

Supporting Statement

2007 Economic Census Covering Information; Professional, Scientific, and Technical Services; Management of Companies and Enterprises; Administrative and Support and Waste Management and Remediation Services; Educational Services; Health Care and Social Assistance; Arts, Entertainment, and Recreation; and Other Services (Except Public Administration) Sectors

Part A. Justification

1. Necessity of Information Collection

The 2007 Economic Census covering the information; professional, scientific, and technical services; management of companies and enterprises; administrative and support and waste management and remediation services; educational services; health care and social assistance; arts, entertainment, and recreation; and other services (except public administration) sectors will use a mail canvass, supplemented by data from Federal administrative records, to measure the economic activity of more than 2.8 million establishments classified in the North American Industry Classification System (NAICS). For more details on the NAICS structure, see Part A, Section 19.

The information sector comprises establishments engaged in the following processes: (a) producing and distributing information and cultural products, (b) providing the means to transmit or distribute these products as well as data or communications, and (c) processing data.

The professional, scientific, and technical services sector comprises establishments engaged in processes where human capital is the major input. These establishments make available the knowledge and skills of their employees, often on an assignment basis, where an individual or team is responsible for the delivery of service to a client.

The management of companies and enterprises sector comprises two main types of establishments: (a) those that hold the securities of (or other equity interest in) companies and enterprises; and (b) those (except government establishments) that administer, oversee, and manage other establishments of the company or enterprise.

The administrative and support and waste management and remediation services sector comprises establishments performing routine support activities for the day-to-day operations of other organizations. These essential activities are of the type often undertaken in-house by establishments in many sectors of the economy.

The educational services sector comprises establishments providing academic or technical instruction or educational support services such as student exchange programs and curriculum development.

The health care and social assistance sector comprises establishments that provide health care and social assistance to individuals.

The arts, entertainment, and recreation sector comprises establishments that operate facilities or provide services to meet varied cultural, entertainment, and recreational interests of their patrons. This sector includes (a) establishments that are involved in producing, promoting, or participating in live performances, events, or exhibits intended for public viewing; (b) establishments that preserve and exhibit objects and sites of historical, cultural, or educational interest; and (c) establishments that operate facilities or provide services that enable patrons to participate in recreational activities or pursue amusement, hobby, or leisure time interests.

The other services, except public administration sector comprises establishments in one of the following subsectors: repair and maintenance; personal and laundry services; and religious, grantmaking, civic, and professional and other similar organizations. The public administration sector is out of scope to the economic census. The U.S. Census Bureau conducts the quinquennial census of governments and other current programs that measure the activities of government establishments.

The economic census will produce basic statistics by kind of business for number of establishments, receipts/revenue, payroll, and employment. It will also yield a variety of subject statistics, including receipts or revenue by product line, receipts by class of customer, and other industry-specific measures, such as exported services or personnel by occupation. Basic statistics will be summarized for the United States, states, metropolitan areas, counties and places. Tabulations of subject statistics also will present data for the United States and, in some cases, for states.

This information collection is part of the 2007 Economic Census which is required by law under Title 13, United States Code (U.S.C.). Section 131 of this statute directs the taking of a census at 5-year intervals. Section 224 makes reporting mandatory.

2. Needs and Uses

The economic census is the primary source of facts about the structure and functioning of the Nation's economy and features unique industry and geographic detail. Economic census statistics serve as part of the framework for the national accounts and provide essential information for government, business, and the general public. The Federal Government uses information from the economic census as an important part of the framework for the national income and product accounts, input-output tables, economic indexes, and other composite measures that serve as the factual basis for economic policy-making, planning, and program administration. Further, the census provides sampling frames and benchmarks for current surveys of business which track short-term economic trends, serve as economic indicators, and contribute critical source data for current estimates of the gross domestic product. State and local governments rely on the

economic census as a unique source of comprehensive economic statistics for small geographic areas for use in policy-making, planning, and program administration. Finally, industry, business, academe, and the general public use information from the economic census for evaluating markets, preparing business plans, making business decisions, developing economic models and forecasts, conducting economic research, and establishing benchmarks for their own sample surveys.

If the economic census was not conducted, the Federal government would lose vital source data and benchmarks for the national accounts, input-output tables, and other composite measures of economic activity, causing a substantial degradation in the quality of these important statistics. Further, the government would lose critical benchmarks for current sample-based economic surveys and an essential source of detailed, comprehensive economic information for use in policy-making, planning, and program administration.

Information quality is an integral part of the pre-dissemination review of the information disseminated by the Census Bureau (fully described in the Census Bureau's Information Quality Guidelines). Information quality is also integral to the information collections conducted by the Census Bureau and is incorporated into the clearance process required by the Paperwork Reduction Act.

3. Use of Information Technology

Companies may satisfy their reporting requirement for this information collection by providing data on computerized self-administered census questionnaires, via the Internet or on CD-ROM, and other electronic data collection methods.

