

Supporting Statement Producer Price Index Survey

A. Justification

1. Necessity of the Collection

Known until 1978 as the Wholesale Price Index (WPI), the program was renamed Producer Price Index (PPI) in 1978 to emphasize that the industrial price program is based on prices received by producers, rather than prices paid by the distribution chain or end users. This change in nomenclature was accompanied by a shift in analytical focus from the "All Commodities Price Index" to the "Finished Goods Price Index." These changes were a prelude to the most comprehensive overhaul in the program's history; enhancements, commonly referred to as the Producer Price Index revision, designed to implement far-reaching technical improvements to both sampling and data-collection methodology.

The ongoing PPI survey is necessary in order to maintain publishability of the Producer Price Index family of indexes, and to avoid major deficiencies that existed under previous methodologies. These deficiencies impeded public and private efforts to analyze and control inflation. The legal authority to collect information necessary for the publication of the PPI is contained in Title 29, Section 2 of The Code of the Laws of the United States of America. (See attachment.)

- a. Pre-1978 WPI coverage was incomplete. Published WPIs for mining, manufacturing, agriculture, and forestry represented less than half of the value of output for these economic sectors. In addition, there existed a nearly complete absence of coverage of the non-goods producing sectors of the economy.
- b. The "All Commodities" focus of the WPI aggregation structure led to multiple-counting of price change; inappropriately amplifying price movements.
- c. Prior to the revision of 1978, prices collected were heterogeneous; including spot, contract, order, delivered, list, nominal, gross, and prices quoted from trade journals. Since the goal of the PPI is to track the change in net revenue accruing to producers for a fixed quantity of output, the preferred type of price is a net transaction price. Current sampling and data-collection procedures in the PPI are far better suited for obtaining this type of data.
- d. Sampling procedures under the WPI regime were judgmental. The survey of producers providing data to the WPI, in some cases, may not have been the most representative sample available. Also, due to the lack of statistically based sampling techniques, there could be no measures of estimate reliability. Bias, if present, was of unknown magnitude.

Several Congressional, Executive Branch, and other legal applications and reviews of the Producer Price Index Program helped lead to the PPI revision. Survey improvements were required in part, to:

- a. Implement the recommendations of reports of the Joint Economic Committee of Congress. These reports included: ***Government Price Statistics, Report of the Subcommittee on Economic Statistics***, 87th Congress, 1st Session, July 1961; and, ***Inflation and Price Indexes, Report of the Subcommittee on Economic Statistics***, 89th Congress, 2nd Session, July 1966,
- b. Improve price escalators commonly used by the General Services Administration and the Department of Defense, and provide additional indexes for contract escalation,
- c. Provide the Bureau of Economic Analysis price deflators for those sectors of National Accounts for which such data had been previously inadequate, and
- d. Achieve the necessary improvements in price data needed for the annual ***Economic Report of the President of the United States***.

With the introduction of the revised PPI survey, there have been substantial benefits to all who use price data. The quality of the data collected is now commensurate with the importance that PPIs have in economic policy-making. Measures of price change are: (1) more accurate, (2) more complete in their coverage of the economy, (3) constructed in such a manner as to permit improved evaluation of price change at various stages of the economy, and (4) provide better deflators of current-dollar series by greatly reducing contamination of price-change measures. An industry-based system of price measures consisting of the following major elements now exists:

- a. For the mining and manufacturing sectors of the economy, output price indexes for nearly all 6-digit industries and higher level aggregates defined by the North American Industry Classification System (NAICS).
- b. Detailed product-line and product-category output price indexes covering both primary and secondary production within each 6-digit industry.
- c. Expanding coverage into the non-goods producing (i.e., services) sector.

