

**Department of Commerce
U.S. Census Bureau
OMB Information Collection Request
Service Annual Survey
OMB Control Number 0607-0422**

A. Justification

1. Necessity of the Information Collection

Over 50 percent of all economic activity is generated by businesses in the services sectors, defined to exclude retail and wholesale trade. The U.S. Census Bureau currently measures the total output of most of the service industries annually in the Service Annual Survey (SAS). This survey currently covers all or portions of: Utilities; Transportation and Warehousing; Information; Finance and Insurance; Real Estate and Rental and Leasing; Professional, Scientific, and Technical Services; Administrative and Support and Waste Management and Remediation Services; Educational Services; Health Care and Social Assistance; Arts, Entertainment, and Recreation; Accommodation and Food Services; and Other Services (except Public Administration) as defined by the North American Industry Classification System (NAICS). The SAS provides the only official source of annual revenue estimates for the service industries. Title 13, United States Code, Sections 131 and 182 authorize the collection. Sections 224 and 225 make reporting mandatory (Attachment 1).

Estimates from the SAS are essential to measurement of economic growth, real output, prices, and productivity for our nation's economy. A broad spectrum of government and private stakeholders use these estimates in analyzing economic activity; forecasting economic growth; and compiling data on productivity, prices and the gross domestic product (GDP). In addition, trade and professional organizations use these estimates to analyze industry trends, benchmark their own statistical products and develop forecasts. Private businesses use these estimates to measure market share, analyze business potential, and plan investments.

Collected data include operating revenue for both taxable and tax-exempt firms and organizations, sources of revenue and expenses by type for selected industries, operating expenses, and selected industry-specific items. In addition, e-commerce data is collected for all industries, and export and inventory data are collected for selected industries. The availability of these data greatly improves the quality of the intermediate inputs and value-added estimates in the annual input-output and GDP by industry accounts produced by the Bureau of Economic Analysis (BEA).

Beginning in survey year 2020, the operating expenses content on all SAS questionnaires will change to a version that will be used in Economic Census years and non-Economic Census years. This change will aid in creating a consistent survey experience for respondents from year to year and better meet the needs of our data users. The proposed expense questions are shown in Attachment 2. This spreadsheet

shows the different versions of the expense questions that will appear on each SAS form variation.

Minor changes will also be made to various forms to increase clarity of what is being asked of respondents (e.g., improving instructions or removing parts of a question), improve the quality of data the Census Bureau receives, and further reduce respondent burden. These changes can be viewed in Attachment 3. The forms submitted along with this package will reflect all the content changes mentioned in this supporting statement and Attachments 2 and 3.

To improve data quality, harmonize survey content, and reduce respondent burden, the Service Annual Survey will alter a question asking about organizational change within a company. This question appears as question 3 for respondents in all industries SAS covers. The question inquires about any organizational changes a company experienced during the given year and currently refers to acquisitions, mergers, sales, and divestitures. The revision will alter the question text to include instances where a company ceased operations and would add “ceased operation” as an answer choice. This change would provide additional information about a company's activity in a given year, having the potential to improve data quality. Additionally, the revision would synchronize SAS content with the relevant questions on the Annual Retail Trade Survey (ARTS) and the Annual Wholesale Trade Survey (AWTS), making the surveys more consistent for respondents. The current draft of the question is as follows:

Did this firm experience any acquisitions, sales, mergers, divestitures, and/or ceased operations in 20XX?

Which of the following organizational changes occurred in 20XX?

Check all that apply. If more than one organizational change occurred during the reporting period, explain in 17.

Acquisition

Sale

Merger

Divestiture

Ceased Operation

In addition, with the increased use of telemedicine services during this public health emergency, the Service Annual Survey proposes expanding the scope of questions on telemedicine beyond ambulatory health care providers to include hospitals and nursing homes. Telemedicine is an important mode of service delivery for the healthcare industry, and its importance has increased during the current pandemic. Expanding the collection of data on telemedicine use will support measurement on changes in its adoption during this unprecedented public health emergency.

SAS currently asks ambulatory health care providers (NAICS 621) about telemedicine services in relation to patient visits. This proposal will add a question

(seen below and in the attachments) about revenues from telemedicine services for hospitals (NAICS 622) and nursing homes (NAICS 623). Furthermore, to standardize content across industries and provide consistency for respondents, the current telemedicine question asked of the ambulatory health care providers would be revised to match the question being added to the other industries. The current draft of the question is as follows:

7. REVENUES FROM TELEMEDICINE SERVICES

Telemedicine (TM) services are billable visits that use live interactive audio-video telecommunications to deliver patient health care services by a physician or a practitioner at a remote location.

