Supporting Statement for the
Survey of Terms of Lending (OMB No. 7100-0061):
Survey of Terms of Business Lending (FR 2028A),
Survey of Terms of Bank Lending to Farmers (FR 2028B), and
Prime Rate Supplement to Survey of Terms of Lending (FR 2028S)

Summary

The Board of Governors of the Federal Reserve System, under delegated authority from the Office of Management and Budget (OMB), proposes to extend for three years, with revision, the quarterly Survey of Terms of Lending (STL; FR 2028; OMB No. 7100-0061). The voluntary STL collects unique information concerning price and certain nonprice terms of loans made to businesses and farmers during the first full business week of the mid-month of each quarter (February, May, August, and November). The survey comprises three reporting forms: the FR 2028A, Survey of Terms of Business Lending; the FR 2028B, Survey of Terms of Bank Lending to Farmers; and the FR 2028S, Prime Rate Supplement to the Survey of Terms of Lending. The FR 2028A and FR 2028B collect detailed data on individual loans made during the survey week, and the FR 2028S collects the prime interest rate for each day of the survey from both FR 2028A and FR 2028B respondents.

From these sample STL data, estimates of the terms of business loans and farm loans extended during the reporting week are constructed. The aggregate estimates for business loans are published in the quarterly E.2 release, *Survey of Terms of Business Lending*, and aggregate estimates for farm loans are published in the E.15 release, *Agricultural Finance Databook*.

The Federal Reserve proposes to revise the FR 2028A by adding three columns: a data item to denote if the loan was guaranteed by the Small Business Administration (SBA), a data item to indicate if the loan was made under either participation or syndication, and for loans that were not participated or syndicated, the state where the borrower is headquartered. The Federal Reserve further proposes to raise the minimum loan size reported from $7,500 to $10,000. The minimum loan size on the FR 2028B will remain $3,000, as the mean and median loan sizes reported on that survey are significantly smaller than those reported on the business loan survey. The Federal Reserve proposes to revise the FR 2028B by also adding a column to collect the state where the borrower is headquartered. The proposed revisions would be implemented effective for the August 2012 survey week; however, banks that needed additional time to program the changes would be able to report the new items as not available until the February 2013 survey week. No changes are proposed to the FR 2028S. The annual reporting burden for the proposed STL reports is estimated to be 7,358 hours; an increase of 518 hours from the current burden of 6,840 hours.

Background and Justification

The FR 2028A was designed to allow the Federal Reserve to measure the cost of business borrowing from banks and to analyze developments in bank loan markets. It replaced the Quarterly Interest Rate Survey and portions of the Survey of Selected Interest Rates of the Committee on Interest and Dividends (CID survey). It was designed to provide more accurate and detailed information on business loans, especially concerning maturity and nonprice terms, than the aforementioned surveys.[1] The FR 2028B, which replaced the farm loan portion of the CID survey, collects data on the cost and characteristics of farm borrowing from banks. In many areas of the nation, farm lending is the primary form of business lending by commercial banks. The volume and terms of such lending are affected by, and in turn affect, developments and trends in the agricultural sector of the economy.

Analysis of the STL data provides reliable estimates of the cost of important segments of business and agricultural credit at banks that are representative of banking institutions nationwide. Currently, it is the Federal Reserve's only available source of data on bank loan pricing for individual loans of all sizes. Since its inception in February 1977, the STL has been revised periodically to accommodate changes in lending practices.

In 1997, the FR 2028A respondent panel was expanded to include U.S. branches and agencies of foreign banks. At the same time, interest rate adjustments and maturity items were added and redefined, and a risk-rating item was added to both the FR 2028A and the FR 2028B. In addition, the prime rate supplement data, previously collected from respondents to the business loan survey, were collected from respondents to the farm loan survey as well.

