

**1 Supporting Statement for the  
2010 Survey of Consumer Finances  
(FR 3059; OMB No. 7100-0295)**

**Summary**

The Board of Governors of the Federal Reserve System, under delegated authority from the Office of Management and Budget (OMB), proposes to pretest and execute the 2010 Survey of Consumer Finances (SCF; FR 3059; OMB No. 7100-0287). This would be the tenth triennial SCF since 1983, the beginning of the current series. This survey is the only source of representative information on the structure of U.S. families' finances. The survey would collect data on the assets, debts, income, work history, pension rights, use of financial services, and attitudes of a sample of U.S. families. Because the ownership of some assets is relatively concentrated in a small number of families, the survey would make a special effort to ensure proper representation of such assets by systematically oversampling wealthier families.

Authority is being requested to conduct: (1) up to 30 interviews averaging about 15 minutes (business pretest) to evaluate a new set of questions on the finances of small businesses in 2009; (2) up to 150 interviews averaging about 75 minutes (main pretest) to be obtained in a series of tests of the survey procedures in 2009; (3) up to 7,000 interviews averaging about 75 minutes (main survey) between May 2010 and March 2011; (4) up to 150 re-interviews averaging about 75 minutes (re-interview 1) in 2011 with participants from the main survey; and (5) up to 150 re-interviews averaging about 75 minutes (re-interview 2) in 2012 with participants from the main survey. The surveys would be conducted by a survey research organization selected through a competitive process. Funding for the business pretest and the main pretest was authorized in the Federal Reserve's budget for 2008-2009. Funding for the main survey and re-interviews will be requested in the 2010-2011 and 2012-2013 budgets.

Data for the business pretest would be collected on paper for the purpose of refining the focus and wording of the questions. The draft expected to be used for the business pretest is attached. The main pretest and the main survey would be collected using a computer program; thus there is no hardcopy version of the questionnaire other than the text of the computer program. For convenience of review, a copy of the preliminary 2007 survey codebook is available upon request. The wording of the survey questions would be modified to reflect the outcome of the business pretest and the main pretest, but it is anticipated that such changes would be relatively small. The questionnaire for re-interview 1 is expected to be very similar to that used for the main survey. The questionnaire for re-interview 2 would differ from that used in re-interview 1 in that it would incorporate changes based on what was learned in re-interview 1 about the most appropriate way to collect information about changes in the financial circumstances of households. The total estimated burden for this information collection is 9,322 hours.

## **Background and Justification**

For many years, the Federal Reserve has sponsored consumer surveys to obtain information on the financial behavior of households. The 2010 SCF would be the latest in a triennial series, which began in 1983, that provides comprehensive data for U.S. families on the distribution of assets and debts, along with related information and other data items necessary for analyzing financial behavior. The SCF is the only survey conducted in the United States that provides such financial data for a representative sample of households.

In addition to providing baseline information for current analysis, data from earlier SCFs have proved directly useful in policy work at the Federal Reserve. For example, these surveys have been used in Board briefings and numerous memoranda to examine the distribution and changes in the distribution of debt burdens in the population, coverage of household deposits by federal deposit insurance, ownership of mutual funds and stocks, automobile leasing, and many other areas. The surveys have also been used extensively for longer-term research, within the Federal Reserve System, in the Office of Tax Analysis and other parts of the Treasury, in other government agencies, in academia, in other research institutions, and in businesses.

Data from repeated observations of households have had a powerful and beneficial effect on the analysis of a variety of policy and research questions. The SCF collected such information as a part of the panel used in 1983, 1986, and 1989, but that effort was severely limited by the technology available at the time. The two new re-interview studies are proposed to offer evidence on the feasibility of collecting such information for the SCF on a larger scale and, given feasibility, the best methods to obtain such data.

## **Description of Information Collection**

The core information collected by the survey is summarized below.

- *Financial assets.* These include checking, savings, and money market accounts, holdings of publicly traded stock, bonds, certificates of deposit, mutual funds, annuities, trusts, and life insurance.
- *Real estate and business assets.* These include the value and purchase terms of the household's principal residence and other properties, and detailed information on privately held businesses.
- *Pension assets.* These include IRA, Keogh, thrift, profit sharing, 401(k), and other tax-deferred account holdings. Information would also be collected on current or expected benefits from each pension and from Social Security. Questions on the expected date of retirement, spousal benefits, and amount in defined contribution accounts would enable the calculation of the present value of pension benefits. Sufficient information on each household member's work history and future work plans would be collected such that the present value of Social Security benefits also could be calculated.

- *Other assets.* Information would be collected on other assets such as oil leases, mineral rights, and royalties. Some data would also be gathered on jewelry, art objects, other valuables, and major consumer durables such as automobiles and boats.
- *Household debts.* The purpose, amount outstanding, source, and terms of each household debt would be collected. These debts include home mortgages and home equity loans, lines of credit, credit cards, other consumer loans, and other loans from businesses and individuals. Information would also be collected on major household expenditures related to debt acquisition including those for automobiles and home improvements.
- *Demographic data.* These include education, employment and marital history, age, health, race, and earnings for each household member. A detailed breakdown of income designed to align with tax data would also be collected.
- *Attitudes and financial decision making.* Attitudes toward saving and credit would be collected. Information on the use of financial services and methods of choosing among competing sources would also be sought. Institutional data would be sought for each account or financial service used by the household. These data would be collected in a way that would allow identification of any clustering of services at institutions. For each institution, information would be obtained on the type of institution, proximity, and typical mode of use.

