

SUPPORTING STATEMENT - Part A

2007 ECONOMIC CENSUS COVERING THE MANUFACTURING SECTOR

Note: This supporting statement covers the basic 2007 Economic Census for the Manufacturing Sector program, including the product, material, and special inquiry sections of the report form.

Justification

1. Necessity of Information Collection

The 2007 Economic Census covering the Manufacturing Sector will use a mail canvass, supplemented by data from federal administrative records, to measure the economic activity of approximately 345,000 establishments classified in the North American Industry Classification System (NAICS). For more details on the NAICS structure, see Part A, Question 19.

The manufacturing sector comprises establishments engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products. The assembling of component parts of manufactured products is considered manufacturing, except in cases where the activity is appropriately classified in Sector 23, Construction. The economic census will produce basic statistics by industry for number of establishments, payroll, employment, value of shipments, value added, capital expenditures, depreciation, materials consumed, selected purchased services, electric energy used and inventories held.

This information collection is part of the 2007 Economic Census, which is required by law under Title 13, United States Code (USC). Section 131 of this statute directs the taking of a census at five-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 (i.e., Bureau of Economic Analysis (BEA), Bureau of Labor Statistics (BLS)) 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 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, 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 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 information disseminated by the U.S. Census Bureau (fully described in the U.S. Census Bureau's Information Quality Guidelines). Information quality is also integral to information collections conducted by the U.S. 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-administrated census questionnaire, 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 small establishments with paid employees (generally between 5 to 20 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., sources of receipts or revenue and other special inquiries). Part B of this supporting statement gives a more complete description of this data collection methodology. In addition, approximately 35,000 small single-establishment companies that have employment greater than the administrative record cutoff for not mailing will be sent a shortened version of the basic report form that will not include detailed inquiries such as a consumption of purchased supplies and fuels, inventories, and fringe benefits data. See Attachment D for a list of industries using the

short form.

6. Consequences of Less Frequent Collection

The economic census is conducted at five-year intervals, as required by Title 13, USC, Section 131. If this information collection was 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

In April 2006, letters were sent to over 1,500 trade associations, manufacturing companies, and government agencies indicating where on the Census Bureau's Website they could view and comment on the proposed 2007 census report forms. We asked these organizations to review the content relevant to their data needs and interests, and to provide recommendations on wording, reporting problems, usefulness of data and comments on related issues for the 2007 Economic Census. Attachment A provides a list of a selected trade associations, manufacturing companies, and government agencies contacted in this effort, their comments, and the Census Bureau's response. A complete list of all trade associations, manufacturing companies, and government agencies contacted along with their comments is available upon request.

Further, we published a notice in the Federal Register on September 26, 2006 (71FR, pages 56102-56104), inviting public comment on our plans to submit this request. One comment was received. The Census Bureau deemed the comment irrelevant to the collection process.

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 U.S. 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. The statutory basis for these assurances of confidentiality is Title 13, USC, Section 9. All activities relating to the collection and dissemination of economic census data satisfy requirements of this law. The U.S. 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

The response burden for the 2007 Economic Census covering manufacturing sector is estimated to be 833,100 work hours in fiscal year 2008. This is based on two factors: (1) the number of respondents who receive each type of report form, and (2) the average time required to complete each type of form.

We estimate that the universe for 2007 Economic Census for the manufacturing sector will include approximately 345,000 establishments, of which approximately 140,000 will not receive a census report form. We are dividing the mail portion of the universe (the remaining 205,000) into three subsets for the purpose of data collection. An establishment is assigned to a particular subset dependent upon a number of factors. The more important considerations are the size of the company and whether it is included in the intercensal Annual Survey of Manufactures (ASM) sample panel.

The various subsets of the universe are outlined in the chart below:

Subset	2007 (Estimated) Number of Respondents	Average Time Required to Complete (Hours)	Estimated Hours of Respondent Burden
<i>Establishments that will not receive a census report form:</i>			
Small single-establishment firms administrative records	140,000	0	0
<i>Establishments that will receive a census report form:</i>			
ASM sample establishments –Receive ASM form	53,000	5.9	312,700
Large- and medium-sized establishments-long form	117,000	3.7	432,900
Small single-unit establishments (non-ASM)-short form	35,000	2.5	87,500
<i>Total Manufacturing Establishments</i>	205,000	N/A	833,100

Attachment B contains copies of the MA-10000 (ASM form), the manufacturing long and short forms, and instruction manual. Attachment C contains samples of the census part of the report forms for products, materials, and special inquiries. Establishments will receive one of the following census report forms: (1) ASM sample establishments (MA-10000 form); (2) large- and medium-sized establishments (long form); and (3) small single-unit establishments (non-ASM-short form). The amount of information requested from each subset varies. Establishments in the ASM subset receive the most detailed inquiries followed by the large- and medium-sized establishments receiving the long form and then by small single-establishment manufacturing companies receiving only a single-page form. A detailed description of the various subsets of the manufacturing universe, as outlined above, is provided in Part B.2.

