

SUPPORTING STATEMENT
U.S. Department of Commerce
U.S. Census Bureau
Commodity Flow Survey a Component of the 2017 Economic Census
OMB Control Number 0607-0932

A. Justification

1. Necessity of Information Collection

The U.S. Census Bureau plans to conduct the 2017 Commodity Flow Survey (CFS), a component of the 2017 Economic Census, as it 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 (DOT).

The survey provides a crucial set of statistics on the value, weight, mode, and distance of commodities shipped by mining, manufacturing, wholesale, and selected retail and services establishments, as well as auxiliary establishments that support these industries. The Census Bureau will publish these shipment characteristics for the nation, census regions and divisions, states, and CFS defined geographic areas. As with the 2012 Commodity Flow Survey, this survey also identifies export, hazardous material, and temperature controlled shipments.

The DOT views updated information on freight flows as critical to understanding the use, performance, and condition of the nation's transportation system, as well as informing transportation investments. Data on the movement of freight also are important for effective analyses of changes in regional and local economic development, safety issues, and environmental concerns. They also provide the private sector with valuable data needed for critical decision-making on a variety of issues including market trends, analysis, and segmentation. Each day, governments, businesses, and consumers make countless decisions about where to go, how to get there, what to ship and which transportation modes to use. Transportation constantly responds to external forces such as shifting markets, changing demographics, safety concerns, weather conditions, energy and environmental constraints, and national defense requirements. Good decisions require having the right information in the right form at the right time.

The CFS provides critical data to federal, state and local government agencies to make a wide range of transportation investment decisions for developing and maintaining an efficient transportation infrastructure that supports economic growth and competitiveness.

Transportation planners require the periodic benchmarks provided by a continuing CFS to evaluate and respond to ongoing geographic shifts in production and distribution centers, as well as policies such as “just in time delivery.”

As part of the 2017 Economic Census, the CFS information collection is required by law under 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 49 U.S.C., Section 6302.

The 2017 CFS will be a mail-out/mail-back or electronic reporting sample survey of approximately 100,000 business establishments in the mining, manufacturing, wholesale, and selected retail and services industries, as well as auxiliary establishments that support these industries. Copies of the survey materials and the summary of changes are presented in Attachments A and B.

The CFS is co-sponsored by the BTS and the Census Bureau, with a majority of funding (80 percent) provided by the BTS. In addition to their funding support, the BTS also provides additional technical and planning guidance in the development and implementation of the program.

2. Needs and Uses

The CFS is the primary source of information about freight movement in the United States. Estimates of shipment characteristics are published at different levels of aggregation. The CFS produces summary statistics and a public use microdata file. No confidential data are released. The survey covers shipments from establishments in the mining, manufacturing, wholesale, and selected retail industries, as well as auxiliary establishments that support these industries. Federal agencies, state and local transportation planners and policy makers, and private sector transportation managers, analysts, and researchers strongly support the conduct of the CFS.

At the federal level, the data from the CFS are required by a variety of agencies to help accomplish their missions. Results from the CFS help promote economic development and provide for an efficient U.S. transportation system. The CFS enables better informed infrastructure investment decisions, and policies promoting public safety and protecting the natural environment affected by transportation.

Users and supporters of CFS data at the federal level include:

- Federal Highway Administration
- Federal Railroad Administration
- Maritime Administration
- Pipeline and Hazardous Materials Administration
- Bureau of Transportation Statistics
- Bureau of Economic Analysis
- Bureau of Labor Statistics
- Federal Emergency Management Administration
- U.S. Army Corps of Engineers

One of the major uses of the CFS is by the Federal Highway Administration and the Bureau of Labor Statistics to incorporate the CFS into the Freight Analysis Framework (FAF). The CFS acts as the foundation of the FAF and represents almost 70% of the data used to construct the FAF. The FAF is used extensively by the states and localities to conduct freight planning.

At the state and local levels, the information from the CFS is extremely valuable for economic development and transportation planning. The CFS data are used by many localities in responding to requirements contained in the Transportation Equity Act for the 21st Century.

