**Abstract**

For the past two years, the Census Bureau and the Bureau of Labor Statistics have been working to create a dual exchange of data to improve their respective register frames. For the Census Bureau, this exchange of data will improve overall coverage, quality, and usefulness of its business register. Additionally, obtaining data from BLS will reduce respondent burden in Census Bureau programs. This paper discusses the data sharing arrangement, the information to be exchanged, and how that information will benefit Census Bureau programs and ease respondent burden.

**Introduction**

The U.S. Federal statistical system in the United States is decentralized, with many agencies producing statistics. In terms of economic measurement, statistics about businesses are produced primarily by the U.S. Census Bureau, the Bureau of Labor Statistics, and the Bureau of Economic Analysis. As statistical agencies, these organizations use administrative sources, direct collections or both to keep their business register or list frames accurate and complete.

The Census Bureau has been working with the Bureau of Labor Statistics to craft an agreement to exchange information to supplement each agency’s register frame. This agreement was an outcome of a research project conducted from 2004 to 2008 (reference years 2001 to 2003), which compared both agencies’ business registers. This more formal Register Comparison Project was conducted under the Confidential Information Protection and Statistical Efficiency (CIPSEA) act, signed in 2002. The CIPSEA act allows data sharing as a means for agencies to improve their statistical work, given the statutory constraints within the individual agencies. More specifically the act states:

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1This report is released to inform interested parties of ongoing research and to encourage discussion of work in progress. Any views expressed on methodological, technical, or operational issues are those of the author(s) and not necessarily those of the U.S. Census Bureau.”
The quality of Federal statistics depends on the willingness of businesses to respond to statistical surveys. Reducing reporting burdens will increase response rates, and therefore lead to more accurate characterizations of the economy… Enhanced sharing of business data among the Bureau of the Census, the Bureau of Economic Analysis, and the Bureau of Labor Statistics for exclusively statistical purposes will improve their ability to track more accurately the large and rapidly changing nature of United States business.2

Operational staff involved in the review of data as part of the formal Register Comparison Project identified many opportunities for the Census Bureau to improve its register through the sharing of multiunit information. Multiunit is a term that refers to multi-location or multi-establishment businesses.

Receiving the multiunit information from BLS will provide the Census Bureau with continuous breakouts of multiunit companies; reduce annual mailings for the Report of Organization Survey, which keeps the register up-to-date in non-Census years; and refine geographic level data for products generated from the register. In terms of quality the exchange allows the Census Bureau to improve industry coding, resolve data discrepancies, and better determine the timing of births and deaths within the marketplace.

Background

The Census Bureau’s business register maintains information constructed from many sources both administrative and through direct collections. Information is maintained at the enterprise level and at the establishment (location) level. In the case of a single location, the enterprise and establishment are the same. The business register is comprehensive in providing a frame that represents 28.5 million businesses -- 21 million nonemployer businesses and 7.5 million employer businesses. Nonemployer businesses are those with no paid employees, often referred to as self-employed businesses. Employer businesses have paid employees.

Federal tax records (from the U.S. Internal Revenue Service) are the major source of administrative data that establishes and maintains the business register. Federal tax records provide information about business activity and location; new business births and deaths; general data about payroll, employment, and receipts; and other special data items of interest to economic programs. Additionally, the business register is supplemented with industry codes from the U.S. Social Security Administration and the Bureau of Labor Statistics, whose information is critical for coding new business births. The exchange and use of data among these agencies is based on an Employer Identification Number (EIN), used by businesses to file taxes.

The EIN can represent one or many establishments within a company, or be a single unit business.

For the nonemployer component of the business register, the source for maintaining and updating information is strictly Federal tax data. For the employer component, however, direct collections of data are critical to maintaining the business frame. The two primary collections that supplement the employer component are the 5-year Economic Census, conducted in years ending in 2 and 7, and the Annual Survey of Organization, also known as the Company Organization Survey (or COS).

In an Economic Census, approximately 4.6 million (of the 7.5 million) employer establishments are mailed with 1.7 million of those establishments affiliated with multiunit enterprises. The remaining establishments are identified as single units. Data collected from these establishments provides the most comprehensive source for updating the multiunit components, and affiliated enterprise relationships on the business register. Additionally, responses to an Economic Census can show single units that become new multiunits. Known as “splitters” these cases numbered roughly 42,000 in the 2007 Economic Census.

In years when an Economic Census is not conducted, the primary vehicle for updating multunits, and a small sample of growth single units, is the COS. The COS is mailed to roughly 40,000 enterprises, covering more than 1.3 million establishments. This annual collection allows the most significant cases to be updated and maintained on the business register, with the purpose of facilitating sample designs and survey maintenance for ongoing current surveys, supporting large company research and problem solving as part of ongoing data analysis activities, and creating products developed directly from the business register. For multi-location businesses, the Census Bureau depends primarily on direct collections for organizational updates, and more detailed data at the location level.

