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# Region View

Issue 2.3

The quarterly newsletter of H-GAC Data Services

Winter 1995

## How Big is Small Business in the H-GAC Region?

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Small businesses make up a significant component of both the H-GAC region's economic base and that of the entire nation. How fast is this sector growing? The answer may surprise you.

If the business press is to be believed, the age of the entrepreneur is upon us. For the past two years, the buzz has been about newly spiking numbers of small businesses. As large behemoths downsize, laying off thousands of workers, small companies are expanding their roles. According to the business media, the national economy is now characterized by more small businesses, and will be in the future. But what about the economy in the H-GAC area? Have small businesses taken off, and how does our area compare with the nation as a whole?

Major business magazines have heralded the new entrepreneurship. In recent months, *Fortune* alone has run a number of cover stories about this new wave. Earlier this year, a *Fortune* article proclaimed, "It is no secret that many Fortune 500 companies have lost their luster as places to work." According to Ross Webber, chair of the management department at the University of Pennsylvania, a shift in perception has occurred, especially among today's business school stars. In that *Fortune* piece, he said, "There's been a change in the myths that talented people in this new generation guide their lives by, and an entrepreneurial, rather than corporate, con-

nection is a strong part of that mythology."

Is the "new entrepreneurship" taking hold in our area? The best way to evaluate this question would be to examine both the number of small businesses and their revenues over time. However, only the former measure is available by county. Drawing on a variety of data sources, the U.S. Census Bureau releases *County Business Patterns* every year. Released for each state, the publication presents information about employees, total annual and quarterly payroll, number of establishments, and industry, by county. Using employment size class, tables list the number of companies employing 1 to 4 people, 5 to 9 people, and so on. The establishments are classified according to the Standard Industrial Classification (SIC) system. *County Business Patterns* is the only annual publication providing county level data by the two-, three-, and four-digit levels of the SIC system. This series provides a very good source for looking at the recent history of small businesses in the H-GAC region. The time series examined here is from 1986 to 1992, the most recent year available.

What is a "small business"? The Small Business Administration (SBA) uses a rather complicated

method of classifying businesses according to industry, but in general, establishments with fewer than 500 employees are considered small businesses. The companies may be small, but their impact certainly isn't. This year, the White House Conference on Small Business generated a publication on the role of this sector in the near future, *The Third*

See Small Business, page 6

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## New Online Data Sources

### Census Bureau Goes Online

On August 9, the Census Bureau announced plans to expand electronic dissemination of its data. In an effort to improve Americans' access to official demographic and economic information, the Census Bureau will increasingly rely on the Internet and other electronic delivery systems to distribute bulletins, reports, and databases.

The Census Bureau was a pioneer in the use of CD-ROM technology to disseminate large amounts of data. Like the CD-ROM format, the Internet site has been very well received. Established in 1994, the World Wide Web site is receiving an average of 50,000 hits, or electronic visits, per day. Earlier this year, Vice President Al Gore presented the "Hammer" Award to the Bureau for improving government operations via Internet use.

According to Census Bureau Director Martha Farnsworth Riche, the increased emphasis on elec-

tronic data delivery is a key component of the Bureau's efforts to make census data readily available to Americans. "These changes respond to the Vice President's National Performance Review directive to deliver more census data faster, to more people, and electronically," said Director Riche. She added, "it is our hope that Americans eventually will be able to directly access a vast, largely untapped demographic and economic database." The Bureau will develop and implement the full electronic delivery system in time to disseminate the results of the 2000 census. (See page 8 for more information about the upcoming census.)

The data access and dissemination system focused on the 2000 decennial census is designed and developed under the Census Bureau's Data Access and Dissemination Guiding Principles. These principles are used by design and implementation teams to create the system to be tested during the 1998 census dress rehearsal. The system will be fully operational by early 2001.

Although the Bureau has discontinued some printed reports as part of the shift to electronic delivery, it remains committed to providing access to census data for all Americans. Said Director Riche, "We recognize that not all data users have access to the Internet, and we intend to make sure that people not on the information highway still have access to the data they need." Non-Internet consumers can access data from the electronic files via CD-ROM, floppy disk, or computer printouts.

