

SUPPORTING STATEMENT
U.S. Department of Commerce
U.S. Census Bureau

Commodity Flow Survey Advance Questionnaire; a Component of the 2017 Economic Census
OMB Control Number 0607-0921

A. Justification

1. Necessity of Information Collection

The U.S. Census Bureau plans to conduct the 2017 Commodity Flow Survey (CFS) as a part of the quinquennial Economic Census. In advance of the 2017 CFS, we will conduct the 2017 CFS Advance Questionnaire, which is the subject of this request. The 2017 CFS will be the subject of a separate Office of Management and Budget (OMB) clearance submission in the Spring of 2016.

The information collected in the 2017 CFS Advance Questionnaire will be used to:

- a. Improve the quality of the information the Census Bureau has on the 2017 CFS universe with associated improvements in sampling efficiency.
- b. Provide contact information for the selected establishments, reducing the cost and improving the timeliness of data collection for the 2017 CFS.

The CFS, a component of the Economic Census, is the only comprehensive source of multi-modal, system-wide data on the volume and pattern of goods movement in the United States. The CFS is conducted in partnership with the Bureau of Transportation Statistics (BTS), Office of the Assistant Secretary for Research and Technology, U.S. Department of Transportation. BTS has a need for this data based on legislation as cited in 49 U.S.C., Section 6302.

An advance letter (see Attachment A-2) will be mailed to a sample from U.S. manufacturing, mining, and wholesale establishments, enterprise support establishments, electronic shopping, mail-order houses, and publishing establishments, and establishments expected to be selected with certainty in the 2017 CFS. Selected small establishments from industries with a high incidence of non-shipping activity will also receive the letter. The Census Bureau is streamlining operations to conserve taxpayer time and money. This includes moving from paper-based data collection operations to on-line-based data collection operations. The letter will direct the selected establishments to complete the on-line 2017 CFS Advance Questionnaire (see Attachment A-1). No paper questionnaires were created for mailout. Respondents will have the

opportunity to print what they report on the on-line questionnaire at the time of data submission for their records.

The six items on the on-line questionnaire attempt the following for each establishment/location:

- 1) Verify shipping status
- 2) Verify and update physical shipping address
- 3) Determine the amount of annual shipping activity
- 4) Verify and update mailing address/contact information

The same questions are asked of all respondents.

Auxiliary Establishments

The 2017 CFS Advance Questionnaire sample will include approximately 53,000 auxiliary establishments. Auxiliary establishments are Truck Transportation (NAICS 484), Warehousing and Storage (NAICS 4931), and Corporate, Subsidiary, and Regional Managing Offices (NAICS 551114) that provide support services for other establishments within the same company instead of for the public, government, or other businesses. The target auxiliary establishments for the CFS will support establishments that are classified in an industry (e.g. mining, manufacturing, wholesale) that is covered by the scope of the CFS (see Question 19). In addition, auxiliary establishments that support retail establishments are also included in the CFS.

A substantial amount of shipping activity is measured in the CFS from the in-scope auxiliary establishments. Inclusion of all establishments in NAICS 484, NAICS 4931, and NAICS 551114 in the sample universe for the CFS would result in a significant number of non-shipping establishments being selected for the CFS. To improve the efficiency of sampling these locations for the 2017 CFS, a primary goal of the 2017 CFS Advance Questionnaire is to identify as many non-shipping auxiliary establishments as possible. These non-shipping auxiliary establishments will be removed from the universe of the full 2017 CFS.

Another goal of the 2017 CFS Advance Questionnaire for the auxiliary establishments is to obtain an approximation of each establishment's value of shipments to improve the quality of the sample. As with all establishments, address and contact information will be updated.

