

**Supporting Statement for a Paperwork Reduction Act
Submission to OMB
FTC Focus Group Interviews and Survey of Victims of
Identity Theft Who Contacted Consumer Reporting Agencies
(Control No. 3084-NEW)**

PART A - JUSTIFICATION FOR COLLECTION OF INFORMATION

(1) Necessity for Collecting the Information

The Fair Credit Reporting Act (“FCRA”), as amended by the Fair and Accurate Credit Transactions Act (“FACT Act”), provides identity theft victims with certain rights, such as the ability to place fraud alerts on their credit files, designed to assist them in avoiding or mitigating the harms they suffer as a result of the crime. The Federal Trade Commission (“FTC” or “Commission”) intends to conduct consumer survey research of experiences of identity theft victims who interact with consumer reporting agencies (“CRAs”) and who seek to avail themselves of their FCRA remedies. Such consumer research is necessary to examine the experiences and satisfaction of victims of identity theft who exercise their FCRA rights; to assess consumers’ understanding of such rights; to improve the FTC’s consumer education programs; and to identify issues for further study and investigation.

(2) Use of the Information

The consumer research will inform and guide the FTC’s future enforcement and education efforts with respect to FCRA rights for victims of identity theft. For example, if the information reveals that a substantial number of victims of identity theft are unaware of their right to a free report or to a fraud alert, staff may have to modify its consumer education efforts and materials to improve consumer awareness of such rights. The information may also reveal issues that require further investigation. For example, if victims of identity theft report that inaccurate information is not permanently removed from their consumer reports, further investigation by staff may be necessary to determine the reasons for such information not being removed. The proposed survey will not be nationally or statistically representative. The information collected will instead be used to improve the FTC’s FCRA-related education and enforcement programs.

(3) Consideration of the Use of Information Technology to Reduce Burden

Although use of electronic media to conduct the surveys is theoretically possible, it would be unfeasible. Use of focus groups will allow for more qualitative questions and answers that would not likely result from the use of electronic media. In addition, many households surveyed may lack a computer or the ability to use electronic media. The proposed mail surveys will be very brief and additional time saved responding through electronic media would be minimal, if any. Thus, use of electronic methods pursuant to the Government Paperwork Elimination Act, codified at 44 U.S.C. § 3504 note, would be impractical.

(4) Effort to Identify Duplication

There is no current information available elsewhere that can be used to explore and compare consumers' experiences with CRAs after an incident of identity theft. Efforts to identify duplicate sources of information included a review of studies, data, hearing transcripts, news articles, and information found through contacts with consumer groups, governmental agencies, and academic researchers.

(5) **Efforts to Minimize Burden on Small Organizations**

Not applicable. Only individual consumers are being questioned.

(6) **Consequences of Conducting the Collection Less Frequently**

This is a onetime collection of information. If this information is not collected, the Commission will lack information to address important issues and to more effectively target future law enforcement and consumer education actions. The survey scope and burden has been reduced as much as possible short of sacrificing the value of the information to be collected.

(7) **Circumstances Requiring Collection Inconsistent With Guidelines**

The collection of information in the proposed survey is consistent with all applicable guidelines contained in 5 C.F.R. § 1320.5(d)(2).

(8) **Consultation with Outside the Agency**

a. **Public Comments**

As required by section 3506(c)(2) of the Paperwork Reduction Act ("PRA"), 44 U.S.C. §§ 3501-3521, the FTC published a notice seeking public comment on the proposed collections of information. See 73 Fed. Reg. 37,457 (July 1, 2008). The Commission received a total of six comments, five from consumers and one from the Consumer Data Industry Association ("CDIA"), a trade association that represents the interests of the nationwide CRAs.¹

Three of the consumer comments reflected their experiences as victims of identity theft and two of the consumer comments contained general statements regarding CRAs.

CDIA's comments acknowledged that surveying consumers is helpful, but raised concerns regarding the scope and methodology of the proposed research. Regarding the scope of the survey, CDIA stated that the FTC should also survey consumer experiences when exercising

¹ Pursuant to the OMB regulations (5 C.F.R. Part 1320) that implement the PRA, the FTC provided a second opportunity for public comment. See 73 Fed. Reg. 65,855 (November 5, 2008). The only comment received in response was CDIA's resubmission of its original comments.

other FACT Act rights and not limit the survey to rights associated with CRAs. To better address the purposes of this survey and to minimize the burden on consumers, however, the FTC will focus on those rights associated with CRAs. Although a broader scope may be desirable for further study or enforcement, the FTC believes that quality of responses will be improved by focusing on a related group of rights.

CDIA also raised concerns that the research relies too much on consumer recollections that may erode over time, and that the research will measure consumer perceptions versus actual experiences. Although consumer recollection may be imperfect, its use is a common and accepted practice in survey research. Moreover, the FTC is surveying consumers about their relatively recent experiences when exercising their FACT Act rights. Their recollections should be relatively fresh, and the FTC believes it is appropriate to rely on them in this consumer research.

