

**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, with revision, the Intermittent Survey of Businesses (FR 1374; OMB No. 7100-0302).¹ The survey data are used to gather information specifically tailored to the Federal Reserve's policy and operational responsibilities. Currently, this event-generated survey is approved to operate in two ways. First, under the guidance of Board staff, the Reserve Banks survey business contacts as economic developments warrant. Although each survey is contemplated to have approximately 2,400 business respondents (about 200 respondents per Reserve Bank), surveys in recent years have had far fewer respondents; occasionally, state and local government officials are surveyed rather than business, in which case there are also far fewer respondents. It is necessary to conduct these surveys to provide timely information to the members of the Board, and to the presidents of the Reserve Banks. Usually, these surveys are conducted by Reserve Bank economists telephoning or e-mailing purchasing managers, economists, or other knowledgeable individuals at selected, relevant businesses. Reserve Bank staff 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. The draft reporting form provides a sample of the types of questions used in a previous survey to illustrate the format of these surveys. Second, economists at the Board survey business contacts by telephone, inquiring about current business conditions. Board economists conduct these surveys as economic conditions require, with approximately ten respondents for each survey.

For surveys conducted by the Reserve Banks at the direction of the Board, the Board decreased the number of respondents from 2,400 to 720 (an average of 60 per Reserve Bank). This decrease better reflects the actual number of respondents in the recent years. In addition, the Board discontinued the surveys conducted solely by the Board, as they have not been conducted in recent years and are not anticipated to be needed in the future. The revisions are applicable March 5, 2020.

The current estimated total annual burden for the FR 1374 is 1,825 hours, and would decrease to 540 hours. The adopted revisions would result in a decrease of 1,285 hours.

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 and respondents shall be informed that the information collection has been approved, (3) be used only in such cases where response is voluntary, (4) not be used to substantially inform regulatory actions or policy decisions, (5) be conducted only and exactly as described in the OMB submission, (6) involve only noncontroversial subject matter that will not raise concerns for other Federal agencies, (7) include information collection instruments that are each conducted only one time, (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 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.

Background and Justification

Prior to the 2002 implementation of this survey, the Federal Reserve found it helpful to collect information on an ad hoc basis from individuals within the business community on a real-time basis. This information typically reflected current business conditions and ongoing developments in the economy as well as topical issues. Prior to 2002, the Federal Reserve limited its contacts to fewer than nine firms and asked open-ended questions. However, the Federal Reserve believes that it is valuable to talk with firms and ask targeted questions that are critical to understanding the current economic situation and outlook. An in-depth understanding of the types of special issues shown in the draft reporting form can only be gleaned in real time through direct inquiries with contacts at relevant entities. Results derived from the collected information is distributed both to Board members and to the presidents of the Reserve Banks. The information is also used by the Federal Reserve as an input to its economic 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 (GDP), understanding developments in this sector can help the Board better understand the likely path for overall economic activity.

In 2013, the Federal Reserve increased the permitted number of respondents from 240 to 2,400 for the Reserve Bank surveys to allow Districts the flexibility to get more complete coverage of economic developments within each District (especially with respect to issues of broad applicability).

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 the questions typically change with each survey. For each survey, the Federal Reserve prepares questions in advance of specific topical interest and determines a relevant target group of firms to contact. If conducted by telephone, the discussions could last up to twenty minutes, with the typical conversation lasting approximately fifteen minutes. If conducted using email or an online survey tool, the response times are likely to be shorter. Each Reserve Bank tabulates its survey results and sends them to the Board. The Board then compiles the Reserve Bank-level results into an overall summary memo. The tabulation and the summary, along with the submissions from the individual Reserve Banks, are then circulated to the members of the Board and Reserve Bank presidents. Each Reserve Bank may use its own district-level results for any official business purposes, including research that leads to publication, to the extent consistent with any confidentiality commitments made to the contacts.

Respondent Panel

The FR 1374 respondent panel comprises businesses and, occasionally, state and local governments.

Adopted Revisions to the FR 1374

For surveys conducted by the Reserve Banks at the direction of the Board, the Board decreased the permitted number of respondents from 2,400 to 720 (an average of 60 per Reserve Bank) to better reflect the actual number of respondents in recent surveys. In addition, the Board discontinued the surveys conducted solely by the Board, as they have not been conducted in recent years and are not anticipated to be needed in the future.

Time Schedule for Information Collection

The surveys are conducted intermittently, approximately three times per year.

Public Availability of Data

There is no data related to this information collection available to the public.

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 the maximum employment, stable prices, and moderate long-term interest rates” (12 U.S.C. § 225a). Under section 12A of the FRA, the FOMC is required 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(c)). In order to carry out these objectives, the Board must collect economic data, including by using the FR 1374. Survey submissions are voluntary.

Individual respondents may request that information submitted to the Board through a survey under FR 1374 be kept confidential. If a respondent requests confidential treatment, the Board will determine whether the information is entitled to confidential treatment on a case-by-case basis. The Board will consider whether information collected through these surveys may be kept confidential under exemption 4 for the Freedom of Information Act (FOIA) (5 U.S.C. § 552(b)(4)), which protects privileged or confidential commercial or financial information, or any other applicable FOIA exemption.

Consultation Outside the Agency

There has been no consultation outside the agency.

Public Comments

On October 25, 2019, the Board published an initial notice in the *Federal Register* (84 FR 57428) requesting public comment for 60 days on the extension, with revision, of the FR 1374. The comment period for this notice expired on December 24, 2019. The Board did not receive any comments. On February 4, 2020, the Board published a final notice in the *Federal Register* (85 FR 6183).

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR 1374 is 1,825 hours, and would decrease to 540 hours with the adopted revisions. For surveys conducted by the Reserve Banks at the direction of the Board, the Board decreased the permitted number of respondents from 2,400 to 720 (an average of 60 per Reserve Bank) to better reflect the actual number of respondents in recent surveys. In addition, the Board discontinued the surveys conducted solely by the Board, as they have not been conducted in recent years and are not anticipated to be needed in the future. This information collection represents less than 1 percent of the Board's total paperwork burden.

FR 1374	<i>Estimated number of respondents</i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
Current				
Reserve Bank	2,400	3	0.25	1,800
Board	10	10	0.25	<u>25</u>
	<i>Current Total</i>			1,825
Proposed				
Reserve Bank	720	3	0.25	540
	<i>Change</i>			(1,285)

The current estimated total annual cost to the public for the FR 1374 is \$105,120 and would decrease to \$31,104 with the adopted revisions.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 \$19, 45% Financial Managers at \$71, 15% Lawyers at \$69, and 10% Chief Executives at \$96). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), *Occupational Employment and Wages May 2018*, published March 29, 2019, <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 \$12,200.