

1 SUPPORTING STATEMENT – PART A

Current Industrial Reports Mandatory and Voluntary Surveys--Wave II

Justification

1. Necessity of the Information Collection

The U.S. Census Bureau is requesting a revision of the mandatory and voluntary surveys in Wave II of the Current Industrial Reports (CIR) program. The Census Bureau conducts a series of monthly, quarterly, and annual surveys as part of the CIR program. The CIR program focuses primarily on the quantity and value of shipments data of particular products and occasionally with data on production and inventories; unfilled orders, receipts, stocks, and consumption; and comparative data on domestic production, exports, and imports of the products they cover.

Due to the large number of surveys in the CIR program, for clearance purposes, the CIR surveys are divided into “waves.” One wave is resubmitted for clearance each year. This year the Census Bureau is submitting mandatory and voluntary surveys of Wave II for clearance.

During the economic census years, years ending in 2 and 7 all voluntary annual surveys are made mandatory. For the 2007 Economic Census the following surveys are converting to mandatory status: MA311D – “Confectionery”, MA333N – “Fluid Power Products for Motion Control (Including Aerospace), and MA336G – “Aerospace Industry”. We moved MA334M, “Consumer Electronics” and MA334Q, “Semiconductors, Electronic Components and Semiconductor Manufacturing Equipment” to another wave. Also, we are discontinuing MQ335C – “Fluorescent Lamp Ballasts” because manufacturing activities are located outside the United States.

The Census Bureau conducts these surveys under the authority of Title 13, United States Code (U.S.C.), Sections 61, 81, 131, 182, 224, and 225.

2. Needs and Uses

Primary users of these data are government and regulatory agencies, business firms, trade associations, and private research and consulting organizations. The Federal Reserve Board (FRB) uses CIR data in its monthly index of industrial production as well as its annual revision to the index. The Bureau of Economic Analysis (BEA) and the Bureau of Labor Statistics (BLS) use the CIR data in the estimate of components of gross domestic product (GDP) and the estimate of output for productivity analysis, respectively. Many government agencies, such as the International Trade Commission, Department of Agriculture, Food and Drug Administration, Department of Energy, Federal Aviation Administration, BEA, and International Trade Administration use the data for industrial analysis, projections, and monitoring import penetration. Private

business firms and organizations use the data for trend projections, market analysis, product planning, and other economic and business-oriented analysis. Since the CIR program is the sole, consistent source of information regarding specific manufactured products in the intercensal years, the absence thereof would severely hinder the Federal Government's ability to measure and monitor important segments of the domestic economy, as well as the effect of import penetration.

Information quality is an integral part of the pre-dissemination review of information disseminated by the Census Bureau (fully described in the Census Bureau's Information Quality Guidelines). Information quality is also integral to 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

To reduce response burden, we continue to investigate the feasibility of automated reporting. Respondents were given the option of reporting their 2002 Economic Census and Annual Survey Manufactures data via the Internet. Electronic reporting has not been embraced by the manufacturing sector, with less than 3% of manufacturers filing electronically in the 2002 Economic Census. The CIR forms facilitate reporting by preprinting prior period product data for each company. Implementing this functionality in an electronic instrument would be complicated and extremely expensive and is not warranted given the manufacturers' unwillingness to file electronically. We continue to accept report forms or company data in a format compatible with our report forms submitted by facsimile equipment.

The Census Bureau has tested "Census Taker", an electronic reporting tool, on one of the smaller Current Industrial Reports (CIR) surveys. The results were favorable; however, there is some uncertainty as to how well this tool will handle a larger survey. Therefore, Census Taker will be implemented on the upcoming Manufacturing Energy Consumption Survey (MECS). The MECS is a multi-page survey with approximately 15,000 respondents. Once the survey is completed and the results from Census Taker are evaluated, the Census Bureau will determine the appropriateness of implementing this tool on other CIR surveys.

