

**SUPPORTING STATEMENT**  
**U.S. Department of Commerce**  
**U.S. Census Bureau**  
**2017 - 2019 Report of Organization**  
**OMB Control No. 0607-0444**

1

A. Justification

1. Necessity of Information Collection

The Census Bureau requests a revision of the currently approved Report of Organization data collection for survey years 2017, 2018 and 2019. We request an extension of the current expiration date to December 2020 to complete the data collection for the 2017, 2018 and 2019 Report of Organization. We are also changing the name of the collection from the Company Organization Survey to the Report of Organization to reflect how the survey name is presented in the instrument and public-facing documentation.

The Census Bureau conducts the annual Report of Organization to update and maintain a centralized, multipurpose Business Register (BR). In particular, the survey supplies critical information on the organizational structure, operating characteristics, and employment and payroll of multi-location enterprises.

For survey year 2017, the Report of Organization will be conducted in conjunction with the 2017 Economic Census, as has been done for previous economic censuses. During this year, the universe of multi-establishment companies will receive Report of Organization inquiries. In survey years 2018 and 2019, only a sample of multi-establishment and single-location companies will receive Report of Organization inquiries.

Form NC-99001 is directed to multi-establishment location enterprises during census and non-census years. For census years, however, only establishments with industry classifications that are out-of-scope of the economic census will receive this questionnaire. In-scope establishments will receive these inquiries through the Economic Census questionnaires. 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. Establishment inquiries include questions on operational status, mid-March employment, first-quarter payroll, and annual payroll of establishments. Beginning with the 2017 collection, a new question regarding cooperative organization status will be included in the instrument but respondents will no longer receive inquiries pertaining to the Enterprise Statistics Program as the program has been suspended (see NC-99001, Attachment A).

During the 2018 and 2019 Report of Organization collection, the Census Bureau will use Form NC-99007 to collect data from large single-location enterprises

that may have added some locations (see NC-99007, Attachment B). The NC-99007 questionnaire is not applicable to economic census collections.

The 2017 – 2019 Report of Organization will be conducted under the provisions of Title 13 of the United States Code, Sections 131 and 182. Sections 224 and 225 make the survey mandatory.

## 2. Needs and Uses

The consolidated 2017 Economic Census/Report of Organization will request company-level information from the entire universe of multi-establishment enterprises, which comprises of roughly 165,000 parent companies and more than 1.9 million establishments with industrial activities in-scope of the 2017 Economic Census. Report of Organization inquiries sent to each of the 165,000 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 and cooperative organization. Establishment inquiries include questions on operational status, mid-March employment, first-quarter payroll, and annual payroll of establishments.

The 2017 Report of Organization will request additional information from 15,000 multi-location establishments with industry classifications that are out-of-scope of the economic census. For those out-of-scope establishments, we will collect the following basic operating data for each listed establishment: end-of-year operating status, mid-March employment, first quarter payroll, and annual payroll. The Economic Census will collect data for all other establishments of multi-establishment enterprises, including those items above.

The 2018 – 2019 Report of Organization will request the same information described above from a selection of multi-establishment enterprises, which comprises of roughly 42,000 parent companies and more than 1.4 million establishments. In addition to the multi-establishment enterprises, the survey panel will include approximately 5,000 large single-location companies that may have added locations during the year. The NC-99007 Form will collect data for the 5,000 single-location businesses.

The information collected by the Report of Organization 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.

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.”

### 3. Use of Information Technology

The 2017 - 2019 Report of Organization uses an all-electronic collection strategy.

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

Respondents will complete the Report of Organization electronically via the Internet. On the Census Respondent Portal website, respondents will create an account using a one-time-use authentication code shown in the letter received from the Census Bureau. In the Respondent Portal, each respondent will use Centurion, Census’ electronic reporting instrument, to respond to the Report of Organization. The Portal also allows respondents to request a time extension, share survey access with another person at the company, check filing status, access FAQs, send a message to the Census Bureau, and view a telephone number to call the Census Bureau.