4. Efforts to Identify Duplication

The U. S. Census Bureau found no information collections by Federal agencies, trade groups, or businesses that duplicate the content, comprehensive coverage, industry detail, geographic detail, and statistical reliability provided by the economic census. These features are distinguishing characteristics of economic census data; they meet requirements of principal data users and make the census uniquely suited to the purposes it serves.

5. Minimizing Burden

This information collection minimizes the burden on small businesses by excluding most of them from the mail canvass. The census will use data from Federal administrative records in lieu of census reports for most smaller establishments with paid employees. Only a sample of these establishments will be included in the mail canvass to permit development of reliable estimates for data that are not available from Federal administrative records (e.g., receipts or revenue by product line and other special inquiries). Part B of this supporting statement gives a more complete description of this

data collection methodology.

6. Consequences of Less Frequent Collection

The economic census is conducted at 5-year intervals, as required by Title 13 U.S.C., Section 131. If this information collection were conducted less frequently, it would diminish the timeliness and usefulness of the statistics produced. This would cause a corresponding deterioration in the national accounts, input-output tables, economic indexes, business surveys, and other measures that rely on source data and benchmarks from the economic census. Similarly, less frequent collection would diminish the usefulness of the economic census as a source of comprehensive information for economic policy-making, planning, and program administration.

7. Special Circumstances

This information collection will be conducted in a manner consistent with Office of Management and Budget (OMB) guidelines and there are no special circumstances.

8. Consultations Outside the Agency

Consultations with principal data users occurred throughout 2005. To initiate this process, we sent copies of report forms from the 2002 Economic Census to 238 organizations, including Federal agencies, trade groups, and trade publications. We asked these organizations to review the report form(s) relevant to their data needs and interests and to provide recommendations on content, terms and definitions, instructions, and other aspects of report form design for the 2007 Economic Census. Thirty-two organizations responded by mail, fax, telephone, or email.

Attachment G identifies the organizations that we contacted in this effort. Attachment H gives a representative selection of the correspondence we received from participants in these consultations. Attachment I summarizes the substantive changes we made to standard forms in response to the recommendations we received, and Attachment J does the same for classification forms.

The problems we encountered were minor. We were unable to adopt several recommendations because they entailed excessive cost or response burden, because firms we consulted said they could not report requested information, or because there were conflicts with other requirements.

Further, we published a notice in the Federal Register on February 1, 2006, inviting public comment on our plans to submit this request (Vol. 71, pg. 20981). We received one comment questioning the need for this information collection. We feel that the needs stated in this package demonstrate the necessity of this data collection.

9. Paying Respondents

The Census Bureau does not pay respondents and does not provide them with gifts in any form to report requested information in the economic census.

10. Assurance of Confidentiality

The report forms for this information collection will give respondents the following assurance of confidentiality:

YOUR RESPONSE IS REQUIRED BY LAW. Title 13, United States Code, requires businesses and other organizations that receive this questionnaire to answer the questions and return the report to the Census Bureau. By the same law, **YOUR CENSUS REPORT IS CONFIDENTIAL.** It may be seen only by persons sworn to uphold the confidentiality of Census Bureau information and may be used only for statistical purposes. Further, copies retained in respondents' files are immune from legal process.

Similar guarantees will be included in the cover letter that accompanies the report form (see Attachment A). The statutory basis for these assurances of confidentiality is Title 13 U.S.C., Section 9. All activities relating to the collection and dissemination of economic census data satisfy requirements of this law. The Census Bureau also satisfies the requirements of the Privacy Act of 1974, when applicable.

11. Justification for Sensitive Questions

This information collection asks no questions of a sensitive nature.

12. Estimate of Respondent Burden

Attachment B provides an estimate of respondent burden for each of the 97 report forms covered by this request. Figures for number of respondents by form are projections based on 2002 Economic Census data and estimates of subsequent growth; they assume a 100 percent response rate. In all cases, the census requires one response per establishment. Estimates for number of hours per response are reasonable estimates of the time needed to read the census report form, the accompanying information sheets, and other materials in the census mail package; to gather, organize, and summarize information; and to record answers on the report form.

Overall respondent burden for FY 2008 is estimated at 1,424,707 hours (1,744,658 respondents at 0.8 hours each, on the average). Overall respondent cost for FY 2008 is estimated at \$35,147,521.

13. Estimate of Cost Burden

We do not expect respondents to incur any costs other than that of their time to respond. The information requested is of the type and scope normally carried in company records

and no special hardware or accounting software or system is necessary to provide answers to this information collection. Therefore, respondents are not expected to incur any capital and start-up costs or system maintenance costs in responding. Further, purchasing of outside accounting or information collection services, if performed by the respondent, is part of usual and customary business practices and not specifically required for this information collection.

14. Cost to the Federal Government

The cost to the government for this work is included in the total cost of the 2007 Economic Census, estimated to be \$503 million. The Census Bureau has planned and allocated resources for the effective and efficient management of this information collection.

