

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 B. Collections of Information Employing Statistical Methods

1. Universe and Respondent Selection

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 is a complete enumeration of establishments with payroll in the 50 states and the District of Columbia. Census data for 2002 recorded 2.7 million establishments in these sectors; by 2007 this number should exceed 2.8 million. Further information on the establishment universe and estimated mail counts for these sectors of the 2007 Economic Census is given in Attachment C. The composition of this universe is as follows:

The universe of establishments is derived from the Census Bureau's Business Register. We estimate that these sectors will include approximately 2.8 million establishments in 2007, based on the count for 2002 and estimates of subsequent growth. The potential respondent universe for this information collection will include all establishments with payroll. The census will distinguish mail versus nonmail components of this universe as described below.

a. Mail Component

The census will use a mail canvass, supplemented by data from Federal administrative records, to compile data for establishments in the mail component of the potential respondent universe. We estimate that the size of this mail component will be approximately 1.7 million establishments in 2007. Of these, approximately 1.15 million establishments will receive standard report forms and information sheets, as shown in Attachments D and E, respectively; the remaining 595,000 establishments will receive classification forms, as shown in Attachment F.

The mail component of the potential respondent universe will include the following establishments: (i) all active operating establishments of multi-establishment firms, (ii) large single-establishment firms, and (iii) selected small single-establishment firms. Paragraph B.2.a.(2), below, explains the distinction between large and small single-establishment firms and the selection procedures applied to each size class. The 2002 Economic Census received responses from 86 percent of the establishments in the mail component of the potential respondent universe. We expect a similar response rate for the 2007 census.

b. Nonmail Component

The census will obtain basic statistics for establishments in the nonmail component of the potential respondent universe from Federal administrative records. We estimate that the size of this nonmail component will be approximately 1.1 million establishments in 2007. It will include small single-establishment firms not selected for the mail component. Paragraph B.2.a.(2), below, explains the distinction between large and small single-establishment firms and the selection procedures applied to each size class.

2. Procedures for Collecting Information

a. Mail Selection Procedures

The census will select establishments for its mail canvass from a frame provided by the U. S. Census Bureau's Business Register. To be eligible for selection, an establishment will be required to satisfy the following conditions: (i) it must be classified in the industry structure; (ii) it must be an active operating establishment of a multi-establishment firm (i.e., a firm that operates at more than one physical location), or it must be a single-establishment firm with payroll (i.e., a firm operating at only one physical location); and (iii) it must be located in one of the 50 states or the District of Columbia. Mail selection procedures will distinguish the following groups of establishments:

(1) Multi-Establishment Firms

(a) Alternative Reporting Units for Selected Industries

For motion picture and video production (NAICS 512110); motion picture and video distribution (NAICS 512120); integrated record production/distribution (NAICS 512220); wired telecommunications carriers (517110); and wireless telecommunication carriers (except satellite) (NAICS 517210), the census reporting unit for multi-establishment firms will represent one or more establishments (business locations).

For the industries listed above, the reporting units will cover an enterprise's nationwide operations. The enterprise will receive one census report for sub-company business units, and each report will collect consolidated data for receipts and related measures. Further, a supplementary listing will enumerate the unit's constituent establishments and collect payroll and employment information for each.

This kind of alternative reporting unit is a departure from the economic census' usual practice, which is to obtain separate reports for individual establishments. We adopted this alternative collection strategy because of the successful implementation of this format in the 1997 Economic Census, and our more recent consultations clearly show that multi-establishment firms in these industries continue to have great difficulty reporting receipts and related data for each of their business collections. However, they can report these output measures for the business units described here with relative ease, and they can report separate payroll and employment information for each business locations that the business units represent.

The potential respondent universe for this information collection includes all alternative reporting units for multi-establishment firms engaged in the kinds of business given above. We estimate that the 2007 Economic Census will cover approximately 1100 of these business units in the information sector, representing some 40,000 constituent establishments.

