

SUPPORTING STATEMENT
U.S. Department of Commerce
U.S. Census Bureau
Annual Wholesale Trade Survey
OMB Control No. 0607-0195

PART A. JUSTIFICATION

1. Necessity of Information Collection

The Annual Wholesale Trade Survey (AWTS) canvasses firms located in the United States that are primarily engaged in merchant wholesale trade, including manufacturers' sales branches and offices, as well as non-merchant wholesale trade such as agents, brokers, and electronic markets. The estimates produced from the AWTS provide current trends of economic activity by kind of business for the United States, and serve as a benchmark for the estimates compiled from the Monthly Wholesale Trade Survey [OMB No. 0607-0190]. The AWTS estimates address the Bureau of Economic Analysis (BEA) need for annual measures of sales, e-commerce, inventories, and operating expenses which serve to improve BEA's calculation of the Gross Domestic Product (GDP). Additionally, the estimates 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.

Estimates are published 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 mandatory survey under the authority of an Act of Congress, Title 13, United States Code, Sections 182, 224, and 225..

2. Needs and Uses

The Census Bureau tabulates the collected data to provide, with measurable reliability, statistics on sales, e-commerce, end-of-year inventories, inventory valuation method, and operating expenses for merchant wholesalers. An estimate of purchases is also included for merchant wholesalers, excluding manufacturers' sales branches and offices. For agents, brokers and electronic markets estimates for sales, commissions, and operating expenses are tabulated.

The BEA is the primary Federal user of data collected in the AWTS. Data are used to derive industry output for the I-O accounts and for the annual GDP industry estimates. The Bureau of Labor Statistics uses the data as input to its Producer Price Indexes and in developing productivity measurements. Private businesses use the estimates 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.

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.

An Internet response option is also provided using the Census Bureau's Census Taker system. Census Taker is a software system that provides a secure and user friendly means of collecting data via the Internet. Approximately 30% of responses come through this system.

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 a monthly basis in the Monthly Wholesale Trade Survey [OMB No. 0607-0190] and also in the quinquennial Economic Census. However, the monthly survey only collects sales and end-of-month inventories and is voluntary. The annual program is intended to serve as a benchmark to the monthly estimates, as well as provide estimates on wholesale trade in the intervening years between censuses.

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 AWTS uses the least number of sampling units required to produce national level estimates with the desired level of reliability, thus minimizing respondent burden. For merchant wholesalers, excluding manufacturers' sales branches and offices, we selected 1,670 of the largest companies with a sampling

rate of 1 in 1 and about 5,174 small and medium-sized companies with sampling rates varying from 1 in 1 to 1 in 250. For the manufacturers' sales branches and offices we selected 540 of the largest companies with a sampling rate of 1 in 1 and about 592 small and medium-sized companies with sampling rates varying from 1 in 1 to 1 in 70. For the agents, brokers, and electronic markets we selected 146 of the largest companies with a sampling rate of 1 in 1 and about 368 small and medium-sized companies with sampling rates varying from 1 in 1 to 1 in 250.

Currently, cognitive interviews are being conducted with a small subset of agent, broker, and electronic market companies. The purpose of this testing is to improve the data collection form and reduce respondent burden caused by poor form design.

6. Consequences of Less Frequent Data Collection

Less frequent data collection would result in less accurate monthly sales and inventories estimates because the monthly estimates are benchmarked to the annual estimates. Additionally, the GDP would be less accurate due to the loss of annual estimates from the AWTS.

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 March 18, 2008 located in Vol. 73, No. 53, on page 14432.

One comment was received from BEA expressing support for the AWTS (Attachment 1). The BEA is the Census Bureau's main source of consultation on the AWTS, and quarterly status meetings are conducted to address any program issues.

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 immune from legal process. This assurance of confidentiality is conveyed to the respondent via a cover letter (Attachment 3) that accompanies each mailing. The report forms and cover letter also inform the respondent that this survey is required by law.

11. **Justification for Sensitive Questions**

The AWTS 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**

While the initial sample, drawn for the 2005 AWTS, consisted of 8,490 firms, our mail count can vary. It can increase if we require, or firms request, that reporting responsibility be broken out by different locations or type of activity. It can decrease because we do not canvass companies that are out-of-business, out-of-scope, or merged with other firms. Typically the mail count decreases each year of the sample. We estimate that the count for the next survey year will be 7,329 and drop each year until the next sample is drawn for the 2011 AWTS.

The estimated time to complete each form varies and translates into an estimated annual burden of 3,811 hours. The cognitive interviews currently underway with agent, broker, and electronic market companies may result in form design changes that reduce the burden hours slightly for these companies, though results of this testing are not expected until approximately September 2008.

The estimated annual cost to respondents is approximately \$100,077, which is based on the response burden of 3,811 hours at approximately \$26.26 per hour.

	Mail		
<u>Form</u>	<u>Count</u>	<u>Hours</u>	<u>Burden</u>
SA-42	4,765	0.52	2,478 Hrs
SA-42A	1,314	0.55	728 Hrs
SA-42 (MSBO)	412	0.45	185 Hrs
SA-42A (MSBO)	413	0.50	207 Hrs
SA-42 (AGBR)	390	0.50	195 Hrs
SA-42A (AGBR)	<u>35</u>	0.50	<u>18 Hrs</u>
Total	7,329		3,811 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 AWTS in fiscal year 2008 is expected to be \$1,427,269, all borne by the Census Bureau.

15. Reason for Change in Burden

The burden hours estimate is 468 hours less than the previously approved AWTS. This decrease is due to the change in the number of respondents, which varies from year to year. The peak period for number of respondents is at the beginning of a new sample. The current sample was selected for the 2005 AWTS. The number of respondents will probably drop each year due to companies that are now deemed out-of-scope or out-of-business. Our next sample is not scheduled to be implemented until the 2011 AWTS.

16. Project Schedule

Report forms are mailed to respondents approximately three to four weeks after the reference year has ended. At least 30 business days are provided for companies to complete the form. A series of mail and telephone follow-up occurs throughout the year until an appropriate response level is achieved. Data are tabulated at the two-, three-, four-, and selected five-digit NAICS levels. Summary data are analyzed to ensure the estimates are consistent with other economic series and meet publication standards. Estimates are published annually by the U. S. Census Bureau approximately 14 months after the end of the reference year.

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- and five-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
42343	Computer and Computer Peripheral Equipment and Software
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
4251	Wholesale Electronic Markets and Agents and Brokers