Supporting Statement for the Clearance of BLS-790 Forms, the Collection Document of the BLS Current Employment Statistics Program

BACKGROUND

The Current Employment Statistics (CES) program provides current monthly statistics on employment, hours, and earnings, by industry and geography. CES estimates are among the most visible and widely-used Principal Federal Economic Indicators (PFEIs). CES data are also among the timeliest of the PFEIs, with their release each month by the BLS in the *Employment Situation,* typically on the first Friday of each month. The statistics are fundamental inputs in economic decision processes at all levels of government, private enterprise, and organized labor.

The CES monthly estimates of employment, hours, and earnings are based on a sample of U.S. nonagricultural establishments. Information is derived from approximately 290,600 reports (from a sample of 140,000 employers with State Unemployment Insurance (UI) accounts comprised of 440,000 individual worksites), as of January 2011. Each month, firms report their employment, payroll, and hours on forms identified as the BLS-790. The sample is collected under a probability based design. Puerto Rico and the Virgin Islands collect an additional 5,600 reports using a quota sample.

A list of all form types currently used is attached. Respondents receive variations of the basic collection forms, depending on their industry. Letters and other materials sent to establishments are also included.

The CES program is a voluntary program under Federal statute. Reporting to the State agencies is voluntary in all but four States (Oregon, Washington, North Carolina, South Carolina), Puerto Rico, and the Virgin Islands. To our knowledge, the States that do have mandatory reporting rarely exercise their authority. The collection form’s confidentiality statement cites the Confidential Information Protection and Statistical Efficiency Act of 2002 and mentions the State mandatory reporting authority.

Automated data collection methods are now used for most of the CES sample. Approximately 131,200 reports are received through Electronic Data Interchange as of January 2011. Web data collection accounts for 58,900 reports. Computer Assisted Telephone Interviewing is used to collect 62,000. Fax is also a significant collection mode, as 15,300 reports are collected via this method. Touchtone Data Entry is used for 10,900 reports. In comparison, only 5,700 reports are collected by mail.

The balance of the sample is collected through other automated methods including submission of tapes, diskettes, and email.

List of Forms included in Clearance Package

1. TDE Instruction Sheet--Private Sector
2. TDE Instruction Sheet--Public Administration
3. TDE Instruction Sheet—Education
4. Drop Letter (for firms being dropped from the sample)
5. Web Letter (for firms being converted to web reporting)
6. TDE Letter (for firms being converted to TDE reporting)
7. CATI Solicitation Letter
8. Back of TDE Reminder Post Card
9. Front of TDE Reminder Post Card
10. 790 A form-- Logging and Mining
11. 790 B form—Construction
12. 790 C form—Manufacturing
13. 790 E Form—Service Providing
14. 790 G Form—Public Administration
15. 790 S Form—Educational Services
16. Educational Services Fax Report form
17. Public Administration Fax Report Form
18. Private Sector Fax Report Form
19. Multiple Payroll Private Sector Fax Form
20. Private Sector Fax Report Form-Short version
21. Multiple Payroll Private Sector Fax Form—Short version
22. CATI Solicitation Letter—Education Services
23. CATI system and Web page screens.

A non-substantive change to the CES collection was approved by the Office of Management and Budget on March 11, 2011. This approval is for a test of the forms listed below. If the test proves to be successful, then these forms will replace items 5, 7, and 10-22. The BLS will send a request for a non-substantive change after the successful completion of the current test.

