

**Supporting Statement Part B for the  
Survey of Consumer Finances  
(FR 3059; OMB No. 7100-0287)**

**Summary**

For all information collections that involve surveys or require a statistical methodology, the Board of Governors of the Federal Reserve System (Board) is required to provide a complete justification and explanation of the use of such a methodology. For collections that employ surveys without such a methodology, the Board should be prepared to justify its decision not to use statistical methods in any case where such methods might reduce burden or improve accuracy of results.

**Background**

For many years, the Board has sponsored consumer surveys to obtain information on the financial behavior of households. The 2019 Survey of Consumer Finances (SCF) would be the latest in a triennial series, which began in 1983, that provides comprehensive data for U.S. households on the distribution of assets and debts, along with related information and other data items necessary for analyzing financial behavior. The SCF is the only survey conducted in the United States that provides such financial data for a representative sample of all households.

In addition to providing baseline information for current analysis, data from earlier SCFs have proved directly useful in policy work at the Board. For example, these surveys have been used in Board briefings and numerous memoranda to examine wealth and income inequality, changes in the distribution of debt burdens in the population, coverage of household deposits by federal deposit insurance, ownership of mutual funds and stocks, automobile leasing, and many other areas. The surveys have also been used extensively for longer-term research within the Federal Reserve System, in the Office of Tax Analysis and other parts of the Treasury, in other government agencies, in academia, in other research institutions, and in businesses.

**Universe and Respondent Selection**

For the survey, the contractor and the Board would draw samples for the survey designed to obtain at most 7,000 completed interviews. The sample selected by the contractor would be an area-probability design which is a type of geographically structured random sample that provides good national coverage of widely-distributed behavior. The sample selected by the Board would be drawn from statistical records derived from individual tax returns; this “list” sample would be designed to oversample wealthy households. Both samples would be selected in a way that is consistent with procedures used in earlier SCFs. When the two samples are combined and sample weights applied, the survey is representative of the number of households in the United States in the survey year. The 2016 SCF represented 126 million households.

The response rate in the area-probability sample is more than double that in the list sample. In 2016, about 65 percent of households selected for the area-probability sample actually completed interviews. The overall response rate in the list sample was about one-third;

in the part of the list sample likely containing the wealthiest households, the response rate was only about one-half that level.

## **Procedures for Collecting Information**

The survey is expected to provide a core set of data on family income, assets, and liabilities. The major aspects of the sample design that address this requirement have been largely constant since 1989. The SCF combines two techniques for random sampling. First, a standard multistage area-probability sample (a geographically based random sample) is selected to provide good coverage of characteristics, such as homeownership, that are broadly distributed in the population.

Second, a supplemental sample is selected to disproportionately include wealthy households, which hold a relatively large share of such thinly held assets as noncorporate businesses and tax-exempt bonds. Called the “list sample,” this group is drawn from a list of statistical records derived from tax returns. These records are used under strict rules governing confidentiality, the rights of potential respondents to refuse participation in the survey, and the types of information that can be made available. Persons listed by *Forbes* magazine as being among the wealthiest 400 people in the United States are excluded from sampling.<sup>1</sup>

Of the 6,254 interviews completed for the most recent survey, the 2016 SCF, 4,754 were from the area-probability sample, and 1,500 were from the list sample.

The SCF data are collected solely for statistical purposes under a pledge of confidentiality. That is, no use is made of the data that would directly affect any survey participant outside the administration of the survey. As required by the Confidential Information Protection Act (when agencies other than the major statistical agencies use a contractor for data collection), the survey information is processed within an officially designated statistical unit of the government, which includes the Microeconomic Surveys section of the Division of Research and Statistics.

## **Methods to Maximize Response**

Various methods are used in the SCF to maximize response rates and deal with issues of non-response bias and survey error. To provide a measure of the frequency with which households similar to the sample households could be expected to be found in the population of all households, an analysis weight is computed for each case, accounting both for the systematic properties of the sample design and for differential patterns of nonresponse. The SCF response rates are low by the standards of some other major government surveys, and analysis of the data confirms that the tendency to refuse participation is highly correlated with net worth. However, unlike other surveys, which almost certainly also have differential nonresponse by wealthy households, the SCF has the means to adjust for such nonresponse. A major part of SCF

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<sup>1</sup> For more details about the SCF sample design, see Bricker, Jesse, Alice Henriques, and Kevin Moore (2017). “Updates to the Sampling of Wealthy Households in the Survey of Consumer Finances,” Finance and Economics Discussion Series 2017-114. Board of Governors of the Federal Reserve System (U.S.).

research is devoted to the evaluation of nonresponse and adjustments for nonresponse in the analysis weights of the survey.<sup>2</sup>

Errors may be introduced into survey results at many stages. Sampling error—the variability expected in estimates based on a sample instead of a census—is a particularly important source of error. Such error can be reduced either by increasing the size of a sample or, as is done in the SCF, by designing the sample to reduce important sources of variability. Sampling error can be estimated, and the SCF uses replication methods to do so. Replication methods draw samples, called replicates, from the set of actual respondents in a way that incorporates the important dimensions of the original sample design. In the SCF, weights were computed for all of the cases in each of the replicates.<sup>3</sup> To estimate the overall standard error, a measure of the variability of these estimates is combined with a measure of the variability because of imputation for missing data.

Other errors include those that interviewers may introduce by failing to follow the survey protocol or misunderstanding a respondent’s answers. SCF interviewers are given lengthy, project-specific training and ongoing coaching to minimize such problems. Respondents may introduce error by interpreting a question in a sense different from that intended by the survey. For the SCF, extensive pretesting of questions and thorough review of the data tend to reduce this source of error.

Item nonresponse, which is nonresponse to selected items within the survey, may be another important source of error. To address missing information on individual questions within the interview, the SCF uses statistical methods to impute missing data; the technique makes multiple estimates of missing data to allow for an estimate of the uncertainty attributable to this type of nonresponse.

## **Testing of Procedures**

The major aspects of sample design for the SCF have remained unchanged since 1989, but research on improving the sample design is ongoing. Prior the field period for the SCF, which runs roughly from May to December of the survey year, there is extensive testing of the survey computer-assisted personal interview (CAPI) questionnaire and all of the systems related to data capture and processing. This testing culminates in a pretest of the survey instrument and systems prior to the main data collection. For this pretest, the contractor would interview no more than 150 households based on samples they would select. After the pretest, the contractor would forward the data collected to the Board and would conduct a formal debriefing of interviewers and others involved in the administration of the surveys. In response to issues that emerge, the contractor would revise procedures for the main survey in consultation with the Board.

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<sup>2</sup> The weights used in this article are adjusted for differential rates of nonresponse across groups. See Arthur B. Kennickell (1999), “Revisions to the SCF Weighting Methodology: Accounting for Race/Ethnicity and Homeownership” (Washington: Board of Governors of the Federal Reserve System, January), [www.federalreserve.gov/econres/scf\\_workingpapers.htm](http://www.federalreserve.gov/econres/scf_workingpapers.htm).

<sup>3</sup> See Arthur B. Kennickell (2000), “Revisions to the Variance Estimation Procedure for the SCF” (Washington: Board of Governors of the Federal Reserve System, October), [www.federalreserve.gov/econres/scf\\_workingpapers.htm](http://www.federalreserve.gov/econres/scf_workingpapers.htm).