Supporting Statement
U.S. Department of Commerce
Bureau of Economic Analysis
Institutional Remittances to Foreign Countries (Form BE-40)
OMB Control Number: 0608-0002

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

1. Describe (including a numerical estimate) the potential respondent universe and any sampling or other respondent selection method to be used. Data on the number of entities (e.g. establishments, State and local governmental units, households, or persons) in the universe and the corresponding sample are to be provided in tabular form. The tabulation must also include expected response rates for the collection as a whole. If the collection has been conducted before, provide the actual response rate achieved.

The potential respondent universe for the BE-40 survey is all religious, charitable, educational, scientific, and similar organizations that make cash or other transfers to foreign residents in foreign countries. The information is collected quarterly from organizations remitting at least $1 million or more each year and annually from organizations remitting at least $100,000 but less than $1 million each year. The survey is voluntary. The Bureau of Economic Analysis (BEA) uses the data from the BE-40 survey to prepare estimates of institutional remittances, a sub-component of the private remittances component of the U.S. international transactions accounts (ITAs); the institutional estimates are not separately published. The data also contribute to the estimation of the U.S. National Income and Product Accounts.

The data collection process is carried out on both a quarterly and annual basis. However, the data are published quarterly; therefore, reports from respondents that file annually are not available for inclusion in the preliminary quarterly estimates. As a result, preliminary estimates, and to a certain extent final estimates, are based on extrapolations of previously reported data, supplemented by information obtained from the U.S. Agency for International Development (USAID) and from other sources. Revisions to the estimates as more information becomes available are performed similarly to those of other components of the ITAs.

To increase the response rate and to reduce public burden on survey reporting, BEA reduced the number of organizations that are sent the survey. BEA has removed organizations that have never responded from the mailing list. Follow-up phone calls indicated that many of these organizations did not respond because they were out of scope and did not have reportable transactions. Thus, their non-response does not create a gap in coverage. BEA has also removed organizations that have consistently reported that the value of their transactions were below the reporting threshold. Overall, 62% of the respondents were removed from the mailing list in the last three years.

BEA currently sends the survey to 585 U.S. religious, charitable, educational, scientific, and similar organizations that it believes may have made charitable donations (remittances) to foreign residents and organizations. Of the 585 organizations, 151 are quarterly respondents and

434 are annual respondents. BEA received 104 responses for the first quarter 2013 survey, with a response rate of 69%. BEA received 250 responses for the 2012 annual survey, with a response rate of 58%. Note that while the first quarter 2013 survey has been closed, the 2012 annual survey remains open and BEA continues to receive responses.

BEA has made every effort to improve the response rate for this survey. In order to increase response rates, BEA conducted a thorough review of non-respondents earlier this year using multiple follow-up mailings, telephone interviews, and information publicly available on the internet to determine whether the organization was relevant to the survey. As a result of this review, BEA determined that many of the survey's non-respondents were not relevant to the survey and removed them from the mailing list. We have recently experimented using emails in addition to phone calls to follow up on non-responses and the preliminary results have been very encouraging. Within a few days of sending out a follow-up email to non-respondents, we received various responses from over 50% of them. Some submitted data, some explained that they would be late and others explained why they would not be able to submit data. BEA has recently developed a secure messaging system that will allow email communication with respondents on regular basis, which should increase response to BEA surveys. The system is currently in testing phase and will be available for production in 2014. Additionally, beginning in 2014 BEA will increase the number of initial and follow-up mailings to its historical quarterly respondents from once each January to once each quarter. We have redesigned the BE-40 form to make it more user friendly for respondents. With these improvements, we are confident that we will be able to increase the overall response rate of the BE-40 survey to 80%.

BEA believes that the current response rate is adequate for the purpose of the survey, which is to estimate the remittance behavior of non-profit organizations. For many years BEA has been developing estimates based on data received on the BE-40 survey forms, supplemented by information from other sources that meet its own data quality standards as well as those established by the Department of Commerce. However, without the data provided by the respondents that do file, BEA would be unable to develop the private remittances portion of the ITAs. The data from USAID and the Foundation Center, a philanthropic association that tracks U.S. charitable donations abroad, that BEA uses to supplement BEA data are incomplete and compiled annually or periodically. BEA would not be able to derive complete and accurate quarterly estimates on the private remittances portion of the ITAs based these data only.