Include:

- TM revenues from delivering health care services such as evaluating, diagnosing, and/or prescribing treatment.
- TM revenues from facilitating visits at the patient's physical location such as technical support with telecommunications.

A. Did this firm receive revenues from telemedicine services in 20XX?

B. Of the total 20XX revenues reported in ⑥, what was the dollar amount (or percentage) that was from the telemedicine services in 20XX? Please provide an estimate if exact figures are not available.

2. Needs and Uses

The estimates produced in the SAS are critical to the accurate measurement of total economic activity.

- The Bureau of Economic Analysis (BEA), the primary Federal user, uses the estimates to develop the national income and product accounts, compile benchmark and annual input-output tables, and compute GDP by industry.
- The Bureau of Labor Statistics (BLS) uses the estimates as inputs to industry productivity statistics and as a reference source for Producer Price Index (PPI) weights.
- The Centers for Medicare and Medicaid Services (CMS) uses the estimates for program planning and development of the National Health Expenditure Accounts.
- The Coalition of Services Industries (CSI) uses data for general research and planning.
- International agencies use the estimates to compare total domestic output to changing international activity.

- Trade and professional organizations use the estimates to analyze industry trends and benchmark their own statistical programs, develop forecasts, and evaluate regulatory requirements.
- The media use estimates for news reports and background information.
- Private businesses use the estimates to measure market share, analyze business potential, and plan investment decisions.

The following is a summary of the data items on the SAS surveys and the need for this information by other organizations. See Attachment 4 for a matrix of content for each of the electronic collection instruments in the SAS and a representative selection of survey worksheets.

a. Total Revenue and Detailed Revenue by Source – This information is needed for BEA’s benchmark and annual input-output tables. BLS also uses this data as a primary input for industry productivity statistics and as a reference source for PPI weights. CMS uses these estimates for program planning and development of the National Health Expenditure Accounts for the Health Care and Social Assistance sector (NAICS 62).

b. Total Expenses and Detailed Expenses by Type – The annual industry accounts produced by BEA use annual expense data to measure value added. BLS uses this information in calculating industry productivity statistics. CMS uses these estimates for development of the National Health Expenditure Accounts for the Health Care and Social Assistance sector (NAICS 62).

c. Percentage of Revenue by Class of Customer – This information is used by BEA in estimating Personal Consumption Expenditures. The data is collected on select forms in the Utilities (NAICS 22), Information (NAICS 51), and Health Care and Social Assistance sectors (NAICS 62): SA-22010A/E, SA-22130 A/E, SA-51710 A/E, SA-51721 A/E, SA-51730 A/E, SA-51913 A/E, and SA-62200A/E (total of 14 forms).

d. E-commerce Revenue – This information is combined with e-commerce data from the Annual Retail Trade Survey, Annual Wholesale Trade Survey, and the Annual Survey of Manufactures to produce the annual Census Bureau E-stats report. This report is widely cited by news media and economic analysts in evaluating the size of the domestic e-commerce market. This information is also used by the Organisation for Economic Co-operation and Development (OECD) in comparing e-commerce activity across member countries.

e. Inventories at the End of the Year – Inventories at the end of the year are collected for selected industries only. This information is used by BEA to estimate change in private inventories for the publishing industries (NAICS 511) and annual input-output accounts.

Information quality is an integral part of the data review process prior to the information being disseminated by the Census Bureau (fully described in the Census Bureau's Information Quality Guidelines). Information quality is also integral to the 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

The SAS is collected electronically through the Census Bureau's Centurion system. The Centurion system is designed to be secure and flexible for users. The Centurion Welcome and Burden statement screens can be viewed in Attachment 5. This system allows respondents to complete and file in one session or to save and return over multiple sessions. The use of this system also greatly reduces paper usage as it has eliminated paper forms in the initial and follow-up mailings. Respondents are required to report online. However, if a respondent prefers to provide data by phone or on a company's own form, these responses will still be accepted.

Method Used by Respondents to File Report(s)

	Internet	Mail (including Fax or Other¹)
2019	98.97%	1.03%
2018	98.15%	1.85%
2017	98.93%	1.07%
2016²	98.39%	1.61%

¹Via phone or analyst contact.

²2016 marks the beginning of a new sample

Beginning in survey year 2017, instructions on the initial and follow-up mailings directed respondents to the Census Bureau's Respondent Portal, at portal.census.gov, to complete their survey in Centurion. For many years, respondents were required to use a different Business Help Site (BHS) web address, user ID and password for each survey they participated in, resulting in some respondents getting on the wrong BHS site. The new portal is an instrument used to provide respondents with one central

place to manage all Census Bureau surveys. Respondents register once for their own account and can create their own User ID and Password. They can add the Service Annual Survey to their account using the 'Authentication Code' provided in the initial and follow-up mailings, and share access with others.

