

**U.S. Department of Commerce
U.S. Census Bureau
OMB Information Collection Request
Business Trends and Outlook Survey
OMB Control Number 0607-1022**

Supporting Statement Part A. – Justification

Green highlight – New changes submitted June 2024. Some of the information presented in this statement pertains to actions that have already been taken. A formal request for extension of the clearance will be submitted in 2025. At that time, all language in this statement will be updated.

1. Necessity of Information Collection

The mission of the U.S. Census Bureau (Census Bureau) is to serve as the leading source of quality data about the nation's people and economy; in order to fulfill this mission, it is necessary to innovate to produce more detailed, more frequent, and more timely data products. The Coronavirus pandemic was an impetus for the creation of new data products by the Census Bureau to measure the pandemic's impact on the economy: the Small Business Pulse Survey (SBPS) and the weekly Business Formation Statistics. Policymakers and other federal agency officials, media outlets, and academia commended the Census Bureau's rapid response to their data needs during the largest economic crisis in recent American history. The Census Bureau capitalized on the successes that underlaid the high frequency data collection and near real time data dissemination engineered for the SBPS by creating the Business Trends and Outlook Survey (BTOS).

BTOS uses ongoing data collection to produce high frequency, timely, and granular information about current economic conditions and trends. BTOS is the only biweekly business tendency survey produced by the federal statistical system, providing unique and detailed data during times of economic or other emergencies. The BTOS initial target population is all nonfarm, single-location employer businesses with receipts of \$1,000 or more in the United States, the District of Columbia, and Puerto Rico. The current sample consists of approximately 1.2 million single-unit businesses split into six panels. Data collection occurs every two weeks, and businesses in each panel are asked to report once every 12 weeks for one year. Current data from BTOS are representative of all single location employer businesses (excluding farms) in the U.S. economy and are published every two weeks. The data are available at the national and state levels, in addition to the 25 most-populous Metropolitan Statistical Areas (MSAs). North American Industry Classification System (NAICS) sector, subsector, and state by sector are also published, as are employment size class, and sector by employment size class data, according to the same timeline.

Data from BTOS are currently used to provide timely data to understand the economic conditions being experienced by single unit businesses; BTOS provides near real time data on key items such as revenue, paid employees, hours worked as well as inventories which is

being added in for the second sample collection year; a new sample collection is conducted each year.

BTOS also provides high level information on the changing share of businesses facing difficulties stemming from supply chain issues, interest rate changes, or weather events. Previously, there had been few data sources available to policymakers, media outlets, and academia that delivered near real-time insights into economic trends and outlooks. BTOS data has been used by the Small Business Administration to evaluate the impact of regulatory changes. Use of the BTOS data (or additional requirements) is being determined by the Economic Development Agency (EDA) to understand the impact of natural disasters on U.S. businesses for the EDA to then guide the Federal Emergency Management Agency (FEMA) and/or policymakers in assisting in economic recovery support missions.

In the approved OMB package for BTOS, the Census Bureau proposed an incremental path to reach the full scope of BTOS. This request is the first scope expansion to propose adding multi-unit businesses (those with more than one location or establishment) to BTOS. BTOS is currently limited in scope to include only single-unit businesses. Despite comprising a relatively small share of the total number of businesses, multi-unit (MU) businesses are responsible for most of the employment, payroll, and revenue/sales in the United States and contribute disproportionately to economic activity. In addition, MU businesses are on average larger than single-unit businesses. Adding these businesses would help ensure that BTOS results are representative of the full economy. The Census Bureau still proposes an incremental path to the final scope of BTOS in order to learn at each implemented stage and to allow for modifications based on lessons learned or internal/external stakeholder feedback in prior iterations.

