

## Supporting Statement

### A. Justification

#### 1. **Necessity of the Consumer Expenditure Surveys**

The purpose of this request is to obtain clearance for the two Consumer Expenditure (CE) Surveys: the Quarterly Interview Survey (CEQ) and the Diary Survey (CED) and clearance for the CEQ Measurement Issues study.

There are no changes to the CE Surveys from the last non substantive change request approved on April 20, 2009. Therefore, the Bureau of Labor Statistics (BLS) is requesting continued clearance of the CE Surveys.

The Bureau of the Census conducts the CE Surveys for the BLS in support of the Consumer Price Index (CPI) program. The continuing CE Surveys provide a constant measurement of changes in consumer expenditure patterns for economic analysis, and obtain data for future CPI revisions.

The CEQ is a rotating panel survey. The Census Bureau field offices conduct five quarterly interviews with the sample unit over a period of five consecutive quarters. The CEQ is divided into three equal rotation groups, with each part designated for interviewing in a particular month of the quarter and every three months thereafter while in the sample. The major collection tools used for the CEQ are the CEQ Computer Assisted Personal Interview (CAPI) instrument and the Interview CAPI Reinterview instrument. These two instruments are documented in attachments B (2009 CEQ Specifications) and D (2007 Final CEQ RI Instrument Specs and attachments). These instruments collect information about the household and consumer unit (CU) characteristics. The CEQ CAPI instrument also collects the expenditure information for the CU. There are no updates to the CEQ CAPI or CEQ Reinterview instruments for 2010. The BLS expects to make routine updates to the CEQ Instrument for implementation in April 2011. The BLS will submit these updates to OMB for clearance via an updated Information Collection Request (ICR) or Non-substantive Change Request (NCR), as appropriate, once the updates are finalized.

The CED uses a separate sample and requires each selected sample unit to keep two one-week diaries of expenditures over two consecutive weeks. After completing the Week two diary, the household drops out of the sample. The CED collects information on small, relatively inexpensive items that respondents may not be able to recall in a retrospective interview. Given the nature of the type of data collected, a longer reference period would cause a reduction in accuracy of reporting for the CE Surveys. The CED uses both a CAPI instrument (see attachment E for the CE Diary CAPI documentation), and the paper CE-801, Record of Your Daily Expenses (attachment F). The Diary CAPI instrument collects information about household

and CU characteristics and provides checks for reporting certain types of expenditures. The CE-801 collects household expenditures on a daily basis. There is also a Diary specific Reinterview Instrument. (See attachment H, CED RI Instrument Specs and Attachments). There are no updates to the Diary CAPI instrument, Diary form CE-801, or Diary Reinterview instrument for 2010. In addition, the BLS does not expect to request any changes to the Diary instruments or forms in 2011.

A separate Information Booklet is used for each survey. For the CEQ and the CED, Information Booklets CE-305 (attachment C) and CE-805 (attachment G) respectively, are used to aid respondents and field representatives in answering questions.

Before the interviewer's visit, each CEQ and CED sample household receives an Advance Letter, the CE-303L1, 2 or 5 or CE-803(L) (attachment I). These letters explain the nature of the information the BLS wants to collect and the uses of the Quarterly Interview or the CED data, as appropriate; informs the respondents of the confidential treatment of all identifying information they provide; requests the respondents' participation in the survey; and describes the survey's compliance with the relevant provisions of the Privacy Act and the Office of Management and Budget (OMB) disclosure requirements. At the first interview for both the CEQ and the CED, the field representative gives the respondent a portfolio filled with information on CE, CPI and the Census Bureau (attachment N). Additionally, respondents receive a pamphlet entitled "Information on Your Participation in the Consumer Expenditure Survey", (CE-303A for the CEQ or CE-803A for the CED, attachments K and L, respectively). Respondents who participate in the Interview Survey are also provided with a "Home File" in which to save their bills and receipts for use at the next CEQ interview or during the Diary keeping time period.

After each interview for the CEQ or after completion of the week 2 Diary, each participating household receives a Thank You letter, CE-303(L)6 or CE-803(L)6 (attachment J) as well as a certificate of appreciation, CE-900 (attachment M). As appropriate, Census Field representatives may also provide supplemental flyers on the CEQ or the CED (attachments O and P).

