important part of the U.S. economy. Most local, state and federal efforts in economic development focus on larger enterprises, assuming that these are the engines of economic growth. Recently, Professor James McConnon, along with Thomas Allen, both of the University of Maine, developed a methodology to examine the importance of microenterprise in local economies. This analysis is performed at the county level. State Microenterprise Associations in Maine and Minnesota have found this analysis invaluable in their advocacy, fundraising and public education efforts.¹ AEO contacted Professor McConnon to obtain permission to share this methodology with other state microenterprise associations. SMAs and others are free to replicate this product. AEO asks that you do credit Professor McConnon and Thomas Allen for developing the methodology in any publications you produce, however.

How to Develop Your Own Analysis – Step by Step

Developing a County List

1. Research the list of counties in your state. These can vary widely and will impact the effort required to complete the project. As a general rule, the more counties in your state, the more time it will take to complete the analysis.

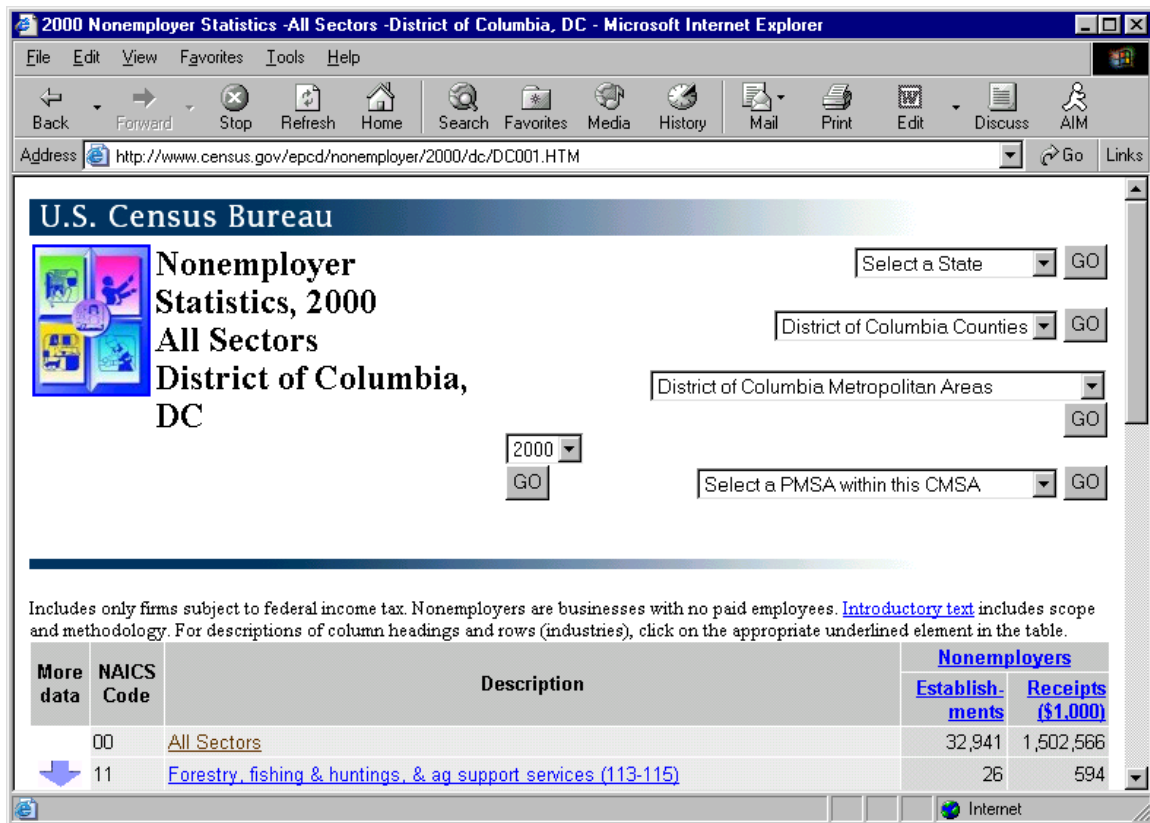
Creating your Matrix

1. Open the Excel Template provided by AEO.
2. Input the Counties you wish to include in the first column.
3. This template will work for 2000 data. All data is updated annually.

