

Supporting Statement

Commodity Flow Survey Component of the 2007 Economic Census

A. Justification

1. Necessity of Information Collection

The 2007 Commodity Flow Survey, a component of the U.S. Census Bureau's 2007 Economic Census, will produce key information about the transportation of freight in the United States. The Commodity Flow Survey is a cooperative effort between the Census Bureau and the Research and Innovative Technology Administration's Bureau of Transportation Statistics, U.S. Department of Transportation. In addition to their funding support, the Bureau of Transportation Statistics also provides additional technical and planning guidance in the development and conduct of the program.

The Commodity Flow Survey is the only source of nationwide data on the movement of goods from origin to destination by all modes of transportation and for multi-modal combinations. This survey provides a crucial set of statistics on the value, weight, mode, and distance of commodities shipped by establishments in mining, manufacturing, wholesale, and other selected industries. The Census Bureau will publish these statistics at the national, Census Region, Census Division, state, and Metropolitan Area levels. We will also publish separate special reports on export shipments and on shipments of hazardous materials.

The Department of Transportation consistently views updated information on freight flows as critical to understanding markets, consequences, and investment needs. They also are important to effective analyses of economic development, social issues, and the environment; and for a variety of private sector decisions.

Federal, State, and local government agencies spend more than \$100 billion annually on transportation programs. The Commodity Flow Survey provides data that are critical to these agencies in making a wide range of transportation investment decisions for developing and maintaining an efficient transportation infrastructure that supports economic growth and competitiveness. Numerous other Federal, state, and local agencies require the Commodity Flow Survey data on transportation flows, as they impact the domestic economy in many ways.

Transportation planners require the periodic benchmarks provided by a continuing Commodity Flow Survey to evaluate and respond to ongoing geographic shifts in production and distribution centers, as well as policies such as "just in time delivery" and third-party logistics providers (also known as 3PLs).

The Commodity Flow Survey is a component of the Census Bureau's Economic Census conducted every five years. The last Commodity Flow Survey was conducted in 2002 as part of the 2002 Economic Census.

The 2007 Commodity Flow Survey will be a mail-out/mail-back sample survey of business establishments in mining, manufacturing, wholesale, and other selected industries. Copies of the survey materials: Questionnaires (CFS-1000, CFS-2000), Instruction Guide (CFS-1100), Commodity Coding Manual (CFS-1200), and Cover Letter (CFS-1000-L1) are presented in Attachment A.

As part of the 2007 Economic Census, this information collection is required by law under Title 13, United States Code (U.S.C.), Sections 131 and 193. Section 224 makes reporting mandatory.

2. Needs and Uses

The Commodity Flow Survey is the primary source of information about freight movement in the United States. The survey covers shipments from establishments in the mining, manufacturing, wholesale, and other selected industries. Federal agencies, state and local transportation planners and policy makers, and private sector transportation managers, analysts, and researchers have strongly supported the conduct of the 2007 Commodity Flow Survey.

According to the Transportation Research Board, Special Report 277, "Measuring Personal Travel and Goods Movement" (2003), Commodity Flow Survey data are used by analysts and researchers in both the public and private sector for a variety of purposes, including:

- Analyzing trends in goods movement over time.
- Conducting national, regional, and sectoral economic analyses.
- Developing models and other analytical products to inform analysts and management and investment decisions.
- Forecasting future demand for goods movement and associated infrastructure and equipment needs.
- Analyzing and mapping spatial patterns of commodity and vehicle flows.

At the Federal level, the data from the 2007 survey are required by a variety of agencies for carrying out their missions to promote economic development and the growth of foreign trade, transportation, investment decision and policies impacting transportation safety and the environment.

Major users and supporters of the Commodity Flow Survey data at the Federal level include:

- Federal Highway Administration (DOT)

- Federal Railroad Administration (DOT)
- Maritime Administration (DOT)
- Research and Innovative Technology Administration (DOT)
- Bureau of Transportation Statistics (DOT)
- Bureau of Economic Analysis
- Bureau of Labor Statistics

At the state and local government levels, the information from the Commodity Flow Survey is extremely valuable for economic development and transportation planning. The Commodity Flow Survey data are used by many localities in responding to requirements contained in the Transportation Equity Act of 2000 and more recently the 2005 Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU).

Transportation planners and policy makers in special interest areas have also identified Commodity Flow Survey data as critical to their decision making. For example, data from the Commodity Flow Survey on the types and magnitude of hazardous materials shipments in various geographic regions are critical in evaluating and setting policies on the movement of hazardous materials. The objectives of such policies are to provide for the safety of population, travelers, and the environment while not restricting or increasing the cost of supplies that are vital to the economy (e.g., fuel supplies, fertilizers, chemicals, and explosives).

