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 make the changes outlined below.

In Interview (CEQ), several questions will be modified including collapsing the items codes for attachable campers and unattached campers into a single item code; regrouping the clothing sections for easier understanding by the respondent such as adding a swimwear category, regrouping items previously collected in the “Swimwear, swim cover-ups, or swimwear accessories” category, and renaming the outerwear section to “Coats and Jackets”; replacing questions on prepaid long distance calling cards with a question on prepaid cellular cards; deleting the “Miscellaneous expenses/souvenirs” question in the trip section as this has led to duplicate reports. Additionally, an extended recall section will be added on the point of purchase of items for consumer units (CUs) based on 1) the PSU in which the consumer unit resides (population group) and 2) whether the item was not reported by the consumer unit in the current reference period. Only consumer units that did not report an expenditure for the item and reside in the PSU in which the extended recall section is being asked will receive these additional questions. (See Attachment A for a full listing of extended recall questions and population groups.)

In the Diary survey (CED) a question will be added on the veteran status of each member of the consumer unit who is 17 and over. Additionally the pick-up window, or the time an FR is allowed to pick up the completed Diary will be extended to 10 days. Finally, an additional column will be added to the Diary form for the respondent to record the point of purchase for the expenditure the respondent has recorded.

For a full list of all questions in the 2019 CEQ Interview Instrument, please see the Interview Instrument Specifications – Attachment B. For a full list of all questions in the 2019 CED Interview Instrument, please see the Diary Instrument Specifications – Attachment C. For an updated Diary Survey form, please see Diary Form - Attachment D.

As cleared on January 19, 2018, CE will also test the addition of a CEQ Worksheet currently being fielded from July through September 2018 and October through December 2019. Households participating in the CEQ are interviewed once every 3 months and are asked to recall all of their expenditures for the entire 3 month period. At the end of the third interview, an expenditure worksheet will be provided to respondents at the discretion of the Field Representative (FR). (Please see Attachment O for FR guidelines on when to offer the worksheet.) At the fourth interview, the FR will ask the respondent whether they used the Worksheet and if they did, will have the respondent reference the worksheet during the interview to help report their expenditures.  At the end of the interview, the FR will ask the respondent debriefing questions about the Worksheet. CE will evaluate both the feasibility of using this worksheet based on debriefing questions and the effect of using the worksheet on the data. For additional information regarding this test, see Attachment O.

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 for the 2019 Interview Instrument specifications.)

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 2019 Diary Instrument specifications), 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 12 percent of households in the Quarterly Interview Survey and 10 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 2019 Interview CAPI Reinterview instrument (See Attachment E - Final CEQ RI Instrument Specs and Attachments). The Diary Reinterview Instrument for 2019 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. Minor changes have been made to both the Quarterly Interview Survey Information Booklet CE‑305 (Attachment G) for 2019, and to the Diary Interview Survey Information Booklet CE-805 (Attachment H) to support the changes made to the instruments.

Before the interviewer’s visit, each CEQ and CED sample household receives an Advance Letter, the CE‑303L1, 2, 3, or 4 (Attachment I(a-d) or CE-803(L) (Attachment I(e)). 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. Both the advance letters for the CEQ and CED surveys have been updated to relect changes in the estimated time to complete the interview. 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.

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, various respondent handouts (Attachment W), and an endorsement from the Federal Reserve Board of Governors (Attachment X). The respondent web page contains information about the CE surveys, frequently asked questions, and links to the most recent CE data. The respondent handouts contain spending summaries for various demographic characteristics and expenditures on pets. 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(a-b)) as well as a certificate of appreciation, CE-900 (Attachment L).

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 Census Bureau 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.

1. **Collection Methods**
Since April 2003, the CEQ is collected using CAPI. 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 frequent, 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 94 FR 22520 on May 15, 2018.

