

Supporting Statement
U.S. Department of Commerce
Bureau of Economic Analysis
Quarterly Survey of Transactions in Selected Services and Intellectual
Property with Foreign Persons (Form BE-125)
OMB Control Number: 0608-0067

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.

The potential respondent universe for the BE-125 quarterly survey is all U.S. persons that engaged in covered transactions with foreign persons in selected services or intellectual property. A person must report if it had sales to foreign persons of covered services or intellectual property that exceeded \$6 million for the previous fiscal year or if it expects to have such transactions in excess of that amount during the current fiscal year, or if had purchases from foreign persons of covered services or intellectual property that exceeded \$4 million for the previous fiscal year or if it expects to have such transactions in excess of that amount during the current fiscal year.

BEA intends to mail a notice to approximately 2,200 U.S. companies per quarter notifying the companies of the requirement to file the survey and providing links to eFile, BEA's electronic filing system. BEA will estimate data for respondents that do not report their data in a timely manner, including those U.S. persons that fall below the reporting threshold for the quarterly survey but reported on a previous benchmark survey. Estimates 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.

Response rates to this quarterly survey in past years have been high, with an average response rate of approximately 82 percent. BEA expects that these high response rates will continue for the survey, providing information of sufficient accuracy and reliability for its intended purposes.

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-125 survey will be administered to U.S. companies that have 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 or estimated 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 collect data from a cutoff sample 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 quarterly survey conducted four times a 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 specifically contacted by BEA must respond by filing a completed form BE-125 or a valid exemption claim. 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, including possible referral to the Justice Department. BEA expects that at the time of the final revised estimates, reports will be received from nearly all companies required to report. To facilitate response, a notice will be sent to each company on a quarterly basis notifying the company of the requirement to file the survey and providing links to eFile, BEA's electronic filing system, and an Excel version of the survey.

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.

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.

In November and December 2016, BEA solicited input from its data users, including other government agencies, through a series of site visits and a webinar. During these presentations, BEA staff presented an overview of potential changes to the services data collected and published by BEA, including the proposal to expand upon the existing service categories collected on this survey. These presentations also provided an opportunity for data users to suggest other services-related data that are of particular interest. From these consultations, BEA developed a list of changes to the services data collected on this and other BEA surveys.

BEA also 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 a cognitive review of the BE-125 survey and the BE-120 benchmark survey (administered as a “census” survey and required of all reporters with transactions in the covered services). In consultation with BEA, 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 an expert review of the BE-120 and BE-125 forms, respondent debriefings, and multiple rounds of cognitive interviews consisting of approximately 30 in-person interviews with survey respondents. 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 and to develop the changes to the BE-125 discussed in this document. The information gathered during this process substantiates the feasibility of implementing the changes in reporting requirements and services categories being proposed for implementation beginning with BE-125 reporting for first quarter 2019.

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.