

SUPPORTING STATEMENT

A. Justification

1. Necessity of the Information Collected

The purpose of this request is to obtain OMB clearance for the 2015-2017 Telephone Point-of-Purchase Survey (TPOPS). The information to be collected represents a continuation of a currently approved telephone data collection. OMB control number 1220-0044 currently expires on February 28, 2017.

The Census Bureau conducts the ongoing TPOPS for the Bureau of Labor Statistics (BLS) as part of the Consumer Price Index (CPI) program. The purpose of the survey is to develop and maintain a timely list of retail, wholesale, and service establishments at which urban consumers shop for specified items. The list of establishments produced from the survey serves as a sampling frame for the BLS to update and maintain the sample of outlets it uses in pricing goods and services in the CPI. The information collected in the survey also provides BLS with basic expenditure estimates that are used to weight unique items that are priced. Without this information, the BLS would not have a statistically accurate list of current establishments visited by consumers, and therefore, could neither collect prices as needed for the CPI nor weight specific items properly.

The BLS is authorized to collect these data under Title 29, Section 2, of the United States Code (see Attachment A). On September 30, 1976, Congress enacted Public Law 94-439 (H.R. 14232) to appropriate funds for revisions to the CPI. Within this appropriation is financial support for an ongoing Point-of-Purchase Survey. The Census Bureau collects information in the TPOPS for the BLS under the authority of Title 13, United States Code Section 8(b), which allows the Census Bureau to undertake surveys for other agencies (see Attachment B).

The current TPOPS, has been conducted via computer-assisted telephone interviewing (CATI) since 1997. Conducting a survey by CATI offers several advantages over personal-visit interviewing:

- A completed telephone interview costs less to obtain than a personal interview.
- Supervisors can exercise greater quality control over interviewing in a centralized CATI facility as opposed to supervising field interviewers in a decentralized environment.
- Using telephone survey methodology, the survey can be conducted continuously covering all primary sampling units (PSUs) over a 1-year period rather than in one select group of PSUs during one 6-week period per year.

TPOPS is conducted over the telephone under a CATI environment and needs no additional material. However, advance letters are sent to every household for which an address can be obtained. Respondents are contacted within a few days of receiving the letter. During the first interview, the respondents' addresses are collected so that advance letters/postcards¹ can be sent before subsequent scheduled interviews. Follow up letters are also sent to respondents initially unwilling to participate during the 5 week interviewing period. Sending letters during the interviewing period to soft refusals have been found by other surveys (e.g., the American Community Survey) to have a conversion rate of 16%.

Generally speaking, the TPOPS interview is divided into three parts:

- The front portion of the interview is designed to identify eligible sample units and to screen-out ineligible units (e.g., home owners, businesses). Respondents using mobile phones are asked to verify they are not driving at the time of the interview.
- The middle portion of the interview contains questions about purchases of selected consumer items made by members of the sample unit. If the sample unit incurred expenses for the specific item in question during the specified recall period, then (a) the amount of each expenditure and (b) the name and address of each outlet where the item was purchased is collected.
- The back portion of the instrument is designed to collect demographic characteristics and contains administrative questions for scheduling subsequent interviews.

The instrument specifications, which contain the actual questions asked, are provided in Attachment C.

To address potential coverage bias by omitting households in the U.S. that make significant use of cell phone only service, a cell phone number frame was added to TPOPS in April 2012. Results from a cell phone test fielded in the first quarter of 2011 were used to estimate a hit rate to maximize sampling. The target of interviews between the two frames was set at 75% landline and 25% cell phone, which closely reflects the current telephone usage by U.S. households.²

In 2012, BLS concluded research on alternative sources of outlet frame data. Upon evaluation of five different sources, the BLS concluded no single source of outlet data existed that met all requirements of the CPI. The research identified five criteria the CPI Pricing Survey requires regarding outlet frame information:

1 Postcards are sent as reminders to respondents without the survey name to maintain confidentiality.

2 Blumberg, Stephen J., Ph.D., and Luke, Julian V. Wireless Substitution: Early Release of Estimates from the National Health Interview Survey: Division of Health Interview Statistics, National Center for Health Statistics, January-June 2009.

