

**2020 Annual Capital Expenditures Survey (ACES) Content Test Cognitive Interviews
Submitted Under Generic Clearance for Questionnaire Pretesting Research**

November 4, 2020

Request: 1The U.S. Census Bureau, through a contract with RTI International (RTI), plans to conduct additional research under the generic clearance for questionnaire pretesting research (OMB number 0607-0725). 1We will be conducting cognitive interviews to evaluate proposed new questions related to the Coronavirus pandemic under consideration for the Annual Capital Expenditures Survey (ACES).

For the purpose of continuing the Census Bureau's monitoring of the impact of the Coronavirus pandemic on U.S. businesses, it has been proposed to add six questions to the 2020 ACES, to be fielded during 2021. Federal government stakeholders were consulted, and these were the questions that were of most interest to them. Proposed draft questions appear in Attachment A.

The ACES is a mandatory annual collection that gathers data on business investment for new and used structures and equipment. This survey is collected under the authority of Title 13, United States Code (U.S.C). It is a sample survey of approximately 70,000 companies, consisting of 50,000 companies with employees and 20,000 non-employees. Basic data collected each year include all expenditures during the year for both new and used structures and equipment chargeable to asset accounts for which depreciation or amortization accounts are ordinarily maintained.

Data on the amount of business expenditures for new plants and equipment and measures of the stock of existing facilities are critical to evaluate productivity growth, the ability of U.S. business to compete with foreign business, changes in industrial capacity, and measures of overall economic performance. Industry analysts use the data for market analysis, economic forecasting, identifying business opportunities, and developing strategic plans. Government agencies use the data to improve estimates for investment indicators for monetary policy, improve estimates for capital stocks for productivity analysis, monitor and evaluate the healthcare industry, and analyze depreciation. Other users of the data include private companies, organizations, educators, students, and economic researchers.

A copy of the 2019 ACES questionnaire is provided in Attachment B for context. Further information regarding ACES can be found at this website: <https://www.census.gov/programs-surveys/aces/about.html>.

Purpose: The purpose of this evaluation is to explore whether respondents to the Annual Capital Expenditures Survey understand the proposed new questions related to the Coronavirus pandemic and are able to provide the requested data.

The results from these cognitive interviews will be consolidated into a report that outlines the findings and proposes revised questions.

Cognitive interviews for this evaluation will be conducted by staff from RTI who have Special Sworn Status and have obtained security clearance to work with Title 13 and Title 26 data. They will receive support from staff from the Data Collection Methodology and Research Branch (DCMRB) and the Economy-Wide Statistics Division (EWD).

Population of Interest: The population of interest is those businesses who are asked to participate in the Annual Capital Expenditures Survey (ACES). Due to the rapid turnaround needed to meet the 2020 ACES production schedule, only businesses that responded to the 2019 ACES, and for whom we have email addresses and phone numbers, will be eligible for this study.

Timeline: Testing will begin in November 2020 and will conclude by December 2020.

Language: Testing will be conducted in English only.

Sample: Staff from EWD will provide RTI with a list of businesses and respondent contact information, from which they will recruit. The frame will consist of employer businesses that responded to the 2019 Annual Capital Expenditures Survey, for whom we have the most up-to-date email addresses and phone numbers. The selected sample will focus on seven sectors of the economy: Accommodation and food services; Arts, entertainment, and recreation; Health care and social assistance; Manufacturing; Professional, scientific, and technical services; Retail trade; and Wholesale trade. These will be divided into two size classes with an emphasis on certainty cases that are selected to complete the survey annually.

Approximately 20 interviews will be conducted in total. This number of interviews was selected because it is a manageable number of interviews for the timeframe available for this testing. The sample should be adequate to provide reactions to the questions and definitions indicative of the survey population.

Recruitment: RTI will contact potential participants via email initially, explain the nature of the research, and ask them to participate in the study. They will recruit additional participants by telephone, as needed to obtain the required number of interviews distributed among the seven industries and two size classes indicated earlier. The realized sample of participants will be those who are able to be contacted and who agree to participate in the study.

Participants will be informed that their response is voluntary and that the information they provide is confidential and will be seen only by Census Bureau employees or those with Special Sworn Status who are involved in the research project. Once interviews are scheduled, researchers will send participants a confirmation via email.

Method: Staff from RTI will conduct one round of up to 20 cognitive interviews. Interviews will be conducted remotely using Skype for Business. The transitional introductory text, draft questions and consent form will be presented in Qualtrics, which matches the electronic reporting mode of ACES.

The cognitive interviews will follow a semi-structured interview protocol, with concurrent think aloud and then additional debriefing questions (Attachment C). The protocol includes cognitive probes that gauge respondents' understanding and familiarity with the concepts and questions being asked, how respondents expect to retrieve the information, respondents' perception of the difficulty of the questions and what level of burden might be associated with data retrieval and reporting. The protocol also includes asking respondents to review the transitional introductory text before these questions, which will be placed at the end of the ACES questionnaire.

Protocol: The draft protocol for the study is enclosed (see Attachment C). We anticipate that each interview may take up to 30 minutes to complete.

Consent: In addition to the required PRA and Privacy Act notices, the consent form will also indicate that the respondent agrees that the interview can be audio-recorded to facilitate analysis of the results (see Attachment D). Respondents will sign the consent form via a Qualtrics form that allows for signature. Respondents who do not consent to be audio-recorded will still be allowed to participate.

Incentive: Monetary incentives for participation will not be offered.

Length of Interview: For the cognitive testing, we expect that each interview will last no more than 30 minutes (20 cases x 30 minutes per case = 10 hours). In some cases, we anticipate needing to reach out to another respondent who would actually be the one to answer these questions. We expect those follow-on interviews to occur in no more than 50% of the cases and that each of those interviews will last no more than 30 minutes (10 cases x 30 minutes per case = 5 hours). Additionally, to recruit respondents we expect to make up to 5 phone contacts per completed case. If necessary, the recruiting calls are expected to last on average 3 minutes per call (5 attempted phone calls per completed case x 20 cases x 3 minute per case = 5 hours). When a respondent agrees to participate, we will schedule a supplemental 10-minute pre-meeting to troubleshoot issues with screensharing and other technology issues (30 cases x 10

minutes = about 5 hours). Thus, the estimated burden for this project is 25 hours (15 hours for interviews + 5 hours for recruiting+ 5 hours for troubleshooting).

Below is a list of materials to be used in the current study:

1. **Attachment A:** Draft 2020 proposed ACES questions
2. **Attachment B:** 2019 ACES questionnaire (for context)
3. **Attachment C:** Draft protocol used to outline how the research study will be conducted
4. **Attachment D:** Consent form and PRA and Privacy Act assurances

The contact person for questions regarding data collection and the design of this research is listed below:

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Enclosures

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