

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, sales tax, 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 and e-commerce sales by merchandise line.

The data collected in the annual retail survey provide a current statistical picture of the retail and food services and accommodations portions of consumer activity. 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.

Every 5 years, ARTS requests data on detailed operating expenses. During the next three years, detailed operating expenses will not be collected. The last time ARTS 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 ARTS data collection. Estimates are published based on the North American Industry Classification System (NAICS), which has been widely adopted throughout both the public and private sectors.

This request is for the clearance of fourteen report forms, the SA-44, SA-44A, SA-44C, SA-44E, SA-44N, SA-44S, SA-45, SA-45C, SA-721A, SA-721B, SA-721E, SA-721F, SA-722A and SA-722E. These fourteen forms enable us to collect information on a NAICS basis and to request similar data items. Varieties of forms are needed to address the size of the firm, kind-of-business, or data items requested.

The Census Bureau conducts this mandatory survey under the authority of an Act of Congress, Title 13, United States Code, Section 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, are collected on this survey quinquennially and 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. The Federal Reserve Board uses the accounts receivables balances to measure consumer credit. 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

During the 2012 survey year, mailed in 2013, the Annual Retail Trade Survey launched an online services module to assist respondents online. This feature allows respondents to log in, through the Census Bureau's Business Help Site, and print forms, request time extensions, check their filing status, or update their mailing address. The help site also contains contact information for any additional assistance the respondent may need.

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
2012	53.7%	43.8%	1.6%	0.9%
2011*	46.5%	51.8%	0.9%	0.7%
2010	46.8%	43.4%	8.8%	1.0%

¹Via phone or analyst contact.

*2011 marks the beginning of a new sample

A fax machine connected to an “800” telephone line also gives respondents the capability to fax data to our collection facility in Jeffersonville, Indiana, on a 24-hour basis.

In an effort to move the ARTS towards a paperless collection strategy, we undertook a “push” initiative beginning with the 2013 survey year (mailed in February 2014). This strategy aims to eliminate paper forms in the initial and follow-up mailings, and attempts to encourage respondents to report online. Even though this strategy attempts to get more respondents to report online, if response rates fall below a determined threshold, based on historical trends, then forms will be included in the next scheduled mailing for all cases.

	Internet	Mail	Fax	Other¹
2013	89.7%	9.3%	0.5%	0.5%

¹Via phone or analyst contact.

*Percentage estimates as of July 1, 2014.

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]. 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.

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 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%.

In addition, 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 data 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 May 29, 2014 located in Vol.79, No. 103, on page 30807.

We received no comments in response to the pre-submission notice. We did however receive a letter of support (Attachment 1) from the Bureau of Economic Analysis. We thank the BEA for their continued support for this collection. The BEA is the Census Bureau's main source of consultation on the ARTS, 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 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 respondents' Federal Tax Information (FTI) is protected under the authority of an Act of Congress, Title 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 Internal Revenue Service 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 firm's records. All data are kept strictly confidential in accordance with Title 13, U.S.C. Section 9 and Title 26, Section 6103 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 20,557 number of respondents. The estimated burden is approximately 11,426 hours, computed based on an average of approximately 34 minutes per response. The average time per response is calculated by dividing the total burden hours by the total number of respondents per form \(see table below\). The estimated total annual cost to respondents is approximately \\$357,529 based on the average response](#)

[burden of 11,426 hours at approximately \\$31.29 per hour \(according to the median hourly salary for accountants and auditors; Occupational Employment Statistics - Bureau of Labor Statistics May 2013 National Occupational Employment and Wage Estimates; \\$31.29 represents the national median hourly wage of the full-time wage and salary of accountants and auditors SOC code 13-2011\).](http://stats.bls.gov/oes/2013/may/oes132011.htm)
<http://stats.bls.gov/oes/2013/may/oes132011.htm>

2014 Electronic Forms	Mail	Mi nutes	Burden (Hrs.)	Cost
SA-44	7019	40	4679	\$146,416
SA-44A	6253	32	3335	\$104,352
SA-44C	1991	40	1327	\$41,522
SA-44E	458	43	328	\$10,263
SA-44N	541	41	370	\$11,577
SA-44S	413	41	282	\$8,824
SA-45	2	36	1	\$31
SA-45C	17	36	10	\$313
SA-721A	224	17	63	\$1,971
SA-721B	101	17	29	\$907
SA-721E	732	17	207	\$6,477
SA-721F	641	17	182	\$5,695
SA-722A	403	17	114	\$3,567
SA-722E	1762	17	499	\$15,614
	20,557		11,426	\$357,529

The total burden hours for 2014 are 11,426 with a total cost of \$357,529. Surveys 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 ARTS in fiscal year 2014 is expected to be \$2.8 million all borne by the Census Bureau. The total cost per year is expected to remain the same for the remainder of this authorized collection.

15. Reason for Change in Burden

The burden hour estimate is 5,143 hours less than the average of the three years for the previously approved ARTS. This decrease is due to three factors: (1) we were asking for two years of data for the 2011 ARTS, (2) we incorporated the detailed operating expense questions for the 2012 ARTS, 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.

16. Project Schedule

Report forms are mailed to respondents approximately a month 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. The Census Bureau publishes estimates annually 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 Appliances Stores
444	Building Material & Garden Equipment 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	Accommodations
722	Food Services and Drinking Places