

Supporting Statement for the Microeconomic Survey (FR 3051; OMB No. 7100-0321)

Summary

The Board of Governors of the Federal Reserve System, under delegated authority from the Office of Management and Budget (OMB), proposes to extend, without revision, the Microeconomic Survey (FR 3051; OMB No. 7100-0321). The Federal Reserve implemented this event-driven survey in 2009 and uses it to obtain information specifically tailored to the Federal Reserve's supervisory, regulatory, operational, and other responsibilities. The Federal Reserve can conduct the FR 3051 up to 13 times per year (annual survey and another survey on a monthly basis). The frequency and content of the questions depend on changing economic, regulatory, or legislative developments. Respondents comprise individuals, households, and financial and non-financial businesses. The annual burden is estimated to be 24,000 hours.

Background and Justification

The Federal Reserve has a long history of conducting surveys, including those of individuals and households, military personnel, financial institutions and their senior officers, and nonfinancial businesses (both small and large). Often the surveys have provided the only reliable source of information relevant to the motivation for the survey. Although these surveys have been driven by specific needs of the Federal Reserve, their findings have also been used extensively by researchers outside the Federal Reserve System and have been widely cited by the media.

Some functional areas of the Federal Reserve have occasional need to gather data on a timely basis from the public on their economic condition and financial relationships and their attitudes, perceptions, and expectations. These data may be particularly needed in times of critical economic or regulatory changes or when issues of immediate concern arise from Federal Reserve committee initiatives and working groups or requests from the Congress. The time needed to complete the information collection approval process poses a serious obstacle to collecting and processing data that are both accurate and timely. Therefore, the Federal Reserve implemented the Microeconomic Survey to allow for the collection of timely data without the delay of the approval process.

Description of Information Collection

The Federal Reserve conducts various versions of the Microeconomic Survey during the year, as needed, to collect information on specific issues that affect its decision making. The survey's principal value is the flexibility it provides the Federal Reserve to respond quickly to the need for data due to unanticipated economic, financial or regulatory developments, and unforeseen Congressional requests for information. The Federal Reserve cannot predict what specific information will be needed, but such needs are generally very time sensitive. The Federal Reserve seeks general approval to continue to conduct the Microeconomic Survey as needed and anticipates that it may conduct a monthly survey of possibly varying content from

about 3,000 respondents and an annual survey from about 6,000 respondents, although information may not be needed that frequently.

The survey topics discussed with the respondents are time sensitive and the questions of interest vary with the focus of the survey. Because the relevant questions change with each survey, there is no fixed reporting form. For each survey the Federal Reserve prepares questions of specific topical interest. The Federal Reserve then determines the relevant target group to contact.

The FR 3051 could take the form of interviewer-mediated face-to-face or telephone interviews; self-administered interviews administered on paper, the telephone or the Internet; controlled experiments; focus group discussions; cognitive interviews; or other formal or less formal formats. The size of the samples and the length of the data collection period would vary depending on the particular informational needs.

Written qualitative questions or questionnaires might include categorical questions, yes-no questions, ordinal questions, and open-ended questions. Written quantitative surveys would include dollar amounts, percentages, numbers of items, interest rates, and other such information; adequate data of this sort would not be available from any other source. Less formal information collection studies, such as focus groups or cognitive interviews, would use a set of structured qualitative and quantitative questions as a guide to more extended discussion of the questions and answers.

The FR 3051 could be conducted through a private firm, which would be chosen in a competitive bidding process or other acceptable negotiated process.¹ The research instruments could be developed by the Federal Reserve alone or jointly with the firm selected by the Federal Reserve. As necessary, the firm would be responsible for testing the survey procedures, following the sampling protocol established by the Federal Reserve, conducting the survey as specified by the Federal Reserve, preparing data files containing the responses, computing analysis weights, and documenting all survey procedures. Data editing and analysis of the results are conducted either solely by the Federal Reserve or jointly with the firm.