**What the Census Bureau will Receive from BLS**

Through the data exchange with the BLS, the BLS will provide the Census Bureau with multi-establishment data from states that authorize the release of its confidential micro data. These data are the result of surveys/programs conducted by the states in conjunction with the national BLS office in support of their statistical programs. The Census Bureau expects to receive these data annually, perhaps starting Fall 2011. What the Census Bureau will receive and its planned use is discussed below.

**Data for multi-location companies**

We expect from the BLS the affiliated multi-establishment data and linkages for companies with multiple locations that operate within a state. Specifically, the BLS will provide the following data:

- Multiunit company (enterprise) name and address, and
• Affiliated establishment information, including business name and address; industry code, date establishment updated per BLS’ Annual Refiling Survey; operational status; and quarterly employment and payroll and annual payroll.

Data for Professional Employer Organizations (PEOs)

A professional employer organization (PEO) administers the payroll, workers’ compensation, human resources, and employee benefits for client businesses. It does this by hiring a client company’s employees and then leasing them back under contract to the original employer. This practice is known as co-employment or employee leasing. The BLS will provide multiunit company information of PEOs along with data from client businesses. The BLS will provide the following data:

• PEO company name and address, and
• Affiliated client-business information, including business name and address; industry code, date establishment updated per BLS’ Annual Refiling Survey; operational status; and quarterly employment and payroll and annual payroll.

How Using the BLS Data will Save Burden for Census Bureau Programs

Table 1 shows counts of all active multiunit employer enterprises on the business register, and their associated establishments, as of July 2011. Based on research from the Register Comparison Project, the strength of using BLS multiunit data lies in enterprises that operate within the same state. Approximately 70 percent of the enterprises on the Census Bureau’s register are within the same state. Particularly accurate (i.e., close matches of BLS to Census multiunits) are those operating within the same EIN, which are about 57 percent of the enterprises on the business register.

Table 2 shows the counts of the annual COS mail out, and that 30 percent of selected cases are within the same EIN and within the same state.

So, in terms of opportunities, these BLS data provide two specific applications that will reduce respondent burden. First, significant burden will be reduced annually in the COS because the use of the BLS data will cut the number of enterprises canvassed. If the research holds up in practice, the COS will be reduced by 30 percent, by not mailing enterprises operating under the same EIN in the same state. It could be reduced as much as 46 percent, depending on the evaluation of enterprises operating under different EIN’s in the same state. Reducing the mailing of the COS and having the same quality on the business register will ease respondent burden.

It should be noted, however, that easing the reporting burden through a reduction in enterprises, will reduce costs but not by an equal amount. The reason is that the enterprises that would continue to be covered on the COS contain the most establishments. Not mailing 30 percent of the same-EIN same-State enterprises, still means 1.2 million establishments will be covered by the COS mailing. These establishments belong to enterprises operating across states and across EIN’s. The largest and most complex enterprises create the most churn in the business register.
and, therefore, are the most time consuming to resolve in terms of register update and maintenance activities by the analytical staff.

A second way in which burden will be reduced is more subtle. Once received, the BLS data will be applied annually to the business register. Given the annual updates, it is expected that the number of “splitters” each Economic Census will be reduced significantly. We will identify and set up these splitters on an ongoing basis. Since all multiunit establishments are mailed in an economic census, this gives a better frame prior to a census mail out. Additionally, since questionnaires are designed by industry, respondents will get the right forms up front.

Related to this, getting accurate industry codes from BLS for multiunit establishments will foster all the mailings each economic census. Other than the census, many small and medium-sized multiunit establishments do not get their industry codes evaluated and updated unless covered on the COS. This extensive use of BLS industry codes should identify industry changes to facilitate the right assignment of questionnaires prior to the Economic Census mail outs. Economic Census questionnaires are tailored to the language and industry in which they operate as a means of easing the response process for them.

