

**Department of Commerce
United States Census Bureau
OMB Information Collection Request
Annual Survey of Manufactures (ASM)
OMB Control No. 0607-0449**

A. Justification

1. Necessity of the Information Collection

The Census Bureau has conducted the ASM since 1949 to provide key measures of manufacturing activity during intercensal periods. Title 13, United States Code, Sections 131 and 182 authorize this collection; sections 224 and 225 make reporting for this survey mandatory (see Attachment A). In census years ending in "2" and "7," we do not mail the ASM separately, but collect the ASM data as part of the Economic Census covering the Manufacturing Sector.

The Census Bureau is requesting revisions to the current OMB approval for removal of un-used content (for all years, 2020 to 2023), to include content related to the coronavirus pandemic and to revise the payroll and employment questions.

The ASM statistics are based on a survey that includes both mail and nonmail components. The mail portion of the 2020 ASM consists of a probability sample that was designed from the 2017 Economic Census and contains the same industry strata and establishments from the 2019 ASM, updated with births. The 2019 ASM sample was based the 2017 North American Industry Classification System (NAICS).

The 2020 ASM mailout is expected to be approximately 49,000 establishments. This is the second year of the latest sample and is based within the same structure as 2019. The 2019 ASM establishments were selected from the eligible mail frame of approximately 104,900 establishments. The frame contained all manufacturing establishments of multiple-establishment firms (firms with operations at more than one location) and the largest single-establishment manufacturing firms within each industry. The 2019 ASM nonmail component contains approximately 186,700, small and medium-sized single-establishment firms. Births are added annually to the mail sample and the nonmail component, and no data are collected from firms in the nonmail component. Data are imputed based on models that incorporate the administrative records of the Internal Revenue Service (IRS), the Social Security Administration (SSA), and the Bureau of Labor Statistics (BLS) or are based on industry averages. Though the nonmail firms account for nearly two-thirds of the universe, they account for about 6 percent of the manufacturing output.

The Census Bureau plans to make the following changes to the ASM data collection for MA-10000 – Multiple Establishment Companies and MA-10000 – Single Establishment Companies (see Attachments B and C):

A. Content Related to the Coronavirus Pandemic:

To truly measure the economic activity of the manufacturing sector, the Census Bureau is requesting approval to add questions related to the impact of the coronavirus pandemic. During internal Census Bureau discussions of proposed content key federal stakeholders (see Attachment G) were consulted; Attachment D documents their support and feedback. The proposed question descriptions are provided below:

1. Item 28 – Special Inquiry:

Add a question asking respondents to provide the number of days their location was closed due to the coronavirus pandemic. This question will assist with measuring the impact on plant operations due to the coronavirus pandemic.

2. Item 5 and Item 28 – Special Inquiry:

Add a statement to Item 5 to specify/clarify that donated products should be included in the value of shipments.

Add a question asking respondents if they donated products and the associated value of the donated products (breakout of Item 5, line A). Attempt to gather information on the value of shipments related to donated products by industry.

3. Item 7:

Add questions asking respondents to provide the payroll for production workers at the establishment by quarter. Collecting payroll information by range of months, rather than a point in time will reflect variability in operations.

4. Item 22:

Add the following six NAPCS to the electronic instrument for all respondents:

- a. 2017900000 - Manufacturing of nonelectric breathing devices (including N95 and other respirators), incubators, inhalators, and resuscitators, and other surgical and medical apparatus and instruments, excluding anesthetic apparatus and parts

- b. 2018000000 - Manufacturing of electromedical equipment (including diagnostic, therapeutic, patient monitoring equipment, and ventilators), excluding ionizing radiation equipment
- c. 2050375000 - Manufacturing of personal safety equipment and clothing, industrial and nonindustrial, including respiratory protection, face shields, masks, and protective clothing, excluding footwear, gloves, and surgical and medical respirators
- d. 2045875000 - Manufacturing of surgical appliances and supplies, including surgical gloves, bandages, gauze, cotton (sterile and non-sterile), and other surgical dressings, excluding orthopedic and prosthetic appliances
- e. 2010475000 - Manufacturing of bath, facial, and hand soaps, including hand sanitizers
- f. 2007875000 - Manufacturing of other household specialty cleaning and sanitation products, including disinfectants

Industries have shifted to produce goods they normally did not produce. Adding the proposed NAPCS questions to all forms will assist with capturing a shift in production lines.

