

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). Additionally, as part of an ongoing effort to improve data quality, maintain or increase response rates, and reduce data collection costs, CE is seeking clearance to field an Incentives/Outlets Field Test. CE plans to test the effect different incentive delivery procedures and incentive amounts have on survey costs, response rates, and data quality for the CE Interview Survey (CEQ). The results of this FY2016 Incentives Field test will be used to inform the Large Scale Feasibility test (to be fielded in 2018) as well as the overall Gemini Redesign project. Also, CE and the Consumer Price Index (CPI) plan to test integrating outlet questions into the CEQ survey. Outlet data are currently collected by the Telephone Point of Purchase Survey (TPOPS). The results of the integration of outlet questions into the CEQ survey will be used to inform future CPI initiatives.

The incentives portion of the Incentives/Outlets Field Test will consist of three test groups that will be offered an incentive option. These incentive options will consist of a combination incentive for completion of the Wave 1 interview, use of records, and/or a token incentive. Respondents will be randomly assigned to one of the test groups or the control group. All monetary incentives, except for the token cash incentive, will be offered in the form of a debit card. (See Attachment W – CE I&O Debit Card Sleeve.) The outlets portion of the Incentives/Outlets Field Test will consist of one test group of Wave 4 CUs that will be asked outlets questions to specify where an item was purchased and where the outlet is located. These additional outlet questions will be added to the following five sections in the instrument: Utilities (4C), Minor appliance purchases (6B), Clothing (9A), Vehicle expenses (12C), and Subscriptions and Entertainment expenses (17). (See Attachment A – Incentives/Outlets Test Overview for additional details.)

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.

Every ten years the CE survey updates its sample of primary sampling units (PSUs) based on the latest decennial census in order to make sure its sample accurately reflects the latest geographic shifts in the American population. In 2015, a new sample design was implemented with new geography for CE. The new sample was phased in for the CEQ beginning in February 2015. The last sample month for the old sample design was March 2015 as this is the last sample month with any 2014 months in the reference period. For CED, implementation began in January 2015 with no phase in required.

Additionally, beginning in 2015, the first wave bounding interview was phased out and a four wave survey was implemented. The last bounding interviews under the old structure took place in 2014 quarter four, and these cases' final – 5th – interviews will take place in 2015 quarter four. As a result of this, and the implementation of the new sample, the sample size and respondent

burden has decreased. (See Supporting Statement Part B for additional information on the CE sample design.)

The major collection tool used for the CEQ is the CE Quarterly Interview Computer Assisted Personal Interview (CAPI) instrument. This instrument collects information about the household and consumer unit (CU) characteristics and the expenditure information for the CU. (See Attachment B (a) for a full list of all 2016 Interview Instrument requirements, and Attachment B(b) for a list of the changes made to support the Incentives Outlets Test.)

The CED requires each selected sample unit to keep two one week diaries of expenditures over two consecutive weeks. The CED 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 CED uses both a CAPI instrument (see Attachment C for the 2015 Diary Instrument requirements which are unchanged for 2016), and the paper CE-801, Record of Your Daily Expenses (Attachment D). The Diary CAPI instrument collects information about household and CU characteristics and provides checks for reporting certain types of expenditures.

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 CAPI interview, referred to as reinterview, for the purpose of instituting quality control over the performance of the interviewing staff. There are no changes to the 2016 Interview CAPI Reinterview instrument. (See Attachment E - Final CEQ RI Instrument Specs and Attachments.) The Diary Reinterview Instrument for 2016 will not change, nor have changes been made since 2004. (See Attachment F - CED RI Instrument Specs and Attachments).

A separate Information Booklet is used for each survey. No changes have been made to the Quarterly Interview Survey Information Booklet CE-305 (Attachment G) for 2016, nor have changes been made to the Diary Interview Survey Information Booklet CE-805 (Attachment H).

Before the interviewer's visit, each CEQ and CED 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 CEQ or the CED 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 provide a link to the address of the respondent's informational webpage. 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.

Additionally, the CEQ Advanced Letter has been modified for each of the three treatment groups in the Incentives Outlets Test. (See Attachment I.a.1 through 3 for the advance letters sent to each of the three treatment groups.)

At the first interview for both the CEQ and the CED, the field representative gives the respondent a portfolio filled with information on CE, CPI and the Census Bureau (Attachment J). 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 CEQ 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 K) as well as a certificate of appreciation, CE-900 (Attachment L). For the Incentives Outlet test, after completion of the CEQ, a letter containing the PIN number for the debit card will be mailed. (See Attachment O – CE I&O PIN Letter.)