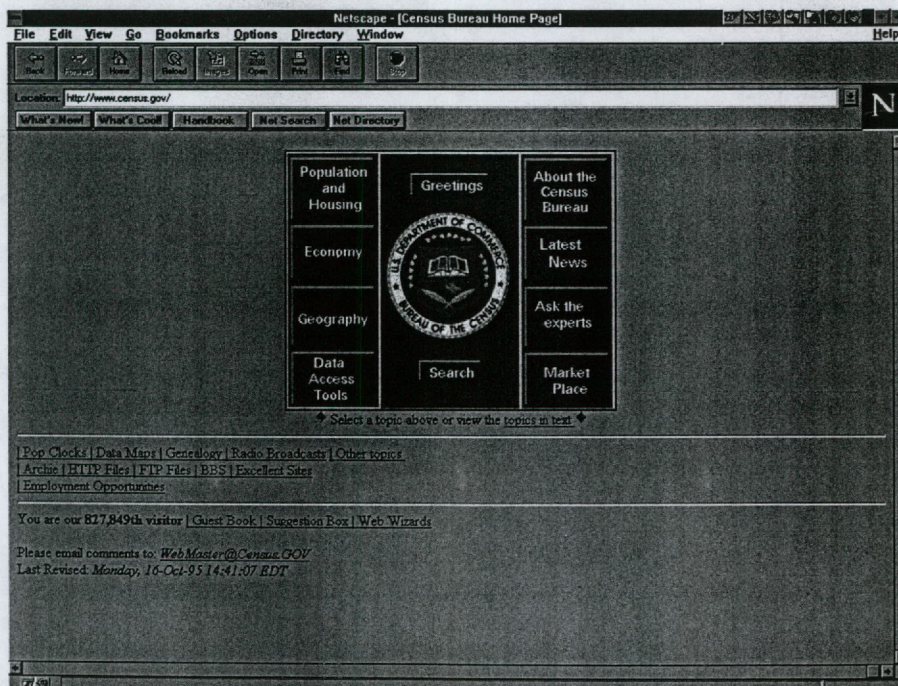
Want to visit the Census Bureau's World Wide Web site? Their URL is <http://www.census.gov>. To send the Bureau comments or suggestions via email, write to [comments@census.gov](mailto:comments@census.gov).

### Census Site Links to CD-ROMs Online

The Census Bureau's World Wide Web site is an easy to use, fast way to access census data. But one of its coolest features is where it lets you go. Using hypertext links, you can jump to related Internet sites. Some of these sites are pioneering access to database information online. One exceptional site is in California, at the University of California's CD-ROM online project.

Researchers at this location have loaded 300 census data CDs on a jukebox and connected it to their Web site. Using a simple but powerful database search tool, users choose which subjects they will search, and then limit their data inquiries by geographic area and variables returned. This search method has a HTML format and is easy for users with all levels of research experience to use. More experienced Internet users can download the entire files using FTP. To access this site, go to the Census Bureau Web site and click the "Data Access Tools" button. Or go to the CD-ROMs directly at <http://www.cedr.lbl.gov/cdrom/doc/cdrom.html>.

*The Census Bureau's home page provides links to a number of useful information locations.*