Once inside the portal, respondents can perform a number of self-service options and communicate more easily with Census Bureau staff. They can also view their survey and company information and begin reporting. Menu options allow respondents to request extensions, share survey access, check their filing status, view survey FAQs, communicate securely with survey representatives, and view the survey toll-free contact number if further assistance is needed.

After respondents select "Report Now", they will be in the Centurion system and can begin completing their form(s). Respondents have the option of printing out a worksheet which they can use as a guide for completing the electronic instrument. They can also print out a completed worksheet after submitting their responses electronically to keep for their records.

Telephone follow-ups are scheduled for nonresponse. The nightly loading of electronic responses, allows for timelier identification of completed questionnaires and fewer follow-up calls to respondents.

The Census Bureau will send a reminder email (Attachment 6) to respondents who have already registered and started their survey but have not completed it. This follow up method will take place in May, following the second mail follow-up.

4. Efforts to Identify Duplication

Consultations were held with representatives from BEA, CMS, BLS and other data users regarding the availability and need of statistical information for the service industries. In addition, we review our own collection for duplication. Although the Census Bureau collects similar information in other surveys, those collections are not suitable for the purposes the SAS serves.

Quarterly revenue and expenses (expenses for tax-exempt organizations in selected industries only) data are collected in the Quarterly Services Survey (OMB number 0607-0907) for all SAS industries except sub-sector 722 (Food Services and Drinking Places). The Monthly Retail Trade Survey (MRTS) provides only current estimates of sales for subsector 722 and no expense data. The quarterly survey is voluntary and requests revenue and expenses data from a smaller sample of establishments. The annually conducted SAS is mandatory. It collects more detailed items and is intended to serve as a benchmark for the quarterly estimates. The annual program is also intended to provide estimates of services sectors in the years between conducting the Economic Census.

5. Minimizing Burden

While respondents are requested to return their data via the Internet, any data prepared and returned on a company's own form is accepted. Respondents may also provide data directly over the phone. Instructions on the electronic worksheets state that although book figures are preferred, estimates are acceptable. We provide respondents with a toll-free number to call if they have questions or need assistance in completing their report.

The stratified random sample design used for the SAS is a design that uses the least number of sampling units required to produce national level estimates with the desired level of reliability, thus minimizing respondent burden. The SAS sample is generally re-selected every five to seven years, at which time most small- and medium-sized firms are replaced in the sample by new firms.

Data are collected from all of the largest firms and from a sample of small- and medium-sized businesses within an industry using a stratified random sampling procedure with the probability of selection inversely proportionate to firm size. The minimum sampling rate for a given stratum is approximately 1 in 500.

Firms canvassed are not required to maintain additional records for the survey, nor do we expect participants to incur extra expenses to develop data not readily available. We make use of administrative data for nonresponse, and for nonemployer firms (those without paid employees) in lieu of mailing questionnaires to them. SAS forms are also routinely examined to see if there are possible ways for respondent burden to be reduced.

6. Consequences of Less Frequent Collection

Data are collected on an annual basis. If the frequency were reduced, policy makers and other stakeholders would be increasingly misinformed and misdirected about changes in the economy related to rates and sources of growth in output, prices, productivity and trade. Specifically, BEA would lack accurate, timely measurements of these changing industries for use in its national income and product accounts; BLS industry productivity measures would be compromised; and CMS would be forced to seek alternative data for the development of the National Health Expenditure Accounts. In addition, the ability of other government and private data users to identify industry trends would be impaired.

In support of the proposed changes to SAS, BEA has written,

“BEA strongly supports the proposed changes to the SAS. The revision of the telemedicine questions to measure the effects of the COVID-19 pandemic would

provide more timely data and would be crucial to key components of BEA's economic statistics. Additionally, the expansion of operating expense content in the SAS will significantly enhance the quality of our GDP by industry estimates. These detailed expenses have played a tremendous role in establishing the industry input structure of the US economy. Being able to distinguish between the energy, materials, and supply inputs for each of the SAS-covered industries has been one of the foundations of our accounts."

7. Special Circumstances

The data collection will be conducted in a manner consistent with OMB guidelines. There are no special circumstances.

8. Consultations Outside the Agency

The Census Bureau issued a pre-submission notice published in the Federal Register dated September 21, 2020 located in Vol. 85, No. 183 on page 59285-59287.

