

B. Collections of Information Employing Statistical Methods

1. and 2. Description of the Sample/Procedures for Collection

The frame from which the major portion of the QFR sample is selected consists of the IRS file of those corporate entities which are required to file Form 1120, 1120A or 1120S and which also have as their principal industrial activity either Manufacturing, Mining, or Wholesale or Retail trade. The IRS file is sampled once each year. At the time the sample is selected, the file does not contain those corporate entities whose first income tax return has not been processed. In addition, several months elapse between the selection of this sample and its introduction into the QFR Program.

To keep the QFR sample up-to-date, staff reviews current corporate news releases and public records to identify any potential additions and changes to the target population. Corporations thus identified and thought to meet QFR in-scope criteria are contacted to verify their in-scope status. If determined to be in-scope of the QFR, the corporation will automatically be included in the survey sampling fraction for the remainder of the sample year.

About 25% of the cases initially sampled are outside the scope of the QFR industry designation or are included in companies already reporting in the sample. The survey estimator adjusts for the resulting reduction in the sample.

Nearly all corporations whose operations are within the scope of the QFR and which have total assets greater than \$250 million are included in the sample. They are permanent sample members, with a one-out-of-one sampling fraction. In addition, receipts cut-off values are determined on an industry basis. If a corporation has receipts at or above the receipts cut-off value for their industry, that corporation is made a permanent sample member, with a one-out-of-one sampling fraction.

In those industry-size strata for which the sampling fraction is less than one-out-of-one, a replacement scheme is used which provides that one-eighth of the sample is replaced each quarter. Corporations removed are those that have been in the reporting groups the longest (usually eight quarters). Therefore, samples of small and medium size corporations for adjacent quarters are seven-eighths identical; for quarters ending 9 months apart, they are five-eighths identical, etc.

These statistical procedures yield a sample of corporations that are considered potential respondents. After an initial screening, and if the company is found to be within the scope of the program, filing of the QFR report form is required.

The QFR report form response rates differ by size category. In all categories, companies with assets of \$250 million and over achieve response rates of about 81 percent. Nonrespondents from this group are imputed for, by using previously filed reports or industry averages for similar size companies. Companies below the \$250 million asset level respond at a lower rate, about 63 percent. Nonrespondents from this group are accounted for by adjusting the sample weights of the respondents. The over-all coverage rate, defined as the

percentage of published total assets represented by data from respondents, is over 89 percent. This level is adequate to support the precision requirements of the survey.

The following table summarizes the resulting sample size by industry division and size groups.

Composition of the Sample, by NAICS Sector and Size of Total Assets Third Quarter 2006						
Asset size	Manufacturing¹			Mining²		
	Total assets³		Number of active corps. in sample⁴	Total assets³		Number of active corps. in sample⁵
	Million dollars	Percent		Million dollars	Percent	
All asset sizes	6,160,979	100	6,950	468,332	100	195
Under \$10 million	170,684	3	3,102	5	0	1
\$10 million and over	5,990,295	97	3,848	468,327	100	194
\$10 million to \$25 million	101,257	2	995	178	0	3
\$25 million to \$50 million	69,203	1	446	491	0	5
\$50 million to \$100 million	99,810	2	466	3,793	1	23
\$100 million to \$250 million	148,183	2	529	9,464	2	33
\$ 250 million to \$1,000 million	410,382	7	735	31,168	7	48
\$1,000 million and over	5,161,459	84	677	423,233	90	82
	Wholesale trade²			Retail Trade^{2 8}		
	Total assets³		Number of active corps. in sample⁶	Total assets³		Number of active corps. in sample⁷
	Million dollars	Percent		Million dollars	Percent	
All asset sizes	680,394	100	949	893,909	100	557
Under \$10 million	325	0	22	166	0	18
\$10 million and over	680,070	100	927	893,742	100	539
\$10 million to \$25 million	1,103	0	19	760	0	17
\$25 million to \$50 million	7,202	1	64	3,053	0	30
\$50 million to \$100 million	34,862	5	222	18,099	2	120
\$100 million to \$250 million	61,034	9	258	28,539	3	111
\$250 million to \$1,000 million	135,456	20	248	81,841	9	141
\$1,000 million and over	440,413	65	116	761,451	85	120

¹Includes manufacturing corporations with assets \$250 thousand and over.