Large (Likely Certainty) Establishments in the 2017 CFS

The Census Bureau has identified approximately 38,500 establishments that are likely to be selected with certainty in the 2017 CFS, based on a current estimate of their receipts or revenue. Certainty establishments represent only themselves in the sample. Because of their importance, the Census Bureau places a high

priority on their accurate and timely reporting. Contacting the correct person within the organization is a critical step in achieving this goal. Therefore, for these large certainty establishments, it is important to update mailing and contact information, as well as to verify shipping status and approximate value of shipments. The 2017 CFS Advance Questionnaire will improve the overall response and the quality of the reporting, while reducing the need for costly follow-up, for these critical establishments.

Mining Establishments

The 2017 CFS Advance Questionnaire sample will include approximately 6,000 Mining (except Oil and Gas) establishments (NAICS 212) to collect shipping and mailing address information that is more accurate than the shipping and mailing address information on file. Contacting the correct person within the organization is a critical step in achieving this goal. Therefore, it is important to update mailing and contact information, as well as to verify shipping status and approximate value of shipments. The 2017 CFS Advance Questionnaire will improve the overall response and the quality of the reporting for mines, while reducing the need for costly follow-up.

Electronic Shopping and Mail-Order House Establishments And Publisher Establishments

In a further attempt to remove likely non-shipping establishments from the sample universe for the CFS, the Census Bureau is targeting all establishments in two NAICS industries, which in the past have contained many non-shipping locations. These industries are Publishers (NAICS 5111), Music Publishers (NAICS 51223), and Electronic Shopping and Mail-Order Houses (NAICS 45411).

Approximately 53,000 establishments in these three industries will be required to complete the 2017 CFS Advance Questionnaire to determine whether or not they are actually shipping from that location and if so, how much. Excluding non-shipping establishments from the universe increases the chance that establishments selected into the sample will be shippers and able to respond to the survey.

Support Activities for Printing

Approximately 2,500 establishments from Support Activities for Printing (NAICS 323120) will be required to complete the 2017 CFS Advance Questionnaire to determine whether or not they are actually shipping from that location and if so, how much. Historically Prepress Services (NAICS 323122) had been excluded from the CFS as an industry with little shipping. The 2012 NAICS revision combines Prepress Services (NAICS 323122) with Tradebinding and Related Work (NAICS 323121) into a single industry, Support Activities for Printing (NAICS 323120). By including these establishments in the 2017 CFS Advance

Questionnaire, the Census Bureau can determine whether the new industry should be excluded from the 2017 CFS (if very few establishments report shipments), or retained in the 2017 CFS but exclude the non-shipping establishments (if a significant fraction of the establishments in the industry still report shipping activity).

The Census Bureau will conduct the 2017 CFS Advance Questionnaire under authority of Title 13, U.S.C., Sections 8(b), 131 and, 193. Title 13, U.S.C., Sections 224 and 225 require response. The BTS also has authority to collect these data based on its enabling legislation at 49 U.S.C., Section 6302.

A notice was published in the Federal Register on May 5, 2015 on pages 25662 and 25663 announcing our intention to submit this request. That notice failed to cite to Title 13, U.S.C., Section 8(b), which authorizes the Secretary of Commerce to make special statistical compilations and surveys for departments, agencies, and establishments of the federal Government. That notice also cited Title 13, U.S.C., Section 182, rather than the more appropriate Section 193. In addition, Title 49, U.S.C. Section 111, cited in the Federal Register as the BTS authority has been repealed and replaced by Title 49, Section 6302.

2. Needs and Uses

All information collected in the 2017 CFS Advance Questionnaire will be used internally to improve the 2017 CFS universe and mail-out processing.

Each establishment selected to respond to the 2017 CFS Advance Questionnaire is asked to verify shipping activity for that particular physical location. The 2017 CFS Advance Questionnaire sample is heavily weighted with industries that contain a significant percentage of non-shipping establishments. The identification and elimination of the non-shippers will produce a more efficient 2017 CFS sample.

Each confirmed shipper is asked to indicate its level of shipping activity. The value of shipments measure is used in the stratification and allocation for CFS sampling.

