

**SUPPORTING STATEMENT**  
**U.S. Department of Commerce**  
**U.S. Census Bureau**  
**Monthly Wholesale Trade Survey**  
**OMB Control No. 0607-0190**

**PART A. JUSTIFICATION**

**1. Necessity of Information Collection**

The Monthly Wholesale Trade Survey (MWTS) canvasses firms primarily engaged in merchant wholesale trade, excluding manufacturers' sales branches and offices (MSBOs), that are located in the United States. This survey provides the only continuous measure of monthly wholesale sales, end-of-month inventories, and inventories/sales ratios. The sales and inventory estimates produced from the MWTS provide current trends of economic activity by kind of business for the United States. Also, the estimates compiled from this survey provide valuable information for economic policy decisions by the government and are widely used by private businesses, trade organizations, professional associations, and other business research and analysis organizations.

As one of the U.S. Census Bureau's thirteen principal economic indicators, the estimates produced by the MWTS are critical to the accurate measurement of total economic activity of the United States. The estimates of sales made by wholesale locations represent only merchant wholesalers, excluding MSBOs, who take title to goods bought for resale to other companies. Wholesalers normally sell to industrial distributors, retail operations, cooperatives, and other businesses. The sales estimates include sales made on credit as well as on a cash basis, but exclude receipts from sales taxes and interest charges from credit sales.

The estimates of inventories represent all merchandise held in wholesale locations, warehouses, and offices, as well as goods held by others for sale on consignment or in transit for distribution to wholesale establishments. The estimates of inventories exclude fixtures and supplies not for resale, as well as merchandise held on consignment which are owned by others. Inventories are an important component in the Bureau of Economic Analysis's (BEA) calculation of the investment portion of the Gross Domestic Product (GDP).

We publish wholesale sales and inventory estimates based on the North American Industry Classification System (NAICS) which has been widely adopted throughout both the public and private sectors.

The Census Bureau conducts this voluntary survey under the authority of an Act of Congress, Title 13, United States Code, Section 182.

## 2. Needs and Uses

The Census Bureau tabulates the collected data to provide, with measurable reliability, statistics on sales, end-of-month inventories, and inventories/sales ratios for merchant wholesalers, excluding MSBOs.

The BEA is the primary Federal user of data collected in the MWTS. The BEA uses this information on methods of valuation and changes in these methods to improve the inventory valuation adjustments applied to estimates of the GDP.

The Bureau of Labor Statistics uses the data as input to its Producer Price Indexes and in developing productivity measurements. Private businesses use the wholesale sales and inventory data in computing business activity indexes. Other government agencies and businesses use this information for market research, product development, and business planning to gauge the current trends of the economy.

Information quality is an integral part of the pre-dissemination review of the information disseminated by the Census Bureau (fully described in the Census Bureau's Information Quality Guidelines). Information quality is also integral to the information collections conducted by the Census Bureau and is incorporated into the clearance process required by the Paperwork Reduction Act.

## 3. Use of Information Technology

A fax machine connected to an "800" telephone line gives respondents the capability to fax data to our collection facility in Jeffersonville, Indiana, on a 24-hour basis. Use of this technology increases the response options, and decreases the number of more costly telephone follow-up inquiries. In any given month approximately 60% of responses are received via fax, 25% via telephone, and 15% via mail.

An automated system is used for check-in of returned forms and telephone follow-up scheduling for delinquents. This allows for a more timely identification of completed questionnaires and fewer follow-up calls to respondents.

#### **4. Efforts to Identify Duplication**

Research with other governmental agencies, trade associations, and data users (both government and private sector) via telephone conversations, meetings, trade journal articles, and written correspondence indicates these data are not available from other sources on an ongoing basis.

Wholesale trade data are collected on an annual basis in the Annual Wholesale Trade Survey (AWTS) [OMB No. 0607-0195] and also in the quinquennial Economic Census. However, while the annual data are established to provide figures on wholesale trade in the intervening years between censuses, they do not provide a sufficient number of data points from which to do trend analysis as input to monitoring the current state of the economy. The monthly estimates are the only available data source for use as a trend series for evaluating current business conditions.

#### **5. Minimizing Burden**

The Census Bureau accepts data prepared on a company's own form. This relieves the respondent of the burden of posting data to a report form.

The stratified random sample design used in the MWTS uses the least number of sampling units required to produce national level estimates with the desired level of reliability, thus minimizing respondent burden. Sales and inventory data are collected from the largest wholesale firms and from a sample of small- and medium-sized firms. The effective sampling rate for the smallest businesses is 1 in 500. The selection of a new sample every five years replaces about 95 percent of the small- and medium-sized firms that participate in the survey, thus minimizing respondent burden by redistributing reporting requirements. The latest sample was introduced in Fall 2006.

Furthermore, firms are not required to maintain additional records. The data requested are generally carried on existing company records. Carefully prepared estimates are acceptable if book figures are not available. Finally, interviewers use computers with on-line edits of response data to conduct follow-up and delinquent interviews, thus reducing the number of call backs to respondents.

