CONSUMER FINANCIAL PROTECTION BUREAU
INFORMATION COLLECTION REQUEST
SUPPORTING STATEMENT – PART B
DEBT COLLECTION SURVEY FROM THE CONSUMER CREDIT PANEL
(OMB CONTROL NUMBER: 3170-XXXX))

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1. Respondent Universe and Selection Methods

The Bureau recently acquired a nationally representative sample of de-identified consumer credit records (the "Consumer Credit Panel" or "CCP") from one of the three national credit reporting agencies. This sample is comprised of a 1-in-48 random sample of all credit records drawn from the credit reporting agency's archive from December 2012. The resulting sample includes approximately 5 million de-identified credit records, representing the universe of approximately 240 million credit records. At the end of each calendar quarter, the CFPB receives updated credit records for these sampled consumers (if available) and a 1-in-48 sample of credit records that were newly created since the previous quarter. This sampling process was designed to provide an on-going panel of credit records that remains representative of the universe of credit records at each point in time. The contract with the credit reporting agency also allows for testing to verify that the panel remains representative.

The de-identified credit records that the CFPB receives carefully exclude any direct identifying information in order to maintain the anonymity and protect the privacy of sampled consumers. The records include information about the credit accounts, such as mortgages and credit cards, that are included in each consumer's credit record (though the identity of the creditor is excluded from the information the CFPB receives). Also included is information about non-credit-related debts that have been reported by third-party collection agencies, monetary-related public records (like tax liens and bankruptcy filings), and details of any credit record inquiries made by lenders in response to an application for credit. The credit information in the CCP is used to monitor conditions in consumer credit markets, to study consumer behavior regarding credit, to evaluate the

effects of consumer regulations, or to address other issues in support of the Bureau's research, monitoring, and supervisory missions.[1]

The target population for the survey is U.S. borrowers, more specifically, individuals in the United States with credit records at the time of the survey. We plan to select a stratified random sample with twelve strata (see Table 1), using credit records in the most recent available quarter of the CCP (expected to be the third quarter of 2014) as a sampling frame. Survey weights will reflect this sample design.

The proposed survey largely focuses on the experiences of borrowers with recent debt collection experience. Only a fraction of collections, however, are reported to credit bureaus. In particular, some third-party collections of non-credit-related debts (for example, medical bills or utility bills) are reported, but other collections generally are not. Most—and likely the vast majority of—collections of credit-related debts such as student loans, credit card bills, and vehicle loans are not reported to credit bureaus. The credit bureau data is thus an imperfect frame for identifying persons with recent debt collection experience. However, drawing a sample from the general population to identify such perons would be prohibitively expensive.

Table 1. Estimated number of records in CCP, number of total credit records, sampling fraction, and approximate sample size by stratum

New 60-day delinquency on credit-related debts in past year	**New reported collections of non-credit-related debts in past year**			**Total**
	Any medical	Nonmedical only	Neither	
Student loan only				
CCP records	862	1,239	4,198	6,299
Credit records	41,376	59,472	201,504	302,352
Sampling fraction	0.67%	0.67%	0.67%	0.67%
Approx. sample size	6	8	28	42
Credit card only				
CCP records	27,502	37,399	109,573	174,474

[1] Similar datasets are used by the Federal Reserve Board and the Office of the Comptroller of the Currency, so the CFPB is not unique among regulatory agencies in collecting this type of information in order to inform its policymaking.

Credit records	1,320,096	1,795,152	5,259,504	8,374,752
Sampling fraction	0.67%	0.67%	0.67%	0.67%
Approx. sample size	185	252	738	1,175
Other + multiple				
CCP records	27,066	34,093	75,808	136,967
Credit records	1,299,168	1,636,464	3,638,784	6,574,416
Sampling fraction	0.67%	0.67%	0.67%	0.67%
Approx. sample size	182	230	510	922
None				
CCP records	315,177	362,267	4,198,839	4,876,283
Credit records	15,128,496	17,388,816	201,544,272	234,061,584
Sampling fraction	0.67%	0.67%	0.08%	0.16%
Approx. sample size	2,122	2,439	3,300	7,861
Total				
CCP records	370,607	434,998	4,388,418	5,194,023
Credit records	17,789,136	20,879,904	210,644,064	249,313,104
Sampling fraction	0.67%	0.67%	0.10%	0.19%
Approx. sample size	2,495	2,929	4,576	10,000

Note: Estimated number of CCP records based on CCP data for 2014Q2. Estimated number of credit records is equal to 48 times the estimated number of CCP records.