For the first year of BTOS, the content remained unchanged at 26 questions. After two rounds of cognitive testing and guidance from data users, the Census Bureau will move to a set of core questions and supplemental content, when needed. In addition to adding multi-unit businesses, the Census Bureau also proposes to change the content to what is included on attachment A on the second year of BTOS collection. The content on attachment A will be referred to as the core content and comprises most questions included on the BTOS instrument during the first year of collection. Core content includes measures of economic activity that are broadly applicable across non-farm sectors and are important across the business cycle and during economic or other emergencies. Core content is also complementary to key items found on other Economic surveys, such as revenues, employees, hours, and inventories. Core items may also include concepts that may become core topics. For example, the artificial intelligence questions on attachment A. The core content has increased from approximately 6 minutes to approximately 9 minutes of burden.

Supplemental content will be included on the instrument as needed and with a regular periodicity. It will be designed to provide urgently needed data on an emerging or current issue. The supplement will include a set of questions that perform a deeper dive into a focused topic that requires timely data. Attachment B in this OMB package is a draft of the supplemental content we plan to add to the instrument in December 2023. The Census

Bureau plans to submit final content prior to OMB giving clearance. The Census Bureau estimates the supplemental questions will impose an additional 8 minutes of burden.

Consideration for core and supplemental concepts will be based on data consistency, how the questions performed on the current BTOS, the results of cognitive testing, stakeholder feedback, and the ability to collect complementary items on monthly, quarterly, annual, or census programs to provide context and benchmarking. Thus, the Census Bureau is requesting three years of approval from OMB to expand the scope of BTOS to include multi-unit businesses and adjust the core and include supplemental content.

OMB approved the BTOS on May 2, 2022, with the understanding that the Census Bureau will submit a performance evaluation one year after the BTOS data collection commenced. The performance evaluation, which is included as Attachment D, includes information on the quality of the survey, how to adjust/improve methods, and other issues relevant to the performance of the BTOS.

For future changes, the Census Bureau will submit a request to OMB including 30 days of public comment announced in the Federal Register to receive approval to make any substantive revisions to the content or methods of the proposed survey, including incremental scope changes.

It is likely new supplemental content will be chosen for each year and an updated instrument will be submitted to OMB for review along with a 30-day Federal Register Notice. For 2023, the first supplemental questionnaire, which we plan to collect beginning in December 2023, will focus on Artificial Intelligence (AI). This topic was selected by the Census Bureau after the June 2023 meeting of the Federal Economic Statistics Advisory Committee (FESAC) during which members as well as agency heads stressed the importance of timely action by the statistical agencies during a period of rapid progress and adoption of use of artificial intelligence. Please see Attachment B for the Supplemental AI questionnaire.

The U.S. Census Bureau requests approval to add one question on Work From Home (WFH) schedules to the BTOS core content, pending the modified question tests well in the second round of cognitive testing (scheduled for July 2024). See attachment A for how the question was tested in round 1 and how the question will be presented in the second round of cognitive testing. Data collection for the BTOS core content will start August 12, 2024.

For 2024, the second supplemental questionnaire will ask respondents about the business perspective WFH. Using the same strategy as the 2023 BTOS AI core questions, the Census Bureau hopes to field one core WFH question to run during all cycles in addition to the supplement. The core WFH question will be a yes/no question intended to capture potential seasonality in WFH at the business level. Having this baseline will be important in understanding potential seasonal patterns picked up in the supplemental questions; preliminary findings from cognitive testing suggested that seasonality could be important in certain industries.

The Census Bureau plans to resubmit this package once cognitive testing concludes to gain approval for the WFH supplement which we plan to field beginning in November 2024. The WFH supplement is intended to capture nuances in WFH from business perspective including intensity of WFH and factors impacting its availability.

This collection is authorized under Title 13 U.S.C., Sections 131 and 182.

2. Needs and Uses

The BTOS is a survey with bi-weekly data collection and publication; estimates produced from the BTOS are released as experimental data products. The SBPS demonstrated the ability of the Census Bureau to collect and publish high frequency, timely data during a national economic emergency. The BTOS capitalizes on this success and provides regularly occurring high frequency data products and measures of quality based on national and subnational representative samples using transparent methodology. The BTOS produces data continuously, in part as a response to feedback on the SBPS that longer time series would have been useful to contextualize the pandemic impact. Continuous data allows for the measurement of economic trends during all phases of the business cycle as well as during times of economic and other emergencies. The BTOS uniquely provides the ability to produce these data and associated measures of quality.

