

Jeffrey Blodgett

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Sources and Availability of Business Data: The Good, The Bad, and The Suppressed

Mr. Blodgett's presentation centered on the sources and availability of business data in the State of Connecticut, and what would be important elements in a study of business demographics. Mr. Blodgett advocates such an undertaking in the State of Connecticut.

What is business demographics? It is the science of dealing with the distribution, density, size, mix and decline of businesses over time. The three main components of a study of business demographics would be the absolute size, components of change, and population characteristics of businesses. The absolute size includes the number of businesses, their growth, decline, and mix. Components of change include the migration of businesses, mergers and acquisitions, changes in product line, start-ups and closings. Population characteristics include industry affiliation, employment size, geographic distribution, legal form of organization, inputs and outputs.

Why should we care about business demographics? Business establishments provide the grist for our economic statistical mills in the form of jobs, wages, profits, output and exports. We can get measures of job growth and change, indicators of entrepreneurial activity, insights for regional local planning and benchmarks for workforce training. This would permit the study of gross changes in business. For example, according to the New England Economic Indicators published by the FED, Connecticut new business incorporations have been experiencing a downward trend in recent years—from March of 1996 to March of 1998 the number of new business incorporations dropped from 375 to less than 225—but we don't know why.

How many businesses are there in CT? It depends on whom you ask and how you measure it.
Census bureau: 91,925 (all non-farm, non-government establishments with paid employees, 3/12/96)
Dept of Labor: 94,507 (current number of registered employers, doesn't include multiple locations)
Dun & Bradstreet: 160,000 (number of registered businesses) **Revenue Services:** 178,408 (registered sales and use tax permits, 88,000 of which are corporate filers) **Secretary of the State:** 184,442 (number of registered corporations and partnerships in CT) **IRS:** 205,083 (number of filers of schedule C in CT)

A conference participant suggested one might also look at the number of business tax returns in Connecticut.

Key Public Sources of Business Data: **CT Dept of Labor:** ES 202 theoretically provides the greatest level of industry and geographic detail. Contains data on establishments, wages, payroll and average wage, covers all non-farm establishments with paid employees, and provides monthly, quarterly and annual data. However, access to the data is limited. **Dept of Revenue Services:** Provides data on corporate income taxes and sales and use tax permits. However, the type of economic activity is coded only at the time of initial registration with no updates. It is still, however, the best measure of sales activity at a 2-digit SIC level. **Secretary of the State:** A constitutional agency empowered to register corporations and partnerships. The records are public, but there is no data on the type of economic activity.

Bureau of the Census: “Standard Statistical Establishment List” forms the basis for economic censuses and surveys. However, access is *extremely* limited. **Bureau of Labor Statistics (BLS):** “Business Establishment List” for the United States. It is similar to the census, but again, access is limited.

Current Conditions: There are large datasets at both the federal and state level. However, they suffer from redundancy, a lack of interagency coordination, and no federal-state cooperation.

Mr. Blodgett recommends creating a master business registry and undertaking a longitudinal analysis of businesses in Connecticut. For the master business registry, he recommends first undertaking a feasibility study of a master business file. The first issue in that case is how to define “business.” The master business registry would then integrate existing databases into a common, shared file, with agencies linked to master records and confidential data housed at the appropriate agencies. This would create cost-savings and efficiencies across state agencies. For the longitudinal analysis, he recommends planning and implementing a longitudinal panel study of business growth, decline, and transformation in the state of Connecticut over a ten to thirty year period.

Mr. Blodgett closed with the following quote from Business Week: “Without good statistics, we don’t know whether what we are doing is working. Better economic data will mean better economic policymaking by government, better decisions by investors and corporations and, ultimately, a higher standard of living for everyone—and we’ll even be able to measure it.”