BLS divides price measurement into three areas: (1) consumer prices, which measure the change in prices paid by the typical consumer, (2) international prices, which measure the change in prices paid by importers and change in prices received by exporters, and, (3) producer prices, which measure the change in prices received by domestic producers for the products and services they make and sell. The current framework for PPI sampling and data collection, effective with the release of indexes for January 2004, is the classification structure defined by the North American Industry Classification System, augmented by Bureau of Census' Industry and Product Classification Manual. From 1978 through 2003, the industry-based PPI framework was linked to the Standard Industrial Classification. At present, the PPI publishes industry-based data encompassing nearly the entire output of the mining and manufacturing sectors of the economy. Furthermore, PPI currently publishes industry-based indexes for about 145 non-goods producing industries.

2. Use of Information

PPI data provide a description of the magnitude and composition of price change within the economy, and serve a wide range of governmental needs. This family of indexes are closely followed, monthly statistics which are viewed as sensitive indicators of the economic environment. Price data are vital in helping both the President and Congress set fiscal-spending targets. Producer prices are monitored by the Federal Reserve Board Open Market Committee to help decide monetary policy. Federal policy-makers at the Department of Treasury and the Council of Economic Advisors utilize these statistics to help form and evaluate monetary and fiscal measures and to help interpret the general business environment. Furthermore, dollar-denominated measures of economic performance, such as Gross Domestic Product, require accurate price data in order to convert nominal to constant-dollar values. Inflation-free national income accounting figures are vital to fiscal and monetary policy-makers when setting objectives and targets. In addition, it is common to find one or more PPIs, alone or in combination with other measures, used to escalate the delivered price of goods for government purchases. It is conservatively estimated that hundreds-of-billions of dollars worth of contracts and purchase agreements employ PPIs as part of price-adjustment clauses. Failure to calculate data would tend to extend the time frame required for accurate recognition of and appropriate adaptation to economic events.

In addition to governmental uses, PPI data are regularly put to use by the private sector. Private industry uses PPI data for contract escalation. For one particular method of tax-related Last-In-First-Out (LIFO) inventory accounting, the Internal Revenue Service suggests that firms use PPI data for making calculations. Private businesses make extensive use of industrial-price data for planning and operation. Price trends are used to assess the condition of markets. Firms commonly compare the prices they pay for material inputs as well as prices they receive for products that they make and sell with changes in similar PPIs.

Economic researchers and forecasters also put the PPI to regular use. PPIs are widely used to probe and measure the interaction of market forces. Some examples of research topics that require extensive price data include: the identification of varying price elasticities and the degree of cost pass-through in the economy, the identification of potential lead and lag structures among price changes, and the identification of prices which exert major impacts throughout market structures. In the end, both policy and business planning are affected by the completeness of the description of price trends.

For the mining and manufacturing sectors, price indexes are tabulated and published for within-industry product lines, 6-digit NAICS industry classifications, and higher level aggregate indexes. PPI coverage of the non-goods producing sectors has expanded to include 145 NAICS industries. PPI also publishes commodity-based indexes encompassing agriculture, forestry, mining, and manufacturing; stage-of-processing indexes; as well as other special-use indexes. The program uses the one set micro-data it collects to generate all its outputs. The format and content of these

data are shown in the program's monthly publication titled, *PPI Detailed Report* which may be found at http://www.bls.gov/ppi/ppi_dr.htm

3. **Technological Collection Techniques**

The PPI is developing electronic data-collection procedures that will further contribute to reduced respondent burden and increased efficiency. For example, the program conducted a project where a subset of respondents received monthly price-quotation forms and provided responses through fax technology. The results suggested that this method of distributing and receiving questionnaires would be successful. Based on these results, PPI began offering faxing as an option to more respondents in the late 1990s. Today, fax respondents account for approximately 50 percent of all PPI respondents. The program currently sends out a total of roughly 105,000 forms per month.

Similarly, a BLS-wide effort tested the feasibility of permitting respondents to provide data through an Internet web-browser connection and delivered positive results. The new Internet Data Collection Facility (IDCF) started operating in 2004 and resulted in reduced respondent burden and increased efficiency. The IDCF successfully addressed a large number of security issues; the systems and its procedures protect both the confidentiality of individual respondent micro-data since the vast majority of data collected by BLS is confidential respondent information. As well, the system protects the integrity of the BLS network as a whole.

