

Appendix WW  
Sample PDR Form

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**POLICY DECISION REQUEST FORM**

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2003 Survey of Small Business Finances

PDR Number	<b>3</b>
Title	<b>Incorrectly Defined MRL-Only Institutions</b>
Date Created	<b>September 14, 2004</b>
Name of Person Who Created Request	
Track+ Ticket	
Date of last revision	<b>2/03/05</b>
Who last revised?	<b>NORC</b>

Description of Problem	<p>Financial institutions used for a most recent loan only (MRL-only) have a different skip pattern and – importantly – a different text fill for a key question in subsection H, compared to other financial institutions.</p> <p>The CATI program (since fixed) had incorrectly defined an MRL-only institution as: A financial institution for which the firm most recently applied for a loan that was approved (MRL5 or READ18A), OR for a loan that was denied (MRL23 or READ20A), AND that was not used by the firm for any other services in section G (no, DK/RF for G1 and G3 and G5 and G7 and G9 and G11).</p> <p>The actual FRB-approved definition of an MRL-only institution is as follows:</p> <ol style="list-style-type: none"><li>1. Most recent approved-loan institution or most recent denied-loan institution (i.e. MRL5 or READ18A or MRL23 or READ20A equals the institution at roster position X), AND,</li><li>2. Firm has no other services at that institution (i.e. no checking (E2 loops), no savings (E4 loops), no lines of credit (F8 loops), no mortgages (F21 loops), no motor vehicle loans (F28 loops), no equipment loans (F34 loops), no capital leases (F51 loops), no other loans (F55 loops), no transaction services (G2 loops), no cash mgt services (G4 loops), no credit services (G6 loops), no trust services (G8 loops), no brokerage services (G10 loops), and no card services (G12 loops).</li></ol> <p>The correct MRL-only definition is narrower than the incorrect definition. As a result, too many institutions were defined as MRL-only institutions. In actuality, these institutions were used by firms for a most recent denied or approved loan AND for other services, such as checking and saving accounts, mortgages for business purposes, etc.</p>
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Our investigation reveals that 158 financial institutions were incorrectly defined MRL-only institutions. We believe all these situations are eligible candidates for data retrieval – even cases in which a respondent used a disguised institution name.

The area of data retrieval is subsection H, including the zip code, branch and bank ID look-up functions. Specifically:

- Affected cases have skipped questions H3 through H4.5. These questions cover two topics: (1) What factors influenced a firm’s decision to use the institution? [for all services, not just as a loan institution] And (2) For how long has the firm conducted business with the financial institution? For an MRL-only institution, H3 through H4.5 are redundant to questions in subsection MRL; for an institution used by a firm for multiple services, H3-H4.5 are similar but not redundant to their MRL counterparts
- The text fill for READ24 is asked incorrectly, therefore the data from READ24 through H8 are suspect.
  - o Affected cases have been asked about the office or branch of the institution where the firm applied for the loan, *not* the office or branch that the firm used most frequently. This is a text-fill error with significant consequences. While the branch used by the firm most frequently may in fact be the same branch where the firm applied for the loan, there is, of course, no guarantee that the branches are the same. This means that READ24 and all subsequent questions through H8, including look-up functions, need to be considered for data retrieval. The READ24-H8 series identifies the physical location of a branch, if and how the respondent should be asked the distance in miles from the firm’s main office to the institution branch office, and the most frequent method of conducting business with the branch.

#### Recommended Solution

##### Overview

NORC recommends data retrieval for all 158 institutions incorrectly defined as MRL-only. We have examined the data and know that no case had more than one incorrectly defined MRL-only institution (it is possible for a case to have two such institutions, one for the most recently approved loan and one for the most recently denied loan). Therefore we have identified unique 158 cases requiring data retrieval.

We recommend that for each case, range(s) of questions from H3 through H8 be asked. These ranges may include zip code, branch and institution look-up functions. We do not believe any other questions are required, other than an introduction question. See Table 1 for the six conditions that determine which parts of section H are included in the data retrieval for each case.

All cases, regardless of conditions, will be asked H3 and H4, and may be asked H4.1, H4.2, H4.3, H4.4 or H4.5,

depending on the responses to the questions and the questionnaire skip logic. All cases will also be asked H8.

For MRL-only data retrieval, READ24 will have no text fill – it will always be: “Think of the office or branch of (NAME) that the firm used most frequently.”

We propose modifying SKIP57 so that all respondents who reach that point in the instrument are asked H6.2, for several reasons. One, because the interview is going to be recorded on paper (not CATI, see below), we will not have the ability to do computerized matching of MSAs or counties. Second, because in this follow-up interview we do not discuss the firm’s location, this question is unlikely to seem redundant or irritating to respondents – we are simply asking if the institution branch is located in the same metropolitan area or county as the firm’s main office. Third, each respondent is asked this question only once, further minimizing any possibility of respondent annoyance.

#### Methodology

Interviews will be conducted by telephone by, initially, a specially trained supervisor. (Later, we may have a small number of trained interviewers on the task.) The supervisor or interviewer will use a paper form and face sheet to conduct the interview and to record responses. NORC will submit a draft paper questionnaire and face sheet for FRB approval. The face sheet will contain all information necessary to conduct the interview and will provide a log for recording call attempts and disposition codes.

For zip code, branch location and bank ID look-ups, the interviewer will use existing CATI databases.

NORC proposes beginning data retrieval the week of Sep-20 with 119 cases for which MRL-only is the only data retrieval issue. The remaining 39 cases potentially have other data-retrieval issues. To cause the least amount of inconvenience to respondents, and to conduct data retrieval as efficiently as possible, NORC will aggregate all data-retrieval questions into a single questionnaire for each of these 39 cases.

Table 1. Conditions that Determine Which Parts of Section H are Included in Data Retrieval

Condition	Disguised institution (XXX) or non-depository institution (H2≠1 or 14)?	New Branch is phone or Internet (H5=-1)	Question Sections (includes existing skip patterns within sections)
1	No	No	H3 through H4.5; READ24 through H5.3 (zip code look-up); H6-H6.1 (branch and institution look-up); H6.2 through H8
2	Yes	No	H3 through H4.5; READ24 through H5.3 (zip code look-up); H6.2 through H8
3	No	Yes	H3 through H4.5; READ24 through H5 (no zip code look-up, but a look-up of the main institution); H8
4	Yes	Yes	H3 through H4.5; READ24 through H5; (no zip code look-up or branch/institution look-ups); H8

Alternative Solutions			
FRB Comments			
FRB-Approved Solution			
Date CATI Revised	The production version of CATI was fixed to reflect to FRB-approved version of an MRL-only institution as of August 25, 2004. All cases started after this date do not have the MRL-only problem; pending cases as of August 25, 2004 may require data retrieval.	Date Hard Copy Revised	The hard-copy version of the main quex requires a fuller and more accurate definition of an MRL-only institution in Programmer Note for READ24 (p.199 before H5). NORC will submit a definition for FRB approval the week of Sep-20.

Date Added	Case ID	Identify All Affected Variables and How Each Variable Was Affected	NORC Recommended Action(s)	FRB-Approved Action Plan	Completeness test result	Other Data Retrieval Needed (Y/N)?	Status
	20000190	H3 through H8 may be missing and/or incorrect	Retrieval	Retrieval		N	Retrieval completed
	20002180	H3 through H8 may be missing and/or incorrect	Retrieval	Retrieval		N	Retrieval completed