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

Jennifer Epps

Associate Director for Demographic Programs – Survey Operations

Census Bureau

John Gloster

Associate Director for Demographic Programs – Survey Operations

Census Bureau

Richard Schwartz

Associate Director for Demographic Programs – Survey Operations

Census Bureau

Stephen Ash

Demographic Statistical Methods Division

Census Bureau

Susan Hostetter

Demographic Statistical Methods Division

Census Bureau

Consultations with these persons continue as specific problems arise.

9. **Payment to Respondents**

No payment or gift will be provided to respondents.

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**

As a result of the addition of questions detailed above, CE expects the average length of the CEQ interview to increase by three minutes, bringing the average length of the CEQ interview to approximately 70 minutes.

BLS will conduct the CEQ at approximately 48,000 designated addresses, which will result in an estimated 23,508 completed interviews.  Reinterviews will be conducted on approximately 12 percent of the completed interviews, for a total of 2,821 completed reinterviews yearly.  The average time to complete the survey is 70 minutes for the regular interview, and 10 minutes for the reinterview.  This results in an annual response burden (in terms of interview length) of 27,905 hours yearly.

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| Response Burden for the Interview Survey |
| Form | Total Respondents | Frequency | Total Responses | Average Time per Response | EstimatedTotalBurden |
| Interview | 5,877 | 4 | 23,508 | 70 | 27,426 |
| Interview(additional time for CEQ Worksheet) | 360 | 1 | 360 | 1.5 | 92 |
| Reinterview1 | 2,821 | 1 | 2,821 | 10 | 470 |
| TOTALS | 5,877 | ///////// | 26,689 | //////// | 27,905 |
| 1Reinterviews are done on a subset of the original respondents2Burden estimates are based on the time to read both the questions and instructions to the respondent. |

The BLS will conduct the CED at approximately 12,000 designated addresses per year, resulting in an estimated 5,478 completed interviews and diaries.  Respondents complete 2 weekly diaries, resulting in 10,956 weekly diaries being completed per year.  Reinterviews will be conducted on approximately 10 percent of the weekly diaries for a total of 1,096 reinterviews.  Respondents spend approximately 70 minutes completing each weekly diary, for a total of 12,782 hours of record-keeping.  In addition to record-keeping, it takes approximately 20 minutes to complete each of the two regular interviews, and 10 minutes to complete the reinterview, for a total of 3,652 hours of interviewing, and 183 hours of reinterviewing.  Total burden hours for the Diary Survey per year 16,617.

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| Response Burden for the Diary Survey |
| Form | Total Respondents | Frequency | Total Responses | Average Time per Response | EstimatedTotalBurden |
| Record-keeping | 5,478 | 2 | 10,956 | 70 | 12,782 |
| Interview | 5,478 | 2 | 10,956 | 20 | 3,652 |
| Reinterview | 1,096 | 1 | 1,096 | 10 | 183 |
| TOTALS | 5478 | ///////// | 23,008 | //////// | 16,617 |
| (1) The total number of respondents for the Diary Survey is 5,478.  The respondents who do the record-keeping are the same people who participate in the interviews.(2) Reinterviews are done on a subset of the original respondents.   |

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| Total Response Burden for the Quarterly Interview and Diary Surveys |
|  | Quarterly | Diary | Total(Both Surveys) |
| Number of responses | 26,689 | 23,008 | 49,697 |
| Total burden hours  | 27,905 | 16,617 | 44,522 |

The total response burden for both surveys combined is 44,522 hours.  The total annualized cost to respondents, based on burden hours and the federal minimum wage of $7.25 per hour, is $322,785.

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 is approximately $41 million in fiscal year 2018. This included approximately $26 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 $15 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 51,484 to 44,522 despite the increase in interview length due to the following: 1) response rates have continued to decline and 2) new estimates of the time respondents spent for Diary record keeping. These estimates were based on debriefing questions with the respondent on the time it took to complete a Diary and on FR estimates.

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 released the midyear July 2016 through June 2017 tabular data in April 2018.  The 2017 annual tabular data and Diary and Quarterly Interview Survey public use microdata are scheduled to be released in mid-September 2018.

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.