PPI conducted a successful pilot study investigating data collection using the IDCF. From this study, it was determined that in the future the PPI would like to collect the majority of price data using a web-based application. However, the program determined that integrating the web collection interface into the PPI's computer system currently in use was not feasible. In 2010, the PPI will have a new computer system. This system will have built-in functionality that will, in the future, allow it to be expanded to include web-based price collection.

Another collection techniques that leverages new technology is e-mail. Data transmission by e-mail presents at least two types of security risks: the data could be intercepted and/or altered by unauthorized persons; and the data are subject to inadvertent disclosure by the use of incorrect group names and accidental forwarding. Complete elimination of e-mail for data collection purposes likely would decrease response and is not a feasible option. The BLS is pursuing technological solutions to increase the security of e-mail transmission. In the interim, however, short-term restrictions in e-mail use are needed to reduce the risks of disclosing confidential data. Effective November 16, 2001, BLS authorized the use of e-mail for collection of confidential data through a pilot test conducted by the BLS National Compensation Survey. In addition, BLS-wide policies regarding: (1) communication of confidential respondent information within BLS; (2) BLS contacts with government agencies participating in BLS statistical surveys; and (3) BLS contacts with respondents also were updated. These revised policies permit limited use of e-mail in

communications pertaining to confidential respondent information outside the BLS pilot study being conducted by National Compensation Survey. E-mail communication between BLS and respondents containing confidential data can now occur if the following conditions are met: (1) It is necessary, as a last resort, to obtain a usable response, and the transmission contains the fewest data elements necessary. (2) Purely logistical information, although it could tend to disclose an individual respondent's identification, may be exchanged with individual respondents (or potential respondents) using regular Internet e-mail if doing so promotes the efficiency of survey collection and is acceptable to the respondent. (3) E-mail must only be used as a data collection mechanism if it is necessary to obtain cooperation from the respondent. (4) No group names are to be used when addressing an e-mail message containing confidential data. Whenever confidential communications occur, the BLS e-mail must include the "BLS Statement to Respondent in the Use of Electronic Data transmission," which states the inherent risks to information confidentiality.

4. Secondary Sources

Prior to collecting a survey, research papers are prepared. This documentation includes background information, and analysis of industry price data available from other sources. These secondary-source price data are evaluated for potential use in the PPI. The PPI uses data from alternative sources whenever that source is deemed the best obtainable data, and its use is methodologically acceptable. For example, the PPI specifically uses data from the Department of Agriculture for calculating many of the commodity-based farm products indexes. In very limited cases, trade-journal or published prices also are used.

However, to ensure the statistical accuracy of published PPI data, the definition of a valid price must be narrowly set. PPI methodology defines a quality price quotation as the net revenue accruing to a specified producing establishment, from a specified type of buyer, for a specified product, shipped under specified transaction terms, on a specified day of the month. In most cases, data from alternative sources cannot be used in lieu of data collected by the PPI survey. Values that seem similar at first glance are actually the same data whose deficiencies helped prompt the original survey revision in the 1970s. Published list prices, trade-journal prices, and Census unit values are generally poor substitutes for data directly collected.

5. Impact on Small Businesses

When selecting a sample of respondents for initiation into the PPI, every producing establishment classified in that industrial classification must be given a chance of selection based on a measure of size, usually employment. An establishment's probability of being selected is proportional to its importance within the industry as a whole. Therefore, entities of all employment sizes, including those with fewer than 100 employees, are included in the PPI survey. Comprehensive coverage is necessary to insure that the price-data collected are a representative sample of the universe of pricing activity within the industry. Within many industrial classifications, small companies collectively carry substantial weight in the price-forming universe, and

evidence suggests that the pricing behavior of small companies is often different from that of large companies. Therefore, the smaller units must be directly surveyed and cannot be excluded from the PPI. However, small businesses are less likely to be selected than large businesses. Additionally, PPI generally requests fewer price quotations from smaller establishments than from larger ones. It is the PPI's opinion that the burden imposed on businesses in general, and small business establishments in particular, is very near the practical minimum consistent with production of a statistically meaningful index.

