

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). Many changes will be implemented to the questions and the wording of questions in the Quarterly Interview. These changes will streamline the collection process and keep the survey current with items that are available in the marketplace. Additionally, minor changes will be implemented to the questions from the CEQ Reinterview.

The Bureau of the Census conducts the CE Surveys for the Bureau of Labor Statistics (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 Quarterly Interview Survey 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 Quarterly Interview Survey sample for a rotation group consists of three equal parts, with each part designated for interviewing in a particular month of the quarter and every three months thereafter while in sample. The major collection tools used for the Quarterly Interview Survey are the CE Quarterly Interview Computer Assisted Personal Interview (CAPI) instrument and the Interview CAPI Reinterview instrument. These two instruments are documented in Attachments B (2013 CEQ Specifications) and D (2013 Final CEQ RI Instrument Specs and Attachments). These instruments collect information about the household and consumer unit (CU) characteristics. The CE Quarterly Interview CAPI instrument also collects the expenditure information for the CU.

The Consumer Expenditure Quarterly Interview Survey has recently undergone a thorough review. The proposed changes from this review fall into two major categories: streamlining the current questions and updating and deleting several questions to reflect the current marketplace. In the streamlining category, the BLS collapsed numerous questions including the following: the questions on who is a member of the CU were collapsed from several questions down to one; the number of educational categories were reduced; the residential telephone service category was collapsed with voice over IP; cell phone service was collapsed with prepaid cell phone service; vehicle repair categories were collapsed; sewing item expenditures were collapsed from four questions into one; some appliance categories (eg. washer and dryer will now be collected together) were collapsed; service contracts were combined with the repair and maintenance of items; clothing items were combined. Lastly, many questions in the income section were collapsed and reworded to reflect ACS income questions.

To keep the survey current and to fulfill the requirements of the Consumer Price Index (CPI), question wording was simplified, some items were deleted, and other items were added as follows: simplified wording regarding types of property; for clarity, reworded certain categories such as digital book readers and tablets; allowed for reporting of diapers as a recurring expense;

added questions on appliances for renter's, added an item for ceiling fans, and a question on the Earned Income Tax Credit; asked school type for a select few educational expenses instead of all educational expenses; asked questions pertaining to housing subsidies to respondents who are renters only.; deleted outdated question on pay phones; deleted distinctions that were not needed such as the question on whether a rental/leased vehicle is a car or a truck. (See Attachment A for a full list of all 2013 Instrument requirements.)

The Diary Survey 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 Diary Survey 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 Diary Survey 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. Changes to the Diary CAPI instrument for 2013 have already been approved and implemented. However, questions regarding deductions from income will revert back to the form in which they were asked prior to the 2013 Diary CAPI instrument changes. (See Attachment G for additional details.) While there is also a Diary specific Reinterview Instrument, no changes have been made for 2013. No changes have been made since 2004. (See Attachment H, CED RI Instrument Specs and Attachments). The data collection months of January 2013 through March 2013 will include a Web Diary Feasibility test which was cleared by OMB on 10/25/2012. In the test respondents drawn from a research sample will complete two one-week diaries via the Web. Also as part of the test respondents in the production sample during these data collection months are asked about how the CU accesses the Internet. Materials related to this test were provided as part of the test clearance process and are available on request.

The Web Diary Feasibility test will be followed by an Individual Diary Feasibility study that will test the feasibility and impact of using both individual diaries and multiple modes to collect CE Diary expenditures. All CU members in the research sample will be offered, sequentially, a mobile-optimized web option, then a web survey, and then a two-week paper diary for recording expenditures. Respondents in the test group will be given the mode offering and/or individual log-in credentials at visit 1. The CU will be asked the appropriate CAPI questions at the end of the visit¹. There will be no second visit, instead the group will be reminded to continue Diary recordkeeping via telephone. The group will be visited in-person at the end of the diary period to thank them for their participation, to ask any CAPI questions, to collect recall and/or receipts, and to be debriefed. The research sample will serve as the test group and will be randomly selected from the three ROs chosen for the study. The control group will come from the Production sample for the same quarters that the test diary is fielded and will adhere to the current diary methodology. The expected starting sample size for this study is 2,600 cases, the study should yield 2,912 completed weekly diaries for CUs overall. BLS estimates that this study will require 1,764 burden hours. The field period is scheduled for six months and will be concluded by the end of FY 2014. A nonsubstantive change request with further details will be submitted to OMB prior to the start of this test.

1

A separate Information Booklet is used for each survey. Updates have been made to the Quarterly Interview Survey Information Booklets CE-305 (Attachment C (a)) for 2013 to support the changes made to its respective CAPI Instrument. In addition, some new examples have been included. Also, the images in the Diary Interview Survey Information Booklets CE-805 have been updated. (See Attachment C (b)).

Before the interviewer's visit, each Quarterly Interview Survey and Diary Survey sample household receives an Advance Letter, the CE-303L1, 2 or 5 (Attachment I(a)) or CE-803(L) (Attachment I(b)). These letters explain the nature of the information the BLS wants to collect and the uses of the Quarterly Interview or the Diary Survey data, as appropriate; informs the respondents of the confidential treatment of all identifying information they provide; requests the respondents' participation in the survey; describes the survey's compliance with the relevant provisions of the Privacy Act and the Office of Management and Budget (OMB) disclosure requirements; and, new in 2013, provide a link to the address of the respondent's informational webpage. At the first interview for both the Quarterly Interview Survey and the Diary Survey, the field representative gives the respondent a portfolio (also updated in 2013 with the address of the respondent's informational webpage) filled with information on CE, CPI and the Census Bureau (Attachment L). Also available to respondents is the respondent Web page. This page contains information about the CE surveys, frequently asked questions, and links to the most recent CE data. 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.