Table 1: All Active Multiunit Enterprises on the Business Register

<table>
<thead>
<tr>
<th>Line #</th>
<th>Category</th>
<th>Number</th>
<th>Establishments Covered</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Total enterprises</td>
<td>172,711</td>
<td>1,863,865</td>
</tr>
<tr>
<td>2</td>
<td>Enterprises with all establishments operating in a single state...</td>
<td>121,100</td>
<td>514,050</td>
</tr>
<tr>
<td>3</td>
<td>...under a single EIN</td>
<td>99,294</td>
<td>394,701</td>
</tr>
<tr>
<td>4</td>
<td>...under more than one EIN</td>
<td>21,806</td>
<td>119,349</td>
</tr>
<tr>
<td>5</td>
<td>Enterprises with establishments operating in more than one state...</td>
<td>51,611</td>
<td>1,349,815</td>
</tr>
<tr>
<td>6</td>
<td>...under a single EIN</td>
<td>33,077</td>
<td>289,268</td>
</tr>
<tr>
<td>7</td>
<td>...under more than one EIN</td>
<td>18,534</td>
<td>1,060,547</td>
</tr>
</tbody>
</table>

Table 2: All Multiunit Enterprises for the 2010 COS*

<table>
<thead>
<tr>
<th>Line #</th>
<th>Category</th>
<th>Number</th>
<th>Establishments Covered</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Total enterprises</td>
<td>41,444</td>
<td>1,314,041</td>
</tr>
<tr>
<td>2</td>
<td>Enterprises with all establishments operating in a single state</td>
<td>19,164</td>
<td>168,686</td>
</tr>
<tr>
<td>3</td>
<td>...under a single EIN</td>
<td>12,627</td>
<td>108,298</td>
</tr>
<tr>
<td>4</td>
<td>...under more than one EIN</td>
<td>6,537</td>
<td>60,388</td>
</tr>
<tr>
<td>5</td>
<td>Enterprises with establishments operating in more than one state</td>
<td>22,280</td>
<td>1,145,355</td>
</tr>
<tr>
<td>6</td>
<td>...under a single EIN</td>
<td>9,901</td>
<td>184,826</td>
</tr>
<tr>
<td>7</td>
<td>...under more than one EIN</td>
<td>12,379</td>
<td>960,529</td>
</tr>
</tbody>
</table>

*Includes units active as of extraction, July 2011.
Other Uses of the BLS Data

Obtaining annual multiunit data from BLS will provide other benefits to the coverage and quality of the Census Bureau’s business register and related data products. For one thing, integrating the BLS employment and payroll data into the business register will improve the imputations for establishment records. In many instances, the BLS reported value may replace a Census Bureau imputed value. For example, we currently use estimates from the Economic Census for measuring “leased employment” but obtaining this data more frequently from BLS will provide better interim quality estimates.

Currently, the Census Bureau has no systematic way of identifying PEO clients through its collections or administrative sources. This has led to an incomplete frame and to inconsistent practices in the treatment of employment and payroll with respect to PEO’s and their client businesses. Use of the BLS PEO data will alleviate these issues for the Census Bureau.

On the business register, the identification and linking of PEO’s with client businesses is done ad hoc as situations arise in fielding the COS, the Economic Census, or other current economic surveys. Many client businesses that use PEO’s are currently identified in the business register as nonemployers because Federal Tax Records show them to have no paid employees. With the BLS data, these client businesses could be reclassified as employers. Also, by knowing the EIN of the PEO’s clients, this information can be combined with Form W-2 information to help identify other companies that are using leased employees. Some of these companies are also likely to be multiunits, thus improving the list of multiunits and the multiunit establishments associated with them. (Note the Census Bureau will begin using Form W-2 records in the Business Register starting with tax year 2007.)

Additionally, looking at the BLS PEO data in terms of Federal Tax Information may shed light into consistent data patterns from the tax records. For example, using the Form W-2 information, we can test our assumption that companies that lease their employees would report their PEO expense as “salaries and wages.” Also as another example, it has been suggested that "cost of labor" on Federal Tax Forms might serve as a payroll proxy for those employers who lease employees from PEOs and do not file that they have paid employees. With the BLS data, we could evaluate if leased employers have inordinately high “cost of labor” expenses.

Summary

Use of BLS data will improve the overall coverage and quality of Census Bureau multiunit enterprise and establishment data, especially for small and medium-sized businesses. This will reduce burden and improve the quality of samples selected and products developed from the business register.

3 Form W-2, Wage and Tax Statement, is used in the United States income tax system as an information return to report wages paid to employees and the taxes withheld from them.
While this paper discusses strictly the sharing of multiunit data, opportunities exist to share single unit information at some future point. The Census Bureau is not allowed to share single unit data with other organizations under CIPSEA because our single units are highly comingled with data from the Internal Revenue Service. Separate legislation is being crafted to allow BLS (and other agencies) to have limited tax information.

References


Hanczaryk, Paul and Phillip Thompson, “Proposal to Expand Our Use of BLS Data.” Internal memorandum and research project, April 2008.


Title V—Confidential Information Protection and Statistical Efficiency, Public Law 107–347—DEC. 17 2002
