SUPPORTING STATEMENT B
U.S. Department of Commerce
U.S. Census Bureau
Manufacturers' Shipments, Inventories, and Orders Survey
OMB Control No. 0607-0008

B. Collections of Information Employing Statistical Methods

1. Describe (including a numerical estimate) the potential respondent universe and any sampling or other respondent selection method to be used. Data on the number of entities (e.g., establishments, State and local government units, households, or persons) in the universe covered by the collection and in the corresponding sample are to be provided in tabular form for the universe as a whole and for each of the strata in the proposed sample. Indicate expected response rates for the collection as a whole. If the collection had been conducted previously, include the actual response rate achieved during the last collection.

The universe for the M3 survey includes all manufacturing companies in the most recent Economic Census and companies or units of companies supplemented through M3 analyst research. There were roughly 250,000 companies in the 2022 Economic Census - Manufacturing, representing approximately 299,000 establishments. The target sample for the M3 survey includes all companies with at least $500 million in annual manufacturing shipments and a supplemental panel of all other manufacturing companies. In addition, the M3 staff stays apprised of recent company merger and acquisition activity, as well as company births and deaths, and they adjust the survey panel accordingly. There were approximately 1,700 manufacturing companies exceeding $500 million in manufacturing shipments in the 2022 Economic Census. Of these large manufacturing companies, about 33 percent currently report shipments data in the M3 survey, and this increases to about 56 percent when also including companies for which shipments data are imputed. To improve the coverage of the M3 survey panel, the M3 staff continue to research the large manufacturing companies for which shipments data are currently neither reported nor imputed in the M3 survey. Because of the voluntary nature of the survey and the fact that many companies have a policy of not responding to voluntary surveys, some in-scope companies are not included in our panel. The actual panel consists of approximately 3,000 companies.

For this survey panel, we request large, diversified companies submit separate reports monthly for each division or "natural business unit" with significant manufacturing activity, for which they maintain monthly data for their own financial and managerial purposes. These reports generally correspond to the statistical industry categories for which we prepare estimates in the survey. However, because the divisional structure of some companies does not align closely with our industry categories, we request additional allocations of data for industries with significant manufacturing activity. For example, a company may compile financial records for one business unit, which corresponds to a combination of two or more of our industry categories. In this situation, we ask the company to allocate the data from their single-business unit to our multiple industry categories. Because some companies have more than

one business unit, we request data for approximately 5,000 reporting units that represent roughly 3,000 unique companies. For homogeneous companies that consist of a single business unit, the company is the reporting unit. As of July 2026, the companies for which shipments data are reported in the M3 survey represented approximately 41 percent of the total value of shipments from the 2022 Economic Census. The companies for which shipments data are either reported or imputed in the M3 survey represented approximately 60 percent of the total value of shipments from the 2022 Economic Census.

Since the survey is conducted on a voluntary basis, continuous effort is necessary to maintain a representative reporting panel. Survey contacts at all large companies who agree to report in the survey, but have not reported for the current month, are called to ensure inclusion of their data. If we fail to receive reports from any smaller companies in two consecutive months, we also call to request data.

2. Describe the procedures for the collection of information including:

- **Statistical methodology for stratification and sample selection,**
- **Estimation procedure,**
- **Degree of accuracy needed for the purpose described in the justification,**
- **Unusual problems requiring specialized sampling procedures, and**
- **Any use of periodic (less frequent than annual) data collection cycles to reduce burden.**

The panel for this survey consists of nearly all manufacturing companies with annual shipments of $500 million or more and a small sample of companies with $50 to $499 million annual shipments that are willing to report on a voluntary basis. We review and supplement the large company stratum regularly with companies that are willing to report in the survey. The sample of smaller companies was introduced in 1978 and supplemented in 1993 for industries where smaller companies carry a greater influence on the data. A comprehensive review of the M3 panel was started in 2025 to improve the quality of the estimates.

We impute for companies that do not respond to the survey by applying the average percentage change for the industry to their prior period data. However, if a company demonstrates historically unique monthly patterns in their data, we impute by using the trends of their previous data.

