U.S. Business Owners: Blended Data Approach

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Abstract

Due to increasing costs, limited availability of resources, and declining response rates, the current approach to data collection in the U.S. statistical system is not sustainable. Like other national statistical agencies, the U.S. Census Bureau has been looking for ways to improve responsiveness to users by changing our data collections methods and providing estimates using blended data. A contemporary example of these efforts resulted in the newly designed Annual Business Survey (ABS) for the collection of information on business owners and their businesses (both employer and nonemployer businesses). Although one of the most popular products collected and released by the U.S. Census Bureau, a review by the National Academy of Sciences in 2007 formally recommended that the product would be considerably more valuable to data users if it were an annual rather than a quinquennial product. More specific, a major concern was raised about whether a 5-year estimate of the characteristics of business owners was sufficient given the rapidly shifting demographic characteristics of the population who were now of age to own businesses.

These growing constraints and increasing risks in data collections made this task of accelerating the release of data on business owners and their businesses extremely challenging. However, the U.S. Census Bureau intends to combine information from administrative data for nonemployer businesses with results from a newly designed survey of employer businesses that includes adaptive design elements to address this need through a blended data approach for all business owners. As a result, the legacy survey of business owners is no longer the sole source to create these annual estimates. Moreover, this new blended data approach eliminates the need to collect additional information for some respondents altogether.

The use of administrative records to produce annual estimates of businesses without employees is an extremely innovative solution to the data collection challenges. The use of administrative records allows for greatly reduced survey costs by eliminating the large sample of nonemployer cases that otherwise would need to be collected in the ABS. At the same time, the use of administrative records provides for more accurate estimates covering the entire population of non-employer businesses that also will be available in a more timely manner.

The collection of survey-based estimates for employer businesses is considerably more efficient than previous efforts because of several adaptive design aspects of the new ABS. The two major innovative processes include categorical response options for respondents and targeted certified
mailings for non-respondents. The categorical response options reduce burden on businesses and decrease the effort needed to review, edit, and subsequently release results. A targeted certified mailing approach also has been extremely effective in generating responses to mandatory business surveys. While these mailings are more expensive than regular postage mailings, the official appearance of a certified mailing has triggered quick response from many non-responding businesses. Our efforts to date have focused on getting responses from critical respondents (e.g., businesses in low responding strata) rather than expending resources on all non-responders.

The result of these combined efforts is a new blended data product for all business owners that will reduce the burden on millions of the smallest businesses in the US, increase the quality of data collected for these same businesses, and provide data users with refreshed data annually rather than every 5 years.