For surveys of financial institutions much of the information is obtained via written surveys because (1) data are maintained in general ledger systems and may not be readily available or (2) the data may be maintained by different operational areas of the financial institution, requiring input from multiple individuals. Where possible, data on financial institutions is obtained from existing information collections.

Topics covered by the FR 3051 may include:

- The state of and changes in households' or persons' assets, liabilities, saving, consumption, labor force participation, pension rights and other aspects of the economic and financial life of households;

¹ A couple of survey firms used by the Federal Reserve to conduct past surveys include the University of Michigan's Survey Research Center (SRC) and NORC (a social science and survey research organization at the University of Chicago).

- Households' or persons' attitudes, perceptions and expectations about key economic and financial events or situations;
- Households' or persons' relationships to providers of financial services;
- The state of and changes in businesses' financial condition and investment plans, their use of credit, and other aspects of the economic and financial life of businesses;
- Businesses' attitudes, perceptions and expectations about key economic and financial events or situations;
- Nonfinancial businesses' relationships to providers of financial services;
- The state of and changes in financial businesses' borrowing and lending, cash management practices, financial condition, and institutional structures;
- Financial businesses' relationship to customers and to other providers of financial services; and
- Attitudes toward, perceptions of, expectations of, and responses to Federal Reserve policy decisions, regulatory guidance, and other actions.

As required under OMB regulations, if the response rate to the survey is expected to fall below ninety percent, plans will be made to conduct a study of potential nonresponse bias in the survey estimates. If the actual response rate falls below eighty percent, the study will be conducted.

Time Schedule for Information Collection and Publication

The Federal Reserve Board chooses whether to publish the data that it obtains from respondents. Survey information may be cited in published material such as staff studies or working papers, professional journals, the *Federal Reserve Bulletin*, testimony and reports to the Congress, or other vehicles.

Legal Status

The Board's Legal Division has determined that the Microeconomic Survey is authorized by sections 2A and 12A of the Federal Reserve Act (12 U.S.C. §§ 225A and 263) and is voluntary.

The Federal Reserve Board's Microeconomic Surveys section in the Division of Research and Statistics is an official statistical unit, as defined under the Confidential Information Protection and Statistical Efficiency Act (CIPSEA) of 2002 (44 U.S.C. § 3501). CIPSEA provides a mechanism for Federal statistical agencies or recognized statistical units to collect statistical information by (1) using a pledge of confidentiality, (2) designating agents to collect confidential data, and (3) preventing information from being disclosed in any manner that would allow a respondent to be individually identified. As noted above, Microeconomic Surveys is a recognized statistical unit and may collect information under a pledge of confidentiality for

“statistical purposes”² under CIPSEA (44 U.S.C. § 3501 note).³

If needed, the Federal Reserve could require survey information for Federal Reserve regulated institutions under section 9 of the Federal Reserve Act (12 U.S.C. § 324) for state member banks; under section 5(c) of the Bank Holding Company Act (12 U.S.C. § 1844(c)) for bank holding companies and their subsidiaries; under section 25 and 25(A) of the Federal Reserve Act (12 U.S.C. §§ 602 and 625) for Edge Act and agreement corporations; and under section 7(c)(2) of the International Banking Act of 1978 (12 U.S.C. § 3105(c)(2)) for U.S. branches and agencies of foreign banks.

If the FR 3051 survey information is collected with a pledge of confidentiality for exclusively statistical purposes under CIPSEA, the information may not be disclosed by MS (or its contractor) in identifiable form, except with the informed consent of the respondent (CIPSEA § 512(b), codified in notes to 44 U.S.C. § 3501). Such information is therefore protected from disclosure under exemption 3 of the Freedom of Information Act (FOIA) (5 U.S.C. § 552(b)(3)). If a CIPSEA pledge is made, either by the Board or by its contractor, the Board must safeguard the information as required by CIPSEA and OMB guidance.

