

**Supporting Statement for the
Survey of Household Economics and Decisionmaking
(FR 3077; OMB No. 7100-0374)**

Summary

The Board of Governors of the Federal Reserve System (Board), under authority delegated by the Office of Management and Budget (OMB), proposes to extend, for three years, with revision, the Survey of Household Economics and Decisionmaking (SHED) (FR 3077; OMB No. 7100-0374).¹ The FR 3077 questionnaire is used to collect insightful information from consumers concerning the well-being of U.S. households and how individuals and their families are faring in the economy.

The collected information could be used for the Board's *Report on the Economic Well-Being of U.S. Households*, for Board studies or working papers, professional journals, the *Federal Reserve Bulletin*, testimony and reports to the Congress, or other vehicles. The SHED questionnaire includes such topics as individuals' overall financial well-being, employment experiences, income and savings behaviors, economic preparedness, access to banking and credit, housing and living arrangement decisions, education and human capital, student loans, and retirement planning. The overall content of the SHED questionnaire depends on changing economic, regulatory, or legislative developments as well as changes in the financial services industry.

The Paperwork Reduction Act clearance for the FR 3077 covers both the annual SHED questionnaire, as well as the potential for the Board to conduct smaller cognitive interviews, which would involve asking a small group of respondents (up to 30 people) open-ended follow-up questions in order to understand how respondents interpreted the questions being asked on the SHED questionnaire. These cognitive interviews could be conducted up to three times per year.

The Board revised the SHED questionnaire by changing some of the core questionnaire questions to reduce the time respondents spend on specific questions by simplifying the language, as well as incorporating additional questions on emerging economic issues, and removing questions that do not require that new data be collected on an annual basis. These revisions would be effective immediately.

The current estimated total annual burden for the FR 3077 is 10,285 hours, and would

¹ 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, (3) inform respondents that the information collection has been approved, (4) be used only in such cases where response is voluntary, (5) not be used to substantially inform regulatory actions or policy decisions, (6) be conducted only and exactly as described in the OMB submission, (7) involve only noncontroversial subject matter that will not raise concerns for other Federal agencies, (8) include information collection instruments that are each conducted only one time, (9) include a detailed justification of the effective and efficient statistical survey methodology (if applicable), and (10) 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.

decrease to 7,705 hours. The revisions would result in a decrease of 2,580 hours. This decline reflects a combination of a shorter survey instrument relative to the previous collection and improvements in the data and more accurate methodology for estimating respondent burden.

Background and Justification

Data from the Board's consumer survey efforts is used to provide timely information on developments in consumer financial markets, consumer behaviors, and conditions and emerging economic risks in communities. The information collected under the SHED contributes to Board studies that explore the activities, experiences, and attitudes of individual consumers regarding their financial well-being and potential risks to their finances. The Board's Division of Consumer and Community Affairs (DCCA) directs consumer- and community-related functions performed by the Board, including conducting research on financial services policies and practices and their implications for economic and supervisory policies that are core to the Board's functions. Consumer surveys are an important tool for informing the the Board's understanding of consumer financial decisions and markets, and the Board has a long history of using surveys to inform its work in order to gain insight into consumer decisionmaking, consumer financial stability, community development, and neighborhood stabilization. These insights aid the Board in promoting a fair and transparent consumer financial services market, including for traditionally underserved households and neighborhoods.

Since 2013, when the SHED questionnaire was first collected, the number of respondents has grown in order to increase the level of sub-group analysis. In addition, the questionnaire has grown in length to collect additional information on topics that are of interest between years and to accommodate the demand for information on new trends and risks that are emerging. It has also become a well-recognized tool for researchers both within and outside the Federal Reserve System. The SHED's goal has also expanded to include question modules that can be utilized to quickly respond to the need for information on emerging risks and trends. Due to the growth of the data collection, the anticipation that this collection will continue on an annual basis, the changing nature of the information that is collected and the potential policy, operational, supervisory and regulatory uses, the Board implemented the SHED as a separate ad hoc collection in 2017.² The resulting reports and survey data (void of sensitive PII) that resulted from previous and current SHED questionnaires are publicly available on the Board's public website.³

² In 2013, the SHED was conducted as an ad hoc survey under the family of Consumer Financial Stability Surveys (FR 3053; OMB No. 7100-0323). See <https://www.federalreserve.gov/econresdata/2014-economic-well-being-of-us-households-in-2013-appendix-2.htm>. From 2014 through 2016, the SHED was conducted as an anticipated survey under the generic clearance for Consumer and Stakeholder Surveys (FR 3073; OMB No. 7100-0359). See <https://www.federalreserve.gov/econresdata/2015-economic-well-being-of-us-households-in-2014-preface.htm>, <https://www.federalreserve.gov/econresdata/2016-economic-well-being-of-us-households-in-2015-appendix-b.htm>, and <https://www.federalreserve.gov/publications/2017-economic-well-being-of-us-households-in-2016-appendix-b.htm>. Since 2017, the SHED has been collected under its own clearance (FR 3077; OMB No. 7100-0374). See <https://www.federalreserve.gov/publications/2018-supplemental-appendixes-report-economic-well-being-us-households-2017-overview.htm> and <https://www.federalreserve.gov/consumerscommunities/files/2018-supplement-economic-well-being-us-households-201905.pdf> (Appendix A).