1. 790A booklet format—for initial enrollment
2. 790A booklet format—for collection
3. 790B booklet format—for initial enrollment
4. 790B booklet format—for collection
5. 790C booklet format—for initial enrollment
6. 790C booklet format—for collection
7. 790E booklet format—for initial enrollment
8. 790E booklet format—for collection
9. 790G booklet format—for initial enrollment
10. 790G booklet format—for collection
11. 790S booklet format—for initial enrollment
12. 790S booklet format—for collection
13. 790A booklet format—fax version
14. 790B booklet format—fax version
15. 790C booklet format—fax version
16. 790E booklet format—fax version
17. 790G booklet format—fax version
18. 790S booklet format—fax version

A. JUSTIFICATION

**1. Necessity of Collection**

The Bureau of Labor Statistics has been charged by Congress (29 USC 2) with the responsibility of collecting and publishing monthly information on employment, the average wage received, and the hours worked, by area and by industry. Attachment 1 is a copy of this statute. The data necessary to produce these estimates are voluntarily reported. The BLS receives approximately 290,600 reports each month from nonagricultural establishment worksites (including government) in the 50 States and the District of Columbia. An additional 5,600 reports are collected by Puerto Rico and the Virgin Islands. The Puerto Rico and Virgin Islands reports are not included in the probability sample design.

**2. Use and Users of Data**

The estimates produced from the data collected on the BLS-790 forms are fundamental inputs in economic decision processes at all levels of private enterprise, government, and organized labor. The estimates are vital to the calculation of the National Income Accounts, the Federal Reserve Board's Index of Industrial Production, and the Composite Index of Leading and Coincident Economic Indicators among others. The earnings data provide a proxy measure of the cost of labor at a level of industry detail not available from the BLS's Employment Cost Index program. The early availability of employment and hours data provides one of the primary indicators for the current status of the U.S. economy.

**3. Use of Technology in Reducing Burden**

The CES program relies extensively on information technology for data collection. Ninety percent of the sample is collected by Touchtone Data Entry (TDE), Computer Assisted Telephone Interviewing (CATI), Electronic Data Interchange (EDI), and Web. EDI is used for many very large multi-unit reporters. As of January, 2011, 93 large firms, representing 7.3 million employees and 131,200 establishments, report via EDI, significantly reducing respondent burden for these firms.

The BLS has developed special forms (BLS-790 F series) to facilitate reporting of data by facsimile transmission ("fax"). These forms somewhat lessen reporting burden on large multi-unit reporters by allowing them to report information for several of their establishments on one form each month. These forms allow firms that report for establishments in different industries to consolidate all reporting on a single form. Three versions have been developed. The first version covers all private sector businesses, except education. The second covers education and government establishments, and the third is used for private education establishments.

**4. Identification of Duplication**

There are no comparable Federal surveys. The cooperative Federal-State collection program eliminates duplication of requests made of the respondent at the Federal, State, and local levels. The CES program is the only program that provides current monthly data on payroll employment, hours, and earnings, by industry and area. Preliminary national data are released within 3 weeks of the end of the survey week.

**5. Small Businesses**

The probability-based design calls for inclusion of all UI accounts with more than 1000 employees with certainty. For other size classes, the sample is stratified by size decreasing probability of selection for smaller size firms. The BLS has also implemented sample rotation of non-certainty units to further reduce burden. Most non-certainty firms will report for 3 to 5 years, then will be rotated out of the sample for at least 3 years. For very large firms, electronic reporting via EDI allows the firm to transmit a sample file containing all of their reports to a central location. This lessens their burden substantially.

**6. Less Frequent Conduct of Study**

The Congress (29 USC 2) mandated that the data be collected monthly for the purpose of deriving fundamental inputs into economic decision processes at all levels of government, private enterprise, and organized labor.

**7. Special Circumstances**

This request does not have any special circumstances that would cause information collection to be conducted in a manner:

1. requiring respondents to submit more than an original and two copies of any document;
2. requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;
3. in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;
4. requiring the use of a statistical data classification that has not been reviewed and approved by OMB;
5. that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or
6. requiring respondents to submit proprietary trade secret or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information’s confidentiality to the extent permitted by law.

There are special circumstances that require respondents to report information to the agency more often than quarterly; and require respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it. Congress has mandated monthly collection (29 USC 2). Survey respondents are requested to provide payroll information for the pay period including the 12th of the month as soon as the data are available. This allows for timely publication of preliminary estimates within 3 weeks of the reference period. Research has shown that the vast majority of sample units have the requisite data available in their regular payroll summaries at the time BLS is requesting this information.