*See Internet, page 7*



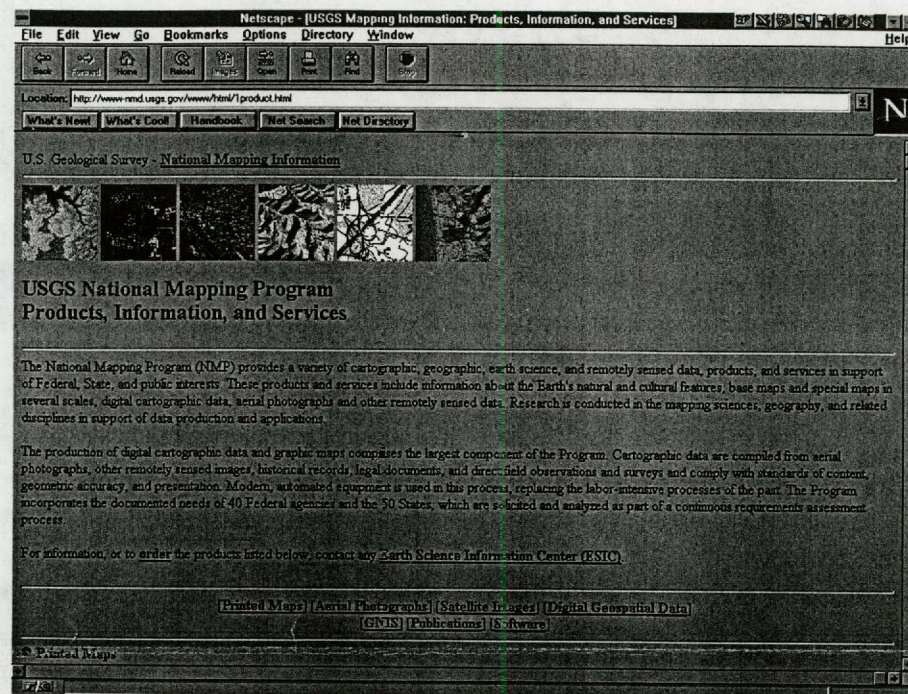
# Aerial Photos Enhance View

## New Imagery Coming Soon

For the past few years, the United States Geological Survey (USGS) has been working on a program to produce aerial photographs of the entire United States, under the National Aerial Photography Program (NAPP). The color infrared photographs (CIR), which will be converted to digital imagery, are destined for the public domain. Soon, high resolution aerial imagery will become widely available, at a much lower cost than before. USGS has already flown over and photographed eastern Texas. The imagery generated from this project is not a finished product; it must be scanned and orthorectified before it is ready for general use. Orthorectification, the process of removing distortion from an aerial image, has typically made digital aerials too expensive for many potential users. But the USGS has agreed to share this cost, and H-GAC is already working to make the finished product available to local agencies at an affordable cost.

Processing CIR is expensive. For most counties, the cost is \$70,000 or more. Originally, the USGS was to pay half the cost, with states and localities making up the balance. However, under a new agreement, the Department of Information Resources (DIR) has arranged for the State of Texas and federal agencies to provide 81% of the cost. Regional entities will pick up the remaining 19%. Because interested agencies in a given region can share the cost of acquisition of counties, the imagery will be quite affordable.

After processing to USGS standards, the imagery will be available in the public domain. However, users should be aware that these images will be digital space hogs. According to Max Samfield, H-GAC Manager of Data Services, CIR storage for Harris County will require approximately 15 gigabytes of space. However, the improvement in resolution over satellite imagery is striking. Available satellite photographs with a scale of 1:100,000 are accurate



*Would you like to see aerial photos online? Check out the U.S. Geological Survey's World Wide Web site at <http://www-nmd.usgs.gov/www/html/1product.html>. This site has a wealth of geographic images. Other GIS Web sites include the EPA at [http://www.epa.gov/docs/forest\\_inventory/](http://www.epa.gov/docs/forest_inventory/), offering forest land distribution GRID data, and the City of Fitchburg, Massachusetts at [http://www.iii.net/users/City\\_of\\_Fitchburg.html](http://www.iii.net/users/City_of_Fitchburg.html), with street center lines for two Massachusetts cities.*

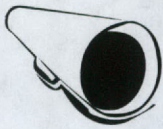
within  $\pm 167$  feet. CIR is much better, with accuracy of  $\pm 17$  feet at 1:12,000 scale. A good example of the difference between the two is a view of a street. With satellite imagery, the indication of the center line of the municipal right of way may be off by as much as 167 feet—the equivalent of three or four single family residences. But looking at the same street using the 1:12,000 CIR ensures that the center line will be within 17 feet of the actual line. Although this margin is not close enough for engineering purposes, for most users it represents an unprecedented and highly useful level of accuracy.

The complete, processed images should be available beginning this Summer. For additional information, call Fardosht Amirpanahi at 713/627-3200.

## GIS Training Available at H-GAC

The Data Services Department offers ARC/INFO and ArcView training courses. Classes feature small class size and in-class exercises using the software.

ArcView 2.1 training begins soon, and includes instruction in software customization. Call Fardosht Amirpanahi at 627-3200 for course dates and registration information.



# New Services

## New from Data Services

### ZIP Code Profiles Available Soon

As part of its ongoing efforts to provide demographic information to its clients, H-GAC is pleased to announce the upcoming availability of County ZIP Code Profile books. Available for all H-GAC counties, the books provide vital information in a form that is especially useful for entrepreneurs and anyone who markets to H-GAC region consumers.