Each of the advance letters and several of the brochures in the portfolio are available in the following languages: Arabic, Chinese, Korean, Spanish, Russian, and Vietnamese. The BLS may also introduce Polish letters and brochures no sooner than April 2010.

A subsample of approximately 10 percent of households in the CEQ and 9 percent in the CED will participate in an additional interview, referred to as reinterview, for the purpose of instituting quality control over the performance of the interviewing staff. There are no changes to the reinterview questionnaires in 2010; therefore, the BLS is also requesting continued clearance of the CEQ and Diary Reinterview CAPI instruments. These instruments contain questions verifying certain items from the

CE Quarterly Interview CAPI instrument and the CE Diary CAPI instrument. (attachments D and H)

The BLS conducts the CE Surveys under the authority of Title 29, Section 2 of the United States Code. The Census Bureau collects information in the CE Surveys under the authority of Title 13, United States Code, Section 8b, that allows the Census Bureau to undertake surveys for other agencies.

The BLS is also requesting clearance to conduct the CEQ Measurement Issues study. The BLS plans to begin the CEQ Measurement Issues in April 2010 using a non-production sample. The study is designed to test whether shortening the length of the CEQ questionnaire will result in decreased respondent burden, increased data quality, and decreased nonresponse error. (See attachment A – Modularized CEQ Study Proposal for details). The anticipated burden on the non-production test sample for the measurement issues test is approximately 3,455 hours. Once the BLS knows the precise number of burden hours needed for the test, a non-substantive change request will be submitted prior to starting the test.

## **2. Uses of the Data**

The Bureau of the Census conducts the CE Surveys for the BLS in support of the Consumer Price Index (CPI) program. The continuing CE Surveys provide a constant measurement of changes in consumer expenditure patterns for economic analysis, and obtain data for future CPI revisions.

The BLS will use data collected in the CE Surveys to 1) provide data required for updating cost-weights used to calculate the CPI; 2) provide a continuous flow of data on income and expenditure patterns for use in economic analysis and policy formulation; and 3) provide a flexible consumer survey vehicle that is available for use by other Federal Government agencies. Public and private users of price statistics, including Congress and the economic policymaking agencies of the executive branch, rely on data collected in the CPI in their day-to-day activities. Data users and policymakers widely accept the need to regularly update the weights used in the CPI.

## **3. Collection Methods**

Since April 2003, the CEQ is collected using CAPI (Computer Assisted Personal Interviewing). The CAPI laptop instrument has streamlined the interviewing process and improved accuracy by eliminating the need for interviewers to make difficult decisions about correct branching and skip patterns during the interview. Where appropriate, screening questions in the instrument are used to determine eligibility for the administration of more detailed questions to each respondent. CAPI implementation for the Diary Household Characteristics Survey occurred in January, 2004. Edit checks alert the Field Representative too irreconcilable data during the interview so that the correct data can be obtained from the respondent.

#### **4. Efforts to Identify Duplication**

To our knowledge, no other Federal agency is collecting this information.

Similar information with or without modifications does not exist. The CPI requires consumer expenditure data in order to produce item cost-weights estimates for the U.S. urban population, and for several major metropolitan areas. Additionally, to estimate cost weights for the population covered by the “CPI for Urban Wage Earners and Clerical Workers,” the BLS needs occupation and income from respondents to determine if we should use their expenditures in this index.

The only data source that approaches the CPI needs is the Personal Consumption Expenditures (PCE) published by the Bureau of Economic Analysis. However, these data do not allow the BLS to tabulate by the demographic characteristics and geography necessary for producing estimates of cost weights for indexes published by the BLS as well as for many other analytical uses of the data. The PCE estimates, in addition to being too aggregated and lacking the statistical qualities, also cover the institutional population that is out-of-scope for the CPI.

#### **5. Impact on Small Businesses**

Not applicable: The collection of information on the CE questionnaires involves individuals or households, not small businesses.

#### **6. Consequences of not collecting the data**

Before 1979, the BLS collected consumer income and expenditure data every 10 to 15 years as a major component of large-scale periodic projects to update and revise the CPI. By conducting the CE Surveys continuously, the BLS is able to provide, more frequently, up to date data thereby increasing the overall quality and efficiency of the CPI revisions. If the BLS does not conduct the CE Surveys on a continuing basis, current information necessary for timely and accurate updating of the CPI would not be available. In addition, the BLS would not be able to respond to the continuing demand-from the public and private sectors-for current information on consumer spending and income.