4. Efforts to Identify Duplication

The Census Bureau makes a concerted effort on a continual basis to identify possible duplications, both within the agency and outside the agency, and to eliminate them whenever possible. As part of our clearance program, we make every effort to identify, through trade associations, private companies, and other government agencies, potential duplication of data, or data that we can collect more efficiently in another survey. We also eliminate or revise surveys as appropriate to avoid duplication.

5. Minimizing Burden

Our questionnaires are designed to reflect the way that most companies maintain their records and are compatible with record keeping practices of respondents. Trade associations are contacted to get input during the form design process to ensure that the data being requested are reportable for the industry. Firms with more than one location may choose to report on a consolidated basis rather than location-by-location.

6. Consequences of Less Frequent Collection

The manufacturing sector remains one of the key economic sectors, and current information regarding the products measured in the CIR is of vital importance to policymakers in assessing the economic health of the Nation. The frequency of collection is determined by the cyclical nature of production, the need for frequent trade monitoring, or the use in the government economic indicators series. Less frequent collection of the data would adversely affect policymakers' abilities to identify and react to changes in the economy. However, internal and external funding constraints can supersede the need for more current information, requiring the conversion of individual CIR surveys to a less frequent collection schedule.

7. Special Circumstances

All OMB guidelines are observed, except in the monthly and quarterly surveys. In both the monthly and quarterly surveys, the timing requirement of response is less than 30 days. If the results of the surveys were delayed to allow 30 days for response, the value of the information would be impaired seriously. Some surveys are conducted more frequently than quarterly because of the cyclical nature of production, the need for frequent trade monitoring, or the use in the government economic indicators series. Industry sources indicate that such production records normally are maintained and available within the requested time frame.

8. Consultations Outside the Agency

Letters and e-mails were sent to data users, government agencies, and trade associations in March 2007 to review the forms and instruction manuals on our web site. Attachment A is a list of those persons consulted. A summary of their comments and our responses is listed in Attachment B. Respondents' names are not listed due to the confidentiality requirements of Title 13, U.S.C.

On February 28, 2007, we published a notice in the Federal Register (72FR pages 8965-6) inviting the general public and other Federal agencies to comment on the report forms and/or the program to which it relates. We received one comment which the Census Bureau deemed irrelevant to the collection.

9. Paying Respondents

The Census Bureau does not pay respondents or provide gifts in return for complying with the surveys.

10. Assurance of Confidentiality

The report forms for this information collection provide respondents with the following assurance of confidentiality:

For mandatory surveys, **YOUR RESPONSE IS REQUIRED BY LAW.** Title 13, U.S.C., requires businesses and other organizations that receive this questionnaire to answer the questions and return the report to the Census Bureau.

For mandatory and voluntary surveys, **YOUR CENSUS REPORT IS CONFIDENTIAL** (Title 13, U.S.C.). 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.

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

In a letter signed by the Director of the Census Bureau, we inform respondents of the surveys' mandatory or voluntary status. See Attachment C for copies of the latest letters. For copies of the latest instruction manuals and report forms in this wave go to this web address: <http://www.census.gov/mcd/clearance>. A list of surveys for this wave can be found in Attachment D-1.

11. Justification for Sensitive Questions

There are no sensitive questions in the CIR program.

12. Estimate of Hour Burden

Respondent burden varies by survey in the CIR program. Attachment D-2 shows the estimated number of respondents, burden per response, and total burden for each survey. Attachment E shows the burden hour adjustment for this clearance. Through discussions with many representatives of both large and small companies, we can estimate the average time a respondent needs to review the instructions and complete the report. See Attachment F for general instructions containing burden hour estimate. The format for collecting data on the surveys provides no apparent difficulty in reporting for the respondents.

