

## SUPPORTING STATEMENT

### A. JUSTIFICATION

#### 1. Necessity of the Information Collected

The purpose of this request for review is for the Bureau of Labor Statistics (BLS) to obtain clearance for the monthly collection of labor force data through the Current Population Survey (CPS) beginning in June 2011. The current clearance expires May 31, 2011.

Collection of labor force data through the CPS is necessary to meet the requirements in Title 29, United States Code, Sections 1 through 9 (Attachment B). Collection of the data is also authorized by Title 13 (Attachment E), United States Code, Section 182.

#### 2. Needs and Uses

The CPS has been the principal source of the official Government statistics on employment and unemployment for 70 years. The BLS and the Census Bureau share the responsibility for this survey and are submitting two separate clearance requests that reflect the way in which the two agencies divide the responsibilities for the analysis and dissemination of the data from the survey. The Census Bureau is submitting a request for clearance of the collection of the basic demographic information on the population being sampled. BLS is requesting Office of Management and Budget (OMB) clearance for the collection of the labor force information that it analyzes and publishes monthly. The basic CPS items booklet, which includes the questions used to collect both demographic and labor force information, is shown in Attachment A.

The labor force information gathered through the survey is of paramount importance in keeping track of the economic health of the Nation. The survey is the official source of monthly data on total employment and unemployment, with the monthly Employment Situation report designated a Principle Federal Economic Indicator (PFEI). The CPS data are used monthly, in conjunction with data from other sources, to analyze the extent to which the various components of the American population are participating in the economic life of the Nation.

The labor force data gathered through the CPS are provided to users in the greatest detail possible, consistent with the demographic information obtained in the survey. In brief, the labor force data can be broken down by sex, age, race, ethnicity, marital status, family composition, educational level, disability status, and various other characteristics. Through such breakdowns, one can focus on the employment situation of specific population groups as well as on the general trends in employment and unemployment. Moreover, the survey yields data on the basic status and characteristics of people who have stopped looking for work because they believe no jobs are available – discouraged workers. Information of this type can be obtained only through demographically-oriented surveys such as the CPS.

In addition to being a source of much detailed data at the national level, the CPS provides information that is crucial in examining the employment situation at the sub-national level. For the 50 states, the District of Columbia, New York City, and the Los Angeles-Long Beach-Glendale metropolitan division, data are produced using estimating equations based on regression techniques. These models combine current and historical data from the CPS with data from other surveys.

The basic CPS data also are used as an important platform on which to base the data derived from the various supplemental questions administered in conjunction with the survey. By coupling the basic data from the monthly survey with the special data from supplements, one can gain valuable insights on the behavior of American workers and on the social and economic health of their families. Recent supplements have produced data on poverty, health insurance, volunteering, displaced workers, and veterans with service connected disabilities, for example.

The monthly CPS data are first published by means of a news release, *The Employment Situation* (<http://www.bls.gov/news.release/pdf/empsit.pdf>), and, on the same day, are often discussed by the Commissioner of Labor Statistics before the Joint Economic Committee of the U.S. Congress. There is wide interest in this initial release among Government policy makers, legislators, economists, the media, and the general public. The data are subsequently published in much greater detail on the BLS website and in a variety of publications. Special analyses of data by BLS economists often are reported in the *Monthly Labor Review*, also published by BLS.

While the data from the CPS are used in conjunction with data from other surveys—notably the Current Employment Statistics (CES) survey—in assessing the economic health of the Nation, they are unique in various ways. They provide monthly, nationally representative measures of total employment that include self-employment, farm workers, and unpaid family work. By contrast, establishment surveys are generally restricted to the nonagricultural wage and salary sector. The CPS provides timely and detailed data on all jobseekers, and on all persons outside the labor force, while payroll-based surveys cannot, by definition, cover these sectors of the population and other national surveys that include a few questions on employment (such as the American Community Survey) do not have sufficient space (or legal mandate) to collect information at this level of detail. Finally, the CPS data on employment, unemployment, and persons not in the labor force can be linked separately to the demographic characteristics of the many groups which make up the Nation's population, while data from other surveys are often devoid of demographic information.

### 3. Use of Information Technology

The Census Bureau, which conducts the actual collection of the CPS data—designing the sample, training and monitoring the interviewers, and conducting a continuous quality control program—is using methods designed to keep respondent burden as low as possible. These interviewing methods, which include the use of computer-assisted interviewing, were improved as part of a complete CPS redesign implemented in January 1994. The redesign was preceded by years of wide-ranging discussions, research, and large-scale field tests

aimed at long-range improvements in the survey. The CPS and all of its supplements are collected 100% electronically by using Computer Assisted Telephone Interviews and Computer Assisted Personal Interviews (CATI/CAPI). Since January 2007, the data collection instrument has been run on Blaise, a Windows-based survey processing system developed by Statistics Netherlands and licensed by Westat in the United States.

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

As noted above, the labor force data generally obtained through the CPS are not available with the same degree of quality from any other source. This is particularly the case in terms of the timeliness, comprehensiveness, versatility (through supplements), and reliability of the data. There is, therefore, no significant duplication of effort between the CPS and other surveys.

While other surveys provide data that serve as valuable complements to those obtained in the CPS, these surveys cannot substitute for the CPS as they are generally much more limited in scope, they are not conducted as frequently, or there is a greater lag between data collection and publication.

#### **5. Minimizing Burden**

The data are collected from households; their collection does not involve any small businesses or other small entities.

#### **6. Consequences of Less Frequent Collection**

Section 2 of Title 29, United States Code, mandates BLS to publish, at least once a month, complete statistics on levels and month-to-month changes in employment and unemployment.

