

**Supporting Statement for the
Pre-Hire Conflict of Interest Screening Form
(FR 28c; OMB No. 7100-NEW)**

Summary

The Board of Governors of the Federal Reserve System (Board), under authority delegated from the Office of Management and Budget (OMB), has implemented a new information collection, the Pre-Hire Conflict of Interest Screening Form (FR 28c; OMB No. 7100-NEW). The FR 28c form collects information from external applicants applying to the Board¹ regarding certain financial interests or business relationships held by the applicant and by their immediate family members, as well as the external applicant's involvement with certain outside organizations to determine whether a conflict of interest may exist, which could impact the applicant's ability to fulfill the responsibilities associated with the position for which they have applied.

The estimated total annual burden for the FR 28c is 1,150 hours. The form and instructions are available on the Board's public website at <https://www.federalreserve.gov/careers-addinfo.htm>.

Background and Justification

The Board implemented the FR 28c form to collect information regarding a prospective external candidate's potential conflicts of interest after the external applicant has been selected to interview at the Board, but before an offer of employment has been extended. For example, depending upon the position for which the external applicant has applied, potential conflicts of interest could include, but may not be limited to, financial interests of the applicant, their spouse, or their minor child(ren) in certain companies or entities, close relatives (i.e., spouse, child, parent, or sibling) who are employed at certain companies or entities, and certain outside employment arrangements or positions held by the applicant that they plan to continue to hold if hired by the Board (both compensated and uncompensated positions). The information disclosed on the FR 28c form allows the Board's Ethics staff to ensure proper vetting of potential conflicts of interest. The FR 28 general employment application form² will continue to ask basic information about certain potential conflicts of interest, but the FR 28c form asks for more detailed information to make sure that potential conflicts of interest are more fully vetted and addressed before the applicant has begun work as an employee of the Board. In addition, the FR 28c form instructs the applicant to provide conflict of interest information on the FR 28c form to the extent such information was "not previously described on your employment application (FR 28), which is hereby incorporated by reference." Accordingly, the information

¹ The FR 28c form will only be given to external applicants for full- or part-time employment or internships (collectively, external applicants or applicants) if they have been selected for an interview.

² The FR 28 form is the Board's general employment application, which is a distinct information collection that undergoes a separate review process under the Paperwork Reduction Act (PRA) (OMB No. 7100-0181). The FR 28 general employment application is not being renewed or revised in connection with this PRA review for the FR 28c form.

being collected on the FR 28c form is not be duplicative of information obtained from other sources.

Description of Information Collection

If an external applicant is selected for an interview, the applicant would receive an email requesting that they fill out and submit the FR 28c form. The applicant can fill out the form electronically and email it to the Board, or print it, fill it out and bring it with them to their interview. The form collects information in the following areas:

1. **Financial Interests.** The FR 28c form asks the applicant, to the best of their knowledge, to provide information regarding the financial interest held by the applicant, the applicant's spouse, and any minor child(ren) in a bank, bank holding company, or savings and loan holding company; a consulting firm or law firm that advises financial institutions; an economic forecasting firm or other economic consulting firm; or a vendor or contractor that the applicant knows work with the Federal Reserve. In addition, similar to the FR 28 general employment application form, this section of the FR 28c form also asks the applicant to list any debt or equity interests held in a mutual fund or exchange traded fund with a policy of concentrating in the financial sector.

2. **Relatives in Related Businesses.** The FR 28c form asks if the applicant's spouse, child, parent, or sibling works as an employee, officer, director, or trustee for a bank, bank holding company, or savings and loan holding company (or the parent or subsidiaries of such institutions); a consulting firm or law firm that advises financial institutions; an economic forecasting firm or other economic consulting firm; or a vendor or contractor that the applicant knows works with the Federal Reserve. If so, the FR 28c form would collect information on the name of the company/entity, the family member's position at the company/entity, and their relationship to the applicant. The FR 28c form requests more detailed information than the information requested on the FR 28 general employment application form.

3. **Outside Positions.** The FR 28c form asks the applicant to describe their outside businesses, outside employment, and uncompensated positions, which the applicant plans to continue if they become a Board employee. This information is not currently collected on the FR 28 general employment application form.

4. **Other Potential Conflicts.** The FR 28c form asks if there are any other situations, arrangements, or investments that the applicant believes could pose a conflict of interest based on the duties of the position for which they are applying.

Respondent Panel

Individuals who have been selected for an interview during the hiring process.

Time Schedule for Information Collection

The conflict of interest form is completed by applicants for employment after being asked

to interview at the Board, or shortly after their interview, as needed.

Public Availability of Data

No data related to this information collection would be made available to the public.