In 2003, the FR 2028A was modified: a field for the date on which the terms, including pricing, for loans made under formal commitment became effective was added, the number of base pricing rate options was reduced from five to two, and the data item indicating whether loans are callable was deleted. The renewal also entailed a modification in the format of the recalculation and maturity date items for both the FR 2028A and FR 2028B and some minor clarifications to the instructions.

In 2006, for the FR 2028A and FR 2028B the minimum size of loans reported was increased from $1,000, a level at which it had been held since the inception of the STL in 1977, to $3,000. The adjustment reflected price inflation over the intervening period and the increased use of business credit cards, developments that likely had added significantly to the burden of reporting small loan amounts. In February 2009, the FR 2028A increased the minimum loan size reported to $7,500.

Business Loan Survey (FR 2028A)

As an ongoing source of timely information, the survey data are used to assess current conditions and to track developments in short-term business credit markets. The results are reported to the Federal Reserve Board in regular economic reviews and to the Federal Open Market Committee in briefing materials. The survey data have been useful for monitoring the changing role of the prime rate as a benchmark for business loan pricing and of shifts in the mix of fixed-rate and variable-rate lending as financial markets have changed. Beyond their use for current analysis, these data have been critical to a number of special studies. The STL microdata are not available to researchers outside the Federal Reserve.

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[1] Construction and land development loans were originally included in the STL but were dropped from the survey in 1989.

Data from the STL provided the Federal Reserve with valuable information on loan pricing behavior during the credit market turmoil that began in the second half of 2007. For example, the STL data for late 2007 and early 2008 showed a smaller increase in the spread of loan rates over banks' cost of funds than other indicators of business loan pricing suggested. The information about the date on which commitments were finalized or renewed has been important in understanding how loan rates evolved during the crisis, as it allowed the Federal Reserve to study the terms on new loan commitments separately from commitments written prior to the crisis. Research conducted by the Federal Reserve in 2010 revealed that firms that had relationships with banks that had poor liquidity or capital positions had smaller credit lines with higher spreads.[2] Likewise, the STL was a valuable source of information on credit availability during the economic slowdown of 1990-91, a period which, according to many observers, was characterized by restrictions in the supply of credit from banks. In particular, the STL data showed that high lending rates were more pronounced and persistent on small and mid-sized loans than large loans during the 1990-91 period. In each case, the scope of the loan data collected in the STL provided insights unavailable through any other existing sources. STL data have also been used in scholarly research into the 1990-91 slowdown and the monetary transmission mechanism in general.[3]

The Federal Reserve has used the STL data to study the likely effects of bank consolidation on bank lending patterns and to improve our understanding of bank lending practices near the century date change. A study of the effects of consolidation, published in the fall 1995 *Brookings Papers on Economic Activity*, used information on the volume and pricing of individual banks' loan extensions, as well as balance sheet information from the quarterly commercial bank Consolidated Reports of Condition and Income (FFIEC 031 and 041; OMB No. 7100-0036) (Call Reports) to assess the likely effects of industry consolidation on the availability and pricing of small business loans.[4] This study would not have been possible without the detailed information on individual loans available from the STL.

The addition of loan risk ratings to the survey in 1997 has proven particularly useful. The Federal Reserve used the data to investigate the prevalence and quality of banks' risk rating systems, as well as their ability to price risk appropriately and adjust other loan terms for risk.[5] The authors found that larger banks had more detailed risk rating systems, but that all banks generally charged higher rates on riskier loans after adjusting for other loan characteristics. They also found more complex relationships between the risk rating and other loan characteristics. The Federal Reserve also used the STL loan risk ratings to study some of the implications of the changes proposed in the new Basel II Capital Accord. This work suggested that more closely linking capital requirements to the riskiness of individual business loans might allow banks to set

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[2] Huang, Rocco, 2010; "How committed are bank lines of credit? Experiences in the subprime mortgage crisis" Federal Reserve Bank of Philadelphia, Working Papers: 10-25.

