

**Supporting Statement for the  
Ongoing Intermittent Survey of Households  
(FR 3016; OMB No. 7100-0150)**

**Summary**

The Board of Governors of the Federal Reserve System (Board), under delegated authority from the Office of Management and Budget (OMB), proposes to extend for three years, with revision, the Ongoing Intermittent Survey of Households (FR 3016; OMB No. 7100-0150). The Board uses this voluntary survey to obtain household-based information specifically tailored to the Board's policy, regulatory, and operational responsibilities. The Board primarily uses the survey to study consumer financial decisions, attitudes, and payment behavior. Currently, the University of Michigan's Survey Research Center (SRC) includes survey questions on behalf of the Board in an addendum to their regular monthly Survey of Consumer Attitudes and Expectations. The SRC conducts the survey by telephone with a sample of 500 households and asks questions of special interest to the Board.

The Board proposes to eliminate the Division of Consumer and Community Affairs (DCCA) and other divisions' SRC surveys, as well as the non-SRC surveys in this information collection, as these surveys have not been conducted since 2010 and are not expected to be utilized in the next several years. The current total annual burden for the FR 3016 is estimated to be 633 hours and would decrease by 475 hours to 158 hours with the proposed elimination of the DCCA and other divisions' SRC surveys, as well as non-SRC surveys.

**Background and Justification**

The Ongoing Intermittent Survey of Households was initiated in 1981. Over the past 33 years, the survey data have helped the Board understand consumer credit markets and consumer behavior. The Board has used the data to meet the current analysis needs of the Board to respond to mandates from the Congress, to prepare academic research papers, and to provide information to the public.

To help meet current analysis needs, the Board sponsors monthly questions on household expectations of future changes in inflation and house prices. The Board sponsors ongoing questions on home mortgage refinancing three times a year and on automobile financing four times a year. In past surveys, the Board has sponsored modules designed to measure the response of household consumption to the 2008 economic stimulus payments and to the 2009 tax credit and stimulus payments to retirees and other specified groups. The Board has also sponsored questions on home purchase behavior, the rate of return households expect to receive on their stock portfolios, and other topics. Analyses based on these data have been released to the public through *Federal Reserve Bulletin* articles, speeches and testimony, and academic research papers.

The Board also sponsors questions periodically in response to requests from Congress. In 2004, the Board sponsored surveys on consumer knowledge of and attitudes toward prescreened credit card offers, privacy notices, debit card fees, and credit card disclosures. The data helped the Board analyze issues raised by the Fair and Accurate Credit Transaction Act of 2003, the

Gramm-Leach-Bliley Act (GLB Act), the Truth in Lending Act, and Regulation Z. In addition, the data contributed to the Board's ongoing research and policy work on the payments industry.

## **Description of the Information Collection**

### **Division of Research and Statistics (R&S)**

For each monthly SRC survey conducted, the SRC staff samples approximately 500 households from the universe of all private households in the coterminous United States. The sample is designed to be representative of the national population of households. The SRC staff conducts the interviews by telephone and respondent participation is voluntary. If the staff cannot obtain interviews with selected respondents, they select replacement respondents until they complete approximately 500 interviews. The Board drafts and edits the questions in consultation with the SRC personnel. The SRC conducts a field pretest of the questions; however, the Board is charged only for the time used on the actual survey.

The survey includes questions about inflation and house prices expectations monthly and includes questions of special interest to the Board intermittently, when needed, as additions to the SRC's regular survey format. These questions relate to various aspects of consumer financial behavior and the impact of regulations affecting consumer financial services. Other questions cover consumer retail, depository institution, and corporate retail payment systems usage, processing, and technology.

It is difficult to determine in advance the specific number of times the Board will ask the SRC to obtain survey data since the need for data often arises from unpredictable legislative and economic developments, or from unforeseen congressional requests for information. In the past, the Board has participated in about six SRC surveys each year in addition to the standard R&S inflation and house price expectation questions. Although the Board plans some surveys well in advance, the survey's principal value is the flexibility it provides the Board to respond quickly to changing economic, legislative, and regulatory developments.

### **Division of Consumer and Community Affairs (DCCA)**

DCCA does not currently hold its own contract with SRC. Previously, DCCA contracted with SRC for use of the Survey of Households, starting in 1995. The survey results contributed to a better understanding of consumer credit markets and consumer behavior. The questions investigated timely subjects relating to the Board's responsibilities for consumer credit, financial services, and consumer leasing. Topics covered in past surveys include consumers' use of electronic banking services (October and November 1999; June and July 2003; and November and December 2006), consumers' response to privacy notices under the GLB Act (December 2004), and consumers' use of store-value cards (March and April 2005). In the fall of 2010, DCCA repeated the 2004 questions on privacy related to the GLB Act, initially collected by the Board.

Survey data on these topics have been used by the Board to respond to information requests by the Congress, to verify trends in potentially problematic banking practices, to

provide information to the Board, and to prepare Board reports and testimony for the Congress. Analyses based on these data have been released to the public through *Federal Reserve Bulletin* articles and academic research papers.

### **Other Divisions**

From time to time other divisions have conducted similar surveys. Surveys conducted by vendors other than SRC were contracted separately. The Division of Reserve Bank Operations and Payment Systems (RBOPS) and other divisions have conducted surveys that covered a broad range of topics. For example, a survey on consumer retail payments has documented patterns of consumer retail payment use and helped to examine the determinants of payment choice.

