

FEDERAL RESERVE SYSTEM

Pub. 6/27/02

[Docket No. R-1124]

Privacy Act of 1974;

Notice of Amendment of System of Records

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Notice; amendment of one system of records.

SUMMARY: In accordance with the Privacy Act, the Board of Governors of the Federal Reserve System (Board) is publishing notice of the amendment of one system of records, entitled SCF- Survey of Consumer Finances (BGFRS-20). We invite public comment on this amended system of records.

DATES: Comments must be received on or before July 29, 2002.

ADDRESSES: Comments, which should refer to Docket No. R-1124, may be mailed to Ms. Jennifer J. Johnson, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, N.W. , Washington, D.C. 20551 or mailed electronically to regs.comments@federalreserve.gov. Comments addressed to Ms. Johnson also may be delivered to the Board's mail room between 8:45 a.m. and 5:15 p.m. weekdays and to the security control room outside of those hours. The mail room and the security control room are accessible from the Eccles Building courtyard entrance, located on 20th Street between Constitution Avenue and C Street, N.W. Comments may be inspected in Room MP-500 between 9:00 a.m. and 5:00 p.m. on weekdays pursuant to § 261.12, except as provided in § 261.14, of the Board's Rules Regarding Availability of Information, 12 CFR 261.12 and 261.14.

FOR FURTHER INFORMATION CONTACT: Arthur Kennickell, Project Director, Division of Research and Statistics (202/452- 2247); or Elaine M. Boutilier, Managing Senior

Counsel, Legal Division (202/452-2418), Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, N.W., Washington, D.C. 20551. For users of the Telecommunications Device for the Deaf (TDD) only, contact 202/263-4869.

SUPPLEMENTARY INFORMATION: The Board is amending its system of records for the Survey of Consumer Finances (SCF), to reflect the change in the independent contractor used to conduct the survey and to update the description of the records maintained in the system. This system of records contains statistical information regarding a periodic (every three years) survey that the Board has sponsored since 1983 to obtain information on the current state of U.S. households' finances. Approximately 5000 households voluntarily agree to respond to a survey questionnaire, which is administered through a detailed interview, conducted either in person or by telephone at the convenience of the participant. The names and addresses of each participant are confidential, and extraordinary steps are taken to uncouple the identities of the participants from the information they provide. The data collected provide a representative picture of what Americans own – from houses and cars to stocks and bonds – how and how much they borrow and how they bank.

In accordance with 5 U.S.C. 552a(r), a report of this amended system of records is being filed with the Chair of the House Committee on Government Reform and Oversight, the Chair of the Senate Committee on Governmental Affairs, and the Office of Management and Budget. This new system of records will become effective on August 1, 2002, without further notice, unless the Board publishes a notice to the contrary in the *Federal Register*.

BGFRS-20

System name: SCF – Survey of Consumer Finances

Security classification: None

System location(s):

(1) National Opinion Research Center at the University of Chicago (NORC), 155 East 60th Street, Chicago, IL 60637.

(2) Board of Governors of the Federal Reserve System, 20th & C Streets, NW, Washington, DC 20551.

Categories of individuals covered by the system:

Every three years beginning in 1983, the Board of Governors of the Federal Reserve System (Board) has sponsored a survey of U.S. households to obtain information on the current state of households' finances. For each instance of the survey, a national sample of approximately 10,000 households is selected using two statistical sampling procedures. Approximately 5,000 households voluntarily agree to participate in a detailed interview, which is conducted either in person or by telephone at the convenience of the participant.

Categories of records in the system:

(1) NORC, the independent contractor for survey data collection, holds three types of files:

(a) Answers given by survey participants in the course of the administration of the survey questionnaire. No identifying information is included in this category.

(b) Answers given by interviewers to questions about the administration, or attempted administration, of the survey interview, and answers given by interviewers to questions about the area around the sample addresses. No identifying information is included in this category.

(c) A control file containing the name, address, other identifying or locating characteristics of members of the survey sample, and technical information describing survey participation.

(2) The Board holds five types of files:

(a) All information included in (1)(a) and (1) (b) .

(b) A control file containing general geographic characteristics and technical information describing survey participation. No identifying information is included in this category.

(c) For a part of the survey sample, information from statistical records derived from individual tax returns, including a social security number but containing no other identifying information.

(d) Files of information matched to the survey data by high-level characteristics, such as general location, occupation, banking market, etc. No identifying information is included in this category.

Authority for maintenance of the system:

12 U.S.C. 225a and 15 U.S.C. 1601 note.

Purpose(s):

The data in the system described as (1)(a) under “Categories of records in the system” provide a basis for the statistical analysis of consumer financial status and behavior. All other information in the system is used for the statistical purposes of structuring, conducting, and processing the survey.