³ https://www.federalreserve.gov/consumerscommunities/shed_data.htm.

The information collected in the FR 3077 is generally not available from other sources or is not available in conjunction with related information included in the collection. In order to identify and mitigate duplication, the SHED questionnaire is reevaluated annually to identify new and emerging areas for which the questionnaire can offer new insights and to remove topics which have limited value given existing data. If this data collection stopped or conducted less frequently, it would reduce the abilities of the Board to monitor emerging economic issues identified in the survey, including issues with particular relevance to low- and moderate- income communities.

Description of Information Collection

The FR 3077 information collection is used to collect voluntary information from consumers as would provide insight into the economic well-being of U.S. households, as well as information about how individuals and their families are faring in the economy. The FR 3077 information collection includes the SHED questionnaire, which has both quantitative and qualitative components. The SHED questionnaire is generally conducted annually. Quantitative data collected in the questionnaire could include dollar amounts, percentages, numbers of items, and other such information pertaining to the financial health of the consumer. Qualitative data may also be collected in the questionnaire and could include questions that are categorical, yes-no, ordinal, and open-ended. It is expected that this questionnaire would be conducted online.

The SHED questionnaire is comprised of a significant section of core content, which remains largely the same each year. The SHED questionnaire also normally includes a number of special questions to address the Board's need for information on emerging risks and trends that affect consumers. The core content of the SHED questionnaire is comprised of the following:

Living Arrangements: respondents report information on the types of people living in the household and why these individuals are living together.

General Well-Being: respondents report information on the major life events that have affected them in the last year and how they are managing financially.

Employment: respondents report information on their:

- recent or current labor market status and desired status,
- recent employment benefits and satisfaction,
- interactions with the labor market, and
- perception of their human capital and skills.

Gig Economy: respondents report information on infrequent, informal activities (also known as gig activities) that they performed in to earn money, including the amount of time spent on these activities, the main reasons for performing them, and the amount of income earned.

Housing: respondents report on their housing arrangement and satisfaction with their housing situation.

Rent: respondents report information on:

- whether they have even been evicted,
- the reason for their current rental status,
- their rental experience, and
- their monthly rent payment.

Homeownership and Mortgage: respondents report information on the amount of their monthly mortgage payments.

Banking: respondents report on whether they have an account with a bank and whether they have recently used alternative financial services.

Credit Application: respondents report on their confidence in being approved for credit and their recent experiences applying for credit.

Credit Condition: respondents report on:

- the ways that they manage their finances,
- the perception of their credit score, and
- their experiences with having and using credit.

Education: respondents report information on:

- their recent, current, and expected future education,
- the reasons for not attending or completing an educational program, and
- their perceptions of the value (cost vs benefit) of their most recent educational program.

Student Loans: respondents report information on their use of and experiences with student loans.

Retirement Planning: respondents report information on:

- the types of retirement savings or pension plans they have and their use of these plans,
- their comfort with making investment decisions related to these plans,
- their reasoning for or planned age in which to retire, and
- their source of funds for retirement.

Income and Consumption: respondents report information on their savings and expenses, as well as sources and variability of income.

Financial Support From Outside the Home: respondents report information on whether they receive assistance from and/or provide assistance to anyone outside of the household for bill payment.

Emergency Fund: respondents report information on their emergency savings and their ability to pay emergency unexpected expenses.

Health and Insurance: respondents report whether:

- they recently chose to forgo medical treatment due to the expense,

- paid for an unexpected medical expense out of pocket, and
- are currently covered by health insurance.

Financial Hardship: respondents report information on economic hardships that they recently experienced and the financial strain the hardships caused.

Childhood Background: respondents report information on where they grew up and the highest level of education that their parents received.

Financial Literacy: respondents answer questions used to gauge their understanding of financial markets.

Other Ad-hoc Topics Related to Financial Well-Being: examples of previous ad-hoc topics include issues such as experiences with auto loans, usage of mobile banking tools, experiences with discrimination, desired neighborhood characteristics, as well as follow-up questions related to the core content areas above.