B. Revisions to Item 7: Employment, Payroll, and Fringe Benefits:

- a. Add content collecting four quarters of payroll for production workers to be consistent with employment (Item 7A).
- b. Add collection for total first quarter employment to be consistent with payroll and other economic sectors.
- c. Remove the summation of the 4 quarters of production workers.
- d. Remove the average production workers question.
- e. Revisions and adjustments will be made to the presentation/layout/content of employment and payroll questions to streamline and improve the flow. (See Attachment E for the removed questions)

C. Revisions to Item 5: Sales, Shipments, Receipts, or Revenue: Remove Item 5B, market value of products shipped to other domestic plants of the company for further assembly, fabrication, or manufacture. This question is poorly reported and not utilized by data users. (Attachment E)

D. Revisions Related to Integrating Annual Surveys:

The Census Bureau is undertaking an initiative to integrate and re-engineer select annual programs. Programs include the Annual Survey of Manufactures (ASM), Annual Retail Trade Survey (ARTS), Annual Wholesale Trade Survey (AWTS),

Service Annual Survey (SAS), Annual Capital Expenditures Survey (ACES), Manufacturing Shipments Inventories and Unfilled Orders (M3UFO), and Company Organization Survey (COS). Efforts include coordinating collection strategies/instruments/communication; integrating, changing or revising content; ensuring content is relevant; coordinating samples; and improving frame and coordinating status updates across annual surveys.

The initiative to integrate and re-engineer select annual programs is scheduled to begin implementation in survey year 2023. The goal is to shift select annual programs from individual independent surveys to a streamlined integrated annual program. The new annual program will move from industry focused, individual surveys to requesting a more holistic view of the companies. Prior to survey year 2023, we plan to begin to align our annual programs and improve efficiencies across programs in targeted areas related to consistent content, processes, and systems. The initiative is in response to data user needs (timely, granular, harmonized data), and declining response rates.

To this extent, the ASM is currently doing research to add the M3UFO (unfilled orders) questions to the ASM for Survey Year 2021 (see Attachment F, Item 5C for the question that will be tested). A combination of phone and in-person cognitive interviews with up to 40 respondents, over two rounds will begin in October 2020 and will likely conclude by March 2021. If it is determined that respondents are able to provide unfilled orders data at the establishment level, the Census Bureau plans to submit a nonsubstantive change request to move the unfilled orders content to the ASM and eliminate the separate collection of unfilled orders data. By collecting this content on the ASM, Census would eliminate the M3UFO survey.

2. Needs and Uses

1This survey is an integral part of the government's statistical program. Its results provide a factual background for decision making by the executive and legislative branches of the Federal Government. Federal agencies use the annual survey's input and output data as benchmarks for their statistical programs, including the Federal Reserve Board's Index of Industrial Production and the Bureau of Economic Analysis' (BEA) estimates of the gross domestic product. The data also provide the Department of Energy with primary information on the use of energy by the manufacturing sector to produce manufactured products. These data also are used as benchmark data for the Manufacturing Energy Consumption Survey, which is conducted for the Department of Energy by the Census Bureau. Within the Census Bureau, the ASM data are used to benchmark and reconcile monthly and quarterly data on manufacturing production and inventories. The ASM is the only source of complete establishment statistics for the programs

mentioned above.

The ASM furnishes up-to-date estimates of employment, payroll, hours, wages of production workers, value added by manufacture, cost of materials, value of shipments by NAPCS product code, inventories, cost of employer's fringe benefits, operating expenses, and expenditures for new and used plant and equipment. The survey provides data for most of these items at the two- through six-digit NAICS levels. The ASM also provides geographic data by state at a more aggregated industry level.

The survey ~~also~~ provides valuable information to private companies, research organizations, and trade associations. Industry makes extensive use of the annual figures on NAPCS product shipments at the U.S. level in its market analysis, product planning, and investment planning. State development/planning agencies rely on the survey as a major source of comprehensive economic data for policymaking, planning, and administration.

Information quality is an integral part of the pre-dissemination review of data disseminated by the Census Bureau (fully described in the Census Bureau's Information Quality Guidelines) at: <https://www.census.gov/about/policies/quality/guidelines.html>. Data 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

Firms will satisfy their reporting requirement for this information collection by accessing the Respondent Portal and reporting data electronically, using a web-based electronic reporting tool. The initial mailing will include a letter instructing respondents to report online (<https://portal.census.gov/portal>) and provide a unique authentication code. Respondents have the option of printing a worksheet that lists all of the questions. Advantages to using the electronic reporting tools include: reduced time and expense to report, improved data quality through automatic data checks, the ability to exit the survey and resume at a later time without losing data already entered, the ability to save an electronic version (pdf) of the completed survey, and the ability to upload data from an Excel spreadsheet version. See Supporting Statement Part B, Question 4, for descriptions of the research projects conducted to ensure the electronic instrument minimizes response burden to the extent possible.