Overall respondent burden is estimated as follows:

| <u>Total Number of Respondents</u> | <u>Total Number of Responses</u> | <u>Avg. Completion Time (Hours)</u> | <u>Total Annual Burden Hours</u> |
|------------------------------------|----------------------------------|-------------------------------------|----------------------------------|
|------------------------------------|----------------------------------|-------------------------------------|----------------------------------|

| | | | |
|-------|--------|-------|--------|
| 8,152 | 18,919 | 1.332 | 10,859 |
|-------|--------|-------|--------|

The estimated annual cost to the respondents is \$200,131. This is based on the total burden hours multiplied by a mean hourly wage of \$18.43 for a level five accountant.

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 surveys in this clearance group are part of an overall CIR program that includes about 45 surveys. Since this is a totally integrated processing system where components (instructions and forms preparation and printing, forms imprinting, mail-out, check-in, keying, editing, review, and publication) are grouped for the program, actual costs for an individual survey are difficult to determine. We estimate the cost of the entire CIR program for fiscal year 2008 to be \$4,080,902 of which \$3,985,902 is paid from Census Bureau appropriations, and the remaining \$95,000 is paid by other government agencies and private organizations.

15. Reason for Change in Burden

The change in burden hours for this clearance package is as follows:

**BURDEN HOURS CURRENTLY IN OMB
INVENTORY FOR 0607-0395.....14,611**

Discontinued MQ335C because manufacturing activities are located
outside the United States-15 Program Change (PC)

Moved MA334M into another wave-89 PC

Moved MA334Q into another wave-3.493 PC

Moved MA311D from 0607-0392 because mandatory status
required for 2007 Economic Census.....+434 PC

Moved MA333N from 0607-0392 because mandatory status

required for 2007 Economic Census.....+458 PC

Moved MA336G from 0607-0476 because mandatory status
required for 2007 Economic Census.....+102 PC

Total Program Changes.....-2,599 PC

Adjust hours for all surveys to reflect
change in size of universe or sampling
frames. There are no changes in sampling
methodologies. Attachment E shows
adjustments by survey.....-932 ADJ

Total Adjustment.....-3,752 ADJ
(Includes an adjustment of -221 hours for an error in calculating burden hours).

REVISED BURDEN HOURS IN 0607-0395.....10,859

16. Project Schedule

The Census Bureau mails report forms at the end of the statistical period. Respondents are asked to return monthly report forms within 10 days, quarterly report forms within 15 days, and annual report forms within 30 days. Establishments that do not respond receive follow-up letters and/or telephone calls in succeeding months. Survey analysts edit the results for consistency; then tabulate, review, and publish the data.

Timetable for the CIR Program

| <u>Activity</u> | <u>Estimated Dates</u> |
|------------------------|------------------------|
| <u>Initial Mailing</u> | |
| Annual..... | 12/31/2007 |
| Monthly..... | 01/31/2008 |
| Quarterly..... | 03/31/2008 |

| | |
|-------------------------------------|-----------------------------------|
| Follow-up for Nonresponse | Days Following Initial Mailing |
| Annual | |
| First..... | 30 Days |
| Final..... | 60 Days |
| Monthly (Telephone)..... | 10 Days |
| Quarterly (Telephone)..... | 10 Days |
| <u>Review, tabulate and publish</u> | <u>End of Reporting Period</u> |
| Annual..... | 5 to 10 months |
| Monthly..... | 30 to 60 days |
| Quarterly..... | 60 to 90 days |

To improve the timeliness, relevance, and usefulness of all data products, the Census Bureau releases the CIR data electronically on the Internet.

17. Request to Not Display the Expiration Date

The assigned expiration date and OMB number will be displayed on all report forms. It will be computer imprinted.

18. Exceptions to the Certification

There are no exceptions.

North American Industry Classification System (NAICS) Codes Affected

The CIR program data are collected from establishments in many NAICS subsectors ranging from 311 through 337, except subsectors 322, 323, 324, 326, and 337. Data are collected by item codes and published under the NAICS structure. Listed below are the NAICS subsectors for the manufacturing sector:

| <u>NAICS</u> | <u>Description</u> |
|--------------|--|
| 31-33 | 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 Product Manufacturing |

| | |
|-----|--|
| 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 |