

SUPPORTING STATEMENT
U.S. Department of Commerce
U.S. Census Bureau
2012 Report of Organization
OMB Control No. 0607-0444

A. Justification

1. Necessity of Information Collection

The Census Bureau requests an extension of the currently approved Company Organization Survey (COS) data collection for the 2012 survey year. The Census Bureau will conduct the 2012 COS in conjunction with the 2012 Economic Census and will coordinate these collections so as to minimize response burden. We request an extension of the current expiration date to October 2013 to complete the data collection for the 2012 COS.

The Census Bureau conducts the annual COS to update and maintain a centralized, multipurpose Business Register (BR). In particular, the COS supplies critical information on the organizational structure, operating characteristics, and employment and payroll of multi-location enterprises.

Form NC-99001 is mailed to multi-location enterprises. We ask questions on ownership or control by a domestic parent, ownership or control by a foreign parent, and ownership of foreign affiliates; research and development; company activities such as--employees from a professional employer organization, operating revenue and net sales, royalties and license fees for the use of intellectual property and manufacturing activities (see Attachment A, Items 1-3 of NC-99001). Establishment inquiries include questions on operational status, mid-March employment, first-quarter payroll, and annual payroll of establishments (see Attachment A, Item 5 of NC-99001).

In addition to the mailing of multi-location enterprises, the Census Bureau will collect data for single-location companies on Form NC-99801 to continue to capture data for the Enterprise Statistics Program (ESP). In 2011, we submitted a non-substantive change to the COS questionnaire. This revision added three new inquiries as part of the ESP. These three inquiries were: (1) Operating Revenues and Net Sales; (2) Royalties and Licenses Fees for the Use of Intellectual Property; and (3) Manufacturing Activities. For 2012 it is our intention to continue to ask these additional questions on the COS that we received OMB clearance for in 2011. We also ask questions on ownership or control by a foreign parent, and ownership of foreign affiliates; research and development; royalties and license fees for the use of intellectual property and manufacturing activities (see Attachment B, Items 1-4 of NC-99801). This survey will be conducted under the provisions of Title 13 of the United States

Code, Sections 131, 182, 224, and 225. The 2012 Company Organization Survey forms are provided in Attachments A and B.

2. Needs and Uses

Information quality is an integral part of the review of information disseminated by the Census Bureau (fully described in the Census Bureau's Information Quality Guidelines). Information 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."

The consolidated 2012 COS/Census will request company-level information from the entire universe of multi-establishment enterprise, which comprises roughly 164,000 parent companies and more than 1.6 million establishments with industrial activities in-scope of the 2012 Economic Census. COS inquiries sent to each of the 164,000 multi-establishment enterprises will include inquiries on ownership or control by a domestic parent, ownership or control by a foreign parent, and ownership of foreign affiliates; research and development; company activities, such as--employees from a professional employer organization, operating revenue and net sales, royalties and license fees for the use of intellectual property, and manufacturing activities (see Items 1-3 of NC-99001 the COS data collection instrument, in Attachment A). Establishment inquiries include questions on operational status, mid-March employment, first-quarter payroll, and annual payroll of establishments (see Item 5 of NC-99001, Attachment A).

The 2012 COS will request additional information from 15,000 multi-location establishments with industry classifications that are out-of-scope of the Economic Census. For those out-of-scope establishments, we will collect the following basic operating data for each listed establishment: end-of-year operating status, mid-March employment, first quarter payroll, and annual payroll (see Item 5 of NC-99001, Attachment A). The Economic Census will collect data for all other establishments of multi-establishment enterprises, including those items above.