After each interview for the Quarterly Interview Survey 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 K). As appropriate, Census Field representatives may also provide supplemental flyers on the Quarterly Interview or the Diary Survey (Attachments M and N).

Each of the advance letters and several of the brochures in the portfolio are available in the following languages: Arabic, Chinese, Korean, Spanish, Russian, Vietnamese, and Polish.

A subsample of approximately 10 percent of households in the Quarterly Interview Survey and 9 percent in the Diary Survey will participate in an additional interview, referred to as reinterview, for the purpose of instituting quality control over the performance of the interviewing staff. These instruments contain questions verifying certain items from the CE Quarterly Interview CAPI instrument and the CE Diary CAPI instrument. In 2013, while still asking the same number of questions of respondents, the Quarterly Interview (CEQ) Reinterview will include slight modifications to the specific items listed in each question. There are no changes to the Diary Reinterview Instrument for 2013. (See Attachments D and H for full specifications.)

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.

2. **Uses of the Data**

The Bureau of the Census conducts the CE Surveys for the Bureau of Labor Statistics (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 Quarterly Interview Survey 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 to irreconcilable data during the interview so that the correct data can be obtained and verified by 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 consumer expenditure 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 Diary Survey requests that each selected sample unit keep two one-week diaries of expenditures over two consecutive weeks. The Diary Survey 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 Diary Survey respondents to record responses in fewer than 30 days after receipt of it.

8. **Consultations**

One comment was received on the Federal Register notice published in 77 FR 54614 on September 5, 2012. The comment, which was emailed to the BLS on October 18, 2012, supported the updating and continued collection of the Consumer Expenditure Surveys.

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) 763-4294

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

Ms. Emily Krutsch
Demographic Statistical
Methods Division
Bureau of the Census

Consultations with these persons continue as specific problems arise.

9. Payment to Respondents

Payment or gift is currently not provided to respondents although as indicated in this clearance package BLS plans 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 Diary Survey 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 15,320 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 approximately 11 percent of the completed interviews, for a total of 3,800 completed reinterviews per year. The average time to complete the survey is 55 minutes for the regular interview, and 10 minutes for the reinterview. This results in an annual response burden of 32,991 hours.

Response Burden for the Quarterly Interview Survey		
	Interviews	Reinterviews (1)
Number of respondents	8,825 (2)	3,800 (3)
Number of responses per respondent	4 (4)	1
Total annual responses	35,300	3,800
Minutes per response	55	10
Total hours	32,358	633

Total Response Burden = 32,991 hours

- (1) Reinterviews are done on a subset of the original respondents.
- (2) 8,825 is the quarterly number of respondents.
- (3) 3,800 is the annual number of reinterviews. Approximately 4,400 reinterviews will be attempted, of which 3,800 will be successfully completed.
- (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 11,750 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 10 percent of the weekly diaries for a total of 1,400 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 24 minutes to complete each of the three regular interviews, and 10 minutes to complete the reinterview, for a total of 8,460 hours of interviewing, and 233 hours of reinterviewing. For the Web Diary Feasibility (WDF) test, during the data collection months of January 2013 through March 2013, BLS will conduct the CED at an additional 1,300 designated research sample addresses of which approximately 500 will result in completed interviews and diaries. The WDF test will add approximately 535 additional hours. This results in a total response burden of 33,903 hours.

	Response Burden for the Diary Survey			WDF	WDF
	Record-keeping	Interview	Reinterview	Diary	Interview
Number of respondents	7,050 ⁽¹⁾	7,050 ⁽¹⁾	1,400 ⁽²⁾	500	500
Number of responses per respondent	2	3	1	2	1.5
Total annual responses	14,100	21,150	1,400	1000	750
Minutes per response	105	24	10	20	16
Total hours	24,675	8,460	233	334	201
Total Response Burden = 33,903hours					

(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 1,600 reinterviews will be attempted, of which 1,400 will be successfully completed.

The total response burden for both surveys combined is 66,894 hours. The total annualized cost to respondents, based on burden hours and the federal minimum wage of \$7.25 per hour, is \$480,682.

	Total Response Burden for the Quarterly Interview and Diary Surveys			
	Quarterly	Diary	WDF	Total
Number of respondents	8,825	7,050	500	16,375
Number of responses	39,100	36,650	1750	77,500
Total burden hours	32,991	33,368	535	66,894

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 was approximately \$44 million in fiscal year 2012. This included approximately \$30 million 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 approximately \$14 million was for costs incurred by the BLS in

personnel and other 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.

15. Change in Respondent Burden

Reporting burden has decreased from 69,878 to 66,894. This new number is based on actual data collection times over the last two years adjusted for the 2013 Quarterly forms changes.

16. Publication Plan

Data collection activities for the continuing surveys began in September 1979 for the Diary Survey and in October 1979 for the Quarterly Interview Survey. The Census Bureau delivered the first edited and weighted data tape to the BLS in April 1981. Delivery is now scheduled with Quarterly Interview Survey data to be delivered three weeks after the interview month and Diary Survey 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 Diary Survey and in October 1984 for the Interview Survey.

The BLS has released Diary and Quarterly Interview Survey public use microdata and integrated summary data up to and including 2010. The BLS will release the 2011 data tables and public use microdata in September 2012.

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 will 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.