15. Reason for Change in Burden

The increase in burden is attributable to the information collection being submitted as new.

16. Project Schedule

The Census Bureau will mail report forms for this information collection at the end of 2007, with a due date of February 12, 2008. Mail follow-ups to nonrespondents will begin in March 2008. These efforts, supplemented by telephone follow-ups to selected nonrespondents, will go on through mid-year. We will check in report forms and perform data entry for responses until the close-out for data collection operations in mid-August. Receipt of administrative records, automated edits, and initial efforts to resolve reporting problems will continue through September 2008. Then we will prepare tabulations and related analytical summaries, perform statistical analyses, and submit the data for further review and correction. The first release of data is scheduled to occur during the first quarter of 2009, and all data dissemination should be complete by the end of 2011.

Timetable for the 2007 Economic Census

<u>Activity</u>	<u>Start</u> ¹	<u>End</u> ¹
Extract mailing list from the Business Register	08/07	09/07
Prepare mailing pieces	09/07	12/07
Mail questionnaires	12/07	12/07

Due Date	02/08	02/08
Follow-up for nonresponse	03/08	06/08
Receive and check in responses	01/08	08/08
Perform data entry	01/08	08/08
Close out data collection	08/08	08/08
Receive and process administrative records	05/07	09/08
Edit data and resolve problems	02/08	09/08
Prepare and analyze tabulations	10/08	02/11
Data release	03/09	03/11

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¹ All dates are approximate.

Our data dissemination plans summarizing the results of this information collection will vary slightly in number and type to those for the 2002 Economic Census. To improve the timeliness, relevance, and usefulness of all data products, the Census Bureau will continue to release economic census data on the Internet. Products from this data collection include the following:

- Industry Series – This series will present preliminary tabulations for the United States in a variety of formats. Included will be industry statistics for establishments with payroll, including number of establishments, receipts/revenue, annual payroll, first quarter payroll, and employment for the pay period including March 12, 2007; industry statistics on receipts/revenue by source and comparative industry statistics for 2002 and 2007 NAICS.
- Geographic Area Series – This series will include 52 releases for the United States, each state, and the District of Columbia. These releases will summarize data by kind of business for the United States, states, metropolitan areas, counties, and places. Tabulations will present basic statistics for establishments with payroll, including number of establishments, receipts or revenue, annual payroll, first quarter payroll, and employment for the pay period including March 12, 2007.
- Subject Series – This series will present tabulations for the United States and, in some cases, for states. All summaries will present data only for establishments with payroll. Included will be an *Establishment and Firm Size (Including Legal Form of Organization)* release that will summarize basic information by receipts and revenue size category and by employment size category for both establishments and firms, receipts or revenue concentration for the largest firms in each industry, and industry composition by legal form of organization; a *Product Lines* release that will give detailed industry statistics on receipts or revenue by source; and a *Miscellaneous Subjects* release that will present a variety of tabulations for industry-specific special inquiries.

17. Request to Not Display Expiration Date

The assigned expiration date will be displayed on all report forms used in this information collection.

18. Exceptions to the Certification

There are no exceptions.

19. NAICS Codes Affected

For the 2007 Economic Census covering the information; professional, scientific, and technical services; management of companies and enterprises; administrative and support and waste management and remediation services; educational services; health care and social assistance; arts, entertainment, and recreation; and other services (except public administration) sectors, the following 2007 NAICS major industry groups will be covered:

Information

- 511 Publishing industries (except Internet)
- 512 Motion picture and sound recording industries
- 515 Broadcasting (except Internet)
- 517 Telecommunications
- 518 Data processing, hosting, and related services
- 519 Other information services

Professional, Scientific, and Technical Services

- 541 Professional, scientific, and technical services
 - 5411 Legal services
 - 5412 Accounting, tax preparation, bookkeeping, and payroll services
 - 5413 Architectural, engineering, and related services
 - 5414 Specialized design services
 - 5415 Computer systems design and related services
 - 5416 Management, scientific, and technical consulting services
 - 5417 Scientific research and development services
 - 5418 Advertising and related services
 - 5419 Other professional, scientific, and technical services

Management of Companies and Enterprises

551 Management of companies and enterprises

Administrative and Support and Waste Management and Remediation Services

561 Administrative and support services

562 Waste management and remediation services

Educational Services

611 Educational Services

6114 Business schools, and computer and management training

6115 Technical and trade schools

6116 Other schools and instruction

6117 Educational support services

Health Care and Social Assistance

621 Ambulatory health care services

622 Hospitals

623 Nursing and residential care facilities

624 Social assistance

Arts, Entertainment, and Recreation

711 Performing arts, spectator sports, and related industries

712 Museums, historical sites, and similar institutions

713 Amusement, gambling, and recreation industries

Other Services (Except Public Administration)

811 Repair and maintenance

812 Personal and laundry services

813 Religious, grantmaking, civic, and professional and similar organizations