In Centurion, respondents enter their data on a series of screens and then submit the data after they have completed their survey(s). Multi-establishment companies can download data from Centurion and upload data to Centurion. An option is available for respondents to print or save a copy of their survey(s) for their records. Large multi-establishment

companies can download a spreadsheet of their survey(s) for their records.

Additionally, the Census Bureau maintains a Web Transformation Site on the Internet that provides information about the Report of Organization, questionnaires and instructions, frequently asked questions, videos, and contact information. Respondents can access the Web Transformation Site via Centurion.

b. Information Available to the Public Through the Internet

The information collected in the Report of Organization 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 Report of Organization.

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 Report of Organization information collection minimizes the burden on small businesses by excluding most of them from participation. In particular, Report of Organization coverage excludes most of the 5.8 million smaller single-establishment enterprises with paid employees and more than 24 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. Since the majority of the Census

Bureau's economic programs rely on the BR to plan and conduct their surveys, this situation would result in a reduction in the quality of the data products produced by these programs.

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 Report of Organization instruments were discussed with representatives from other Federal agencies, including:

- Dennis J. Fixler  
Chief Statistician  
Bureau of Economic Analysis  
(301) 278-9607
- David P. Paris  
Chief, Individual Tax-Exempt Branch  
Statistics of Income Division  
Internal Revenue Service  
(202) 803-9784
- David Talan  
Chief, Division of Administrative Statistics and Labor Turnover  
Bureau of Labor Statistics  
(202) 691-6467

We published a notice in the Federal Register on April 17, 2017 (Volume 82, Page 18102 - 18103) inviting public comment on our plans to submit this request. No comments were received.

As a Term of Clearance in its May 5, 2015 approval of this information collection, the OMB wrote, "Taking into account the comments received on this ICR pertaining to data to describe global value chains (GVCs) and international trade in valued-added (TiVA), the Census Bureau shall provide with the next ICR for the COS, a plan of research for assessing the feasibility of collecting GVC and TiVA data on this or other relevant data collections..." In response to this Term of Clearance, the Census Bureau and the Bureau of Economic Analysis (BEA) have undertaken a joint research project. A draft Predominant Purpose Statement dated March 26, 2015 describing the scope of that research is provided as Attachment H. A report detailing the progress of that research for the period of April 2016 – April 2017 is provided as Attachment I.

The OMB received a letter of comment dated December 1, 2017 from Mr. Andrew Reamer, Research Professor and the George Washington University (see Attachment J) suggesting that the joint research project, while highly complementary to the outstanding Term of Clearance, does not fulfill that term. Specifically, it looks at adapting current survey instruments for MNE analysis, not examining the desirability and feasibility of collecting new or revised data elements to better understand TiVA and GVC activities. The Census Bureau was copied on that letter.

The Census Bureau replied to Mr. Reamer by email on January 7, 2018 (see Attachment K). We believe that the research project referenced above does fulfill the Term of Clearance. The Census Bureau's response to the letter states, among other points, that this research project will assess the current state of data collections by the U.S. Census Bureau and the BEA on GVCs, including an assessment of the quality of the data being reported, identification of any remaining data gaps preventing the full implementation of the new standards, and recommendations of how best to fill these gaps.

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 Centurion the electronic reporting instrument for this information collection contains the following statement:

**YOUR RESPONSE IS REQUIRED BY LAW.** Title 13 United States Code (U.S.C.), Sections 131 and 182 authorizes this collection. Sections 224 and 225 require your response. The U.S. Census Bureau is required by Section 9 of the same law to keep your information **CONFIDENTIAL** and can use your responses only to produce statistics. The Census Bureau is not permitted to publicly release your responses in a way that could identify your business, organization, or institution. Per the Federal Cybersecurity Enhancement Act of 2015, your data are protected from cybersecurity risks through screening of the systems that transmit your data.