**8. Federal Register Notice and Comments and Outside Consultations**

Seven comments were received as a result of a Federal Register Notice published in 76 FR 17710, on March 30, 2011.

One comment expressed the opinion that the survey does not benefit the citizens of the country.

Comments from the Bureau of Economic Analysis (BEA) strongly supported the continued collection of data by the Current Employment Statistics program. The BEA uses the information from the program to prepare the National Income and Product accounts, Gross Domestic Product by industry, and the regional accounts. The BLS does not plan any modifications that would substantially affect the BEA’s use of the data.

Comments from the Wyoming Department of Employment expressed concerns about the current level of obligation authority in the CES budget and concerns about the adequacy of the sample at the State and local levels. Additional concerns were expressed about the definition of production workers and “persons employed” and the level of detail about the estimation process provided to State analysts. The comments suggested that resources be moved from CES to CPS to produce usual weekly earnings by occupation and model based estimates of MSA employment. There are no plans to change the definition of production workers, nor are there plans to change other CES definitions. The President’s FY 2011 Budget contains an initiative to restructure the CES program in order to reduce costs and improve accuracy, consistency, and transparency of the CES estimates. The BLS has been working to complete the detailed operations and changes associated with this plan for the past year, with input from States via the CES policy council.

Comments from the Oregon Employment Department agreed with the BLS statements on the importance of the Current Employment Statistics program and suggested a revision to the estimation of the total cost of the employer burden associated with the survey. For purposes of monetizing burden hours for this submission, the BLS has used total compensation data from the National Compensation Survey to account for the value of fringe benefits.

The Kansas Department of Labor offered comments to improve the quality of State and area estimates. Kansas requests that when estimating cells receive a small portion of the sample for a month, that State data users be notified of the level of coverage obtained. Kansas also requests notification when the semi-annual update to the sample is available for use in estimation. Finally, Kansas requests monthly updates of seasonal factors for statewide employment, instead of the annual updates. The BLS will review its procedures and discuss any possible changes with the CES policy council.

Comments from the National Association of State Workforce Agencies (NASWA) expressed concern about the impact of the recent changes to State and area estimation on the ability of State Labor Market Information professionals to assist job seekers, local businesses, policy makers and others. The NASWA references an April 26, 2011 letter sent to Bureau of Labor Statistics Commissioner Keith Hall regarding two suggestions to improve the CES program. The suggestions were for the BLS to work with the NASWA LMI Committee to develop procedures to adjust CES estimates and to develop a certification process whereby State professionals have the authority to improve State results. The BLS will review its procedures and discuss any possible changes with the CES policy council.

Comments from the Washington State Employment Security Department expressed concerns about the large number of detailed industry estimates which can have a large sampling error, especially for the preliminary estimates. Washington State recommends the use of State analysts with local knowledge to moderate the effects of a small sample or unrepresentative response in some State and local estimating cells. Later revision and benchmarking may correct errors, but can undermine the timeliness of the data. Washington State recommends re-involving State analysts in the estimation process or increasing the sample size. The BLS is planning efforts to improve survey response rates and therefore increase effective sample sizes as part of the FY 2011 CES restructuring budget initiative. The work will begin in 2012.

**9. Payment of Gifts to Respondents**

There are no payments or gifts to respondents.

**10. Confidentiality**

The Confidential Information Protection and Statistical Efficiency Act of 2002 (CIPSEA) safeguards the confidentiality of individually identifiable information acquired under a pledge of confidentiality for exclusively statistical purposes by controlling access to, and uses made of, such information. CIPSEA includes fines and penalties for any knowing and willful disclosure of individually identifiable information by an officer, employee, or agent of the BLS.

The Commissioners' Order No. 1-06, "Confidential Nature of BLS Statistical Data," explains the Bureau's policy on confidentiality: "In conformance with existing law and Departmental regulations, it is the policy of the Bureau of Labor Statistics that respondent identifiable information collected or maintained by, or under the auspices of, the BLS for exclusively statistical purposes and under a pledge of confidentiality shall be treated in a manner that will ensure that the information will be used only for statistical purposes and will be accessible only to authorized persons.