The Commodity Flow Survey data are also crucial to transportation managers, analysts, and researchers in the private sector. These data are used to identify trends in shipping activities, strength of market segments, and existing and potential transportation related issues requiring additional resources.

We have received support from a wide range of users expressing the need for the unique data produced by the Commodity Flow Survey. Below are some examples of support from various data users:

“... The CFS is used in combination with a number of other databases to produce modal freight flow forecasts for many customers. In particular, consultants to state and metropolitan planning organizations (MPO’s) confirmed that the CFS is extremely valuable in their efforts to conduct analyses for these important groups.” Federal Railroad Administration

“The Federal Highway Administration (FHWA) has an essential need for the data from the Commodity Flow Survey (CFS) to support national analyses of freight transportation issues. The CFS also provides valuable information for FHWA’s state and metropolitan area partners.” Federal Highway Administration

“BEA’s Industry Economics Division uses data from the Commodity Flow Survey (CFS) to distribute transportation costs by mode to the products transported for the U.S. Benchmark Input-Output Accounts. ...An important use of the accounts is to benchmark the National Income and Product Accounts, and, subsequently, the level of GDP.” Bureau of Economic Analysis

“The Origin Destination (OD) database of freight movement is the foundation upon which the FAF {Freight Analysis Framework} is built. The bulk of the data that are contained in the current database comes from the Commodity Flow Survey (CFS), which is absolutely vital to the functioning of the FAF.” Jeffrey N. Shane, Under Secretary of Transportation for Policy, Department of Transportation.

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. Uses of Information Technology

The Census Bureau will work with Commodity Flow Survey respondents who wish to provide the information requested in electronic formats. Upon request Census Bureau staff will establish a special reporting arrangement with the respondent, providing an Excel spreadsheet format for their use. This will reduce the burden for those respondents who prefer to report electronically.

The Census Bureau will develop a site on the Internet to provide respondents with additional information about the survey, and to provide assistance in completing the questionnaire especially in correctly reporting shipments and assigning the correct commodity code in a fast, accurate manner. We will publicize the Internet site to respondents in the survey materials.

4. Efforts to Identify Duplication

Through meetings and a series of data user conferences with the Department of Transportation, professional organizations such as the Transportation Research Board, as well as transportation planners and data users, we have determined that no information collections by Federal agencies, trade groups, or businesses duplicate the content, comprehensive coverage, detail level of transportation characteristics, geographic detail, and statistical reliability provided by the Commodity Flow Survey. These features distinguish the ability of the Commodity Flow Survey data to meet the requirements of its principle data users and make the survey uniquely suited to provide these valuable transportation statistics.

5. Minimizing Burden

The Census Bureau has taken the following steps in the design of the 2007 Commodity Flow Survey to reduce reporting burden:

Additional Assistance on the Commodity Flow Survey Internet site

For the 2007 Commodity Flow Survey, the Census Bureau will provide additional assistance to respondents on the Commodity Flow Survey Internet site including additional detail on selecting a sample of shipments, answers to frequently asked questions, and guidance in quickly identifying the correct commodity code for a shipment.

Special Reporting Arrangements

As needed, we will work with respondents with unique shipping or record keeping patterns to reduce burden while still obtaining the necessary data.

For the 2007 Commodity Flow Survey we will provide the capability to centralize the reporting process. For companies which request this feature, the questionnaires for all establishments of a company will be sent to a central location for completion.

Modifications to the Questionnaire

The Census Bureau and Bureau of Transportation Statistics conducted an extensive testing of the survey questionnaire and materials. The questionnaire was redesigned to reflect the results of the cognitive testing resulting in a clearer, easier to complete questionnaire. Included among the changes to the questionnaire were:

- Improved questionnaire design (e.g., form layout and item wording) to guide respondents through the reporting process.
- Streamlined instructions for sampling of shipments by the

respondent.

Use of Estimates

The respondents selected in the 2007 Commodity Flow Survey are not required to maintain additional records for the survey, nor do we expect participants to incur extra expense to develop data not readily available. To emphasize this point, a statement is included in the cover letter to each respondent, and instructions on the questionnaire indicate that carefully prepared estimates are acceptable when book figures are unavailable.

Lower Sampling Rate for Small Business

Because small businesses are sampled at a lower rate, the reporting burden on small businesses is reduced accordingly.

Toll-free Telephone Number

We will have a toll-free telephone number for respondents with questions or needing assistance. This service was widely used by respondents in the 2002 survey processing.

6. Consequences of Less Frequent Collection

The Commodity Flow Survey is conducted at 5-year intervals, as part of the Economic Census and covering the same data year. Linking and integrating the 5-year program of commodities manufactured, mined, and traded (Economic Census) with how and where they are moved (Commodity Flow Survey) will improve the utility of both data sets.

As the Commodity Flow Survey is a component of the Economic Census, to conduct it less frequently than every five years implies an interval of at least every 10-years. A 10-year gap in these statistics would significantly reduce data users' abilities to measure, evaluate, and react to changes in transportation activities and patterns.