Similar information will be included in the initial contact letter (see Attachment E) that directs the respondents to report online. Since the Report of Organization is considered to be part of the Economic Census, the survey is not mentioned in the initial contact letter for the census collection to keep the letter as brief as possible and limit the chances of causing confusion among respondents.

11. Justification for Sensitive Questions

This information collection asks no questions of a sensitive nature.

12. Estimate of Response Burden

The following tables provide an estimate of response burden for the 2017 – 2019 Report of Organization for each type of respondent. Figures for number of respondents by form are projections based on the latest information contained in the BR. We are requesting 120,544 burden hours that represent the average burden over the next three years based on an average of 87,000 respondents over this time frame.

2017 Economic Census/Report of Organization Consolidated Collection

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 Report of Organization Inquiries	164,750 (companies)	250	165,000	11	30,204	46	30,250
Instructions and Gathering Records	164,750 (companies)	250	165,000	12	32,950	50	33,000
Establishment Inquiries	12,500 (establishments)	2,500	15,000	5	1,042	208	1,250
<b>Total</b>	<b>164,750</b>	<b>250</b>	<b>165,000</b>	<b>24 minutes per respondent</b>	<b>64,196</b>	<b>304</b>	<b>64,500</b>

2018 – 2019 Report of Organization Collection

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 Report of Organization 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>	<b>41,750</b>	<b>250</b>	<b>42,000</b>	<b>3 hours, 31 minutes per respondent</b>	<b>145,329</b>	<b>2,237</b>	<b>147,566</b>



2018 – 2019 Report of Organization Collection

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

For the consolidated 2017 Report of Organization/Census collection, we estimate a total annual cost to respondents of \$2,379,405, which is 64,500 hours at \$36.89 per hour. (The cost to the respondents of \$2,379,405 is calculated by multiplying the total annual burden hours by the prevailing hourly rate for the type of respondent. The 64,500 burden hours are the sum of the burden hours for the multi-establishment entities and the single-location entities. The \$36.89 is the prevailing hourly wage rate for Accountants and Auditors 13-2011, U.S. Bureau of Labor Statistics, Occupational Employment and Wages, May 2016, <https://www.bls.gov/oes/current/oes132011.htm>

For the 2018 – 2019 Report of Organization, we estimate a total annual cost to respondents of \$5,480,600, which is 148,566 hours at \$36.89 per hour. (The cost to the respondent of \$5,480,600 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 \$36.89 is the prevailing hourly wage rate for Accountants and Auditors 13-2011, U.S. Bureau of Labor Statistics, Occupational Employment and Wages, May 2016, <https://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 the survey's letter printing, shipping materials, data collection, data processing, support staff and overhead is included in the total annual cost of the BR, which is estimated to be \$11.1 million for fiscal year 2017. We expect this cost will remain relatively constant for 2018 and 2019.

15. Reason for Change in Burden

We are requesting 23,064 fewer burden hours than are currently approved. This decrease is due to the fact that the burden of the collection will be reduced in the next year because of the coordination of this collection with the 2017 Economic Census (explained earlier in this document) and then will rise to its normal amount in the subsequent two years. The burden we are requesting is an average over the next three years.

16. Project Schedule

The Census Bureau will open reporting for the 2017 Report of Organization in early May 2018 with a due date in mid-June 2018. 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-January 2019. We will check in responses until close-out for the data collection operations in February of the year after the survey is mailed and perform data entry for responses until the close-out for data collection operations in late February of the subsequent year. Information collected will be included in the BR by March.

The 2018 and 2019 Report of Organization will follow the schedule outlined above but the due dates will be thirty days after receipt of the survey notification letter.

17. Request to Not Display Expiration Date

The assigned expiration date will be displayed on all electronic reporting instruments used in this information collection.

18. Exceptions to Certification

There are no exceptions.

19. Industry Codes Affected

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