(b) Establishment Reporting Units

Selection procedures will assign all active operating establishments of multi-establishment firms to the mail component of the potential respondent universe. These establishments will be included in the mail canvass as certainty cases. Each will have a probability of selection of 1, and each will have a weight of 1, which will apply only for estimating subject statistics that are not available from administrative records. We estimate that the census mail canvass for 2007 will include approximately 504,000 establishments of multi-establishment firms.

(2) Single-Establishment Firms With Payroll

As an initial step in the selection process, we will conduct a study of the potential respondent universe. This study will produce a set of industry-specific payroll cutoffs that we will use to distinguish large versus small single-establishment firms within each kind of business. This payroll size distinction will affect selection as follows:

(a) Large Single-Establishment Firms

Selection procedures will assign single-establishment firms having

annualized payroll (from Federal administrative records) that equals or exceeds the cutoff for their industry to the mail component of the potential respondent universe. These firms will be included in the mail canvass as certainty cases. Each will have a probability of selection of 1, and each will have a weight of 1, which will apply only for estimating subject statistics that are not available from administrative records. We estimate that the census mail canvass for 2007 will include approximately 460,000 large single-establishment firms.

(b) Small Single-Establishment Firms

Selection procedures also will assign a sample of single-establishment firms having annualized payroll below the cutoff for their industry to the mail component of the potential respondent universe. Sampling strata and corresponding probabilities of selection will be determined by a study of the potential respondent universe conducted shortly before mail selection operations begin. Selected small single-establishment firms will be included in the mail canvass as noncertainty cases. Each will have a probability of selection that is less than 1, and each will have a weight greater than 1 (calculated as the inverse of the probability of selection), which will apply only for estimating subject statistics that are not available from administrative records. We estimate that the census mail canvass for 2007 will include approximately 186,000 small single-establishment firms selected in this sample.

All remaining single-establishment firms with payroll will be represented in the census by data from Federal administrative records. Generally, we will not include these small employers in the census mail canvass. However, administrative records sometimes have fundamental deficiencies that make them unsuitable for use in producing detailed industry statistics by geographic area. When we find such a deficiency, we will mail the firm a census classification form to collect basic information needed to resolve the problem. We estimate that the census mail canvass for 2007 will include approximately 595,000 small single-establishment firms that receive these classification forms.

b. Estimation Procedure

(1) Basic Statistics

Census tabulations for basic statistics are simple summations of data from a complete enumeration. They do not entail estimates from a sample.

(2) Subject Statistics

Census tabulations for subject statistics, such as receipts or revenue by product line and industry-specific special inquiries, are based partly on estimates from a sample. These estimates are derived by summing weighted data, where each certainty establishment (not sampled) has a weight of 1, and each noncertainty establishment (part of a sample) has a weight that is greater than 1. Weights are computed as the inverse of the probability of selection; therefore, the summation of weighted data will give estimates for the subject universe.

c. Required Accuracy

(1) Sampling Error

(a) Basic Statistics

The accuracy of basic statistics from the census is not affected by sampling error, since these measures are based on a complete enumeration of the establishment universe. A high degree of accuracy and statistical reliability is required, because the census' basic statistics provide benchmarks for the national accounts; the Census Bureau's current economic surveys; and other surveys conducted by trade groups, businesses, and researchers.

(b) Subject Statistics

The accuracy of subject statistics from the census is affected by sampling error. Sampling variability occurs because subject statistics are based, in part, on estimates from a sample of establishments and not on measurement of the entire universe. Since all eligible establishments recorded in the Business Register will have a chance of being selected and since the probability of selection will be known for each establishment, it will be possible to estimate the sampling variability of the estimates from the sample.

(2) Nonsampling Error

The accuracy of all census data is influenced by nonsampling errors, such as those affecting coverage, administrative records, questionnaire design, reporting, processing, and tabulation. Although we make no direct measurement of nonsampling errors, we take precautionary steps in all phases of planning, report form development, data collection, processing, and tabulation to minimize their influence.

d. Problems Requiring Specialized Sampling Procedures

There are no known problems that will require specialized sampling procedures for the 2007 census.

e. Use of Periodic Data Collection to Reduce Burden

The census uses periodic (5-year) data collection, as required by Title 13 U.S.C., Section 131.

