

## SUPPORTING STATEMENT

### **2007 Survey of Business Owners and Self-Employed Persons (SBO)**

#### Part B. Collections of Information Employing Statistical Methods

##### 1. Universe and Respondent Selection

The SBO universe for this submission will be constructed using a combination of 2006 and 2007 IRS tax return data. The final universe of businesses will be those reporting activity on any one of the following 2007 IRS tax forms: 1040 (Schedule C), "Profit or Loss from Business" (Sole Proprietorship); 1065, "U.S. Return of Partnership Income"; 941, "Employer's Quarterly Federal Tax Return"; 944 Employer's Annual Federal Tax Return; or any one of the 1120 corporate tax forms.

The current estimate of the sample is 2.4 million. This size of the sample is necessary to provide detailed comprehensive estimates for both minority- and women-owned businesses and to produce reliable estimates at the state level by 2-digit NAICS codes and at the national level by 3-digit NAICS codes.

The sample will be stratified by state and 2-digit NAICS industry sector and also by frame and employment status and will be systematically sampled within a stratum. A standard type of estimation for stratified systematic sampling will be used. (Refer to Sampling Techniques by W. G. Cochran.) The expected response rate based on 2002 returns is 79 percent. The Census Bureau will use mailout/mailback survey forms to collect the data. In addition, electronic reporting will be offered to all respondents for the first time.

Businesses will be asked questions about the gender, Hispanic or Latino origin, and race for up to 4 persons owning the majority of rights, equity, or interest in the business.

The target relative standard error for the total number of minority- and women-owned businesses will be less than 10 percent.

##### 2. Procedures for Collecting Information

The samples of individual proprietorships, partnerships, and corporations will be selected as described in Section B.1 above. The questionnaire will be mailed from our processing headquarters in Jeffersonville, Indiana. Questionnaires will be mailed out in two phases. Approximately 1.2 million questionnaires for partnerships and corporations, which were in business in 2006, will be mailed out in the first phase scheduled to begin May 2008, with three follow-ups mailing at one-month intervals. Closeout of this phase of the mailout operations is scheduled for September 2008. The second phase mailout of approximately 1.2 million questionnaires to sole proprietorships and new partnerships and corporations operating in 2007 is scheduled to begin in May 2009, with two follow-ups at one-month

intervals. Closeout of mailout operations is scheduled for September 2009. Upon closeout of the survey, the response data will be edited and reviewed.

### 3. Methods to Maximize Response

This information collection will maximize response through the following means:

- mailing materials that emphasize the mandatory and confidential nature of census reports, as provided by Title 13, USC;
- designing effective census questionnaires and instructions that simplify reporting and minimize response burden;
- offering a toll-free telephone number for companies that have questions or need assistance in completing the report forms;
- providing the opportunity to complete the form online via a secure Census Bureau Web site;
- conducting systematic form reminders to nonrespondents;
- using automated telephone follow-ups to remind a sample of nonrespondents to submit their forms.

### 4. Tests of Procedures or Methods

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

The survey form has been successfully tested through cognitive interviews.

### 5. Contacts for Statistical Aspects and Data Collection

Lee R. Wentela, Chief, Economic Census Branch, Company Statistics Division, U.S. Census Bureau, Washington, DC 20233 (telephone 301-763-7270), is responsible for directing the development of the 2007 SBO survey design, content, and processing. Mark S. Sands, Chief, Statistical Research and Methods Branch (telephone 301-763-6589), Company Statistics Division, U.S. Census Bureau, Washington, DC 20233, is responsible for directing the sampling estimation, and nonresponse adjustment procedures.

## Attachments

- A. Initial Mailout/Follow-up Letters and Questions and Answers Insert
- B. Report Form