#### **6. Consequences of Less Frequent Data Collection**

The monthly sales and inventory estimates from the MWTS are the only source of monthly wholesale sales and inventory data and are used extensively by government and private economists to evaluate current economic conditions and to develop economic, fiscal, and monetary policies. These estimates are important economic indicators and provide timely input for computation of the National Income and Product Accounts. The Census Bureau publishes the data from this survey in its "Monthly Wholesale Trade: Sales and Inventories" report. Less frequent data collection would create a gap in statistics available on a monthly basis for this sector of the economy. Moreover, these statistics provide current-to-previous month and year-to-year trend data that are essential

for evaluating current conditions and for formulating economic policy.

**7. Special Circumstances**

There are no special circumstances.

**8. Consultations Outside the Agency**

The Census Bureau issued a pre-submission notice published in the Federal Register dated November 14, 2007 located in Vol. 72, No. 219, on pages 64042 and 64043.

One comment was received from BEA expressing support for the MWTS (Attachment 1). The BEA is the Census Bureau's main source of consultation on the MWTS, and quarterly status meetings are conducted to address any program issues. Another comment was received but was deemed to be without merit.

**9. Paying Respondents**

We do not provide any payment or gift to respondents.

**10. Assurance of Confidentiality**

Data collected in this survey are maintained in strictest confidence under the authority of an Act of Congress, Title 13, United States Code, Section 9, which states that data collected on our report forms (Attachment 2) may be seen only by persons sworn to uphold the confidentiality of Census Bureau information and may be used for statistical purposes only. Additionally, all reports are strictly confidential and are immune from legal process. The report forms also inform the respondent that this is a voluntary survey. The cover letter that accompany the initial mailing of the sample and the monthly fax reminder can be found in Attachment 3.

**11. Justification for Sensitive Questions**

The MWTS does not contain questions of a sensitive nature. The survey requests only financial data concerning business firms. It requests only data for company totals, and under routine accounting practices these data are normally maintained in the firms' records.

**12. Estimate of Hour Burden**

There are approximately 4,500 businesses selected to report in the MWTS. This number is comprised of about 1,800 large firms and 2,700 smaller firms. According to

information provided by a sample of respondents, the estimated time to complete the questionnaire is approximately 7 minutes. This time translates into an estimated annual burden of 6,300 hours.

The estimated annual cost to respondents is approximately \$165,438, which is based on the response burden of 6,300 hours at approximately \$26.26 per hour.

Sample <u>Size</u>	Number <u>of Panels</u>	Annual <u>Respondents</u>	Annual <u>Responses</u>	Annualized <u>Responses</u>	Hours	Burden
4,500	1	4,500	12	54,000	.11666	6,300 Hrs

### **13. Estimate of Cost Burden**

We do not expect respondents to incur any costs other than that of their time to respond. The information requested is of the type and scope normally carried in company records and no special hardware or accounting software or system is necessary to provide answers to this information collection. Therefore, respondents are not expected to incur any capital and start-up costs or system maintenance costs in responding. Furthermore, purchasing of outside accounting or information collection services, if performed by the respondent, is part of usual and customary business practices and not specifically required for this information collection.

### **14. Cost to Federal Government**

The total cost to the Federal Government for the MWTS in fiscal year 2008 is expected to be \$1,678,768, all borne by the Census Bureau.

### **15. Reason for Change in Burden**

There is an increase in burden of 700 hours. This increase is due to increasing the size of the sample. The sample size increase occurred to improve the quality of estimates by lowering the maximum sampling weight from 800 to 500 and lowering the target sampling variance constraint on the wholesale total. The change in maximum sampling weight helps avoid smaller companies with large weights from having an unusually large effect on estimates for a particular industry, and minimizes a possible reason for large preliminary to final shifts.

**16. Project Schedule**

Report forms are mailed to respondents at the end of each month with an expected completion date of 8 days after receipt. The data are tabulated at the two-, three-, four-, and selected five-digit NAICS levels. The summary data are analyzed to ensure the estimates are consistent with other economic series and meet publication standards.

The estimates are published monthly by the U. S. Census Bureau as part of the "Monthly Wholesale Trade: Sales and Inventories" report which is released approximately 40 days after the data month.

**17. Request to Not Display Expiration Date**

We wish to continue to display the expiration date.

**18. Exceptions to the Certification**

There are no exceptions to the certification statement.

**19. NAICS Codes Affected**

The following are the four-digit NAICS codes for the wholesalers affected by this information collection.

NAICS	KIND OF BUSINESS
4231	Motor Vehicles and Motor Vehicle Parts and Supplies
4232	Furniture and Home Furnishings
4233	Lumber and Other Construction Materials
4234	Professional and Commercial Equipment and Supplies
4235	Metals and Minerals, Except Petroleum
4236	Electrical and Electronic Goods
4237	Hardware, and Plumbing and Heating Equipment and Supplies
4238	Machinery, Equipment and Supplies
4239	Miscellaneous Durable Goods
4241	Paper and Paper Products
4242	Drugs and Druggists' Sundries
4243	Apparel, Piece Goods, and Notions
4244	Groceries and Related Products
4245	Farm Product Raw Materials
4246	Chemical and Allied Products
4247	Petroleum and Petroleum Products
4248	Beer, Wine and Distilled Alcoholic Beverages
4249	Miscellaneous Nondurable Good