¹ For a sample of what the final analysis looks like, see Appendix A, which features analysis of the counties in which Northeast Entrepreneur Fund operates.

Researching Non-Employer Businesses

1. Go to the Census Bureau's website at:
<http://www.census.gov/epcd/nonemployer/index.html>
2. Select 'View in [Hypertext Tables \(html\)](#) - U.S., States, Metro Areas, Counties' by clicking on Hypertext Tables.
3. Select your state in the box in the upper right corner. Click on 'Go.'
4. Select the first county you want to look at. Click on 'Go.'
5. Input the figure listed under column 'Establishments' in the appropriate cell. In the example below, you would enter 32,941.



U.S. Census Bureau

Nonemployer Statistics, 2000
All Sectors
District of Columbia, DC

Select a State

District of Columbia Counties

District of Columbia Metropolitan Areas

2000

Select a PMSA within this CMSA

Includes only firms subject to federal income tax. Nonemployers are businesses with no paid employees. [Introductory text](#) includes scope and methodology. For descriptions of column headings and rows (industries), click on the appropriate underlined element in the table.

More data	NAICS Code	Description	Nonemployers	
			Establishments	Receipts (\$1,000)
	00	All Sectors	32,941	1,502,566
	11	Forestry, fishing & huntings, & ag support services (113-115)	26	594

6. Repeat for all counties in your state. This should be fairly quick.

Researching Microenterprises with Employees

1. Go to the Census Bureau's County Business Patterns Website at:
<http://censtats.census.gov/cbpnaic/cbpnaic.shtml>

2. Select your state and click 'Go'
3. Select the first county and click 'Submit'
4. Select the year you want and click 'Submit'
5. There will be two tables. The second will contain the number of microenterprises with employees (1-4 employees) in the county you have selected. In the example below, you would input 9,875.

		Number of Establishments by Employment-size class											
		Industry Code	Industry Code Description	Total Estabs	1-4	5-9	10-19	20-49	50-99	100-249	250-499	500-999	1000 or more
	Compare	-----	Total	19,655	9,875	3,680	2,637	2,023	738	502	134	37	29
Detail	Compare	11----	Forestry, fishing, hunting, and agriculture support	4	3	1	0	0	0	0	0	0	0
Detail	Compare	21----	Mining	3	3	0	0	0	0	0	0	0	0
Detail	Compare	22----	Utilities	44	25	7	3	1	3	1	3	0	1
Detail	Compare	23----	Construction	329	155	54	40	42	20	16	1	1	0
Detail	Compare	31----	Manufacturing	174	72	45	25	18	9	5	0	0	0

6. Click on 'Compare' in the box just to the left of the row for total. This will pull up a chart that compares this row for all counties in the state.

Researching Microenterprise Employment

There is no data readily available at the county level on employment by establishment size. To develop these figures, one must calculate the number of employees per microenterprise employer in the state. This number is then used to estimate microbusiness employment in each county. It is an estimate, but a fairly exact one.

1. Go to the Census Bureau's County Business patterns website:

<http://www.census.gov/epcd/cbp/view/cbpview.html>

2. Select View [Printed publication](#) (1993 - 2001)
3. Select the link that corresponds to your state's row and the column for the year you would like to look at. You may want to right-click on this link and save it to your computer as an Adobe Acrobat .pdf file.
4. Open the document for your state.
5. Go to Table 3 and find the Total Number of Employees in Firms (Row) with 1-4 Employees (Column). Enter this number into cell B130. In the example below you would enter 17,622 into the cell.

Table 3. The District—Employees and Annual Payroll by Em
[Excludes most government employees, railroad employees, and self-employed persons. Size class 1 to 4 includes establishments (D) denotes figures withheld to avoid disclosing data for individual companies; the data are included in broader industry total other data, see introductory text]

NAICS code	Major group	Total				
			1 to 4	5 to 9	10 to 19	20
	Total number of employees _____	414 983	17 622	24 218	35 892	61
	Total payroll, annual (\$1,000) _____	19 984 505	1 223 950	1 082 404	1 593 630	2 780
11	FORESTRY, FISHING, HUNTING, AND AGRICULTURE SUPPORT					
	Number of employees _____	(A)	(D)	(D)	—	
	Payroll, annual (\$1,000) _____	(D)	(D)	(D)	—	
115	Agriculture & forestry support activities					

6. If you have entered in the first three columns completely, the Excel Spreadsheet will now calculate the employment generated by microenterprise in each county in your state.