If the data were collected less frequently, transportation policy makers and planners at the Federal, state, and local levels would lose significant utility from a critical source of transportation statistics. With transportation practices and trends changing at an ever increasing rate, less frequent collection of these data would severely restrict data users' ability to accurately analyze, and improve the transportation services, facilities and infrastructure.

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 data users, stakeholders, and external experts began following the 2002 Commodity Flow Survey, as the process of evaluating the 2002 program and planning for the 2007 Commodity Flow Survey began. The Bureau of Transportation Statistics commissioned the Transportation Research Board and the Committee on National Statistics to convene a panel of transportation, survey

and statistical experts to review the Commodity Flow Survey and recommend improvements for future surveys. Recommendations were published as part of the Transportation Research Board's Special Report Series (#277), and these recommendations provided a foundation for research and improvement in the 2007 Commodity Flow Survey.

In July 2005 the Transportation Research Board conducted a two-day data user conference on the 2007 Commodity Flow Survey. The conference was attended by over 120 stakeholders and data users and included a wide range of data users from government, private industry, and academia. In a series of sessions, we presented our plans for the 2007 Commodity Flow Survey and solicited data user comments and suggestions for improving survey components such as industry coverage, data collection and sampling methodology, and publication products.

We have consulted in detail with our primary data users at the Department of Transportation on the design and methodology to be used in the 2007 Commodity Flow Survey.

More informal consultation has been obtained through presentations and participation in multiple other statistical and transportation organizations and conferences including:

- Annual and mid-year meetings of the Transportation Research Board.
- Joint Statistical Meetings.
- North American Transportation Statistics Interchange.
- Freight Modeling Forum.

Beginning in November 2005, the Census Bureau also implemented a cognitive research program for the Commodity Flow Survey and has currently interviewed over fifty shipping establishments (i.e., potential respondents) across the country enlisting their support in obtaining a better understanding of current shipping practices and record-keeping, and identifying improvements. This research has provided valuable input into modifying the questionnaire and data collection procedures aimed at easing respondent burden, increasing survey response, and improving data quality.

On April 26, 2006, we published a notice in the Federal Register (vol.71, pg. 24,639) inviting public comment on our plans to submit this request. We received comments from two organizations - The American Trucking Associations and The Brookings Institution. Both organizations recognize the need for the Commodity Flow Survey data, and fully support the conduct of the 2007 survey. Copies of their letters are provided in Attachment B.

We also received a comment from an individual who recommended that we

conduct the Commodity Flow Survey only every five years, which is the case.

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 Commodity Flow Survey.

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 U.S. Census Bureau. By the same law, **YOUR 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, and in the instruction guide. 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 Commodity Flow Survey data satisfy requirements of this law.

11. Justification for Sensitive Questions

This information collection asks no questions of a sensitive nature.

12. Estimate of Respondent Burden

We estimate that, on average, each Commodity Flow Survey questionnaire will take two hours to complete. This estimate is based on consultations with potential respondents, as well as interviews with past respondents from the 1993, 1997, and 2002 Commodity Flow Survey programs. Overall respondent burden for the 2007 Commodity Flow Survey is estimated at 800,000 hours. This estimate assumes a 100 percent response rate from 100,000 establishments providing four reports each over the course of 2007, for 800,000 hours. This reflects an increase in the sample size from the 2002 CFS, which was reduced to 50,000 due to funding limitations.

We estimate the cost to respondents to be \$19,704,000 based on an average hourly wage of \$24.63 and a response burden estimate of 800,000 hours.

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 the 2007 Commodity Flow Survey is \$23.1 million over a 5-year period.

15. Reason for Change in Burden

Report forms covered by this request are submitted as a new collection.

16. Project Schedule

The Census Bureau will begin mailing the 2007 Commodity Flow Survey in late December 2006 and continue mailing, including follow up notices, through February 2008. A general timetable for major activities is listed below:

Activity	Start	Finish
Develop Sample	August 2006	Oct 2006
Mail Survey Questionnaires	Dec 2006	Dec 2007
Non-response Follow up	Feb 2007	Feb 2008
Check-in, Editing, Problem Resolution	Jan 2007	Mar 2008
Data Estimation & Analysis	Jan 2008	Sept 2009
Publication Release	Dec 2008	Dec 2009

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

The sample for the 2007 Commodity Flow survey will include establishments from the following NAICS groups:

2002 NAICS Code (s)	Description
21 (excluding 2111)	Mining (excluding Oil and Gas Extraction)
31 - 33	Manufacturing
42	Wholesale Trade
45411	Electronic Shopping and Mail-Order Houses
45431	Fuel Dealers
511	Publishing Industries (except Internet)
493100, 551114	Auxiliary Establishments