[3] See, for example, Benjamin M. Friedman and Kenneth N. Kuttner, "Economic Activity and the Short-term Credit Markets: An Analysis of Prices and Quantities," *Brookings Papers on Economic Activity*, 2: 1993; or Lamont K. Black and Richard J. Rosen (2007) "How the credit channel works: differentiating the bank lending channel and the balance sheet channel." Federal Reserve Bank of Chicago, *Working Paper Series*: WP-07-13.

[4] Allen N. Berger, Anil K.Kashyap, and Joseph M. Scalise (1995) "The Transformation of the U.S. Banking Industry: What a Long, Strange Trip It's Been." *Brookings Papers on Economic Activity*, v. 0, iss. 2, pp. 55-201.

[5] William B. English and William R. Nelson (1998), "Bank risk rating of business loans" Board of Governors of the Federal Reserve System (U.S.), *Finance and Economics Discussion Series*: 1998-51.

aside noticeably less capital for those loans and might not substantially change the cyclical behavior of required capital levels.[6] The Federal Reserve also found that risk ratings on a bank's newly extended business loans help predict changes in the rating assigned to the bank by federal regulators.[7]

In recent years, the Federal Reserve has developed estimates of funding costs for STL loans based on their repricing interval and comparable-maturity market rates. By adjusting for the effects of different repricing intervals, the Federal Reserve has found a stronger relationship between changes in loan pricing observed in the STL and the changes observed in other sources, such as the Senior Loan Officer Opinion Survey on Bank Lending Practices (FR 2018; OMB No. 7100-0058). Moreover, as corporate bond and business loan markets have become more integrated in recent years, this work has allowed analysis of the distribution of loan spreads relative to comparable distributions for bond spreads and syndicated loan spreads.[8]

The STL provides the only information on marginal returns on business loans for all banks and a wide range of loan sizes. As a result, the STL provides valuable insights into shifts in the composition of banks' business loan portfolios and the implications of those shifts for bank profitability. For example, the results of the STL have generally been presented in the articles on commercial bank profitability published annually in the *Federal Reserve Bulletin*.

The STL is an important source of individual loan data used by those concerned with lending to small businesses, for which banks are the primary source of credit.[9] The SBA uses aggregate measures taken from the survey to inform national policy on bank lending to small businesses.[10] The SBA considers STL information useful in analyzing trends in this sector and uses the information on loans by size in briefings for senior SBA officials. In addition, the SBA publishes aggregate STL data on small-business loans, as well as an analysis of these data, in various publications.[11]

Farm Loan Survey (FR 2028B)

This survey collects basic information that the Federal Reserve uses to monitor financial developments in the agricultural sector of the economy. For example, the data were invaluable during the period of financial stress for many farmers and farm lenders that began early in the 1980s. When that stress began to ease, the severe drought that developed in mid-1988 renewed

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[6] Seth B. Carpenter, William Whitesell, and Egon Zakrajšek (2001) "Capital requirements, business loans, and business cycles: an empirical analysis of the standardized approach in the new Basel Capital Accord." Board of Governors of the Federal Reserve System (U.S.), *Finance and Economics Discussion Series*: 2001-48.

[7] Donald P. Morgan and Adam B.Ashcraft (2003) "Using Loan Rates to Measure and Regulate Bank Risk: Findings and an Immodest Proposal." *Journal of Financial Services Research*, v. 24, iss. 2-3, pp. 181-200.

[8] William F. Bassett and Egon Zakrajšek (2003) "Recent Developments in Business Lending by Commercial Banks." *Federal Reserve Bulletin*, v. 89, iss. 12, pp. 477-92.

[9] Allen N. Berger (2006) "Potential Competitive Effects of Basel II on Banks in SME Credit Markets in the United States." *Journal of Financial Services Research*, v. 29, iss. 1, pp. 5-36.

[10] For example, see the paper prepared for the Small Business Administration under contract no. SBA-HQ-02-Q-0024, Diana Hancock, Joe Peek, and James Wilcox (2005) "The Effects of Mergers and Acquisitions on Small Business Lending by Large Banks." KeyPoint Consulting LLC. Emeryville, CA.