- The sample frame must target urban consumers in the primary sampling units defined in the CPI survey.
- In order for the source of outlet information to be useful, the lag between its collection and use in the CPI should be minimized.
- The CPI Pricing Survey requires identifiable independent frames that match its structure of 180 goods and services.
- The source should be unbiased and accurate.
- The data should be safeguarded and comply with BLS confidentiality guidelines and security measures.

Among the five sources evaluated was the Census of Retail Trade (CRT). It is conducted every five years as part of the Economic Census and provides data for most of the categories in the CPI. The CRT failed to meet the CPI Pricing Survey needs regarding timeliness, geography, and was found to not include single establishment outlets.

The following potential sources were also found to be insufficient:³

- Knowledge Networks is an internet survey with pools of respondents, but due to their low response rates and small sample size in some geographic areas its results were not deemed reliable.
- A.C. Nielson's household data did not meet the geographic needs of the CPI Pricing Survey and did not include some small businesses resulting in a bias.
- The Center for Medicare and Medicaid Services Survey was identified as a source for a subset of the medical categories in the CPI Survey but it collects data only for Medicare-qualified outlets resulting in a bias.

The inclusion of outlet questions in the Consumer Expenditure Survey (CE) was also considered as a potential source of an outlet frame for the CPI Pricing Survey. A major drawback of this approach is that it is conducted in different geographic areas than the CPI.

2. Needs and Uses

The BLS will use information collected in TPOPS to select establishments for pricing market basket items needed for CPI calculations. Information received from the currently approved TPOPS collection has been used to select new establishments in geographic areas from the 1998 Revision CPI sample. Pricing at these establishments was initiated in February 1999 as part of the ongoing Consumer Price Index Commodities and Services Survey, OMB control number 1220-0039. Information received from future TPOPS collection will be used to select new establishments in

³ Stockburger, Anya. Memo to OMB: Update on the Telephone Point of Purchase Survey cell phone frame planning. June 6, 2012.

geographic areas from the 2018 Revision CPI sample. Pricing at these establishments will begin in February 2017.

3. Use of Information Technology

The collection of information for TPOPS is fully automated. Under the CATI environment, interviewing in all CPI geographic sampling areas or primary sampling units (PSUs) occurs from three central locations. Specifically, the Census Bureau operates telephone interviewing facilities in Hagerstown, MD; Jeffersonville, IN; and Tucson, AZ. Interviewers dial a telephone number obtained from a queue of randomly selected telephone numbers for each geographic area, and then conduct the interview over the telephone. Responses are keyed directly via the computer and stored electronically by the CATI instrument. Sample units are identified and interviewed once per quarter, over four consecutive quarters. Beginning in the second quarter of 2015, sample units will be interviewed once per quarter, over eight consecutive quarters. The split-panel design minimizes the total number of calls that must be made to obtain a sufficient sample size. Increasing the number of interviews per sample unit minimizes the number of sample units needed to obtain a sufficient sample size.

4. Efforts to Identify Duplication

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

5. Minimizing Burden to Small Entities

Not applicable. The collection of information in TPOPS involves individuals, not small businesses.

6. Consequences of Less Frequent Collection

The continuous, quarterly collection of these data accurately reflects current consumer purchasing behavior and is essential in order to have a continuously updated outlet frame for the CPI "market basket" of goods and services. If the BLS did not conduct TPOPS, BLS would not be able to update and replenish the sample of establishments where pricing agents are sent to verify the price of goods in the market basket. The CPI sample would become out of date and unreflective of current prices faced by urban consumers. The consequence to both the Federal and private sectors, which rely on the CPI as the primary indicator of inflation, would be far-reaching and have serious repercussions on Federal government policy and institutions. For example, Federal fiscal and monetary policies would be hampered due to the lack of accurate information on price changes.

If collection were conducted less frequently, the timeliness and accuracy of the CPI would be significantly compromised.

7. Special Circumstances

The Census Bureau will collect these data in a manner consistent with the guidelines in 5 CFR 1320.5.⁴

8. Federal Register Notice/Consultation Outside the Agency

One comment was received as a result of the Federal Register notice published on September 15, 2014 in 79 FR 55016.

