



DEPARTMENT OF COMMERCE

Submission for OMB Review; Comment Request

The Department of Commerce will submit to the Office of Management and Budget (OMB) for clearance the following proposal for collection of information under the provisions of the Paperwork Reduction Act (44 U.S.C. chapter 35).

Agency: U.S. Census Bureau.

Title: Annual Survey of Entrepreneurs.

OMB Control Number: 0607-0986.

Form Number(s): None, electronic collection.

Type of Request: Revision of a currently approved collection.

Number of Respondents: 290,000.

Average Hours Per Response: 35 minutes.

Burden Hours: 169,167.

Needs and Uses: In an effort to improve the timely measurement of business dynamics in the United States, the Census Bureau is conducting the Annual Survey of Entrepreneurs (ASE). The ASE provides annual data on the characteristics of businesses and business owners. The ASE is a supplement to the 5-year Survey of Business Owners (SBO). ASE estimates include the number of firms, sales/receipts, annual payroll, and employment by gender, ethnicity, race, and veteran status. The ASE is conducted jointly by the Ewing Marion Kauffman Foundation, the Minority Business Development Agency (MBDA), and the Census Bureau for three reference years (2014 – 2016).

This collection allows the Census Bureau to collaborate on the implementation of a key National Academies recommendation for improving the measurement of business dynamics in the U.S. economy, which recommended:

“The Census Bureau Survey of Business Owners (SBO) should be conducted on an annual basis. The survey should include both a longitudinal component and a flexible,

modular design that allows survey content to change over time. In addition, the Census Bureau should explore the possibility of creating a public-use (anonymized) SBO or a restricted access version of the data file.”

-Lynch, Lisa M., John Haltiwanger, and Christopher Mackie, eds. *Understanding Business Dynamics: An Integrated Data System for America’s Future*. National Academies Press, 2007.

The ASE includes all nonfarm employer businesses filing Internal Revenue Service (IRS) tax forms as individual proprietorships, partnerships, or any type of corporation, and with receipts of \$1,000 or more. The ASE samples approximately 290,000 employer businesses. The sample is stratified by metropolitan statistical area (MSA), frame, and age of business. The Census Bureau selects large companies with certainty. These companies are selected based on volume of sales, payroll, or number of paid employees. All certainty cases are sure to be selected and represent only themselves.

The ASE has been conducted for survey years 2014 and 2015 and will continue for 2016 per the agreement between the Census Bureau and the survey sponsors. There are no final plans to conduct the ASE beyond survey year 2016. However, the Census Bureau is exploring options to maintain this collection for future survey years.

Content for the ASE includes questions from the 2012 SBO (form SBO-1) with additional questions on sources of capital and financial barriers that are asked each survey year. The ASE also includes a series of new questions each survey year based on a relevant business topic determined prior to data collection. Each year the new module of questions is submitted to the Office of Management and Budget (OMB) for approval. The Census Bureau is requesting approval to field the 2016 ASE. The module selected for the 2016 ASE focuses on business advice and planning. The 2016 ASE also includes additional questions on business financing relationships, owner demographics, and regulations. The new content developed for 2016 is intermingled with the existing content.

The module selected for the 2014 ASE focused on business innovation and research and development (R&D) activity. The goal of the 2014 module was to identify new forms of innovation, identify characteristics of businesses that are innovators, and measure R&D activity conducted by entrepreneurs. The module selected for the 2015 ASE focused on business management practices. The goal of the 2015 module was to measure how management practices impact productivity and growth.

The ASE collection is electronic only. Those selected for the survey receive an initial letter informing the respondents of their requirement to complete the survey as well as instructions on accessing the survey. The 2016 ASE initial mail is scheduled for June 2017. Responses will be due approximately 40 days from initial mail. Select respondents will receive a due date reminder approximately one week before responses are due. Additionally, there will be two follow-up letter mailings to nonrespondents after the due date. Select nonrespondents will receive a certified mailing for the second follow-up if needed. Closeout of mail operations is scheduled for November 2017. Upon the close of

the collection period, the response data will be processed, edited, reviewed, tabulated, and released publicly.

The survey will collect data on the gender, ethnicity, race, and veteran status for up to four persons owning the majority of rights, equity, or interest in the business. These data are needed to evaluate the extent and growth of business ownership by women, minorities, and veterans in order to provide a framework for assessing and directing federal, state, and local government programs designed to promote the activities of disadvantaged groups.

This data is widely used by private firms and individuals to evaluate their own businesses and markets. Additionally, the data will be used by entrepreneurs to write business plans and loan application letters, by the media for news stories, by researchers and academia for determining firm characteristics, and by the legal profession in evaluating the concentration of minority businesses in particular industries and/or geographic areas. The ASE statistics are used by government program officials, industry organization leaders,

economic and social analysts, researchers, and business entrepreneurs. Additional

examples of data use include:

- The Small Business Administration (SBA) and the Minority Business Development Agency (MBDA) to assess business assistance needs and allocate available program resources.
- Local government commissions on small and disadvantaged businesses to establish and evaluate contract procurement practices.
- Federal, state and local government agencies as a framework for planning, directing and assessing programs that promote the activities of disadvantaged groups.
- The National Women's Business Council to assess the state of women's business ownership for policymakers, researchers, and the public at large.
- Consultants and researchers to analyze long-term economic and demographic shifts, and differences in ownership and performance among geographic areas.

- Individual business owners to analyze their operations in comparison to similar firms, compute their market share, and assess their growth and future prospects.

Affected Public: Business and other for-profit; Not-for-profit institutions; State, local or Tribal governments.

Frequency: Annually.

Respondent's Obligation: Mandatory.

Legal Authority: Title 13 of the United States Code, Sections 8(b), 131, and 182 authorizes this collection. On behalf of the Secretary of Commerce, pursuant to Section 1(a)(3) of Executive Order 11625, the MBDA may enter into this agreement with the Census Bureau to establish a center for the development, collection, summation, and dissemination of information that will be helpful to persons and organizations throughout the nation in undertaking or promoting the establishment and successful operation of minority business enterprises.

This information collection request may be viewed at *www.reginfo.gov*. Follow the instructions to view Department of Commerce collections currently under review by OMB.

Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to OIRA_Submission@omb.eop.gov or fax to (202)395-5806.

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