[11] See, for example, "The Small Business Economy: A Report to the President." United States Government Printing Office. Washington, DC: 2007, pp. 26-28.

concerns about the financial health of the farm sector. The STL provided a timely indicator of the possible effects of the drought on the terms of loans for various purposes. More recently, the STL has been able to identify turning points in agricultural lending activity, such as in 2011 when rising farm input prices strengthened agricultural loan demand.

The STL collects information on farm financial developments that is frequently used by the Federal Reserve in congressional testimony, meetings with legislators, and discussions with farm groups, as well as in response to information requests from the Congress, other government agencies, the media, and academics.

Data from the STL have been very useful in monitoring the ongoing adjustment of rural banks to the more volatile supply of, and demand for, loan funds of recent years. In 1978, bank regulators removed fixed ceilings on interest rates paid on certain retail deposits, which were most prevalent at rural banks, leading these small banks to compete more vigorously for deposits. Since that time the agricultural sector—the underlying source of prosperity in many small communities—has experienced large swings in farm income, asset values, and rates of resource utilization. Data from the STL on the level and distribution of loan maturities and loan rates among smaller banks have provided a useful indicator of the degree to which these additional sources of risk have been passed through to rural borrowers.

The STL collects unique information on lending terms for farm borrowers, and the availability of a historical series on farm lending frequently proves useful in addressing new questions that arise. For example, the data have been quite useful in providing a scale to measure the amount of government subsidy that is provided to farmers through governmental or quasi-governmental agencies. Legislation passed in 1987 to assist the Farm Credit System (FCS) forbade the FCS from offering unusually low rates of interest, by basing the interest rate it charged on farm loans on its average cost of funds rather than its marginal cost. Aggregate estimates from the STL data provided a useful benchmark in a General Accounting Office study of the FCS's performance in this regard (GAO-94-39, March 1994). The aggregate STL data also have been used in recent years by analysts at the Department of Agriculture to monitor compliance with the North American Free Trade Agreement by estimating the magnitude of farm subsidies arising from loans to U.S. farmers from the FCS and the Farmers' Home Administration. In addition, the Federal Reserve has used the information on farm lending terms and the risk ratings for individual loans to examine the degree to which commercial banks price the riskiness of agricultural loans. This study found that only about half of the reporters for the FR 2028B used a risk rating system, but most of the banks that did not were quite small, and so roughly four-fifths of the survey loans carried an informative risk rating. Furthermore, after controlling for the size and performance of the bank and as many nonprice terms of the loan as possible, banks consistently charged higher rates of interest for farm loans that they characterized as riskier.[12]

[12] Nick Walraven and Peter Barry (2004) "Bank Risk Ratings and the Pricing of Agricultural Loans." *Agricultural Finance Review*, Vol. 64, No. 2, pp. 107-118.

Prime Rate Supplement (FR 2028S)

The prime rate remains the base rate banks use to price a significant portion of the loans covered by the STL.[13] Even for large borrowers and the largest banks, the prime rate, an administered rate, is a pricing option frequently available along with market-related rates.

The FR 2028S is completed by banks that file either the FR 2028A (loans to businesses) or the FR 2028B (loans to farmers) or both. The prime rate is by far the most common base rate used to price variable rate business and farm loans at small and medium-sized banks. The FR 2028S imposes little burden, and the information it provides is useful in interpreting movements in rates charged on business and farm loans, especially for small loans and for loans at smaller banks. The FR 2028S data are also collected from the fifty U.S. branches and agencies of foreign banks on the business loan survey. They provide valuable information about variations in the prime-lending rate across banks, which can be considerable. The STL is the only national source of data on the prime rate at banks of all sizes.

