**Supporting Statement - Part A**

**U.S. Department Of Commerce**

**U.S. Census Bureau**

**2012 Economic Census Covering the Manufacturing Sector**

**OMB Control No. 0607-0938**

1. **Justification**
2. **Necessity of Information Collection**

The 2012 Economic Census covering the Manufacturing Sector will use a mail canvass, supplemented by data from federal administrative records, to measure the economic activity of more than 291,000 establishments classified in the North American Industry Classification System (NAICS). For more details on the NAICS structure, see Part A, Question 19.

The manufacturing sector comprises establishments engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products. The assembling of component parts of manufactured products is considered manufacturing, except in cases where the activity is appropriately classified in Sector 23, Construction. The economic census will produce basic statistics by industry for number of establishments, payroll, employment, value of shipments, value added, capital expenditures, depreciation, materials consumed, selected purchased services, electric energy used, and inventories held.

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 five-year intervals. Section 224 makes reporting mandatory.

1. **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 (i.e., Bureau of Economic Analysis (BEA), Bureau of Labor Statistics (BLS)) 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 which track short-term economic trends, serve as economic indicators, and contribute critical source data for current estimates of the 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 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 information disseminated by the U.S. Census Bureau (fully described in the U.S. Census Bureau’s Information Quality Guidelines). Information quality is also integral to information collections conducted by the U.S. Census Bureau and is incorporated into the clearance process required by the Paperwork Reduction Act.

1. **Use of Information Technology**

Companies may satisfy their reporting requirement for this information collection by providing data on computerized self-administrated census questionnaire, via the Internet or on CD-ROM, and other electronic data collection methods.

1. **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.

1. **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. In addition, approximately 34,000 small single-establishment companies that have employment greater than the administrative record cutoff for not mailing will be sent a shortened version of the basic report form that will not include detailed inquiries such as consumption of purchased supplies and fuels, inventories, and fringe benefits data. See Attachment A for a list of industries using the short form.

1. **Consequences of Less Frequent Collection**

The economic census is conducted at five-year intervals, as required by Title 13, USC, Section 131. If this information collection was 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.

1. **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.

1. **Consultations Outside the Agency**

In March 2011, letters were sent to over 584 trade associations, manufacturing companies, and government agencies indicating where on the Census Bureau’s website they could view and comment on the proposed 2012 census report forms. Consultations with outside consultants were for the purpose of receiving individual opinions and not for the purpose of forming a group opinion. We asked these organizations to review the content relevant to their data needs and interests, and to provide recommendations on wording, reporting problems, usefulness of data, and comments on related issues for the 2012 Economic Census. A complete list of all trade associations, manufacturing companies, and government agencies contacted along with their comments is available upon request.

Further, we published a notice in the Federal Register on March 15, 2011 (76FR, pages 13978 and 13979), inviting public comment on our plans to submit this request. We received two comments during the comment period. Comments from Information Technology and Innovation Foundation (ITIF) and a George Washington University (GWU), Institute of Public Policy, research professor, strongly expressed their support of this data collection. ITIF encouraged that we implement additional changes to our survey instrument. Their suggestions included: for item 17 (material, parts, and supplies) include percent of imports and item 22 (shipments) percent of exports by products. Our judgment of these suggestions is that we would not be able to obtain quality response while substantially increasing reporting burden and cost. It was also suggested to reword and expand item 26 to provide insight into innovation-related activities at the establishment level. Our plans are to incorporate a set of questions in an effort to address some of these issues. Finally, it was suggested respondents identify the country with the highest proportion of contract manufacturing work and the specific percentage of contract work going to establishments in that country. Over the years, we have found many of the contract services provided to source a specific establishment are conducted at a company level. This prevents our unit of collection vehicle (the establishment) from presenting a complete picture of contracting activity. We experience difficulty publishing the data that we do gather for many industries, because of our nondisclosure policy. The GWU research professor agreed with the comments listed above regarding the suggestions for additions and changes to the survey instrument.

1. **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.

1. **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 the U.S. 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. The U.S. Census Bureau also satisfies the requirements of the Privacy Act of 1974, when applicable.

1. **Justification for Sensitive Questions**

This information collection asks no questions of a sensitive nature.

1. **Estimate of Respondent Burden**

The response burden for the 2012 Economic Census covering the manufacturing sector is estimated to be 693,000 work hours in fiscal year 2013. This is based on two factors: (1) the number of respondents who receive each type of report form, and (2) the average time required to complete each type of form.

We estimate that the universe for 2012 Economic Census for the manufacturing sector will include approximately 291,000 establishments, of which approximately 123,000 will not receive a census report form. We are dividing the mail portion of the universe (the remaining 168,000) into three subsets for the purpose of data collection. An establishment is assigned to a particular subset dependent upon a number of factors. The more important considerations are the size of the company and whether it is included in the intercensal Annual Survey of Manufactures (ASM) sample panel.

The various subsets of the universe are outlined in the chart below:

|  |  |  |  |
| --- | --- | --- | --- |
| **Subset** | **2012**  **(Estimated)**  **Number of**  **Respondents** | **Average Time**  **Required to**  **Complete**  **(Hours)** | **Estimated**  **Hours of**  **Respondent**  **Burden** |
| *Establishments that will not receive a census report form:*  Small single-establishment firms  administrative records | 123,000 | 0 | 0 |
| *Establishments that will receive a census report form:*  ASM sample establishments  –Receive ASM form  Large- and medium-sized establishments-long form  Small single-unit establishments  (non-ASM)-short form | 51,000  83,000  34,000 | 5.9  3.7  2.5 | 300,900  307,100  85,000 |
| *Total Manufacturing Establishments* | 291,000 | N/A | 693,000 |

Attachment B contains copies of the MA-10000 (ASM form), the manufacturing long and short forms, and instruction manual. Attachment C contains the census part of the report forms for products, materials, and special inquiries. Establishments will receive one of

the following census report forms: (1) ASM sample establishments (MA-10000 form); (2) large- and medium-sized establishments (long form); or (3) small single-unit establishments (non-ASM-short form). The amount of information requested from each subset varies.

