

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.

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 CE also collects point of purchase information in support of the CPI program.

The Census Bureau field offices conduct four quarterly interviews with the sample unit over consecutive quarters. All four waves have a three month reference period and data from all waves are used in the final, published data.

In the CEQ, CE is seeking clearance to make changes to the CE Quarterly Interview Computer Assisted Personal Interview (CAPI) instrument. The CEQ CAPI instrument is the major collection tool used for the CEQ and collects the characteristics of the household, consumer unit (CU), and information on the CU's expenditures through a series of four personal interviews. In the CEQ instrument, a question will be added on the number of members covered by Tricare; the term Keoghs will be removed from the question on retirement accounts and replaced with more commonly used terms; e-scooters will be added as an example to bike-share; audio and video expenditure item codes will be consolidated; school books will be separated from school supplies and equipment item codes; several detailed clothing items will be converted to global questions and the remaining clothing item codes will be reorganized. (See Attachment A for the CEQ CAPI instrument specifications.)

The CEQ added questions regarding stimulus payments paid by the Federal government under OMB clearance number 1220-0196 as an emergency clearance request. This expiration on this clearance expires 11/30/2020. CE plans to continue asking these questions through December of 2020, and seeks clearance with this request to retain until this date. If it is determined the questions are needed beyond December, a nonsubstantive change request will be submitted to retain them for a longer period.

The CED uses both a CAPI instrument (see Attachment B for the 2021 Diary Instrument specifications), and the paper diary CE-801, Record of Your Daily Expenses (see Attachment C). The Diary CAPI instrument collects information about household and CU demographic and income characteristics. In both the CEQ and CED CAPI instruments, the term Keoghs will be removed from the question on retirement accounts and replaced with more commonly used terms.

The CED Diary collects information on CU expenditures by asking each selected sample unit to keep two one-week diaries of all expenditures. The Diary is necessary to collect expenditures that respondents may not be able to recall in a retrospective interview. In the Diary, in order to accommodate CPI's need for point of purchase collection, a column will be added to the clothing section to collect the store name or website where the item was purchased.

Additionally, in order to avoid anticipated data collection issues, the primary sampling unit (PSU) that was randomly chosen to represent stratum "N24F" will change from Wahpeton, ND to Brookings, SD. (See Supporting Statement Part B for additional information on sample design.)

Lastly, to limit exposure of staff and respondents in response to the coronavirus pandemic, procedures for the CEQ and CED will be modified on an as needed basis. In CED, these modifications will include emailing a link to a Diary form, telephone transcription of expenditures from the Diary, and the availability of an online Diary. In CEQ, these modifications will include telephone interviews in lieu of in-person interviews. (See Attachment D for a detailed description of CED procedural changes resulting from the coronavirus pandemic, including an email template for sending the Diary electronically.)

Before the interviewer's visit, each CEQ and CED sample household receives an Advance Letter, the CE-303L1, 2, 3, or 4 (Attachment E(a-d) or CE-803(L) (Attachment E(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; inform the respondents of the confidential treatment of all identifying information they provide; request the respondents' participation in the survey; describe 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. The advance letters for the CEQ will be updated to reflect changes in the estimated time to complete the interview with the removal of the clothing section. Each of the advance letters and several of the brochures in the portfolio are available in the following languages: English, Arabic, Chinese, Korean, Spanish, Russian, Vietnamese, and Polish.

For both CEQ and CED, additional wording will be added to the CAPI instruments regarding receipt of the advance letter in order to ensure communication of the confidentiality and Paperwork Reduction Act statements to respondents who may not have received the advanced letter due to disruptions related to the coronavirus pandemic. (See Attachment F - Respondent Contact Procedures and Email Template for additional information on the additional wording and email for advance letters.)

For a full list of all questions in the 2021 CEQ Interview Instrument, please see the Interview Instrument Specifications – Attachment A. For a full list of all questions in the 2021 CED Interview Instrument, please see the Diary Instrument Specifications – Attachment B. For an updated Diary Survey form, please see Diary Form - Attachment C.