Transportation planners and policy makers in special interest areas have also identified CFS data as critical to their decision making. For example, CFS data on the types and magnitude of hazardous materials shipped in various geographic regions are critical in evaluating and setting policies on the movement of hazardous materials.

CFS data are also crucial to transportation managers, analysts, and researchers in the private sector. These data are used to identify trends in shipping activities, strength of market segments, and existing and potential transportation related issues requiring additional resources.

The CFS has received support from a wide range of users expressing the need for the unique data produced by the survey.

Information quality is an integral part of the 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

In 2017, the CFS will collect data through online reporting using the Census Bureau's Centurion system. Centurion is a software system that provides a highly secure and user-friendly means of collecting survey and census information. In 2016, the CFS successfully used Centurion to collect data for the CFS Advance Questionnaire. Centurion is accessible through the internet via a web browser. It is accessed by:

- A browser with 128 bit encryption and
- A user name and password issued by the Census Bureau

For the 2017 CFS, all respondents will have the option to report online for all four quarters of 2017. Centurion will provide the ability to access any/all of the questionnaires for the four reporting periods, view previously reported data, print questionnaires, and determine if completed questionnaires were received. This online user interface will also assist respondents in correctly completing the CFS questionnaire by utilizing built-in consistency edits.

The CFS program also provides answers to frequently asked questions on the Internet. This site is referenced in the cover letter sent out with the questionnaire.

The Census Bureau developed a business help site (BHS) on the Internet to provide respondents with additional information about the survey, and to provide assistance in completing the questionnaire. This includes help assigning the correct commodity code.

The secure messaging center (SMC) will provide the respondent with a secure means of communicating with the Census Bureau via e-mail. The SMC ensures that all correspondence is handled with complete security, safety, and confidentiality.

4. Efforts to Identify Duplication

Through meetings and a series of data user conferences with the DOT, professional organizations, as well as transportation planners and data users, the Census Bureau determined that no information collections by Federal agencies, trade groups, or businesses duplicate the content, comprehensive coverage, detail level of transportation characteristics, geographic detail, and statistical reliability provided by the CFS. These features distinguish the ability of the CFS data to meet the requirements of its principal data users and make the survey uniquely suited to provide these valuable transportation statistics.

5. Minimizing Burden

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

Assistance on the CFS Internet site

For the 2017 CFS, the Census Bureau will provide assistance to respondents on the survey Internet site, such as answers to frequently asked questions, guidance on quickly identifying the correct commodity and hazardous material codes, and detail on selecting a sample of shipments. Respondents completing the survey through the Centurion site will not have to identify their sample of shipments themselves. Centurion will compute their “report every” number.

Special Reporting Arrangements

As needed, the Census Bureau will work with respondents with unique shipping patterns or record keeping to reduce burden while still obtaining the necessary data.

Modifications to the Questionnaire

The 2012 questions regarding rush deliveries were removed for 2017. The 2012 questions about the number and value of outbound shipments were combined into one item on the form to limit confusion. Attachment B provides a list of major collection changes.

Use of Estimates

The respondents for the establishments selected in the 2017 CFS are not required to maintain additional records for the survey, nor do we expect participants to incur extra expense to develop data not readily available. To emphasize this point, a statement is included in the cover letter to each respondent and instructions on the questionnaire indicate that carefully prepared estimates are acceptable when book figures are unavailable.

Efficient Processing

An automated paperless processing system is used for mailed-back questionnaires for timely identification of returned cases, thus minimizing

unnecessary follow-up contacts with respondents.

Use of Sampling

The stratified random sample design used for CFS is a design that uses the least number of sampling units required to produce estimates with the desired level of reliability, thus minimizing the respondent burden. Sampling small businesses at a lower rate, further reduces the burden.

Toll-free Telephone Number

A toll-free telephone number for respondents to use for questions or assistance will be available. In addition, the Census Bureau will offer a SMC for those respondents with a preference for communicating via e-mail.