Data from the CE are the basis for determining the market basket of the CPI. The CPI market basket is updated approximately every two years and the updated market basket is two years old at the time of introduction.

In addition, the current sample sizes for the CE and rapid data processing allow the BLS to produce superlative measures of consumer price trends of an acceptable degree of reliability and on a basis much closer to real time than would be possible in the absence of a large sample. Such indexes are widely regarded as closer approximations to a cost-of-living index than the current CPI.

## 7. **Special Circumstances**

The CED requests that each selected sample unit keep two one-week diaries of expenditures over two consecutive weeks. The CED collects information on small, relatively inexpensive items that respondents may not be able to recall in a retrospective survey. Given the type of data collected, the BLS requests CED respondents to record responses in fewer than 30 days after receipt of it.

## 8. **Consultations**

No comments were received as a result of the *Federal Register* notice published in 74 FR 50822 on October 1, 2009.

In the past year, the BLS has consulted with the following persons by correspondence and telephone conversations:

Mr. Howard McGowan  
Demographic Surveys Division  
Bureau of the Census  
(301) 763-5342

Mr. Stephen Ash  
Demographic Statistical  
Methods Division  
Bureau of the Census  
(301) 763-1974

Mr. Richard Schwartz  
Demographic Surveys Division  
Bureau of the Census  
(301) 763-7491

Ms. Jennifer Adams  
Demographic Statistical  
Methods Division  
Bureau of the Census  
(301) 763-4181

Consultations with these persons continue as specific problems arise.

## 9. **Payment to Respondents**

Payment or gift is currently not provided to respondents. Please see our requests in Section B.4 to continue to explore providing a \$40 incentive to CEQ respondents and to test the effectiveness of providing promotional materials to increase response rates in both surveys.

## 10. **Assurance of Confidentiality**

The Census Bureau interviewers, Census Bureau employees, and BLS employees with access to CE data hold all information that respondents provide in strict confidence in accordance with Title 13, United States Code, Section 9. Census Bureau interviewers, Census Bureau employees, and BLS employees with access to

CE data have each taken an oath to this effect, and if convicted of disclosing any information given by the respondent may be fined up to \$250,000 and/or imprisoned up to 5 years. In addition, Title 13 prohibits Census Bureau interviewers, Census Bureau employees, and BLS employees with access to CE data from disclosing information identifying any individual(s) in the CE Surveys to anyone other than sworn Census or BLS employees. Before the interviewer’s visit, Quarterly Interview or CED respondents will receive the CE-303(L) or CE-803(L) Advance Letters respectively, signed by the Director of the Census Bureau and informing them of the confidentiality of the survey data.

**11. Justification for the collection of sensitive data**

The CE Surveys do not include any questions of a sensitive nature.

**12. Burden Estimate**

The BLS will conduct the CEQ at approximately 14,600 designated addresses per quarter, which will result in approximately 8,825 completed interviews. That amounts to 35,300 completed interviews per year. Reinterviews will be conducted on a little over 10 percent of the completed interviews, for approximately 4,000 reinterviews per year. The average time to complete the survey is 65 minutes for the regular interview, and 10 minutes for the reinterview. This results in an annual response burden of 38,800 hours.

Response Burden for the Quarterly Interview Survey		
	Interviews	Reinterviews (1)
Number of respondents	8,825 (2)	4,000 (3)
Number of responses per respondent	4 (4)	1
Total annual responses	35,300	4,000
Minutes per response	65	10
Total hours	38,242	667
Total Response Burden = 38,909 hours		

- (1) Reinterviews are done on a subset of the original respondents.
- (2) 8,825 is the quarterly number of respondents.
- (3) 4,000 is the annual number of reinterviews.
- (4) There are five responses provided per respondent, but only four occur in a 12-month period.

The BLS will conduct the CED at approximately 12,100 designated addresses per year, of which approximately 7,050 will result in completed interviews and diaries. Respondents complete 2 weekly diaries, resulting in 14,100 weekly diaries being completed per year. Reinterviews will be conducted on approximately 9 percent of the weekly diaries for a total of 1,300 reinterviews. Respondents spend approximately 105 minutes completing each weekly diary, for a total of 24,675 hours of record-keeping. In addition to record-keeping, it takes 25 minutes to

complete each of the three regular interviews, and 10 minutes to complete the reinterview, for a total of 8,813 hours of interviewing, and 217 hours of reinterviewing. This results in a total response burden of 33,705 hours.

