



February 2, 2018

VIA ELECTRONIC SUBMISSION

Ron Jarmin
Acting Director
U.S. Census Bureau
4600 Silver Hill Road
Suitland, MD 20746

Re: Annual Business Survey (ICR 201712-0607-001), 82 FR 61534 (December 28, 2017)

Dear Acting Director Jarmin,

The U.S. Small Business Administration's Office of Advocacy (Advocacy) submits the following comments in response to the U.S. Census Bureau's proposed information collection, "Annual Business Survey (ABS)."¹ Advocacy believes that timely business data is vital to understanding the state and needs of small businesses, and it is crucial for Advocacy in achieving its mandate to "examine the role of small businesses in the American economy."² Since these proposed changes in business data collection may lead to timelier and higher quality business data, Advocacy supports the Census Bureau's development of the ABS. However, non-employer businesses, which are 80% of all small businesses, are excluded from the ABS.³ Advocacy recommends the Census Bureau continue to produce this critical data for non-employer businesses by an alternative method or additional information collection.

The Office of Advocacy

Congress established Advocacy under Public Law 94-305 to represent the views of small entities before Federal agencies and Congress. Advocacy is an independent office within the U.S. Small Business Administration (SBA); as such the views expressed by Advocacy do not necessarily reflect the views of the SBA or the Administration. Congress assigned Advocacy the task of examining "the role of small business in the American economy and the contribution which small business can make in improving competition."⁴ Over the years, Advocacy has supported this mission through several channels, such as small business economic research studies, issue briefs, fact sheets, conferences, and forums. Further,

¹ See Department of Commerce, U.S. Census Bureau, *Submission for OMB Review; Comment Request: Annual Business Survey*, 82 Fed. Reg. 61,534 (Dec. 28, 2017).

² See 5 U.S.C. § 634(b).

³ See U.S. Small Business Administration, Office of Advocacy, *Frequently Asked Questions About Small Business*, Aug. 2017, <https://www.sba.gov/sites/default/files/advocacy/SB-FAQ-2017-WEB.pdf>.

⁴ See 15 U.S.C. § 634b.



Advocacy partners with the Census Bureau to produce small business data, such as the Statistics of U.S. Businesses data series, used extensively in regulatory analysis by Federal agencies, academic research, and Advocacy research products.

Background

On January 5, 2018, the U.S. Census Bureau submitted a new Information Collection Request titled *Annual Business Survey*, which has been designed to combine three Census Bureau business surveys and is expected to lower respondent burden, increase data quality, reduce operational costs, and create operational efficiencies.⁵ The Annual Business Survey (ABS) will collect economic and demographic characteristics of employer businesses and their owners for survey years 2017-2021, and replaces the five-year Survey of Business Owners (SBO), the Annual Survey of Entrepreneurs (ASE), and the Business R & D and Innovation for Microbusinesses (BRDI-M) survey.

Data collection of demographic characteristics of employer business owners and non-employer business owners by gender, ethnicity, race, and veteran status had been conducted in the SBO, conducted only once every 5 years. The more recent Annual Survey of Entrepreneurs (ASE) helped fill this gap for employer firms on a more frequent basis. As the replacement of the SBO and ASE, the new ABS will continue data collection of demographic characteristics of only employer business owners. Non-employer business owners will not be in scope for the ABS. The 2012 SBO will be the last full count of small businesses by gender, ethnicity, race, and veteran status unless an additional collection is planned or an alternative method developed.

Advocacy's comments on the ABS

Advocacy believes the ABS may provide for positive improvements in data quality and ability to conduct timely analysis on small businesses. However, Advocacy recommends the Census Bureau continue to produce business data that encompasses a comprehensive representation of small businesses, both small employer firms and non-employer firms.

On January 18, 2018, Advocacy hosted a meeting with the Census Bureau's Division on Economic Reimbursable Surveys and Center for Administrative Records Research & Applications to provide an opportunity for small business stakeholders to learn more about the Census Bureau's plans for business data collection, and provide feedback on how the changes may affect their data needs. In addition, the Census Bureau presented an initial plan to produce non-employer demographic data by leveraging existing government administrative records. Small business participants, representing veteran-owned, women-owned, and minority-owned businesses, reiterated the need and importance of demographic data of non-employer business owners.

Since non-employers represent over 80% of small businesses, information on demographic characteristics of this important segment of small businesses is crucial. Non-employer businesses are a vital part of the small business community. Important groups, like female-, veteran- and minority-owned businesses, are also more likely to be non-employer businesses.⁶ Without vital statistics on these businesses, our

⁵ See 82 Fed. Reg. at 61,534.

⁶ See Michael McManus, U.S. Small Business Administration, Office of Advocacy, *Women's Business Ownership: Data from the 2012 Survey of Business Owners*, May 2017, <https://www.sba.gov/sites/default/files/advocacy/Womens-Business-Ownership-in-the-US.pdf>; see also Michael McManus, U.S. Small Business Administration, Office of Advocacy, *Minority Business Ownership: Data from the 2012 Survey of Business Owners*, September 2016, <https://www.sba.gov/sites/default/files/advocacy/Minority-Owned-Businesses-in-the-US.pdf>; Joseph Sobota, U.S. Small Business Administration, Office of Advocacy,

understanding of a large group of entrepreneurs will be limited. To achieve Advocacy's mandate to research issues salient to veteran-owned, minority-owned, and women-owned small businesses, we use non-employer demographic data from the SBO in several research products such as the annual Small Business Profiles for the States and Territories.⁷

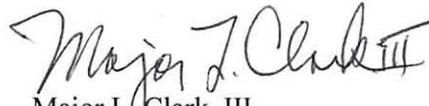
With the ABS, Census has consolidated multiple separate collections into one single survey. Advocacy supports this consolidation in that it will likely lower confusion among small business respondents and alleviate paperwork burden on them without sacrificing data quality.

Conclusions and Recommendations

Advocacy is pleased with the Census Bureau's continued commitment to producing data on small businesses. The new Annual Business Survey will bolster the work of Advocacy, researchers, and small businesses as well as help inform policymakers on small business-related issues. Advocacy encourages the Census Bureau to develop an alternative method to produce non-employer demographic data so Advocacy and policymakers can continue to have a holistic understanding of the state and needs of all small businesses. The Office of Advocacy is hopeful that the Census Bureau will continue to develop its plan to produce non-employer demographic data by leveraging existing government administrative records. The Office of Advocacy looks forward to working with the Census Bureau to advance this effort.

If you have any questions or require additional information, please contact me or Acting Director of Economic Research Patrick Delehanty at (202) 205-7123 or by email at patrick.delehanty@sba.gov.

Sincerely,



Major L. Clark, III
Acting Chief Counsel
Office of Advocacy
U.S. Small Business Administration

Copy to: The Honorable Neomi Rao
Administrator
Office of Information and Regulatory Affairs
Office of Management and Budget

Veteran-Owned Businesses and Their Owners: Data from the U.S. Census Bureau's Survey of Business Owners, April 2017, <https://www.sba.gov/advocacy/veteran-owned-businesses-and-their-owners>.

⁷ U.S. Small Business Administration, Office of Advocacy, *Small Business Profiles for the States and Territories*, Jan. 8, 2017. <https://www.sba.gov/advocacy/2017-small-business-profiles-states-and-territories>