Description of Information Collection

The STL comprises three reporting forms. The FR 2028A collects information on loans to businesses from a stratified sample of 398 banking institutions on the face amount, the rate of interest (including the base pricing rate), the frequency of compounding, the date on which the loan rate can be recalculated (if any), the maturity date (if any), the commitment status, whether the loan is secured, and the risk rating. The FR 2028B collects much the same information on loans to farmers from a stratified sample of 250 banks and collects additional data items on federal insurance status, security status, participation status, and primary purpose. The FR 2028S collects from both FR 2028A and FR 2028B respondents their prime lending rate on each day of the survey week.[14] The data are collected for the first full business week of the mid-month of each quarter (February, May, August, and November). The Federal Reserve has determined that the quarterly frequency provides an adequate balance between the timeliness of the data and reporting burden. The Federal Reserve proposes to keep the size of the FR 2028 panels at their current levels as the current levels are sufficient for analysis of changes in conditions in these diverse loan markets.

The loan risk ratings added in 1997 have proven very valuable to the survey data users to inform monetary policy and conduct economic research. In the STL, banks report the risk rating of the loan by mapping their internal loan risk ratings to a scale defined by the Federal Reserve, which takes on values between 1 and 5, with the rating of 1 indicating lowest risk and the rating of 5 indicating highest risk. Because of the importance of the risk ratings, the Federal Reserve recommends that the Reserve Banks periodically verify that each respondent bank is correctly mapping its most current risk rating system to the risk categories defined in the STL. This verification would occur no more frequently than once per year unless an anomaly in the data was found during the normal course of editing the data.

[13] The 2028S defines the prime rate to be, "[T]he administered rate used [by the bank] for pricing business and other credit, which [is adjusted] from time to time in response to changes in market conditions. [The] institution may set this rate internally or may adopt as its own a published rate."

[14] Some banks report for only part of the survey week (and some report for only some of their offices).

Proposed Revisions to the FR 2028A

Clarify caption for Column 11 – Date of Commitment

The Federal Reserve proposes to clarify the column heading caption to read "For formal commitments, date on which pricing terms became effective or renewed" consistent with the current instructions. The Federal Reserve will also clarify the answer to Question 16 in the instructions under "Questions and Answers" to further elaborate that the most recent renewal date should be reported and not the original commitment date.

Add Column 12 – Syndication or Participation Status

The syndicated loan market has grown dramatically in size and scope over the past decade. Prior to 1997, the FR 2028A included a data item to indicate loans that were made under participation. The FR 2028B continues to collect this data item and consultations outside the agency indicate that reporting the data item on the FR 2028A would impose minimal burden on the banks. Not all loans to small businesses are guaranteed by the SBA, so the next best proxy is to assume that small loans are more likely being made to small businesses. Loans made under participation are likely made to larger borrowers and can further help distinguish between loans to small businesses and relatively small draws from a much larger participation. In addition, because the size of the loan is an important determinant of the loan spread, identifying loans that are actually larger than reported on the FR 2028A and more liquid than the typical business loan would provide a more precise estimate of overall pricing trends.

Add Column 13 - Guaranteed by the SBA (in Whole or in Part)

Because of the increased focus on small business lending during and after the financial crisis, the Federal Reserve has been asked to use the FR 2028A data to inform policymakers on conditions in that market. However, the survey does not contain information on borrower size and recent studies have determined that the size of new loan extensions is *not* a reliable indication of whether the loan was made to a small business.[15] Based on consultations with nine respondent banks, the Federal Reserve believes that information about the size of the banks' borrowers is not readily available in their systems. However, banks indicated that they could identify loans guaranteed by the SBA with minimal burden, which reveals both the size of the borrower and the presence of a government subsidy in the loan terms.

Add Column 16 – Location of Borrower

The state where the borrower is located provides some information about the location of the borrower which can help study the interaction of lending with state- or region-specific economic trends and better understand overall loan pricing and riskiness. As suggested in the public comment from a number of institutions, this information can be supplied with minimal burden.

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[15] Michael Levere and Bill Bassett (2011) "Small Business Lending and the STBL." Internal memorandum. Board of Governors of the Federal Reserve System.