The comment, received on October 28th, from the Bureau of Economic Analysis supports the continued collection of the TPOPS survey, stating that it is critical to the data quality of numerous components of the BEA's GDP statistics.

During the past 2 years, the BLS has consulted with the following persons and continues to do so as specific problems arise:

Mr. Christopher Seamands
Demographic Surveys Division
Bureau of the Census
(301) 763-5318

Mr. Stephen Ash
Statistical Methods Division
Bureau of the Census
(301) 763-4294

Due to the CPI's high visibility, the data collection methodology used for its construction is under constant scrutiny by individuals and organizations within and outside the U.S. Government. Members of the CPI staff in Washington, D.C. have participated in various economic association meetings to discuss CPI surveys, including methodological and procedural aspects of the data collection process. The BLS Commissioner and Associate Commissioners report on a monthly basis to the Congressional Joint Economic Committee. Past criticisms of the CPI included its inability to incorporate new products and new outlets into the sample in a timely manner and the belief that the outlets in sample were too old. The current design of TPOPS allows the flexibility to add new products and to select outlets on a continuous basis in all sampling areas in a timely manner.

⁴ Electronic Code of Federal Regulations Title 5: Administrative Personnel – Part 1320 Controlling Paperwork Burdens on The Public. 3July 2013. GPO.< <http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&rgn=div5&view=text&node=5:3.0.2.3.9&idno=5>>.

9. Paying Respondents

Cooperation by the respondents to supply data for TPOPS is voluntary and no remuneration, payment, or gift is provided.

10. Assurance of Confidentiality

The Confidential Information Protection and Statistical Efficiency Act of 2002 (CIPSEA) safeguards the confidentiality of individually identifiable information acquired under a pledge of confidentiality for exclusively statistical purposes by controlling access to, and uses made of, such information. CIPSEA includes fines and penalties for any knowing and willful disclosure of individually identifiable information by an officer, employee, or agent of the BLS.

BLS policy on the confidential nature of respondent identifiable information (RII) states that “RII acquired or maintained by the BLS for exclusively statistical purposes and under a pledge of confidentiality shall be treated in a manner that ensures the information will be used only for statistical purposes and will be accessible only to authorized individuals with a need-to-know.”

The Census Bureau performs this work under the authority of 13 USC Section 8 (b).

Respondents for whom an address can be obtained receive an advance letter that assures confidentiality. If an address is unavailable at the beginning of the telephone interview, the interviewer reads a brief explanation of the survey, the confidentiality standards and authority, and the information required by the Privacy Act of 1974. Respondents are informed that the survey is voluntary and all information will be held in strict confidence and will be used for statistical purposes only.

11. Justification for Sensitive Questions

TPOPS does not include any questions of a sensitive nature.

12. Estimate of Respondent Burden

The collection of information for TPOPS occurs in 87 geographic areas, or primary sampling units (PSUs) under the 1998 geographic design. Under the 2018 geographic design, TPOPS will be conducted in 75 PSUs.

TPOPS has a quarterly rotating panel design. Once a household has been selected and identified as an eligible unit, it remains in the sample for four consecutive quarters. Beginning in the second quarter of 2015, households will remain in the sample for eight consecutive quarters. The total sample in each PSU is divided between the number of panels. During any given quarter, one panel is administered their first interview, one panel is administered their second interview, one panel is administered their third

interview, and one panel is administered their fourth interview. After the eight-panel design is implemented, any given quarter will also include panels that are administered their fifth, sixth, seventh, and eighth interviews.

The sample design outlined above was used to estimate burden hours for the collection of information in the 2015 through 2017 TPOPS surveys. The BLS estimates that it will take approximately 12.76 minutes on average to interview eligible respondents during the 2015-2017 timeframe. An estimate of average interview time is based on collection results from the first quarter of 2013; Table 1 itemizes the estimated respondent burden hours by year. The eight panel design is expected to increase the number of responses, which is offset by the number of new respondents needed each quarter. When the eight panel design is fully implemented, no significant change in respondent burden is expected.