The Census Bureau proposes to add multi-unit businesses to the target population of the BTOS beginning in the second year of data collection starting on September 11, 2023. Adding these businesses would help ensure that BTOS results are representative of the full economy. BTOS will continue to publish data using standard business size class categories and will research the expansion of additional size classes for publication, thus continuing to be responsive to stakeholders whose missions include supporting small business research, analysis and advocacy and reflecting numerous requests from data users to monitor economic trends impacting small businesses. As with other Census Bureau data products, detailed methodology and measures of quality will be published for BTOS data products. BTOS products will be based on representative samples drawn from the full universe of businesses, making them unique and the results reliable when compared to other high frequency business survey data such as those produced in the private sector.

Core content on the BTOS is used to create high frequency economic measures including inputs (for example, employment and hours), outcomes (for example, output prices) and conditions faced by businesses (for example, demand). Survey responses are used to create national level as well as industry and geographically detailed diffusions indexes which are easily interpretable as measures of change over time for these core measures. No other federal statistical data products exist which provide high frequency measures such as those produced by BTOS.

The new supplement is scheduled for cycle 2 of sample year 3. The data collection dates for this cycle are November 4, 2024 – January 26, 2025. The Census Bureau has collected information on WFH on demographic surveys (ACS, HPS, SIPP) but only relatively recently began collecting this information on business surveys, such as the Annual Business Survey

(ABS). In developing the questions for the BTOS, the team has looked at lessons learned from both demographic and business surveys. The data produced from BTOS, combined with internal and external sources of employee WFH data will produce a more comprehensive and complete picture of WFH.

The Census Bureau's chief economist, Lucia Foster, and Economic Indicator Division chief, Cathy Buffington, along with a group of external research partners from Stanford, plan to present the WFH data at the National Bureau of Economic Research's CRIW Pre-Conference on The Changing Nature of Work on March 6 - 7, 2025.

Information quality is an integral part of the pre-dissemination review of the information 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

BTOS data will continue to be collected via an electronic reporting instrument. Businesses receive an invitation to respond via email or letter. The email and letter provide a link to the secure electronic reporting system, Centurion. The collection instrument is optimized for mobile response to further reduce respondent burden and increase participation. The respondent navigates through the electronic reporting instrument by responding to each screen presented. Respondents can view a PDF of the questions prior to logging into the instrument. Once a respondent has completed the online survey, a PDF copy of their responses may be printed or saved for business records.

4. Efforts to Identify Duplication

The Census Bureau leveraged relationships established during the creation of the SBPS to gain insight into the usefulness of the proposed collection from program and research staffs at the Administration for Children and Families, Department of Housing and Human Services; the Bureau of Economic Analysis; the Bureau of Labor Statistics; the Bureau of Transportation Statistics; the Federal Reserve Board of Governors; the International Trade Administration; the Minority Business Development Agency; and the Small Business Administration. Generally, representatives noted the benefits provided by the SBPS as well as provided recommendations for improvement for the new proposed program; the Census Bureau interprets these remarks as support for the proposed products of the BTOS.

The Census Bureau will continue to engage in communication with the Bureau of Labor Statistics on Business Response Survey to ensure that the collection of data under that program and the BTOS remain complementary and not duplicative. Over the past few months, the Census Bureau has met with BLS multiple times on WFH. BLS shared the BRS WFH cognitive testing results and lessons learned. The Census Bureau confirmed that BLS plans to skip the BRS this year so there will be no overlap in WFH concepts. The Census

Bureau also considered the CPS for context when developing the BTOS WFH supplemental content.

