

SUPPORTING STATEMENT
U.S. Department of Commerce
U.S. Census Bureau
Annual Retail Trade Survey
OMB Control No. 0607-0013

PART A. JUSTIFICATION

1. Necessity of Information Collection

The Annual Retail Trade Survey (ARTS) covers employer firms with establishments located in the United States and classified in retail trade and/or accommodation and food services sector as defined by the North American Industry Classification System (NAICS). The survey requests firms to provide annual sales, e-commerce sales, year-end inventories held inside and outside the United States, total operating expenses, purchases, and accounts receivable. We also request, for selected industries, sales by merchandise line, percent of sales by class of customer, and percent of e-commerce sales to customers located outside the United States. These data are collected to provide a sound statistical basis for the formation of policy by various government agencies, as well as to serve as a benchmark for the estimates compiled from the Monthly Retail Trade Report[OMB No. 0607-0717]. Results will be made available, at the United States summary level, for selected retail trade, accommodation and food services industries approximately fifteen months after the end of the reference year.

For the 2011 ARTS the Census Bureau will request two years of data to link our old and new samples, ensuring that our published estimates continue to be reliable and accurate. For the 2012 ARTS the Census Bureau will request data on detailed operating expenses. These data items were previously requested under a separate supplemental mailing that was conducted every 5 years. The last supplemental mailing was conducted in conjunction with the 2007 ARTS under OMB No. 0607-0942. While the retail portion of that program will be collapsed into the ARTS, we will continue to ask only the additional detailed expense questions every 5 years.

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 Bureau of Economic Analysis (BEA) uses the data to estimate the change in private inventories component of gross domestic product (GDP) and output in both the benchmark and annual input-output (I-O) accounts and GDP by industry. Data on sales taxes are also used to prepare estimates of GDP by industry and to derive industry output for the I-O accounts. Data on detailed operating expenses, which will now be collected on this survey quinquennially, are used to produce national estimates of value added, gross output, and intermediate inputs and serve as a benchmark for the annual industry

accounts, which provide the control totals for the GDP-by-state accounts.

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 the data to satisfy a variety of public and business needs such as economic market analysis, company performance, and forecasting future demands.

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**

The use of the Census Bureau's online reporting system (Centurion) allows respondents to report data, at their convenience, via the Internet. The system is designed to be secure and flexible for users. It allows respondents to complete and file in one session or to save and return over any number of sessions. The site also allows respondents to print copies of their completed form(s) for their records. The use of Internet reporting has proven popular, and has become a preferred method of filing reports by respondents.

Method Respondents Used to File Report(s)

	Internet	Mail	Fax	Other¹
2009	39.9%	48.7%	10.6%	0.8%
2008	28.1%	58.4%	12.6%	0.9%
2007	25.3%	65.7%	6.5%	2.5%

¹Via phone or analyst contact.

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.

Monthly sales and inventories data are collected in the Monthly Retail Trade Report [OMB No. 0607-0717] and in the quinquennial Economic Census. The monthly survey is voluntary and requests sales, e-commerce, and end-of-month inventories data from a smaller sample of establishments. The mandatory annual program collects more detailed items, and is intended to serve as a benchmark for the monthly sales, e-commerce, and end-of-month inventories estimates. The annual program is also intended to provide estimates on retail trade and accommodation and food services sector in the intervening years between the Economic Census years.

Payroll data will be collected as part of the detailed operating expense portion of the 2012 ARTS, as well as part of the main economic census being conducted in that same year. This is necessary because the reporting units (except for single-location companies) are different. The payroll data collected ensures we are able to calculate reliable ratios between the expense and the sales data, and to establish a correlation to fringe benefits data.

5. **Minimizing Burden**

While respondents are asked to return their data via the Internet or on our questionnaires, any data prepared and returned on a company's own form is accepted. Respondents are also allowed to provide data via fax or directly over the phone. Instructions on the questionnaires state that although book figures are preferred, estimates are acceptable.

The questionnaires being introduced with the 2011 ARTS are also being redesigned. The look and feel, as well as question wording, have been reviewed to improve respondent comprehension. These changes are being tested in the field through the use of cognitive interviews with a sample of respondents. The first round of interviews was completed in June 2011. Results of those interviews are currently being reviewed and any additional changes made to the questionnaires will be tested again in the field with a round of cognitive interviews scheduled for August 2011.

Additionally, the Census Bureau will be introducing a new sample with the 2011 ARTS. It is expected that approximately 60-70% of the companies that are asked to report will be doing so for the first time (and, consequently, 60-70% of the prior sample will no longer be asked to report), thus minimizing respondent burden by redistributing reporting requirements. In order to link estimates from the new and prior samples, we will ask companies to provide data for 2011 and 2010. The 2012 ARTS and subsequent years will request one year of data until a new sample is once again introduced.

