

**SUPPORTING STATEMENT**  
**U.S. Department of Commerce**  
**U.S. Census Bureau**  
**2014 - 2016 Report of Organization**  
**OMB Control No. 0607-0444**

A. Justification

1. Necessity of Information Collection

The Census Bureau requests an extension of the currently approved Company Organization Survey (COS) data collection for survey years 2014, 2015 and 2016. We request an extension of the current expiration date to December 2017 to complete the data collection for the 2014, 2015 and 2016 COS.

The Census Bureau conducts the annual COS to update and maintain a centralized, multipurpose Business Register (BR). In particular, the COS supplies critical information on the organizational structure, operating characteristics, and employment and payroll of multi-location enterprises. The 2014 – 2016 COS collection will not differ from the 2013. The sample size will remain the same as in 2013 surveying 47,000 respondents.

Form NC-99001 is mailed to multi-location enterprises. We ask questions on ownership or control by a domestic parent, ownership or control by a foreign parent, and ownership of foreign affiliates; research and development; company activities such as--employees from a professional employer organization, operating revenue and net sales, royalties and license fees for the use of intellectual property and manufacturing activities (see Attachment A, Items 1-3 of NC-99001). Establishment inquiries include questions on operational status, mid-March employment, first-quarter payroll, and annual payroll of establishments (see Attachment A, Item 5 of NC-99001).

In 2011, we submitted a non-substantive change to the COS questionnaire. This revision added three new inquiries as part of the Enterprise Statistics Program (ESP). These three inquiries were: (1) Operating Revenues and Net Sales; (2) Royalties and Licenses Fees for the Use of Intellectual Property; and (3) Manufacturing Activities. In 2012 and 2013 we continued to ask these questions on Form NC-99001 and it is our intention to continue to ask these additional questions for 2014 - 2016 on Form NC-99001. We also ask questions on ownership or control by a foreign parent, and ownership of foreign affiliates; research and development; royalties and license fees for the use of intellectual property and manufacturing activities (see Attachment A, Items 1-4 of NC-99001). In addition to the mailing of multi-location enterprises, the Census Bureau will collect data for single-location companies on Form NC-99007 to some large single-location enterprises that may have added some locations (see Attachment B). This survey will be conducted under the

provisions of Title 13 of the United States Code, Sections 182, 195, 224, and 225. The 2014 Company Organization Survey forms are provided in Attachments A and B.

2. Needs and Uses

Information quality is an integral part of the review of information disseminated by the Census Bureau (fully described in the Census Bureau’s Information Quality Guidelines). Information quality is also integral to information collections conducted by the Census Bureau, and is incorporated into the clearance process required by the “Paperwork Reduction Act.”

The 2014 – 2016 COS will request company-level information from a selection of multi-establishment enterprises, which comprises roughly 42,000 parent companies and more than 1.4 million establishments. COS inquiries sent to each of the 42,000 multi-establishment enterprises will include inquiries on ownership or control by a domestic parent, ownership or control by a foreign parent, and ownership of foreign affiliates; research and development; company activities, such as--employees from a professional employer organization, operating revenue and net sales, royalties and license fees for the use of intellectual property, and manufacturing activities (see Items 1-3 of NC-99001 the COS data collection instrument, in Attachment A). Establishment inquiries include questions on operational status, mid-March employment, first-quarter payroll, and annual payroll of establishments (see Item 5 of NC-99001, Attachment A).

In addition to the 42,000 multi-establishment enterprises, the 2014 – 2016 COS will include approximately 5,000 single-location companies that may have added some locations. The NC-99007 Form will collect data for the 5,000 single-location businesses (Attachment B).

The information collected by the COS is used to maintain and update the BR. The BR serves two fundamental purposes:

- First and most important, it provides sampling populations and enumeration lists for the Census Bureau’s economic surveys and censuses, and it serves as an integral part of the statistical foundation underlying those programs. Essential for this purpose is the BR’s ability to identify all known United States business establishments and their parent companies. Further, the BR must accurately record basic business attributes needed to control sampling and enumeration. These attributes include industry and geographic classifications, measures of size and economic activity, ownership characteristics, and contact information (for example, name and address).

