

SUPPORTING STATEMENT
U.S. Department of Commerce
U.S. Census Bureau
2012 Economic Census Covering the Retail Trade and Accommodation and Food Services
Sectors
OMB Control Number 0607-0927

Part A - Justification

1. Necessity of Information Collection

The 2012 Economic Census Covering the Retail Trade and Accommodation and Food Services Sectors will use a mail canvass, supplemented by data from Federal administrative records, to measure the economic activity of 1.7 million employer establishments classified in the North American Industry Classification System (NAICS). For more details on the NAICS structure, see Part A, Section 19.

The retail trade sector comprises establishments primarily engaged in selling merchandise, generally without transformation, and rendering services incidental to the sale of merchandise. The accommodation and food services sector comprises establishments providing customers with lodging and/or preparing meals, snacks, and beverages for immediate consumption. The information collected will produce basic statistics by kind of business on number of establishments, sales, payroll, and employment. It will also yield a variety of subject statistics, including sales by product line, sales by class of customer, and other industry-specific measures, such as number of guestrooms provided by hotels and sales per square foot for supermarkets, department stores, warehouse clubs, and supercenters. Basic statistics will be summarized for the United States, states, metropolitan areas, counties, places, and ZIP code areas. Tabulations of subject statistics also will present data for the United States and, in some cases, for states.

This information collection is part of the 2012 Economic Census, which is required by law under Title 13, United States Code (USC). Section 131 of this statute directs the taking of a census at 5-year intervals. Section 224 makes reporting mandatory.

2. Needs and Uses

The economic census is the primary source of facts about the structure and functioning of the Nation's economy and features unique industry and geographic detail. Economic census statistics serve as part of the framework for the national accounts and provide essential information for government, business, and the general public. The Federal Government uses information from the economic census as an important part of the framework for the national income and product accounts, input-output tables, economic indexes, and other composite measures that serve as the factual basis for economic policy-making, planning, and program administration. Further, the census provides sampling frames and benchmarks for current surveys of business which track short-term

economic trends, serve as economic indicators, and contribute critical source data for current estimates of gross domestic product. State and local governments rely on the economic census as a unique source of comprehensive economic statistics for small geographic areas for use in policy-making, planning, and program administration. Finally, industry, business, academe, and the general public use information from the economic census for evaluating markets, preparing business plans, making business decisions, developing economic models and forecasts, conducting economic research, and establishing benchmarks for their own sample surveys.

If the economic census was not conducted, the Federal Government would lose vital source data and benchmarks for the national accounts, input-output tables, and other composite measures of economic activity, causing a substantial degradation in the quality of these important statistics. Further, the government would lose critical benchmarks for current sample-based economic surveys and an essential source of detailed, comprehensive economic information for use in policy-making, planning, and program administration.

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

Companies may satisfy their reporting requirement for this information collection by providing data electronically. Companies with more than one location will have the option to download software with a spreadsheet interface and provide data via the Internet or on CD-ROM. For the first time, single-establishment companies will have the option for direct Internet-based reporting. For the 2007 Economic Census covering the Retail Trade and Accommodation and Food Services sectors, approximately 35% of responses were provided electronically. With the addition of direct Internet-based reporting for single-establishment companies in 2012, approximately 47% of respondents in the Retail Trade and Accommodation and Food Services sectors are expected to report electronically.

4. Efforts to Identify Duplication

The U.S. Census Bureau found no information collections by Federal agencies, trade groups, or businesses that duplicate the content, comprehensive coverage, industry detail, geographic detail, and statistical reliability provided by the economic census. These features are distinguishing characteristics of economic census data; they meet requirements of principal data users and make the census uniquely suited to the purposes it serves.

5. Minimizing Burden

This information collection minimizes the burden on small businesses by excluding most of them from the mail canvass. The census will use data from Federal administrative records in lieu of census reports for most small establishments with paid employees (generally those with fewer than four employees). Only a sample of these establishments will be included in the mail canvass to permit development of reliable estimates for data that are not available from Federal administrative records (e.g., sales by product line and other special inquiries). Part B of this supporting statement gives a more complete description of this data collection methodology.

6. Consequences of Less Frequent Collection

The economic census is conducted at 5-year intervals, as required by Title 13 USC, Section 131. If this information collection were conducted less frequently, it would diminish the timeliness and usefulness of the statistics produced. This would cause a corresponding deterioration in the national accounts, input-output tables, economic indexes, business surveys, and other measures that rely on source data and benchmarks from the economic census. Similarly, less frequent collection would diminish the usefulness of the economic census as a source of comprehensive information for economic policy-making, planning, and program administration.

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

Consultations with principal data users occurred throughout 2010. To initiate this process, we sent copies of report forms for the 2007 Economic Census to 90 organizations, including Federal agencies, trade groups, and trade publications. We asked these organizations to review the report form(s) relevant to their data needs and interests and to provide recommendations on content, terms and definitions, instructions, and other aspects of report form design for the 2012 Economic Census. These consultations were provided individually and were not for the purpose of providing a group consensus opinion. Forty-one organizations responded by mail, fax, telephone, or email.

Attachment F identifies the organizations that we contacted in this effort. Attachment G gives a representative selection of the correspondence we received from participants in these consultations. Finally, Attachment H summarizes the substantive changes we made to standard forms in response to the recommendations we received, and Attachment I does the same for classification forms.