The burden for completing a 2007 Economic Census covering the manufacturing sector report form is estimated to be between two and six hours, depending upon the complexity of an establishment's operations. The general statistics items should be readily available from respondents' records. Materials, products, and special inquiries will require more time. We estimate the total cost to respondents to be \$20,552,577. This is based on the total burden hours multiplied by a mean hourly wage of \$24.67 for level one accountants in manufacturing.

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 U.S. 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 continue through midyear. 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, computer processing and editing, 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 completed by the end of 2011.

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Timetable for the Manufacturing Sector of the 2007 Economic Census

Activity	Start ¹	End ¹
Extract mailing list from Business Register.....	08/2007	09/2007
Prepare mailing pieces.....	09/2007	12/2007
Mail questionnaires.....	12/2007	12/2007
Due date for questionnaire return.....	02/2008	02/2008
Follow-up for nonresponse.....	03/2008	06/2008
Receive and check in responses.....	01/2008	08/2008
Perform data entry.....	01/2008	08/2008
Close out data collection.....	08/2008	08/2008
Receive and process administrative records.....	05/2007	09/2008
Edit data and resolve problems.....	02/2008	09/2008
Prepare and analyze tabulations.....	10/2008	11/2011
Data release.....	02/2009	12/2011
Industry Series.....	06/2009	09/2009
Geographic Series.....	01/2010	05/2010
Subject Series:		
General Summary.....	10/2010	10/2010
Product Summary.....	03/2011	03/2011
Material Summary.....	05/2011	05/2011
Concentration Ratios in Manufacturing.....	05/2011	05/2011
Location of Manufacturing Plants.....	10/2011	10/2011
Industry-Product Analysis.....	03/2010	03/2010

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¹All dates are approximate (month/year).

To improve the timeliness, relevance, and usefulness of all data products, the Census Bureau plans to release the 2007 Economic Census electronically.

- Industry Series - This series will have 473 releases for each NAICS code for the United States. These releases will provide statistics for individual industries and, to a lesser extent, by state and employment size. The industry reports will include such statistics as number of establishments, employment, payroll, value added by manufacture, cost of materials consumed, value of industry shipments, capital expenditures, product shipments, and materials consumed by kind.
- Geographic Area Series - This series will have 51 releases one for each state and the District of Columbia. These releases will summarize data by NAICS code for states, counties, places, and metropolitan areas, and to a lesser extent, for states and counties by employment size. The geographic reports include such statistics as number of establishments, employment, payroll, value added by manufacture, cost

of materials consumed, value of industry shipments, and capital expenditures.

- Subject Series - This series will present summary-level data by NAICS code for the United States, and to a lesser extent, for states and metropolitan areas. Included will be a General Summary report finalizing data from our Industry and Area Series reports. The General Summary will also present data by Legal Form of Organization. Also included in this series will be the Product Summary, Material Summary, Industry-Product Analysis, Location of Manufacturing Plants, and the Concentration Ratios in Manufacturing reports. Location of Manufacturing Plants will summarize the number of manufacturing establishments by NAICS code by employment size for the United States, states, counties, and places. The Concentration Ratios in Manufacturing will present tabulated value of shipments and valued added accounted for by the 4-, 8-, 20-, and 50-largest companies for each manufacturing industry.

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 to the certification.

19. NAICS Codes Affected

For the 2007 Economic Census covering the Manufacturing Sector, the following NAICS subsectors will be covered:

Manufacturing

311	Food Manufacturing
312	Beverage and Tobacco Product Manufacturing
313	Textile Mills
314	Textile Product Mills
315	Apparel Manufacturing
316	Leather and Allied Product Manufacturing
321	Wood Product Manufacturing, Except Furniture
322	Paper Manufacturing
323	Printing and Related Support Activities
324	Petroleum and Coal Product Manufacturing
325	Chemical Manufacturing
326	Plastics and Rubber Product Manufacturing
327	Nonmetallic Mineral Product Manufacturing
331	Primary Metal Manufacturing
332	Fabricated Metal Product Manufacturing

333	Machinery Manufacturing
334	Computer and Electronic Product Manufacturing
335	Electrical Equipment, Appliance and Component Manufacturing
336	Transportation Equipment Manufacturing
337	Furniture Manufacturing
339	Miscellaneous Manufacturing