

**Supporting Statement for the
Compensation and Salary Surveys
(FR 29; OMB No. 7100-0290)**

Summary

The Board of Governors of the Federal Reserve System (Board), under authority delegated by the Office of Management and Budget (OMB), has extended for three years, without revision, the Compensation and Salary Surveys (FR 29; OMB No. 7100-0290). This family of surveys is comprised of the (1) Compensation and Salary Survey (FR 29a) and (2) Ad Hoc Surveys (FR 29b).¹ The FR 29a is collected annually and the FR 29b is collected on an as needed basis but not more frequently than five times per year. These surveys collect information on salaries, employee compensation policies, and other employee programs from employers that are considered competitors of the Board.² The data from the surveys primarily are used to determine the appropriate salary structure and salary adjustments for Board employees. The estimated total annual burden for the FR 29 surveys is 260 hours.

Background and Justification

The Board implemented a market-sensitive salary structure in 1989, replacing one that paralleled the federal government's salary structure. The Board implemented the new structure based on several factors, including turnover of key employees in important positions (especially economists, attorneys, and financial analysts), difficulty in hiring experienced professionals and top-level graduates, and low employee morale because of actual or perceived noncompetitive pay. The Board met with the consulting firm of Coopers and Lybrand to identify key job families, select benchmark jobs, and draw the original panel for a salary survey.

In support of market-sensitive adjustments to the salary structure, the Board sponsors the Compensation and Salary Survey (FR 29a). Between 1989 and 1992, the Board conducted the survey, and in 1993 the survey was assigned to a consultant. The consulting firm of Willis Towers Watson (formerly known as Watson Wyatt) has conducted the survey annually since 1994. The Board along with other Financial Institutions Reform, Recovery and Enforcement Act

¹ In 2004, the annual Compensation Trend Survey (FR 29c) was discontinued. The Hay Management Consultants, an international consulting firm had conducted this survey on behalf of the Board since 1991. The FR 29c survey data was primarily used by the Board in their annual salary review and adjustments of the salary structure for Reserve Bank employees.

² Certain criteria apply to information collections conducted via the Board's ad hoc clearance process. Such information collections shall (1) be vetted by the Board's clearance officer as well as the Division director responsible for the information collection, (2) display the OMB control number and respondents shall be informed that the information collection has been approved, (3) be used only in such cases where response is voluntary, (4) not be used to substantially inform regulatory actions or policy decisions, (5) be conducted only and exactly as described in the OMB submission, (6) involve only noncontroversial subject matter that will not raise concerns for other Federal agencies, (7) include information collection instruments that are each conducted only one time, (8) include a detailed justification of the effective and efficient statistical survey methodology (if applicable), and (9) collect personally identifiable information (PII) only to the extent necessary (if collecting PII, the form must display current privacy act notice). In addition, for each information collection instrument, respondent burden will be tracked and submitted to OMB.

of 1989 (FIRREA) agencies³ have conducted the survey jointly since 2008. The Board uses the survey information as a basis for recommendations to the Board regarding proposed salary range adjustments and merit increases for Board employees so that salary ranges are competitive with other organizations offering similar jobs. The Board also uses (1) published data from consultants such as Mercer, Inc. (Mercer) and Gartner, Inc. to supplement its information concerning specific job families (such as information technology jobs), (2) merit projection surveys conducted by consulting firms such as Willis Towers Watson, Hewitt Associates, and Mercer, and (3) data collected by Reserve Banks and the FIRREA agencies.

In order to fill unanticipated staffing needs and to assist in human resources policy planning, the Board conducts more limited surveys (FR 29b) on an ad hoc basis. These surveys gather information that is needed between annual salary surveys or information on topics that are not easily incorporated into the annual survey. For example, this may include information on the average salaries paid, hiring rates and job descriptions for certain job families. The surveys have proven to be effective instruments for the timely collection of such information.

Several human resources consulting firms produce data on salaries and compensation trends; however, these data are less detailed than the information that the Board collects. As noted above, this published information is used to supplement the FR 29 data, which focus on jobs comparable to those of Board employees.

Description of Information Collection

The Board is one of the sponsors of the survey to aid in the annual adjustment of the salary structure. The Board conducts other surveys on special topics on an ad hoc basis. The consultant that conducts the FR 29a annual survey is selected competitively for a two-year contract.

Compensation and Salary Survey (FR 29a)

The FR 29a requests information in five sections: general information, organization data, salary policies and practices, benefits programs, and salary data. The information includes salary ranges, average salaries paid, merit increases, average work weeks (hours worked), benefit programs, and bonuses. These categories are typical of third-party compensation and salary surveys. The 2019 survey requested data on 82 benchmark jobs (Federal Reserve jobs comparable to jobs filled by respondents). The benchmark jobs cover the work performed in every division at the Board, by position and grade level. Each year, Willis Towers Watson consults with the FIRREA agencies to update the list of benchmark jobs and the sample of respondents.

