

SUPPORTING STATEMENT
U.S. Department of Commerce
U.S. Census Bureau
Commodity Flow Survey Component of the 2012 Economic Census
OMB Control Number 0607-0932

A. Justification

1. Necessity of Information Collection

The 2012 Commodity Flow Survey (CFS), a component of the 2012 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 through a partnership between the U.S. Census Bureau and the Research and Innovative Technology Administration (RITA), Bureau of Transportation Statistics (BTS), Department of Transportation (DOT). The survey provides a crucial set of statistics on the value, weight, mode, and distance of commodities shipped by mining, manufacturing, wholesale, and selected retail and services establishments, as well as auxiliary establishments that support these industries. The U.S. Census Bureau will publish these shipment characteristics for the nation, census regions and divisions, states, and CFS defined geographic areas. As with the 2007 Commodity Flow Survey, this survey also identifies export and hazardous material shipments.

The DOT consistently views updated information on freight flows as critical to understanding the use, performance, and condition of the nation's transportation system, as well as transportation investments and the unintended consequences of transportation. Data on the movement of freight also are important for effective analyses of changes in regional and local economic development, safety issues, and environmental concerns. They also provide the private sector with valuable data needed for critical decision-making on a variety of issues including market trends, analysis, and segmentation. Each day, governments, businesses, and consumers make countless decisions about where to go, how to get there, what to ship and which transportation modes to use. Transportation constantly responds to external forces such as shifting markets, changing demographics, safety concerns, weather conditions, energy and environmental constraints, and national defense requirements. Good decisions require having the right information in the right form at the right time.

Federal, state, and local government agencies spend over \$100 billion annually on transportation programs. The CFS provides data that are critical to these agencies in making a wide range of transportation investment decisions for developing and

maintaining an efficient transportation infrastructure that supports economic growth and competitiveness.

Transportation planners require the periodic benchmarks provided by a continuing CFS to evaluate and respond to ongoing geographic shifts in production and distribution centers, as well as policies such as “just in time delivery.”

As part of the 2012 Economic Census, the CFS information collection is required by law under Title 13, United States Code (13 U.S.C. Sections 131 and 193). Section 224 makes reporting mandatory.

The 2012 CFS will be a mail-out/mail-back or electronic reporting sample survey of approximately 100,000 business establishments in the mining, manufacturing, wholesale, and selected retail and services industries, as well as auxiliary establishments that support these industries. Copies of the survey materials and the summary of changes are presented in Attachments A and B.

The CFS is co-sponsored by the BTS and the U.S. Census Bureau, with a majority of funding (80 percent) provided by the BTS. In addition to their funding support, the BTS also provides additional technical and planning guidance in the development and implementation of the program.

2. Needs and Uses

The CFS is the primary source of information about freight movement in the United States. Estimates of shipment characteristics are published for differing levels of aggregation. The CFS produces summary statistics only, and no confidential data are released. The survey covers shipments from establishments in the mining, manufacturing, wholesale, and selected retail industries, as well as auxiliary establishments that support these industries. Federal agencies, state and local transportation planners and policy makers, and private sector transportation managers, analysts, and researchers have strongly supported the conduct of the CFS.

At the Federal level, the data from the CFS are required by a variety of agencies to help accomplish their missions. Results from the CFS help promote economic development and provide for an efficient U.S. transportation system. The CFS enables growth in international trade, improved infrastructure investment decisions, and policies promoting public safety and protecting the natural environment affected by transportation.

Major users and supporters of CFS data at the Federal level include:

- Federal Highway Administration

- Federal Railroad Administration
- Maritime Administration
- Research and Special Programs Administration
- Bureau of Transportation Statistics
- Bureau of Economic Analysis
- Bureau of Labor Statistics
- Federal Emergency Management Administration
- U.S. Army Corps of Engineers

At the state and local levels, the information from the CFS is extremely valuable for economic development and transportation planning. The CFS data are used by many localities in responding to requirements contained in the Transportation Equity Act for the 21st Century.

Transportation planners and policy makers in special interest areas have also identified CFS data as critical to their decision making. For example, CFS data on the types and magnitude of hazardous materials shipments in various geographic regions are critical in evaluating and setting policies on the movement of hazardous materials.

CFS data are also crucial to transportation managers, analysts, and researchers in the private sector. These data are used to identify trends in shipping activities, strength of market segments, and existing and potential transportation related issues requiring additional resources.