Increase Minimum Loan Size Reported from $7,500 to $10,000

To help reduce reporting burden, the Federal Reserve is proposing to increase the minimum loan size to $10,000. The software vendor utilized by the largest institutions does not include electronic filing as a standard option. Some respondent banks—including some of the largest domestic and foreign banks—are using software to generate the survey responses that are often transmitted by paper or fax to the Reserve Banks who manually enter the loan records.

Based on data for 2010, about 2,000 loans reported on the FR 2028A each quarter, or about 5 percent of all loans, are in an amount of greater than $7,500 and less than $10,000 (Table 1). These loans account for only a tiny share—0.1 percent—of the total dollar volume of loan originations in a typical survey. Moreover, the Federal Reserve publishes only aggregated STL data for various categories of loans. One of the categories is the loan size, where the smallest subcategory contains loans in the amount between $7,500 and $99,999. For each category, the E.2 release contains data on the weighted average loan characteristics—such as loan rates, risk rating, and days to maturity—with the weights based importantly on loan size; given the distribution of loan sizes in a typical survey, loans smaller than $10,000 receive little weight and have very little impact on the average values even in the smallest size subcategory. In addition, the proposed minimum loan size represents an adjustment to the original $1,000 minimum size that is consistent with the growth of commercial and industrial loans held by banks since the inception of the survey in 1977. Therefore, the costs incurred by financial institutions in reporting and by the Federal Reserve System in collecting these data exceed the benefits derived from collecting them.

Table 1
Fraction of Loans with Amounts Greater than $7,500 and Less than $10,000

Year	Fraction of total loans		Fraction of loans less than $100,000	
	Number of loans	Weighted amount of loans[16]	Number of loans	Weighted amount of loans[16]
2009	.068	.001	.106	.030
2010	.054	.001	.085	.025

Proposed Revisions to the FR 2028B

Clarify caption and instructions for Column 12 – Participation Status

The Federal Reserve proposes to clarify the column heading caption to read "Syndication or Participation Status" consistent with the proposed FR 2028A column 13 heading. The Federal Reserve will also clarify the instructions consistent with the proposed FR 2028A column 13 instructions.

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[16] Dollar amounts are weighted by the fraction of the week that the bank reports, the fraction of branches of the bank that it reports, and the portion of the commercial bank universe that the reporting bank represents.

Add Column 15 - Location of Borrower

The state where the borrower is located provides some information about the location of the borrower which can help study the interaction of lending with state- or region-specific economic trends and better understand overall loan pricing and riskiness.

Time Schedule for Information Collection

The STL is filed every quarter. Reserve Banks collect the data from respondents in their respective districts, edit the data, and transmit them to the Board for central processing. Data are transmitted from the Reserve Banks to the Board by the fourth Thursday following the Monday as-of date. The final report and statistical release tables are completed at the Board about six weeks after the end of the survey period.

The Federal Reserve publishes aggregated data for business loans quarterly in a widely distributed statistical release, *Survey of Terms of Business Lending* (E.2); the tables contained in it summarize data from the FR 2028A and FR 2028S. These data also appear in the statistical supplement to the *Federal Reserve Bulletin* in a table titled “Terms of Lending at Commercial Banks” (4.23). Aggregate information on farm loans from the FR 2028B is published in the Federal Reserve Bank of Kansas City’s quarterly statistical release, *Agricultural Finance Databook* (E.15). The survey results are also included in statistical compilations published both within and outside the Federal Reserve.

Legal Status

The Board’s Legal Division has determined that this survey is authorized by section 11(a)(2) of the Federal Reserve Act (12 U.S.C. § 248(a)(2)) and is voluntary. Individual responses reported on the FR 2028A and FR 2028B are regarded as confidential under the Freedom of Information Act (5 U.S.C. § 552(b)(4)).

