

Department Of Commerce
U.S. Census Bureau
OMB Information Collection Request
Monthly Wholesale Trade Survey
OMB Control Number 0607-0190

PART A. JUSTIFICATION

1. Necessity of Information Collection

The Monthly Wholesale Trade Survey (MWTS) canvasses firms primarily engaged in merchant wholesale trade that are located in the United States, excluding manufacturers' sales branches and offices (MSBOs). This survey provides the only continuous measure of monthly wholesale sales, end-of-month inventories, and inventories-to-sales ratios. The sales and inventories 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.

Estimates from the MWTS are released in three different reports each month. High level aggregate estimates for end-of-month inventories are first released as part of the Advance Economic Indicators Report. Second, the full Monthly Wholesale Trade Report containing both sales and inventories estimates is released. Lastly, high level sales and inventories estimates from the MWTS are also released as part of the Manufacturing and Trade Inventories and Sales (MTIS) report. The Advance Economic Indicators Report is a new report first released on July 28, 2016, and will be released monthly on an ongoing basis.

As one of the U.S. Census Bureau's 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 typically take title to goods bought for resale and sell to 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' (BEA) calculation of the investment portion of the Gross Domestic Product

(GDP).

The U.S. Census Bureau publishes wholesale sales and inventories 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, Sections 131 and 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-to-sales ratios for merchant wholesalers, excluding MSBOs.

The BEA is the primary Federal user of data collected in the MWTS. The BEA uses estimates from this survey to prepare the national income and product accounts (NIPA), input-output accounts (I-O), and gross domestic product (GDP) by industry. End-of-month inventories are used to prepare the change in private inventories component of GDP. The BEA also uses the Advance Economic Indicators Report to improve the inventory valuation adjustments applied to estimates of the Advance Gross Domestic Product. Sales are used to prepare estimates of real inventories-to-sales ratios in the NIPAs, extrapolate proprietors' income for wholesalers (until tax return data become available) in the NIPAs, and extrapolate annual current-dollar gross output for the most recent year in annual I-O tables, GDP-by-industry, and advance GDP-by-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 wholesale sales and inventories 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

Respondents are initially contacted by mailing them the selection letter (Attachment 1)

and the appropriate MWTS form. Companies with multiple Employer Identification Numbers (EINs) will receive form SM4217-A (Attachment 2). Companies reporting for a single EIN will receive form SM4217-E (Attachment 3). Respondents have an option of reporting their data online, returning the paper form by fax or mail, or giving data by telephone. After initial contact, respondents have a choice to receive future correspondence by mailed form, faxed notice (Attachment 4), or both. The faxed notice informs the respondent that the Census Bureau's online system "Centurion" is open for reporting for the specified reference month.

The use of the Centurion online reporting system provides respondents with a convenient reporting method and reduces respondent burden. This method of data collection also reduces the amount of data that has to be keyed; therefore, reducing data capture costs. Centurion also allows respondents to print copies of their completed form(s) for their records. No additional software is needed by the respondent. In addition, all data submitted through Centurion are encrypted. Over the last six months, an average of 82% of the total response came from online reporting. The Centurion login page is shown in Attachment 5.

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. Over the last six months, an average of 3% of the total response came from facsimile.

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. Over the last six months, an average of 9% of the total response came from telephone and 6% via mail.

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 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 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 inventories data are collected from wholesale firms of all sizes. The effective sampling rate for the smallest businesses is 1 in 500. The selection of a new sample every five to seven 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 April 2013.

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 interactive edits of response data to conduct follow-up and delinquent interviews, thus reducing the number of calls backs to respondents.

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.

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

The monthly sales and inventories estimates from the MWTS are the only source of monthly wholesale sales and inventories data and are used extensively by government and private economists to evaluate current economic conditions. These estimates are important economic indicators and provide timely input for computation of the National Income and Product Accounts. 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 January 31, 2017 located in Vol. 82, No. 19, on page 8823.

One comment was received from BEA expressing support for the MWTS (Attachment 6). The BEA is the Census Bureau's main source of consultation on the MWTS and

regularly scheduled 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

All reports are strictly confidential and are immune from legal process. The respondents are notified with the following confidentiality and OMB number statements:

“Title 13 United States Code (U.S.C.), Section 131 and 182 authorizes the Census Bureau to conduct this collection and to request your voluntary assistance. The U.S. Census Bureau is required by Section 9 of the same law to keep your information confidential and can use your responses only to produce statistics. The Census Bureau is not permitted to publicly release your responses in a way that could identify your business, organization, or institution. Per the Federal Cybersecurity Enhancement Act of 2015, your data are protected from cybersecurity risks through screening of the systems that transmit your data.”

“This collection has been approved by the Office of Management and Budget (OMB). The eight-digit OMB approval number is 0607-0190 and appears at the upper right of this screen. Without this approval, we could not conduct this survey.”

11. Justification for Sensitive Questions

The MWTS does not contain questions of a sensitive nature. The survey requests 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 4,200 businesses selected to report in the MWTS and the total number of businesses will approximately stay the same for the next sample in April 2018. This number is comprised of about 1,200 large firms and 3,000 small and medium-sized firms. According to information provided by a sample of respondents, the estimated time to complete the questionnaire is approximately 7 minutes. The Monthly Wholesale Trade Burden Statement is shown in Attachment 7. This translates into an estimated annual burden of 5,880 hours.

<u>Sample Size</u>	<u>Annual Responses</u>	<u>Total Responses</u>	<u>Hours</u>	<u>Total Burden Hours</u>
4,200	12	50,400	.11666	5,880

The estimated annual cost to respondents is approximately \$189,924, which is based on the response burden of 5,880 hours at approximately \$32.30 per hour (median hourly salary for accountants and auditors; Occupational Employment Statistics - Bureau of Labor Statistics May 2015 National Occupational Employment and Wage Estimates; \$32.30 represents the median hourly wage of the full-time wage and salary earnings of accountants and auditors SOC code 13-2011).
<https://stats.bls.gov/oes/current/oes132011.htm>

13. Estimate of Cost Burden

The information requested is of the type and scope normally maintained 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 is expected to be relatively fixed over the upcoming three years at approximately \$1.5 million per year, all borne by the Census Bureau. This estimate includes the cost for such things as data collection, processing, review of tabulated data, publication, equipment, overhead, printing, support staff, etc.

15. Reason for Change in Burden

There was no change in burden.

16. Project Schedule

Report forms are mailed to respondents at the end of each month and request data for the month just ending. Businesses are asked to return the form or report online by the 6th working day of the month. Data are analyzed and tabulated at the two-, three-, four-, and one selected five-digit NAICS level.

High level inventory estimates are released in the Advance Economic Indicator Report

approximately 27 business days after the close of the reference month. The full Monthly Wholesale Trade Report containing both sales and inventories estimates is released approximately 40 days after the close of the reference month. Lastly, high level estimates for sales inventories data are released in the Manufacturing and Trade Inventories and Sales Report approximately 43 days after the reference 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

