

Supporting Statement
U.S. Department of Commerce
Bureau of Economic Analysis
Benchmark Survey of Transactions in Selected Services and Intellectual
Property with Foreign Persons (Form BE-120)
OMB Control Number: 0608-0058

B. Collections of Information Employing Statistical Methods

1. Describe (including a numerical estimate) the potential respondent universe and any sampling or other respondent selection method to be used. Data on the number of entities (e.g. establishments, State and local governmental units, households, or persons) in the universe and the corresponding sample are to be provided in tabular form. The tabulation must also include expected response rates for the collection as a whole. If the collection has been conducted before, provide the actual response rate achieved.

This survey is a benchmark survey, or census. The potential respondent universe for the BE-120 benchmark survey is all U.S. persons that engaged in transactions (either sales or purchases) with foreign persons in the covered services and intellectual property transactions in fiscal year 2017. Any U.S. person whose combined sales to foreign persons of covered services and intellectual property exceeded \$2 million for the 2017 fiscal year, or whose combined purchases from foreign persons of covered services and intellectual property exceeded \$1 million for the 2017 fiscal year, on an accrual basis, are required to report data on the total sales and/or purchases for each type of transaction in which they engaged by country and affiliation to the foreign person. Any U.S. person whose combined sales to foreign persons of covered services and intellectual property were \$2 million or less for the 2017 fiscal year, or whose combined purchases from foreign persons of covered services and intellectual property were \$1 million or less for the 2017 fiscal year, are required to report the total sales and/or purchases for each type of transaction in which they engaged. Any U.S. person that receives the BE-120 survey form from BEA, but is not subject to the reporting requirements, must file an exemption claim by completing the determination of reporting status section of the BE-120 survey and returning it to BEA by the due date of the survey.

BEA intends to mail a notice to approximately 15,500 U.S. companies alerting them of the requirement to file the survey and providing links to eFile, BEA's electronic filing system. BEA anticipates that 11,500 of the contacted companies will file mandatory data, and 4,000 companies will not meet the filing criteria and will file an exemption claim. BEA will estimate data for respondents that do not report their data in a timely manner. Estimates for these companies will be based on prior reports and growth in the value of transactions from a matched sample of respondents. BEA will allocate the estimated data by country and by type of transaction based on the distribution of reported transactions for inclusion in the published totals. Thus, estimates will cover the entire universe of transactions.

2017 BE-120 Universe of Respondents

Response type	Estimated Number of Respondents
Mandatory Schedules	5,000
Mandatory Totals by Transaction	6,500
Exempt	4,000
Total respondents	15,500

Response rates have been high for the prior benchmark survey and the related quarterly survey of transactions in selected services and intellectual property with foreign persons (BE-125), with a response rate of approximately 85 percent. BEA expects that these high response rates will continue for the 2017 benchmark survey, providing information of sufficient accuracy and reliability for its intended purposes.

BE-120 Response Rates

Survey response	Response rate
Response rate for the 2011 BE-120 survey	76%
Average response rate for the 2014-2016 BE-125 survey	83%
Expected response rate for the 2017 BE-120 survey	85%

2. Describe the procedures for the collection, including: the statistical methodology for stratification and sample selection; the estimation procedure; the degree of accuracy needed for the purpose described in the justification; any unusual problems requiring specialized sampling procedures; and any use of periodic (less frequent than annual) data collection cycles to reduce burden.

The BE-120 survey will be administered to U.S. persons that conduct transactions in selected services and intellectual property with foreign persons. BEA expects most of the potential respondents to file the survey on a timely basis. In the case that a survey is not filed, or is filed too late to be used for the current estimate, BEA will generate an estimate based on data previously reported, where available, or include an estimate for the non-respondent using information from companies that did respond. No unusual problems have been identified that would require the use of specialized sampling procedures. BEA will attempt to collect data from the entire universe of firms meeting the reporting criteria.

The list of respondents will be derived from public and private sources, including business directories and establishment lists.

A high degree of accuracy is needed for the purposes stated in the justification. The proposed survey is a benchmark survey, which BEA conducts periodically, typically every five years. The BE-120 survey that is being proposed will apply to the 2017 fiscal reporting year.

3. Describe the methods used to maximize response rates and to deal with nonresponse. The accuracy and reliability of the information collected must be shown to be adequate for the intended uses. For collections based on sampling, a special justification must be provided if they will not yield "reliable" data that can be generalized to the universe studied.

Any company subject to the reporting requirements of the BE-120 is required to complete the survey whether or not they are contacted by BEA. A response must be received by filing a completed form BE-120. Several steps will be taken to maximize response rates. In February 2018, an advance notice of the survey will be sent to each company known to BEA, announcing the upcoming survey. The announcement letter will highlight significant changes to the survey, alert respondents to the availability of BEA's electronic filing system, and provide the option to receive a printed survey form in the mail. In April 2018, BEA will send another letter--and printed survey form if requested--to all potential respondents.

Any person specifically contacted by BEA must respond, by filing either a completed form or a valid exemption claim by June 29, 2018 (or by July 30, 2018 for those that use BEA's eFile system). Non-respondents will be contacted by BEA staff and, in the event of continued nonresponse, will be referred to the Office of General Counsel for further action. BEA expects that at the time of the final revised estimates, reports will be received from nearly all companies required to report.

4. Describe any tests of procedures or methods to be undertaken. Tests are encouraged as effective means to refine collections, but if ten or more test respondents are involved OMB must give prior approval.

As part of the development of the revised BE-120, BEA engaged with staff from the Data Collection Methodology and Research Branch (DCMRB) in the Economic Statistical Methods Division (ESMD) of the U.S. Census Bureau to undertake cognitive research for the survey. In consultation with BEA, in August 2016, DCMRB developed a comprehensive survey methodology research plan to prepare for a revised data collection instrument. The plan activities, which aligned with best practices in survey development and pretesting, included a methodological expert review of the BE-120 and BE-125 forms, as well as respondent debriefings and multiple rounds of cognitive interviews consisting of approximately 30 in-person interviews with selected survey respondents to identify issues and problematic areas on the form. Census staff prepared findings and recommendation reports that summarized the results of the expert reviews and cognitive interviews. BEA used this information to redesign the BE-120 survey in ways that have increased the likelihood that new data collected on the survey will be feasible for respondents to provide and will be reported accurately.

In addition, in March 2017, BEA contacted nine large reporters currently filing transactions on the BE-125 quarterly survey to discuss the feasibility of collecting data on the survey about services by the location of the U.S. and foreign transactors when the services were supplied. Respondents were asked if they would be able to distribute reported services values across the three different modes of delivery that are relevant for trade in services. Multiple approaches to

collecting this information were developed within BEA and are being subjected to additional feasibility testing during the cognitive review efforts discussed above. The decision on the collection format to be used for the survey will be included in the final published notice of this information collection.

Additionally, BEA maintains a continuing dialogue with respondents and data users, including its own internal users through the Bureau's Source Data Improvement and Evaluation Program, to ensure that, to the extent possible, the required data serve their intended purposes, that the survey instructions are clear, and that unreasonable burdens are not imposed.

5. Provide the name and telephone number of individuals consulted on the statistical aspects of the design, and the name of the agency unit, contractor(s), grantee(s), or other person(s) who will actually collect and/or analyze the information for the agency.

The survey is designed and conducted within BEA by the Balance of Payments Division. For further information, contact Christopher Stein via email at christopher.stein@bea.gov or by phone at 301-278-9189.