

SUPPORTING STATEMENT
U.S. Department of Commerce
U.S. Census Bureau
Commodity Flow Survey Precanvass Component of the 2012 Economic Census
OMB Control Number 0607-0921

A. Justification

1. Necessity of Information Collection

The U.S. Census Bureau plans to conduct the 2012 Commodity Flow Survey (CFS) as a part of the quinquennial Economic Census. In advance of the 2012 CFS, we will conduct a Precanvass (Advance Mailing), which is the subject of this request.

The information collected in the 2012 CFS Precanvass will be used to:

- a. Improve the 2012 CFS universe and sampling quality and efficiency, and
- b. Provide contact information for the selected establishments, reducing the cost and improving the timeliness of data collection for the 2012 CFS.

The CFS, a component of the Economic Census, is the only comprehensive source of multi-modal, system-wide data on the volume and pattern of goods movement in the United States. The CFS is conducted in partnership with the Bureau of Transportation Statistics (BTS), Research and Innovative Technologies (RITA), U.S. Department of Transportation. The 2012 CFS will be the subject of a separate Office of Management and Budget (OMB) clearance submission in the Spring of 2011.

The 2012 CFS Precanvass will be mailed to auxiliary establishments, and establishments expected to be selected with certainty in the 2012 CFS. It will also include selected small establishments from industries with a high incidence of non-shipping locations.

All establishments included in the Precanvass will receive the two-sided CFS-0001(2012) questionnaire. The six items on the questionnaire attempt to do the following for each establishment/location:

- 1) Verify shipping status
- 2) Verify and update address/contact information
 - a) Physical shipping address
 - b) Mailing address

3) Determine the amount of annual shipping activity

Because of the significant change in economic conditions during the past five years, the core questions are asked of all respondents.

Auxiliary Establishments

The Precanvass will include approximately 40,000 auxiliary establishments. Auxiliary establishments are Warehouses (NAICS 4931) and Central Administrative Offices (NAICS 551114) that provide support services for other establishments within the same company instead of for the public, government, or other businesses. The target auxiliary establishments for the CFS will support establishments that are classified in an industry (e.g. mining, manufacturing, wholesale) that is covered by the scope of the CFS (see Section 19). In addition, auxiliary establishments that support retail establishments are also included in the CFS.

A substantial amount of shipping activity is measured by CFS from the in-scope auxiliary establishments. Inclusion of all establishments in NAICS 4931 and NAICS 551114 in the sample universe would result in a significant percentage of non-shipping establishments. To improve the efficiency of sampling these locations for the 2012 CFS, a primary goal of the Precanvass is to identify as many non-shipping auxiliary establishments as possible. These non-shipping auxiliary establishments will be removed from the universe of the full 2012 CFS.

Another goal for the auxiliary establishments is to obtain an approximation of each establishment's value of shipments to improve the quality of the sample. As with all establishments, address and contact information will be updated.

Large (Likely Certainty) Establishments in the 2012 CFS

We have identified approximately 35,000 establishments that are likely to be selected with certainty in the 2012 CFS, based on a current estimate of their receipts or revenue. Certainty establishments represent only themselves in the sample and are frequently the most important establishments in the survey. Because of their importance, we place a high priority on their accurate and timely reporting. Getting the CFS questionnaire to the correct person within the organization is a critical step in achieving this goal. Therefore, for these large certainty establishments, it is important to update mailing and contact information, as well as to verify shipping status and approximate value of shipments. The Precanvass will improve the overall response and the quality of the reporting, while reducing the need for costly follow-up, for these critical establishments.

Selected Small Establishments

In a further attempt to remove likely non-shipping establishments from the sample universe, we are targeting small establishments in two NAICS industries which in the past have contained many non-shipping locations. These industries are: Publishers (NAICS 5111) and Mail Order and Electronic Markets (NAICS 45411).

Approximately 25,000 establishments with estimated revenue of less than \$1,000,000 in these two industries will be sent a CFS Precanvass form to determine whether or not they are actually shipping from that location and if so, how much. Excluding non-shipping establishments from the universe increases the chance that establishments selected into the sample will be shippers and able to respond to the survey.

We will conduct the Precanvass under authority of Title 13, U.S.C., sections 131,193, and 224.

2. Needs and Uses

All information collected in the Precanvass will be used internally to improve the 2012 CFS universe and mail-out processing.

Each establishment in the Precanvass is asked to verify shipping activity for that particular physical location. The Precanvass sample is heavily weighted with industries that contain a significant percentage of non-shipping establishments. The identification and elimination of the non-shippers will produce a more efficient 2012 CFS sample.

Each confirmed shipper is asked to indicate its level of shipping activity. The value of shipments measure is used in the stratification and allocation for CFS sampling.

Each shipper is asked to verify address and contact information, allowing us to update our mailing records for the 2012 CFS. Because the CFS requests a sample of outbound shipments and their characteristics, the questionnaire must be completed by someone with access to the establishment's transportation records, unlike many other economic surveys which are directed to accounting departments. By ensuring the direct delivery of the 2012 CFS questionnaire to the correct contact, we will be able to improve the quality and level of response in the CFS.

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. Uses of Information Technology

The U.S. Census Bureau offers electronic reporting for many economic surveys. Electronic reporting is offered to reduce respondent burden and to improve the quality of statistical data collected. Data are encrypted to allow secure transmission over the internet.