Information quality is an integral part of the pre-dissemination review of the information disseminated by the U.S. Census Bureau (fully described in the U.S. Census Bureau's Information Quality Guidelines). Information quality is also integral to the information collections conducted by the U.S. Census Bureau and is incorporated into the clearance process required by the Paperwork Reduction Act.

The CFS has received support from a wide range of users expressing the need for the unique data produced by the survey. Below is an example (see Attachment C for the letter of support):

Bureau of Economic Analysis

“CFS data are BEA's primary inputs for estimating each private industry's purchases of transportation services by mode of transport. Without these data, the accuracy of BEA's estimates of value added (i.e., contribution to GDP) for every private industry (estimated as an industry's output, less its purchases of materials, energy, and services) would be reduced.”

3. Uses of Information Technology

In 2012, the CFS will collect data through online reporting using the U.S. Census Bureau's Centurion system. Centurion is a software system that provides a highly secure and user friendly means of collecting survey and census information. In 2011, CFS successfully used Centurion to collect data for the CFS Advance Questionnaire. It is primarily accessible through the Internet via a Web browser. The software can also run in stand-alone mode on a lap-top computer. It is accessed by:

1. A browser with 128 bit encryption and
2. A user name and password issued by the U.S. Census Bureau

For the 2012 CFS, all respondents will have the capability of reporting online for all four quarters of 2012. Respondents will have the ability to access any/all of the questionnaires for the four reporting periods, view data that was previously reported, print questionnaires, and determine if completed questionnaires were received. This online user interface will also assist respondents in correctly completing the CFS questionnaire by utilizing built-in consistency edits.

The CFS program has also provided answers to frequently asked questions on the Internet. This site is referenced in the cover letter sent out with the questionnaire.

The U.S. Census Bureau has developed a business help site (BHS) on the Internet to provide respondents with additional information about the survey, and to provide assistance in completing the questionnaire, especially in assigning the correct commodity code in a fast, accurate manner.

The secure messaging center (SMC) will provide the respondent with a secure means of communicating with the U.S. Census Bureau via e-mail. The SMC ensures that all correspondence is handled with complete security, safety, and confidentiality.

4. Efforts to Identify Duplication

Through meetings and a series of data user conferences with the DOT, professional organizations, as well as transportation planners and data users, we have determined that no information collections by Federal agencies, trade groups, or businesses duplicate the content, comprehensive coverage, detail level of transportation characteristics, geographic detail, and statistical reliability provided by the CFS. These features distinguish the ability of the CFS data to meet the requirements of its principal data users and make the survey uniquely suited to provide these valuable transportation statistics.

5. Minimizing Burden

The U.S. Census Bureau has taken the following steps in the design of the 2012 CFS to reduce reporting burden:

Additional Assistance on the CFS Internet site

For the 2012 CFS, the U.S. Census Bureau has established additional assistance to respondents on the survey Internet site, such as answers to frequently asked questions, guidance on quickly identifying the correct commodity and hazardous material codes, and detail on selecting a sample of shipments. This detail includes a short video demonstrating how to select a sample of outbound shipments.

Special Reporting Arrangements

As needed, the U.S. Census Bureau will work with respondents with unique shipping or record keeping patterns to reduce burden while still obtaining the necessary data.

Modifications to the Questionnaire

The 2012 CFS questionnaire will better identify mailing address vs. shipping address. The address related questions have been modified to be similar to those that were successfully used to collect this type of information during the 2012 CFS Advance Questionnaire. This modification will provide data users with more accurate origin, destination, and mileage-related flow data.

Use of Estimates

The respondents selected in the 2012 CFS are not required to maintain additional records for the survey, nor do we expect participants to incur

extra expense to develop data not readily available. To emphasize this point, a statement is included in the cover letter to each respondent and instructions on the questionnaire indicating that carefully prepared estimates are acceptable when book figures are unavailable.

Efficient Processing

An automated paperless processing system is used for mailed-back questionnaires for timely identification of returned cases, thus minimizing unnecessary follow-up contacts with respondents.

Use of Sampling

The stratified random sample design used for CFS is a design that uses the least number of sampling units required to produce estimates with the desired level of reliability, thus minimizing the respondent burden. Sampling small businesses at a lower rate, further reduces the burden.

Toll-free Telephone Number

A toll-free telephone number for respondents to use for questions or assistance will be available. In addition, the U.S. Census Bureau will offer a SMC for those respondents with a preference for communicating via e-mail.

