

SUPPORTING STATEMENT
U.S. Department of Commerce
U.S. Census Bureau
2012 Economic Census Classification Report for the Construction, Manufacturing,
and Mining Sectors and Selected Wholesale Industries
OMB Control Number 0607-0925

Part A. JUSTIFICATION

1. Necessity of Information Collection

The Economic Census and current business surveys represent the primary source of facts about the structure and function of the U.S. economy, providing essential information to government and the business community in making sound decisions. This information helps build the foundation for the calculation of Gross Domestic Product (GDP) and other economic indicators. Crucial to its success is the accuracy and reliability of the Business Register data, which provides the Economic Census and current business surveys with their establishment lists.

Critical to the quality of data in the Business Register is that establishments are assigned an accurate economic classification, based on the North American Industry Classification System (NAICS). The primary purpose of the “2012 Economic Census Classification Report for the Construction, Manufacturing, and Mining Sectors and Selected Wholesale Industries” or NC-99026, is to meet this need.

New businesses are assigned NAICS codes by the Social Security Administration (SSA); however, many of these businesses cannot be assigned detailed NAICS codes, because insufficient data are provided by respondents on the Internal Revenue Service (IRS) Form SS-4. This report, conducted in fiscal years 2012 and 2013, will mail approximately 75,000 businesses per year that have been partially classified in the Construction, Manufacturing, or Mining sectors. Additionally, Wholesale establishments currently classified in select industries will be sampled in order to verify correct classification due to 2012 NAICS changes. Businesses selected for the sample will be asked to provide data on primary business activity in order to assign proper industry classification, thus maintaining proper coverage of the business universe.

An example of the form is shown in Attachment A. The activities listed in Item 2.B. of the questionnaire will vary based upon the partial code of the establishment at the time of mail out. An example of activities listed under this item is included in Attachment B.

No wording or ordering changes have been made to the NC-99026 form since the last request was submitted for an OMB clearance in 2006. However, for the first time, respondents will have the option to report electronically via the Internet.

The information collection is part of the 2012 Economic Census and is mandatory, conducted under Title 13, United States Code, Sections 131 and 224.

2. Needs and Uses

The NC-99026 form will be used to update the classification codes contained in the Business Register, ensuring establishments will be tabulated in the correct detailed industry for the 2012 Economic Census and in succeeding economic surveys. Information obtained from these establishments will also be included in the Census Bureau's County Business Patterns (CBP) publications. CBP publications provide annual data on establishment counts, employment, and payroll for all sectors of the economy at national, state, and county levels. The failure to collect this information will have an adverse effect on the quality and usefulness of economic statistics provided by the Census Bureau.

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

The Census Bureau permits electronic submission of responses. Responding via the Internet provides companies with a convenient, alternative reporting method and reduces respondent burden. An insert will be included in the mail-out package with instructions for reporting online (see Attachment C).

In addition, companies can report electronically using facsimile technology. A facsimile machine gives respondents the capability to fax data to our collection facility in Jeffersonville, Indiana. Responding via fax expedites our receipt of questionnaires. Businesses may also respond by mail.

Forms received will be scanned in and edited through an automated edit which will greatly reduce the processing time for the Census Bureau. An automated system for check-in of returned forms and the use of fax during telephone follow-up allow for more timely identification of completed questionnaires.

4. Efforts to Identify Duplication

The Bureau of Labor Statistics (BLS) provides industry codes for units that they have classified in their universe but which are unclassified in the Business Register. While this will reduce the number of unclassified units in the Business Register, many businesses will remain unclassified or only partially classified. This survey is the only source of detailed classification information for these businesses.

5. Minimizing Burden

The use of administrative records of the IRS, SSA, and BLS to assign industry classification codes reduces the number of businesses surveyed and minimizes the overall burden of the information collection. In addition to administrative records, a name coding procedure will be used to further reduce the number of questionnaires and resulting burden. Respondents are permitted thirty days to return their completed questionnaire. This information collection only addresses units whose complete classification cannot be resolved through the use of administrative records.

Because the NC-99026 report is primarily mailed to small employers, a limited number of inquires are included in order to minimize burden. Inquires contained on the form are primarily used to obtain accurate industry classification codes and physical location information. Administrative records are used to obtain other items, such as sales and employment data. The exclusion of these businesses would cause the Economic Censuses to under represent the impact of small firms in economic summaries, area reports, and sampling frames for current surveys. Respondents will also have the opportunity to report electronically.

6. Consequences of Less Frequent Data Collection

Information collected on the NC-99026 report improves the quality of the Business Register. If this information collection were conducted less frequently, it would diminish the timeliness and usefulness of the statistics produced and the quality of the Business Register. This would cause a corresponding deterioration in the national accounts, input-output tables, economic indexes, business surveys, and other measures that rely on source data and benchmarks from the Economic Census.

