

## Supporting Statement

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

#### Part B. Collections of Information Employing Statistical Methods

##### 1. Description of Universe

The 2012 Economic Census covering the Utilities; Transportation and Warehousing; Finance and Insurance; and Real Estate and Rental and Leasing sectors is a complete enumeration of establishments with paid employees according to IRS Form 941 located in the 50 states and the District of Columbia. Census data for 2007 recorded 1,122,000 Utilities; Transportation and Warehousing; Finance and Insurance; and Real Estate and Rental and Leasing establishments; by 2012 this number should exceed 1,039,000. Further information on the establishment universe and estimated mail counts for the Utilities; Transportation and Warehousing; Finance and Insurance; and Real Estate and Rental and Leasing sectors of the 2012 Economic Census are given by the table in Attachment B.

The U.S. Census Bureau's Business Register provides the universe of establishments. We estimate that the size of the universe will be approximately 1,039,000 establishments in 2012, based on the count for 2007 and estimates of subsequent growth. The census will distinguish mail versus nonmail components of this universe as described below.

##### a. Mail Component

The census will use a mail canvass, supplemented by data from Federal administrative records, to compile data for establishments in the mail component of the potential respondent universe. We estimate that the size of this mail component will be approximately 624,000 reporting units in 2012. Of these, approximately 537,000 reporting units will receive report forms and instructions, as shown in Attachments C and D, respectively; the remaining 87,000 establishments will receive short forms, as shown in Attachment E.

The mail component of the potential respondent universe will include the following establishments: (i) all active operating establishments of multi-establishment firms, (ii) large single-establishment firms, and (iii) selected small single-establishment firms. Paragraph B.2.a.(2), below, explains the distinction between large and small single-establishment firms and the selection procedures applied to each size class.

The 2007 Economic Census received responses from 86 percent of the establishments in the mail component of the potential respondent universe. We expect a similar response rate for the 2012 Economic Census.

b. Nonmail Component

The census will obtain basic statistics for establishments in the nonmail component of the potential respondent universe from Federal administrative records. We estimate that the size of this nonmail component will be approximately 276,000 establishments in 2012. It will include small single-establishment firms not selected for the mail component. Paragraph B.2.a.(2), below, explains the distinction between large and small single-establishment firms and the selection procedures applied to each class size.

2. Sampling Methodology and Estimation Procedures

a. Mail Selection Procedures

The census will select reporting units with paid employees for its mail canvass from a frame obtained from the U.S. Census Bureau's Business Register. To be eligible for selection, an establishment will be required to satisfy the following conditions: (i) it must be classified in the industry structure; (ii) it must be an active establishment or alternate reporting unit of a multi-establishment firm, or it must be a single-establishment firm with payroll; and (iii) it must be located in one of the 50 states or the District of Columbia. Mail selection procedures will distinguish the following groups of reporting units:

(1) Multi-Establishment Firms

(a) Alternative Reporting Units for Selected Industries

For hydroelectric power generation (NAICS 221111); fossil fuel electric power generation (NAICS 221112); nuclear electric power generation (NAICS 221113); other electric power generation (NAICS 221119); electric bulk power transmission and control (NAICS 221121); water supply and irrigation systems (NAICS 22131); sewage treatment facilities (NAICS 22132); steam and air-conditioning supply (NAICS 22133); commercial banking (NAICS 52211); savings institutions (NAICS 52212); direct life insurance carriers (NAICS 524113); direct health and medical insurance carriers (NAICS 524114); direct property and casualty insurance carriers (NAICS 524126); direct title insurance carriers (NAICS 524127); other direct insurance (except life, health, and medical) carriers (NAICS 524128); and reinsurance carriers (NAICS 52413), the census reporting unit for multi-establishment firms will represent one or more establishments (business locations).

For the industries listed above, the reporting units

will cover an enterprise's nationwide operations. The enterprise will receive one census report for each of these sub-company business units, and each report will collect consolidated data for revenue and related measures. Further, a supplementary listing will enumerate the unit's constituent establishments and collect payroll and employment information for each.

This kind of alternative reporting unit is a departure from the economic census' usual practice, which is to obtain separate reports for individual establishments. We adopted this alternative collection strategy because of our successful implementation of this format in the 1997 Economic Census, and our more recent consultations clearly show that multi-establishment firms in these industries continue to have great difficulty reporting revenue and related data for each of their business locations. However, they can report these output measures for the business units described here with relative ease, and they can report separate payroll and employment information for each business location that the business units represent.

The potential respondent universe for this information collection includes all alternative reporting units for multi-establishment firms engaged in the kinds of business given above. We estimate that the 2012 Economic Census will cover approximately 990 of these business units in the Utilities Sector and 6,800 of these business units in the Finance and Insurance Sector, representing some 12,290 and 134,700 constituent establishments, respectively.

(b) Establishment Reporting Units

For all other industries covered by the 2012 Economic Census covering the Utilities; Transportation and Warehousing; Finance and Insurance; and Real Estate and Rental and Leasing sectors, selection procedures will assign active operating establishments of multi-establishment firms to the mail component of the potential respondent universe. These establishments will be included in the mail canvass as certainty cases. Each will have a probability selection of 1, and each will have a weight of 1, which will apply only for estimating subject statistics that are not available from administrative records. We estimate that the census mail canvass for 2012 will include approximately 270,000 establishments of multi-establishment firms.

