

## Supporting Statement

### A. Justification

#### 1. **Necessity of the Consumer Expenditure Surveys**

The purpose of this request is to obtain clearance for the two Consumer Expenditure (CE) Surveys: the Quarterly Interview Survey (CEQ) and the Diary Survey (CED). Additionally, as part of an ongoing effort to improve data quality, maintain or increase response rates, and reduce data collection costs, CE is seeking clearance for the Large Scale Feasibility (LSF) Test of Online Diaries. Finally, CE is requesting clearance for an increase in the sample sizes of both the CEQ and CED surveys to support Consumer Price Index (CPI).

A production sample of 2,500 cases will be used in the LSF Online Diary test. In order to accommodate the LSF Online Diary test, several modifications will be made to production and collection procedures including the addition of two questions relating to internet access, implementation of an online Diary, and the addition of debriefing questions. The study will be fielded from October 2019 to March 2020 with an expected 1,200 completed cases. The large sample size is needed in order to perform statistically significant analysis of any differences in data quality between the online diaries and production (paper) diaries prior to full production implementation. The study sample will be further divided into two groups, with one group receiving a \$5 incentive. (For additional details on the LSF Online Diary test, please see Attachment A.)

The CPI program is changing its source of outlet frame information from the Telephone Point of Purchase Survey (TPOPS) to the CEQ and CED surveys. As a result, the sample size for the CE surveys will increase in order to provide adequate sample area coverage for the outlet frame information for CPI. (See Supporting Statement Part B for additional information.)

Other than the LSF test and the sample size increase, no other changes will be made in the Interview (CEQ) or Diary (CED) surveys. For a full list of all questions in the 2020 CEQ Interview Instrument, please see the Interview Instrument Specifications – Attachment B. For a full list of all questions in the 2020 CED Interview Instrument, please see the Diary Instrument Specifications – Attachment C. For the current Diary Survey form, please see Diary Form - Attachment D.

The CED requires each selected sample unit to keep two one-week diaries of expenditures over two consecutive weeks. The CED 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 CED uses both a CAPI instrument (see Attachment C for the 2020 Diary Instrument specifications), and the paper CE-801, Record of Your Daily Expenses (Attachment D). The Diary CAPI instrument collects information about household and consumer unit characteristics and provides checks for reporting certain types of expenditures.

A subsample of approximately 12 percent of households in the Quarterly Interview Survey and 10 percent in the Diary Survey will participate in an additional CAPI interview, referred to as reinterview, for the purpose of instituting quality control over the performance of the interviewing staff. There are no changes to the 2020 Interview CAPI Reinterview instrument (See Attachment E - Final CEQ RI Instrument Specs and Attachments). The Diary Reinterview Instrument for 2020 will not change, nor have changes been made since 2004. (See Attachment F - CED RI Instrument Specs and Attachments).

A separate Information Booklet is used for each survey. No changes have been made to the Quarterly Interview Survey Information Booklet CE-305 (Attachment G) nor to the Diary Interview Survey Information Booklet CE-805 (Attachment H).

Before the interviewer's visit, each CEQ and CED sample household receives an Advance Letter, the CE-303L1, 2, 3, or 4 (Attachment I(a-d) or CE-803(L) (Attachment I(e)). These letters explain the nature of the information the BLS wants to collect and the uses of the CEQ or the CED data, as appropriate; informs the respondents of the confidential treatment of all identifying information they provide; requests the respondents' participation in the survey; describes the survey's compliance with the relevant provisions of the Privacy Act and the Office of Management and Budget (OMB) disclosure requirements; and provides a link to the address of the informational webpage for respondents. Both the advance letters for the CEQ and CED surveys have been updated to reflect changes in the estimated time to complete the interview. Each of the advance letters and several of the brochures in the portfolio are available in the following languages: Arabic, Chinese, Korean, Spanish, Russian, Vietnamese, and Polish.

At the first interview for both the CEQ and the CED, the field representative gives the respondent a portfolio filled with information on CE, CPI and the Census Bureau (Attachment J). Also available to respondents is the respondent webpage, various respondent handouts (Attachment M), and an endorsement from the Federal Reserve Board of Governors (Attachment X). The respondent webpage contains information about the CE Surveys, frequently asked questions, and links to the most recent CE data. The respondent handouts contain spending summaries for various demographic characteristics and expenditures on pets. Additional respondent handouts containing spending summaries may be made available. A nonsubstantive change request will be submitted to OMB if this occurs. Respondents who participate in the Interview Survey are also provided with a "Home File" in which to save their bills and receipts for use at the next CEQ interview.

After each interview for the CEQ or after completion of the week 2 Diary, each participating household receives a Thank You letter, CE-303(L)6 or CE-803(L)6 (Attachment K(a-b)) as well as a certificate of appreciation, CE-900 (Attachment L).