6. Consequences of Less Frequent Collection

The survey is conducted at 5-year intervals, as part of the Economic Census and covering the same data year. Linking and integrating the 5-year program of commodities manufactured, mined, and traded (Economic Census) with how and where they are moved (CFS) will improve the utility of both data sets. In addition, Economic Census data are used in the process of producing the CFS estimates.

If the data were collected less frequently, transportation policy makers and planners at the Federal, state, and local levels would lose significant utility from a critical source of transportation statistics. With transportation practices and trends changing at an ever increasing rate, less frequent collection of these data would severely restrict data users' ability to accurately analyze and improve the transportation services, facilities and infrastructure.

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

The Census Bureau developed the methodology and questionnaire design for the 2017 CFS jointly with survey co-sponsors at BTS. This includes BTS selecting a national highway network to calculate mileage. The methodology was also discussed with key data users during the CFS Data User Workshop held in October 2015. These consultations were provided individually and were not for the purpose of providing a group consensus opinion.

Between November 2015 and February 2016, the Census Bureau and BTS conducted interviews with approximately 30 in-scope establishments in order to

test changes to the questionnaire and instructions. The interviews were conducted with a variety of individuals responsible for completing the CFS including shipping and logistics managers, financial accountants, financial officers, and financial officer assistants. This research was conducted under a generic clearance for questionnaire pretesting research (OMB number 0607-0725).

The contacts at BTS are:

Joy Sharp
Assistant Director for Survey Programs
Bureau of Transportation Statistics
U.S. Department of Transportation
Washington, D.C. 20590
Telephone: (202) 366-0881

Ronald Duych
Senior Transportation Specialist
Bureau of Transportation Statistics
U.S. Department of Transportation
Washington, D.C. 20590
Telephone: (202) 366-8908

A presubmission notice was published in the Federal Register March 11, 2016 on pages 12868 and 12869 with the title "Proposed Information Collection; Comment Request; Commodity Flow Survey." The Census Bureau received one comment (Attachment C) from a data user requesting more detailed data uses from federal agencies. We have included this information in our response to question 2 above.

9. Paying Respondents

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

10. Assurance of Confidentiality

The 2017 CFS Questionnaire and mailed letters will inform respondents what sections of Title 13 U.S.C. authorize the survey, require them to respond, 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 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

The Census Bureau will canvass approximately 100,000 establishments four times each during the 2017 calendar year. We estimate that on average, each questionnaire will take 2.5 hours to complete. This estimate is based on previous CFS burden estimates and consultations with potential respondents. The total annual response burden is 1,000,000 hours.

We estimate the cost to respondents to be \$27,660,000. This is based on the response burden estimate of 1,000,000 hours and the mean hourly wage of \$27.66. [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 is estimated at \$20.7 million over a 5-year period. BTS will incur eighty percent of the cost and the Census Bureau will incur twenty percent of the cost to conduct the 2017 CFS. This includes development, mail out, follow-up, data capture, processing, and publication. The Census Bureau and BTS will bear the total costs.

15. Reason for Change in Burden

Response to the CFS will take an average of 30 minutes longer than it did in 2012. This is the result of some respondents being asked to report up to 80 shipments as opposed to the maximum of 40 shipments the CFS asked for in 2012. This will improve the sample of shipments from establishments shipping a diverse number of commodities.

16. Project Schedule

The Census Bureau will begin mailing the 2017 CFS in early December 2016 and

continue mailing, including follow up notices, through March 2018. A general timetable for major activities is listed below:

Activity	Start	Finish
Select Sample	Aug 2016	Sep 2016
Mail Survey Questionnaires/Letters	Dec 2016	Dec 2017
Non-response Follow up	Mar 2017	Mar 2018
Check-in, Editing, Problem Resolution	Jan 2017	Jul 2018
Data Estimation & Analysis	Aug 2018	Dec 2019
Publication Release - Preliminary	Dec 2018	Dec 2018
- Final	Dec 2019	Dec 2019

17. Request Not to Display Expiration Date

The assigned expiration date will be displayed on all data collection instruments (i.e., paper and on-line) 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 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 (Auxiliary Establishments)
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)