

## Supporting Statement

### 2012 Economic Census Covering Utilities; Transportation and Warehousing; Finance and Insurance; and Real Estate and Rental and Leasing Sectors

#### Part A. Justification

##### 1. Necessity of Information Collection

The 2012 Economic Census covering the Utilities; Transportation and Warehousing; Finance and Insurance; and Real Estate and Rental and Leasing sectors will use a mail canvass, supplemented by data from Federal administrative records, to measure the economic activity of more than 1,039,000 establishments in these sectors of the economy as classified in the North American Industry Classification System (NAICS). For more details on the NAICS structure, see part A, Section 19.

The Utilities sector comprises establishments primarily engaged in the provision of utility services through a permanent infrastructure. The Transportation sector comprises establishments primarily engaged in transporting people and goods. The Warehousing sector comprises establishments primarily engaged in the warehousing and storage of goods. The Finance and Insurance sector comprises two types of establishments: those engaged in financial transactions, that is, transactions involving the creation, liquidation, or change in ownership of financial assets, or in facilitating financial transactions; and those engaged in the intermediating as the consequence of pooling risks and facilitating such intermediation. The Real Estate subsector comprises establishments primarily engaged in leasing real estate to others, as well as real estate managers, agents, and brokers. The Rental and Leasing subsector comprises establishments primarily engaged in acquiring, owning, and making available a wide variety of tangible goods such as machinery, equipment, computers, and consumer goods to businesses or individuals, in return for a periodic rental or lease payment. The economic census will produce basic statistics by kind of business on number of establishments, revenue, payroll, and employment. It also will yield a variety of subject statistics, including revenue by product line, and other industry-specific measures, such as insurance benefits paid to policyholders, exported services, purchased transportation, and exported energy. Basic statistics will be summarized for the United States, states, metropolitan areas and, in some cases, for counties and places. 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 indices, 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, academia, 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 were 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 Utilities; Transportation and Warehousing; Finance and Insurance; and Real Estate and Rental and Leasing sectors, approximately 33% of responses were provided electronically. With the addition of direct Internet-based reporting for single-establishment companies in 2012, approximately 43% of respondents in the Utilities; Transportation and Warehousing; Finance and Insurance; and Real Estate and Rental and Leasing sectors are expected to report electronically.

#### 4. Efforts to Identify Duplication

The 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., revenue 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 timelines and usefulness of the statistics produced. This would cause a corresponding deterioration in the national accounts, input-output tables, economic indices, 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 143 organizations, including Federal agencies, trade groups, and trade publications. We asked these organizations to review the questionnaire(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. We received responses by telephone, mail, or e-mail from 62 organizations.

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 and consolidated forms in response to the recommendations we received, and Attachment I does the same for short 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 requested information, or because there were conflicts with other requirements.

On January 4, 2011 we published a notice in the Federal Register inviting public comment on our plans to submit this request (76FR pages 321 - 322). We received no comments.

9. Paying Respondents

The 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 the 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.

11. Justification for Sensitive Questions

This information collection asks no questions of a sensitive nature.

12. Estimate of Respondent Burden

Attachment A provides an estimate of respondent burden for each of the 36 report forms covered by this request. Figures for number of respondents by form are projections based on 2007 Economic Census data and estimates of subsequent growth; 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 based on reasonable estimates of the time needed to read the census questionnaire, 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. Overall respondent burden for FY 2013 is estimated at 811,142 hours (623,955 responses at 1.30 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 \$23,531,229.

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 practice 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 \$665,077,000.

15. Reason for Change in Burden

Report forms covered by this request are 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 March 2013. These efforts, supplemented by telephone follow-ups to selected nonrespondents, will continue 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 first quarter of 2016.

Timetable for the Utilities; Transportation and Warehousing; Finance and Insurance; and Real Estate and Rental and Leasing Sectors of the 2012 Economic Census

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Activity

		<u>Start</u> <sup>1</sup>	<u>End</u> <sup>1</sup>
Extract mailing list from Business Register . . . . .	08/12	09/12	
Prepare mailing pieces . . . . .		09/12	12/12
Mail questionnaires . . . . .		10/12	12/12
Respondent due date . . . . .		02/13	02/13
Follow-up for nonresponse . . . . .		03/13	07/13
Receive and check in responses. . . . .		01/13	08/13
Perform data entry . . . . .		01/13	08/13
Close out data collection . . . . .		08/13	08/13
Receive, process administrative records . . . . .	05/12	09/13	09/13
Edit data, resolve problems . . . . .		02/13	09/13
Prepare and analyze tabulations . . . . .		10/13	02/16
Data release . . . . .		02/14	03/16

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<sup>1</sup> All dates are approximate.