Census data is most readily available by census tract. Census tracts are small areas defined by the Census Bureau for data tabulation. Designed to be

homogeneous with respect to population characteristics, economic status, and living conditions, census tracts usually contain between 2500 and 8000 people and do not cross county boundaries. The tracts are delineated to be relatively permanent, so that comparisons can be made from census to census. However, because ZIP codes are more familiar

to most Americans, many people prefer to conduct research by ZIP code instead of by census tract. In response to this preference, the Data Services Department at H-GAC is producing books that provide the most frequently requested demographic information by ZIP code. The profiles include population, age, employment, housing, income, language, poverty, race, and commute information for the ZIP

codes in our area.

For pricing and availability information, please call the Data Services Department at 713/627-3200.

### H-GAC Presents Data Access Workshops for Small Business Owners

One of the most powerful marketing tools available to owners of small businesses is data from the Cen-

sus Bureau. Many business owners realize that this information is useful, but are unsure how best to obtain it. As part of its commitment to provide census information to its clients in the region, H-GAC will be conducting data access workshops over the next few months. At the workshops, H-GAC Data Services representatives will explain the types and for-

mats of data available. As part of these sessions, the representatives will outline how to focus data searches to obtain the most useful information.

Upcoming workshop dates are Monday, January 22 and Tuesday, February 16. Each session will be from 9:00am to 1:00pm.

For registration information, please call Cindy Phippen at 713/627-3200.

### Harris County ZIP Code Profiles 1990 U.S. Census Data



Houston-Galveston Area Council Data Services Department

### RegionView

Published quarterly by the Data Services Department of the Houston-Galveston Area Council

The Houston-Galveston Area Council is a voluntary association of local governments and elected officials in the 13 county Gulf Coast Planning Region. Organized in 1966, it provides a forum for the discussion of area-wide concerns and promotes regional cooperation through comprehensive planning and services to local governments.



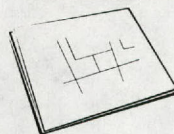
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## New Small Area Forecast

In 1992, H-GAC established a new program to provide small area demographic and economic data on a biennial basis. Because estimates and forecasts generated between decennial censuses are usually for metropolitan areas or counties, H-GAC is filling the gap by making subcounty estimates available more frequently than before.

This fall, H-GAC is pleased to unveil the Small Area Allocation Forecast, 1990-2020, Release One. This updated

regional forecast and small area allocation is the first product under the new program, and it represents the culmination of extensive historical data collection and model development. For the past three years, H-GAC's Forecasts and Estimates Group collected and analyzed population, employment and land use data, designated geographic zones, selected consistent employment and land use definitions, and developed forecast and allocation models.

For this forecast, the Houston-Galveston-Brazoria Consolidated Metropolitan Statistical Area (CMSA) was divided into 199 small areas, called Regional Analysis Zones (RAZs), made up of groups of census tracts. Forecasts for non-CMSA counties are available at the county level. Forecasts of population, employment and households are available for the entire H-GAC region.

Over the next twenty-five years, employment opportunities in the H-GAC region will expand at an average annual rate of 1.8 percent. Total area employment will reach 3.1 million in 2020. Much of the new employment growth will be in services and trade activities driven by the region's key industries: petrochemicals, research, international trade, corporate headquarters, and medical services.

Harris County, especially the area inside Loop 610, will attract a significant number of the new opportunities. 31,000 of the 42,000 expected annual job gain will be in Harris County, and the Inner Loop will attract 176,000 new jobs by 2020.

Over the next twenty-five years, population growth will be slightly below household growth, continuing the current trend of decreased household size. From 1970 to 1990, the average H-GAC household size dropped from 3.20 persons to 2.75 persons. This drop is attributed to a trend toward smaller families, as well as the aging of the baby boomers. Adult children leaving home and/or changing marital status has pushed down the size of boomer households over the past twenty years.

The annual population growth rate is expected to be 1.4%, while the number of households is anticipated to grow at an annual rate of 1.7%. By 2020, the H-GAC regional

### Household

The Census Bureau definition of a household includes all persons in an occupied housing unit. A housing unit (house, apartment, room, trailer) is defined as separate living quarters, in which the occupants live and eat apart from others in the building, and which have direct access from the outside or from a common hall. Households may include families, single persons living alone, multiple families living together, or groups of individuals.