6. Frequency of Collection

The Producer Price Index is collected monthly, rather than quarterly, as stated in the guidelines of 5 CFR 1320.5. Monthly published PPI data are widely utilized. Federal policy-makers, the Department of Treasury, the Council of Economic Advisors, and the Federal Reserve Board use the PPI to help form and evaluate monetary and fiscal policy, and help evaluate the general business environment. In addition, monthly index numbers are used in the escalation of contracts and purchase agreements held by government, the private sector, and important clientele of federal agencies. Failure to provide current, monthly statistics would tend to extend the time required for recognition of and adaptation to economic events.

7. Special Circumstances

A 30-day response period, as suggested in 5 CFR 1320.5, would preclude PPI's ability to produce timely and accurate monthly data. The PPI is a monthly economic indicator. To permit the calculation of timely and accurate monthly index numbers, respondents are asked to complete questionnaires on or about the same time each month, soon after receiving forms from PPI. By reporting price data on or about the date for which prices are requested, PPI believes that response rates are improved and that the information collected is more accurate. Respondents receive the PPI's monthly price update forms (BLS-473P) on or about the 14th of the month. Since the PPI typically begins the index-number-generating process by the end of the same month, PPI requests that respondents complete and return these forms within 5 business days. This provides a small window of time for PPI to process the forms into its calculation system in time for monthly processing.

8. Federal Register Notice and Consultation

No comments were received as a result of the Federal Register notice published in Volume 73, No. 15 on January 23, 2008.

When designing the PPI survey, inputs from a wide range of organizations and individuals were included. A body of recommendations were compiled from studies such as the Stigler Report (sponsored by the Joint Economic Committee of Congress), and contacts with the Interagency Committee on Real Output, the Price Statistics Subcommittee of the Interagency Task Force, the Federal Statistics Users Conference, BLS Business and Labor Advisory Councils, and various industry associations. The recommendations of Dr. Albert Reese, former Director of the Council on Wage and Price Stability, were especially useful.

In preparation for the revision of the industrial price program, BLS sponsored a conference of leading experts in the field of price measurement. Attendees included: Professors Irving Kravis, William Nordhaus, Richard Ruggles, Karl Shell, John Shoven, and Dr. Joel Popkin. Then-Commissioner Julius Shiskin and other senior BLS staff also participated in the conference.

The National Bureau of Economic Research (NBER) sponsored a major empirical study of the PPI Program, conducted by Professor Ruggles. The resulting recommendations were published and taken under advisement by the BLS. In addition, BLS consulted with Professor Ruggles and his staff regularly during the development of the PPI survey.

A separate BLS industrial-price data user survey was approved by OMB and completed in 1977 (*The BLS Industrial Price Program: A Survey of Users*, U.S. Department of Labor, Bureau of Labor Statistics, Report 509, 1977). The results of that survey were published and used in combination with pilot-survey experiences to develop the current full-scale PPI survey.

Today, contact with trade groups, academics, and individual business-people occurs on a continual basis. This is especially important because the PPI survey involves a continuing rotation of industries and respondents. Information from knowledgeable parties helps contribute to the initiation and monthly pricing processes that result in accurate and useful data, while reducing respondent burden to the maximum extent possible. Cooperation in the PPI survey is voluntary. This requires that PPI take into account user needs in survey design, data collection, monthly data updates, and index presentation.

9. Payment to Respondents

No payments or gifts are made to respondents, and all cooperation with the PPI is done on a purely voluntary basis. Documentation and related information providing examples of the PPI's wide uses may be used to communicate the importance of respondent participation. Since participation in the survey is voluntary, not every entity selected for inclusion cooperates. On average, roughly 20% of establishments refuse to cooperate when approached.

