

**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) covers employer firms with establishments located in the United States and classified in wholesale trade as defined by the North American Industry Classification System (NAICS). This sector comprises two main types of wholesalers: (1) merchant wholesalers that sell goods on their own account (including sales offices and sales branches, except retail stores, maintained by manufacturing, refining, or mining enterprises apart from their plants or mines for the purpose of marketing their products) and (2) electronic markets, agents, and brokers that arrange sales for purchases for others generally for a commission or fee.

Respondents are separated into three classifications: (1) merchant wholesale establishments, excluding manufacturers' sales branches and offices; (2) manufacturers' sales branches and offices; and (3) agents, brokers, and business-to-business electronic markets. The survey requests firms to provide annual sales, annual e-commerce sales, year-end inventories held inside or outside of the United States, method of inventory valuation, total operating expenses, purchases, and, for selected industries, commissions, and sales on their own account. 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 Wholesale Trade Survey [OMB No. 0607-0190]. Results will be available, at the United States summary level, for selected wholesale trade, and/or manufacturer's sales branches and offices and agents, brokers, representatives and electronic markets, industries approximately fifteen months after the end of the reference year.

Every 5 years, AWTS requests data on detailed operating expenses. During the next three years, detailed operating expenses will not be collected. The last time AWTS collected detailed operating expenses was in 2013 for the 2012 survey year. The plan is to reinstate these questions in 2018 as part of the 2017 AWTS data collection. Estimates are published based on 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 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, which are collected on this survey quinquennially, 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**

In an effort to migrate our economic program toward online reporting and reduce paper usage, the Annual Wholesale Trade Survey will require respondents to return their data via the Census Bureau's online reporting system (Centurion). The Centurion 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 multiple sessions.

For the first time during the 2013 processing year, our initial mailing contained a letter and flyer that provided instructions on how to report data and receive help online, and did not include a paper questionnaire although respondents were able to print a paper questionnaire from our Business Help Site. Beginning in 2014, respondents will no

longer have the option of printing and returning paper form. In place of the form, respondents will be able to print a questionnaire worksheet to assist them in preparing to report electronically. While we are attempting to reduce paper use, increase response rates and simplify reporting by requiring Internet response, the options for respondents to continue providing data by phone or prepared and returned on a company's own form are still accepted. We will monitor the overall response and have the option of including paper forms in follow-up mailings, if needed.

Method Respondents Used to File Report(s)

	<b>Interne</b>	<b>Mail</b>	<b>Fax</b>	<b>Other<sup>1</sup></b>
<b>2013<sup>2</sup></b>	94.4%	4.4%	0.2%	0.9%
<b>2012</b>	67.3%	29.8%	1.2%	0.7%
<b>2011</b>	60.4%	34.4%	0.7%	4.2%

<sup>1</sup> Via phone or analyst contact.

<sup>2</sup> As of 6/19/14

The effect of the letter-only mailing for the 2013 data, whose collection is still in progress, can be seen in the table above. Over 94% of responses so far for the 2013 data year have been received via Centurion, compared to 67.3% in 2012 and 60.4% in 2011 while responses by mail have dropped to 4.4% in 2013 compared to 29.8% in 2012.

Instructions on the initial and follow-up mailings direct respondents to go online to the Census Bureau's Business Help Site (BHS) at [econhelp.census.gov/awts](http://econhelp.census.gov/awts). In addition to providing a link to log into Centurion, the BHS has also been enhanced with new features that allow respondents to check their filing status or request an extension.

A telephone follow-up is scheduled for non-respondents. This, as well as nightly loading of electronic responses, 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 Wholesale Trade Survey [OMB No. 0607-0190]. The monthly survey is voluntary and requests sales 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 and end-of-month inventories estimates. The annual program is also intended to provide estimates on wholesale trade in the intervening years between the Economic Census years.

5. **Minimizing Burden**

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 approximately 2.8% of the universe.

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

Less frequent data collection of the annual estimates would result in less accurate monthly sales and end-of-month 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 May 29, 2014 located in Vol. 79, No. 103 on pages 30806 and 30807. We received no comments in response to the notice. We did, however receive a letter of support from the Bureau of Economic Analysis (see attached). We thank the BEA for their continued support of this collection.

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 we

collect may be seen only by persons sworn to uphold the confidentiality of Census Bureau information and may be used for statistical purposes only (refer to respondent worksheets found in Attachment 2). Additionally, all reports are immune from legal process. This assurance of confidentiality is conveyed to the respondent via the respondent worksheets (Attachment 2) and letters (Attachment 3), as well as a statement placed in the bottom left corner of each electronic instrument screen. The letters also inform the respondent that this survey is required by law.

In addition, all respondents' Federal Tax Information (FTI) is protected under the authority of an Act of Congress, Title 26, and United States Code (U.S.C.). Specifically, 26 U.S.C. section 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. Section 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 AWTS 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 be consistent for the 2014, 2015, and 2016 survey years. The estimated respondent burden will 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 7,210 number of respondents. The estimated time to complete each form varies and translates into an estimated annual burden of 3,663 hours. The estimated total annual cost to respondents is approximately \$114,609 based on the estimated response burden of 3,663 hours at approximately \$31.29 per hour (according to the median hourly salary for accountants and auditors; Occupational Employment Statistics - Bureau of Labor Statistics May 2013 National Occupational Employment and Wage Estimates; \$31.29 represents the median hourly wage of the full-time wage salary earnings of accountants and auditors SOC code 13-2011).

<http://stats.bls.gov/oes/2013/may/oes132011.htm>



<u>2014 Forms</u>	<u>Mail</u>	<u>Hours</u>	<u>Burden</u>	<u>Cost</u>
SA-42	4,552	0.50	2,276 Hrs.	\$ 71,216
SA-42A	1,325	0.55	729 Hrs.	22,803
SA-42(MSBO)	296	0.50	148 Hrs.	4,631
SA-42A (MSBO)	635	0.55	349 Hrs.	10,928
SA-42(AGBR)	366	0.40	146 Hrs.	4,581
SA-42A (AGBR)	<u>36</u>	0.40	<u>14 Hrs.</u>	<u>451</u>
Total	7,210		3,663 Hrs.	\$114,609

The total burden hours for 2014 are 3,663 with a total cost of \$114,609. These estimates are a slight refinement from those presented in the Federal Register Notice published on May 29, 2014. Survey years 2015 and 2016 will be similar.

**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 2014 is expected to be \$ 1.2 million all borne by the Census Bureau. Costs for fiscal years 2015 and 2016 will be the same.

**15. Reason for Change in Burden**

The burden hour estimate is 6,779 hours less than the average of the three years for the previously approved AWTS. This decrease is due to three factors: (1) we were asking for two years of data for the 2011 AWTS, (2) we incorporated the detailed operating expense questions for the 2012 AWTS, and (3) the peak period for number of respondents is at the beginning of the new sample. The number of respondents will drop each year due to companies that are deemed out-of-scope or out-of-business. The current sample was selected for the 2011 AWTS.

**16. Project Schedule**

Initial letters are mailed to respondents approximately six after the reference year has ended. The initial mail-out begins the second week in February. At least 30 business days are provided for companies to complete the survey online, with the initial due date being April 30<sup>th</sup>. 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. The Census Bureau publishes estimates annually approximately 15 months after the end of the reference year.

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

We wish to continue to display the expiration date within the online collection system (Centurion).

**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
4251	Wholesale Electronic Markets and Agents and Brokers