CDIA further expressed concern that the FTC's reliance for its survey sample on consumers who have reported data to the FTC's ID theft clearinghouse will skew the results because those consumers will not be representative of the general population. Although the FTC acknowledges this concern, the FTC believes that reliance on consumers who have previously communicated with the agency is the only economically feasible means to generate a sample of identity theft victims and to gather information. The 2006 FTC Identity Theft Survey found that 3.7% of Americans had been victims of identity theft in the previous year. In order for a survey of the general population to reliably contact 4,000 identity theft victims,² over 100,000 consumers would have to be surveyed. The cost of such a large survey would be prohibitive. Sending the survey only to consumers who have reported data to the FTC's ID Theft Clearinghouse allows the FTC to reach the same number of identity theft victims for a fraction of the cost.

Further, because the FTC acknowledges that the survey will not be representative of the general population, it will not attempt to project its results beyond consumers who have reported to it. Instead, the Commission will use the survey to examine the kinds of problems, if any, that such consumers experience while exercising their FACT Act rights. As stated above, the information obtained from the focus groups and the survey will be used to identify areas where consumer education may be enhanced and where further investigation by staff may be appropriate to ensure consumers can avail themselves of their FCRA remedies.

b. Consultation Outside the Agency

The design of the survey incorporates comments from the FTC's survey consultant, Manoj Hastak, Ph.D., Associate Professor of Marketing at American University's Kogod College of Business Administration in Washington, DC.

² As discussed in the PRA burden analysis under item 12, staff anticipates mailing the survey to approximately 3,000 to 4,000 individuals.

(9) Payments and Gifts to Respondents

For participants who will travel to, and participate in, the three 90-minute focus group interviews, and the three two hour focus groups, a stipend of \$75 will be paid. No payments will be made to consumers receiving the survey by mail.

(10) & (11) Assurances of Confidentiality/Matters of a Sensitive Nature

Responses to the study questionnaire provided to the FTC will not include any information about the identity of individual respondents. In addition, the contractor will be required to have sufficient procedures in place to prevent unauthorized access to respondent information, such as storing personally identifying information on separate servers from questionnaire response data; using firewalls to secure its servers; and maintaining audit records of log-ins, file accesses and other security incidents. Finally, this data collection will not include sensitive questions.

(12) Estimated Annual Hours Burden

The FTC staff proposes to interview a total of 60 consumers,³ divided into six separate focus groups of 10 persons each. All 60 of these consumers will spend approximately 90 minutes participating in interviews that relate to their experiences with the CRAs. Thirty of these 60 consumers will also participate in a 30-minute pretest of the written survey. Thus, the interview and pretest for these 30 consumers will last approximately 120 minutes.⁴ The estimated total burden imposed by the focus groups will be approximately 105 hours.

The FTC's contractor will ask screener questions of approximately 600 respondents (200 per city) in order to obtain the FTC's target sample size of 60 individuals. The FTC staff estimates that it will take respondents two minutes to respond to all of the screener questions and one minute for respondents who indicate that they are not willing or able to participate in the focus groups. Staff further estimates that approximately one third of respondents (200) will respond to all of the questions in the screener, leaving two thirds of respondents (400) whom staff estimates will only answer the first question and indicate that they are not willing to participate in the interview. Thus, the estimated total burden related to the screener questions will be approximately 13 hours.⁵

Staff estimates that respondents to the mail survey will require, on average, approximately 8 minutes to answer the survey (based on anticipated variations among consumers

³ Staff originally proposed focus group interviews of only 30 consumers; however, the need for better pretesting of the survey, limiting costs, and the benefits of interviewing an additional 30 consumers led staff to conclude that the number of consumers should be increased to 60.

⁴ This estimate is based on the estimated 10 minutes it will take to complete the survey, including pretest questions, and 20 minutes to ask participants questions about the survey.

⁵ (200 x 2 minutes = 400 minutes) + (400 x 1 minute = 400 minutes) = 800 minutes or 13.3 hours.

when they interacted with CRAs). For the full survey, the staff intends to mail 3,000-4,000 surveys and anticipates receiving a response rate as high as 30% of the consumer recipients (i.e., 900 - 1,200 responses). Assuming 1,200 consumers respond to the survey, staff further estimates the final survey will require approximately 160 hours to complete (1,200 respondents x 8 minutes each). Thus, cumulative burden hours for the clearance would total 278 hours.

(13) Estimated Annual Cost Burden

The cost per respondent should be negligible. Participation is voluntary, and will not require any labor expenditures by respondents. There are no capital, start-up, operation, maintenance, or other similar costs to the respondents.