BEA has recently reviewed historical survey results and concluded that the survey does not show significant bias due to non-response. The survey respondents represent a good cross section of large and small organizations, as well as different types of organizations. The supplemental data from USAID and the Foundation Center enhances the quality of the estimates. Estimates of remittances by organizations that have not recently responded to the survey but have responded in the past are based on their previous responses. Charities and institutions that receive funds from USAID are required to report to USAID on their charitable donations including those to other countries. In 2012, twenty five percent of BEA's estimate of institutional remittances was derived from these two supplemental sources.

2. **<u>Describe the procedures for the collection, including: the statistical methodology for stratification and sample selection; the estimation procedure; the degree of accuracy needed for the purpose described in the justification; any unusual problems requiring specialized sampling procedures; and any use of periodic (less frequent than annual) data collection cycles to reduce burden</u>.**

The Section 515 Information Quality Guidelines apply to this information. The information is collected according to documented procedures in a manner that reflects standard practices accepted by the relevant economic/statistical communities. BEA conducts a thorough review of the survey input data using sound statistical techniques to ensure the quality of the data before the final statistics are released. The data are collected and reviewed according to documented procedures including the use of check lists, procedures manuals, and on-going review by the appropriate supervisor or project manager. The quality of the data is validated using a battery of computerized edit checks to detect potential errors and to ensure that the data are accurate, reliable, and relevant for the estimates being made. Data are routinely revised as more complete source data become available. The collection and use of this information complies with all applicable information quality guidelines, i.e., OMB, Department of Commerce, and those of the Bureau of Economic Analysis.

The sample frame consists of approximately 585 religious, charitable, educational, scientific, and similar organizations. The list of potential respondents, which was originally derived from directories of not-for-profit organizations, is revised annually to include new entrants and delete inactive respondents.

The information is collected on a voluntary basis quarterly from organizations remitting $1 million or more each year and annually from organizations remitting at least $100,000 but less than $1 million each year.

Estimates are based on tabulations of reports received, supplemented by information obtained from USAID, and from other sources, including the Foundation Center. To the extent that reports are not filed, or are filed too late to be used for the current estimate, BEA generates an estimate based on data previously reported or estimated for non-respondents.

No unusual problems have been encountered that would require the use of specialized sampling procedures.

As discussed under items A.2. and A.6. of the supporting statement, the objective of the survey could not be achieved if the collection were conducted less frequently. Because the ITAs are published quarterly and annually, the accuracy of the estimates would be seriously impaired if the data were collected less frequently.

3. **<u>Describe the methods used to maximize response rates and to deal with nonresponse. The accuracy and reliability of the information collected must be shown to be adequate for the intended uses. For collections based on sampling, a special justification must be</u>**

provided if they will not yield "reliable" data that can be generalized to the universe studied.

All respondents are mailed copies of the BE-40 survey in January of each year. Organizations who have historically reported transactions in excess of the survey's quarterly reporting threshold are mailed additional copies of the survey March, June, and September of each year. In addition, the form is available on BEA's website. Any person contacted by BEA is requested to file a completed form either in writing or using BEA's electronic filing system, eFile. Non-response is reduced with follow-up letters and telephone consultations. However, some responses are not received by BEA until after the reporting deadline. This reflects the voluntary nature of the survey. As stated in section B.1., the data collection process is carried out on both a quarterly and an annual basis. However, the data are published quarterly; therefore, reports from respondents that file annually are not available for inclusion in the preliminary quarterly estimates. In addition, some respondents will not participate in voluntary information collection requests. As a result, preliminary estimates, and, to a certain extent, final estimates are based on extrapolations of previously reported data, supplemented by information obtained from USAID and from other sources, including the Foundation Center. By the time of its final published estimates, BEA has historically received responses from about 60 percent of all organizations surveyed, and from 80 percent of organizations that reported relevant transactions in previous periods.

4. Describe any tests of procedures or methods to be undertaken. Tests are encouraged as effective means to refine collections, but if ten or more test respondents are involved OMB must give prior approval.

No tests were conducted. No tests are to be undertaken.

5. Provide the name and telephone number of individuals consulted on the statistical aspects of the design, and the name of the agency unit, contractor(s), grantee(s), or other person(s) who will actually collect and/or analyze the information for the agency.

The survey is designed and conducted within BEA by the Balance of Payments Division (BPD). No substantive changes are being proposed on the statistical aspects of the survey design. For further information, contact Mark Xu via email at mark.xu@bea.gov or by phone at 202-606-9826.