

**U.S. Department of Commerce
U.S. Census Bureau
OMB Information Collection Request
Annual Survey of Entrepreneurs
OMB Control Number 0607-0986**

Supporting Statement Part B. – Collections of Information Employing Statistical Methods

1. Universe and Respondent Selection

The Annual Survey of Entrepreneurs (ASE) universe for this submission will be constructed using a combination of 2014 and 2015 Internal Revenue Service (IRS) tax return data. The final universe of businesses will be those reporting activity on any one of the following 2015 IRS tax forms: 1040 (Schedule C), "Profit or Loss from Business" (Sole Proprietorship); 1065, "U.S. Return of Partnership Income"; 941, "Employer's Quarterly Federal Tax Return"; 944, Employer's Annual Federal Tax Return; or any one of the 1120 corporate tax forms. Current plans will only request responses from businesses filing the 941, 944, or 1120 tax forms. Estimates for businesses filing the 1040 or 1065 tax returns will be created using statistical modeling of administrative data and will only provide data by gender, ethnicity, race, and veteran status of owners by geography, industry, and size of firm.

The estimated sample size is 290,000 employer businesses. This sample size is necessary to provide detailed comprehensive estimates for women-, minority-, and veteran-owned businesses and to produce reliable estimates at the state and metropolitan statistical area (MSA) levels.

The sample will be stratified by MSA, frame, and age of business and will be systematically sampled within each stratum. A standard type of estimation for stratified systematic sampling will be used. (Refer to Sampling Techniques by W.G. Cochran.) The expected response for the 2016 ASE is estimated as 66 percent. The ASE expected response rate is based on results from the 2014 and 2015 ASE data collections. The Census Bureau will use an electronic reporting system to collect the data. No questionnaires will be mailed to respondents.

Businesses will be asked questions about the gender, ethnicity, race, and veteran status for up to four persons owning the majority of rights, equity, or interest in the business. Businesses will also be asked about characteristics of their businesses and the business owners.

The target relative standard error for the total number of women-, minority-, and veteran-owned businesses will be less than 10 percent. This figure is based on the 2012 Survey of Business Owners and Self-Employed Persons and the 2014 and 2015 ASE.

2. Procedures for Collecting Information

The sample of employer businesses will be selected as described in Section B.1 above. The ASE is an electronic-only collection. An initial letter that requires the respondents' completion of the online survey and provides survey access instructions will be mailed from the Census Bureau's processing headquarters in Jeffersonville, Indiana. There will be 290,000 letters mailed to

employer businesses to collect data on business operations during 2016. The 2016 ASE initial mail is scheduled for June 2017. Responses will be due approximately 40 days from initial mail. Select respondents will receive a due date reminder approximately one week before responses are due. Additionally, there will be two follow-up letter mailings to nonrespondents after the due date. Select nonrespondents will receive a certified mailing for the second follow-up if needed. Closeout of mail operations is scheduled for November 2017. Upon the close of the collection period, the response data will be processed, edited, reviewed, tabulated, and released publicly.

3. Methods to Maximize Response

This information collection will maximize response through the following means:

- Mailing materials that emphasize the mandatory and confidential nature of census reports, as provided by Title 13, United States Code;
- Designing effective electronic reporting instruments and instructions;
- Offering a toll-free telephone number for companies that have questions or need assistance in completing the electronic survey;
- Conducting systematic mail follow-ups to nonrespondents;
- Conducting nonresponse bias analysis if unit response rate falls below 60 percent.

During collection, response rates will be monitored regularly. The overall response goal is 66 percent. If response rates are below 36 percent prior to the start of the first follow-up, Census Bureau analysts will conduct address research on cases that flag as undeliverable. If response rates are below 56 percent prior to the second follow-up, the Census Bureau will conduct the follow-up using certified mailings.

Post collection, unit response rates will be evaluated. The Census Bureau will conduct a nonresponse bias analysis if unit response rates fall below 60 percent. The nonresponse bias analysis will examine unit response rates and total quantity response rates to determine whether there is evidence of nonresponse bias to the key estimates of the survey. The analysis will focus on the differences of response rate by owner characteristics (by gender, ethnicity, race, and veteran status), industry, state-level geography, and legal form of organization. If required, the nonresponse bias analysis will be conducted following the end of the current data collection period and prior to the start of the collection period for the next survey year.

4. Tests of Procedures or Methods

This information collection will use procedures that are based on a considerable body of experience with economic censuses and surveys. Previous economic censuses also have been the subject of evaluation studies that have examined methodology and conceptual issues. As a result, the procedures used by the economic censuses are very well tested.

The survey questions have been successfully tested through cognitive interviews. See Attachment D, the ASE Cognitive Testing Report.

5. Contacts for Statistical Aspects and Data Collection

Persons responsible for directing the sampling, estimation, nonresponse adjustment and disclosure avoidance procedures:

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Persons responsible for directing the survey design, content development, processing, analysis and data publication:

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Attachments

- A. Initial Mail and Follow-up Letters
- B. ASE Worksheet
- C. Electronic instrument screens showing the burden statement, collection authority, and purpose and uses statements available to respondents.
- D. ASE Cognitive Testing Report
- E. ASE Comment Letter