Each shipper is asked to verify address and contact information, allowing the Census Bureau to update its mailing records for the 2017 CFS. Because the CFS requests a sample of outbound shipments and their characteristics, someone with access to the shipper's transportation records must complete the on-line questionnaire. This is unlike many economic surveys which direct their forms to a respondent's accounting department. By ensuring the direct delivery of the 2017 CFS questionnaire to the correct contact, the Census Bureau will be able to improve the quality, timeliness, and level of response in the CFS.

Information quality is an integral part of the pre-dissemination review of the information disseminated by the Census Bureau (fully described in the Census

Bureau's Information Quality Guidelines, which can be found at <http://www.census.gov/about/policies/quality/guidelines.html>). Information quality is also integral to the information collections conducted by the Census Bureau and is incorporated into the clearance process required by the Paperwork Reduction Act.

3. Uses of Information Technology

The Census Bureau offers electronic reporting for many economic surveys. Electronic reporting is offered to reduce respondent burden and to improve the quality of statistical data collected. Data are encrypted to allow secure transmission over the Internet.

Electronic reporting accounts for almost 100 percent of the 2017 CFS Advance Questionnaire, with occasional data capture from facsimile receipts, secured messaging attachments, and telephone call-in responses. The Census Bureau has determined it is a cost effective option for the data collection. The electronic reporting through our Centurion on-line reporting system provides a highly secure and user-friendly means of collecting survey and census information. It is accessible through the Internet via a web browser. It will produce better quality data since a system of edits and checks are built into the software. In addition, electronic reporting provides a quicker response time and helps to increase the efficiency of Census Bureau operations.

4. Efforts to Identify Duplication

The information being collected from the 2017 CFS Advance Questionnaire is not available from any other source. As an alternative to the 2017 CFS Advance Questionnaire, the Census Bureau researched the option of using responses from auxiliary establishments in a previous Economic Census to certain supply-chain questions as a method of determining whether or not an establishment is engaged in shipping activities. The Census Bureau concluded that it could not develop a consistent, reliable shipping indicator from these data. There is no other source available to collect the necessary value of shipments data for sample design for auxiliaries and publisher establishments.

5. Minimizing Burden

The Census Bureau has taken the following steps in the design of the 2017 CFS Advance Questionnaire to reduce reporting burden:

On-Line Questionnaire Design and Electronic Reporting

Electronic reporting accounts for 100 percent of the 2017 CFS Advance Questionnaire. The Census Bureau has kept the on-line 2017 CFS Advance Questionnaire similar to the 2012 CFS Advance Questionnaire,

comprised primarily of easy to answer check-box questions, along with the basic address and contact information.

Electronic reporting provides quicker processing time and better quality data as edits are built into the on-line reporting system.

Primary Focus on Large Establishments

The large establishment respondents of the 2017 CFS Advance Questionnaire represent companies that are likely to be certainty establishments in the 2017 CFS. These certainty establishments are typically the largest establishments and therefore the reporting burden on small businesses is minimal for this respondent audience of the 2017 CFS Advance Questionnaire.

Removing Ineligible Establishments from the 2017 CFS Survey

The primary purpose of the Electronic Shopping and Mail-Order and Publisher respondents of the survey is to identify non-shippers and exclude these establishments from the 2017 CFS. While many of these establishments are small, removing them from the CFS universe now eliminates the chance that ineligible establishments will be included in the 2017 CFS.

6. Consequences of Less Frequent Collection

If the 2017 CFS Advance Questionnaire was not conducted as planned, it would impact the quality of the universe for the 2017 CFS, and reduce the efficiency of the 2017 CFS sample. Numerous auxiliary, electronic shopping and mail order, and publishing establishments that do not ship would needlessly receive a 2017 CFS questionnaire, imposing an additional burden on the business community.

7. Special Circumstances

This information collection will be conducted in a manner consistent with OMB guidelines and there are no special circumstances.