Determining Total Non-Farm Employment by County

1. Go to the Department of Commerce's Bureau for Economic Analysis website at:

<http://www.bea.doc.gov/bea/regional/reis/>

2. Select 'Detailed county annual tables of income and employment by SIC industry, 1969–2001 (CA30–CA45), 1969–2000 (CA05 and CA25)'.
3. Select 'CA25 – Total Full-Time and Part-Time Employment by Industry'.
4. Select the state and year you would like to look at.
5. Click on the link for 0080 Non-Farm Employment

CA25 Total full-time and part-time employment by industry -- Maine
(number of jobs)

Code	Item	2000
<i>Employment by place of work</i>		
0010	Total full-time and part-time employment	793,362
<i>By type</i>		
0020	Wage and salary employment	632,341
0040	Proprietors employment	161,021
0050	Farm proprietors employment	6,532
0060	Nonfarm proprietors employment 2/	154,489
<i>By industry</i>		
0070	Farm employment	10,548
0080	Nonfarm employment	782,814
0090	Private employment	675,484
0100	Ag. services, forestry, fishing and other 3/	20,614
0200	Mining	344
0300	Construction	52,114
0400

6. The page will have total employment by county (as well as a state total.) Enter this information in the right-most column in the spreadsheet. It is important to use this data source, as it includes proprietor's employment in the total.

Local Area Personal Income - Microsoft Internet Explorer

Address: <http://www.bea.doc.gov/bea/regional/reis/drill.cfm?table=CA25&lc=80&years=2000&format=htm&areatype=23000>

Maine
CA25 – Private employment: Nonfarm
employment
(number of jobs)

FIPS	Area name	2000
23000	Maine total	782,814
23001	Androscoggin	60,591
23003	Aroostook	39,354
23005	Cumberland	214,308
23007	Franklin	17,422
23009	Hancock	35,855
23011	Kennebec	74,557
23013	Knox	27,055
23015	Lincoln	18,888
23017	Oxford	24,469
23019	Penobscot	89,798
23021	Piscataquis	8,472
23023	Sagadahoc	20,721
23025	Somerset	26,213

7. You can now right click on that column (G) in the spreadsheet and select Hide.
8. The spreadsheet will automatically calculate the percentage of each county's employment that is generated by microenterprise.

General Information

1. If there are any unused rows (i.e. you have less than 100 counties in your state), you can highlight any blank rows, right-click and select hide.
2. If you need additional rows, highlight row 50. Go to Insert (above) and select Rows. Repeat as necessary.
3. If you have any questions, please feel free to call Zach Gast at AEO: (703) 841-7760 x23.

You now have some incredible facts at your disposal! Please remember to share a copy of your final product with AEO!

Appendix A
Maine Micro-Businesses and Employment Levels by County, 2000

<i>County</i>	Number of Micro-Businesses			Total Employment ¹	
	Without Employees ²	With 1-4 Employees ³	Total	All Micro-businesses ⁴	Percent of County ^{5,6}
Androscoggin	5,803	1,430	7,233	9,521	16.0
Aroostook	4,295	1,326	5,621	7,743	19.6
Cumberland	21,087	5,616	26,703	35,689	16.6
Franklin	2,258	481	2,739	3,509	20.1
Hancock	6,504	1,402	7,906	10,149	28.2
Kennebec	7,741	1,766	9,507	12,333	16.6
Knox	5,296	900	6,196	7,636	28.2
Lincoln	4,462	948	5,410	6,927	36.5
Oxford	3,966	846	4,812	6,166	25.0
Penobscot	8,854	2,183	11,037	14,530	16.1
Piscataquis	1,376	296	1,672	2,146	25.0
Sagadahoc	2,527	471	2,998	3,752	17.9
Somerset	3,320	689	4,009	5,111	19.2
Waldo	3,434	533	3,967	4,820	28.6
Washington	3,889	556	4,445	5,335	29.5
York	13,687	3,228	16,915	22,080	24.4
Maine	98,499	22,671	121,170	157,447	20.1

^{1/} Total employment includes proprietors and all non-farm part-time and full-time employees.