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

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 CEQ 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 geographic areas 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 of the CE, 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 CED requests that each selected sample unit keep two one-week diaries of expenditures over two consecutive weeks. The CED 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 from the Bureau of Economic Analysis supporting the continued collection of Consumer Expenditure data was received on the Federal Register Notice published in 80 FR 75135 on December 1, 2015.

In the past year, the BLS has consulted with the following persons by correspondence and telephone conversations:

Jennifer Epps
Associate Director for Demographic Programs
Bureau of the Census
(301) 763-4281

John Gloster
Associate Director for Demographic Programs
Bureau of the Census
(301) 763-3165

Richard Schwartz
Associate Director for Demographic Programs
Bureau of the Census
(301) 763-7491

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

Scott Bechtle
Demographic Statistical Methods Division
Bureau of the Census
(301) 763-1012

Consultations with these persons continue as specific problems arise.

9. Payment to Respondents

As indicated in this clearance package BLS plans to test the effectiveness of providing incentives. (For additional information on payment to respondents as part of the incentives test, see Attachment A – Incentives/Outlets Test Overview.)

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, CEQ or CED 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

BLS will conduct the CEQ at approximately 48,000 designated addresses, which will result in approximately 27,600 completed interviews. Reinterviews will be conducted on approximately 11 percent of the completed interviews, for a total of 3,030 completed reinterviews yearly. 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 25,805 hours yearly.

Response Burden for the Quarterly Interview Survey		
	Interviews	Reinterviews*
Number of respondents	6900	3030
Number of responses per respondent	4	1
Total number of completed interviews	27,600	3030
Minutes per response	55	10
Total Response Burden hours	25,300	505
Total Response Burden = 25,805 hours		

*Reinterviews are done on a subset of the original respondents

Additionally, BLS estimates that the Incentives/Outlets Test study will require a total of 370 additional burden hours, 350 of which will be in CY2016 and 20 of which will be in CY2017. (See Attachment A – Incentives/Outlets Test Overview for additional information on the calculation of burden hours.)

The BLS will conduct the CED at approximately 12,000 designated addresses per year, of which approximately 6,900 will result in completed interviews and diaries. Respondents complete 2 weekly diaries, resulting in 13,800 weekly diaries being completed per year. Reinterviews will be conducted on approximately 10 percent of the weekly diaries for a total of 1,380 reinterviews. Respondents spend approximately 105 minutes completing each weekly diary, for a total of 24,150 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 8,280 hours of interviewing, and 230 hours of reinterviewing. Total burden hours for the Diary Survey per year 32,660.

Response Burden for the Diary Survey			
	Record-keeping	Interview	Reinterview
Number of respondents	6,900 ⁽¹⁾	6,900 ⁽¹⁾	1,380 ⁽²⁾
Number of responses per respondent	2	3	1
Total annual responses	13,800	20,700	1,380
Minutes per response	105	24	10
Total hours	24,150	8,280	230
Total Response Burden = 32,660 hours			
<p>(1) The total number of respondents for the Diary Survey is 6,900. The respondents who do the record-keeping are the same people who participate in the interviews.</p> <p>(2) Reinterviews are done on a subset of the original respondents. Approximately 1,600 reinterviews will be attempted, of which 1,380 will be successfully completed.</p>			

The total response burden for both surveys combined is 58,465 hours. The total annualized cost to respondents, based on burden hours and the federal minimum wage of \$7.25 per hour, is \$423,871. Additionally, response burden for the Incentives/Outlets test is 370 hours with a total cost of \$2,683 based on burden hours and the federal minimum wage.

Total Response Burden for the Quarterly Interview and Diary Surveys				
	Quarterly	Diary	Total	Incentives/Outlets Test
Number of responses	30,630	35,880	66,510	-
Total burden hours	25,805	32,660	58,465	370
Total burden hours including Incentives/Outlets Test				58,835

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 \$42 million in fiscal year 2015. This included approximately \$29 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 \$13 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.

1. Change in Respondent Burden

Reporting burden has decreased from 60,052 to 58,835 despite the additional burden associated with the Incentives/Outlets test. This is the result of the completion of the Proof of Concept Test, elimination of the bounding interview, and the full implementation of the new sample. Estimated response burden hours is calculated using actual data collection times over the last two years.

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 up to and including 2014. The newest published tabular data are for 2014. The BLS will release the midyear July 2014 through June 2015 data tables in Spring 2016.

17. Reason for not Displaying the OMB Expiration Date

The BLS requests not to display the 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). 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.