10. Confidentiality

The Confidential Information Protection and Statistical Efficiency Act of 2002 (TITLE V of Public Law 107-347, also referred to as CIPSEA) was enacted and signed into law in December of 2002. (See attachment.) This legislation provides consistent government policy protecting the privacy and confidentiality interests of persons who provide information for Federal statistical programs and serves both the interests of the public and the needs of the government. CIPSEA safeguards the confidentiality of individually identifiable information acquired under a pledge of confidentiality for exclusively statistical purposes by controlling access to, and uses made of, such information. CIPSEA includes fines and penalties for any knowing

and willful disclosure of individually identifiable information by an officer, employee, or agent of the BLS.

Based on this law, the BLS provides respondents with the following confidentiality pledge/informed consent statement:

The Bureau of Labor Statistics, its employees, agents, and partner statistical agencies, will use the information you provide for statistical purposes only and will hold the information in confidence to the full extent permitted by law. In accordance with the Confidential Information Protection and Statistical Efficiency Act of 2002 (Title 5 of Public Law 107-347) and other applicable Federal laws, your responses will not be disclosed in identifiable form without your informed consent.

The PPI recognizes that data received are proprietary company information. Disclosure could be damaging to companies and their competitive position. Only information required for the compilation of PPIs are collected by the Producer Price Index Program. Information received is accessible only to authorized persons and is used only for statistical purposes. Data are published only in an aggregated form that does not reveal the identity of individual respondents. Respondents are informed at initiation and reminded each time they receive price-quotation questionnaires that participation is voluntary.

11. Sensitive Questions

The PPI does not collect personal information relating to sexual behavior and attitudes, religious beliefs, or any other personal matters of this nature that are commonly deemed private. The PPI survey is limited to collection of information necessary for the calculation of the PPI family of indexes.

12. Burden

Average time-burden per respondent is estimated separately for initiation into the PPI survey and for monthly price-quotation updates. For initiation -- a one-time event that requires a personal visit from a BLS data collector -- field-collection experience suggests that the time required to gain cooperation and obtain data necessary to bring the respondent into the PPI database is about two hours. Respondent burden varies depending on the size of the company being initiated, the number and variety of products manufactured or services provided, and how records are kept at the firm.

Each respondent initiation into the PPI is a unique, unified process, and the amount of time required to complete each aspect of the initiation varies. For some respondent initiations, verifying producer location(s), employment, revenue, and production (forms 1810A, A1, and B) may be the most time consuming aspect of the process, while collecting price quotation information (forms 1810C, C1, and E) might prove straightforward. At other times, the opposite situation might occur. During an initiation interview, the BLS Field Economist is the person who "fills out" forms 1810A, A1, B, C, C1, and E. These paper documents guide the BLS representative

through the interview process. Post-interview, the BLS Field Economist uses a portable computer to enter the collected data and to transmit it to the BLS national office. The BLS Office of Field Operations (BLS OFO) has observed that for many years the average time spent initiating respondents has remained roughly two hours, and BLS OFO continues to allocate employee resources based on that estimate. However, the time required to complete each aspect of the initiation varies greatly and precludes the ability to assign portions of this two-hour process to its individual components.

After initiation into the PPI survey, forms are mailed or faxed to respondents on a regular basis, usually monthly. Each form requests information pertaining to the transactions identified for tracking during the BLS data collector's personal visit. Respondents are asked to update any transaction descriptors that have changed since the previous report was sent and returned. This includes any changes in price, transaction terms, or product specifications. Burden varies from as little as 5 minutes or less for routine updates of prices for unaltered or slightly altered price quotations, to 30 minutes for large-scale changes. Based on BLS experience, an estimate of 18 minutes per questionnaire is used as an overall average.

