

THE GEORGE WASHINGTON UNIVERSITY

WASHINGTON, DC

August 19, 2015

Mr. Paul Bugg, Economist
Statistical and Science Policy Branch
Office of Management and Budget
Washington, DC 20230

Via email: Paul_Bugg@omb.eop.gov and OIRA_Submission@omb.eop.gov

Dear Mr. Bugg,

I appreciate the opportunity to respond to the Census Bureau's request for comments (*Federal Register*, July 30, 2015) regarding its proposal for the Annual Survey of Entrepreneurs (ASE), which OMB received on August 4, 2015 (ICR Reference No: 201507-0607-003).

As a research professor at the George Washington Institute of Public Policy, George Washington University, I focus on federal policies that support U.S. economic competitiveness. From that perspective, I am excited to learn of the Census Bureau's proposed ASE, carried out in partnership with the Minority Business Development Administration and the E.M. Kauffman Foundation. The literature is clear that economic growth is correlated with the level and nature of entrepreneurship.¹ At the same, Census Bureau data show, the level and job-creating capacity of U.S. entrepreneurship are declining.² At present, economic researchers are not able to fully explain this worrisome trend.

The ASE has significant potential to help researchers identify factors behind the decline in entrepreneurial dynamism and ways to address those factors. In combination, the ASE's annual nature, its unique set of business finance questions, and its annual rotation of topical modules will provide a rich vein of data not otherwise available. Further, the ASE business finance questions are very helpful in diminishing the data gap caused by the Federal Reserve's termination of the Survey of Small Business Finance several years ago.

I believe, then, that the availability of ASE data will enable the development of federal, state, and local government policies that more effectively address the various barriers to increased successful entrepreneurship.

Regarding the draft 2014 ASE instrument, I have several suggestions that are editorial in nature:

¹ See my recent paper, "[The Impacts of Technological Invention on Economic Growth – A Review of the Literature](#)," February 28, 2014.

² Ian Hathaway and Robert E. Litan, "[Declining Business Dynamism: It's For Real](#)," The Brookings Institution, May 22, 2014.

- **Education**. The draft survey inquires about the attainment of degrees, but not non-degree credentials such industry-recognized certifications, occupational licenses, and community college certificates. The Census Bureau is an active member of the Interagency Working Group on Expanded Measures of Enrollment and Attainment (GEMEnA), which is seeding numerous federal surveys with questions on non-degree credential attainment.³ Consequently, I suggest that the Census Bureau consider including a question on industry-recognized certifications, as it would be useful to test if such certifications are positively correlated with the rate of business startups and growth.
- **Reasons for Owning a Business**. The draft survey asks the respondent to rate the importance of various reasons for owning a business. On the one hand, I find certain options to be redundant. “Wanted to be my own boss,” “Working for someone else didn’t appeal to me,” and “Always wanted to start my own business” seem very similar to one another. I encourage the Census Bureau to combine these three into one statement. At the same time, I think that several viable reasons are not currently on the list. For the Census Bureau’s consideration, I offer: “Wanted to contribute to my community,” “Wanted to contribute to the nation,” “Personal fulfillment,” “Wanted to work with a family member,” and “Wanted to work with a friend or acquaintance.”
- **Business Aspirations**. I think metrics of owner aspirations can go beyond sales and profits to include number of jobs, total payroll, market share, and selling the business. I encourage the Census Bureau to consider adding these metrics to the question and organizing the overall question in a matrix format, with one aspiration metric per row and “larger,” “about the same,” and “smaller” as columns. (Aspiration to sell the business would need to be treated differently.)
- **Negative Impact on Profitability**. For clarity and parallel construction, I suggest adding a negative modifier to this question’s first four options—that is, low access to financial capital, high cost of financial capital, difficulty finding qualified labor, and high taxes. The next three options already have such modifiers.
- **Customer Locations**. I’m unsure of this question’s unit of analysis. Is it percent of total number of customers, or perhaps percent of total sales? In any case, I encourage the Census Bureau to clarify the unit of analysis.
- **Outsourcing or Transfers outside the United States**. I suggest that if the respondent answers yes, they be asked to identify the nature of the business function(s) transferred.

I ask that OMB indicate that the Census Bureau should seek public comment on the ASE topical modules for 2015 and 2016.

³ See <http://nces.ed.gov/surveys/GEMEnA/>.

I appreciate the opportunity to provide comments on the Census Bureau's proposed ASE, hope you find them helpful, and look forward to the OMB's response.

Sincerely,

A handwritten signature in black ink that reads "Andrew Reamer".

Andrew Reamer
Research Professor