Legal Status

The FR 28c is authorized by section 10 of the Federal Reserve Act (12 U.S.C. § 244) which provides that the Board's determination with respect to the "employment, compensation, leave, and expenses [of its members and employees] shall be governed solely by the provisions of this chapter and rules and regulations of the Board not inconsistent therewith." In addition, under regulations promulgated by the Office of Government Ethics (OGE) pursuant to 5 U.S.C. § 7301,³ each executive agency's designated ethics officer is required to provide "advice and counseling to prospective ... employees regarding government ethics laws and regulations" and to "maintain records of agency ethics program activities" (5 CFR 2638.104(c)(2) and (4)). Providing the information collected on the FR 28c is required in order to obtain the benefit of Board employment.

Generally, information provided on the FR 28c may be kept confidential from the public under exemption 6 of the Freedom of Information Act (FOIA), which protects information in "personnel and medical files and similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy" (5 U.S.C. § 552(b)(6)). In addition, financial information collected on the form (such as confidential details about the amount of shares an applicant, their spouse, or minor child owns in a bank) may be withheld under exemption 4 of the FOIA, which protects "financial information obtained from a person [that is] privileged and confidential" (5 U.S.C. § 552(b)(4)).

The information collected on the FR 28c form will be maintained in a "system of records" within the meaning of the Privacy Act (5 U.S.C. § 552a(a)(5)), and a Privacy Act statement will accompany this information collection. Disclosures of information collected on the FR 28c, including confidential information withheld from the public under a FOIA exemption, may be made by the Board to third parties in accordance with the Privacy Act's "routine use" disclosure provision (5 U.S.C. §§ 552a(a)(7) and (b)(3)), which permits the disclosure of a record for a purpose that is compatible with the purpose for which the record was collected. The routine uses that would permit the disclosure of this information collection are listed in the specific system of records notices (SORNs) that apply to this information collection, which are found in (1) the SORN for BGFRS-1, FRB-Recruiting and Placement Records, located here: <https://www.federalreserve.gov/files/BGFRS-1-recruiting-and-placement-records.pdf> and (2) the SORN for BGFRS-41, FRB-Ethics Program Records, located here:

³ See Executive Order 12674, 54 FR 14925, 15159, (April 12, 1989), as modified by Executive Order 12731, 55 FR 42345, 42547 (October 19, 1990) (authorizing the OGE, in consultation with the Department of Justice and the Office of Personnel Management, to issue "regulations that establish a single, comprehensive, and clear set of executive-branch standards of conduct"). If hired by the Board, under 5 U.S.C. § 7301, an employee of the Board is therefore subject to the OGE's executive branch-wide financial disclosure regulations at 5 CFR part 2634, as well as the OGE's executive branch-wide standards of ethical conduct at 5 CFR part 2635, and the Board's supplemental ethics regulations that were issued with the concurrence of the OGE at 5 CFR part 6801. See also 12 CFR 264.101.

<https://www.federalreserve.gov/files/BGFRS-41-FRB-Ethics-Program-Records.pdf>. Specifically, these two SORNs provide that the information may be disclosed outside the Board in accordance with general routine uses A, B, C, D, E, F, G, H, I, and J (see “General Routine Uses of Board Systems of Records” available at <https://www.federalreserve.gov/files/SORN-page-general-routine-uses-of-board-systems-of-records.pdf>). The SORN for BGFRS-1 also provides that all or part of the record may be disclosed outside of the Board in order to disclose information to any source from which additional information is requested (to the extent necessary to identify the individual, inform the source of the purpose(s) of the request, and identify the type of information requested), when necessary to obtain information relevant to a Board decision to hire or retain an employee, issue a security clearance, conduct a security or suitability investigation of an individual, classify jobs, let a contract, or issue a license, grant or other benefit.

Consultation Outside the Agency

There has been no consultation outside the Federal Reserve System.

Public Comments

On January 16, 2020, the Board published an initial notice in the *Federal Register* (85 FR 2741) requesting public comment for 60 days on the implementation of the FR 28c. The comment period for this notice expired on March 16, 2020. The Board did not receive any comments. On June 29, 2020, the Board published a final notice in the *Federal Register* (85 FR 38893).

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR 28c is 1,150 hours. These reporting requirements represents less than 1 percent of the Board’s total paperwork burden.

| | <i>Estimated number of respondents⁴</i> | <i>Annual frequency</i> | <i>Estimated average hours per response</i> | <i>Estimated annual burden hours</i> |
|--------|--|-------------------------|---|--------------------------------------|
| FR 28c | 2,300 | 1 | 0.5 | 1,150 |

The estimated total annual cost to the public for this collection of information is \$31,050.⁵

⁴ Of these respondents, none are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$600 million in total assets), <https://www.sba.gov/document/support--table-size-standards>.

⁵ The average consumer cost of \$27 is estimated using data from the BLS Economic News Release (USDL-20-0300) https://www.bls.gov/news.release/archives/cewqtr_02202020.htm.

Sensitive Questions

This collection of information contains no questions of a sensitive nature, as defined by OMB guidelines.⁶

Estimate of Cost to the Federal Reserve System

The estimated cost to the Federal Reserve System for collecting and processing this information is negligible.

⁶ For Privacy Act and System of Records information, please refer to the Legal Status section of this document.