

**SUPPORTING STATEMENT - PART A**  
**U.S. Department of Commerce**  
**U.S. Census Bureau**  
**Manufacturers' Shipments, Inventories and Orders (M3) Supplement:**  
**Unfilled Orders Benchmark Survey**  
**(Form MA-3000)**  
**OMB Control No. 0607-0561**

**A. Justification**

**1. Necessity for Information Collection**

The Manufacturers' Shipments, Inventories, and Orders (M3) survey collects monthly data on shipments, inventories, new orders, and unfilled orders from manufacturing companies. The orders and shipments data are used widely and are valuable tools for analysts of business cycle conditions, including members of the Council of Economic Advisers, Bureau of Economic Analysis, Federal Reserve Board, Department of the Treasury, and the business community.

New orders serve as an indicator of future production commitments and the data are direct inputs into the leading economic indicator series. New orders, as reported in the monthly survey, are derived by adding shipments to the net change in the unfilled orders from the previous month. The ratio of unfilled orders to shipments is an important indicator of pressure on manufacturing capacity.

The monthly M3 estimates are based on a relatively small panel of domestic manufacturers and reflect primarily the month-to-month changes of large companies. There is a clear need for periodic benchmarking of the M3 estimates to reflect the entire manufacturing universe. The Annual Survey of Manufactures (ASM) provides annual benchmarks for the shipments and inventories, but there is no benchmark for unfilled orders. A benchmark survey for unfilled orders was last conducted for 1999.

The industries selected for this survey are those which the Census Bureau determined to maintain considerable unfilled orders. Due to the length of time since the last benchmark survey (8 years), an unfilled orders benchmark survey is necessary to ensure future accuracy of the new orders data and also to determine which NAICS industries continue to maintain unfilled orders.

The Census Bureau will conduct the benchmark survey on a mandatory basis under authority of Title 13, United States Code, Sections 131, 182, 193, and 224. Report forms will be mailed to approximately 6,000 companies requesting data for 47 of 89 NAICS defense and nondefense industry categories for the M3 survey. The proposed form, instructions, and Major Manufacturing Activities List are presented in Appendix A.

**2. Needs and Uses**

The Census Bureau will use the information provided by this survey to develop universe estimates of unfilled orders as of the end of 2006 and 2007, and then adjust the monthly M3 data on unfilled orders to these levels. The benchmarked unfilled orders levels will be used to derive estimates of new orders received by manufacturers. New orders are derived using the following formula:

$$\text{NEW ORDERS (current)} = \text{SHIPMENTS (current)} + \text{UNFILLED ORDERS (current)} - \text{UNFILLED ORDERS (prior)}$$

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

Use of electronic data collection is not practical at this time because this data collection is infrequent, the number of data items being requested are few, and the data are generally already available in existing company records and require little compilation time.

### **4. Efforts to Identify Duplication**

The Census Bureau makes a concentrated effort on a continual basis to identify possible duplications, both within the agency and outside the agency, and to eliminate them whenever possible. The M3 survey is the only monthly source of unfilled orders data that cover all U.S. manufacturing industries. There is no current source of data to provide a benchmark for the unfilled orders data in this survey.

### **5. Minimizing Burden**

This survey will not involve a large number of small businesses. The Census Bureau will ensure this by selecting companies with probability of selection proportional to size. Companies with fewer than 5 employees will be excluded from the survey. This sample design is explained further in section B.2.

If a company prefers to submit the data in its own format or computer output hard copy, the Census Bureau will accept the format.

### **6. Consequences of Less Frequent Collection**

The Census Bureau plans to conduct this survey every 5 years to provide unfilled orders benchmarks. For the years between benchmark surveys, the unfilled orders estimates will be adjusted based on the ASM shipments data and the relationship of unfilled orders to shipments reported in the monthly M3 survey. However, this annual adjustment is not an

acceptable substitute for the benchmark data, thereby necessitating a periodic benchmark survey.

**7. Special Circumstances**

There are no special circumstances.

**8. Consultations Outside the Agency**

On October 10, 2007 the Census Bureau published a notice in the Federal Register, Volume 72, No. 195, Page 57519 inviting the public to comment on the plans to submit this request. No comments were received during the 60-day comment period.

**9. Paying Respondents**

No payments or gifts are given to respondents to report on this survey.

**10. Assurance of Confidentiality**

The information collected on this survey will be mandatory under Title 13, Section 182 United States Code. Section 9 of the same code guarantees the confidentiality of the information collected on the survey. The Census Bureau informs respondents of this in a letter signed by the Chief of the Census Bureau's Manufacturing and Construction Division and on the form itself.

**11. Justification for Sensitive Questions**

There are no sensitive questions.

**12. Estimate of Hour Burden**

The estimate of respondent burden is 3,000 work hours. The survey will involve approximately 6,000 respondents with an average response time of one-half hour. For multi-divisional companies, the response time is expected to be approximately 1 hour per company. For single divisional companies, the response time is expected to be approximately 15 minutes per company. This estimated time of response is based on the previously conducted 1999 Unfilled Orders Benchmark Survey (Form MA-300).

The estimated cost to the respondents is \$78,780. This estimate is based on an average hourly wage of \$26.26 times the annual burden hours (3,000). The average hourly wage is that of a level one accountant in the manufacturing sector, according to the Occupational Employment and Wages, 2006 publication, published by The Bureau of Labor Statistics.

**13. Estimate of Cost Burden**

The Census Bureau does not expect respondents to incur any cost 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 Federal Government**

The total cost to the Federal Government is expected to be \$35,000, all funded by the Census Bureau.

**15. Reason for Change in Burden**

The increase in burden is attributable to the information collection being submitted as a reinstatement.

**16. Project Schedule**

The Census Bureau will mail the form in May 2008, requesting that the respondents return the form within 30 days. The first follow-up letter will be mailed 30 days after the initial mailing in an attempt to obtain data from companies that did not respond. A copy of the initial mail and follow-up letters are attached in Appendix B. Thirty days after the follow-up letter, a telephone follow-up of the largest non-respondents will be conducted. Based on previous response rates, the Census Bureau expects at least an 80 percent response rate at the time the final report is prepared.

The Census Bureau will edit and analyze the data, then tabulate and use the results to determine the industries from which monthly orders data should be collected. Census Bureau systems will be used to process the survey. The following is a schedule for data collection, processing and publication:

Data Collections and Publication Schedule

| Activity                        | Days following initial mailing |
|---------------------------------|--------------------------------|
| Mail follow-up                  | 30 days                        |
| Phone call follow-ups           | 60 days                        |
| Analyst review and edit returns | Throughout the mailing cycle   |
| Review of tabulated data        | 90-120 days                    |

| Activity                               | Date     |
|--|----------|
| Incorporate into benchmark publication | May 2009 |

**17. Request to Not Display the Expiration Date**

The expiration date and the OMB number will be displayed on the form.

**18. Exceptions to the Certification**

There are no exceptions.

**19. Industries Affected**

The survey will cover manufacturing industries defined by NAICS codes. The Census Bureau will only mail to companies with activity in the current NAICS industries that report unfilled orders. A list showing the affected industries appears in Appendix A.