3. Methods to Maximize Response

This information collection will maximize response through the following means:

(i) public awareness campaign to assist businesses and the public in understanding the

importance of the 2007 Economic Census by providing news stories through trade and professional associations, chambers of commerce, and business and general media; (ii) assignment of account managers to very large businesses to provide personalized assistance; (iii) redesigned census questionnaires and information sheets with standard formats and terminology that try to simplify reporting and minimize response burden; (iv) extensive electronic reporting capabilities that will allow every business to report using diskette-based forms or the internet; (v) mailing materials that emphasize the mandatory and confidential nature of census reports, as provided by Title 13 U.S.C.; (vi) toll-free assistance and a web-based help desk for any business that has questions about completing its census report; and (vii) systematic mail follow-up for nonresponse, supplemented by telephone follow-up for selected firms.

4. Testing of Procedures

This information collection will use procedures that are based on a considerable body of experience with the economic census and surveys. Previous economic censuses also have been the subject of evaluation studies that have examined methodology, conceptual issues, and related statistical questions. As a result, the procedures used by the 2007 Economic Census are very well tested.

5. Contacts for Statistical Aspects and Data Collection

Statistical methodology is developed under the direction of Ruth E. Detlefsen; Assistant Division Chief for Research and Methodology; Service Sector Statistics Division; U. S. Census Bureau; Washington, DC 20233 (telephone 301-763-5171). 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 is conducted under the direction of Bobby E. Russell; Assistant Division Chief; Census Programs; Service Sector Statistics Division; U. S. Census Bureau; Washington, DC 20233 (telephone 301-763-5174). Data collection and analysis are managed by Jack B. Moody; Chief, Service Census Branch; Service Sector Statistics Division; U. S. Census Bureau; Washington, DC 20233 (telephone 301-763-5181).

Attachments

- A. 2007 Economic Census Sample Cover Letter
- B. Report Form Numbers, Titles, and Associated Burden Estimates for FY 2008
- C. Composition of the Establishment Universe and Estimated Mail Counts for the 2007 Economic Census
- D. Standard and Consolidated Forms
 - D-1 Prototype Standard Taxable Form
 - D-2 Prototype Standard Mixed Form
 - D-3 Variable Content for Item 9 – Value of Inventories
 - D-4 Variable Content for Item 10 – Inventories by Valuation Methods
 - D-5 Content for Item 16 – Selected Expenses
 - D-6 Variable Content for Item 19 – Kind of Business
 - D-7 Variable Content for Item 20 – Class of Customer
 - D-8 Content for Item 21a – Support Services and 21b – Principal Business or Activity of the Operating Establishments Serviced
 - D-9 Variable Content for Item 22 – Detail of Sales, Shipments, Receipts, or Revenue
 - D-10 Variable Content for Item 25 – Exported Services
 - D-11 Variable Content for Item 26 – Special Inquiries
 - D-12 Content of Item 28 – Locations of Operation
 - D-13 Ownership or Control Fliers
- E. Information Sheets for Standard and Consolidated Forms
 - E-1 Information Sheet for Standard Taxable Establishments
 - E-2 Information Sheet for Standard Mixed Establishments
 - E-3 Information Sheet for Taxable Enterprise Support Establishments
 - E-4 Information Sheet for Standard Information Sector Establishments
 - E-5 Information Sheet for Information Sector Enterprise Support Establishments
 - E-6 Information Sheets for Information Sector Consolidated Establishments
 - E-7 Information Sheet for Management of Companies and Enterprises Sector Establishments
- F. Classification Forms
 - F-1 Prototype Classification Form
 - F-2 Variable Content for Item 19 – Kind of Business

- G. Consultations with Federal Agencies, Trade Groups, and Trade Publications:
Persons and Organizations Contacted

- H. Consultations with Federal Agencies, Trade Groups, and Trade Publications:
Selected Correspondence

- I. Summary of Changes to Standard Report Forms

- J. Summary of Changes to Classification Forms