

Department of Commerce
U.S. Census Bureau
OMB Information Collection Request
Business and Professional Classification Report
OMB Control Number 0607-0189

**PART B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL
METHODS**

1. Universe and Respondent Selection

The universe for the Business and Professional Classification Report is comprised of two parts. The first part is the universe of births which consists of newly opened or newly acquired employer businesses. The second part includes employer businesses that were recently added to the scope of the Census Bureau's business data collections and will be surveyed to ensure proper industry classification. New businesses are identified by an IRS-assigned Employer Identification Number (EIN). The universe of births averages 495,000 EIN units annually, usually between 100,000 and 150,000 EIN units per quarter. Sample selection, mailing, and processing are completed once a quarter, on approximately one-fourth of the annual EIN universe of births. The Census Bureau obtains information on these EIN units from the IRS and the SSA. The process is a two-phase sampling procedure. From the list of EIN units, a first phase sample of approximately 14,500 EIN units are selected for each quarterly mailing, making the total potential number of annual responses 60,000. This number varies from quarter to quarter, but it typically ranges between 10 and 12 percent of births for that quarter. It can also vary between sample redesigns due to changes in sampling parameters, industry coverage, and other sampling requirements. The entire mailing for the survey is divided into four components over the year for processing purposes. An EIN unit is assigned to a first phase sampling size stratum based on its NAICS code and quarterly payroll. These EIN units are sampled with an equal probability systematic sampling scheme, within each NAICS code by size stratum. The SQ-CLASS Report requests firms to designate their primary area of business, two months of operating revenue, principal lines of merchandise, whether the firm is owned or owns another establishment, not-for-profit status, wholesale type of operation, inventories, and method of selling for retail and wholesale firms. The information collected from the SQ-CLASS Report is then used to determine the EIN's eligibility to continue in the second phase of the birth sampling process. Those second phase eligible EINs are assigned to a second phase sampling size stratum, based on their reported NAICS code and sales or receipts. A second phase sample of approximately 600 EIN units quarterly, or equivalently, 2,400 EIN units annually, is then selected. The second phase selected EINs are then added to the current surveys' ongoing samples for data collection and processing.

Businesses in support activities for agriculture were recently added to the scope and collection of Census Bureau programs starting with the 2022 Economic Census. As a result of this expansion subsequent SQ-Class mailings include between 200 and 600 additional births per year.

Assigning proper classification to new EIN units is crucial for both the five-year Economic Census and current business surveys. We conduct mail reminder follow-ups, followed by telephone follow-ups for non-response cases, to maximize response rates. For those cases that we are unable to find a telephone number for, we mail another follow-up letter. The average response rate is approximately 49%.

2. Procedures for Collecting Information

Each quarter, the first-phase selected EIN units are mailed an SQ-CLASS letter that requests respondents to report two recent months of operating revenue via the Internet using a secure respondent portal. This information is then converted to a measure of size used for second phase sampling. The second phase sampling utilizes a probability proportional to size systematic sampling method and is conducted quarterly. Following the second phase sampling, the newly selected EIN units are added to the appropriate survey.

3. Methods to Maximize Response

We have taken the following actions to maximize response rates:

- Provide three mailing attempts to contact establishments
- Offer delinquent establishments a toll-free number to call and report
- Offer Internet reporting
- Include an informational flyer in each initial mailing
- Robocalls to delinquent respondents before and after the due date
- Conduct telephone follow-up to contact delinquent respondents
- Contact delinquent respondents via reminder e-mail notifications
- Printing of a QR code on the outside of the envelopes

Historically, the Census Bureau has mailed respondents an initial letter, followed by two additional letters for delinquent cases and has conducted telephone follow-up during the last four weeks of quarterly processing. Additionally, an email reminder is sent twice to respondents that have registered in the respondent portal but have not responded to the survey. Several new processes are being used to attempt to increase response rates. In May 2022, the Census Bureau began including a telephone push flyer with the toll-free number prominently displayed to encourage respondents to call and quickly satisfy their reporting requirement. In February 2024, the survey began robocalls twice each quarter for cases with a phone number in the survey database or provided in the respondent portal. The first call is made a week before the due date and the second call is made before telephone agents begin calling delinquent cases. Additionally, a QR code is being printed on the envelope beginning May 2024. This QR code contains the same information as the flyer that is included in the envelope. It will provide clickable links to the toll-free number and the respondent portal.

4. Testing of Procedures

The current procedures reflect a progressive improvement over many years. We systematically monitor data collection procedures in order to identify ways to reduce burden and streamline processing.

5. Contact for Statistical Aspects and Data Collection

Direct questions regarding the sample design and statistical methodology used for this survey to Katrina Washington, Chief, Service Surveys Statistical Methods Branch, 301-763-7212. The assignment of NAICS classification codes is under the direction of Scott Handmaker, Chief, Classification Processing Branch, 301-763-7107. Planning, implementation, and information analyses of the current business surveys are under the direction of Paul Bucchioni, Assistant Division Chief of Consumption and Wholesale Indicator Programs, 301-763-7125.

Attachments

- 1- Initial letter - SQ-CLASS_L1
- 2- Reminder letter - SQ-CLASS_L1R
- 3- Follow-up letter for delinquent cases - SQ-CLASS-L2
- 4- Screenshots of SQ-CLASS questions
- 5- Copy of SQ-CLASS instructions
- 6- Copy of SQ-CLASS flyer
- 7- Legal Authority
- 8- BEA Letter of Support