

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 universe of births consists of newly opened or newly acquired employer businesses. These new businesses are identified by an IRS-assigned Employer Identification Number (EIN). The universe of births averages 450,000 EIN units annually. Sample selection, mailing, and processing are completed once a quarter, on approximately one-fourth of the annual EIN universe of births. The Census Bureau obtains information on these EIN units from the IRS and the SSA. The process is a two-phase sampling procedure. From the list of EIN units, a first phase sample of approximately 12,500 EIN units is selected each mailing. The entire mailing for the survey is divided into four components over the year for processing purposes. An EIN unit is assigned to a first phase sampling size stratum based on its NAICS code and quarterly payroll. These EIN units are sampled with an equal probability systematic sampling scheme, within each NAICS code by size stratum. The SQ-CLASS report requests firms to designate their type of business activity, two months of sales or receipts, principle lines of merchandise, whether the firm is owned or owns another establishment, not-for-profit status, wholesale type of operation, inventories, and method of selling for retail and wholesale firms. The information collected from the SQ-CLASS report is then used to determine the EIN's eligibility to continue on in the second phase of the birth sampling process. Those second phase eligible EINs are assigned to a second phase sampling size stratum, based on their reported NAICS code and sales or receipts. A second phase sample of approximately 1,600 EIN units quarterly, or equivalently, 6,400 EIN units annually, is then selected. The second phase selected EINs are then added to the current surveys' ongoing samples for data collection and processing.

Assigning proper classification to these new EIN units is crucial for both the five year Economic Census and current business surveys. We conduct mail reminder follow-ups, followed by telephone follow-ups for non-response cases, in an attempt to maximize response rates. For those cases that we are unable to find a telephone number for, we mail another follow-up letter. The average response rate is approximately 73%.

2. Procedures for Collecting Information

Each quarter, the first-phase selected EIN units are mailed an SQ-CLASS letter that requests respondents to report via the Internet using the Centurion software and report two recent months of sales or receipts. This information is then converted to a measure of size used for second phase sampling. The second phase sampling utilizes a probability

proportional to size systematic sampling method, and is conducted quarterly. Following the second phase sampling, the newly selected EIN units are added to the appropriate survey.

3. Methods to Maximize Response

For delinquent sampling units, we follow up with a reminder letter. Following this, the National Processing Center 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. For cases where a telephone number is unavailable, an additional follow-up letter is mailed.

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, Service Surveys Statistical Methods Branch, 301-763-7212. The assignment of NAICS classification codes under the direction of Scott Handmaker, Chief, Classification Processing Branch, 301-763-7107. Planning, implementation, and information analyses of the current business surveys are under the direction of Mary Potter, Assistant Division Chief, Quarterly and Manufacturing Indicator Programs, 301-763-4207; Andrew Baer, Assistant Division Chief of Services Sectors, 301-763-4802; Scott Scheleur, Assistant Division Chief of Retail and Wholesale Indicator Programs, 301-763-7128; and Ian Thomas, Assistant Division Chief of Retail and Wholesale Sectors, 301-763-7122.

Attachments

- 1- Initial letter - SQ-CLASS_LO
- 2- Reminder letter - SQ-CLASS_R
- 3- Follow-up letter for cases without a telephone number - SQ-CLASS-FU
- 4- Screenshots of SQ-CLASS questions
- 5- Copy of SQ-CLASS instructions