

SUPPORTING STATEMENT
U.S. Department of Commerce
U.S. Census Bureau
Business and Professional Classification Report
OMB Control Number 0607-0189

PART B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL
METHODS

1. Universe and Respondent Selection

The samples for the current business surveys are updated quarterly to represent new Employer Identification Numbers (EINs) appearing on the Business Register (BR) since the time at which records were initially extracted from the BR to create the sampling frames for these surveys. These new EINs, called births, are EINs recently assigned by the Internal Revenue Service (IRS) that have an active payroll filing requirement on the IRS Business Master File (BMF). An active payroll filing requirement indicates that the IRS expects the business owner to report payroll information for the EIN for the next quarterly period. Generally, it is these new EINs that define the universe for the Business and Professional Classification (SQ-CLASS) report.

EIN births are sampled on a quarterly basis using a two-phase selection procedure. To be eligible for selection, a birth must either have no industry classification on the BR or be classified in an industry within the scope of the Service Annual Survey, the Annual Wholesale Trade Survey, or the Annual Retail Survey, and it must meet certain criteria regarding its quarterly payroll. Each quarter, the first phase universe of approximately 115,000 EINs is stratified by broad industry groups and a measure of size based on quarterly payroll. A relatively large sample (approximately 12,000 EINs) is selected using equal probability systematic sampling within the payroll strata. The selected births are canvassed using the SQ-CLASS report to obtain a more reliable measure of size, consisting of sales or revenue in two recent months, company affiliation information, a new or more detailed industry classification code, and other important information needed for second phase sampling. Births that have not returned their questionnaire after 30 days are contacted by telephone to attempt to maximize response. At the close of data collection for each quarter, the response rate for the SQ-CLASS report averages around 74 percent.

Using this more reliable information obtained from the SQ-CLASS report, the selected births from the first phase are subjected to a second phase of sampling designed to ensure that the overall probabilities of selection for the new EINs are equivalent to those used to select the samples for the current business surveys at the time records were initially extracted from the BR. About 1,600 EINs are selected in the second phase sampling in each quarter, resulting in approximately 6,500 EINs being selected for addition to the current business surveys each year.

2. Procedures for Collecting Information

The selected EIN units are mailed a SQ-CLASS form. Respondents can either fill out the questionnaire, report via the Internet, FAX, or call in their information. Those that have not responded within thirty days will receive a follow-up letter. Approximately 45 days after the initial mailout, those that still haven't responded are contacted by telephone.

3. Methods to Maximize Response

For delinquent sampling units, one mail follow-up is used. Following this, the NPC in Jeffersonville, Indiana conducts telephone follow-up for all firms that have not responded by a certain date, and for those firms filing incomplete reports or reporting questionable data. Additionally respondents have the option of reporting via the Internet using the Centurion software. In any given quarter, approximately 50% of responses are received via the Internet, 30% via mail, 15% via telephone, and 5% via FAX.

4. Testing of Procedures

The current procedures reflect a progressive improvement over many years. We systematically monitor data collection procedures in order to identify ways to reduce burden and streamline processing. We plan to continue researching the accuracy of the NAICS codes used in our first phase sampling. Results of this research may allow us to reduce the number of cases mailed in the future.

5. Contact for Statistical Aspects and Data Collection

Direct questions regarding the sample design and statistical methodology used for this survey to Katrina Washington, Chief, Statistical Methods Branch, 301-763-7212. Planning, implementation, and information analysis of this survey is under the direction of Scott Handmaker, Chief, Economic Classification Operations Branch, (301) 763-7107. Planning, implementation, and information analyses of the current business surveys are under the directions of Ian Thomas, Chief, Retail Indicators Branch, (301) 763-7122; Aneta Erdie, Chief, Annual Retail Branch, (301) 763-4841; Bill Abriatis, Chief Current Wholesale Branch, (301) 763-2758; Ron Farrar, Chief, Health Care and Consumer Services Branch, (301) 763-6782; James Burton, Chief, Information and Business Services Branch, (301) 763-2716; and Aidan Smith, Chief, Service Indicators Branch, (301) 763-2972.

Attachments

- 1- Copy of SQ-CLASS Form and Instructions
- 2- Copy of Initial Letter
- 3- Copy of Follow-up Letter
- 4- Copy of Internet Reporting Insert