

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

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

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 of 1989 (FIRREA) agencies¹ 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

¹ 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.

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.

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.

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.

Universe and Respondent Selection

The FR 29 panel comprises employers considered competitors for Board employees. For the FR 29a, Willis Towers Watson distributes approximately 99 survey questionnaires to a broad cross section of employers within the New York and Washington, DC corridor. On average, approximately 35 responses are returned and included in the survey database. The process of designing and conducting the FR 29b 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.

Procedures for Collecting Information

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.

Methods to Maximize Response

All respondents receive a complimentary copy of the completed survey report.

Testing of Procedures

Willis Towers Watson provides the surveys on an “as is” basis and does not provide a warranty or guarantee of any kind as to the accuracy or completeness of the surveys or the data or information contained therein. Survey results will be available only if there are sufficient participants in the applicable survey.