A subsample of approximately 12 percent of households in the CEQ and 10 percent in the CED 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 2021 Interview CAPI Reinterview instrument (See Attachment G - Final CEQ RI Instrument Specs). The Diary Reinterview Instrument for 2020 will not change, nor have changes been made since 2004. (See Attachment H - CED RI Instrument Specs and Attachments).

A separate Information Booklet is used for each survey. Changes have been made to both the CEQ Information Booklet CE-305 (Attachment I) and to the CED Information Booklet CE-805 (Attachment J), to support the previously stated changes to the CEQ and CED.

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 K). Also available to respondents is the respondent web page, various respondent handouts (Attachment L), and an endorsement from the Federal Reserve Board of Governors (Attachment M). 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. Additional respondent handouts containing spending summaries may be made available. A non-substantive change request will be made if this occurs. 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 N (a-b)) as well as a certificate of appreciation, CE-900 (Attachment O).

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

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 BLS in support of the 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. 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 CE 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 85 FR 35665 on June 11, 2020.

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

David S. Johnson
Population Studies Center
University of Michigan

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 67 minutes.

BLS will conduct the CEQ at approximately 52,700 designated addresses, which will result in an estimated 24,060 completed interviews. Reinterviews will be conducted on approximately 12 percent of the completed interviews, for a total of 2,887 completed reinterviews yearly. The average time to complete the survey is 67 minutes for the regular interview, and 10 minutes for the reinterview. This results in an annual response burden (in terms of interview length) of 27,348 hours yearly.

Response Burden for the Interview Survey					
Form	Total Respondents	Frequency	Total Responses	Average Time per Response (minutes)	Estimated Total Burden (hours)
Interview	6,015	4	24,060	67	26,867
Reinterview ¹	2,887	1	2,887	10	481
TOTALS	6,015	////////	26,947	////////	27,348
¹ Reinterviews are done on a subset of the original respondents					

The BLS will conduct the CED at approximately 17,800 designated addresses per year, resulting in an estimated 7,535 completed interviews and diaries. Respondents complete 2 weekly diaries, resulting in 15,070 weekly diaries being completed per year. Reinterviews will be conducted on approximately 10 percent of the weekly diaries for a total of 1,507 reinterviews. Respondents spend approximately 70 minutes completing each weekly diary, for a total of 17,582 hours of record-keeping. In addition to record-keeping, it takes an average of 19 minutes to complete each of the average 2.3 interviews. This average is calculated based on the number of expected respondents to complete the regular two 20 minute interviews (90%) and those expected to complete both the two regular interviews and 3 additional 5 minutes interviews as a result of the coronavirus (10%). It takes an additional 10 minutes to complete the reinterview, for a total of 5,488 hours of interviewing, and 251 hours of reinterviewing. Total burden hours for the Diary Survey is approximately 23,321 per year.

Response Burden for the Diary Survey					
Form	Total Respondents	Frequency	Total Responses	Average Time per Response (minutes)	Estimated Total Burden (hours)
Record-keeping	7,535	2	15,070	70	17,582
Interview	7,535	2.3	17,332	19	5,488
Reinterview	1,507	1	1,507	10	251
TOTALS	7,535	////////	33,909	////////	23,321

Total Response Burden for the Quarterly Interview and Diary Surveys			
	Quarterly	Diary	Total (Both Surveys)
Number of responses	26,947	33,909	60,856
Total burden hours	27,348	23,321	50,669

The total response burden for both surveys combined is 50,669 hours. The total annualized cost to respondents, based on burden hours and the federal minimum wage of \$7.25 per hour, is \$367,350.

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 \$44 million in fiscal year 2020. This includes approximately \$30 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 \$14 million is 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.

15. Change in Respondent Burden

Reporting burden has decreased from 51,484 to 50,669 due to the following: 1) response rates have continued to decline and 2) the conversion of the clothing section to global questions. 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 2018 through June 2019 tabular data in April 2020. The 2019 annual tabular data and Diary and Quarterly Interview Survey public use microdata are scheduled to be released in September 2020.

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 E). For the Diary CE-801 there is a significant cost 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.