As appropriate, Census field representatives may also provide supplemental flyers on the Quarterly Interview or the Diary Survey (Attachments N and O).

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. **Uses of the Data**

The Census Bureau conducts the CE Surveys for the Bureau of Labor Statistics (BLS) in support of the 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 and outlet frames 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. **Collection Methods**

Since April 2003, the CEQ is collected using CAPI. 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 the administration of more detailed questions to each respondent. CAPI implementation for the Diary Household Characteristics Survey occurred in January 2004. Edit checks alert the field representative to irreconcilable data during the interview so that the correct data can be obtained and verified by the respondent.

## 4. **Efforts to Identify Duplication**

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 geographic areas 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 of the CE, also cover the institutional population that is out-of-scope for the CPI.

**5. Impact on Small Businesses**

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

**6. Consequences of not collecting the data**

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 frequent, 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 basket 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. Special Circumstances**

The CED requests that each selected sample unit keep two one-week diaries of expenditures over two consecutive weeks. The CED 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 the survey.

**8. Consultations**

One comment was received on the Federal Register Notice published in 84 FR 9383 on March 14, 2019. The comment, which was emailed to BLS on March 14, 2019, expressed the opinion that the survey is collected too frequently.

The Consumer Expenditure Interview Survey is designed as a rotating panel consisting of 4 interviews of a given household at 3 month intervals. There are several advantages to the panel nature of the survey including the ability to measure year to year changes in income, assets, and liabilities; the measurement of changes to expenditure behavior over time; measurement of

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infrequently purchased items; as an aid in recall; and to eliminate reported expenditures that are out of scope. Measurements of changes in income, assets, and liabilities require recollection of these items at a 12 month interval. Though the interview is repeated every three months, respondent burden is minimized as income, assets, and liabilities are only collected at the first and final interviews. Likewise, measurements of changes to expenditure behavior over time requires repeated measurement of the same household in order to correlate changes in a given household's spending over time. Additionally, purchases of durable goods may be missed by surveying only at a particular moment in time as compared to a panel survey. Furthermore, misreports of expenditure data can be corrected in subsequent interviews. Errors in recollection as to the exact timing of expenditures can lead to reporting of expenditures outside of the reference period. By using a panel survey, these out of scope expenditures can be eliminated. Other benefits include the familiarity that respondents gain with collection and instructions provided on collecting records, enabling respondents to prepare for subsequent interview.

CE carefully weighed the impact of longer recall periods and collection of infrequently purchased items to arrive at the current 3 month recall period over four interviews. CE continues to investigate methods to reduce respondent burden and costs, including an analysis of CE survey methods. As a result, CE recently eliminated the first bounding interview resulting in a decrease of the number of interviews required from five to four.

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

Jennifer Epps  
Associate Director for Demographic Programs – Survey Operations  
Census Bureau

John Gloster  
Associate Director for Demographic Programs – Survey Operations  
Census Bureau

Richard Schwartz  
Associate Director for Demographic Programs – Survey Operations  
Census Bureau

Stephen Ash  
Demographic Statistical Methods Division  
Census Bureau

Susan Hostetter  
Demographic Statistical Methods Division  
Census Bureau

Consultations with these persons continue as specific problems arise.

**9. Payment to Respondents**

As part of the LSF Online Diary Feasibility test, a subsample of respondents will receive a \$5 unconditional token incentive with their advance letter. (See Attachment A for additional information.)

**10. Assurance of Confidentiality**

The Census Bureau interviewers, Census Bureau employees, and BLS employees with access to CE data hold all information that respondents provide in strict confidence in accordance with Title 13, United States Code, Section 9. Census Bureau interviewers, Census Bureau employees, and BLS employees with access to CE data have each 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 interviewers, Census Bureau employees, and BLS employees with access to CE data from disclosing information identifying any individual(s) in the CE Surveys to anyone other than sworn Census or BLS employees. Before the interviewer’s visit, CEQ or CED 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. Justification for the collection of sensitive data**

The CE Surveys do not include any questions of a sensitive nature.

**12. Burden Estimate**

As a result of the increase in the sample size and the addition of the LSF Online Diary Feasibility test, the total response burden will increase to 52,337 hours.

BLS will conduct the CEQ at approximately 50,733 designated addresses, which will result in an average annual estimate of 24,268 completed interviews. Reinterviews will be conducted on approximately 12 percent of the completed interviews, for an average of 2,912 completed reinterviews yearly. The average time to complete the survey is 70 minutes for the regular interview, and 10 minutes for the reinterview. This results in an annual average response burden (in terms of interview length) of 28,798 hours.