^{2/} Source: U.S. Census Bureau, Non-Employer Statistics, 2000.

^{3/} Source: 2000 County Business Patterns, U.S. Dept. of Commerce.

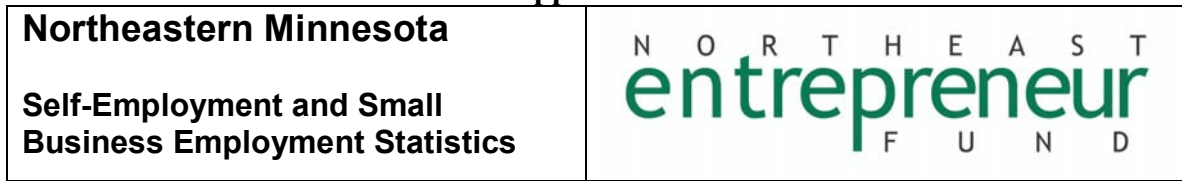
^{4/} Includes micro-business entrepreneurs (with and without employees) and estimated employment for businesses with 1-4 employees.

^{5/} Micro-business employment as a percent of total county employment.

^{6/} Source: 2000 Bureau of Economic Analysis, Full-time and Part-time County Employment Statistics, U.S. Dept. of Commerce.

Information in this table was compiled by James C. McConnon, Jr., Business and Economics Specialist, University of Maine Cooperative Extension.

Appendix B²



County Code	County Name	Number of Micro-Businesses			Total Employment ⁱ		Percent of County ^v
		Without Employees ⁱⁱ	With 1 to 4 Employees ⁱⁱⁱ	Total	All Micro-Businesses ^{iv}	Total Full Time and Part Time Employment	
1	Aitkin	1,192	190	1,382	1,686	7,139	23.6%
17	Carlton	1,723	273	1,996	2,433	17,609	13.8%
21	Cass	2,137	324	2,461	2,980	15,443	19.3%
31	Cook	701	112	813	992	3,851	25.8%
35	Crow Wing	4,491	683	5,174	6,267	33,339	18.8%
61	Itasca	2,910	439	3,349	4,051	21,611	18.7%
71	Koochiching	962	208	1,170	1,503	8,126	18.5%
75	Lake	797	106	903	1,071	6,241	17.2%
115	Pine	1,665	251	1,916	2,318	11,561	20.0%
137	St. Louis	10,886	1,870	12,756	15,749	119,954	13.1%
	Region	27,464	4,456	31,920	39,050	244,874	15.9%
	State of MN.	317,874	49,877	367,751	447,554	3,357,281	13.3%

ⁱ Total employment includes proprietors and all non-farm part-time and full-time employees

ⁱⁱ Source: U.S. Census Bureau, Non-Employer Statistics, 2000.

ⁱⁱⁱ Source: MDES, Research and Statistics Department, Covered Employment Statistics

^{iv} Includes micro-business entrepreneurs (with and without employees) AND estimated employment for businesses with 1-4 employees. Calculated: (Without employees)+(1.6*with 1-4)+(with 1-4)= AMB
Factor "1.6" is calculated by dividing total State employment for business size 1-4 ,by total state businesses size 1-4.

^v Source: 2000 Bureau of Economic Analysis, Full-time and Part-time County Employment Statistics, U.S. Dept. of commerce

References:

BEA Regional Accounts Data- Local Area Personal Income/detailed county annual tables of income and employment- Used to calculate percent of county employment, CA25
<http://www.bea.doc.gov/bea/regional/reis/default.cfm#s2>

US Census Bureau Non-employer Statistics- used to calculate Micro-Businesses without employees.
<http://www.census.gov/epcd/nonemployer/2000/us/US000.HTM>

Original research on the estimation of employment for all Micro-Businesses was completed by James C. McConnon, Jr., Business and Economics Specialist, University of Maine Cooperative Extension.

Minnesota data compiled by Scott D. Moore, MDES Northeast MN Regional Labor Market Analyst

² Please note that this appendix uses slightly different data sources