We have determined it would be cost effective to develop an electronic reporting option for the 2012 CFS Precanvass. Electronic reporting is a software system that provides a highly secure and user friendly means of collecting survey and Census information. It is accessible through the Internet via a web browser. Electronic reporting is estimated to account for 20 percent of Precanvass data collection. It will produce better quality data because of a system of edits and checks that are built into the software. Also, electronic reporting provides a quicker response time and helps to increase the efficiency of Census operations. The Precanvass electronic option will allow us to test these capabilities prior to development of an electronic reporting option for the full CFS.

4. Efforts to Identify Duplication

The information being collected from the Precanvass is not available from any other source. As an alternative to a Precanvass, we researched the option of using responses from auxiliary establishments in a previous Economic Census to certain supply-chain questions as a method of determining whether or not an establishment is engaged in shipping activities. We concluded that we could not develop a consistent, reliable shipping indicator from these data.

5. Minimizing Burden

We have taken the following steps in the design of the 2012 CFS Precanvass to reduce reporting burden:

Questionnaire Design

We have kept the Precanvass questionnaire to a two-sided single sheet, comprised primarily of easy to answer check-box questions, along with the basic address and contact information.

Lower Inclusion Rate for Small Businesses

The large establishment portion of the Precanvass represent companies that are likely to be certainty establishments in the 2012 CFS. These certainty establishments are typically the largest establishments and therefore the reporting burden on small businesses is minimal for this component of the Precanvass.

Similarly, auxiliary establishments by definition are support establishments of generally larger multi-establishment organizations.

Electronic Reporting

Electronic reporting provides quicker response time and better quality data as edits are built into the system.

6. Consequences of Less Frequent Collection

If the Precanvass was not conducted as planned, it would impact the quality of the universe for the 2012 CFS, and reduce the efficiency of the 2012 CFS sample. Numerous auxiliary establishments that do not ship would receive a 2012 CFS questionnaire, imposing an additional burden on the business community.

7. Special Circumstances

This information collection will be conducted in a manner consistent with OMB guidelines and there are no special circumstances.

8. Consultations Outside the Agency

We have developed the methodology and questionnaire design for Precanvass jointly with survey co-sponsors at BTS. The contact information is:

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The Presubmission Notice was published in the July 7, 2010 Federal Register (See 75FR, Page 38976). We received one comment generally opposing the collection.

9. Paying Respondents

The Census Bureau does not pay respondents and does not provide them with gifts in any form to report requested information in the Commodity Flow Survey.

10. Assurance of Confidentiality

The questionnaire and accompanying letter will give the respondents the following assurance of confidentiality:

Your responses are completely confidential under Title 13 of the United States Code, and are seen only by persons sworn to uphold the confidentiality of Census Bureau information. The answers you provide will be used only for statistical purposes. Copies of this form maintained in your files are immune from legal process. **Your response to these questions is required by law – Title 13, United States Code, sections 131, 193, and 224.**

The statutory basis for these assurances of confidentiality is Title 13 U.S.C., Section 9. All activities relating to the collection and use of the Precanvass data satisfy requirements of this law.

11. Justification for Sensitive Questions

This information collection asks no questions of a sensitive nature.

12. Estimate of Respondent Burden

We estimate that, on average, the CFS-0001(2012) questionnaire will take 5 minutes to complete. This is based on Census Bureau experience with similar questionnaires, including a similar Precanvass conducted for the 2007 CFS. Overall respondent burden for the 2012 CFS Precanvass is estimated at 8,333 hours. This estimate assumes a 100 percent response from 100,000 establishments.

We estimate the cost to respondents to be \$266,666 based on an average hourly wage of \$32.00 and a response burden estimate of 8,333 hours. [The wage figure is an estimate, based on Metropolitan Statistical Areas data from the Bureau of Labor Statistics: Occupational Employment and Wages, May 2009; First-Line Supervisors/Managers of transportation and Material-Moving Machine and Vehicle Operators.]

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 normally known by those familiar with the establishment's shipping activities. No special hardware or shipping software of system is necessary to provide answers to this information collection.

14. Cost to the Federal Government

The cost to the government for the 2012 CFS Precanvass is estimated at \$1.6 million. This includes development, mail out, follow-up, data capture, processing, and feedback to the CFS universe and mailing files. The Census Bureau and BTS will bear the total costs.

15. Reason for Change in Burden

Report forms covered by this request are submitted as a reinstatement.

16. Project Schedule

The Census Bureau will begin mailing the Precanvass to respondents on or about January 10, 2011. A list of major processing milestones is as follows:

Initial mailing	Week of January 10 - 14, 2011
Follow-up mailing and telephone	Mid February - April 2011
Check-in, keying, editing	Late January - May 2011
Complete Updating of universe	August 2011

17. Request to Not Display Expiration Date

The assigned expiration date will be displayed on all report forms used in this information collection.

18. Exceptions to the Certification

There are no exceptions to the certification.

19. North American Industry Classification System (NAICS) Codes Affected

The establishments in the 2012 CFS Precanvass will include establishments in the following NAICS groups:

<u>NAICS</u>	<u>Industry</u>
212	Mining (except Oil and Gas)
31 - 33	Manufacturing
42	Wholesale Trade

45411	Electronic Shopping and Mail-Order Houses
45431	Fuel Dealers
484	Truck Transportation
4931	General Warehousing and Storage (Auxiliary Establishments)
5111	Newspaper, Periodical, Book, and Directory Publishers
551114	Corporate, Subsidiary, and Regional Managing Office (Auxiliary Establishments)