We received no comments in response to the pre-submission notice. We did, however, receive a letter of support (Attachments 7) from the Bureau of Economic Analysis. We thank the BEA for their continued support for this collection. We communicate with our stakeholders at BEA, BLS and CMS on an ongoing basis.

9. Paying Respondents

The Census Bureau does not pay respondents or provide them gifts for filing the SAS.

10. Assurance of Confidentiality

Data collected in this survey are maintained in strictest confidence under the authority of an Act of Congress, Title 13, United States Code, Section 9. An assurance of confidentiality and the fact that response is required is conveyed to the respondent via the Centurion welcome screen (Attachment 5) and the initial letter (Attachment 9) they receive to provide them with important information regarding the SAS and how to access their survey(s). The letters that are attached to this package are drafts due to the time constraint. However, we do not expect any substantial changes to the letters for the 2020 survey year for SAS.

In addition, all respondents' Federal Tax Information (FTI) is protected under the authority of an Act of Congress, Title 26, and United States Code (U.S.C.). Specifically, Title 26 U.S.C. section 6103 (j) (1) provides for the disclosure of FTI to the Census Bureau for statistical purposes in the structuring of censuses and national

economic accounts, as well as for conducting related statistical activities authorized by law. Section 6103 (p) (4) places specific requirements on the Census Bureau and other agencies to which IRS has disclosed data regarding the safeguarding of returns and return information. Per the Federal Cybersecurity Enhancement Act of 2015, respondent data is protected from cybersecurity risks through the screening of the systems that transmit their data.

11. Justification for Sensitive Questions

The SAS does not contain questions of a sensitive nature. It requests only data for company totals, and under routine accounting practices, these data are normally maintained in the firm’s records.

12. Estimate of Hour Burden

We will canvass approximately 93,722 reporting units annually, representing a universe of over 4.6 million establishments, with an average annual response burden of 143,437 hours in the 2020 survey year.

There are 91 individual forms in the SAS, a decrease from 182. Attachment 9 details the burden associated with each instrument over the next three years. The burden per response ranges from 1 hour to 3 hours, depending on the instrument. We base these estimates on our experience administering the SAS in years past and on the expected workload imposed upon respondents in each of the next three years. Given the difficulty in expressing a separate burden estimate to respondents for each of the instruments, we instead inform respondents that we expect their burden will range from 1-3 hours. The calculated average burden per response over the upcoming three years is 1.5305 hours.

Annual Responses	Average Burden	Annual Burden
93,722	1.5305 hours	143,437 hours

The estimated average annual cost to respondents is approximately \$4,790,796 (according to the median hourly salary for accountants and auditors; Occupational Employment Statistics - Bureau of Labor Statistics May 2019 National Occupational Employment and Wage Estimates; \$33.40 represents the national median hourly wage of the full-time wage and salary of accountants and auditors SOC code 13-2011). <https://www.bls.gov/oes/current/oes132011.htm>

13. Estimate of Cost Burden

We 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

The annual cost to the government for conducting the SAS will be \$8 million, all borne by the Census Bureau. The total cost per year is expected to remain the same for the remainder of this authorized collection. This cost will cover the following activities: preparing and disseminating online survey instruments; data collection including nonresponse follow-up; data review and editing; and data dissemination.

15. Reason for Change in Burden

The 3-year burden hour estimate is 3,548 hours more than the burden hours for the previously approved SAS. This small increase is due to the increase in estimated reporting units from the previously approved SAS. This is slightly higher than the figure included in the September 21, 2020 *Federal Register* notice. The figure in the *Federal Register* notice used reporting unit estimates from the previously approved SAS.

16. Project Schedule

The following is an outline of the planned schedule for the 2020 survey year:

Operation	Date
Initial Mail Out	February 2021
Due Date Reminder	March 2021
First mail follow-up	April 2021
Second mail follow-up	May 2021
E-mail follow-up	June 2021
First telephone follow-up	June 2021
Second telephone follow-up	August 2021
Edit, tabulation and review	April - November 2021
Publication	November 2021

17. Expiration Date

We will continue to display the expiration date on the information collection instruments.

18. Exceptions to the Certification

There are no exceptions to the certification.

19. NAICS Codes Affected

The SAS will collect information from all or parts of the following NAICS sectors:

- 22 Utilities
- 48/49 Transportation and Warehousing
- 51 Information
- 52 Finance and Insurance
- 53 Real Estate and Rental and Leasing
- 54 Professional, Scientific and Technical Services
- 56 Administrative and Support and Waste Management and Remediation Services
- 61 Educational Services
- 62 Health Care and Social Assistance
- 71 Arts, Entertainment and Recreation
- 72 Accommodation and Food Services
- 81 Other Services (except Public Administration)