

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

**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**

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 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 was first collected, the number of respondents has grown in order to increase the level of sub-group analysis. In addition, the SHED 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.<sup>1</sup> The

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<sup>1</sup> 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). 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). Since 2017, the SHED has been collected under its own clearance (FR 3077; OMB No. 7100-0374). The current and previous surveys including public datasets and survey questionnaires are available on the Federal Reserve's website at [https://www.federalreserve.gov/consumerscommunities/shed\\_data.htm](https://www.federalreserve.gov/consumerscommunities/shed_data.htm).

resulting reports and survey data (void of sensitive personally identifiable information (PII)) that resulted from previous and current SHED questionnaires are publicly available on the Board's public website.

This information is generally not available from other sources. The SHED is reevaluated annually to identify and mitigate duplication, identify new and emerging areas which may offer new insights, and to remove topics which have limited value given existing data. If this data collection were 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.

The Board expects to retain all final reports, final survey instruments, and non-restricted data (without PII) on the public website. Restricted data associated with the final report will be retained for at least four years; drafts of the final report will be retained for at least two years; the data collected from the survey instruments will be retained by the third party vendor for at least six months; recruiting and participant lists will be maintained by the third party vendor who fielded the instrument; and Contracting Officer's Technical Representative contract records will be retained for at least six years after final payment.

### **Universe and Respondent Selection**

The Board anticipates conducting the SHED annually with as many as 20,500 respondents contacted per survey. However, the survey is sent to more individuals than the desired sample size since somewhat less than two-thirds of contacted respondents typically complete the survey. The survey is closed after approximately 12,000 people complete it. The SHED data collection is conducted through a vendor 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 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 (EPSEM) samples.

Because participation in the SHED depends on several separate decisions made by respondents, the cumulative response rate reflects every stage of the recruitment, including acceptance of the initial recruitment into the panel, completing an initial demographic profile survey, and agreeing to take complete the SHED if selected out of the panel. In the most recent

2021 survey, the final-stage completion rate for the SHED was 65.3 percent and the cumulative response rate was 4.0 percent.

The questions in the survey have been designed to better illuminate the activities, experiences, and attitudes of individual consumers regarding their financial lives and the financial wellbeing of those in their household. They are intended to complement and augment the existing base of knowledge from other data sources.

The SHED is a general population survey such that it would behave as an EPSEM. The methodology used to develop a respondent universe that behaves as an EPSEM would start by weighting the respondent universe to detailed geodemographic benchmarks of adults living in the United States from, for example, the latest March supplement of the Current Population Survey (CPS). The weights would then be used as the measure of size (MOS) for each respondent within the respondent universe, allowing for a probability proportional to size (PPS) procedure to select the 2023 SHED respondent sample, in turn allowing each respondent to carry a design weight of unity.

### **Procedures for Collecting Information**

The survey data are weighted to produce reliable estimates of population parameters. It is expected that the 2023 SHED would be weighted to compensate for limitations such as differential nonresponse and undercoverage within the respondent universe.

To further compensate for limitations within the panel when sub-populations vary considerably, each subpopulation (stratum) would be sampled independently. The strata would be mutually exclusive (i.e., members must be assigned to only one stratum) and collectively exhaustive (i.e., no members can be excluded).

Random or systematic sampling would then be applied within each stratum. Stratification<sup>2</sup> improves the representativeness of the sample by reducing sampling error. It also likely produces a weighted mean that has less variability than the arithmetic mean of a simple random sample of the population.

In order to identify the relevant strata for the SHED, the universe of respondents could be enhanced with various ancillary data (maintained by the vendor) to facilitate a stratification plan, as determined by the vendor. This ancillary data could allow for a disproportionate stratified sampling methodology across such strata as:

*Stratum 1:* Hispanic households with at least one 18 to 24 year-old,

*Stratum 2:* Remaining Hispanic households,

*Stratum 3:* Remaining households with at least one 18-24 year-old, and

*Stratum 4:* All remaining households.

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<sup>2</sup> Stratification is the process of grouping members of the population into relatively homogeneous sub-groups before sampling.

