

Supporting Statement

A. Justification

1. The purpose of this request is to obtain clearance for the two Consumer Expenditure (CE) Surveys: the Quarterly Interview Survey and the Diary Survey. Many changes will be implemented to the questions and the wording of questions in the Quarterly Interview. These changes will keep the survey current with items that are available in the marketplace and streamline the collection process.

The Bureau of the Census conducts the CE Surveys for the Bureau of Labor Statistics (BLS) as part of the Consumer Price Index (CPI) program. The continuing CE Surveys provide a constant measurement of changes in consumer expenditure patterns for economic analysis, and obtain data for future CPI revisions.

The Quarterly Interview Survey is a rotating panel survey. The Census Bureau field offices conduct five quarterly interviews with the sample unit over a period of five consecutive quarters. The Quarterly Interview Survey sample for a rotation group consists of three equal parts, with each part designated for interviewing in a particular month of the quarter and every three months thereafter while in sample. The major collection tools used for the Quarterly Interview Survey are the CE Quarterly Interview Computer Assisted Personal Interview (CAPI) instrument and the Interview CAPI Reinterview instrument. (These two instruments are documented in attachments B and D (a memo to Barbara M. LoPresti with a subject of “Consumer Expenditure Quarterly (CEQ) Survey Reinterview – Specifications for the Computer Assisted Personal Interview (CAPI) Quality Control (QC) Reinterview Blaise Instrument - 2007 Revisions”.) These instruments collect information about the household and consumer unit (CU) characteristics. The CE Quarterly Interview CAPI instrument also collects the expenditure information for the CU.

The Consumer Expenditure Quarterly Interview Survey has recently undergone a thorough review. The proposed changes from this review fall into two major categories: streamlining the current questions in several sections and updating several questions and sections to reflect the current marketplace.

In the streamlining category, the BLS deleted or collapsed obsolete questions. Examples of deleted or collapsed questions include: making refrigerators and freezers one item code rather than two codes in all applicable sections, adding screener questions for some miscellaneous items which reduces the need to ask about each individual item, and regrouping questions about expenditures on food and beverages so fewer questions are asked of the respondent. In addition, the BLS, restructured how expenditures for telephone services and utilities are collected making the collection process more efficient and less burdensome on the respondent.

To keep the survey current, question wording changed and new items were added. Examples of new items added are Voice Over IP services, vacation clubs, changes in premiums for Medicare Part D, interest only mortgages, and reverse mortgages. Question wording was also changed in some sections to collect additional data for some items. Examples of changes to question wording include more detailed information for timeshare properties; questions on installation and set-up charges included with the purchase of televisions, home theater, and audio equipment; and whether, in select Primary Sampling Units (PSUs), a rental property is under rent control. These changes were made to keep the survey current with products and services available in the marketplace and to provide better data for analytical purposes.

A full list of the proposed changes to the Quarterly Interview Survey is included as attachment B.

The Diary Survey uses a separate sample and requires each selected sample unit to keep two one-week diaries of expenditures over two consecutive weeks. After completing the Week two diary, the household drops out of the sample. The Diary Survey collects information on small, relatively inexpensive items that respondents may not be able to recall in a retrospective interview. Given the nature of the type of data collected, a longer reference period would cause a reduction in accuracy of reporting for the CE Surveys. The Diary Survey uses both a CAPI instrument (see attachment E for the CE Diary CAPI documentation), and the paper CE-801, Record of Your Daily Expenses (attachment F). There is also a Diary specific Reinterview Instrument (See attachment H, a memo to Barbara M. LoPresti with a subject of “Consumer Expenditure Diary (CED) Survey 200 Sample Redesign – Specifications for the Computer Assisted Personal Interview (CAPI) Quality Control (QC) Reinterview Blaise Instrument”.) There are no updates to the Diary Reinterview instrument for 2007. The Diary CAPI instrument collects information about household and CU characteristics and provides checks for reporting certain types of expenditures. The CE-801 collects household expenditures on a daily basis.

There are no proposed changes to the Diary at the next printing.

A separate Information Booklet is used for each survey. For the Quarterly Interview Survey and the Diary Survey, Information Booklets (CE-305 (attachment C) and CE-805 (attachment G) respectively), are used by respondents and field representatives as an aid in answering questions. The Quarterly Interview Survey Information Booklet (CE-305) is redesigned for 2007. While the content largely remains the same, the new design is more user-friendly and is expected to result in more accurate expenditure reports. The only content changes introduced to the CE-305 are to make it consistent with the changes introduced to the Quarterly Interview Survey CAPI instrument. The redesigned instrument was cognitively tested and signed-off on by expert reviewers.