Average and Fiscal Year Total for the Interview portion of the Interview Suvery (excludes Reinterview estimates)					
Fiscal Year	Respondents	Responses per year	Total # of Responses	Average minutes	Total hours
FY 2019	5,877	4	23,508	70	27,426
FY 2020	6,091	4	24,364	70	28,425
FY 2021	6,233	4	24,932	70	29,087
Average Interview	6,067	4	24,268	70	28,313

Response Burden for the Interview Survey (includes Interview and Reinterview)					
Form	Total Respondents	Frequency	Total Responses	Average Time per Response	Estimated Total Burden
Interview	6,067	4	24,268	70	28,313
Reinterview <sup>1</sup>	2,912	1	2,912	10	485
TOTALS	6,067	///////	27,180	///////	28,798
<sup>1</sup> Reinterviews are done on a subset of the original respondents.					

The BLS will conduct the CED at approximately 15,867 designated addresses per year, resulting in an estimated 7,134 completed interviews and diaries. Respondents complete 2 weekly diaries, resulting in 14,268 weekly diaries being completed on average per year. Reinterviews will be conducted on approximately 10 percent of the weekly diaries for an average of 1,420 reinterviews each year. Respondents spend approximately 70 minutes completing each weekly diary, for a total of 16,646 hours of record-keeping. In addition to record-keeping, it takes approximately 20 minutes to complete each of the two regular interviews, and 10 minutes to complete the reinterview, for a an average of of 4,756 hours of interviewing, and 237 hours of reinterviewing.

Finally, the LSF Online Diary test will result in an additional 1,200 weekly diaries from 600 additional respondents in 2019 and 2020. Respondents will spend 70 minutes on average completing the online Diaries and an additional 25 minutes to complete each of the two regular interviews, for a total of 1,400 hours of record keeping and 500 hours of interviewing. Total burden hours for the Diary Survey is an average of 23,539 per year.

Average and Fiscal Year Total for the Record Keeping portion of the Diary Suvery					
Fiscal Year	Respondent s	Total # of Responses	Responses per year	Average Minutes	Total hours
FY 2019	5478	2	10956	70	12782
FY 2020	7962	2	15924	70	18578
FY 2021	7962	2	15924	70	18578
Average Record-keeping	7134	2	14268	70	16646

Average and Fiscal Year Total for the Interview portion of the Diary Survey					
Fiscal Year	Respondents	Total # of Responses	Responses per year	Average Minutes	Total hours
FY 2019	5478	2	10956	20	3652
FY 2020	7962	2	15924	20	5308
FY 2021	7962	2	15924	20	5308
Average Interview	7134	2	14268	20	4756

Response Burden for the Diary Survey					
Form	Total Respondents	Frequency	Total Responses	Average Time per Response	Estimated Total Burden
Record-keeping	7,134	2	14,268	70	16,646
Interview	7,134	2	14,268	20	4,756
Reinterview	1,420	1	1,420	10	237
LSF Online Diary Record-keeping	600	2	1,200	70	1,400
LSF Online Diary Interview including Respondent Debriefing	600	2	1,200	25	500
TOTALS	7,734	////////	32,356	////////	23,539

(1) The total number of respondents for the LSF is 600 each year. The respondents who do the record-keeping (entering expenses in diaries) are the same people who participate in the interviews (diary placement and pickup).

(2) Respondent debriefing is an additional self-administered module added to the CAPI instrument to take place at the diary pickup.

Total Response Burden for the Quarterly Interview and Diary Surveys			
	Quarterly	Diary	Total (Both Surveys)
Number of responses	27,180	32,356	59,536
Total burden hours	28,798	23,539	52,337

The total response burden for both surveys combined is 52,337 hours. The total annualized cost to respondents, based on burden hours and the federal minimum wage of \$7.25 per hour, is \$379,443.

**13. Annual Cost to Respondents**

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

**14. Annual Cost to the Federal Government**

The annual cost to the Federal Government of collecting, processing, reviewing, and publishing the data collected in the CE Surveys is approximately \$42 million in fiscal year 2019. This includes approximately \$27 million 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 approximately \$15 million is for costs incurred by the BLS in personnel and other 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.

**15. Change in Respondent Burden**

Reporting burden has increased from 44,522 to 52,337. This increase is due to the increase in sample size and the LSF Online Diary test.

**16. Publication Plan**

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 released the 2017 annual tabular data and Diary and Quarterly Interview Survey public-use microdata on September 11, 2018. The midyear July 2017 through June 2018 tabular data are scheduled for publication the end of April 2019, and the 2018 annual data tables and public-use microdata are scheduled to be released in mid-September 2019.

**17. Reason for not Displaying the OMB Expiration Date**

The BLS requests not to display the expiration date of the information collection to save on printing costs of materials for the survey. The OMB control number for the CE Surveys is included in the advance letter given to respondents (see Attachment I). For the Diary CE-801 there is a significant cost 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 will 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 printing new ones.

**18. Certification Statement**

There are no exceptions to the certification statement.