

## Supporting Statement

### **2007 Economic Census of Puerto Rico, the U.S. Virgin Islands, Guam, the Northern Mariana Islands, and American Samoa— Collectively Referred as Island Areas<sup>1</sup>**

#### Part A. Justification

##### 1. Necessity of Information Collection

The 2007 Economic Census of Island Areas, which includes Puerto Rico, Guam, the Northern Mariana Islands, the U.S. Virgin Islands, and American Samoa, is part of the 2007 Economic Census. The 2007 Economic Census 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.

The 2007 Economic Census of Island Areas will cover the following sectors (as defined by the North American Industry Classification System (NAICS)): Mining, Utilities, Construction, Manufacturing; Wholesale and Retail Trades, Transportation and Warehousing, Information; Finance and Insurance; Real Estate and Rental and Leasing; Professional, Scientific, and Technical Services; Management of Companies and Enterprises; Administrative and Support, Waste Management and Remediation Services; Educational Services; Health Care and Social Assistance; Arts, Entertainment, and Recreation; Accommodation and Food Services; and Other Services (except Public Administration). This scope is equivalent to that of the stateside economic census.

The economic census provides the only source for dependable, comparable data at a geographic level consistent with U.S. counties. The 2007 Economic Census of Island Areas is particularly important because of the rapid and varied changes taking place in the economies of these areas.

The Economic Census of Island Areas will utilize a total of 22 report forms for specific islands and industry groups. A sample island area form and information sheet (Attachments C and D), as well as a matrix that presents the differences among the forms (Attachment E) have been attached.

##### 2. Needs and Uses

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<sup>1</sup> The term used to collectively refer to Puerto Rico, the U.S. Virgin Islands, Guam, Northern Mariana Islands, and American Samoa in the Federal Register on June 28, 2006 was Island Areas. Island Areas is common terminology across the Bureau.

The economic census is the primary source of dependable facts about the structure and functioning of the economies of each Island Area, and features the only recognized source of data at a geographic level equivalent to U.S. counties. Economic census statistics serve as part of the framework for the national accounts of the Island Areas and provide essential information for government (Federal and local), business, and the general public. The governments of the Island Areas rely on the economic census as an important part of the framework for their 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 benchmarks for surveys of business which track short-term economic trends, serve as economic indicators, and contribute critical source data for current estimates of the gross product of the Island Areas. In addition, industry, business, academia, 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 were not conducted in the Island Areas, the Federal government would lose the only dependable source of detailed comprehensive information of the economies of these areas. Additionally, the governments of the Island Areas would lose vital source data and benchmarks for their 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 governments of the Island Areas would lose critical benchmarks for sample-based economic surveys.

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

Many companies in the Island Areas are not equipped with electronic means of reporting. However, the Census Bureau will offer companies the option of satisfying their reporting requirements by providing data on computerized self administered census questionnaires, via the Internet or on CD-ROM, as an effective means of reducing burden.

### 4. Efforts to Identify Duplication

The Census Bureau found no information collections by Federal agencies, local governments, 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

Federal administrative records for the Island Areas are inconsistent and frequently contain inaccurate classification information. To compensate for this deficiency, the Census Bureau has contracted with the Bureau of Labor Statistics to provide industry classification codes for unclassified establishments in the Island Areas. The Puerto Rico Planning Board (PRPB) will also provide NAICS codes for establishments for which they have information. With the PRPB codes, the codes provided by the Bureau of Labor Statistics, and historic NAICS codes from the previous Census, we will be better able to exclude businesses that are out-of-scope and reduce response burden by the use of forms appropriate to the kind-of-business.

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 accounts, input-output tables, economic indexes, business surveys, and other measures for these areas that rely on source data and benchmarks from the economic census. As economies in the Island Areas continue to grow and expand into the private sector, failure to collect data on a 5-year cycle would hinder local and Federal governments in evaluating new programs, disbursing Federal funds, analyzing market trends, and measuring economic performance within geographic areas. 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

There are no special circumstances.

8. Consultations Outside the Agency

Consultations with principal data users from each area occurred throughout 2005 and 2006. We met with the Economic Census Data User Committee, a group organized by the Puerto Rico Planning Board that represents a cross-section of data users within Puerto Rico to discuss standard content changes, clarify terms, definitions, and instructions; and to define data products. Additionally, we met or conducted briefings with representatives from the Virgin Islands, Guam, Northern Mariana Islands and American Samoa. These representatives conveyed the interest of their constituents on issues relating to content and data products. Attachment B identifies the organizations and individuals that were contacted to discuss plans for the census.

Further, we published a notice in the Federal Register on June 28, 2006, (71FR, pg. 36756) inviting public comment on our plans to submit this request. No comments were received during the 60-day comment period.

9. Paying Respondents

The U. S. 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 U. S. 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 a cover letter that accompanies the report form (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.

11. Justification for Sensitive Questions

This information collection asks no questions of a sensitive nature.

12. Estimate of Respondent Burden

The table below provides an estimate of respondent burden for each of the island areas 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 questionnaire, 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. Response burden estimates are for FY 2008.

### Census Response Burden

Area	Estimated Number of Responses	Estimated Hours Per Responses	Estimated Annual Burden Hours
Puerto Rico	50,000	1.00	50,000
Virgen Islands	3,000	.50	1,500
Guam	3,250	.50	1,625
Northern Marianas	1,500	.50	750
American Samoa	1,250	.50	625
Total	59,000	.92	54,500

Overall respondent cost for FY 2008 is estimated at \$1,344,515.

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

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

16. Project Schedule

The U. S. 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 closeout 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 to 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 2010.

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Timetable for the 2007 Economic Census of Island Areas

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<u>Activity</u>	<u>Start<sup>1</sup></u>	<u>End<sup>1</sup></u>
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	09/08
Receive, process administrative records.....	05/07	09/08
Edit data, resolve problems.....	02/08	09/08
Prepare and analyze tabulations.....	10/08	11/10
Data release.....	03/09	12/10

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<sup>1</sup>All dates are approximate.

Our publication plans summarizing the results of this information collection are similar in number and type to those for the 2002 census. To improve the timeliness, relevance, and usefulness of all data products, the U.S. Census Bureau will continue to release economic census data electronically in American FactFinder (AFF). AFF is the on-line data dissemination tool available through the Census Bureau.

Products from this collection will summarize data by kind of business for Puerto Rico, the Virgin Islands, Guam, Northern Mariana Islands, American Samoa and its sub-divisions. Reports will present basic statistics on: the number of establishments; sales, receipts or revenue; annual payroll, first quarter payroll, and employment for the pay period including March 12, 2007.

Tabulations will also summarize basic information by sales size category, by employment size category and industry composition by legal form of organization. A variety of area-specific tabulations for industry-specific statistics will also be included.

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 of Island Areas, the following NAICS sectors will be covered:

21	Mining
22	Utilities
23	Construction
31-33	Manufacturing
42	Wholesale Trade
44-45	Retail Trade
48-49	Transportation and Warehousing
51	Information
52	Finance and Insurance
53	Real Estate and Rental and Leasing
54	Professional, Scientific, and Technical Services
55	Management of Companies and Enterprises
56	Administrative and Support and Waste Management and Remediation Services
61	Educational Services
62	Health Care and Social Assistance
71	Arts, Entertainment and Recreation
72	Accommodation and Food Services
81	Other Services (except Public Administration)