Before the interviewer's visit, each Quarterly Interview Survey and Diary Survey sample household receives an Advance Letter, the CE-303L1, 2 or 5 or CE-803(L) (Attachment I). These letters explain the nature of the information the BLS wants to collect and the uses of the Quarterly Interview or the Diary Survey data, as appropriate; informs the respondents of the confidential treatment of all identification information they provide; requests the respondents' participation in the survey; and describes the survey's compliance with the relevant provisions of the Privacy Act and the Office of Management and Budget (OMB) disclosure requirements. At the first interview for both the Quarterly Interview Survey and the Diary Survey, the field representative gives the respondent a portfolio filled with information on CE, CPI and the Census Bureau (attachment N). Additionally, respondents receive a pamphlet entitled "Information on Your Participation in the Consumer Expenditure Survey", (CE-303A for the Quarterly Interview Survey or CE-803A for the Diary Survey, attachments K and L, respectively). Each of the advance letters and several of the brochures in the portfolio are available in the following languages: Arabic, Chinese, Korean, Spanish, Russian, and Vietnamese. After each interview for the Quarterly Interview Survey, each participating household receives a Thank You letter, CE-303(L)6 (attachment J) as well as a certificate of appreciation, CE-900 (attachment M). As appropriate, Census Field representatives may also provide supplemental flyers on the Quarterly Interview or the Diary Survey (Attachments O and P).

A subsample of approximately 11 percent of households in the Quarterly Interview Survey and 9 percent in the Diary Survey will participate in an additional interview, referred to as reinterview, for the purpose of instituting quality control over the performance of the interviewing staff. The BLS is also requesting clearance of the CE Quarterly Interview and Diary Reinterview CAPI instruments that contain questions which attempt to verify certain items from the CE Quarterly Interview CAPI instrument and the CE Diary CAPI instrument. (Attachments D and H)

The BLS conducts the CE Surveys under the authority of Title 29, Section 2 of the United States Code. The Census Bureau collects information in the CE Surveys under the authority of Title 13, United States Code, Section 8b, that allows the Census Bureau to undertake surveys for other agencies.

2. The Bureau of the Census conducts the CE Surveys for the Bureau of Labor Statistics (BLS) as part of the Consumer Price Index (CPI) program. The continuing CE Surveys provide a constant measurement of changes in consumer expenditure patterns for economic analysis, and obtain data for future CPI revisions.

The BLS will use data collected in the CE Surveys to 1) provide data required for updating cost-weights used to calculate the CPI; 2) provide a continuous flow of data on income and expenditure patterns for use in economic analysis and policy formulation; and 3) provide a flexible consumer survey vehicle that is available for use by other Federal Government agencies. Public and private users of price statistics, including Congress and the economic policymaking agencies of the

executive branch, rely on data collected in the CPI in their day-to-day activities. Data users and policymakers widely accept the need to regularly update the weights used in the CPI.

3. Since April 2003, the Quarterly Interview Survey is collected using CAPI (Computer Assisted Personal Interviewing). The CAPI laptop instrument has streamlined the interviewing process and improved accuracy by eliminating the need for interviewers to make difficult decisions about correct branching and skip patterns during the interview. Where appropriate, screening questions in the instrument are used to determine eligibility for each respondent to be administered more detailed questions. CAPI implementation for the Diary Household Characteristics Survey occurred in January, 2004.

The “bounding” technique developed for the paper version of the Quarterly Interview Survey was incorporated into the CAPI instrument. Interviewers can view previously reported expenditure data during the interview and avoid duplicating this data if the respondent reports it again. In addition, the Inventory technique employed by the CAPI instrument helps to streamline the interview and avoid unnecessary repetition of questions in successive waves of the interview. In the initial interview an inventory of certain items such as owned real estate, mortgages, vehicles, and insurance policies is collected. This information serves as a starting point in subsequent interviews. The maintenance of the inventory system reduces respondent burden by allowing the respondent to only report updates for previously inventoried property, vehicles, or policies and the acquisition of new property, vehicles, or policies since the initial interview.

4. To our knowledge, no other Federal agency is collecting this information.

Similar information with or without modifications does not exist. The CPI requires consumer expenditure data in order to produce item cost-weights estimates for the U.S. urban population, and for several major metropolitan areas. Additionally, to estimate cost weights for the population covered by the "CPI for Urban Wage Earners and Clerical Workers," the BLS needs occupation and income from respondents to determine if we should use their expenditures in this index.