### Key H-GAC Region Industries

Petrochemical  
 Oil and gas exploration  
 Refining  
 Petrochemical and oil field equipment Manufacturing  
 Heavy construction  
 Research  
 Academic  
 Medical  
 Scientific  
 International trade  
 Corporate headquarters  
 Medical services

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### Consolidated and Primary Metropolitan Statistical Areas (CMSA & PMSA)

If a metropolitan statistical area (MSA) meets certain size and character criteria established by the Office of Management and Budget, primary metropolitan statistical areas (PMSAs) may be defined within it. PMSAs are large urbanized counties or clusters of counties that are linked economically and socially. MSAs in which two or more PMSAs are identified are designated consolidated metropolitan statistical areas (CMSAs).

The H-GAC region contains three PMSAs:

#### Houston PMSA

Chambers County  
 Fort Bend County  
 Harris County  
 Liberty County  
 Montgomery County  
 Waller County

#### Galveston-Texas City PMSA

Galveston County

#### Brazoria PMSA

Brazoria County

These three PMSAs together make up the Houston-Galveston-Brazoria CMSA

population will reach 5.8 million. Consistent with current patterns, investors and home buyers will be drawn to suburban areas. However, the Inner Loop area, which exhibited a population decline in the 1980s, will maintain a stable population, while increasing its number of households by over 13,000 by 2020.

The Small Area Allocation Forecast will soon be available to the public. Contact H-GAC's Data Services Department at 713/627-3200 for pricing and availability information.

Small business, *continued*

## Growth in the Mid Range

*In the H-GAC region, companies of between 20 and 99 people saw the greatest percent growth in establishments from 1986 to 1992.*

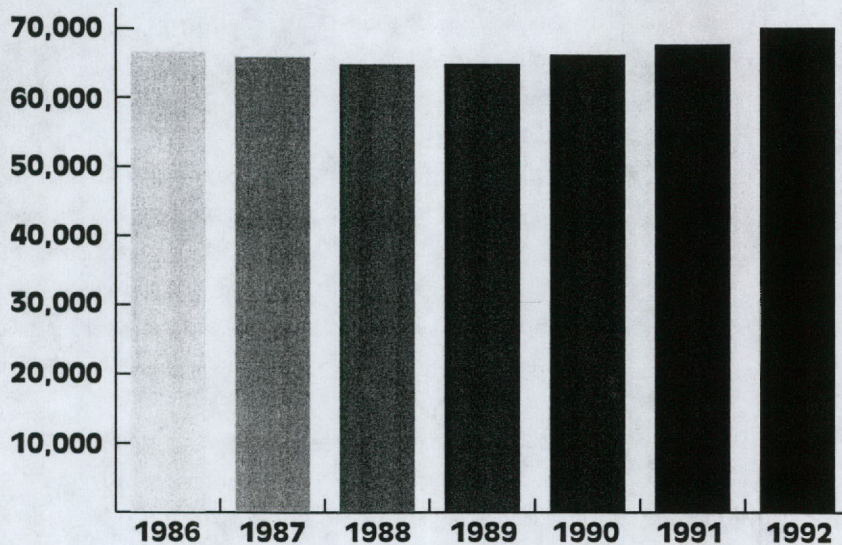
	All	1-4	5-9	10-19	20-49	100-249	50-99	250-499	500-999	1000+
Austin	-4.79	-7.90	3.81	-11.43	16.67	18.18	-50.00	N	N	N
Brazoria	2.75	-1.78	7.73	8.02	7.32	14.46	10.81	83.33	-37.50	133.33
Chambers	6.54	4.42	8.70	5.41	4.35	12.50	0.00	N	N	N
Colorado	-5.40	-4.44	-3.81	-15.63	3.13	-15.38	0.00	0.00	N	N
Fort Bend	40.78	31.89	48.22	55.86	66.48	43.10	51.22	155.56	0.00	N
Galveston	9.17	2.40	17.97	15.61	18.90	23.58	38.89	-46.67	100.00	0.00
Harris	6.04	3.61	8.29	8.71	12.46	3.72	5.62	10.47	8.57	23.17
Liberty	-5.23	-11.79	8.79	1.53	-5.41	-11.76	100.00	0.00	N	N
Matagorda	-1.85	4.28	-1.76	-21.00	-14.29	-46.15	133.33	0.00	-100.00	0.00
Montgomery	18.35	12.59	22.92	27.09	36.27	4.23	35.29	150.00	200.00	N
Walker	-4.95	-8.94	0.60	-2.94	-3.39	37.50	-25.00	0.00	-100.00	N
Waller	6.61	-0.50	15.63	18.18	7.69	66.67	0.00	N	N	N
Wharton	-8.56	-11.09	-10.36	3.57	-10.67	7.14	25.00	100.00	N	N
H-GAC	6.81	3.90	9.74	9.82	13.60	5.65	8.74	15.32	9.43	31.11