6. Consequences of Less Frequent Collection

The survey is conducted at 5-year intervals, as part of the Economic Census and covering the same data year. Linking and integrating the 5-year program of commodities manufactured, mined, and traded (Economic Census) with how and where they are moved (CFS) will improve the utility of both data sets.

As the CFS is a component of the Economic Census, to conduct less frequently than every five years implies at least a 10-year interval. A 10-year gap in these statistics would significantly reduce data users' abilities to measure, evaluate, and react to changes in transportation activities and patterns.

If the data were collected less frequently, transportation policy makers and planners at the Federal, state, and local levels would lose significant utility from a critical source of transportation statistics. With transportation practices and trends changing at an ever increasing rate, less frequent collection of these data would severely restrict data users' ability to accurately analyze, and improve the transportation services, facilities and infrastructure.

7. Special Circumstances

This information collection will be conducted in a manner consistent with Office of Management and Budget (OMB) guidelines and there are no special circumstances.

8. Consultations Outside the Agency

We have developed the methodology and questionnaire design jointly with survey sponsors at BTS. The methodology was also discussed with key data users during the CFS Data User Workshop held in November 2010. These consultations were provided individually, and were not for the purpose of providing a group consensus opinion.

Between April 2011 and July 2011, we conducted interviews with approximately 30 inscope establishments in order to test changes to the questionnaire and instructions. Interviews were conducted with a variety of individuals including financial accountants, financial officers, and financial officer assistants in the businesses affected by the proposed questionnaire changes. This research was conducted under a generic clearance for questionnaire pretesting research (OMB number 0607-0725).

Additionally, we requested public comments on survey plans through the Federal Register, published April 27, 2011, Vol. 76, No. 81, Page 23539. One comment was received from a data user who questioned expending funds on the CFS. Additionally, we received a letter of support from the Bureau of Economic Analysis (BEA). See Attachment C.

9. Paying Respondents

The U.S. Census Bureau does not pay respondents and does not provide them with gifts in any form to report requested information for the CFS.

10. Assurance of Confidentiality

The letter accompanying the questionnaire will provide the respondents with the assurance of confidentiality by using language similar to the following:

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 REPORT IS CONFIDENTIAL.** It may be seen only by persons sworn to uphold the confidentiality of U.S. Census Bureau information and may be used only for statistical purposes. Further, copies retained in respondents' files are

immune from legal process.

The statutory basis for these assurances of confidentiality is Title 13 U.S.C., Section 9. All activities relating to the collection and dissemination of CFS 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 will canvass approximately 100,000 establishments four times each during the 2012 calendar year. We estimate that on average, each questionnaire will take two hours to complete. This estimate is based on consultations with potential respondents, as well as interviews with past respondents from the 2002 and 2007 Commodity Flow Survey programs.

Based upon the 100,000 sample of establishments, with four quarters of requested data, and with a two hour estimate to complete each response, we estimate the cost to respondents to be \$20,800,000. This is based on a response burden estimate of 800,000 hours and the mean hourly wage of \$26.00 for First-Line Supervisors and Managers of Transportation. (Bureau of Labor Statistics, "Occupational Employment and Wages, May 2010").

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 maintained as part of an establishment's shipping records. No special hardware or shipping software or 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 is \$23 million over a 5-year period.

15. Reason for Change in Burden

The collection is being submitted as a reinstatement of an expired collection.

16. Project Schedule

The U.S. Census Bureau will begin mailing the 2012 CFS in late December 2011 and continue mailing, including follow up notices, through March 2013. A general timetable for major activities is listed below:

Activity	Start	Finish
Create Sample	Aug 2011	Sep 2011
Mail Survey Questionnaires	Dec 2011	Dec 2012
Non-response Follow up	Mar 2012	Mar 2013
Check-in, Editing, Problem Resolution	Jan 2012	Jul 2013
Data Estimation & Analysis	Aug 2013	Dec 2014
Publication Release - Preliminary	Dec 2013	Dec 2013
- Final	Dec 2014	Dec 2014

17. Request to 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 on the back of the Form OMB 83-I.

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

The sample for the 2012 CFS will include establishments from the following North American Industry Classification System groups:

NAICS Code	Description
21	Mining
31 - 33	Manufacturing
42	Wholesale trade
45411	Electronic Shopping and Mail-Order Houses
45431	Fuel Dealers
484	Truck Transportation (auxiliary establishments)
4931	Warehousing and Storage (auxiliary establishments)
5111	Newspaper, Periodical, Book, and Directory Publishers
551114	Management of Companies and Enterprises (auxiliary establishments)