The only data source that approaches the CPI needs is the Personal Consumption Expenditures (PCE) published by the Bureau of Economic Analysis. However, these data do not allow the BLS to tabulate by the demographic characteristics and geography necessary for producing estimates of cost weights for indexes published by the BLS as well as for many other analytical uses of the data. The PCE estimates, in addition to being too aggregated and lacking the statistical qualities, also cover the institutional population that is out-of-scope for the CPI.

5. Not applicable: The collection of information on the CE questionnaires involves individuals or households, not small businesses.

6. Before 1979, the BLS collected consumer income and expenditure data every 10 to 15 years as a major component of large-scale periodic projects to update and revise the CPI. By conducting the consumer expenditure surveys continuously, the BLS is able to provide, more frequently, up to date data thereby increasing the overall quality and efficiency of the CPI revisions. If the BLS does not conduct the CE Surveys on a continuing basis, current information necessary for timely and accurate updating of the CPI would not be available. In addition, the BLS would not be able to respond to the continuing demand-from the public and private sectors-for current information on consumer spending and income.

Data from the CE are the basis for determining the market basket of the CPI. The CPI market basket is updated approximately every two years and the updated market is two years old at the time of introduction.

In addition, the current sample sizes for the CE and rapid data processing allow the BLS to produce superlative measures of consumer price trends of an acceptable degree of reliability and on a basis much closer to real time than would be possible in the absence of a large sample. Such indexes are widely regarded as closer approximations to a cost-of-living index than the current CPI.

7. The Diary Survey requests that each selected sample unit keep two one-week diaries of expenditures over two consecutive weeks. The Diary Survey collects information on small, relatively inexpensive items that respondents may not be able to recall in a retrospective survey. Given the type of data collected, the BLS requests Diary Survey respondents to record responses in fewer than 30 days after receipt of it.
8. No comments were received as a result of the *Federal Register* notice published in Volume 71, No. 184 on September 22, 2006.

In the past year, the BLS has consulted with the following persons by correspondence and telephone conversations:

Mr. Howard McGowan
Demographic Surveys Division
Bureau of the Census
(301) 763-5342

Ms. Karen King
Demographic Statistical
Methods Division
Bureau of the Census
(301) 763-1974

Consultations with these persons continue as specific problems arise.

9. A "Home File" is provided to CE respondents who participate in the Quarterly Interview Survey. Respondents are asked to save their bills and receipts in the Home File for use at the next interview. Respondents keep the Home File as a "gift" for participating in the Quarterly Interview Survey.

10. The Census Bureau employees hold all information that respondents provide in strict confidence in accordance with Title 13, United States Code, Section 9. Each interviewer has taken an oath to this effect, and if convicted of disclosing any information given by the respondent may be fined up to \$250,000 and/or imprisoned up to 5 years. In addition, Title 13 prohibits Census Bureau employees from disclosing information identifying any individual(s) in the CE Surveys to anyone other than sworn Census employees. Before the interviewer's visit, Quarterly Interview or Diary Survey respondents will receive the CE-303(L) or CE-803(L) Advance Letters respectively, signed by the Director of the Census Bureau and informing them of the confidentiality of the survey data.
11. The CE Surveys do not include any questions of a sensitive nature.
12. Burden Estimate

The BLS will conduct the Quarterly Interview Survey at approximately 14,600 designated addresses per quarter, which will result in 8,825 completed interviews. That amounts to 35,300 completed interviews per year. Reinterviews will be conducted on approximately 11 percent of the completed interviews for an approximate total of 4,000 successful reinterviews per year. The average time to complete the survey is 65 minutes for the regular interview, and 10 minutes for the reinterview. This results in a response burden of 38,909 hours.

Quarterly Interview Survey		
	Interviews	Reinterviews (1)
Number of respondents	8,825 (2)	4,000 (3)
Number of responses per respondent	4 (4)	1
Total annual responses	35,300	4,000
Minutes per response	65	10
Total hours	38,242	667
Total Response Burden = 38,909 hours		

(1) Reinterviews are done with a subset of the original respondents.

(2) 8,825 is the quarterly number of respondents.

(3) 4,000 is an annual number of reinterviews. Approximately 4,700 reinterviews will be attempted, and 4,000 will be successfully performed.

(4) There are five responses provided per respondent, but only four occur in a 12-month period.