5. **Minimizing Burden**

On average, the Census Bureau estimates the BTOS will take 8 minutes or less to complete. The BTOS will use the following methods to minimize respondent burden:

- Respondents will receive a letter or email invitation with a direct link to complete the survey.
- The collection instrument will be optimized for electronic response, including the option to respond from a mobile device.
- Most of the questions are qualitative, with checkbox responses to limit burden and maximize response.
- Generally, questions will not require accessing business records.
- A large panel sample will be split over 12 weeks so that businesses only receive one survey request every twelve weeks. Each panel sample will only be used for up to one year (52 or 53 weeks), so businesses will receive a survey request four or five times per year while in sample.

6. **Consequences of Less Frequent Collection**

The ongoing bi-weekly data collection of the BTOS provides important measures of economic trends, business expectations, inflection points in the business cycle, and impacts of economic and other emergencies. Ongoing bi-weekly collection is necessary to ensure economic changes are captured in near real time while providing important continuous data that provides context for changes.

7. **Special Circumstances**

There are no special circumstances.

8. **Consultations Outside the Agency**

The Census Bureau developed the BTOS content after consultation with staffs at other federal agencies about the usefulness of SBPS data products. An email was sent to Administration for Children and Families, Department of Housing and Human Services; the Bureau of Economic Analysis (BEA); the Bureau of Labor Statistics; the Bureau of Transportation Statistics (BTS); the Federal Reserve Board of Governors (FRB); the International Trade Administration; the Minority Business Development Agency; the Office of Tax Analysis, Department of Treasury; and the Small Business Administration (SBA).

The inquiry asked: which SBPS concepts were useful; which concepts rotated off the SBPS but would have been useful across all phases; what useful concepts were not collected on the SBPS; and whether a scope expansion to include large employers, non-employers, or MU businesses would be helpful. The inquiry also asked which data product detail was of greater importance, additional geographic or industry detail. The Census Bureau received responses from the SBA, the FRB, the BTS, and the BEA.

The Census Bureau published a Federal Register notice on November 9, 2021 (86 FR, pg.62150-62151) inviting comment on plans to request approval for the BTOS. The Census Bureau has not received comments in response to the notice.

9. Paying Respondents

The Census Bureau will not pay or offer gifts to BTOS respondents.

10. Assurance of Confidentiality

The information collected in this survey is confidential under Title 13, United States Code, Section 9. Respondents are informed in the initial email and letter that responses are confidential, and their responses are voluntary.

11. Justification for Sensitive Questions

The Census Bureau does not deem any content to be of a sensitive nature.

12. Estimate of Hour Burden

Each yearly sample collection for BTOS consists of four cycles. Each cycle is split into 6 bi-weekly collection periods (1-6). Each selected respondent is assigned to one of the 6 collection periods within each cycle and receives the survey during that collection period in each of the four cycles. Therefore, each respondent receives the questionnaire four times in the collection sample year.

For the first cycle, businesses are contacted either by email or letter with an invitation to respond to the survey. For the first cycle, initial letters are sent on the Friday before the 2-week period while initial emails are sent on the first Monday of the 2-week period. Starting with the second cycle, businesses are contacted only by email with an invitation to respond to the survey. Both letter and email invitations describe the purpose of the survey collection, include the link to the online reporting tool, and contain the access code.

For the first cycle of BTOS, the Census Bureau will be contacting approximately 196,300 respondents every two weeks via email and mail and anticipates receiving approximately 31,400 responses per collection period with six collection periods per cycle. The first cycle of BTOS is conducted via two modes: email and mail. Mail allows respondents to provide us an email address. Future correspondence during cycles 2-4 which will only utilize email.

For the second through fourth cycle, the Census Bureau will be contacting approximately 90,600 respondents every two weeks via email and anticipates receiving approximately 29,400 responses per collection period, with six collection periods per cycle; this estimate of responses is based on an average response rate from the current collection of BTOS. A sample refresh will be done once per year and cycles 1-4 will be repeated as indicated above. Burden hour calculations are based on the number of anticipated responses per two weeks, not the total number of respondents contacted.