	2015 (4-panel design)	2016 ⁴ (transition)	2017 ⁴ (8-panel design)
Number of panel-1 respondents per quarter¹	26,653	21,827	17,000
Average number of responses²	2.02	2.64	3.25
Total number of responses³	53,839	57,623	55,250
Minutes per response¹	12.76	12.76	12.76
Total minutes³	686,986	735,273	704,990
Total hours³	11,450	12,255	11,750

1 – Estimates based on average of 2013 Qtr1 data

2 – Estimates based on average of 2012 and 2013 collection results

3 – Annualized estimates based on 2013 Qtr1 data

4 – Estimates based on modeled attrition rates for addition panels

When applying the median U.S. hourly wage of \$16.87 to the total hours the annual opportunity cost to respondents is approximately \$193,162 in 2015, \$206,742 in 2016 during the transition to the new panel design, and \$198,223 when the new design is fully implemented.⁵

13. Estimate of Cost Burden

The total annual cost burden to respondents resulting from the collection of information from the landline frame is \$0. The cost associated with the cell phone frame is measured by the utilization of minutes. In 2012, Ovum research reported only 23% of wireless consumers use pre-paid cards based on a ‘per minute’ cost; the cost is therefore negligible.⁶ There are no capital, start-up, operational, maintenance, or service costs required of respondents.

5 May 2013 National Occupational Employment and Wage Estimates. Occupational Employment Statistics http://www.bls.gov/oes/current/oes_nat.htm.

6 Chen, Brian X. Bites Blogs. 2 August 2012. NYTimes.< <http://bits.blogs.nytimes.com/2012/08/02/prepaid-phone-plans/>>.

14. Cost to the Federal Government

The annual cost to the Federal Government of collecting, processing, and reviewing the data collected in TPOPS is expected to be about \$4.4 million in fiscal year 2015. This figure includes about \$3.9 million in costs incurred by the Census Bureau for collecting and processing the production data, other operational costs associated with maintaining the survey. It also includes about \$0.5 million in personnel and computer-related costs appropriated by BLS to manage the survey and process the data upon receipt from the Census Bureau.

Data collection for the cell phone frame is roughly twice as expensive as the landline frame, since twice as many phone numbers must be contacted to obtain a completed interview. Data collection is about 75% of the costs incurred by the Census Bureau. A 25% increase in data collection costs due to the addition of the cell phone frame, is a 19% increase in the total costs incurred by the Census Bureau.

Absent a 19% increase in the funding of TPOPS, modifications to the survey sample design have been implemented to mitigate costs.

In the TPOPS, sub-sampling is done to panel one phone numbers which are found to have the lowest response rates in subsequent panels. Starting in FY2013 sub-sampling was expanded to include unknown eligible cases from the first panel.

- Phone numbers where respondent eligibility could not be confirmed (AAPOR codes 300-314 and 320-365) are sub-sampled at a rate of 25% for panel 2.⁷
- Phone numbers called during panel one which never results in an answer (AAPOR codes 380 and 385) are sub-sampled at a rate of 10% for panel 2.⁷

The eight-panel design is being implemented to effect a reduction in costs. Extending the number of interviews for survey responders from four to eight reduces the number of new responders that must be obtained every quarter. Since obtaining new responders is more costly than re-interviewing previous responders, the expectation is that the eight-panel design will help mitigate the cost increases when fully implemented in the first quarter of 2017.

In order to offset the increased cost of the cell phone frame during the transition from a four- to an eight-panel design, the target number of total interviews will be reduced from 14,320 per quarter to 12,000 per quarter. This 16% reduction in completed interviews will be distributed across PSUs such that disproportionately more interviews are removed from PSUs that on average exceed the outlet requirements for

⁷ The American Association for Public Opinion Research. 2011. *Standard Definitions: Final Dispositions of Case Codes and Outcome Rates for Surveys*. 7th edition. AAPOR

CPI sampling needs. The outlet frame size will be monitored during this time period to ensure sufficiency for CPI outlet selection.

The transition from the 1998 to the 2018 geographic design is cost neutral. When fully implemented in the third quarter of 2021, the reduction in the number of PSUs from 87 to 75 would result in cost savings if response rates do not decline further. The transition schedule:

Q143: Interviewing ceases for 19 PSUs that do not continue in the 2018 design. Interviewing occurs in 68 PSUs, total.