Initial, follow-up, and survey initiation contact with the sample respondents within the respondent universe would be conducted by the vendor. The exact form of each of these contacts would vary somewhat, depending upon vendor preference.

**Sample Respondent Contact**

Steps	Description
1	Adults from address-based sampled households are invited to join the vendor panel through a series of mailings or other initial contact methods. Households who receive the initial contact have the opportunity to respond and join the panel.
2	The subset of addresses that match to a corresponding telephone number and have not responded to the initial contact (mailing or other form) receive a follow-up phone call. Households who receive the follow-up contact call have the opportunity to respond and join the panel.
3	Respondents join the panel receive surveys through the processes and technology established by the vendor.

The respondents receive e-mails when there is a survey available for them to take as well as periodic e-mail or text message reminders to take the survey during the fielding period. The surveys are posted on a secure website developed and maintained using the vendor’s proprietary web survey delivery system. The software easily accommodates different question formats, including open-ended response fields. It also allows participants to skip questions. Development and testing of the web survey would follow well-established, documented best methods. If a respondent could not be reached through the web, an in person or phone survey could be conducted based on the protocols established by the Board’s vendor.

These surveys could be qualitative or quantitative in nature. It is expected that the quantitative and some of the qualitative aspects of this survey would be conducted online. Qualitative data collected could include questions that are categorical, yes-no, ordinal, and open-ended. Quantitative data collected could include dollar amounts, percentages, numbers of items, and other such information pertaining to the financial health of the consumer.

**Methods to Maximize Response**

The Board expects that the respondents would include a nationally representative sample of non-institutionalized individuals who are 18 years of age and older. Due to the nature of the vendor’s respondent pool, this sample naturally includes a sample of re-interviewed respondents, which would allow for evaluating changes in respondent’s economic conditions as well as time series analysis. The specifics of the respondent pool may vary depending on the third-party vendor selected to conduct the survey. The vendor could use incentives such as modest cash deposits and other prizes to enhance the completion rate. In recent years, the Board has offered all respondents \$5 for completing the survey, and has offered respondents in hard to reach groups between \$15 and \$25 to complete the survey. Prepaid cash incentives have been found to

increase response rates.<sup>3</sup> The Board has found that the tiered incentives produce response rates that are similar across groups, reducing concerns about differential non-response bias.<sup>4</sup>

## Testing of Procedures

To ensure that the questions are clearly written and would produce accurate and valid results, the Board may conduct cognitive testing on a subset of the new or revised questions. In 2017, the Board undertook an expert review of select questions on the survey and in 2022 the Board undertook cognitive testing of select survey questions. Cognitive testing is a well-established qualitative research method intended to identify problems respondents have with comprehension of survey questions (Willis 2005)<sup>5</sup>. Efforts would be made to recruit respondents who are demographically representative of the population being surveyed.

The Board also periodically compares results for overlapping concepts explored on the SHED with results from other pre-existing surveys.<sup>6</sup> These comparisons provide additional confidence that results for questions that are unique to the SHED provide results that reflect the overall adult population.

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<sup>3</sup> Church, A. H. (1993). Estimating the effect of incentives on mail survey response rates: A meta-analysis. *Public Opinion Quarterly*, 57, 62-79. Edwards, P., Roberts, I., Clarke, M., DiGuseppi, C., Pratap, S., Wentz, R., and Kwan, I. (2002). Increasing response rates to postal questionnaires: Systematic review. *British Medical Journal*, 324, 1183-1191.

<sup>4</sup> Federal Reserve Board of Governors (2019). Report on the Economic Well-Being of U.S. Households in 2018, <https://www.federalreserve.gov/publications/2019-economic-well-being-of-us-households-in-2018-description-of-the-survey.htm>.

<sup>5</sup> Willis, G.B. (2005). *Cognitive Interviewing: A Tool for Improving Questionnaire Design*. Thousand Oaks, CA: Sage Publications.

<sup>6</sup> Larrimore, J., Schmeiser, M., and Devlin-Foltz, S. (2015) Should You Trust Things You Hear Online? Comparing SHED and Census Bureau survey results. FEDS Notes, <https://www.federalreserve.gov/econresdata/notes/feds-notes/2015/comparing-shed-and-census-bureau-survey-results-20151015.html>.