Furthermore, the Census Bureau attempts to minimize burden by using a stratified random sample design, which uses the least number of sampling units required to produce national level estimates with the desired level of reliability. Data are collected from the largest firms and from a sample of small- and medium-sized firms. The effective sampling rate for the small- and medium-sized firms is 2%.

Also, new 721 forms were created to separate the hotels and casino hotels from all other

accommodation establishments (Bed-and-Breakfast Inns, RV Parks and Camps, Room and Boarding Houses and All Other Traveler Accommodations). This was done to accommodate the differences in terminology used between hotels and other accommodations establishments that was often confusing and burdensome on respondents. The respondents at the other accommodation establishments were frequently confused by being asked to report on a form that was primarily aimed at hotels.

Finally, the Census Bureau attempts to reduce respondent burden by excluding small single-establishment businesses, below a given receipts cutoff, when the questions on the form align with administrative records data. Specifically, single unit establishments in NAICS 72 (Accommodation and Food Services), below a given receipts cutoff, may not be mailed and instead receipts and operating expense data imputed based on administrative records data.

6. Consequences of Less Frequent Data Collection

Less frequent data collection of the annual estimates would result in less accurate monthly sales, quarterly e-commerce, and end-of-month inventories estimates because the monthly and quarterly estimates are benchmarked to the annual estimates. Additionally, the GDP would be less accurate due to the loss of annual estimates from the ARTS.

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 April 27, 2011 located in Vol.76, No. 81, on page 23542.

One comment was received from the BEA expressing support for the ARTS (Attachment 1). The BEA is the Census Bureau's main source of consultation on the ARTS, and quarterly status meetings 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, as well as a statement placed in the top left corner on the first page of each questionnaire. The questionnaire(s) and cover letter also inform the respondent that this survey is required by law.

In addition, all respondent's Federal Tax Information (FTI) is protected under the authority of an Act of Congress, Title 26, United States Code (U.S.C.). Specifically, 26 U.S.C. 6103 (J) (1) provides for the disclosure of FTI to the Census Bureau for statistical purposes in the structuring of censuses and national economic accounts, as well as for conduction related statistical activities authorized by law. 6103 (p) (4) places specific requirements on the Census Bureau and other agencies to which IRS has disclosed data regarding the safeguarding of returns and return information.

11. Justification for Sensitive Questions

The ARTS does not contain questions of a sensitive nature. It requests only data for company totals, and under routine accounting practices these data are normally maintained in the firms' records. All data are kept strictly confidential in accordance with Title 13 and 26 requirements.

12. Estimate of Hour Burden

The estimated respondent burden will vary for the 2011, 2012, and 2013 as a result of changes occurring during these years. For 2011, the hour burden will increase as we will ask respondents to provide data for both 2011 and 2010. As the first year of a new sample we will request two years of data to link our old and new samples, ensuring that our published estimates continue to be reliable and accurate. For 2012, the hour burden will decrease due to reverting back to requesting only one year of data, but will significantly increase as we ask additional detailed expense questions (which is requested once every five years). These detailed expense questions were previously submitted and approved separately under OMB No. 0607-0942. The program that used to collect the detailed expense questions has been merged with the wholesale and retail surveys and a separate submission for the detailed expense items will no longer be requested. For 2013, the hour burden will significantly decrease as we will not be asking the additional detailed expense questions and we will only be asking for one year of data.

Another caveat about the estimated respondent burden is that the hour burden will also

change based on the quarterly birth/death process (see “Sample Maintenance” in Part B, Section 1). It will also decline due to not canvassing companies that are out-of-scope or merged with other firms. Even though past samples have shown that the mail count declines each year, we are using the initial mail count for all three years.

There are an estimated 21,775 number of respondents. The estimated time to complete each form varies by year and translates into an average estimated annual burden of 34,461 hours. This estimate is a 3-year average to account for the various changes cited above. The estimated total annual cost to respondents is approximately \$1,022,099 based on the average response burden of 34,461 hours at approximately \$29.66 per hour (according to the median hourly salary for accountants and auditors; Occupational Employment Statistics - Bureau of Labor Statistics May 2010 National Occupational Employment and Wage Estimates; \$29.66 represents the national median hourly wage of the full-time wage and salary of accountants and auditors SOC code 13-2010).