(2) Single Establishment Firms with Payroll

As an initial step in the selection process, we will conduct a study of the potential respondent universe. This study will produce a set of industry-specific payroll cutoffs that we will use to distinguish large versus small single-establishment firms within each kind of business. This payroll size distinction will affect selection as follows:

(a) Large Single-Establishment Firms

Selection procedures will assign single-establishment firms having annual payroll (from Federal administrative records) that equals or exceeds the cutoff for their industry to the mail component of the potential respondent universe. These firms will be included in the mail canvass as certainty cases. Each will have a probability selection of 1, and each will have a weight of 1, which will apply only for estimating subject statistics that are not available from administrative records. We estimate that the census mail canvass for 2012 will include approximately 197,000 large single-establishment firms.

(b) Small Single-Establishment Firms

Selection procedures also will assign a sample of single-establishment firms having annual payroll below the cutoff for their industry to the mail component of the potential respondent universe. Sampling strata and corresponding probabilities of selection will be determined by a study of the potential respondent universe conducted shortly before mail selection operations begin. Selected small single-establishment firms will be included in the mail canvass as noncertainty cases. Each will have a probability of selection that is less than 1, and each will have a weight greater than 1 (calculated as the inverse of the probability of selection), which will apply only for estimating subject statistics that are not available from administrative records. We estimate that the census mail canvass will include approximately 62,000 small single-establishment firms selected in this sample.

All remaining single-establishment firms with payroll will be represented in the census by data from Federal administrative records. Generally, we will not include these small employers in the census mail canvass. However, administrative records sometimes have fundamental deficiencies that make them

unsuitable for use in producing detailed industry statistics by geographic area. When we find such a deficiency, we will mail the firm a census short form to collect basic information needed to resolve the problem. We estimate that the census mail canvass for 2012 will include approximately 87,000 small single-establishment firms that receive these short forms.

b. Estimation Procedures

(1) Basic Statistics

Census tabulations for basic statistics are simple summations of data from a complete enumeration. They do not entail estimates from a sample.

(2) Subject Statistics

Census tabulations for subject statistics, such as product line revenue and industry-specific special inquiries, are based partly on estimates from a sample. These estimates are derived by summing weighted data, where each certainty establishment (not sampled) has a weight of 1, and each noncertainty establishment (part of a sample) has a weight that is greater than 1. Weights are computed as the inverse of the probability of selection; therefore, the summation of weighted data will give estimates for the subject universe.

c. Required Accuracy

(1) Sampling Error

(a) Basic Statistics

The accuracy of basic statistics from the census is not affected by sampling error, since these measures are based on a complete enumeration of the establishment universe. A high degree of accuracy and statistical reliability is required, because the census basic statistics provide benchmarks for the national accounts; the U.S. Census Bureau's current economic surveys; and other surveys conducted by trade groups, businesses, and researchers.

(b) Subject Statistics

The accuracy of subject statistics from the census is affected by sampling error. Sampling variability occurs because subject statistics are based, in part, on estimates from a sample of establishments and not on measurement of the entire universe. Since all eligible establishments recorded in the Business

Register will have a chance of being selected and since the probability of selection will be known for each establishment, it will be possible to estimate the sampling variability of the estimates from the sample.

(2) Nonsampling Error

The accuracy of all census data is influenced by nonsampling errors, such as those affecting coverage, administrative records, questionnaire design, reporting, processing, and tabulation. Although we make no direct measurement of nonsampling errors, we take precautionary steps in all phases of planning, report form development, data collection, processing, and tabulation to minimize their influence.

d. Problems Requiring Specialized Sampling Procedures

There are no known problems that will require specialized sampling procedures for the 2012 census.

e. Use of Periodic Data Collection to Reduce Burden

The census uses periodic (5-year) data collection, as required by Title 13 USC, Section 131.

3. Efforts to Maximize Response

This information collection will maximize response through the following means:

- (i) Public awareness campaign to assist businesses and the public in understanding the importance of the 2012 Economic Census by providing news stories through trade and professional associations, chambers of commerce, and business and general media;
- (ii) Assignment of account managers to very large businesses to provide personalized assistance;
- (iii) Redesigned census questionnaires and information sheets with standard formats and terminology that try to simplify reporting and minimize response burden;
- (iv) Extensive electronic reporting capabilities that will allow every business to report using electronic forms or the Internet;
- (v) Mailing materials that emphasize the mandatory and confidential nature of census reports, as provided by Title 13 USC;
- (vi) Toll-free assistance and a web-based help desk for any business that has questions about completing its census report; and
- (vii) Systematic mail follow-up for nonresponse, supplemented by telephone follow-up for selected firms.

Through these and other response improvement strategies, we expect to maintain or improve the 86 percent response rate obtained by the 2007 Economic Census. This level of response will yield accuracy and reliability that are adequate for intended uses of economic census data.

4. Tests of Procedures or Methods

This information collection will use procedures that are based on a considerable body of experience with the economic census and surveys. Previous economic censuses also have been the subject of evaluation studies that have examined methodology, conceptual issues, and related statistical questions. As a result, the procedures used by the 2012 census are very well tested.

5. Contacts for Statistical Aspects and Data Collection

Statistical methodology is developed under the direction of William C. Davie, Jr., Assistant Chief for Research and Methodology, Service Sector Statistics Division, Bureau of the Census, Washington, DC 20233 (telephone 301-763-7182). The 2012 Economic Census covering the Utilities; Transportation and Warehousing; Finance and Insurance; and Real Estate and Rental and Leasing sectors is conducted under the direction of Jack Moody, Assistant Chief for Census Programs, Service Sector Statistics Division, Bureau of the Census, Washington, DC 20233 (telephone 301-763-2724). Data collection and analysis are managed by Steven Roman, Chief, Utilities and Financial Census Branch, Service Sector Statistics Division, Bureau of the Census, Washington, DC 20233 (telephone 301-763-2824).

## 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