Because most debt collections cannot be directly identified in credit bureau data, the sampling strata will be defined based on: i) reported third-party collections for non-credit-related debts (for example, medical bills or utility bills) in the past year, and; ii) past-due payments on credit-related debts that were past due by 60 days or more in the past year. We intend to oversample credit records with recent third-party collections for non-credit-related debts and those with past-due payments. As shown in the third row of the cells for each of the nine strata, the sampling fraction for records with neither a third-party non-credit-related collection nor a delinquency will be about 8.5 times lower than the rate for other credit records (0.08 percent compared with 0.67 percent). Among the remaining strata, proportionate selection will be used. Systematic selection will be used to select records within each of the strata at the specified sampling fraction.

We expect an overall response rate of about 30 percent, but we are not aware of any data that indicate how nonresponse might vary across these strata. More generally, to

the best of our knowledge, no survey like this of debt collections has previously been attempted. The closest effort in approach is likely the pilot of the "continuation survey" of the National Survey of Mortgage Borrowers conducted by Freddie Mac. The continuation survey was sent to mortgage borrowers with an oversampling of consumers who were delinquent on their mortgages. Like the survey the CFPB seeks PRA approval to conduct, Freddie Mac's survey was a mail survey sent to consumers who were randomly selected from a sample of credit records. The continuation survey oversampled mortgage borrowers who were delinquent on a mortgage and had a response rate of 32 percent. We expect a lower overall response rate to this survey because we are also surveying consumers who do not have mortgages and who therefore may be more mobile and harder to contact.

2. Information Collection Procedures

As described in the question above, we plan to randomly select approximately 10,000 credit records from the CCP. Unique record locators assigned to these credit records will be sent to the credit reporting agency along with a survey instrument that has been designed by CFPB staff. The credit reporting agency will identify the consumers associated with each sampled credit record, and will mail the survey instrument. The field period will be eight weeks and will include up to four first-class mailings (Table 2). All sampled consumers will receive an initial mailing that includes a cover letter introducing the survey along with a paper questionnaire, postage-paid return envelope, and five dollar cash incentive. A reminder letter will be sent one week later (week 2).

Table 2. Summary of contact and incentive protocol

Week	Letter	Additional content	Incentive	Recipients
1	Cover letter	Questionnaire and postage-paid return envelope	$5 bill	All
2	1st reminder			All
5	2nd reminder	Questionnaire and postage-paid	$5 bill	Nonrespondents

	return envelope	
7	3rd reminder	Nonrespondents

In week five, consumers who have not yet completed the survey or opted out will receive a second reminder letter with a replacement questionnaire, postage-paid return envelope, and five dollar incentive. A final reminder letter will be sent to remaining nonrespondents in week seven. The planned contact and incentive protocols follow those used by the National Survey of Mortgage Borrowers.

The mail survey will include instructions for completing the survey online, and the survey website will be hosted on servers owned and operated by the credit reporting agency's subcontractor. The credit reporting agency's subcontractor will receive the responses that come in either by mail or online, strip off any direct identifying PII that may have been included in the consumer's response, and send the de-identified information to the CFPB. This process, which has been successfully pilot tested for the National Survey of Mortgage Borrowers, allows the CFPB to survey consumers without revealing direct identifying PII directly to the Bureau.

3. Methods to Maximize Response Rates and Address Issues of Non-Response

Obtaining sufficiently high response rates is a challenge for any survey. The CFPB intends to include a cash incentive with each survey to boost response rates. Additionally, the Bureau will incorporate lessons learned by the National Mortgage Database (NMDB)[2] pilot team, comprised of staff from the CFPB, Freddie Mac, and the Federal Housing Finance Agency, which has pilot-tested a similar methodology for new or delinquent mortgage borrowers.