Form	Total Respondents	Frequency	Total Responses (per year)	Average Time per Response	Estimated Total Burden
BLS 1810A, A1, B, C, C1, and E	6,400	Once	6,400	120 minutes	12,800 hours
BLS 473P	26,250	Monthly	1,260,000	18 minutes	378,000 hours
TOTALS	32,650		1,266,400		390,800 hours

The estimated annual burden for each of the next three years is as follows:

- a. Number of respondents: About 32,650. Roughly 6,400 establishments are initiated into the PPI annually. For monthly repricing, forms are mailed to about 26,250 respondents.
- b. Total annual responses: PPI attempts to initiate 6,400 establishments into the survey on an annual basis. (Three sample segments are initiated per year, with roughly 2,098 establishments allocated to each sample segment.) PPI sends, on a monthly basis, about 105,000 price update (repricing) forms to roughly 26,250 cooperating establishments.

Estimated number of initiated sample units (per year) and repriced quotes (per month):

	<u>Initiation</u> ¹	<u>Repricing</u> ²
2008	6,400	105,000
2009	6,400	105,000
2010	6,400	105,000

<u>Initiation</u>	<u>Repricing</u>
1	12/yr.

Total annual responses:

	<u>Initiation</u>	<u>Repricing</u>	<u>TOTAL</u>
2008	6,400	1,260,000	1,266,400
2009	6,400	1,260,000	1,266,400
2010	6,400	1,260,000	1,266,400

c. Total annual hours requested:

Estimated average number of hours per response:

<u>Initiation</u>	<u>Repricing</u>
120 minutes	18 min. (average)

Estimated total hours of annual burden:

	<u>Initiation</u>	<u>Repricing</u>	<u>TOTAL</u>
2008	12,800	378,000	390,800
2009	12,800	378,000	390,800
2010	12,800	378,000	390,800

Total time-related cost for respondent burden in fiscal-year 2008 is estimated at roughly \$9.0 million. This figure is the product of total hours of annual burden relating to this collection (390,800 hours) and average white-collar hourly compensation, published by the National Compensation Survey (NCS) of BLS, moved forward from June 2005 to December 2006 using data from the Employment Cost Index of the BLS. The NCS value used, \$23.06 per hour, was derived by taking

¹ The initiation estimates are collectively for forms BLS 1810A, A1, B, C, C1, and E.

² The monthly repricing estimates are for form BLS 473P.

the most recently published NCS figure for *Area: All United States; Occupation: White Collar Occupations; Level: Overall*, reported as \$22.96 in June 2005, and moving that value forward to the latest available data December 2006 using BLS data from the Employment Cost Index for *Total Compensation, White Collar Occupations, Private Industry*, (seasonally adjusted series identifier CIS2010000W000001).

By revising the methodology used in sampling establishments and individual price quotations, PPI has been able to expand coverage into the non-goods producing sector while increasing overall respondent burden to the minimum degree necessary. (See "Change in PPI Publication Structures for Resampled Industries Introduced in January 1997," ***PPI Detailed Report***, January 1997.) This methodological change involves transferring a portion of the mining and manufacturing data-collection allotment to the services producing sectors. Under this procedure, the PPI survey closely monitors the number of sample units actually required to maintain index publishability over time. This avoids waste due to oversampling, and also helps to reduce respondent burden for entities within the mining and manufacturing sectors. In addition, procedural revisions allow the program to review its publication objectives judiciously. Earlier in the PPI survey -- throughout the late seventies, eighties, and early nineties -- the PPI was intended to provide expansive detail for data users. This approach often required initiating more sample units within a particular industry or initiating more price quotations within a sampled establishment in order to maintain publishability for more lightly weighted indexes. Under the revised methodology, which includes more modest publication objectives, PPI attempts to maintain a concordance with Bureau of Census product coding to the product- and service-line level of detail. Beyond that level of detail, however, the PPI plans only to publish those indexes that generate significant industry revenue or are of major economic importance to data users. As a result, PPI is able to meet its coverage mandate while conserving resources and minimizing any increase in overall respondent burden. Overall respondent burden, however, is expanding beyond the sample-allocation transfer from the goods producing to the non-goods producing sectors.

13. **Cost to Respondents**

There are no capital start-up costs, nor are there any maintenance or operations-related costs tied to participation in the PPI.