(14) Estimated Cost to the Federal Government

The total cost to the Federal government for the information collection will be approximately \$77,180. Of that total cost, staff estimates it will cost \$47,130 for a contractor to review the survey questionnaire, identify the consumers for focus groups, conduct the focus groups, and draft a report based on the focus group interviews. In addition, staff estimates the costs of staff time to conduct the competitive bidding, select a contractor for the focus group interviews, pretest the survey, print and mail the survey, analyze the data, and draft the report to be approximately \$30,050.⁶ The cost of Commission staff time is necessarily an estimate because several factors in this calculation may vary, including the number of staff involved and the actual amount of time required.

(15) Program Changes or Adjustments

Not applicable.

(16) Plans for Tabulation and Publication

The results of the surveys will be used to inform the FTC about the experiences of consumers who are victims of identity theft and who seek to exercise their rights under the FCRA when they interact with CRAs. An analysis of the information collected will be conducted by the FTC and summary of findings relating to consumer awareness of their FACTA Act rights, and their experiences when they seek to utilize such rights, will be released to the public to inform the consumer education and enforcement efforts of state and federal consumer protection agencies. The collection of the information will begin after the completion of the OMB review process.

⁶ This estimate is based on 450 hours of staff time (Attorneys: 20 hours per week x 6 weeks x 3 attorneys = 360 hours x \$70 per hr. = \$25,200; Economists: 20 hrs. per week x 3 weeks x 1 economist = 60 hrs x \$60 per hr. = \$3,600; Clerical staff: 5 hours per week x 6 weeks x 1 staff = 30 hrs. x \$25 per hr. = \$ 750. Postage is estimated to cost approximately \$500.

(17) Display of Expiration Date for OMB Approval

Not applicable.

(18) Exceptions to Certification

Not applicable.

PART B - COLLECTION OF INFORMATION METHODOLOGY

(1) Description of Sampling Methodology

Participants in the focus groups and in the survey will be randomly selected from among consumers who have communicated with the FTC's Identity Theft Data Clearinghouse between February 1, 2009 and July 15, 2009. Those included in the study will be limited to persons who have communicated directly with the FTC and those having U.S. addresses. Two separate samples will be selected: (1) 3,000 - 4,000 respondents for the general survey; and (2) assuming a 10% response rate, 600 respondents for the focus group interviews to obtain 60 participants (again, 30 of whom additionally will be asked to participate in the pretest).

(2) Description of the Information Collection Procedures

The FTC has hired a contractor to administer the focus group interviews in three locations. The FTC will send letters to consumers and inquire if the consumers are interested in participating in the focus group interviews. Within one to two weeks after such letters are sent to consumers the contractor will contact the consumers by phone to schedule the focus group interviews and the interviews will be conducted within four weeks after the initial letters are sent. The focus group interviews will be structured around the topics and questions in the final moderator's guide developed by the contractor. Interviews will be viewed by FTC staff and videotaped by the contractor. The contractor will initiate contact with consumers by phone to determine if consumers are receptive to participating in the focus group interviews.

In addition, following the focus group interviews, the FTC staff will pretest the survey through interviews with 30 consumers. After the pretesting, approximately 3,000-4,000 surveys will be mailed to those consumers who have previously communicated to the FTC and have contacted one or more of the nationwide CRAs. Consumers will be instructed to return the completed surveys in a self-addressed stamped envelope to the FTC. Approximately three weeks after the initial cover letter and survey are mailed, a follow-up letter will be sent to consumers who have not returned the survey, reminding them to complete the survey. The survey will seek information about: victims' experiences when they contacted one or more CRAs; whether victims received required notice of rights from the CRAs; whether victims received free credit reports; the ability of victims to place fraud alerts on their credit files and dispute inaccurate information; and whether victims were able to block information caused by identity theft. The information from the survey responses will be collected and analyzed by FTC staff.

(3) Methods to Maximize Response Rates/Reliability of Sample Data

As stated above, the contractor will initiate contact with the consumers in the sample selected for the focus groups to determine if consumers are receptive to participating in the focus group interviews. Regarding the surveys, FTC staff anticipates a 25-30% response rate given that consumers have previously communicated with the FTC. To increase the response rate for the surveys, FTC staff intends to send follow-up notices to remind the consumers to complete and return the surveys.

(4) Testing Procedures of Methods Undertaken

Before conducting the full mail survey, the survey instrument will be pretested by interviewing 30 identity theft victims. The survey will then be modified to correct any problems discovered through this procedure. See Part A. 12 above.

(5) Individuals Consulted on Statistical Aspect of the Focus Groups and Survey

The topics for the focus group interviews and the mail survey have been developed and reviewed internally by various FTC staff, including staff attorneys within the Division of Privacy and Identity Protection,⁷ and with the FTC's survey consultant, Manoj Hastak, PhD., Associate Professor of Marketing at American University's Kogod College of Business Administration in Washington, DC. Keith Anderson, Senior Economist, Bureau of Economics (202/326-3428), also assisted with the sampling methodology. The contractor, Macro International, is responsible for conducting the focus group interviews. Macro has extensive experience conducting focus group interviews that are statistically rigorous.

⁷ David Lincicum, Pavneet Singh, and Anthony Rodriguez (202/326-2252).