

**Supporting Statement
For Business and Professional Classification Report
Form SQ-Class**

PART B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL
METHODS

1. Universe and Respondent Selection

The universe of births consists of newly opened or newly acquired employer businesses. The universe averages 488,000 EINs annually. This can vary somewhat from year to year. The Census Bureau obtains information on these EINs from the IRS and the SSA. The process is a two-phase sampling procedure. From the list of EINs, first phase sample of approximately 11,000 EINs is selected each mailing. The entire mailing for the survey is divided into four components over the year for processing purposes. An EIN case is assigned to a first phase sampling size stratum based on its NAICS code and either quarterly payroll or expected employment (whichever assigns the EIN to the stratum with the largest probability of selection). These EINs are sampled with an equal probability systematic sampling scheme within NAICS code by size stratum. The Census Bureau mails the SQ-CLASS form to collect data sampling, including sales, receipts, or revenue; company affiliation; wholesale type of operation and inventories; and NAICS code (or to refine the NAICS codes provided by SSA or any other source). The SQ-CLASS form also requests a list of the establishments reporting payroll under the selected EIN to further ensure proper coverage. On the basis of this information, a second phase sample (about 1,700 firms quarterly or, equivalently, 6,800 firms annually) is selected for addition to the current surveys. Additionally ensuring proper classification to these new EINs is crucial for the five year Economic Census which this is a part of. The average response rate is approximately 74 percent. We conduct a mail follow-up followed by telephone follow-ups for non-response cases in an attempt to maximize response rates. With mandatory authority we expect the response rate to increase reducing the amount of the form and telephone follow-ups for non-response

2. Procedures for Collecting Information

The selected EINs are mailed a SQ-CLASS form that requests two recent months of sales or receipts, which are converted to a measure of size used for second phase sampling. The second phase sampling is a probability proportional to size systematic sampling conducted quarterly. Following the second phase sampling, the newly selected EINs are added to their appropriate survey.

3. Methods to Maximize Response

One mail follow-up is conducted for delinquent sampling units. Following this, the NPC in Jeffersonville, Indiana conducts telephone follow-up for all firms that have not responded by a certain date and for those firms filing incomplete reports or reporting questionable data.

4. Testing of Procedures

The current procedures reflect a progressive improvement over many years. We systematically monitor data collection procedures to identify ways to reduce burden and streamline processing. We plan to continue to research the accuracy of the NAICS codes used in our first phase sampling. Results of this research may allow us to reduce the number of cases mailed.

5. Contact for Statistical Aspects and Data Collection

Direct questions regarding the sample design and statistical methodology used for this survey to Carol King, Chief, Statistical Methods Branch, 301-763-2675. The assignments of classification codes are under the directions of Scott Handmaker, Chief, Economic Classification Operations Branch, (301) 763-7107. Planning, implementation, and information analyses of this survey are under the direction of Scott Scheleur, Chief, Retail Indicators Branch, (301) 763-7128; John Trimble, Chief, Annual Retail Branch, (301) 763-7223; John Miller, Chief Current Wholesale Branch, (301) 763-2758; Ron Farrar, Chief, Health Care and Consumer Services Branch, (301) 763-6782; Jeffrey Barnett, Chief, Information and Business Services Branch, (301) 763-2787; and Lisa Donaldson, Chief, Service Indicators, (301) 763-2796.

Attachments

- 1- Copy of SQ-CLASS Form and Instructions
- 2- Copy of Cover Letter