In addition, as part of the FR 3077 information collection, the Board may conduct cognitive interviews that involve asking a small number of respondents (up to 30 people) open-ended follow-up questions in order to understand how respondents interpreted the questions being asked on the SHED questionnaire. These cognitive interviews would collect qualitative information and may be conducted up to three times per year.⁴

Panel Selection Methodology

The Board anticipates conducting the SHED questionnaire annually with as many as 21,500 respondents per survey, including those who are sent the questionnaire but opt not to complete it. The SHED data collection (both the questionnaire that is collected annually and any cognitive interviews that may be conducted up to three times a year) are and will be performed by a third-party a vendor selected through a competitive bidding process who maintains an online probability-based Internet panel. An online probability-based Internet panel is defined here as a panel of voluntary respondents that have been recruited through an address-based sampling methodology (ABS) using the Delivery Sequence File of the United States Postal Service technique or other similar technique that would allow for equal probability of selection into the panel for all potential respondents. There are several reasons that a probability-based Internet panel was selected as the method for this survey. First, these types of Internet surveys that employ address based sampling (ABS) (or a similar sampling technique) for recruitment have been found to be representative of the general population. Second, the ABS Internet panel allows the same respondents to be re-interviewed in subsequent surveys with relative ease, as the respondents remain active in the panel for several years. Third, Internet panel surveys have

⁴ The cognitive testing component of this information collection could include in-depth interviews or focus groups where respondents would initially be presented a subset of questions from the SHED questionnaire and then asked follow-up prompts, such as “what are you thinking about now,” as they explain how they determined their response to the SHED questionnaire question. Although the FR 3077 information collection includes this cognitive interview component, cognitive interviews have not yet been conducted by the Board (nor by the third-party vendor hired by the Board).

numerous existing data points on respondents from previously administered surveys, including detailed demographic and economic information, allowing for the inclusion of additional information on respondents without increasing respondent burden. Finally, collecting data through an ABS Internet panel survey is cost-effective and can be done relatively quickly. The resulting samples would behave as Equal Probability of Selection Method samples.

Respondent Panel

The Board expects that the respondents would include a nationally representative sample of non-institutionalized individuals⁵ who are 18 years of age and older. Due to the nature of the third-party vendor's respondent pool, this sample naturally includes repeat respondents, which allows for evaluating changes in respondents' economic conditions, as well as time series analysis.

In 2019, the Board changed how respondents were selected to participate in the SHED questionnaire to more closely reflect a nationally representative sample. Thus, effective with the 2019 questionnaire, the respondent panel no longer contained a low- and moderate-income oversample. Instead, the same number of respondents were interviewed but those respondents were drawn as a random sample of adults, rather than by attempting to sample a disproportionate share of low- and moderate-income adults. This change was made to obtain a respondent sample that more closely reflects the overall adult population and to reflect that these deviations from a nationally representative sample were no longer necessary for analyses of these populations given the current size of the SHED respondent pool.

Effective with the 2018 SHED questionnaire, the respondent panel also no longer included an explicit sample of repeat respondents. Because approximately one-fifth of the vendor's total online respondent pool for the questionnaire is already comprised of repeat respondents, a substantial fraction of questionnaire respondents are repeat respondents without the need to have an explicit repeat sample.

The Board plans to continue to sample a nationally representative pool of respondents without an oversample of low- and moderate-income individuals and without an explicit repeat sample group.

Proposed Revisions to the FR 3077

The ad hoc SHED questionnaire has undergone numerous revisions in order to both minimize respondent burden and capture new and emerging topics. For example, beginning with the 2017 SHED questionnaire, the questionnaire asked about exposure to opioids under the "Health and Insurance" component; the 2018 questionnaire included a question on willingness to take financial risks; and the 2019 questionnaire included several questions on exposure to the criminal justice system and new aspects of employment in the gig economy. The Board also annually reviews existing survey questions to identify those that no longer need to be included or could be included only periodically. Examples of questions cycled off of the questionnaire

⁵ Non-institutionalized individuals refers to individuals who are not inmates of institutions, such as those who are incarcerated or live in a retirement home, hospital, or other medical institution, as well as active duty military.

include asking homeowners why they own their home, questions on auto-lending, and questions on expectations for the financial well-being of the respondents' children. The Board proposes to maintain the 2019 questionnaire, which includes these changes, as the core content. The Board also proposes to continue to add or remove a limited number of questions annually to reflect new areas of interest on an ad hoc basis. However, the time necessary to respond to the newer questions on the questionnaire, which were added in recent years, has taken respondents less time than it took to respond to the older questions that were removed, thereby reducing the overall respondent burden. Additionally, as the Board's understanding of the time necessary to complete the questionnaire has improved with additional years of data collection, it has been determined that the completion time is lower than initially estimated. This improvement in the time estimates led to a reduction in the expected respondent burden for the questionnaire.