#### **7. Special Circumstances**

The CPS data are collected monthly as part of the requirement in 29 USC, Chapter 1, relating to the Collection, Collation, and Reports of Labor Statistics.

#### **8. Consultation Outside the Agency/Federal Register Notice**

##### **Federal Register Notice**

No comments were received as a result of the Federal Register notice published in 75 FR 79027 on December 17, 2010.

##### **Outside Consultation**

The following people have been in continuous consultation concerning the development of the survey:

Bureau of the Census

Lisa Clement  
Demographic Surveys Division  
Bureau of Census  
Department of Commerce  
Washington, D.C. 20233  
(301) 763-5482

In addition to the above, a statement soliciting comments for improving CPS data is prominently placed in all Census Bureau publications that cite CPS data. A similar statement is included in the technical documentation that accompanies the microdata files. Finally, the CPS advance letter (Attachment C) provides respondents with an address at the Census Bureau to which they can submit general comments on the survey, specifically those regarding respondent burden.

9. Paying Respondents

The Census Bureau does not make any payments or provide any gifts to individuals participating in the CPS.

10. Assurance of Confidentiality

The Census Bureau will collect the data in compliance with the Privacy Act of 1974 and OMB Circular A-130. Each sample household will receive an advance letter (Attachment C) approximately one week before the start of the initial CPS interview. The letter includes the information required by the Privacy Act of 1974, explains the voluntary nature of the survey, and states the estimated time required for participating in the survey. Field representatives must ask each respondent if he/she received the advance letter and, if not, must provide a copy of the letter to each respondent and allow sufficient time for him/her to read the contents. Also, interviewers provide households with the pamphlet "How the Census Bureau Keeps Your Information Confidential," which further states the confidentiality assurances associated with this data collection effort (Attachment D). All information given by respondents to Census Bureau employees is held in strict confidence under Title 13, United States Code, Section 9 (Attachment E). Each Census Bureau employee has taken an oath to that effect and is subject to a jail penalty and/or substantial fine if he/she discloses any information given to him/her.

11. Justification for Sensitive Questions

No sensitive questions are asked in this survey.

## 12. Estimate of Respondent Burden

The total respondent burden for the CPS is estimated at 100,512 hours for 2011. Of this total, the Census Bureau has estimated 18,012 hours to obtain basic demographic data and 82,500 hours for the collection of the labor force information, the main product of the survey. These estimates are based on interviewing 55,000 households on a monthly basis.

The estimated length of the labor force portion of each interview is 7.5 minutes. This is derived from the average respondent time that has been required to complete the labor force questions and reinterview in an average household across all months-in-sample for the past few years and the time required to answer the recently added disability questions. The actual respondent burden is dependent on the size of the household and the characteristics of its occupants. Generally, one respondent answers for the household. Three and a half percent of CPS households are eligible for reinterview each month. These reinterviews are conducted by supervisory interviewers to assure the quality of data collection.

The overall annualized dollar cost to the respondents for collection of the labor force information is \$1,026,300. This estimate assumes a wage rate of \$12.44 an hour (this figure was the median hourly wage for 2009) for all respondents regardless of whether they are employed, unemployed, or not in the labor force. The annual cost per household would be roughly \$6.22, since an individual household would be in the survey at most 4 times a year for a total of about 30 minutes.

## 13. Estimate of Cost Burden

- a. Capital start-up costs: \$0
- b. Total operation and maintenance and purchase of services: \$0

## 14. Cost to the Federal Government

The total estimated cost to the Federal Government in fiscal year 2011 for the full CPS data collection program as administered by the Census Bureau will be approximately \$99 million. Of this amount, the BLS will contribute a major portion—about \$54 million—through an interagency transfer of funds to the Bureau of the Census. BLS will also spend approximately \$8 million for review and dissemination of the labor force data. The Census Bureau will contribute about \$13 million for the collection of demographic data. A direct appropriation of \$20 million from State Children's Health Insurance Program (SCHIP) legislation also contributes to the CPS program to fund the additional sample that is required for the precision requirements of health insurance data from the Annual Social and Economic supplement to the CPS. The remaining funds are received by Census from various agencies to fund supplements and other projects.

## 15. Changes in Respondent Burden

Total respondent burden for the collection of labor force information will be unchanged at 82,500 hours in 2011.

**16. Time Schedule for Information Collection and Publication**

A large portion of the labor force data obtained through the CPS is published on a monthly basis. Other data from the survey, such as those on earnings, are published on a quarterly basis. Still other data, such as the detailed information on employment and unemployment at the local level, are published on an annual basis. The monthly data are released soon after collection, the usual lag averaging 19 days after the start of interviewing.

Monthly data are published in the Employment Situation news release. This release can be found on the BLS website at [www.bls.gov/schedule/archives/empsit\\_nr.htm](http://www.bls.gov/schedule/archives/empsit_nr.htm), and a schedule of the release dates is available at [www.bls.gov/schedule/news\\_release/empsit.htm](http://www.bls.gov/schedule/news_release/empsit.htm). BLS also publishes a variety of other news releases and reports, which are posted on the BLS website at [www.bls.gov/cps/news.htm](http://www.bls.gov/cps/news.htm).

**17. Request to Not Display Expiration Date**

The Census Bureau does not wish to display the assigned expiration date of the information collection because the instrument is automated and the respondent, therefore, would never see the date. The advance letter sent to households by the Census Bureau contains Census's OMB clearance number for the CPS and Census's version of the failure to comply notice (Attachment C). Copies of this advance letter are stockpiled by the Census Bureau for use as needed; changes to the letter would make the current inventory of letters unusable.

**18. Exceptions to the Certification**

There are no exceptions to the certification.