Consultation Outside the Agency

In April 2011, the Federal Reserve consulted with eight respondent banks and one software vendor regarding the proposed revisions. These consultations were not meant to be a statistical sample, but were used to gauge which items would or would not be readily available. Banks were selected from across the size spectrum and included foreign branches. The software vendor is utilized by many large banks. Respondent suggestions were considered as appropriate in this proposal. On October 13, 2011, the Federal Reserve published a notice in the *Federal Register* (76 FR 63619) requesting public comment for 60 days on the extension, with revision, for the FR 2028. The comment period for this notice expired on December 12, 2011.

The Federal Reserve received one comment letter on the proposed revisions from a banking association. The commenter did not support the addition of a column to collect the Research Statistics Supervision Discount (RSSD) ID of the branch that originated each loan nor a column for the loan origination fee. The commenter stated that the data are not readily available and questioned how the data to be reported in the column for the RSSD ID would be used. The commenter also suggested deferring the implementation date of any changes until after the May 2012 survey week. After receiving this comment letter, in February 2012, the Federal Reserve spoke with several members of the banking association about the comments and discussed possible alternatives to the original proposal. After considering these alternatives, the Federal Reserve decided to modify the proposal by 1) replacing the proposed column to collect the RSSD ID of the branch that originated each loan with the state where the borrower is located, 2) removing the proposed column for the loan origination fee, and 3) deferring the implementation date to the August 2012 survey week; however, banks that needed additional time to program the changes would be able to report the new data items as not available until the February 2013 survey week. On March 26, 2012, the Federal Reserve published a final notice in the *Federal Register* (77 FR 17477).

Estimate of Respondent Burden

As presented in the table below, the current annual reporting burden for the STL reports is estimated to be 6,840 hours. The estimated average hours per response for the FR 2028A would increase 0.45 hours due to the proposed addition of three columns and would decrease 0.25 hours due to the proposal to increase the minimum loan size reported. Therefore, the estimated average hours per response for the FR 2028A would have a net increase 0.2 hours from 3.4 hours to 3.6 hours. The proposed annual burden would be 5,731, an increase of 318 hours. The estimated average hours per response for the FR 2028B would increase 0.2 hours from 1.2 hours to 1.4 hours due to the proposed addition of one column. The proposed annual burden would be 1,400, an increase of 200 hours. These reporting requirements represent less than 1 percent of the total Federal Reserve System paperwork burden.

	Number of respondents[17]	*Annual frequency*	*Estimated average hours per response*	*Estimated annual burden hours*
Current				
FR 2028A	398	4	3.4	5,413
FR 2028B	250	4	1.2	1,200
FR 2028S	567	4	0.1	227
Total				6,840
Proposed				
FR 2028A	398	4	3.6	5,731
FR 2028B	250	4	1.4	1,400
FR 2028S	567	4	0.1	227
Total				7,358
Change				518

17 Of the actual respondents, 45 for the FR 2028A, 105 for the FR 2028B, and 137 for the FR 2028S are small entities as defined by the Small Business Administration (i.e., entities with less than $175 million in total assets) www.sba.gov/content/table-small-business-size-standards.

Based on the proposed revisions, the total cost to the public is estimated to increase from $306,774 to $330,006 for the STL survey.[18]

Sensitive Questions

These reports contain no questions of a sensitive nature, as defined by OMB guidelines.

Estimate of Cost to the Federal Reserve System

The proposed cost to the Federal Reserve System for collecting and processing the FR 2028 is estimated to be $347,300 per year, an increase of $13,000 from the current cost of $334,300. The one-time cost to implement the revised reports is estimated to be $47,600.

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[18] Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rate (30% Office & Administrative or Support @ $17, 45% Financial Managers @ $52, 15% Legal Counsel @ $55, and 10% Chief Executives @ $81). Hourly rate for each occupational group are the median hourly wages (rounded up) from the Bureau of Labor and Statistics (BLS), *Occupational Employment and Wages 2011*, www.bls.gov/news.release/ocwage.nr0.htm. Occupations are defined using the BLS Occupational Classification System, www.bls.gov/soc/.