We develop the monthly estimates in the survey from beginning historical points for shipments, unfilled orders, and inventories, which are linked forward by monthly ratios of change of comparable sets of reporting companies. The new orders data are derived from the shipments and from the month-to-month difference in unfilled orders estimates. Before 2026, we benchmarked the monthly shipments and inventories data to the Annual Survey of Manufactures (ASM), and the manufacturing sector of the Economic Census, as those data become available. We also benchmarked the monthly unfilled orders data using adjusted

estimates from the Annual Manufacturers' Unfilled Orders Survey (M3UFO). The results of the most recent benchmark were released in May 2025.

In 2023, the Annual Integrated Economic Survey (AIES) replaced and integrated ASM and M3UFO surveys. This will be the source of the annual estimates to be used in benchmarking going forward.

The benchmarking procedure is designed to minimize the revision to the month-to-month percent change. The 12-month average revisions for all manufacturing industries seasonally adjusted data are 0.1% for shipments, 0.2% for new orders, 0.1% for unfilled orders, and 0% for inventories, as published with the June 2026 Full Report on August 4, 2026. Revisions to the monthly estimates are relatively small and rarely result in changes to the monthly trends. The M3 survey estimates are not based on a probability sample, so the sampling error of these estimates cannot be measured, nor can the confidence intervals be computed.

3. **Describe methods to maximize response rates and to deal with issues of non-response. The accuracy and reliability of information collected must be shown to be adequate for intended uses. For collections based on sampling, a special justification must be provided for any collection that will not yield "reliable" data that can be generalized to the universe studied.**

As an ongoing portion of our analysts' work, all analysts contact delinquent companies by telephone or e-mail to encourage response. To maintain and enhance current response levels, staff research more than 500 non-responding units per year.

Despite these efforts, the survey faces several challenges in attracting and retaining respondents. The voluntary nature of the survey continues to be a problem as more companies are refusing to report on voluntary surveys, like the M3 survey. The high number of mergers and acquisitions over the past three years has also been a problem, as currently reporting companies have been absorbed by companies that have chosen not to respond.

The M3 survey contacts have the option to receive an e-mail reminder when reporting periods open online or they receive a mailed form. The M3 survey mails a letter at the end of the business calendar month to respondents as a reminder, while the e-mails are sent out six business days later. Responses can be provided via telephone, email or internet.

M3 survey analysts and the National Processing Center in Jeffersonville, Indiana conduct telephone follow-up for all companies that have not responded by the 10th business day of the month. In addition, a second e-mail with past due notice is sent out to respondents who did not submit the form. Telephone follow-up is also conducted if companies do not completely fill out the form or if they have reported questionable data that may be unacceptable for any of the estimates. Companies that refuse to respond to the survey are called to convey the importance of their participation.

We believe we will have more success obtaining new reporters than we have had in the past as we continue to provide multiple reporting methods and we can demonstrate the ease of reporting using simplified data collection instruments. Currently, all new company additions to the survey are encouraged to report via the Centurion internet-based collection instrument. See the discussion under Supporting Statement A - Section 3 - Use of Information Technology, for more information on these reporting methods.

4. **Describe any tests of procedures or methods to be undertaken. Testing is encouraged as an effective means of refining collections of information to minimize burden and improve utility. Tests must be approved if they call for answers to identical questions from 10 or more respondents. A proposed test or set of tests may be submitted for approval separately or in combination with the main collection of information.**

   The results of the methods for developing shipments, inventories, and unfilled orders data are regularly verifiable when benchmark data become available from the Economic Census, and the Annual Integrated Economic Survey (AIES).

   We completed an evaluation of the M3 survey as required by Statistical Policy Directive No. 3 on Compilation, Release, and Evaluation of Principal Federal Economic Indicators. This evaluation was submitted to the OMB in December 2023. The next evaluation will be submitted to OMB in December 2026.

5. **Provide the name and telephone number of individuals consulted on statistical aspects of the design and the name of the agency unit, contractor(s), grantee(s), or other person(s) who will actually collect and/or analyze the information for the agency.**

Persons responsible for statistical methodology:

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Person responsible for data collection:

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Attachments:

1. Monthly Letter
2. Comments Received in Response to 60-day Notice
3. Burden Statement on the Internet Instrument
4. Internet Instrument (Centurion) Screenshots
5. Form M-3(SD)
6. Sample Advance Report
7. Sample Advance Total manufacturing
8. Sample Full Report