

SUPPORTING STATEMENT - PART A
U.S. Department of Commerce
U.S. Census Bureau
Manufacturers' Unfilled Orders Survey
(Form MA-3000)
OMB Control No. 0607-0561

A. Justification

1. Necessity for Information Collection

The Manufacturers' Shipments, Inventories, and Orders (M3) survey collects monthly data on shipments, inventories, new orders, and unfilled orders from manufacturing companies. The orders, as well as the shipments and inventory data are used widely and are valuable tools for analysts of business cycle conditions, including members of the Council of Economic Advisers, Bureau of Economic Analysis, Federal Reserve Board, Department of the Treasury, and the business community.

New orders serve as an indicator of future production commitments and the data are direct inputs into the leading economic indicator series. New orders, as reported on the M3 monthly survey, are derived by adding shipments to the net change in the unfilled orders from the previous month. The ratio of unfilled orders to shipments is an important indicator of pressure on manufacturing capacity.

The monthly M3 estimates are based on a relatively small panel of domestic manufacturers and reflect primarily the month-to-month changes of large companies. There is a clear need for periodic benchmarking of the M3 estimates to reflect the manufacturing universe. The Economic Census covering the manufacturing sector and the Annual Survey of Manufactures (ASM) provide annual benchmarks for the shipments and inventory data in the monthly M3 survey. The Manufacturers' Unfilled Orders Survey provides the annual benchmarks for the unfilled orders data.

The industries selected for the Manufacturers' Unfilled Orders Survey are those that the U.S. Census Bureau determined maintain considerable unfilled orders. The survey is necessary to ensure future accuracy of the new orders data in the M3 and to determine which NAICS industries continue to maintain unfilled orders.

The Census Bureau conducts the Manufacturers' Unfilled Orders Survey on a mandatory basis under authority of Title 13, United States Code, Sections 131, 182, 193, and 224. Report forms are mailed to approximately 6,000 companies requesting data for 41 of the M3 survey's 89 NAICS defense and nondefense industry categories. The form, instructions, and Major Manufacturing Activities List are presented in Appendices A-C.

We plan to add a box for “Change in Operational Status” to the MA-3000 for 2012. This change does not affect burden because the information asked is readily available by the respondents or not applicable to those companies without an operational status change.

2. Needs and Uses

The Census Bureau uses the information provided by this survey to develop universe estimates of unfilled orders as of the end of 2011 and 2012, and then adjust the monthly M3 data on unfilled orders to these levels. The benchmarked unfilled orders levels are used to derive estimates of new orders received by manufacturers. New orders are derived using the following formula:

$$\text{NEW ORDERS (current)} = \text{SHIPMENTS (current)} + \text{UNFILLED ORDERS (current)} - \text{UNFILLED ORDERS (prior)}$$

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

One of the strategic objectives of the Census Bureau is to pursue the least burdensome means of collecting necessary information. Respondents are encouraged to submit their data via Centurion, our Internet reporting system. The Manufacturers’ Unfilled Orders Survey collects approximately fifty percent of its data electronically.

Data received via the Internet are converted to an ASCII file and then downloaded to our company database, thus eliminating data keying. This method of data collection is cost-effective as it reduces the number of forms processed annually.

4. Efforts to Identify Duplication

The Census Bureau makes a concentrated effort on a continual basis to identify possible duplications, both within the agency and outside the agency, and to eliminate them whenever possible. The M3 survey is the only monthly source of unfilled orders data that cover all U.S. manufacturing industries. There is no current source of data to provide benchmarks for the unfilled orders data in this survey.

5. Minimizing Burden

This survey does not involve a large number of small businesses. The Census Bureau ensures this by selecting companies with probability of selection proportional to size. Companies with fewer than five employees are excluded from the survey. This sample design is explained further in section B.2.

If a company prefers to submit the data in its own format or computer output hard copy, the Census Bureau will accept the format.