Response Burden for the Diary Survey			
	Record-keeping	Interview	Reinterview
Number of respondents	7,050 <sup>(1)</sup>	7,050 <sup>(1)</sup>	1,300 <sup>(2)</sup>
Number of responses per respondent	2	3	1
Total annual responses	14,100	21,150	1,300
Minutes per response	105	25	10
Total hours	24,675	8,813	217
Total Response Burden = 33,705 hours			

(1) The total number of respondents for the Diary Survey is 7,050. The respondents who do the record-keeping are the same people who participate in the interviews.

(2) Reinterviews are done on a subset of the original respondents. Approximately 1,800 reinterviews will be attempted, of which 1,300 will be successfully completed.

The total response burden for both surveys combined is 72,614 hours. The total annualized cost to respondents, based on burden hours and the federal minimum wage of \$7.25 per hour, is \$526,452.

Total Response Burden for the Quarterly Interview and Diary Surveys			
	Quarterly	Diary	Both
Number of respondents	8,825	7,050	15,875
Number of responses	39,300	36,550	75,850
Total burden hours	38,909	33,705	72,614
Average burden time per response (minutes)	59.4	55.3	57.4

The current burden hours approved by OMB April 1, 2009 through March 31, 2010 are 72,614. The hours being requested for the 12-month period April 1, 2010 through March 31, 2011 are 72,614. The BLS requests a three-year clearance through March 31, 2013.

### 13. Annual Cost to Respondents

There are no capital and start-up costs and no operational, maintenance, or service costs required of respondents.

### 14. Annual Cost to the Federal Government

The annual cost to the Federal Government of collecting, processing, reviewing, and publishing the data collected in the CE Surveys is expected to be \$41,779,900 in fiscal year 2010 (FY2010 Obligated Authority amount). This includes \$32,356,900

in costs incurred by the Census Bureau for collecting and processing the data, operational costs associated with maintaining the survey, and development costs. The BLS portion of \$9,423,000 is for costs incurred by the BLS in personnel and computer-related costs associated with managing the survey, processing the data upon receipt from the Census Bureau, reviewing, and publishing the data, and for research and development.

The estimated costs of the CE program were based on the actual costs of the program in previous years. Within the Census Bureau, this includes the actual costs to collect, and process the data and other operational costs, like printing, postage, and communication costs to maintain the surveys.

Within the BLS, this includes the actual costs incurred in personnel, computer related costs, training, and other operational costs incurred to manage the surveys, process the data upon receipt from the Census Bureau, review, and publish the data.

#### **15. Change in Respondent Burden**

There is no change to the annual reporting and recordkeeping hour burden of 72,614 reported in the Notice of Office of Management and Budget Action on April 20, 2009.

#### **16. Publication Plan**

Data collection activities for the continuing surveys began in September 1979 for the CED and in October 1979 for the CEQ. The Census Bureau delivered the first edited and weighted data tape to the BLS in April 1981. Delivery is now scheduled with CEQ data to be delivered three weeks after the interview month and CED data to be delivered two months after the interview month.

In May 1983, the BLS published the first tables from the continuing CE Surveys and selected data from the 1980-81 Diary Surveys. Also, microdata on public use tapes were made available for the first time in June 1983 for the CED and in October 1984 for the Interview Survey.

The BLS has released Diary and CEQ public use microdata and integrated summary data up to and including 2007. The BLS will release the 2008 data in late 2009.

#### **17. Reason for not Displaying the OMB Expiration Date**

The BLS does not wish to display the assigned expiration date of the information collection because the Quarterly Interview and the Diary Household Characteristics instruments are automated; the respondent, therefore, never sees the date. The OMB control number for the CE Surveys is included in the advance letter given to respondents (see attachment I). To avoid confusion, the expiration date is not included in the letter. For the Diary CE-801 there is a significant costs savings in



printing a large quantity of forms at one time due to the set up costs involved in printing for the survey instrument. By not printing the date on the form the BLS would be able to continue to use forms in stock, assuming no form changes, once the OMB clearance date has expired and a new expiration date has been approved. The BLS would save both time and money by not having to destroy the old questionnaires and printing new ones.

**18. Certification Statement**

There are no exceptions to the certification statement.