Time Schedule for Information Collection

The data submission timeline for each questionnaire would be determined prior to the distribution of the survey materials to the public, but the Board expects the questionnaire would be conducted in the third or fourth quarter each year. Results from the SHED questionnaire are typically made available in the second quarter of the following year in the Board's annual Report on the Economic Well-Being of U.S. Households.

Public Availability of Data

The Board expects to publish the SHED questionnaire used each year, the responses to that questionnaire (without any individual respondent's PII), and the final report regarding the results of the questionnaire on the Board's public website.⁶ This information is typically posted in the second quarter of the year, approximately 6 to 9 months after the data was collected on the SHED questionnaire.

Legal Status

Section 2A of the Federal Reserve Act requires that the Board maintain long run growth of the monetary and credit aggregates commensurate with the economy's long run potential to increase production, so as to promote effectively the goals of maximum employment, stable prices, and moderate long-term interest rates (12 U.S.C. § 225a). The Board uses the information obtained from the FR 3077 to help fulfill these obligations. The FR 3077 is a voluntary information collection.

Personally identifiable information collected on the SHED questionnaire, which would identify individual respondents, will be withheld under exemption 6 of the Freedom of Information Act (FOIA). Exemption 6 of the FOIA protects information from being disclosed that would result in an unwarranted invasion of personal privacy (5 U.S.C. § 552(b)(6)). In the event cognitive interviews are conducted with select individuals to obtain qualitative feedback regarding an individual respondent's thoughts or reflections on the questions posed in the SHED questionnaire, both the questions posed to the individual respondent and their responses would be protected by exemption 6 of the FOIA (5 U.S.C. § 552(b)(6)).

⁶ <https://www.federalreserve.gov/consumerscommunities/shed.htm>.

Consultation Outside of Agency

There has been no consultation outside the Federal Reserve System.

Public Comments

On May 11, 2020, the Board published an initial notice in the *Federal Register* (85 FR 27742) requesting public comment for 60 days on the extension, with revision, of the FR 3077. The comment period for this notice expired on July 10, 2020. The Board received one comment that expressed support for the data collection while urging the Board to include a general life satisfaction question in addition to financial satisfaction metrics. The Board agrees with the commenter's suggestion that general life satisfaction questions are worthy of consideration for the survey; however, because space on the survey is limited and the survey primarily focuses on financial outcomes, the Board has opted not to incorporate the suggested question into the proposed core question set. However, the survey instrument is structured to include additional topics beyond the core question set, which are included in the survey periodically. Recognizing the value of the commenter's proposed question, the Board will include the suggested life satisfaction questions as potential ad-hoc questions to ask this year or in future years of the survey, pending space on the overall survey instrument. The Board adopted the extension, with revision of the FR 3077 as originally proposed. On September 17, 2020, the Board published a final notice in the *Federal Register* (85 FR 58057).

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR 3077 is 10,285 hours, and would decrease to 7,705 hours with the revisions. This decline in the estimated total burden reflects a shorter questionnaire relative to the previous collection (i.e., some questions were cycled off of past questionnaires and other questions have been simplified to reduce the time required to complete), and improvements in the methodology for estimating respondent burden. The number of respondents represents the number of potential respondents for the cognitive interviews (Qualitative Surveys) per survey conducted, and, for the questionnaire (Quantitative Surveys), also captures contacted non-respondents, inclusive of any pretesting that would be required. For purposes of this estimate, it is assumed that the Quantitative Survey would be conducted once per year, and the Qualitative Survey could be conducted up to three times per year. The Board estimates that on average, each Quantitative Survey would require 0.35 hours to complete. The Board expects that on average, each Qualitative Survey would require two hours to complete. These reporting requirements represent less than 1 percent of the Board's total paperwork burden.

FR 3077	<i>Estimated number of respondents</i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
Current				
Quantitative survey	21,500	1	0.47	10,105
Qualitative survey	30	3	2	<u>180</u>
	<i>Current Total</i>			10,285
Proposed				
Quantitative survey ⁷	21,500	1	0.35	7,525
Qualitative survey	30	3	2	<u>180</u>
	<i>Proposed Total</i>			7,705
	<i>Change</i>			(2,580)

The current estimated total annual cost to the public for the FR 3077 is \$277,695 and would decrease to \$208,035 with the adopted revisions.⁸

Sensitive Questions

These collections of information contain 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 for collecting and processing this information collection is not expected to exceed \$500,000. The exact cost would depend on the size of the sample, the number of questions asked, the type and complexity of the questions asked, and the frequency of the surveys. There would be no other costs associated with the SHED outside the Board.

⁷ Inclusive of the number of respondents, the number of non-responders who received a request for the survey, and those who pretested the instrument.

⁸ 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.