6. Consequences of Less Frequent Collection

The Census Bureau conducts this survey annually to provide unfilled orders benchmarks. If the survey was not conducted annually, the unfilled orders estimates would be adjusted based on the ASM and Economic Census shipments benchmarks and the relationship of unfilled orders to shipments reported in the monthly M3 survey. This annual adjustment is not an acceptable substitute for the benchmark data.

7. Special Circumstances

There are no special circumstances.

8. Consultations Outside the Agency

On October 16, 2012, the Census Bureau published a notice in the Federal Register, Volume 77, No. 200, Page 63288 inviting the public to comment on the plans to submit this request. No comments were received during the 60-day comment period.

9. Paying Respondents

No payments or gifts are given to respondents to report on this survey.

10. Assurance of Confidentiality

The information collected on this survey is mandatory under Title 13, United States Code, Sections 182 and 224. Section 9 of the same code guarantees the confidentiality of the information collected on the survey. The Census Bureau informs respondents of this in a letter signed by the Chief of the Census Bureau's Manufacturing and Construction Division, and on the form itself.

11. Justification for Sensitive Questions

There are no sensitive questions.

12. Estimate of Hour Burden

The estimate of respondent burden is 3,000 work hours. The survey involves approximately 6,000 respondents with an average response time of thirty minutes. For multi-divisional companies, the response time is expected to be approximately one hour per company. For single divisional companies, the response time is expected to be approximately fifteen minutes per company.

We plan to add a box for “Change in Operational Status” to the MA-3000 for 2012. This change does not affect burden because the information asked is readily available by the respondents or not applicable to those companies without an operational status change.

The estimated cost to the respondents is \$101,160. This estimate is based on an average hourly wage of \$33.72 times the annual burden hours (3,000). The average hourly wage is that of a level one accountant in the manufacturing sector, according to the Occupational Employment and Wages, 2011 publication, published by The Bureau of Labor Statistics.

13. Estimate of Cost Burden

The Census Bureau does not expect respondents to incur any cost 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

The total cost to the Federal Government is expected to be \$388,323, all funded by the Census Bureau.

15. Reason for Change in Burden

We plan to add a box for “Change in Operational Status” to the MA-3000 for 2012. This change does not affect burden because the information asked is readily available by the respondents or not applicable to those companies without an operational status change.

16. Project Schedule

The Census Bureau will mail the 2012 Manufacturers' Unfilled Orders Survey form in April 2013, requesting that the respondents return the form within 30 days. The first follow-up letter is mailed 30 days after the initial mailing in an attempt to obtain data from companies that did not respond. A copy of the initial mail and follow-up letters are attached in Appendices D and E. Thirty days after the follow-up letter, a telephone follow-up is conducted of the largest non-respondents. Based on previous Manufacturers' Unfilled Orders Surveys, the Census Bureau expects at least an 80 percent check-in rate and a 70 percent weighted response rate at the time the final report is prepared.

The Census Bureau edits and analyzes the data, then tabulates and uses the results to determine the industries from which monthly orders data should be collected. The Census Bureau systems are used to process the survey. The following is a schedule for data collection, processing and publication:

Data Collections and Publication Schedule:

<u>Activity</u>	<u>Days following initial mailing</u>
Mail follow-up	30 days
Phone call follow-ups	60 days
Analyst review and edit returns	throughout the mailing cycle
Review of tabulated data	90-150 days
Incorporate into benchmark publication	May 2015

17. Request to Not Display the Expiration Date

The expiration date and the OMB number are displayed at the top of the MA-3000 form.

18. Exceptions to the Certification

There are no exceptions.

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

The survey covers manufacturing industries defined by NAICS codes 331-339. The Census Bureau only mails to companies with activity in the current NAICS industries that report unfilled orders. Under NAICS, the Manufacturers' Unfilled Orders Survey collects data for 41 industry groups. A list showing the affected industries appears in Appendix C.