²Includes mining and trade corporations with assets \$50 million and over.

³Estimated universe total; figures are rounded and will not necessarily add to totals.

⁴Drawn from a universe of approximately 157,000.

⁵Drawn from a universe of approximately 450.

⁶Drawn from a universe of approximately 1,700.

⁷Drawn from a universe of approximately 1,100.

⁸Composition of sample, second quarter 2006, revised.

Source: U.S. Census Bureau, Quarterly Financial Report, QFR/06-Q3

The QFR aggregates and ratios are estimated each quarter. Each estimate has its own standard deviation, which indicates the difference that can be expected between the estimate derived from sampling and a comparable total based on a complete canvass. An estimate will differ from a comparable total based on a complete canvass by less than one standard deviation approximately 68 times out of 100, by about 1.6 standard deviations approximately 90 times out of 100, and by about 1.96 standard deviations approximately 95 times out of 100. The sample was designed so that one standard deviation of the estimate for the item, "Income (or loss) before taxes," for all manufacturing corporations amounts to approximately one-half of 1 percent of that estimated aggregate and approximately 2 percent of that estimated aggregate for mining, wholesale, and retail trade corporations. However, sample size reductions made for the purpose of minimizing corporate reporting burden have caused an erosion in precision.

Each QFR report form received is reviewed by QFR staff accountants for adherence to GAAP, and QFR guidelines. Should QFR requirements dictate a classification of data different from the reporting corporation's report the accountant is responsible for reclassifying or adjusting the data item(s). If complex problems arise, officials of the reporting corporation are contacted to discuss proposed adjustments.

3. Methods to Maximize Response

A set of QFR report forms is mailed during the last month of a company's quarter. Upon expiration of the 25-day filing requirement, a letter advising the company of its delinquency is mailed. In the event of continued noncompliance, companies are contacted by telephone and advised of the report's mandatory nature. This follow-up process results in an acceptable response rate.

4. Testing

Forms and methods used in the QFR program are subject to continued informal assessments. They have been refined as warranted to reflect changed conditions in the private sector and improved data program practices. The program has close to 60 years experience collecting this information. The information requested is easily accessible by reporting corporations, and the burden associated with completing these forms is not considered significant.

The QFR report forms are in traditional corporate income statement and balance sheet formats. Reporting rules conform, for the most part, to GAAP and financial statement presentation. The QFR report short form was developed and introduced in 1981. The short form (a simplified version of the long form) was developed in response to comments from small companies and representatives of small businesses.

5. Consultations on Statistical Design

In July 1998 the QFR's statistical methods were evaluated in accordance with OMB Directive No. 3, and the completed evaluation clearly supports continuation of the current methodology. In addition, the QFR's primary users, the BEA and FRB, have expressed continued satisfaction with the reliability of this data series for estimation of the corporate profits component of the GDI and the Flow of Funds accounts respectively.

Mr. John P. Seabold, Chief of the Corporate Analysis Branch for the Quarterly Financial Report Program, is responsible for collection and analysis of QFR data. He can be reached at telephone number (301) 763-3386. Mr. Mark Sands, Chief of the Statistical Research & Method Branch is responsible for oversight of and consultation regarding the QFR statistical methods. He can be reached at telephone number (301) 763-3310.

List of Attachments

A. Forms Used in Conducting the QFR Program:

QFR-200 (MT) and instructions QFR-200 (I)
QFR-201 (MG) and instructions QFR-201 (I)

B. Cover Letters:

QFR-006 (L1)
QFR-29 (L2)