

**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) employer universe for this submission is constructed using a combination of Internal Revenue Service (IRS) tax return data. The 2021 ABS respondent selection will use 2018 and 2019 IRS data. The universe of approximately 5.4 million employer businesses will be those reporting activity on any one of the following 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. The ABS samples employer businesses, therefore current plans will only request responses from businesses filing the 941, 944, 1065, or 1120 tax forms.

Additionally, starting with the 2021 ABS, nonprofit organizations will be mailed to collect their research activities. Historically, nonprofit organizations were in scope to the ABS; however, they were not mailed because the survey did not expect nonprofit organizations to be classifiable by sex, ethnicity, race, or veteran status. Of note, nonprofit organizations will only see questions relating to research activities and will not be asked any questions relating to owner demographics. The universe of approximately 300,000 nonprofit organizations will come from a combination of the Census Bureau's Business Register (BR) and the IRS Exempt Organization Business Master File (EO/BMF), excluding those operating in the Public Administration and Education industries. Also excluded are Religious Organizations. Nonprofit organizations that fall below a payroll size cut-off will be excluded from the mailed sample.

The total universe to include both the employer businesses and the nonprofit organizations will be approximately 5.7 million businesses. The total estimated sample size for the 2021 ABS is 308,000. Approximately 300,000 of the total cases selected will be mailed to employer businesses. The sample size is necessary to provide summary-level estimates for women-, minority-, and veteran-owned businesses and to produce reliable estimates at the 2-digit NAICS, U.S., state and metropolitan statistical area (MSA) levels. Approximately 8,000 of the total cases selected will be mailed to nonprofit organizations. This will yield national and state level estimates on research activities for U.S. nonprofit organizations.

For sampled employer businesses, the ABS uses administrative data to estimate the probability that a firm is minority- or women-owned. Each firm is then placed in one of nine frames for sampling. The sampling frames are: American Indian or Alaskan Native, Asian, Black or African American, Hispanic, Non-Hispanic White Men, Native Hawaiian and Other Pacific Islander, Other, Publicly Owned, and Women. The employer business 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.) The nonprofit organizations sample is stratified by state and type of nonprofit category. The types of nonprofit category are health and medical, science and technology, and other. A stratified random sample will be used. Firms previously identified as having R&D expenses from the 2016 Nonprofit Research Activities (NPRA) survey will be taken with certainty.

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 2018 ABS.

## **2. Procedures for Collecting Information**

The ABS primary collection method is via an electronic instrument. 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 2021 ABS initial mailing is scheduled for July 2021. 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 mailings and an optional third follow-up if deemed necessary based on check-in rates. Closeout of mail operations is scheduled for December 2021 but may be extended to allow ample time to receive returned forms if necessary. Response data will be processed as they are received. Upon the close of the collection period, data processing will continue, and records will be edited, reviewed, tabulated, and disseminated.

## **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;
- Conducting telephone outreach to select nonprofit organizations prior to the initial mail and during follow-up activities to encourage their response;
- Reducing mailings of similar content to similar businesses by combining several surveys into the ABS;
- Conducting nonresponse bias analysis if unit response rate falls below 60 percent.

The expected response for the ABS is estimated to be 70 percent. The expected response rate is based on results from previous ABS collections. The Census Bureau will primarily use an

electronic reporting instrument to collect the data. Questionnaires may be mailed to select nonrespondents if check-in rates are lower than expected. 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 nonrespondents reminding them to submit their report in the electronic instrument. Check-in rates are monitored regularly during collection.

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 sex, ethnicity, race, and veteran status), industry, state-level geography, and legal form of organization. If required, the nonresponse bias analysis will be conducted as soon as feasible.

#### **4. Tests of Procedures or Methods**

The information collection will use procedures that are based on a considerable body of experience with economic censuses and surveys, such as cognitive testing, expert panels, and evaluation of data results. Previous economic censuses have been the subject of evaluation studies that have examined methodology and conceptual issues. As a result, the procedures used by the ABS are well tested.

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

#### **5. Contacts for Statistical Aspects and Data Collection**

Persons responsible for directing the sampling, estimation, nonresponse adjustment and disclosure avoidance procedures:

James W. Hunt, Methodology Director  
Retail, Wholesale, and Services Programs  
Economic Statistical Methods Division  
U.S. Census Bureau  
Washington, DC 20233  
301-763-6599  
[james.w.hunt@census.gov](mailto:james.w.hunt@census.gov)

Roberta Kurec, Section Chief  
Cross Sector Surveys Statistical Methods Branch  
Economic Statistical Methods Division  
U.S. Census Bureau  
Washington, DC 20233  
301-763-4690  
[roberta.kurec@census.gov](mailto:roberta.kurec@census.gov)

Persons responsible for directing the survey design, content development, processing, analysis and data publication:

Aneta Erdie, Assistant Division Chief  
Governments and Business Owners Programs  
Economic Reimbursable Surveys Division  
U.S. Census Bureau  
Washington, DC 20233  
301-763-4841  
[aneta.erdie@census.gov](mailto:aneta.erdie@census.gov)

Patrice N. Hall, Chief  
Business Owners Branch  
Economic Reimbursable Surveys Division  
U.S. Census Bureau  
Washington, DC 20233  
301-763-7198  
[patrice.n.hall@census.gov](mailto:patrice.n.hall@census.gov)

John Jankowski, Program Director  
National Science Foundation  
National Center for Science and Engineering Statistics  
2415 Eisenhower Avenue  
Alexandria VA, 22314  
[jjankows@nsf.gov](mailto:jjankows@nsf.gov)

Audrey Kindlon, Survey Statistician  
National Science Foundation  
National Center for Science and Engineering Statistics  
2415 Eisenhower Avenue  
Alexandria VA, 22314  
[akindlon@nsf.gov](mailto:akindlon@nsf.gov)

Ronda Britt, Survey Statistician  
National Science Foundation  
National Center for Science and Engineering Statistics  
2415 Eisenhower Avenue  
Alexandria VA, 22314  
[rbritt@nsf.gov](mailto:rbritt@nsf.gov)

## **Attachments**

- A. ABS Letters (Initial Mail and Follow-up Letters)
- B. ABS Email Follow-up
- C. 2021 ABS (ABS Questionnaire)
- D. Electronic instrument screens showing the burden statement, collection authority, and purpose and uses statements available to respondents.
- E. ABS Design and Technology Module Cognitive Testing Results
- F. ABS Finance and Management Practices Cognitive Testing Results
- G. Nonemployers Plan
- H. Legal Authorities for Survey