All values are expressed as percents.

Establishment size measured by employment size class.  
Source: County Business Patterns 1986-1992, Census Bureau

## Little Change

*In the H-GAC region, the number of establishments employing between 1 and 9 people was almost flat from 1986 to 1992.*



Source: County Business Patterns 1986-1992, Census Bureau

*Millennium: Small Business and Entrepreneurship in the 21st Century.* In this collection of papers, the University of Michigan's Dr. David J. Brophy asserted that these companies "have been the engine of U.S. economic growth in recent years." In the H-GAC region, companies in this category certainly make up a large part of our industrial base. Using number of establishments as the measure, companies employing fewer than 500 people represent 99% of the number of companies in the region for each year from 1986 to 1992. However, this measure should be viewed with caution. Even though very few establishments employ more than 500 people, the economic impact of those companies is often quite large. Unfortunately, annual revenue by employment size code is unavailable. That type of measure would be more descriptive of the impact by county businesses of different size classes.

Clearly, the region's economic base is largely made up of companies meeting the SBA's definition of small. But what about the businesses most people consider small? Companies with fewer than 10 employees have been enjoying the majority of recent media attention, and it is companies of this size that many people refer to when they talk about small businesses. How are establishments of this size performing in our area? A look at the numbers reveals some surprising results.

From 1986 to 1992, businesses with 1 to 9 employees made up about 74% of the companies doing business in our area. That number stayed quite stable from year to year, dropping to a low of 73% in 1989-1992 from a high of 75% in 1987. Such stability indicates that the number of businesses in this category kept pace with the overall number of businesses in our region. When the area economy hit a crunch in the late 1980s, the total number of businesses declined. The number of companies with fewer than 10 employees declined as well. Keep in mind, these figures do not indicate the amount of revenue produced by these firms, just the number of firms themselves.

*Continued on next page*

Internet, *continued*

Looking at changes in the number of businesses in our area over this time period, an interesting pattern emerges. In all H-GAC counties except Matagorda, the number of companies with 1-9 employees grew a smaller amount, or decreased a greater amount, than the number in all size classes.

Which employment size class has seen the largest increase in number of businesses over this time period? A look at the percent changes from 1986 to 1992 would point to the 1000+ employee category. However, it is important to note that within our region, the number of businesses in that category is small. Only 118 businesses were in that category for the entire H-GAC region in 1992. The mid-range employment size classes exhibited strong growth, both in terms of number of businesses and percent change. Businesses with 20 to 49 employees enjoyed a 13.6% increase in number from 1986 to 1992, with 8,704 companies in that class in 1992. The next class down, 10 to 19 employees, also enjoyed a substantial increase in companies, 9.82% to reach 12,047 establishments in that class by 1992. Both categories experienced increases in numbers of companies above that of the region for the period, 6.81%.

It seems that small businesses employing 1 to 9 people have not grown explosively in the H-GAC region from 1986 to 1992. But what about the rest of the country? According to *County Business Patterns*, establishments with 1 to 9 employees were 76% of the total establishments in 1986, and 75% in 1992. Those numbers are very close to those of the H-GAC region, and exhibit little change over this time period. So our region isn't really so different from the rest of the country.

When the figures for 1993 to 1995 become available, will explosive growth for businesses of 1 to 9 people be revealed for H-GAC and the U.S.? Watch **RegionView** for additional information on this subject as it becomes available.

## Small Business Sites on the Web

Most small business owners are aware that a large amount of useful information is available on the World Wide Web, but they are often unsure of where to start. Below are some excellent Web sites, full of useful material for entrepreneurs. These sites also contain links to other useful Internet locations.

