

**SUPPORTING STATEMENT**  
**U.S. Department of Commerce**  
**U.S. Census Bureau**  
**Business and Professional Classification Report**  
**OMB Control Number 0607-0189**

PART B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL  
METHODS

1. Universe and Respondent Selection

The universe of births consists of newly opened or newly acquired employer businesses. The universe averages 450,000 EIN units annually. This can vary somewhat from year to year. The Census Bureau obtains information on these EIN units from the IRS and the SSA. The process is a two-phase sampling procedure. From the list of EIN units, a first phase sample of approximately 16,750 EIN units is selected each mailing. The entire mailing for the survey is divided into four components over the year for processing purposes. A EIN unit is assigned to a first phase sampling size stratum based on its NAICS code and quarterly payroll. These EIN units are sampled with an equal probability systematic sampling scheme, within NAICS code by size stratum. The Census Bureau mails the SQ-CLASS form to collect data, including sales, receipts, or revenue; company affiliation; wholesale type of operation and inventories; not-for-profit status; and NAICS code. The SQ-CLASS form also requests a list of establishments reporting payroll under the selected EIN, to further ensure proper coverage. On the basis of this information, a second phase sample (about 1,500 EIN units quarterly or, equivalently, 6,000 EIN units annually) is selected for addition to the current surveys.

Assigning proper classification to these new EIN units is crucial for both the five year Economic Census and current business surveys. The average response rate is approximately 74 percent. We conduct a mail follow-up, followed by telephone follow-ups for non-response cases, in an attempt to maximize response rates.

2. Procedures for Collecting Information

The selected EIN units are mailed a SQ-CLASS form that requests two recent months of sales or receipts, which are then converted to a measure of size used for second phase sampling. The second phase sampling utilizes a probability proportional to size systematic sampling method, and is conducted quarterly. Following the second phase sampling, the newly selected EIN units are added to the appropriate survey.

3. Methods to Maximize Response

For delinquent sampling units, one mail follow-up is used. Following this, the NPC in Jeffersonville, Indiana conducts telephone follow-up for all firms that have not responded by a certain date, and for those firms filing incomplete reports or reporting questionable

data. Additionally with the introduction of Internet reporting, respondents will have another option of reporting.

#### 4. Testing of Procedures

The current procedures reflect a progressive improvement over many years. We systematically monitor data collection procedures in order to identify ways to reduce burden and streamline processing. We plan to continue researching the accuracy of the NAICS codes used in our first phase sampling. Results of this research may allow us to reduce the number of cases mailed in the future.

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

Direct questions regarding the sample design and statistical methodology used for this survey to Katrina Washington, Chief, Statistical Methods Branch, 301-763-7212. The assignment of NAICS classification codes under the direction of Scott Handmaker, Chief, Economic Classification Operations Branch, (301) 763-7107. Planning, implementation, and information analyses of this survey are under the direction of Tim Winters, Chief, Retail Indicators Branch, (301) 763-7130; Aneta Erdie, Chief, Annual Retail Branch, (301) 763-4841; John Miller, Chief Current Wholesale Branch, (301) 763-2758; Ron Farrar, Chief, Health Care and Consumer Services Branch, (301) 763-6782; William Samples, Chief, Information and Business Services Branch, (301) 763-7175; and Lisa Donaldson, Chief, Service Indicators Branch, (301) 763-7296.

## Attachments

- 1- Copy of SQ-CLASS Form and Instructions
- 2- Copy of Cover Letter
- 3- Copy of Internet Reporting Insert