

**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 2025 Annual Business Survey (ABS) employer universe for this submission is constructed using a combination of 2021, 2022, and/or 2023 Internal Revenue Service (IRS) tax return data depending on data availability. The universe of approximately 5.6 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, nonprofit organizations will be sampled to collect data on their research activities. 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 20,000 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 industries that are not expected to have research activities, such as Religious Organizations. Nonprofit organizations that fall below a payroll size cut-off will be excluded from the mailed sample.

The total estimated sample size for the 2025 ABS is 230,000 businesses and nonprofit organizations to represent the total universe size of approximately 5.5 million including both employer businesses and nonprofit organizations. The sample size will yield national and NAICS sector level estimates on research and development expenditures and activities for US employer businesses with less than 10 employees, and nonprofit organizations. In addition, estimates of innovation, business characteristics, and business owner characteristics at the NAICS sector level, U.S., state and metropolitan statistical area (MSA) levels will also be produced.

The universe is stratified into distinct groups with similar characteristics to improve sampling efficiency and a random sample is drawn within the strata. The Census Bureau uses administrative data to estimate the probability that a firm’s owners belong in each owner characteristic category. The universe is then stratified by employment size, owner characteristic probability, and NAICS, with additional minor adjustments made to reduce the chance of respondents being selected into the sample every year thereby reducing respondent burden especially for smaller businesses. The Census Bureau selects some companies with certainty based on volume of sales, payroll, and number of paid employees or NAICS. Organizations previously identified as having large R&D expenses from prior survey response data will also be

taken with certainty. All certainty cases are sure to be selected and represent only themselves. A standard type of estimation for stratified sampling is used. (Refer to Sampling Techniques by W.G. Cochran.)

2. Procedures for Collecting Information

The ABS is collected via a web-based instrument. Respondents selected for the survey receive an initial letter informing them of their requirement to complete the survey as well as instructions on accessing the survey (see Attachment A). The 2025 ABS initial mailing is scheduled for July 2025. 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 (i.e., quality of the data collected to date). Nonrespondents may receive a 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 (see Attachment B). Closeout of mail operations is scheduled for December 2025 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:

- 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 and secure email 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;
- Emphasizing the mandatory and confidential nature of census reports, as provided by Title 13, United States Code

For survey years 2020 - 2023 the average response rate was approximately 67 %. Check-in rates are monitored regularly during collection. Post collection, unit response rates will be evaluated.

As a result of the response rate, the Census Bureau conducted a nonresponse bias analysis on the results of the 2021 ABS. The results of the analysis can be found here:

<https://www.census.gov/programs-surveys/abs/technical-documentation/methodology/2021/>

[abs_nonresponse_analysis.pdf](#). The nonresponse bias analysis examined weighted unit response rates to determine whether there is evidence of nonresponse bias to the key estimates of the survey. The analysis focuses on the levels of response rate by owner characteristics, industry, state-level geography, legal form of organization, and size of firm based on payroll and employment. Since we expect no major changes in response patterns or nonresponse adjustment methods, the results of the 2021 study can be applied to the 2025 survey.

Sampling variability estimates are adjusted to account for nonresponse. Unit nonresponse for non-demographic items is addressed using a weight adjustment where the sampling weights of responding firms are adjusted to account for the nonresponding firms. Nonresponse weight adjustments are considered reliable when the probability of response is not associated with measured characteristics. To adjust for nonresponse of demographic characteristics, the sex, ethnicity, race, and veteran status are imputed using administrative data where available, else if administrative data are not available using donor respondents in the same demographic strata with similar characteristics (industry, legal form of organization, geography). Donor imputations are considered reliable because demographic strata assignments are based on administrative data which have had a high level of agreement with the tabulated race and ethnicity for responding firms historically.

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 in previous iterations of the survey.

5. Contacts for Statistical Aspects and Data Collection

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

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Attachments

- A. ABS Letters (Initial Mail and Follow-up Letters)
- B. ABS Email Contacts

- C. 2025 ABS Questionnaire
- D. Electronic instrument screens showing the burden statement, collection authority, and purpose and uses statements available to respondents.
- E. Legal Authorities for Survey