- Second, it provides establishment data that serve as the basis for the annual County Business Patterns (CBP) statistical series. The CBP reports present data on number of establishments, first quarter payroll, annual payroll, and mid-March employment summarized by industry and employment size class for the United States, the District of Columbia, island areas, counties, and county-equivalents. No other annual or more frequent series of industry statistics provides comparable detail, particularly for small geographic areas.

### 3. Use of Information Technology

The 2014-2016 COS collection strategy will focus on launching electronic reporting as the primary collection option. As the Census Bureau moves to increase electronic response and process less paper, we plan to replace some form mailing with letters encouraging electronic response. The percentage of responses collected electronically is currently around 50% and is expected to continue growing. The sections below describe these electronic reporting options.

#### a. Information Collected Via the Internet or Through Electronic Data Interchange

Multi-unit companies can report electronically using Census Surveyor software for 2014 - 2015. Census Surveyor is a computerized self-administered questionnaire of the COS that respondents download, install, and run on their personal computers. The software allows the respondent to download/upload secure company information and to populate information in a form tab or workbook tab. In addition, respondents can export data from Surveyor and import data into Surveyor with standardized spreadsheets, and print or save copies of completed forms for their records. When completed, respondents upload their completed forms to the Census Bureau via the Internet. For 2016, we are attempting to allow respondents to report directly via the Internet. If we cannot implement allowing respondents to report directly via the Internet in 2016, then we would use Census Surveyor for 2016.

Single-unit companies can report electronically using Centurion Direct Internet Reporting (DIR) directly via the Internet. After logging into the system, respondents enter their data on a series of screens and then submit the data after they have completed their form(s). An option is available for respondents to print or save a copy of their form(s) for their records.

Plans are for 2015 or 2016 to eliminate paper forms altogether even upon request. This change would support the plan for 2017, which is currently to have no paper option. A reporting guide will be provided to let respondents know what they will be expected to report, but the intention would not be

for the respondents to actually fill out any paper forms and return to us in the 2017 Economic Census and possibly 2016 COS.

Additionally, the Census Bureau maintains a Business Help Site on the Internet that provides information about the COS, links to electronic reporting, forms and instructions, frequently asked questions, videos, and contact information. It also has links to a “Self-Service Login” portal where respondents can login and check their filing status, request a time extension, or request a form re-mail.

b. Information Available to the Public Through the Internet

The information collected by the COS is used to update and maintain the BR. Many of the Census Bureau’s economic surveys and censuses use the BR as an enumeration or sampling frame. Data from these surveys and censuses are widely disseminated on the Internet. In addition, the County Business Patterns data series, which is directly compiled from the BR, is disseminated through the Internet.

4. Efforts to Identify Duplication

The Bureau of Labor Statistics (BLS) collects similar data as part of the Quarterly Census of Employment and Wages program. The BLS confidentiality laws do not authorize the release of these data for all states. The Census Bureau found no other information collections by Federal agencies, trade groups, or businesses that duplicate the content, comprehensive coverage, and statistical reliability provided by the COS.

5. Minimizing Burden

The Census Bureau minimizes response burden by pre-listing an inventory of establishments on the form and requesting the respondent to provide updates for name, address, industry classification, and Federal Employer Identification Number. The COS information collection minimizes the burden on small businesses by excluding most of them from the mail canvas. In particular, COS coverage excludes most of the 5.8 million smaller single-establishment enterprises with paid employees and more than 22 million nonemployer enterprises without paid employees.

6. Consequences of Less Frequent Collection

Less frequent data collection would have a major impact on the use of the BR as a universe sampling frame. Information such as the opening of new locations, closing of locations, changes in locations, and changes in the Federal Employer

Identification Numbers would not be up-to-date and would, therefore, reduce the completeness and accuracy of the BR.