### **Time Schedule for Information Collection and Publication**

The field-work for the pretests would be conducted during 2009. The field-work for the main survey would be conducted between May 2010 and March 2011. Field work for re-interview 1 would be in 2011 and for re-interview 2 would be in 2012. Very preliminary results from the main survey would be available to the Federal Reserve in March 2011. It is expected that the data would be published in summary form in the *Federal Reserve Bulletin* in 2012. A version of the microdata, which would be altered to protect the identity of individual respondents, would be made available to the public through the Federal Reserve's public website. None of the pretest or re-interview data would be released to the public.

### **Legal Status**

The Board's Legal Division has determined that the statutory basis for collecting this information is section 2A, and 12A of the Federal Reserve Act [12 U.S.C. § 225a and 263]. Respondent participation in the survey is voluntary. The names and other characteristics that would directly identify respondents will be retained by the Federal Reserve's contractor and not made available to the Federal Reserve. Accordingly, the Federal Reserve believes that such data are not records subject to the Freedom of Information Act. If these data are deemed records, however, the Board's Legal Division believes that the records are exempt from disclosure pursuant to the Confidential Information Protection and Statistical Efficiency Act and section (b) (3) of the Freedom of Information Act [5 U.S.C. § 552(b)(3)].

## **Sensitive Questions**

Respondents would be asked to identify the age and sex of individual family members; information on race would be collected using guidelines from the Office of Management and Budget. This information is needed in the proposed survey in order to analyze the demographic aspects of consumer finances.

## **Consultation Outside the Agency**

The final survey questionnaires would be developed jointly by Board staff and the contractor. The contractor would conduct the interviews for this survey.

The data to support the part of the survey sample selected by the Federal Reserve would be provided by the Statistics of Income Division (SOI) of the Internal Revenue Service under a contract that allows this use of the data as well as other more limited uses of the data for statistical adjustments to the final data and related purposes. As in past SCFs, the sample selection and survey administration would be managed so that the Federal Reserve would not be given any names of survey participants; SOI would not be given data to link survey responses with tax records; and the contractor would not be given income data derived from the tax returns.

On December 23, 2008, the Federal Reserve published a notice in the *Federal Register* (73 FR 78797) requesting public comment for 60 days on the proposal to pretest and execute the 2010 Survey of Consumer Finances. The comment period for this notice expired on February 23, 2009. The Federal Reserve did not receive any comments; the survey will be conducted as proposed. On March 12, 2009, the Federal Reserve published a final notice in the *Federal Register* (74 FR 10739).

## **Estimate of Respondent Burden**

It is estimated that completion of the business pretest would require an average of 15 minutes per household. It is also estimated that the main pretest, main survey, and re-interviews would require an average of 75 minutes per household. With 30 respondents, the estimated business pretest burden would be 8 hours, to be incurred on a one-time basis within 2009. With 150 respondents, the estimated main pretest burden would be 188 hours, to be incurred on a one-time basis in 2009. With 7,000 respondents, the estimated main survey burden would be 8,750 hours to be incurred on a one-time basis in 2010 and 2011. With 150 respondents, the estimated re-interview burden would be 188 hours in 2011 and another 188 hours in 2012. This burden represents less than 1 percent of the total Federal Reserve System paperwork.

	<i>Number of respondents</i>	<i>Estimated annual frequency</i>	<i>Estimated response time</i>	<i>Estimated Annual burden hours</i>
Business pre-survey	30	1	15 minutes	8
Main pre-test	150	1	75 minutes	188
Main survey	7,000	1	75 minutes	8,750
Re-interview 1	150	1	75 minutes	188
Re-interview 2	150	1	75 minutes	188
<i>Total</i>				9,322

The total annual cost to the public for this information collection is estimated to be \$186,720.<sup>1</sup>

### **Estimate of Cost to the Federal Government**

Work on the survey would be performed under a contract. The Federal Reserve estimates that the contract price for the survey would be \$10 million.

<sup>1</sup> Total cost to the public was estimated using the following formula. Percent of staff time, multiplied by annual burden hours, multiplied by hourly rate: 0% Administrative or Junior Analyst @ \$25, 100% Managerial or Technical @ \$55, 0% Senior Management @ \$100, and 0% Legal Counsel @ \$144. Hourly rate estimates for each occupational group are averages using data from the Bureau of Labor and Statistics (BLS), Occupational Employment and Wages 2007, <http://www.bls.gov/news.release/ocwage.nr0.htm> Occupations are defined using the BLS Occupational Classification System. <http://www.bls.gov/soc/> The average consumer cost of \$20 is estimated using data from the BLS Economic News Release (Table B-3. Average hourly and weekly earnings of production and nonsupervisory workers (1) on private nonfarm payrolls by industry sector and selected industry detail). <http://www.bls.gov/news.release/empsit.t16.htm>