Authorized persons are:

 1. Sworn BLS employees.

 2. State Employment Security Agency employees.

 3. Contractors who have signed the appropriate confidentiality agreement with the Bureau.

Data on employment, payrolls, and hours submitted on the BLS-790 forms by respondents must be retained by the BLS for an indefinite period, in order to retabulate historical data when expanding published industry detail and to provide a basis for recalculating series if they are later found to be in error. Data are electronically archived.

The collection forms state that “The Bureau of Labor Statistics, its employees, agents, and partner statistical agencies, will use the information you provide for statistical purposes only and will hold the information in confidence to the full extent permitted by law. In accordance with the Confidential Information Protection and Statistical Efficiency Act of 2002 (Title 5 of Public Law 107-347) and other applicable Federal laws, your responses will not be disclosed in identifiable form without your informed consent.”

**11. Sensitive questions**

There are no sensitive questions asked on this survey.

1. **Estimate of Respondent Reporting Burden**

The following table shows reporting burden by form type:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Form | Reports | Minutes per Report | Frequency of Response | Annual Responses | Annual Burden Hours |
| A--Mining and Logging | 1,400 | 11 | 12 | 16,800 | 3,080 |
| B--Construction | 13,100 | 11 | 12 | 157,200 | 28,820 |
| C--Manufacturing | 11,400 | 11 | 12 | 136,800 | 25,080 |
| E--Service Providing Industries | 193,400 | 11 | 12 | 2,320,800 | 425,480 |
| G--Public Administration | 47,400 | 6 | 12 | 568,800 | 56,880 |
| S--Education | 9,800 | 6 | 12 | 117,600 | 11,760 |
| F1, F2, F3 Fax Forms | 14,100 | 11 | 12 | 169,200 | 31,020 |
| Total | 290,600 |   |   | 3,487,200 | 582,120 |

Estimate of the CES program's cost to respondents:

|  |  |
| --- | --- |
| Annual Burden hours | 582,120 |
| Total Compensation, Office and administrative support occupations, Q1 2011 | $23.50  |
| Estimated total cost to respondents | $13,679,820 |
| Number of establishments | 290,600 |
| Average annual cost per establishment | $47.07  |

**13. Annual Burden Costs to Respondent as a Result of the Collection of Information**

There is no operational or maintenance cost burden to the respondent because the information collection seeks information that is part of customary and usual business practices and does not require purchase of equipment or services to meet the information collection request.

**14. Estimate of the CES program's FY 2011 cost to the Federal Government**

|  |  |
| --- | --- |
| State Contracts (for processing, review, etc.) | $14,500,000 |
| All Other | $40,500,000 |
| TOTAL | $55,000,000 |

**15. Changes in Burden**

The burden currently requested is 582,120 hours. This request is an increase from the previous burden request of 499,760 hours. The increase is due to more frequent sample rotation and better collection methods resulting in a higher response rate.

**16. Publication Plans**

The data are initially released in the “Employment Situation” press release (http://www.bls.gov/news.release/empsit.toc.htm) on the first Friday following the reference period. The release contains employment, hours, and earnings data by major industry division.

Detailed tabulation and presentation of national estimates of employment, hours, and earnings are found in the B tables of Employment and Earnings (http://www.bls.gov/opub/ee/home.htm), the BLS's monthly on-line publication.

The CES program produces 22,934 series at the national level and 22,365 series at the State and area levels. Data are published monthly by the BLS in Employment and Earnings, press releases, and on the BLS web site. There has been a significant increase in the number of national series published because of a decision to have series formerly available upon request to be published on the web site.

**17. Displaying the OMB Expiration Date**

The BLS is requesting continuation of the approval to not display the expiration date on the form. The BLS and States are continually soliciting new respondents for the CES and their ability to use the approved form would be constrained as the expiration date approaches.

**18. Exception to Certification**

There are no exceptions to item 19 of the “Certification for Paperwork Reduction Act Submissions”.