

**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

Blue highlight – New changes submitted August 2024

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; 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 target population is all nonfarm 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 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 BTOS data are representative of all 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 businesses; BTOS provides near real time data on key items

such as revenue, paid employees, hours worked as well as inventories which was 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. The use of the BTOS data (or additional requirements) is still being determined by the Economic Development Agency (EDA) to understand the impact of natural disasters on U.S. businesses. The EDA will 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. The first scope expansion proposed adding multi-unit businesses (those with more than one location or establishment) to BTOS. BTOS was 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 helped ensure BTOS results are representative of the full economy. The Census Bureau still proposes an incremental path to the final scope of BTOS 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. For the second year, the Census Bureau moved to a set of core questions and supplemental content. 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, such as the artificial intelligence questions that started in the second year.

Supplemental content is added to the BTOS instrument as needed and on a periodic basis. 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. On average, the Census Bureau estimates the supplemental questions will impose an additional 10 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.

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.

The Census Bureau is requesting the addition of a new question to the core set. This question expands on an existing core question that currently asks whether the business experienced any monetary issues due to an extreme weather event. The new question will ask about the type of extreme weather event, offering thirteen different options plus a write-in choice. This new question will only be asked if the response to the previous question indicates that monetary issues were experienced. The addition of this question aims to enhance our understanding of how various weather-related events impact business operations, including identifying specific weather disruptions and associated financial losses. This change was requested by the Small Business Administration.

In 2024, the second supplemental questionnaire will address work-from-home (WFH) from the business perspective. Similar to the 2023 BTOS core questions on artificial intelligence (AI), a core WFH question will be included in all cycles. This core question will be a yes/no format designed to capture potential seasonal variations in WFH at the business level. Establishing this baseline is crucial for understanding seasonal patterns, as preliminary cognitive testing indicated that seasonality could significantly affect certain industries.

The Coronavirus pandemic emphasized the importance of remote work for economic continuity. Post-pandemic, work from home (WFH) remains significant in many workplaces but its extent at businesses and businesses' plans for the future of remote work are not measured in a timely fashion. Currently, WFH data from a worker perspective is available through 2024 via the Current Population Survey (CPS), but business-level data is only available through 2022 from the Business Response Survey (BRS), which is currently on hiatus. Results from the Annual Business Survey through 2022 will be released in fall 2024. Timely measures of WFH from the business perspective will be valuable to policymakers at all levels due to its potential impact on housing markets, commercial real estate, and urban planning.

For sample year 3, we propose changes to the content as detailed in Attachments A and B. Attachment A outlines the core questions for cycles 2 through 4 and Attachment B includes the core plus supplemental content for cycle 2. Based on cognitive testing results, the burden estimate for the core questions has increased from approximately 9 minutes to 10 minutes. The WFH supplement is estimated to add an additional 10 minutes of burden to the core questions.

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 added multi-unit businesses to the target population of the BTOS beginning in the second year of data collection starting on September 11, 2023. Adding MU businesses helped ensure BTOS results are representative of the full economy. BTOS continues 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 a regular basis 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 fill an important data gap (prevalence of WFH at businesses) and 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, will

present the WFH data at the National Bureau of Economic Research's CRIW 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. 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. 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 the Bureau of Labor Statistics (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. When there are common concepts

collected over the BTOS and CPS, such as factors limiting work from home, this will enable a better understanding since it will provide both the business and worker perspectives.

5. **Minimizing Burden**

On average, the Census Bureau estimates the BTOS will take 10 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.
- Respondent management staff are actively responding to respondent inquiries within a few hours to ensure timely responses.

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 212,788 respondents every two weeks via email and mail and anticipates receiving approximately 26,500 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 87,878 respondents every two weeks via email and anticipates receiving approximately 26,500 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 the average respondent will take approximately 10 minutes to complete the core questions, including time to review instructions and answers. The 10-minute estimate is based on analysis of data from the Centurion collection system from the second year of BTOS and cognitive testing of the core questions. Within the instrument, the mean time to complete the survey is 5.80 minutes. However, respondents estimate the survey will take about 10 minutes. As a result, we have increased the burden estimate for the core questions from 9 minutes to 10 minutes.

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 a max of 10 minutes.

The table below reflects the burden for both core and supplemental questions, assuming all respondents answer both types of questions (without skips), providing the maximum possible estimated burden.

Cycle	Questionnaire Type	Approx. Responses Per collection period (bi-weekly)	Total Cycle Responses (with 6 collection periods per cycle)	Max Time Per Response	Burden Hours per cycle
1	Core Questions	26,500	159,000	10 min.	26,500
2	Core Questions	26,500	159,000	10 min	26,500
2	Supplemental Questions	26,500	159,000	10 min	26,500
3	Core Questions	26,500	159,000	10 min	26,500
4	Core Questions	26,500	159,000	10 min	26,500
TOTAL					132,500

Therefore, the total annual max burden estimate for the BTOS is 132,500

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 \$5,525,250 (132,500 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 in which \$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 FY24 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

The previously submitted estimate indicated a max time per response of 9 minutes, resulting in an annual burden estimate of 131,160 hours. With this submission we are increasing the annual burden estimate to 10 minutes based on cognitive testing completed during summer of 2024. Respondents indicated they sometimes consult other staff members to gain insights to respond to the BTOS questions. Additionally, the supplemental questions to be asked in cycle 2 are estimated to impose an average of 10 minutes of burden, whereas the previous supplement required only 8 minutes.

16. Project Milestones

Project milestones are contingent upon OMB approval.

Milestone	Planned Completion Date
Complete Draft Sample	May 2024
Complete Cognitive Testing	July 2024
Finalize Cognitive Testing Results	August 2024
Send Approval Request Submitted to OMB	August 2024
Finalize methodology, collection, and data products plan	August 2024
Launch data collection for BTOS Year 3 – cycle 1	August 12, 2024
Launch data collection for BTOS Year 3 – cycle 2 (WFH supplement)	November 4, 2024
Launch data collection for BTOS Year 3 – cycle 3	January 27, 2025
Launch data collection for BTOS Year 4 - cycle 4	April 21, 2025

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.