Q152: Interviewing ceases in three additional PSUs that do not continue in the 2018 design. Interviewing begins in six PSUs that are new in the 2018 design. Interviewing begins with a sample size that is four times larger than usual. The new respondents will be interviewed for four consecutive panels, while no new respondents are contacted. Interviewing occurs in 71 PSUs, total.

Q162: Interviewing ceases in six additional PSUs that do not continue in the 2018 design. Interviewing begins in six additional PSUs that are new in the 2018 design. Interviewing is suspended in the first set of new PSUs for six quarters. New York City and its suburbs become one PSU, rather than three PSUs in the 1998 design. Interviewing occurs in 63 PSUs, total.

Q172: Interviewing ceases in three additional PSUs that do not continue in the 2018 design. Interviewing begins in six additional PSUs that are new in the 2018 design. Interviewing is suspended in all other new PSUs. Interviewing occurs in 60 PSUs, total.

Q174: Interviewing resumes in the first set of six PSUs that are new in the 2018 design and will continue with regular rotation. Interviewing occurs in 66 PSUs total.

Q182: Interviewing begins in the remaining three PSUs that are new in the 2018 design. Interviewing occurs in 63 PSUs, total.

Q184: Interviewing resumes in the second set of six PSUs that are new in the 2018 design and will continue with regular rotation. Interviewing occurs in 69 PSUs, total.

Q192: Interviewing is suspended in the fourth set of three PSUs that are new in the 2018 design. Interviewing will resume in six quarters. Interviewing occurs in 66 PSUs, total.

Q194: Interviewing resumes in the third set of six PSUs that are new in the 2018 design and will continue with regular rotation. Interviewing occurs in 72 PSUs, total.

Q204: Interviewing resumes in the fourth set of three PSUs that are new in the 2018 design and will continue with regular rotation. Interviewing occurs in 75 PSUs, total.

Costs of administering the survey will continue to be monitored. Depending on the results of cost savings from sample design changes, the target number of total completed interviews will be increased or decreased appropriately.

15. Changes in Respondent Burden

The total respondent burden hours requested for 2015 are 11,450 for the survey overall. In 2016 total respondent burden is expected to increase slightly during the transition to a new panel design. Once fully implemented in 2017, total respondent burden hours are expected to return to roughly 11,750. The three year average annual burden for 2015 to 2017 is 11,818 hours which is an increase of 2,039 over the currently approved burden of 9,779.

16. Time Schedule for Information Collection and Publication

Results from TPOPS will not be published. Data will be used as the outlet universe for the Commodities and Services Survey for the CPI. Data are delivered to BLS from the Census Bureau approximately 7 weeks after the end of each interviewing period. BLS processes the data and selects establishments for pricing during the following 10 to 12 months. The initiation of pricing activities in outlets reported in TPOPS begins approximately 12 to 16 months after the original data collection in TPOPS. This schedule operates continuously, with new interviews beginning each calendar quarter.

17. Request to Not Display Expiration Date

The 2015-2017 TPOPS survey will be conducted via computer-assisted telephone interviewing, there are no paper questionnaires. Instead, respondents are read statements and questions over the telephone. Currently, the OMB clearance number is read to the respondent during the introductory screens (see Attachment C). However, the BLS does not indicate the expiration date of the collection. Research has suggested that long, superfluous introductory statements are not only burdensome, but are likely to result in a refusal in a CATI environment. In an effort to minimize the likelihood of losing an interview, the BLS would like to keep the introductory statement as short as possible. The expiration date of OMB approval will be provided to a respondent upon inquisition during the interview.

The BLS currently sends an advance letter to households for which an address can be obtained. Copies of the advance letters are attached (see Attachment D). The BLS requests that the BLS not print the expiration date on our advance letters. This will allow copies of old letters to be retained and used instead of discarded when an expiration date is met.

18. Exceptions to the Certification

Not applicable. There are no exceptions to the "Certificate for Paperwork Reduction Act Submissions" statement.