14. **Cost to the Government**

This request is for continuation of the Producer Price Index survey covering a sample of establishments primarily engaged in domestic mining, manufacturing, and non-goods producing industries. Annual costs of about \$41,035,000 are allocated to: processing the ongoing sample, introduction of replacement samples (roughly one-seventh of the total sample is replaced each year), replenishment and rotation of respondents, maintaining the product series, calculating the indexes, analysis of each industry, and the introduction of never-before initiated non-goods producing industries.

15. Changes

In this 2008 submittal, the total number of respondents decreases from 35,388 to 32,650. For this 2,738 decrease, 488 respondents are removed at initiation, resulting in a 976-hour decrease in overall respondent burden. Total hours requested decreases from 391,776 hours to 390,800 hours.

The slight decrease in overall reporting burden, from 391,776 hours to 390,800 hours (976 hours or 0.25 percent), is not based on any major program revisions. The change reflects recent PPI program resource reallocations.

Historically, PPI tracked prices received by mining and manufacturing producers, and it did so using nonstatistical sampling methods. However, starting in the late 1970s, and through the 1980s, the PPI received funding increases that allowed it to convert to more comprehensive, probability-based sampling procedures. After the mining and manufacturing sectors were converted in the mid 1980s, the PPI was directed to use this process improvement to expand its coverage into the non-goods producing sectors (for example: transportation, warehousing, business services, health care, and professional services). In the mid-1990s PPI accelerated this expansion, without a large overall increase in funding, by reallocating initiation and price-update burden away from mining and manufacturing industries and toward non-goods producing industries. (See "Change in PPI Publication Structures for Resampled Industries Introduced in January 1997," *PPI Detailed Report*, January 1997.) To date, PPI has followed this directive and introduced about 145 non-goods producing industries into the PPI, while continuing to track nearly the entire output of the mining and manufacturing sectors (roughly 496 mining and manufacturing industries are covered by the PPI).

With this new mix of goods-producing and non-goods-producing industries, PPI has experienced differing response rates. In general, the response rate for non-goods - producing industries has been lower than for goods-producing industries. (Nonresponse can occur due to refusal to cooperate or due to frame error, and both situations are more common with non-goods producers.) In the past the number of attempted annual initiations increased to compensate for a lower expected response rate. Recently, due to resource reallocations within the PPI program, the attempted annual initiations have decreased.

16. Publication

The PPI collection is not a one-time project with an end date. The purpose of the PPI collection is to accumulate data for the ongoing, monthly publication of the PPI family of indexes -- a major economic indicator produced by the BLS.

The three main PPI publication structures include: industry-based indexes, commodity-based indexes, and stage-of-processing indexes. Industry-based indexes

track changes in prices received by establishments classified as belonging to a particular NAICS. Commodity-based indexes track changes in prices classified according to similarity of end use or material composition, regardless of industry of origin. Commodity-based stage-of-processing indexes track changes in prices for commodities grouped according to overall level of fabrication (for example, Crude goods; Intermediate materials, supplies and components; and Finished goods). In addition, PPI publishes indexes for product durability groupings and special commodity groupings, as well as for material and supply inputs to construction industries. See the attached copy of the ***PPI Detailed Report*** for a full accounting of what PPI data is available. In addition, all PPI indexes can be accessed through the BLS website.

17. Display of Expiration Date

The PPI is requesting an exemption from the provision within 5 CFR 1320.5 that requires that a current expiration date be affixed on OMB cleared forms. The PPI forms in question are 473P, 1810A, A1, B, C, C1, and E. A printed expiration date would restrict PPI's ability to use these same forms in subsequent years. Without receiving a waiver of the printed expiration date requirement, the PPI will be required to discard otherwise-useable forms at the end of the three-year window, it will incur additional printing costs of thousands of dollars, and it will be required to expend additional monies and staff time toward preparing updated camera-ready forms.

18. Exceptions to Certification

There are no requested exceptions to the certification statement "Certification for Paperwork Reduction Act Submissions.