4. Efforts to Identify Duplication

1The Census Bureau makes a concerted effort on a continuing basis to investigate possible duplications both within the agency and outside the agency and to

eliminate them whenever possible.

One of the key features of the ASM is the ability, with Office of Management and Budget (OMB) approval, to add and delete questions based on the importance of the economic situation at the time. In the past, the Census Bureau added questions to the ASM survey such as exports, age of plant, and fuel consumed by type, and industrial robotic equipment. For this collection, the Census Bureau is requesting approval to add questions related to the coronavirus pandemic. If it were not for this feature, these data items would need to be collected in separate surveys.

The Congress granted the Census Bureau limited access to the information in the IRS and SSA files, which includes employment and payroll data. The Census Bureau uses this information as input to models that impute other data items in lieu of mailing reports to many small businesses. Other items, such as the cost of materials, are not identical to information requested by the IRS. Even though there are similarities in the requested data, IRS does not insist on consistency and accuracy of each entry on the tax form as long as the taxable net income and the taxes paid are correct. Furthermore, IRS will accept a figure on the cost of goods sold that includes labor as well as materials and supplies used. The Census Bureau requires consistency in the data from firm to firm in order to publish valid statistical aggregations.

5. Minimizing Burden

The 2020 ASM will use the 2019 ASM sample updated for births. The 2019 ASM sample excluded most small and medium-sized single-establishment firms from the mail portion of the survey. About 186,700 establishments (nearly two-thirds of the manufacturing universe) were excluded from the sampling frame used to select the 2019 ASM mail panel. No sample is selected from the nonmail stratum; information for these establishments is imputed and incorporated in the published estimates. Overall burden for the ASM is reduced by directing burden away from the smallest firms in the population.

6. Consequences of Less Frequent Collection

The Manufacturing Sector is of vital importance to the nation's wellbeing. Consequently, current information regarding the changing structure of manufacturing is extremely important to our economic growth. Congress recognized this fact when it authorized the changeover from the biennial census program to the quinquennial economic census covering the manufacturing sector with an ASM in interim years. Less frequent collection of the data would adversely affect our ability to recognize and react to changes in the economy.

7. **Special Circumstances**

1This information collection will be conducted in a manner consistent with OMB guidelines and there are no special circumstances.

8. **Consultations Outside the Agency**

1Consultations for our general statistics items are held on a continuing basis with government agencies, trade associations, private research groups, and companies. See Attachment G for a list of key federal stakeholders for annual programs. Consultations with outside stakeholders were for the purpose of receiving individual opinions and not for the purpose of forming a group opinion.

The Census Bureau published a notice in the Federal Register (85FR, pages 55818-55820) on September 10, 2020 inviting public comment on our plans to submit this request. One comment was received during the 60-day comment period from BEA strongly supporting this data collection and the additional questions (Attachment H). This collection is the main data source for key components of BEA's economic statistics.

9. **Paying Respondents**

1The Census Bureau does not pay respondents or provide gifts in return for complying with the ASM.

10. **Assurance of Confidentiality**

The online reporting system for this information collection will give respondents the following assurance of confidentiality (Attachments I.1 and I.2 contain the welcome screen and burden statement, respectively):

YOUR RESPONSE IS REQUIRED BY LAW. Title 13, United States Code, 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 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 assurances will be included in the initial contact letter (Attachment J) that directs respondents to report online.

11. Justification for Sensitive Questions

1This information collection asks no questions of a sensitive nature.

12. Estimate of Hour Burden

There are 49,000 respondents who will receive the MA-10000 for the 2020 survey year. The average time required to complete the survey is 3.7 hours. The total annual response burden is estimated to be 181,300 work hours. This is a refinement of the 172,949 burden hours submitted in the notice published September 10, 2020 in the Federal Register. For survey year 2021 we expect 51,000 respondents will receive the MA-10000 and the average time required to complete the survey to be 3.9 hours, this is based on the potential inclusion of the UFO question and the possible elimination of coronavirus pandemic specific questions. If cognitive testing indicates that this burden will be higher or lower, we will then submit a non-substantive request to revise.

We base the estimate of the average time required to complete the survey on discussions with many representatives of large and small firms, the average response for the estimate of the time it took to complete the questionnaire and an estimate for the added content for 2020/2021. Respondents have reported the data included in this annual survey with no major difficulty for many years.

