

**Supporting Statement for the
Intermittent Survey of Businesses
(FR 1374; OMB No. 7100-0302)**

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 ad hoc Intermittent Survey of Businesses (FR 1374; OMB No. 7100-0302).¹ The survey data are used to gather information to enable the Federal Reserve System (System) to carry out its policy and operational responsibilities. Under the guidance of the Board, Reserve Banks survey business contacts as economic developments warrant. Usually, these voluntary surveys are conducted by telephoning or e-mailing purchasing managers, economists, or other knowledgeable individuals at selected, relevant businesses. Reserve Banks may also use online survey tools to collect responses to the survey. The frequency and content of the questions, as well as the entities contacted, vary depending on developments in the economy. These surveys are conducted to provide Board members and Reserve Bank presidents real-time insights into economic conditions. The Board tailors these survey questions to match current concerns and interests, but they are not meant to supplant the more rigorous, existing economic reporting. The Board collects individual responses from the Reserve Banks and then distributes aggregate information to Board members and Reserve Bank presidents.

The estimated total annual burden for the FR 1374 is 1,125 hours.

Background and Justification

Prior to the 2002 implementation of this survey, the System found it helpful to collect real-time information on an ad hoc basis from the business community. This information typically reflected current business conditions and ongoing developments in the economy as well as topical issues. Prior to 2002, however, the System limited its contacts to fewer than nine firms and asked open-ended questions. The Board believes that it is valuable to gather information from a broader variety of relevant firms and ask targeted questions to meet the FR 1374's objective of improving the System's understanding of the current economic situation and outlook. An in-depth understanding of these types of special issues can be more accurately obtained in real time through direct inquiries with contacts at relevant entities. Results derived from the collected information are distributed both to Board members and to the presidents of the Reserve Banks. The information is also used by the System as an input to its economic

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 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 sensitive 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.

forecasting activities.

In 2010, the respondent panel was revised to include state and local governments as warranted by economic conditions. At that time, understanding how these governments were allocating funds from the American Recovery and Reinvestment Act of 2009 was of particular interest. Because spending by state and local governments currently accounts for about 11 percent of total Gross Domestic Product, understanding developments in this sector helps the System better understand the likely path for overall economic activity. This information is not available from other sources.

Description of Information Collection

The topics discussed with the respondents are time sensitive, and the questions vary with the topic. There is no standard reporting form because typically some of the questions change with each survey. For each survey, the Board prepares questions in advance of specific topical interest and determines a relevant target group of firms to contact.

The following questions are typically included on each survey:

1. Do you expect your firm to increase employment, remain unchanged, or decrease employment over the next twelve months?
 - a. Increase
 - b. Unchanged
 - c. Decrease

2. (If your firm is planning to increase employment, please answer question 2. Otherwise, skip to question 3) What are the three most important factors behind your plans to increase employment?
 - a. Expected growth of sales is high
 - b. Reduced employment too much during the recession
 - c. Current staff are overworked
 - d. Need skills not possessed by current staff
 - e. Labor costs have fallen
 - f. Decreased economic or financial uncertainty
 - g. Firm's financial position has improved
 - h. Other factors (please specify)

3. (If your firm is actively seeking to hire workers, either to increase employment or to replace departing workers, then please answer question 3, otherwise skip.) Which of the following best describes your use of changes in starting wages and/or salaries to attract new hires?
 - a. We are raising starting wages and/or salaries for most job categories
 - b. We are raising starting wages and/or salaries for only selected job categories
 - c. We are not raising starting wages and/or salaries

In addition, questions related to other time-sensitive, ad hoc topics related to how

businesses are experiencing salient aspects of current economic conditions (e.g., COVID-induced supply or labor difficulties) may be included. Examples of previous ad hoc topics include experiences with hiring qualified workers, restraints on hiring practices, and the use of changes to wages and salaries to retain existing employees.

Respondent Panel

The FR 1374 panel comprises businesses, and as warranted by economic conditions, state and local governments.

Frequency

The FR 1374 is usually conducted annually, but may be conducted up to three times a year.

Time Schedule for Information Collection

The FR 1374 surveys are generally conducted annually during October and November in connection with interviews done by Reserve Banks with managers, economists, or other knowledgeable individuals at selected, relevant businesses and as warranted by economic conditions, state and local governments. Additional surveys may be conducted on an ad hoc basis as warranted by economic conditions.

Public Availability of Data

Individual survey responses to the FR 1374 are not published. Aggregate data regarding responses to the FR 1374 are tabulated by each Reserve Bank and sent to the Board, where they are compiled for review by Board members and Reserve Bank presidents. These data are generally not published, but each Reserve Bank may use its own district-level results for any official business purposes, including research that leads to publication, to the extent that respondents have not been granted confidential treatment of their submissions, as described below.

Legal Status

The FR 1374 is authorized by sections 2A and 12A of the Federal Reserve Act (FRA). Section 2A of the FRA requires that the Board and the Federal Open Market Committee (FOMC) 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). Section 12A of the FRA further requires the FOMC to implement regulations relating to the open market operations conducted by Federal Reserve Banks with a view to accommodating commerce and business and with regard to their bearing upon the general credit situation of the country (12 U.S.C. § 263). The Board and FOMC use the information obtained through the FR 1374 to discharge these responsibilities. The Board also has the authority to require reports

from state member banks (12 U.S.C. §§ 248(a) and 324). Responding to surveys under the FR 1374 is voluntary.

Individual respondents to surveys under the FR 1374 may request that a report or document not be disclosed to the public. Such information will be kept confidential under exemption 4 of the Freedom of Information Act if the respondent substantiates that it is confidential commercial or financial information that is both customarily and actually treated as private (5 U.S.C. § 552(b)(4)).

Consultation Outside the Agency

There has been no consultation outside the Federal Reserve System.

Public Comments

On July 5, 2022, the Board published an initial notice in the *Federal Register* (87 FR 39831) requesting public comment for 60 days on the extension, without revision, of the FR 1374. The comment period for this notice expired on September 6, 2022. The Board did not receive any comments. The Board adopted the extension, without revision, of the FR 1374 as originally proposed. On October 13, 2022, the Board published a final notice in the *Federal Register* (87 FR 62102).

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR 1374 is 1,125 hours. These reporting requirements represent less than 1 percent of the Board’s total paperwork burden.

| FR 1374 | <i>Estimated number of respondents</i> | <i>Estimated annual frequency</i> | <i>Estimated average hours per response</i> | <i>Estimated annual burden hours</i> |
|----------------|--|-----------------------------------|---|--------------------------------------|
| Reserve Bank | 1,500 | 3 | 0.25 | 1,125 |

The estimated total annual cost to the public for the FR 1374 is \$68,006.²

Sensitive Questions

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

² Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rates (30% Office & Administrative Support at \$21, 45% Financial Managers at \$74, 15% Lawyers at \$71, and 10% Chief Executives at \$102). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor Statistics (BLS), *Occupational Employment and Wages, May 2021*, published March 31, 2022, <https://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Standard Occupational Classification System, <https://www.bls.gov/soc/>.

Estimate of Cost to the Federal Reserve System

The estimated cost to the Federal Reserve System for collecting and processing this information collection is \$14,300.