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

The COS instrument was discussed with representatives from other Federal agencies, including:

- Dennis J. Fixler  
Chief Statistician  
Bureau of Economic Analysis  
(202) 606-9607
- David P. Paris  
Chief, Individual Statistical Branch  
Statistics of Income Division  
Internal Revenue Service  
(202) 803-9784
- David Talan  
Branch Chief, Business Employment Dynamics  
Division of Administrative Statistics and Labor Turnover  
Bureau of Labor Statistics  
(202) 691-6467

We published a notice in the Federal Register on April 21, 2014 (Volume 79, Page 22097 - 22098) inviting public comment on our plans to submit this request. We received one letter of support from the Bureau of Economic Analysis (BEA). We also received an inquiry requesting more information regarding previous and current methods of collection of the COS. We referred him to the Business Help Site for information from the last COS; and that we expect more respondents will report electronically, instead of completing the paper questionnaire. -

9. Paying Respondents

The Census Bureau does not pay respondents and does not provide them with gifts in any form to report requested information.

10. Assurance of Confidentiality

The questionnaires for this information collection contain the following statement:

**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 information will be included in the cover letter (see Attachment E) that accompanies the report form. The statutory basis for these assurances of confidentiality is Title 13, U.S.C., Section 9. All activities related to the collection and dissemination of COS data satisfy requirements of this law.

11. Justification for Sensitive Questions

This information collection asks no questions of a sensitive nature.

12. Estimate of Response Burden

The following table provides an estimate of response burden for the COS for each type of respondent. Figures for number of respondents by form are projections based on the latest information contained in the BR.

Multi-establishment entities							
Inquiry	Private Sector Respondents	Governmental Respondents	Total Respondents	Average Time Minutes Per Company	Private Sector Burden Hours	Governmental Burden Hours	Total Response Burden Hours
Primary COS Inquiries	41,750 (companies)	250	42,000	7	4,871	29	4,900
Instructions and Gathering Records	41,750 (companies)	250	42,000	30	20,875	125	21,000
Establishment Inquiries	1,435,000 (establishments)	25,000	1,460,000	5	119,583	2,083	121,666
<b>Total</b>	41,750	250	42,000	<b>3 hours, 24 minutes per respondent</b>	<b>145,329</b>	<b>2,237</b>	<b>147,566</b>

Other business entities/Single-locations entities			
Inquiry	Private Sector Respondents	Average Time Minutes Per Entity	Total Response Burden Hours
Supplemental COS inquiries (including instructions)	5,000	12	1,000
<b>Total</b>	<b>5,000</b>	<b>12</b>	<b>1,000</b>

We estimate a total annual cost to respondents of \$4,648,630, which is 148,566 hours at \$31.29 per hour. (The cost to the respondent of \$4,648,630 is calculated by multiplying the total annual burden hours by the prevailing hourly rate for the type of respondent. The 148,566 burden hours are the sum of the burden hours for the multi-establishment entities and the single-location entities. The \$31.29 is the prevailing hourly wage rate for Accountants and Auditors 13-2011, U.S. Bureau of Labor Statistics, Occupational Employment and Wages, May 2013, <http://www.bls.gov/oes/current/oes132011.htm> ).

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 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.

14. Cost to the Federal Government

The cost to the government for this work is included in the total annual cost of the BR, which is estimated to be \$11.1 million for fiscal year 2014.

15. Reason for Change in Burden

The increase in response burden is attributed to the increase in the number of establishments selected for participation in the COS. Burden hours for the COS have a long standing history of fluctuation between economic census year collection, versus non-economic census year collection. The 2014 - 2016 COS

burden is consistent with past non-economic census year COS burden hour estimates.

16. Project Schedule

The Census Bureau will open reporting for the 2014 COS in late December 2014, with a due date thirty days after receipt. Mail follow-ups to nonrespondents will begin after the initial mailout. These efforts, supplemented by telephone follow-ups to selected nonrespondents, will go on through mid-year. We will check-in report forms and perform data entry for responses until the close-out for data collection operations in late-August of the subsequent year. Information collected using the COS instrument will be included in the BR by October/November.

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 Certification

There are no exceptions.

19. Industry Codes Affected

The COS covers all industry activities except postal service (NAICS 491), private households (NAICS 814), and public administration (NAICS 92); further, the COS excludes companies engaged exclusively in agriculture production (NAICS 111, 112) or rail transportation (NAICS 482).