8. Consultations Outside the Agency

We have developed the methodology and on-line questionnaire design for the 2017 CFS Advance Questionnaire jointly with survey co-sponsors at BTS. The contacts at BTS are:

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The changes to the 2017 CFS Advance Questionnaire, which are outlined in Attachment B, were discussed with and approved by the above.

A presubmission notice was published in the Federal Register on May 5, 2015 on pages 25662 and 25663 with the title "Precanvass Operation for the 2017 Commodity Flow Survey". The Census Bureau has changed the title to "Commodity Flow Survey Advance Questionnaire; a Component of the 2017 Economic Census". As mentioned in Question 1, we have also revised the citation of the legal authority for the collection.

We received one comment generally opposing the collection.

9. Paying Respondents

The Census Bureau does not pay respondents and does not provide them with gifts in any form to report requested information on the Advance Questionnaire for the Commodity Flow Survey.

10. Assurance of Confidentiality

The on-line 2017 CFS Advance Questionnaire and mailed letter will give the respondents information informing them that their response is mandatory and that their response will be kept confidential.

The statutory basis for this assurance of confidentiality is Title 13 U.S.C., Section 9. All activities relating to the collection and use of the 2017 CFS Advance Questionnaire data satisfy requirements of this law.

11. Justification for Sensitive Questions

This information collection asks no questions of a sensitive nature.

12. Estimate of Respondent Burden

We estimate that, on average, the on-line questionnaire will take 5 minutes to complete. This is based on Census Bureau experience with similar questionnaires, including a similar 2012 CFS Advance Questionnaire conducted last cycle. Overall, respondent burden for the 2017 CFS Advance Questionnaire is estimated at 12,500 hours. This estimate assumes a 100 percent response from 150,000 establishments.

We estimate the cost to respondents to be \$345,750 based on an average hourly wage of \$27.66 and a response burden estimate of 12,500 hours. [The wage figure is an estimate, based on Metropolitan Statistical Areas data from the Bureau of Labor Statistics: Occupational Employment and Wages, May 2014; First-Line Supervisors/Managers of transportation and Material-Moving Machine and Vehicle Operators.]

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 normally known by those familiar with the establishment's shipping activities. No special hardware or shipping software or system is necessary to provide answers to this information collection.

14. Cost to the Federal Government

The cost to the government for the 2017 CFS Advance Questionnaire is estimated at \$1.8 million. BTS will incur eighty percent of the cost and the Census Bureau will incur twenty percent of the cost to conduct the 2017 CFS Advance Questionnaire. This includes development, mail out, follow-up, data capture, processing, and feedback to the CFS universe and mailing files. The Census Bureau and BTS will bear the total costs.

15. Reason for Change in Burden

This collection is being submitted as a reinstatement of a prior collection.

16. Project Schedule

The Census Bureau will begin mailing letters for the 2017 CFS Advance Questionnaire to respondents on January 25, 2016. Major processing milestones are as follows:

Initial mailing (see Attachment A-2)	January 25, 2016
Reminder notice mailing (see Attachment A-3)	February 24, 2016
Follow-up mailing (see Attachment A-4)	March 28, 2016

Targeted telephone follow-up	on or about April 20, 2016 – May 6, 2016
Check-in, keying, editing	February 2016 - June 2016
Complete updating of universe	on or about June 30, 2016

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 the Certification

There are no exceptions to the certification.

19. North American Industry Classification System (NAICS) Codes Affected

The 2017 CFS Advance Questionnaire will include establishments in the following NAICS groups:

<u>NAICS</u>	<u>Industry</u>
212	Mining (except Oil and Gas)
31 - 33	Manufacturing
42	Wholesale Trade
45411	Electronic Shopping and Mail-Order Houses
45431	Fuel Dealers
484	Truck Transportation
4931	General Warehousing and Storage (Auxiliary Establishments)
5111	Newspaper, Periodical, Book, and Directory Publishers
51223	Music Publishers
551114	Corporate, Subsidiary, and Regional Managing Office (Auxiliary Establishments)