

**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) business to business 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 first classification is asked to provide sales, e-commerce, inventories, method of inventory valuation, inventories held outside the United States, purchases, and operating expenses. The second classification is asked to provide sales, e-commerce, inventories, method of inventory valuation, inventories held outside the United States, and operating expenses. The third classification is asked to provide commissions, sales on their own account, and operating expenses. 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 made available, at the United States summary level, for selected wholesale industries approximately fourteen months after the end of the reference year.

For the 2011 AWTS 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 AWTS 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 AWTS under OMB No. 0607-0942. While the wholesale portion of that program will be collapsed into the AWTS, we will continue to ask only the additional detailed expense questions every 5 years. These detailed expense questions are only applicable to the merchant wholesale establishments, excluding manufacturers' = sales branches and offices. Additionally, the 2012 AWTS will collect data on sales taxes, which is done once 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, 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**

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 the preferred method of filing reports by respondents.

### Method Respondents Used to File Report(s)

|             | <b>Internet</b> | <b>Mail</b> | <b>Fax</b> | <b>Other<sup>1</sup></b> |
|-------------|-----------------|-------------|------------|--------------------------|
| <b>2009</b> | 46.4%           | 42.1%       | 8.4%       | 3.1%                     |
| <b>2008</b> | 31.5%           | 47.6%       | 14.9%      | 5.9%                     |
| <b>2007</b> | 26.0%           | 54.4%       | 10.8%      | 8.8%                     |

<sup>1</sup>Via 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 Wholesale Trade Survey [OMB No. 0607-0190] and in the quinquennial Economic Census. 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.

Payroll data will be collected as part of the detailed operating expense portion of the 2012 AWTS, 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 AWTS are also being redesigned. The

look and feel, as well as question wording, has 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 April 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 July 2011.

Additionally, the Census Bureau will be introducing a new sample with the 2011 AWTS. 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 AWTS and subsequent years will request one year of data until a new sample is once again introduced.

Finally, the Census Bureau also 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 March 22, 2011 located in Vol.76, No. 55, on pages 15939 and 15940.

One comment was received from the BEA expressing support for the AWTS (Attachment 1). The BEA is the Census Bureau's main source of consultation on the AWTS, 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 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 firm's= 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 drastically for 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 5 years). These detailed expense questions were previously submitted and approved separately under OMB No. 0607-0942. The program 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

expense questions.

Another caveat about the estimated respondent burden is that the hour burden will also change based on the quarterly birth/death process (see ASample 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 8,176 number of respondents. The estimated time to complete each form varies and translates into an estimated annual burden of 10,442 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 \$309,721 based on the average response burden of 10,442 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 median hourly wage of the full-time wage salary earnings of accountants and auditors SOC code 13-2011).

<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-42             | 4,914       | 0.67         | 3,292 Hrs     | \$ 97,641    |
| SA-42A            | 1,574       | 0.73         | 1,149 Hrs     | 34,079       |
| SA-42(MSBO)       | 402         | 0.67         | 269 Hrs       | 7,979        |
| SA-42A(MSBO)      | 680         | 0.73         | 496 Hrs       | 14,711       |
| SA-42(AGBR)       | 434         | 0.53         | 230 Hrs       | 6,822        |
| SA-42A(AGBR)      | <u>172</u>  | 0.53         | <u>91 Hrs</u> | <u>2,699</u> |
| Total             | 8,176       |              | 5,527 Hrs     | \$163,931    |

| <u>2012 Forms</u> | <u>Mail</u> | <u>Hours</u> | <u>Burden</u> | <u>Cost</u>  |
|-------------------|-------------|--------------|---------------|--------------|
| SA-42             | 4,914       | 3.20         | 15,725 Hrs    | \$466,404    |
| SA-42A            | 1,574       | 3.25         | 5,116 Hrs     | 151,741      |
| SA-42(MSBO)       | 402         | 0.50         | 201 Hrs       | 5,962        |
| SA-42A(MSBO)      | 680         | 0.55         | 374 Hrs       | 11,093       |
| SA-42(AGBR)       | 434         | 0.40         | 174 Hrs       | 5,161        |
| SA-42A(AGBR)      | <u>172</u>  | 0.40         | <u>69 Hrs</u> | <u>2,047</u> |
| Total             | 8,176       |              | 21,659 Hrs    | \$642,408    |

| <u>2013 Forms</u> | <u>Mail</u> | <u>Hours</u> | <u>Burden</u> | <u>Cost</u>  |
|-------------------|-------------|--------------|---------------|--------------|
| SA-42             | 4,914       | 0.50         | 2,457 Hrs     | \$ 72,875    |
| SA-42A            | 1,574       | 0.55         | 866 Hrs       | 25,686       |
| SA-42(MSBO)       | 402         | 0.50         | 201 Hrs       | 5,962        |
| SA-42A(MSBO)      | 680         | 0.55         | 374 Hrs       | 11,093       |
| SA-42(AGBR)       | 434         | 0.40         | 174 Hrs       | 5,161        |
| SA-42A(AGBR)      | <u>172</u>  | 0.40         | <u>69 Hrs</u> | <u>2,047</u> |
| Total             | 8,176       |              | 4,141 Hrs     | \$122,824    |

The three year total for burden hours is 31,327 for an annual average of 10,442 hours. The three year total for cost is \$929,163 for an annual average of \$309,721.

**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 2011 is expected to be \$1,447,346, all borne by the Census Bureau.

**15. Reason for Change in Burden**

The burden hour estimate is 6,631 hours more than the previously approved AWTS. This increase is due to three factors: (1) asking for two years of data for the 2011 AWTS, (2) incorporating the detailed operating expense questions for the 2012 AWTS, and (3) mailing to a larger group of companies due to being on the first year of a new 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-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 14 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 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       |