Small Business Administration  
<http://www.sbaonline.sba.gov>

The home site of the Small Business Administration allows you to access information on starting, financing, and expanding business. This site also has links to the SBA's Gopher and FTP servers, as well as to the President and Congress. The HotList of links lets you jump to many different types of information sources.

Small Business Resource Center  
<http://www.webcom.com/~sequest/>

The "how to" starting place for small business information on the Web. Many documents are available in HTML format, including instructions on preparing a business plan, buying a franchise, and surviving in the current economy.

If you'd like to find more small business resources on the Web, two good places to begin are:  
<http://www.yahoo.com>  
<http://www.webcrawler.com>

## H-GAC Web Site Coming Soon

H-GAC will be joining the online world this spring with its own site on the World Wide Web. Users will be able to access census data, transportation information, job training assistance, community and environmental planning information, and much more, all via the Internet. As part of H-GAC's commitment to providing service to the region, the Web site will serve as a convenient, easy point of access for data users, whether beginners or advanced. "We plan to provide users with a powerful tool to access

the information they need the most," said Max Samfield, H-GAC Data Services Manager. "The H-GAC web site will enable us to serve our clients, especially those outside the Houston area, more quickly. In addition, the media cost of Internet dissemination is much lower than traditional paper or diskette methods."

Watch this space in **RegionView** for updates on the Data Services Department's development of the H-GAC World Wide Web site.

## H-GAC Chief Demographer to speak at TEDA Meeting

Marilee Martin, H-GAC's Chief Demographer, will be the featured speaker at the November meeting of the Texas Economic and Demographic Association. Ms. Martin will present the H-GAC Employment and Households Forecast (see page 5 for forecast information).

Ms. Martin will speak on November 29 from 5:30pm to 6:30pm. The presentation will be preceded by a reception with refreshments at 5:00pm.

TEDA/Houston is a nonprofit organization promoting excellence in economic and demographic research in the Houston region. TEDA/Houston meets monthly at the HESS Building, 3121 Buffalo Speedway. Meetings are free to members. Guests are welcome to attend for a \$5 fee. Upcoming speakers include Stephen L. Kleinberg, Ph.D., Rice University Professor of Sociology, and Richard Murray, Ph.D., University of Houston Professor of Political Science.



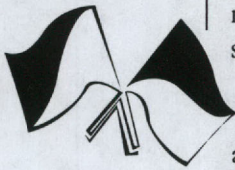
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**2000**

**Census**

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**Census Faces Funding Cuts**

Congress is sharpening its budget-cutting ax, and it is looking toward the census as an area to cut. If the proposed funding reductions pass, the Commerce Department could be forced to reduce the scope of the 2000 census.

Both houses of Congress are currently working to cut the federal budget. The Census Bureau has asked for increasingly larger budgets for each year leading up to 2000, and that's not playing well with many congressmembers. Critics want the Census Bureau to do a more complete enumeration than in 1990 while reducing costs.

The U.S. Constitution mandates a count of the population. These figures are generated to reapportion the districts of the House of Representatives every ten years. Over the years, however, other federal laws have introduced a number of other requirements to the census. Certain questions on the long form are required to distribute federal funds at the state and local levels. More important to most data users, the census long form generates information about income, housing, educational attainment, and other demographics. Without the long

form, researchers would use commercial services to fill the gap, or do without the information. However, Congress is anxious to save money, and the Census Bureau is targeted for cuts.

The Bureau has responded with a revised plan for the 2000 census. Called "The Census Bureau's Response to Stakeholders' Demands," the plan outlines the Bureau's four primary goals for the coming census. The census will:

- Make it easier for everyone to be counted
- Provide a complete enumeration of the nation's population and housing
- Eliminate the differential in the results among various components of the population
- Reduce costs

As of press time, the budget approved by the Senate did grant the appropriations President Clinton requested, but the House version kept funding flat at last year's level. Final determinations will be made during reconciliation of the two budget versions.

If you want to make your voice heard, you may contact your own Member of Congress at the House switchboard, 202/225-3121; the Senate switchboard is 202/224-3121. For updates on budget decisions affecting the Census Bureau, call the Council of Professional Associations on Federal Statistics (COPAFS) at 703/836-0404.