The problems we encountered were minor. We were unable to adopt several recommendations because they entailed excessive cost or response burden, because firms

we consulted said they could not report the requested information, or because there were conflicts with other requirements.

Further, we published a notice in the Federal Register on January 19, 2011, inviting public comment on our plans to submit this request (76FR pages 3081-3082). No comments were received during the 60-day comment period.

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 in the economic census.

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 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 guarantees will be included in a cover letter that accompanies the report form. 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. The U.S. Census Bureau also satisfies the requirements of the Privacy Act of 1974, when applicable.

11. Justification for Sensitive Questions

This information collection asks no questions of a sensitive nature.

12. Estimate of Hour Burden

Attachment A provides an estimate of respondent burden for each of the 40 report forms covered by this request. Figures for number of respondents by form are projections based on 2007 Economic Census data and tabulations of the U.S. Census Bureau's Business Register; they assume a 100 percent response rate. In all cases, the census requires one response per establishment. Estimates for number of hours per response are reasonable estimates of the time needed to read the census report form, the accompanying information sheets, and other materials in the census mail package; to gather, organize, and summarize information; and to record answers on the report form or enter data electronically.

Overall respondent burden for FY 2013 is estimated at 1,002,396 hours (1,110,069 responses at 0.9 hours each, on the average). We are submitting this request for one burden hour now and will submit a non-substantive change request at the beginning of FY 2013 to increase the burden and number of respondents to their actual amounts. Overall respondent cost for FY 2013 is estimated at \$29,079,507.

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 the Federal Government

The cost to the government for this work is included in the total cost of the 2012 Economic Census, estimated to be \$665 million.

15. Reason for Change in Burden

The change in burden is attributable to the information collection being submitted as a reinstatement.

16. Project Schedule

The U. S. Census Bureau will mail report forms for this information collection at the end of 2012, with a due date of February 12, 2013. Mail follow-ups to nonrespondents will begin in late February 2013. 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. Receipt of administrative records, automated edits, and initial efforts to resolve reporting problems will continue through September 2013. Then we will prepare tabulations and related analytical summaries, perform statistical analyses, and submit the data to further review and correction. The first release of data is scheduled to occur during the first quarter of 2014, and all data dissemination should be complete by the middle of 2016.

Timetable for the Retail Trade and Accommodation and Food Services Sectors of the 2012
Economic Census

<u>Activity</u>	<u>Start</u> ¹	<u>End</u> ¹
Extract mailing list from the Business Register.....	08/12	09/12
Prepare mailing pieces.....	09/12	12/12
Mail report forms.....	10/12	12/12
Due date.....	02/13	02/13
Follow-up for nonresponse.....	02/13	07/13
Receive and check in responses.....	01/13	08/13
Perform data capture.....	01/13	08/13
Close out data collection.....	08/13	08/13
Receive, process administrative records.....	05/12	12/13
Edit data, resolve problems.....	02/13	09/13
Prepare and analyze tabulations.....	10/13	05/16
Data release.....	02/14	06/16

¹All dates are approximate (month/year).

Our data dissemination plans summarizing the results of this information collection will be similar in number and type to those for the 2007 Economic Census. To improve the timeliness, relevance, and usefulness of all data products, the U. S. Census Bureau will continue to release economic census data on the Internet. Products from this data collection include the following:

- Industry Series--This series will include 16 preliminary industry releases covering selected NAICS industry groupings. Each release will present detailed preliminary industry statistics for the United States on: the number of establishments, sales, annual payroll, first quarter payroll, and employment for the pay period including March 12, 2012; industry statistics on sales by product line; and comparative statistics on a 2007 NAICS basis for 2012 and 2007.
- Geographic Area Series--This series will present tabulations for the United States, each state, and the District of Columbia. These tabulations will summarize data by kind of business for the United States, states, metropolitan areas, counties, and places. Tabulations will present basic statistics for establishments with payroll, including number of establishments, sales, annual payroll, first quarter payroll, and employment for the pay period including March 12, 2012.
- Subject Series--This series will present tabulations for the United States and, in some cases, for states. All summaries will present data only for establishments with payroll. Included will be an *Establishment and Firm Size* release that will summarize basic information by sales size category and by employment size category for both establishments and firms, and sales concentration for the largest firms in each

industry; a *Product Line Sales* release that will give detailed industry statistics on sales by product line; and *Miscellaneous Subjects* releases that will present a variety of tabulations for industry-specific special inquiries.

- ZIP Code Statistics Series--This series will summarize statistics for establishments with payroll for ZIP Code Areas. Tabulations will give number of establishments by sales size category for limited kind-of-business detail.

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.

19. NAICS Codes Affected

For the 2012 Economic Census covering the retail trade and accommodation and food services sectors, the following NAICS major industry groups will be covered:

Retail Trade

441	Motor vehicle and parts dealers
442	Furniture and home furnishings stores
443	Electronics and appliance stores
444	Building material and garden equipment and supplies dealers
445	Food and beverage stores
446	Health and personal care stores
447	Gasoline stations
448	Clothing and clothing accessories stores
451	Sporting goods, hobby, musical instrument, and book stores
452	General merchandise stores
453	Miscellaneous store retailers
454	Nonstore retailers

Accommodation and Food Services

721	Accommodation
722	Food services and drinking places