

**SUPPORTING STATEMENT – PART A**  
**U.S. Department of Commerce**  
**U.S. Census Bureau**  
**Annual Survey of Manufactures (ASM)**  
**OMB Control No. 0607-0449**

**A. Justification**

**1. Necessity of the Information Collection**

The Census Bureau is requesting an extension of the currently approved collection for the ASM. The Census Bureau has conducted the ASM since 1949 under the mandatory requirements of Title 13, United States Code, Sections 182, 224, 225, to provide key measures of manufacturing activity during intercensal periods. In census years ending in "2" and "7," we mail and collect the ASM as part of the Economic Census covering the Manufacturing Sector. The ASM will be included in the collection of the 2012 Economic Census and therefore all collection activities for 2012 will be on hiatus. In 2013, collection activities will resume for this clearance.

The ASM statistics are based on a survey that includes both mail and nonmail components. The mail portion of the survey is comprised of a probability sample of approximately 51,000 manufacturing establishments from a frame of approximately 117,000 establishments. These 117,000 establishments are primarily comprised of manufacturing establishments of multiunit companies (companies with operations at more than one location) and large single-location manufacturing companies. The nonmail component is comprised of the remaining small and medium-sized single-location companies, approximately 211,000. No data are collected from companies in the nonmail component. Data are directly obtained from the administrative records of the Internal Revenue Service (IRS), the Social Security Administration (SSA), and the Bureau of Labor Statistics. The nonmail companies account for 63 percent of the population and for less than 7 percent of the manufacturing output.

**2. Needs and Uses**

This survey is an integral part of the Government's statistical program. Its results provide a factual background for decision making by the executive and legislative branches of the Federal Government. Federal agencies use the annual survey's

input and output data as benchmarks for their statistical programs, including the Federal Reserve Board's Index of Industrial Production and the Bureau of Economic Analysis' estimates of the gross domestic product. The data also provide the Department of Energy with primary information on the use of energy by the manufacturing sector to produce manufactured products. These data also are used as benchmark data for the Manufacturing Energy Consumption Survey, which is conducted for the Department of Energy by the Census Bureau. The Department of Commerce uses the exports of manufactured products data to measure the importance of exports to the manufacturing economy of each state. Within the Census Bureau, the ASM data are used to benchmark and reconcile monthly and quarterly data on manufacturing production and inventories.

The ASM is the only source of complete establishment statistics for the programs mentioned above.

The ASM furnishes up-to-date estimates of employment and payrolls, hours and wages of production workers, value added by manufacture, cost of materials, value of shipments by class of product, inventories, cost of employer's fringe benefits, operating expenses, and expenditures for new and used plant and equipment. The survey provides data for most of these items for all 5-digit and selected 6-digit industries as defined in the North American Industry Classification System (NAICS). We also provide geographic data by state at a more aggregated industry level.

The survey also provides valuable information to private companies, research organizations, and trade associations. Industry makes extensive use of the annual figures on product class shipments at the U.S. level in its market analysis, product planning, and investment planning. State development/planning agencies rely on the survey as a major source of comprehensive economic data for policymaking, planning, and administration.

The Ownership or Control forms will be used to update the Business Register, the basic sampling frame for many of our current surveys. This enables us to update establishments in the Census Bureau's Business Register that are incorrectly identified as being single-establishment firms.

Information quality is an integral part of the pre-dissemination review of information disseminated by the Census Bureau (fully described in the Census

Bureau's Information Quality Guidelines) at: <http://www.census.gov/quality/guidelines/index.html>. Data quality is also integral to 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**

Companies may satisfy their reporting requirement for this information collection by providing data in electronic formats, via the Internet using standards prescribed by the Census Bureau. Respondents with multi-unit locations will be able to respond electronically using Surveyor, and those with single locations will be able to respond electronically using Centurion, the U.S. Census Bureau's Internet reporting option. Explanatory materials accompanying the questionnaires will notify respondents that they can access Centurion by going to [www.census.gov/econhelp/asm](http://www.census.gov/econhelp/asm). Advantages to using Centurion include: reduced time and expense to report, improved data quality through automatic data checks, the ability to exit the form and resume at a later time without losing the data already entered, the ability to save a paper or electronic version (pdf) of the completed form, the ability to upload data from an excel spreadsheet version.

**4. Efforts to Identify Duplication**

The Census Bureau makes a concentrated effort on a continuing basis to investigate possible duplications both within the agency and outside the agency and to eliminate them whenever possible. For example, some of our Current Industrial Reports (CIR) surveys collect detailed product data, whereas we collect only the summary product class data in the ASM. Consolidation of this information would require a significant expansion either to collect product shipments on Form MA-10000 or to collect establishment detail on the related CIR reports, neither of which is practical.

One of the key features of the ASM is the ability, with OMB approval, to add and delete questions based on the importance of the economic situation at the time. In the past, we have added questions to the ASM form such as exports, age of plant, fuel consumed by type, and so forth. If it was not for this feature, these data items would need to be collected in separate surveys.

The Congress granted the Census Bureau limited access to the information in the IRS and SSA files. The Census Bureau uses this information in lieu of mailing reports to many small businesses. Thus, we obtain from IRS and SSA many of the data items businesses maintain in their records to pay income and social security taxes.