These surveys were designed to meet three goals – to document current patterns of consumer retail payment use, to determine consumer attitudes toward different types of retail payment instruments, and to examine the determinants of payment choice. The areas of inquiry included the characteristics of different types of payment transactions (for example, cash, check, debit card, credit card, and Automated Clearing House transactions) as well as the financial characteristics of households and certain types of household accounts. The Board could not anticipate what information would be needed. General approval was sought to conduct the surveys as needed.

### **Non-SRC Surveys**

Beginning in 2004, the Board conducted other consumer and household surveys as needed not more than twice a year. These surveys were conducted as one-on-one interviews or focus group sessions. Experience has shown that focused discussions of 12 to 15 respondents are most productive. For example, topics related to personal finance choices including, the quality, format, and understanding of the disclosures received from a financial institution about those product choices, can be better addressed in small focus group discussions. The goal for such focused discussions would be to identify what issues consumers want addressed and how they would like to receive this information. The Board would work with the appropriate stakeholders to recruit small groups of consumers to serve as voluntary respondents. The Board estimates these discussions would take up to 90 minutes.

### **Proposed Revisions**

The Board proposes to eliminate the DCCA and other divisions' SRC surveys, as well as non-SRC surveys, as these surveys have not been conducted since 2010 and are not expected to be utilized in the next several years.

### **Time Schedule for Information Collection and Publication**

The Board asks the SRC to obtain survey data on a monthly basis. When a survey is conducted for the Board, the SRC staff codes and edits the interview responses and transmits the data to the Board. The Board tabulates and analyzes the data.

The Board does not publish the survey data that it obtains from the SRC. Survey information is frequently cited, however, in published material such as professional journals, the *Federal Reserve Bulletin*, and testimony and reports to the Congress. Under the terms of the contract, the SRC routinely places individual respondent data, stripped of names and other characteristics that would permit personal identification of respondents, in the public domain one year after collection. The time schedule and publication of data collected from surveys, other than those conducted by the SRC, would be detailed in the individual contract documents.

## **Legal Status**

The Board's Legal Division has determined that section 2A of the Federal Reserve Act (FRA) requires that the Board and the Federal Open Market Committee maintain long run growth of the monetary and credit aggregates commensurate with the economy's long run potential to increase production, so as to promote effectively the goals of maximum employment, stable prices, and moderate long-term interest rates (12 U.S.C. 225a). Under section 12A of the FRA, the Federal Open Market Committee is required to implement regulations relating to the open market operations conducted by Federal Reserve Banks with a view to accommodating commerce and business and with regard to their bearing upon the general credit situation of the country (12 U.S.C. 263). Because the Board and the Federal Open Market Committee use the information obtained on the FR 3016 to fulfill these obligations, these statutory provisions provide the legal authorization for the collection of information on the FR 3016. The FR 3016 is a voluntary survey.

No issue of confidentiality normally arises under the FR 3016, as names and any other characteristics that would permit personal identification of respondents are not reported to the Board. However, should the Board obtain such information, it would likely be exempt under exemption 6 of the Freedom of Information Act (5 U.S.C. 552(b)(6)) to the extent that it includes "personnel and medical files and similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy."

## **Consultation Outside the Agency**

On May 22, 2017, the Board published an initial notice in the *Federal Register* (82 FR 23249) requesting public comment for 60 days on the proposal to extend, with revision, the FR 3016. The comment period for this notice expired on July 21, 2017. The Board did not receive any comments. On August 18, 2017, the Board published a final notice in the *Federal Register* (82 FR 39433). The revisions will be implemented as proposed.

## **Estimate of Respondent Burden**

The current annual respondent burden for the Board's SRC and Non-SRC surveys is estimated to be 633 hours, and would decrease by 475 hours to 158 hours with the proposed revisions. The following table shows estimates of current annual respondent burden based on past experiences. In total, the Board anticipates fielding 12 SRC surveys per year. These reporting requirements represent less than 1 percent of the total Federal Reserve System paperwork burden.

<b>FR 3016</b>	<i>Number of respondents</i>	<i>Annual frequency</i>	<i>Estimated average minutes per response</i>	<i>Estimated annual burden hours</i>
<b>Current</b>				
SRC surveys:				
R&S	500	12	1.58	158
DCCA	500	2	3	50
Other divisions	500	3	5	125
Non-SRC surveys	100	2	90	<u>300</u>
	<i>Total</i>			<u>633</u>
<b>Proposed</b>				
SRC surveys R&S	500	12	1.58	158
	<i>Change</i>			(475)

The total cost to the public is estimated to decrease from \$16,458 to \$4,108 for the revised FR 3016.<sup>1</sup>

### **Sensitive Questions**

This collection of information contains no questions of a sensitive nature, as defined by OMB guidelines.

### **Estimate of Cost to the Federal Reserve System**

The contract between the SRC and the Board is to purchase 18 minutes of interview time per person per year. Under the 2017 contract, the cost per minute is estimated to be \$5,211, for a minimum annual expenditure of \$93,798. The purchase of interview time for subsequent years would require Federal Reserve Board approval through normal budget procedures.

<sup>1</sup> The average consumer cost of \$26 is estimated using data from the BLS Economic News Release (USDLE-16-0462) [www.bls.gov/news.release/cewqtr.nr0.htm](http://www.bls.gov/news.release/cewqtr.nr0.htm).