7. Special Circumstances

There are no special circumstances. All the guidelines for information collection are met.

8. Consultation Outside the Agency

There were no consultations with other agencies for this form. Data collected is primarily used for the 2012 Economic Census. We published a notice in the Federal Register (Vol. 75, No. 240, pgs. 78213-78214) on December 15, 2010 informing the public of our plans to submit this request. No comments were received.

9. Paying Respondents

We do not pay respondents or compensate them in any way.

10. Assurance of Confidentiality

Data collected in this survey is confidential under the authority of an Act of Congress, Title 13, United States Code, Section 9. Only persons sworn to uphold the confidentiality of the U.S. Census Bureau information may see the questionnaires and may use them for

statistical purposes only. Additionally, all reports are immune from legal process. The report forms for this information collection will give respondents the following assurance of confidentiality:

“YOUR RESPONSE IS REQUIRED BY LAW. Title 13, United States Code, requires businesses and other organizations that receive this questionnaire to answer the questions and return the report to the U.S. Census Bureau. By the same law, **YOUR CENSUS REPORT IS CONFIDENTIAL.** 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.”

11. Justification for Sensitive Questions

No sensitive questions are asked.

12. Estimate of Hour Burden

Estimates for number of hours per response are based on our experience conducting other surveys similar in nature and length. The time estimate includes opening and reading the package contents; gathering, organizing, and summarizing information; and recording answers on the report form. Annually, there are approximately 75,000 respondents, who report one time on the survey. According to responses given by a sample of respondents, an average of five minutes is needed to complete the form. This results in an estimated annual response burden of 6,250 hours.

Overall respondent burden is estimated as follows:

Number of Respondents	Frequency of Response	Annual Responses Per Respondent	Burden Per Response (hours)	Total Annual Response Burden (hours)
75,000	1	1	.08333	6,250

The cost to the respondent for fiscal years 2012 and 2013 is estimated to be \$181,313 per year based on the median hourly salary of \$29.01 for accountants and auditors. (Occupational Employment Statistics- Bureau of Labor Statistics May 2008 National Occupational Employment Statistics Survey, http://www.bls.gov/oes/current/oes_nat.htm)

13. Estimate of Cost Burden

We do not expect respondents to incur any costs other than that of time to respond. The information requested is of the type and scope normally carried on 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 is not specifically required for this information collection.

14. Cost to Federal Government

The total cost to the federal government for this work is included in the total cost of the 2012 Economic Census, reported to be \$665,077,000 (all borne by the Census Bureau).

15. Reason for Change in Burden

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

16. Project Schedule

The Census Bureau will first mail report forms for this information collection in the last quarter of calendar year 2011. Responses will be due 30 days from receipt. Mail follow-up for nonrespondents will begin in the last quarter of calendar year 2011. In addition to mail follow-up, selected nonrespondents will be contacted by telephone. Check-in, processing, and follow-up activities will continue until the close-out for data collection operations in July 2012. The updated classification information will be merged into the Business Register to provide the codes needed to mail the proper forms in the 2012 Economic Census.

Timetable for the Classification Report (2011) of the 2012 Economic Census:

Activity	Start¹	End¹
Extract mailing list from Business Register	7/11	8/11
Prepare mailing pieces	8/11	9/11
Mail questionnaires	10/11	2/12
Receive and check-in	11/11	5/12
Perform data entry	11/11	5/12
Non-response follow-up	12/11	2/12
Close out	4/12	7/12

¹ All dates are approximate.

The Census Bureau will also mail this report form to a separate sample of small reporters and new business births since the last mail out when the 2012 Census forms are mailed in October 2012. Responses will be due 30 days from receipt.

The mail follow-ups to nonrespondents will begin in December 2012. In addition to mail follow-up, selected nonrespondents will be contacted by telephone. Check-in, processing, and follow-up activities will continue until the close-out for data collection operations in

September 2013. The updated classification information will be used for tabulation of Census statistics and estimation of the non-mail portion of the universe.

Timetable for the Classification Report (2012) of the 2012 Economic Census:

Activity	Start¹	End¹
Extract mailing list from Business Register	7/12	8/12
Prepare mailing pieces	8/12	9/12
Mail questionnaires	10/12	2/13
Receive and check-in	11/12	5/13
Perform data entry	11/12	5/13
Non-response follow-up	12/12	9/13
Close out	4/13	9/13

¹ All dates are approximate.

17. Request to Not Display Expiration Date

We will display the expiration date on the information collection form(s).

18. Exceptions to the Certification

There are no exceptions.