Other items, such as the cost of materials, are not identical to information requested by IRS. Even though there are similarities in the requested data, IRS does not insist on consistency and accuracy of each entry on the tax form as long as the taxable net income and the taxes paid are correct. Furthermore, IRS will accept a figure on the cost of goods sold that includes labor as well as materials and supplies used. However, the Census Bureau requires consistency in the data from firm to firm in order to publish valid statistical aggregations.

**5. Minimizing Burden**

The ASM excludes most small and medium-sized single-location companies from the mail portion of the survey. As a result, about 211,000 establishments (approximately 63 percent of the manufacturing universe) are excluded from the sampling frame used to select the ASM mail panel. This is significantly higher than previous cycles of the survey (prior to 2004) and is motivated by the desire to reduce the reporting burden on this segment of the universe. In addition, small firms that are included in the mail portion of the survey are sent short forms, MA-10000(S) to minimize reporting burden. See Section B2a for more detail. No sample is selected from the nonmail stratum; information for these establishments is obtained from other Federal agencies and incorporated in the published estimates. While the overall reporting burden for the ASM would not be reduced, it would be directed away from the smallest companies in the population.

**6. Consequences of Less Frequent Collection**

The manufacturing sector is of vital importance to the Nation's well being. Consequently, current information regarding the changing structure of manufacturing is extremely important to our economic growth. The Congress recognized that fact when it authorized the changeover from the biennial census program to the quinquennial economic census covering the manufacturing sector with an ASM in interim years. Less frequent collection of the data would adversely affect our ability to recognize and react to changes in the economy.

**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**

Consultations are held on a continuing basis with other government agencies, trade associations, private research groups, and companies for our general

statistics items (Attachment A). Consultations with outside consultants were for the purpose of receiving individual opinions and not for the purpose of forming a group opinion. The revised 2010 ASM forms were posted to the Internet for review and comment. We received no comments.

Further, we published a notice in the Federal Register (76FR, page 23,540) on April 27, 2011 inviting public comment on our plans to submit this request. We received two comments, one from the Bureau of Economic Analysis in support of our collection efforts and the other the Census Bureau deemed irrelevant to the collection.

**9. Paying Respondents**

The Census Bureau does not pay respondents or provide gifts in return for complying with the ASM.

**10. Assurance of Confidentiality**

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 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.

Similar guarantees will be included in the cover letter (Attachment B) that accompanies the report forms (Attachment C). The statutory basis for these assurances of confidentiality is Title 13, USC, Section 9. All activities relating to the collection and dissemination of economic census data satisfy requirements of this law.

**11. Justification for Sensitive Questions**

This information collection asks no questions of a sensitive nature.

**12. Estimate of Hour Burden**

The response burden for the 2011-2013 ASM is estimated to be 181,120 work hours. This is based on two factors: (1) the number of respondents who receive each type of report form, and (2) the average time required to complete each form.

Overall respondent burden is estimated as follows:

Forms <u>1/</u>	Number of Respondents	Average Time to Complete (Hours)	Annual Burden Hours
a. MA-10000(L)	48,000	3.68	176,640
b. MA-10000(S)	3,000	1.38	4,140
c. Ownership or Control	17,000	.02	340
Total	<u>68,000</u>	<u>N/A</u>	<u>181,120</u>

1/ These forms are described in more detail in Section B2a.

We base the estimate of the average time required to complete the reports on discussions with many representatives of large and small companies. Respondents have reported the data included in this annual survey with no major difficulty for many years.

The estimated annual cost to respondents is approximately \$6,004,128. We base the annual cost on an average hourly wage of \$33.15 times the annual burden hours 181,120.

**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 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**

We estimate the total cost to the Government for the ASM program to which these forms relate to be \$6,509,000 in fiscal year 2012 all borne by the Census Bureau.

**15. Reason for Change in Burden**

The burden estimate increased slightly because of additional births added to the ASM sample for 2011.

**16. Project Schedule**

We will mail the report forms at the end of each year, with the collection phase completed during the summer of the following year. Analytical review of the data will take place in the fall each year. We will publish the basic results starting near the end of the year. The data will be issued within 10 to 15 months after the end of the annual reporting period.

Timetable for the 2011 Annual Survey of Manufactures

	<u>Activity</u>	<u>Start</u> <sup>1/</sup>	<u>End</u> <sup>1/</sup>
Register . . .	Extract mailing list from Business 10/2011.....11/2011		
	Prepare mailing packages.....	10/2011	12/2011
	Mail questionnaires.....	12/2011	12/2011
	Follow-up for nonresponse.....	02/2012	07/2012
	Receive and check in responses.....	01/2012	08/2012
	Perform data entry.....	02/2012	08/2012
	Close out data collection.....	08/2012	08/2012
	Receive, process administrative records.....	05/2012	09/2012
	Edit data, resolve edit problems.....	02/2012	08/2012
	Prepare and analyze tabulations (includes the dissemination of survey results).....	09/2012	11/2012

1/ All dates are approximate

**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 on the back of the Form OMB 83-I.

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

For the 2011 ASM, the survey will provide data for all of the 5-digit and selected 6-digit industries as defined in the NAICS. We also provide geographic data by state at a more aggregated industry level.