

**Supporting Statement Part B for the
Intermittent Survey of Businesses
(FR 1374; OMB No. 7100-0302)**

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

Prior to the 2002 implementation of this survey, the Federal Reserve found it helpful to collect information on an ad hoc basis from individuals within the business community on a real-time basis. This information typically reflected current business conditions and ongoing developments in the economy as well as topical issues. Prior to 2002, the Federal Reserve limited its contacts to fewer than nine firms and asked open-ended questions. However, the Federal Reserve believes that it is valuable to talk with firms and ask targeted questions that are critical to understanding the current economic situation and outlook. An in-depth understanding of the types of special issues shown in the draft reporting form can only be gleaned in real time through direct inquiries with contacts at relevant entities. Results derived from the collected information is distributed both to Board members and to the presidents of the Reserve Banks. The information is also used by the Federal Reserve as an input to its economic forecasting activities.

In 2010, the respondent panel was revised to include state and local governments as warranted by economic conditions. At that time, understanding how these governments were allocating funds from the American Recovery and Reinvestment Act of 2009 was of particular interest. Because spending by state and local governments currently accounts for about 11 percent of total Gross Domestic Product (GDP), understanding developments in this sector can help the Board better understand the likely path for overall economic activity.

In 2013, the Federal Reserve increased the permitted number of respondents from 240 to 2,400 for the Reserve Bank surveys to allow Districts the flexibility to get more complete coverage of economic developments within each District (especially with respect to issues of broad applicability).

Universe and Respondent Selection

The current FR 1374 respondent panel comprises businesses and, occasionally, state and local governments. For surveys conducted by the Reserve Banks at the direction of the Board, the Board decreased the permitted number of respondents from 2,400 to 720 (an average of 60 per Reserve Bank) to better reflect the actual number of respondents in recent surveys.

Procedures for Collecting Information

The topics discussed with the respondents are time sensitive, and the questions vary with the topic. There is no standard reporting form because the questions typically change with each survey. For each survey, the Federal Reserve prepares questions in advance of specific topical interest and determines a relevant target group of firms to contact. If conducted by telephone, the discussions could last up to twenty minutes, with the typical conversation lasting approximately fifteen minutes. If conducted using email or an online survey tool, the response times are likely to be shorter. Each Reserve Bank tabulates its survey results and sends them to the Board. The Board then compiles the Reserve Bank-level results into an overall summary memo. The tabulation and the summary, along with the submissions from the individual Reserve Banks, are then circulated to the members of the Board and Reserve Bank presidents. Each Reserve Bank may use its own district-level results for any official business purposes, including research that leads to publication, to the extent consistent with any confidentiality commitments made to the contacts.

Methods to Maximize Response

A respondent may decline to answer a particular question when answering would entail excessive burden. Experience has shown that only a small number of respondents decline to answer any particular question. Response rates overall have been high and resulted in adequate and informative answers.

Testing of Procedures

There has been no pre-testing of procedures.