We expect the burden changes from the additional content for 2020 to have impacts as follows:

1. Item 28 – Special Inquiry: Number of days closed due to the coronavirus pandemic - 5 minutes for SY2020, revisit inclusion in SY2021 based on the situation at the time.
2. Item 5 and Item 28 – Special Inquiry: Donated Products

Item 5 clarification - Neutral
Item 28 Added question: 5 minutes for SY2020, possibly drop in SY2021
3. Item 22: Add NAPCS – Neutral: we adjust the NAPCS presented to the respondent yearly already, so having an additional section of static lines is just a different presentation.
4. Item 7: Employment, Payroll, and Fringe Benefits: Expectation is Neutral burden for these changes. We are adding for consistency and removing as well.

5. Revisions related to integrating annual surveys: Addition of M3UFO question - estimate of 20 minutes for SY2021

As described in Supporting Statement B Question 4, the Census Bureau will conduct respondent debriefing interviews to evaluate the performance and effectiveness of survey questions and data collection instruments.

Respondent interviews were conducted during September 2020 with 21 respondents to evaluate the newly added coronavirus pandemic questions. Additionally, for SY2021, there will be up to 40 respondent interviews conducted between October 2020 and March 2021 to evaluate the addition of the M3 UFO questions.

The estimated annual cost to respondents is approximately \$6,856,168. We base the annual cost on an average hourly wage of \$38.23 times the annual burden hours 179,340. The average hourly wage is that of an accountant according to the 2019 BLS Occupational Employment Statistics (OES) data, published by BLS https://www.bls.gov/oes/current/oes_nat.htm.

13. Estimate of Cost Burden

1We 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 or 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 Federal Government

1We estimate the total cost to the Government for the ASM program to which these forms relate to be \$5,719,274 all borne by the Census Bureau. Included in this cost are activities related to sample design, mail-out, collection, data capture, analysis and dissemination. This cost is expected to remain relatively fixed over the upcoming three years.

15. Reason for Change in Burden

This collection is being submitted as a revision to a currently approved collection.

The overall reduction in burden is a net effect from the increase in burden due to the changes in questions for 2020 and the reduced number of respondents being mailed in 2020. (See Supporting statement B.1. for sample selection methods).

16. Project Schedule

The Census Bureau will mail letters directing respondents to the online reporting tool for the 2020 ASM information collection on January 28, 2021 with a due date of March 11, 2021. Mail follow-ups to non-respondents will begin in February 2021. These efforts, supplemented by telephone follow-ups and email reminders to selected non-respondents, will continue through September 2021 (See Attachment J for these letters). Receipt of administrative records, automated edits, and initial efforts to resolve reporting problems will continue through November 2021. We will then prepare tabulations and related analytical summaries, perform analyses, conduct final corrections and review, and obtain release approval. Data is scheduled to be released in December 2021. The BR contains the information on the physical location of establishments, as well as payroll, employment, value of shipments/receipts/revenue/sales, and industry classification data obtained from prior censuses and surveys or obtained from the administrative records of the IRS and Social Security Administration (SSA) under special arrangements which safeguard the confidentiality of both tax and census records. Information from the Bureau of Labor Statistics (BLS) on industry classifications are also used to supplement the classification information from the IRS and SSA.

<u>Timetable for the 2020 Annual Survey of Manufactures</u>		
Activity	<u>Start</u> ^{1/}	<u>End</u> ^{1/}
Extract mailing list from the BR	Jan-21	Jan-21
Prepare mailing pieces	Jan-21	Jan-21
Mail initial contact letters	Jan-21	Jan-21
Receive and check in responses	Feb-21	Sep-21
Edit data, resolve edit problems	Feb-21	Nov-21
Response due date	Mar-21	Mar-21
Follow-up for nonresponse	Feb-21	Sep-21
Close out data collection	Sep-21	Sep-21
Receive, process administrative records	Sep-21	Oct-21
Prepare and analyze tabulation	Oct-21	Nov-21
Data Release	Dec-21	Dec-21

^{1/} All dates are approximate

16. Request to Not Display Expiration Date

1The assigned expiration date will be displayed on all questionnaires used in this information collection.

17. Exceptions to the Certification

1There are no exceptions.

18. North American Industry Classification System (NAICS) Codes Affected

For the 2020 ASM, the survey provides data at the two- through six-digit NAICS levels in the manufacturing sector (31-33). We also provide geographic data by state at a more aggregated industry level.