The Census Bureau estimates that for the average respondent, the core questions will take approximately 9 minutes to complete including the time for reviewing the instructions and answers. The estimate of 9 minutes is based on an analysis of data from the Centurion collection system from the first year of BTOS data collection and cognitive testing that was completed on the core questions. As a result, we have increased the burden estimate for the core questions from 6 minutes to 9 minutes for the core questions.

Additionally, we have added supplemental questions that will be asked only during cycle 2 for all respondents. Per the cognitive testing of the supplemental questions, our anticipated approximate time to complete the supplemental questions is now 8 minutes. The increase from 2 minutes to 8 minutes is because we will survey businesses using the entire set of AI questions that were previously submitted in Statement B to give a full picture of how businesses are using or plan to use AI and its impact. We previously anticipated that we would only use a subset of these questions.

The table below reflects the burden for both the core questions and the supplemental questions, with the assumption that all respondents answer both the core and all supplemental questions (without skips) in cycle 2, giving us the maximum possible estimated burden.

| Cycle | Questionnaire Type | Approx. Responses Per collection period (bi-weekly) | Total Cycle Responses (with 6 collection periods per cycle) | Time Per Response | Burden Hours per cycle |
|--------------|------------------------|---|---|-------------------|------------------------|
| 1 | Core Questions | 31,400 | 188,400 | 9 min. | 28,260 |
| 2 | Core Questions | 29,400 | 176,400 | 9 min | 26,460 |
| 2 | Supplemental Questions | 29,400 | 176,400 | 8 min | 23,520 |
| 3 | Core Questions | 29,400 | 176,400 | 9 min | 26,460 |
| 4 | Core Questions | 29,400 | 176,400 | 9 min | 26,460 |
| TOTAL | | | | | 131,160 |

Therefore, the total annual max burden estimate for the BTOS is 131,160 hours.

We calculated this burden as follows:

1) For each Cycle:

We took the estimated number of responses per collection period and multiplied it times 6 (with 6 being the number of collection periods in each cycle). We multiplied the resulting number (total cycle responses) by the estimated number of minutes per response (time per response), then divided the resulting number by 60 (with 60 minutes/hour) to result in the estimated burden hours per Cycle for that Questionnaire Type.

2) Total Annual Burden Hours:

We summed the estimated burden hours for each cycle and questionnaire type to get the total estimated burden hours for the year, given we conduct four cycles per year.

The estimate of total annualized cost of the respondents' time to complete this survey is \$5,469,373 (131,160 hours x \$41.70 per hour). We utilized the Occupational Employment and Wages - Bureau of Labor Statistics May 2022 National Occupational Employment and Wage Estimates where \$41.70 represents the mean hourly wage of the full-time wage and salary earnings of accountants and auditors, SOC code 13-2011.

<http://stats.bls.gov/oes/current/oes132011.htm>

13. Estimate of Cost Burden

The Census Bureau does not expect respondents to incur any costs other than those associated with the time to respond. The information requested is of the type and scope normally known by respondents.

14. Cost to Federal Government

The annualized government cost for the BTOS is approximately \$2,230,000 which will be paid from Census Bureau appropriations FY23 budget initiative. This cost may change if efficiencies are developed or improvements are made such as the addition of or changes to content, collection and processing infrastructure, security requirements, or dissemination tools.

15. Reason for Change in Burden

We do not anticipate the addition of this one question will change the overall burden of this collection.

16. Project Milestones

Project milestones are contingent upon OMB approval.

| Milestone | Planned Completion Date |
|-----------|-------------------------|
|-----------|-------------------------|

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|--|----------------|
| Complete Draft Sample | July 2023 |
| Complete Cognitive Testing | July 2023 |
| Send Approval Request Submitted to OMB | July 2023 |
| Finalize methodology, collection, and data products plan for single unit (SU) and multi-unit establishments (MU) | August 2023 |
| Launch data collection for BTOS (SU/MU) | September 2023 |
| Publish data products for BTOS (SU/MU) | Fall 2023 |

17. Request Not to Display Expiration Date

The assigned expiration date is included on the collection instrument.

18. Exceptions to the Certification

There are no exceptions to the certification.