In addition to the 164,000 multi-establishment enterprises, the 2012 COS will include approximately 120,000 single-location companies (including 20,000 ASM companies) to continue to capture data for the Enterprise Statistics Program (ESP) on Form NC-99801. Questions will include inquiries on ownership or control by a foreign parent, and ownership of foreign affiliates; research and development; royalties and license fees for the use of intellectual property and manufacturing (see Attachment B, Items 1-4 of NC-99801). In 2010 the Census Bureau pretested ESP questions under its Generic Clearance for pretesting research. In 2011 the COS collected data from all multi-location companies and will use these data to baseline the 2012 Economic Census data.

The information collected by the COS is used to maintain and update the BR. The BR serves two fundamental purposes:

- First and most important, it provides sampling populations and enumeration lists for the Census Bureau's economic surveys and censuses, and it serves as an integral part of the statistical foundation underlying those programs. Essential for this purpose is the BR's ability to identify all known United States business establishments and their parent companies. Further, the BR must accurately record basic business attributes needed to control sampling and enumeration. These attributes include industry and geographic classifications, measures of size and economic activity, ownership characteristics, and contact information (for example, name and address).
- Second, it provides establishment data that serve as the basis for the annual County Business Patterns (CBP) statistical series. The CBP reports present data on number of establishments, first quarter payroll, annual payroll, and mid-March employment summarized by industry and employment size class for the United States, the District of Columbia, island areas, counties, and county-equivalents. No other annual or more frequent series of industry statistics provides comparable detail, particularly for small geographic areas.

3. Use of Information Technology

For 2012, companies will receive the COS form by mail, however, companies will have the option to report electronically. The sections below describe the electronic reporting option and Internet media.

a. Information Collected Via the Internet or Through Electronic Data Interchange

Multiunit companies can report electronically using Surveyor Software. Surveyor is an executable computerized questionnaire of the Company Organization Survey that respondents install and run on their personal computer. The software allows the respondent to download/upload secure company information and to populate information in a form view or workbook view. In addition, respondents can export and import data from Surveyor to standardized spreadsheets and print copies of completed forms for their records. The respondent may receive and return the completed Surveyor information on CD-ROM or electronically using the Internet.

Single-unit companies can report electronically using web-based online software. Respondents may complete and submit their responses and print a copy for their records.

A Business Help Site (BHS) is available on the Internet to assist respondents in completing their economic surveys. Respondents will download the Surveyor software from the BHS. For the 2012 COS, the BHS will include online requests such as time extensions, status, additional forms, and re-mail forms.

b. Information Available to the Public Through the Internet

The information collected by the COS is used to update and maintain the Business Register (BR). Many of the Census Bureau's economic survey and censuses use the BR as an enumeration or sampling frame. Data from these surveys and censuses are widely disseminated on the Internet. In addition, the County Business Patterns data series, which is directly compiled from the BR, is disseminated through the Internet.

4. Efforts to Identify Duplication

The Bureau of Labor Statistics (BLS) collects similar data as part of the Quarterly Census of Employment and Wages program. The BLS confidentiality laws do not authorize the release of these data for all states. The Census Bureau found no other information collections by Federal agencies, trade groups, or businesses that duplicate the content, comprehensive coverage, and statistical reliability provided by the COS.

5. Minimizing Burden

The Census Bureau will conduct the 2012 COS in conjunction with the 2012 Economic Census and will coordinate these collections so as to minimize response burden. The consolidated COS/census mail canvass will direct inquiries to the entire BR universe of multi-establishment enterprises, which comprises some 164,000 parent companies and more than 1.6 million establishments. For companies with establishments included in the Economic Census, the COS inquiries will only include enterprise related questions in Item 1-3 of the NC-99001 (see page 1 of Attachment A). Information on employment and payroll for each establishment will be collected as part of the Economic Census. For companies with establishments out-of-scope to the Economic Census, the Census Bureau lists an inventory of all known establishments in Item 5 of the NC-99001 to minimize the burden on the respondent (see pages 7 and 8 of Attachment A).