Our data dissemination plans summarizing the results of this information collection will be the same as those in the 2007 Economic Census. To improve the timeliness, relevance, and usefulness of all data products, the Census Bureau will continue to release economic census data

electronically and on the Internet. Products from this data collection include the following:

- Industry Series--This series will include 33 separate preliminary industry reports covering selected NAICS industry groupings. Each report will present detailed preliminary industry statistics for the United States on: the number of establishments, revenue, annual payroll, first quarter payroll, employment for the pay period including March 12, 2012; industry statistics on revenue by product line; comparative statistics on a 2007 NAICS basis for 2012 and 2007; revenue concentration for the largest firms for the industry; industry statistics on a 2012 NAICS basis with distribution among 2007 NAICS-based industries; and industry statistics on a 2007 NAICS basis with distribution among 2012 NAICS-based industries.
  - Geographic Area Series--This series will have 52 releases for the United States, each state, and the District of Columbia. These releases will summarize data by kind of business for the United States, states, and metropolitan areas for counties and places. Tabulations will present basic statistics for establishments with payroll, including number of establishments, revenue, 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 (Including Legal Form of Organization)* release that will summarize basic information by revenue size category and by employment size category for both establishments and firms, revenue concentration for the largest firms in each industry, and industry composition by legal form of organization; a *Product Lines* release that will give detailed industry statistics on revenue by product line; and a *Miscellaneous Subjects* release that will present a variety of tabulations for industry-specific special inquiries.
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 Utilities; Transportation and Warehousing; Finance and Insurance; and Real Estate and Rental and Leasing sectors, the following NAICS major industry groups will be covered:

<u>2012 NAICS</u>	<u>Description</u>
Utilities	
22	Utilities
221	Utilities
Transportation and Warehousing	
48.49	Transportation and Warehousing
481	Air Transportation
483	Water Transportation
484	Truck Transportation
485	Transit and Ground Passenger Transportation
486	Pipeline Transportation
487	Scenic and Sightseeing Transportation
488	Support Activities for Transportation
492	Couriers and Messengers
493	Warehousing and Storage
Finance and Insurance	
52	Finance and Insurance
521	Monetary Authorities - Central Bank
522	Credit Intermediation and Related Activities
523	Securities, Commodity Contracts, and Other Financial Investments and Related Activities
524	Insurance Carriers and Related Activities
525	Funds, Trusts, and Other Financial Vehicles
Real Estate and Rental and Leasing	
53	Real Estate and Rental and Leasing
531	Real Estate
532	Rental and Leasing Services
533	Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)



## Attachments

- A. Report Form Numbers, Titles, and Associated Burden Estimates for FY 2013
- B. Composition of the Establishment Universe and Estimated Mail Counts for the 2012 Economic Census
- C. Standard and Consolidated Forms
  - Attachment C-1. Prototype Standard Forms
  - Attachment C-2. Copies of Standard and Consolidated Forms - Item 19
  - Attachment C-3. Copies of Standard and Consolidated Forms - Item 22
  - Attachment C-4. Copies of Standard and Consolidated Forms - Item 26
  - Attachment C-5. Ownership and Control Flyers
- D. Instructions for Standard and Consolidated Forms
  - Attachment D-1. Instructions for Single-Establishment Firms
  - Attachment D-2. Instructions for Multi-Establishment Firms
- E. Short Forms
  - Attachment E-1. Prototype Short Forms
  - Attachment E-2. Copies of Short Forms
- F. Consultations with Federal Agencies, Trade Groups, and Trade Publications: Persons and Organizations Contacted
- G. Consultations with Federal Agencies, Trade Groups, and Trade Publications: Selected Correspondence
- H. Summary of Changes to Standard and Consolidated Report Forms
- I. Summary of Changes to Short Forms