Establishments in the ASM subset will receive the most detailed inquiries followed by the large- and medium-sized establishments receiving the long form and then by the small single-establishment manufacturing companies the short form. A detailed description of the various subsets of the manufacturing universe, as outlined above, is provided in Part B.2.

The burden for completing a 2012 Economic Census covering the manufacturing sector report form is estimated to be between two and six hours, depending upon the complexity of an establishment's operations. The general statistics items should be readily available from respondents' records. Materials, products, and special inquiries will require more time. We estimate the total cost to respondents to be $22,729,950. This is based on the total burden hours multiplied by a mean hourly wage of $33.15 for level one accountant in manufacturing.

1. **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.

1. **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. The U.S. Census Bureau has planned and allocated resources for the effective and efficient management of this information collection.

1. **Reason for Change in Burden**

This information collection is being submitted as a reinstatement.

1. **Project Schedule**

The 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 non-respondents will begin in March 2013. These efforts, supplemented by telephone follow-ups to selected non-respondents, will continue through midyear. 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, computer processing and editing, 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 for 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 completed by the end of 2016.

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Timetable for the Manufacturing Sector of the 2012 Economic Census

Activity Start1 End1

Extract mailing list from Business Register........... 08/2012 09/2012

Prepare mailing pieces............................................ 09/2012 12/2012

Mail questionnaires................................................. 12/2012 12/2012

Due date for questionnaire return........................... 02/2013 02/2013

Follow-up for non-response..................................... 03/2013 06/2013

Receive and check in responses.............................. 01/2013 08/2013

Perform data entry................................................... 01/2013 08/2013

Close out data collection......................................... 08/2013 08/2013

Receive and process administrative records........... 05/2012 09/2013

Edit data and resolve problems............................... 02/2013 09/2013

Prepare and analyze tabulations.............................. 10/2013 11/2016

Data release............................................................. 02/2014 12/2016

Industry Series..................................................... 02/2014 09/2014

Geographic Series................................................ 01/2015 05/2015

Subject Series:

General Summary............................................ 10/2015 10/2015

Product Summary............................................ 03/2016 03/2016

Material Summary........................................... 05/2016 05/2016

Concentration Ratios in Manufacturing.......... 05/2016 05/2016

Location of Manufacturing Plants................... 10/2016 12/2016

Industry-Product Analysis............................... 03/2015 03/2015

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1All dates are approximate (month/year).

To improve the timeliness, relevance, and usefulness of all data products, the Census Bureau plans to release the 2012 Economic Census electronically.

* Industry Series - This series will have 367 releases for each NAICS code for the

United States. These releases will provide statistics for individual industries and,

to a lesser extent, by state and employment size. The industry reports will include such statistics as number of establishments, employment, payroll, value added by manufacture, cost of materials consumed, value of industry shipments, capital expenditures, product shipments, and materials consumed by kind.

* Geographic Area Series - This series will have 51 releases, one for each state and the

District of Columbia. These releases will summarize data by NAICS code for states, counties, places, and metropolitan areas, and to a lesser extent, for states and counties by employment size. The geographic reports include such statistics as number of establishments, employment, payroll, value added by manufacture, cost of materials consumed, value of industry shipments, and capital expenditures.

* Subject Series - This series will present summary-level data by NAICS code for the United States, and to a lesser extent, for states and metropolitan areas. Included will be a General Summary report finalizing data from our Industry and Area Series reports. The General Summary will also present data by Legal Form of Organization. Also included in this series will be the Product Summary, Material Summary, Industry-Product Analysis, Location of Manufacturing Plants, and the Concentration Ratios in Manufacturing reports. Location of Manufacturing Plants will summarize the number of manufacturing establishments by NAICS code by employment size for the United States, states, counties, and places. The Concentration Ratios in Manufacturing will present tabulated value of shipments and value added accounted for by the 4-, 8-, 20-, and 50-largest companies for each manufacturing industry.

1. **Request to Not Display Expiration Date**

The assigned expiration date will be displayed on all report forms used in this information collection.

1. **Exceptions to the Certification**

There are no exceptions to the certification.

1. **NAICS Codes Affected**

For the 2012 Economic Census covering the Manufacturing Sector, the following NAICS subsectors will be covered:

Manufacturing

311 Food Manufacturing

312 Beverage and Tobacco Product Manufacturing

313 Textile Mills

314 Textile Product Mills

315 Apparel Manufacturing

316 Leather and Allied Product Manufacturing

321 Wood Product Manufacturing, Except Furniture

322 Paper Manufacturing

323 Printing and Related Support Activities

324 Petroleum and Coal Product Manufacturing

325 Chemical Manufacturing

326 Plastics and Rubber Product Manufacturing

327 Nonmetallic Mineral Product Manufacturing

331 Primary Metal Manufacturing

332 Fabricated Metal Product Manufacturing

333 Machinery Manufacturing

334 Computer and Electronic Product Manufacturing

335 Electrical Equipment, Appliance and Component Manufacturing

336 Transportation Equipment Manufacturing

337 Furniture Manufacturing

339 Miscellaneous Manufacturing