<http://stats.bls.gov/oes/2010/may/oes132011.htm>

<u>2011 Forms</u>	<u>Mail</u>	<u>Hours</u>	<u>Burden</u>	<u>Cost</u>
SA-44	7,626	0.89	6,787 Hrs	\$ 201,302
SA-44A	6,697	0.72	4,822 Hrs	143,021
SA-44C	2,857	0.89	2,543 Hrs	75,425
SA-44E	330	0.96	317 Hrs	9,402
SA-44N	451	0.92	415 Hrs	12,309
SA-44S	347	0.92	319 Hrs	9,462
SA-45	6	0.80	5 Hrs	148
SA-45C	26	0.80	21 Hrs	623
SA-721A	142	0.39	55 Hrs	1,631
SA-721B	39	0.39	15 Hrs	445
SA-721E	614	0.39	240 Hrs	7,118
SA-721F	506	0.39	197 Hrs	5,843
SA-722A	381	0.39	149 Hrs	4,419
SA-722E	<u>1,753</u>	0.39	<u>684 Hrs</u>	<u>20,287</u>
Total	21,775		16,569 Hrs	\$491,437

<u>2012 Forms</u>	<u>Mail</u>	<u>Hours</u>	<u>Burden</u>	<u>Cost</u>
SA-44	7,626	3.37	25,700 Hrs	\$ 762,262
SA-44A	6,697	3.24	21,698 Hrs	643,563
SA-44C	2,857	3.37	9,628 Hrs	285,566
SA-44E	330	3.42	1,129 Hrs	33,486
SA-44N	451	3.39	1,529 Hrs	45,350
SA-44S	347	3.39	1,176 Hrs	34,880
SA-45	6	3.30		20 Hrs 593
SA-45C	26	3.30		86 Hrs 2,551
SA-721A	142	2.99	425 Hrs	15,957
SA-721B	39	2.99	116 Hrs	15,957
SA-721E	614	2.99		1,836 Hrs 99,420

SA-721F	506	2.99		1,513 Hrs	99,420
SA-722A	381	2.99		1,139 Hrs	33,783
SA-722E	<u>1,753</u>	2.99	<u>5,241 Hrs</u>	<u>155,448</u>	
Total	21,775		71,236 Hrs	\$2,112,860	

<u>2013 Forms</u>	<u>Mail</u>	<u>Hours</u>	<u>Burden</u>	<u>Cost</u>	
SA-44	7,626	0.67	5,109 Hrs	\$ 151,533	
SA-44A	6,697	0.54	3,616 Hrs	107,251	
SA-44C	2,857	0.67	1,914 Hrs	56,769	
SA-44E	330	0.72	238 Hrs	7,059	
SA-44N	451	0.69	311 Hrs	9,224	
SA-44S	347	0.69	239 Hrs	7,089	
SA-45	6	0.60		4 Hrs	119
SA-45C	26	0.60		16 Hrs	475
SA-721A	180	0.29		41 Hrs	1,216
SA-721B	180	0.29		11 Hrs	326
SA-721E	1,121	0.29		178 Hrs	5,279
SA-721F	1,121	0.29		147 Hrs	4,360
SA-722A	381	0.29		110 Hrs	3,263
SA-722E	<u>1,753</u>	0.29		<u>508 Hrs</u>	<u>15,067</u>
Total	21,775		12,442 Hrs	\$369,030	

The three year total for burden hours is 100,247 for an annual average of 33,416 hours. The three year total for cost is \$2,973,327 for an annual average of \$991,109..

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 ARTS in fiscal year 2011 is expected to be \$1,905,673, all borne by the Census Bureau.

15. Reason for Change in Burden

The burden hour estimate is 21,571 hours more than the previously approved ARTS. This increase is due to three factors: (1) asking for two year of data for the 2011 ARTS, (2) incorporating the detailed operating expense questions for the 2012 ARTS, and (3) mailing to a larger group of companies due to being the first year of the sample

(subsequent mail counts should decrease).

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- and six-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 Census Bureau approximately fifteen 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 3-digit NAICS codes for the businesses affected by this information collection:

NAICS	KIND OF BUSINESS
441	Motor Vehicle and Parts Dealers
442	Furniture and Home Furnishings Stores
443	Electronics and Appliance Stores
444	Building Material & Garden Equipment & Supplies
Dealers	
445	Food and Beverage Stores
446	Health and Personal Care Stores
447	Gasoline Stations
448	Clothing and Clothing Accessories Stores
451	Sporting Goods, Hobby, Book and Music Stores
452	General Merchandise Stores
453	Miscellaneous Store Retailers
454	Nonstore Retailers
721	Accommodation
722	Food Services and Drinking Places