The Census Bureau minimizes response burden by pre-listing an inventory of establishments on the form and requesting the respondent to provide updates for name, address, industry classification, and Federal Employer Identification Number. The COS information collection minimizes the burden on small businesses by excluding most of them from the mail canvas. In particular, COS

coverage excludes most of the 5.8 million smaller single-establishment enterprises with paid employees and more than 21 million nonemployer enterprises without paid employees.

6. Consequences of Less Frequent Collection

Less frequent data collection would have a major impact on the use of the BR as a universe sampling frame. Such information as the opening of new locations, closing of locations, changes in locations, and changes in the Federal Employer Identification Numbers would not be up-to-date and would, therefore, reduce the completeness and accuracy of the BR.

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

The COS instrument was discussed with representatives from other Federal agencies, including:

- Dennis J. Fixler
Chief Statistician
Bureau of Economic Analysis
(202) 606-9607
- David P. Paris
Chief, Individual Statistical Branch
Statistics of Income Division
Internal Revenue Service
(202) 287-0378
- David Talan
Branch Chief, Quarterly Census of Employment and Wages
State Operations & Frame Research Branch
Bureau of Labor Statistics
(202) 691-6467

We published a notice in the Federal Register on November 18, 2011 (Volume 76, Page 71511- 71512) inviting public comment on our plans to submit this request. No comments were received.

9. Paying Respondents

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

10. Assurance of Confidentiality

The questionnaires for this information collection contain the following statement:

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.

Similar information will be included in the cover letter (see Attachment E) that accompanies the report form. The statutory basis for these assurances of confidentiality is Title 13, U.S.C., Section 9. All activities related to the collection and dissemination of COS data satisfy requirements of this law.

11. Justification for Sensitive Questions

This information collection asks no questions of a sensitive nature.

12. Estimate of Response Burden

The following table provides an estimate of response burden for the COS for each type of respondent. Figures for number of respondents by form are projections based on the latest information contained in the BR.

Multi-establishment entities							
Inquiry	Private Sector Respondents	Governmental Respondents	Total Respondents	Average Time	Private Sector Burden	Governmental Burden	Total Response Burden
Primary COS Inquiries	163,750 (companies)	250	164,000	11 minutes per company	30,038	46	30,084
Instructions and Gathering Records	163,750 (companies)	250	164,000	12 minutes per company	32,750	50	32,800
Establishment Inquiries	12,500 (establishments)	2,500	15,000	5 minutes per establishment	1,042	208	1,250
Total	163,750	250	164,000	23 minutes per respondent	63,830	304	64,134

Other business entities/Single-locations entities			
Inquiry	Private Sector Respondents	Average Time	Total Response Burden
Supplemental COS inquiries (including instructions)	120,000 entities	16 minutes per entity	32,000 hours
Total	120,000 (companies)	16 minutes per respondent	32,000 hours

We estimate a total annual cost to respondents of \$2,851,334, which is 96,134 hours at \$29.66 per hour.

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 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 the Federal Government

The cost to the government for this work is included in the total annual cost of the BR, which is estimated to be \$11.4 million for fiscal year 2012.

15. Reason for Change in Burden

The decrease in response burden of 31,383 hours is the result of obtaining most multi-location establishment data as part of the Economic Census.

16. Project Schedule

The Census Bureau will mail 2012 COS report forms to large companies in mid October and other businesses in late December 2012, with a due date thirty days after receipt. Mail follow-ups to nonrespondents will begin 36 days after the initial mailout. These efforts, supplemented by telephone follow-ups to selected nonrespondents, will go on through mid-year. We will check-in report forms

and perform data entry for responses until the close-out for data collection operations in mid-August of the subsequent year. Information collected using the COS instrument will be included in the BR by October/November.

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 Certification

There are no exceptions.

19. Industry Codes Affected

The COS covers all industrial activities except postal service (NAICS 491), private households (NAICS 814), and public administration (NAICS 92); further, the COS excludes companies engaged exclusively in agriculture production (NAICS 111, 112) or rail transportation (NAICS 482).