Diary Survey

The BLS will conduct the Diary Survey at approximately 12,100 designated addresses per year, of which 7,050 will result in completed interviews and diaries. Respondents complete 2 weekly diaries, resulting in 14,100 weekly diaries being

completed per year. Reinterviews will be conducted on approximately 9 percent of the weekly diaries for a total of 1,300 reinterviews. Respondents spend approximately 105 minutes completing each weekly diary for 2 consecutive weeks, for a total of 24,675 hours of record-keeping. In addition to record-keeping, it takes approximately 25 minutes to complete each of the three regular interviews, and 10 minutes to complete the reinterview, for a total of 8,812 hours of interviewing, and 217 hours of reinterviewing. This results in a total response burden of 33,704 hours.

	Diary Survey		
	Record-keeping	Interview	Reinterview
Number of respondents	7,050 ⁽¹⁾	7,050 ⁽¹⁾	1,300 ⁽²⁾
Number of responses per respondent	2	3	1
Total annual responses	14,100	21,150	1,300
Minutes per response	105	25	10
Total hours	24,675	8,813	217
Total Response Burden = 33,705 hours			

(1) The total number of respondents for Diary is 7,050. The respondents who do the record-keeping are the same people who participate in the interviews.

(2) Reinterviews are done with a subset of the original respondents. Approximately 1,800 reinterviews will be attempted, of which 1,300 will be successfully performed.

Total Burden for Both Surveys

The total response burden for both surveys combined is 72,614 hours. The total annualized cost to respondents, based on burden hours and the federal minimum wage of \$5.15 per hour, is \$373,962.

	Total for the Quarterly Interview and Diary Surveys		
	Quarterly	Diary	Both
Number of respondents	8,825	7,050	15,875
Number of responses	39,300	36,550	75,850
Total burden hours	38,909	33,705	72,614
Average burden time per response (minutes)	59.4	55.3	57.4

The current burden hours approved by OMB for FY 2006 are 73,423. The hours being requested for the 12-month period April, 2007 through March, 2008 are 72,614

- There are no capital and start-up costs and no operational, maintenance, or service costs required of respondents.

14. The annual cost to the Federal Government of collecting, processing, reviewing, and publishing the data collected in the CE Surveys is expected to be \$38,397,300 in fiscal year 2007. This includes \$29,742,000 in costs incurred by the Census Bureau for collecting and processing the data, operational costs associated with maintaining the survey, and development costs. The BLS portion of \$8,654,700 is for costs incurred by the BLS in personnel and computer-related costs associated with managing the survey, processing the data upon receipt from the Census Bureau, reviewing, and publishing the data, and for research and development.

The estimated costs of the Consumer Expenditure Survey program were based on the actual costs of the program in previous years. Within the Census Bureau, this includes the actual costs to collect, and process the data and other operational costs, like printing, postage, and communication costs to maintain the survey.

Within the BLS, this includes the actual costs incurred in personnel, computer related costs, training, and other operational costs incurred to manage the survey and process the data upon receipt from the Census Bureau, review, and publish the data.

15. The annual reporting and recordkeeping hour burden in item 13 of the OMB Form 83-I has decreased by 810 hours. The final stage of the sample reduction that began in 2006 will conclude in FY2007 thus decreasing the burden hours. In addition, streamlining changes being introduced to the Quarterly Interview Survey CAPI instrument will result in a decrease of the burden hours.
16. Data collection activities for the continuing surveys began in September 1979 for the Diary Survey and in October 1979 for the Quarterly Interview Survey. The Census Bureau delivered the first edited and weighted data tape to the BLS in April 1981. Delivery is now scheduled with Quarterly Interview Survey data to be delivered three weeks after the interview month and Diary Survey data to be delivered two months after the interview month.

In May 1983, the BLS published the first tables from the continuing CE Surveys and selected data from the 1980-81 Diary Surveys. Also, microdata on public use tapes were made available for the first time in June 1983 for the Diary Survey and in October 1984 for the Interview Survey.

The BLS has released Diary and Quarterly Interview Survey public use microdata and integrated summary data up to and including 2004.

17. The BLS does not wish to display the assigned expiration date of the information collection because the Quarterly Interview and the Diary Household Characteristics instruments are automated; the respondent, therefore, never sees the date. The OMB control number for the CE Surveys is included in the advance letter given to respondents (see Attachment I). To avoid confusion, the expiration date is not included in the letter. For the Diary CE-801 there is a significant costs savings in

printing a large quantity of forms at one time due to the set up costs involved in printing for the survey instrument. By not printing the date on the form the BLS would be able to continue to use forms in stock, assuming no form changes, once the OMB clearance date has expired and a new expiration date has been approved. The BLS would save both time and money by not having to destroy the old questionnaires and have new ones printed.

18. There are no exceptions to the certification statement.