The extensive information from the de-identified credit records for both respondents and nonrespondents will provide a strong basis for investigating potential

[2] The National Mortgage Database (**OMB No. 2590-0012**) is a joint effort of FHFA and the CFPB and is a uniquely comprehensive database of information on the residential mortgage origination market. A key purpose of the NMDB is to make accessible accurate, comprehensive information for monitoring the residential mortgage market. The need for the NMDB grew out of the subprime mortgage crisis that began in the United States in 2007. The subprime crisis, and the financial crisis that followed, revealed the extent to which regulators lacked sufficient data to foresee and adequately respond to a crisis in the mortgage markets.

nonresponse bias relative to the CCP. The data will, for example, permit us to examine differential rates of nonresponse correlated with credit score, dollar amounts of various types of credit lines and demographics and geographic information. Based on this analysis, the CFPB will also construct survey weights so that the survey will be representative of American consumers with credit records (i.e., consumers who appear in the CCP or credit bureau data). The nonresponse bias analyses will be of benefit to other federal agencies using samples based on commercially-available administrative data.

For survey respondents, the CFPB will additionally be able to compare the self-reported demographic information in the survey (for example, education, age, and marital status) to the auxiliary demographic information included in the credit-record database. This comparison may shed light on the reliability of such auxiliary data and, thus, provide information that may be valuable to government researchers and others that rely on such data when direct measures of these characteristics are unavailable. Further, while the questions are not identical, comparing the answers of survey respondents to related credit and debt information in the CCP will shed further light on the quality of self-report data relative to the credit-record database. This analysis will be of use to other federal agencies considering supplementing or replacing survey data with data from commercially-available administrative sources.

Finally, as noted below, the CFPB is considering examining the effects of alternative versions of the required Privacy Act statement on survey nonresponse.

4. Testing of Procedures or Methods

The CFPB plans to test experimental instruments on a small scale prior to their use in full-scale experiments. These techniques are meant to reduce the total public burden of the information collection by ensuring that the large-scale information collection is optimized. In addition, the CFPB intends to examine whether differences in the length and content of the Privacy Act statement affect survey nonresponse. The CFPB understands that there has been limited research on this and related questions. The proposed experiment is based on

findings from the informed consent literature suggesting that shorter statements may both increase consent rates and knowledge of the consent process.[3,4] Our working hypothesis is that the longer Privacy Act statement may deter people from participating in the survey. A counter-hypothesis is that a longer statement reassures potential respondents, increasing responses rates.

The analysis would be based on a split-sample experiment that will randomize across two versions of the Privacy Act statement of differing length and content. The version of the Privacy Act statement for a given sample case would be identical in the paper and web questionnaires.

To mitigate the potential effects of this experiment on overall survey response rates in the event there are sizable differences in response rates, the CFPB expects to assign 80 percent of sample cases the shorter version, which the CFPB believes is more likely to produce a higher response rate. With an overall sample size of 10,000, and with the unequal allocation described above, we have sufficient power to detect a difference in response rates of about 2.9 percentage points with .90 confidence (2-sided) and .80 power, assuming a response rate of 30 percent for one of the groups.

The primary outcome of interest would be differences in (unit) response rates across the two groups. The CFPB will also examine differences in item nonresponse, particularly with respect to questions that address sensitive topics (for example, income, race and ethnicity, or reasons for not paying a debt in collection). Results from this experiment may provide evidence about the effects of information related to the confidentiality and the uses of survey responses that may help other entities, particularly other government agencies, that collect financial or other sensitive information through similar surveys.

5. **Contact Information for Statistical Aspects of the Design.**

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[3] Tait AR, Voepel-Lewis T, Nair VN, Narisetty NN, Fagerlin A. (2013), "Informing the Uninformed: Optimizing the Consent Message Using a Fractional Factorial Design." *JAMA Pediatr.* 167 (7): 640-646. doi:10.1001/jamapediatrics.2013.1385. **Error! Main Document Only.**

[4] Das M, Couper MP (2014), "Optimizing Opt-Out Consent for Record Linkage." *Journal of Official Statistics*, 30 (3): 479-497, http://dx.doi.org/10.2478/JOS-2014-0030.

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