

**U.S. Department of Commerce  
U.S. Census Bureau  
OMB Information Collection Request  
Annual Business Survey  
OMB Control Number 0607-1004**

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

**1. Universe and Respondent Selection**

The Annual Business Survey (ABS) universe for this submission is constructed using a combination of 2015 and 2016 Internal Revenue Service (IRS) tax return data for the 2017 respondent selection; 2016 and 2017 IRS tax return data for the 2019 respondent selection; and so forth, for the 2019-2021 respondent selections. The final universe of businesses will be those reporting activity on any one of the following 2017 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.

The estimated sample sizes is 300,000 for years 2019-2022. The sample sizes is necessary to provide summary-level estimates for women-, minority-, and veteran-owned businesses and to produce reliable estimates at the state and metropolitan statistical area (MSA) levels. The smaller sample size reduces respondent burden and will also provide quality estimates for women-, minority-, and veteran-owned businesses at less detailed geography and industry levels.

The sample is stratified by state, frame, and industry and systematically sampled within each stratum. A standard type of estimation for stratified systematic sampling is used. (Refer to Sampling Techniques by W.G. Cochran.) Response is mandatory. The expected response for the ABS is estimated to be 70 percent. The expected response rate is based on results from the 2017 Annual Business Survey. 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 sex, 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. Further, businesses will be asked about the innovation and technology activities. Select respondents (those with 1-9 employees) will be asked about Research and Development (R&D) activities and related costs.

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 SBO, and the ASE.

**2. Procedures for Collecting Information**

The ABS collection is electronic only. Those selected for the survey receive an initial letter informing the respondents of their requirement to complete the survey as well as instructions on accessing the survey. The 2019 ABS initial mailing is scheduled for July 2019. Responses will be due approximately 30 days from initial mailing. Respondents will also receive a due date reminder approximately one week before responses are due. The Census Bureau plans to conduct two follow-up mailing and an optional third follow-up if deemed necessary based on check-in rates. Closeout of mail operations is scheduled for December 2019. 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;
- Reducing mailings of similar content to similar businesses by combing several surveys into the ABS;
- Conducting nonresponse bias analysis if unit response rate falls below 60 percent.

During collection, response will be monitored continuously. The overall response goal is 70 percent per collection. Nonrespondents may receive a certified mailing for the second and third follow-up mailings. The Census Bureau may also plan to conduct an email follow-up to select respondents reminding them to submit their report in the electronic instrument.

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**

The information collections 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 Annual Business Survey are very well tested.

The survey questions have been successfully tested through cognitive interviews (see Attachments E & F).

## 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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## **Attachments**

- A. ABS Letters (Initial Mail and Follow-up Letters)
- B. ABS Email Follow-up
- C. 19ABS-1 (ABS Worksheet)
- D. Electronic instrument screens showing the burden statement, collection authority, and purpose and uses statements available to respondents.
- E. ABS Cognitive Testing Results
- F. ABS Innovation Cognitive Testing Results
- G. Nonemployer Plan