If the FR 3051 survey information is not being collected under CIPSEA, the ability of the Federal Reserve to maintain the confidentiality of information provided by respondents will have to be determined on a case-by-case basis and depends on the type of information provided for a particular survey. In circumstances where identifying information is provided to the Federal Reserve, such information could possibly be protected from disclosure by FOIA exemptions 4 and 6. Exemption 4 protects from disclosure trade secrets and commercial or financial information, while Exemption 6 protects information “the disclosure of which would constitute a clearly unwarranted invasion of personal privacy” (5 U.S.C. § 552(b)(4) and (6)). CIPSEA and its implementing OMB guidance have specific rules regarding the disclosures that must be made when a recognized statistical unit collects information for non-statistical purposes. See OMB CIPSEA Implementation Guidance, 72 Fed. Reg. 33362, at 33374.

Consultation Outside the Agency

There has been no consultation outside the Federal Reserve System; however, future surveys and studies could be conducted jointly with other agencies. If this were to occur, the Federal Reserve staff would consult with other agencies’ staff, to the extent practicable, to create a consistent set of questions or a substantively similar information collection.

On April 14, 2015, the Federal Reserve published a notice in the *Federal Register* (80 FR

² As defined in CIPSEA, “[t]he term “statistical purpose” (A) means the description, estimation, or analysis of the characteristics of groups, without identifying the individuals or organizations that comprise such groups; and (B) includes the development, implementation, or maintenance of methods, technical or administrative procedures, or information resources that support the purposes described in subparagraph (A).” CIPSEA § 502(9), codified in notes to 44 U.S.C. § 3501. The Office of Management and Budget (OMB) CIPSEA Implementation Guidance instructs that “if an agency pledges to use the information for only statistical purposes, then the agency shall not use any other authorities it has available to use the information for nonstatistical purposes, because those uses would be contrary to the agency’s pledge.” 72 Fed. Reg. 33362, at 33368 (June 15, 2007).

³ Designation as a CIPSEA statistical agency or unit is permanent; there is no renewal process.

19986) requesting public comment for 60 days on the extension, without revision, of the Microeconomic Survey. The comment period for this notice expired on June 15, 2015. The Federal Reserve did not receive any comments. On June 29, 2015, the Federal Reserve published a final notice in the *Federal Register* (80 FR 36991).

Estimate of Respondent Burden

The annual burden for the FR 3051 Microeconomic Survey is estimated to be 24,000 hours, as shown in the following table. Because the survey is event generated, it is not possible to predict exactly how many surveys will be conducted in a given year. The Federal Reserve estimates that the information collection would involve as many as one annual survey and 12 monthly surveys. The burden estimates shown in the table below are based on the average number of responses anticipated. The total estimated burden hours would not exceed the amount budgeted for a particular year. The total annual burden for the FR 3051 represents less than 1 percent of total Federal Reserve System paperwork burden.

FR 3051	<i>Number of respondents⁴</i>	<i>Annual frequency</i>	<i>Estimated average minutes per response</i>	<i>Estimated annual burden hours</i>
Annual survey	6,000	1	60	6,000
Monthly survey	3,000	12	30	<u>18,000</u>
<i>Total</i>				24,000

The current annual cost to the public of these reports is estimated to be \$1,242,000.⁵

Sensitive Questions

Household respondents might be asked to identify the age and sex of individual family members; information on race, if needed, would be collected under guidelines issued by the OMB. Such information might be needed in a survey in order to analyze the demographic aspects of consumer finances or businesses (particularly small businesses).

Estimate of Cost to the Federal Reserve System

The cost of the survey would depend on the size of the sample. Therefore, final dollar

⁴ Of these respondents, none are estimated to be small entities as defined by the Small Business Administration (i.e., entities with less than \$550 million in total assets) www.sba.gov/content/table-small-business-size-standards.

⁵ Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rates (30% Office & Administrative Support at \$17, 45% Financial Managers at \$63, 15% Lawyers at \$64, and 10% Chief Executives at \$87). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), *Occupational Employment and Wages May 2014*, published March 25, 2015, www.bls.gov/news.release/ocwage.nr0.htm. Occupations are defined using the BLS Occupational Classification System, www.bls.gov/soc/.

amounts would only be known after survey topics and methods are finalized or vendor bids are received. Thus, the Federal Reserve would approve funding at that time.