Willis Towers Watson distributes approximately 99 survey questionnaires annually to a broad cross section of employers within the New York to Washington, DC corridor. On average,

³ For purposes of this proposal, the FIRREA agencies consist of the Board, Office of the Comptroller of the Currency, Federal Deposit Insurance Corporation, National Credit Union Administration, Commodity Futures Trading Commission, Farm Credit Administration, and Securities and Exchange Commission.

approximately 35 responses are returned and included in the survey database. All respondents receive a complimentary copy of the completed report.

Ad Hoc Surveys (FR 29b)

In addition to the annual surveys, the Board conducts other surveys (FR 29b) during the year as needed to collect information on specific salary and non-salary employment topics that affect Board employees. Recent examples of salary topics included salaries paid to employees in chief information officer and chief technology officer positions to aid in recruiting and retention issues. Recent examples of non-salary topics included workforce planning, telecommuting, and leave policy. Also, other survey topics included turnover data, compensation philosophy, and relocation.

The process of designing and conducting these ad hoc surveys is informal. The Board draws on its good working relationships with the respondents to the FR 29a and conducts the ad hoc surveys by phone and email from a subset of these respondents. Also, Federal Reserve Banks are asked to participate in surveys. The Board cannot anticipate what information will be needed and the need for the information is usually very time critical. The Board plans to continue conducting the ad hoc surveys as needed and anticipates that it will conduct five ad hoc surveys per year, contacting about 10 respondents per survey.

Respondent Panel

The FR 29 panel comprises employers considered competitors for Board employees.

Time Schedule for Information Collection

The FR 29a, which collects data as of April 1, is distributed at the end of February. The target date for the return of the surveys to Willis Towers Watson is the beginning of May. Willis Towers Watson verifies and compiles the survey results during May and June, and the final report is mailed to respondents in July.

The Board conducts ad hoc surveys throughout the year when the need arises. Due to the informal nature of these surveys, the good working relationships with many of the respondents, the small number of respondents per survey, and the use of phone and email instead of mailing paper surveys, the Board typically needs only a few days to design the survey and collect the responses.

Public Availability of Data

There is no data related to this information collection available to the public. Aggregated FR 29a survey results are presented in a report and made available to survey participants.

Legal Status

The FR 29 is authorized by sections 10(4) and 11(1) of the Federal Reserve Act (12 U.S.C. §§ 244 and 248(l)), which authorizes the Board to determine employees' compensation. Survey submissions are voluntary.

The FR 29a survey is conducted by an outside consultant that only submits to the Board a report of aggregate data. Because the Board does not collect or have access to the individual respondent data, no confidentiality issue arises with respect to the individual responses to the FR 29a. Individual responses to the FR 29b may be kept confidential on a case-by-case basis. The Board will consider whether information collected through these surveys may be kept confidential under exemption 4 of the Freedom of Information Act (FOIA), which protects privileged or confidential commercial or financial information (5 U.S.C. § 552(b)(4)), exemption 6, which protects information "the disclosure of which would constitute a clearly unwarranted invasion of personal privacy" (5 U.S.C. § 552(b)(6)), or any other applicable FOIA exemption.

Consultation Outside the Agency

Willis Towers Watson and the Board work together to review and update the survey instrument.

Public Comments

On March 13 2020, the Board published an initial notice in the *Federal Register* (85 FR 14679) requesting public comment for 60 days on the extension, without revision, of the FR 29. The comment period for this notice expired on May 12, 2020. The Board did not receive any comments. On June 29, 2020, the Board published a final notice in the *Federal Register* (85 FR 38895).

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR 29 is 260 hours. Since the surveys are voluntary, it is not possible to predict exactly how many surveys will be returned in a given year. The estimated number of respondents is based on recent response rates. In recent years, the Board has conducted, on average, five ad hoc surveys with an average of 10 respondents per survey. These reporting requirements represent less than 1 percent of the Board's total paperwork burden.

FR 29	<i>Estimated number of respondents⁴</i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
FR 29a	35	1	6	210
FR 29b	10	5	1	<u>50</u>
<i>Total</i>				260

The estimated total annual cost to the public for these surveys is \$18,460.⁵

Sensitive Questions

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

Estimate of Cost to the Federal Reserve System

The estimated cost to the Federal Reserve System is \$25,000 for the FR 29a and \$3,000 for the FR 29b. The Board incurs costs in terms of staff time for development and analysis, and contractual services to the vendor to conduct the annual survey.

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 Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rate (100% Financial Managers at \$71). Hourly rate for this occupational group is the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), *Occupational Employment and Wages May 2019*, published March 31, 2020, <https://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Standard Occupational Classification System, <https://www.bls.gov/soc/>.