Data in the system from (1)(a) and (1)(b) and unidentified data from (1)(c) are used by staff at the Board to address policy and other statistical research questions in economics and topics of technical survey methodology. A version of the data described as (1)(a) under

“Categories of records in the system” is further processed statistically to minimize the possibility of identification of survey participants based on characteristics or combinations of characteristics in the data; that altered information is made available to the public. The public version of the data forms a key part of the national statistical system and provides a basis for a wide variety of government, academic, and other statistical research.

The system is maintained for statistical purposes only and is not used in whole or in part in making any determination about benefits or other rights of any identifiable individual. It consist solely of “statistical records” as defined in the Privacy Act (5 U.S.C. 552(a)(6)).

Routine uses of records maintained in the system, including categories of users and the purpose of such uses:

a. Prior to the completion of data collection, the survey contractor uses information in the system to devise and attempt to execute a plan to request an interview with all members of the survey sample; access to such information is available only to those involved in the sample design and its implementation in the field.

b. Upon completion of data collection, access by the contractor to the system is limited to the specific information necessary to complete the initial processing of the data and to respond to requests from survey participants.

c. At the Board, access to data from the system is available only to staff members who have the primary responsibility for conducting and processing the survey. Access by those individuals is allowed for the following purposes: structuring, conducting, and preparing the survey data and performing statistical analysis of the data. A particularly important routine activity of these responsible individuals is a close review of the individual records described as (1)(a) under “Categories of records in the system” for preparation of a public version of the data

that has been subjected to statistical procedures to minimize the possibility that any participant might be identified by a characteristic or set of characteristics in the data.

d. Disclosure may be made to a congressional office from the record of an individual in response to an inquiry from the congressional office on behalf of that individual.

Disclosure to consumer reporting agencies:

Not applicable.

Policies and practices for storing, retrieving, accessing, retaining, and disposing of records in the system:

Storage: Magnetic disks, CD-ROMs, magnetic tape.

Retrievability: The contractor stores data described at (1)(a) and (1)(b) under “Categories of records in the system” in an electronic form separately from identifying information described in (1)(c). A set of identification numbers generated for administrative purposes may be used to link these files, but access to linked information is restricted to purposes necessary for the collection and preliminary processing of the survey data. The responsible staff at the Board maintain files described at (2)(c) separately from other files. A set of identification numbers may be used to link the information described at (2)(c) with the other information, and access to such information is restricted to those among the responsible staff with particular needs in structuring, conducting, preparing, and analyzing the survey data.

Safeguards: During periods of data collection, the survey contractor limits access to identifying information only to staff directly engaged in data collection, managing the survey, and processing the data; access varies according to what is needed to perform each task; identifying information is maintained in files separate from other data. After the completion of data collection, personnel at the facilities of the contractor are allowed to have access to information

that would identify members of the survey sample only for specific purposes authorized by their project director, and that are connected with attempts to validate whether the correct person was interviewed, to address other narrow statistical issues, or to respond to requests from sample members for information. All electronic files are held in secure computer systems, and paper files are held in locked cabinets.

At the Board, all potentially identifiable files are maintained in secure computer systems, locked files, or locked cabinets, and access to those files is restricted to staff directly responsible for the production of the survey.

Retention and disposal: All files containing identifying information held by NORC are destroyed within three years of the completion of work on a given execution of the SCF; all backup records used to maintain the integrity of such files are also destroyed. All files maintained by the Board will be maintained until such time as the survey may be discontinued, at which time all files containing identifying information will be destroyed except as otherwise required by law governing preservation of archival records. A version of the SCF, statistically altered to protect the identity of the survey participants, is placed in the public domain.

Systems manager and address:

Arthur Kennickell, Project Director, Survey of Consumer Finances, Monetary and Financial Studies Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, DC 20551.

Notification procedure:

An individual requesting notice as to whether this system contains information pertaining to him or her should write to the government project director, at the address shown below, enclosing a notarized statement of his or her full name and current address. Simultaneously,

with requesting notification of inclusion in the system of records, the individual may request record access as described in the following section “Record access procedures.”

Arthur Kennickell, Project Director, Survey of Consumer Finances, Monetary and Financial Studies Section, Division of Research and Statistics, Room M-1412, Board of Governors of the Federal Reserve System, Washington, DC 20551.

Record access procedures:

Individuals who, through the notification procedures set out above, have established that the system of records contains information pertaining to them may request access to those records by writing to the government project director at the address given above. The government project director will notify the individual as to the place and time for access to the record(s). If the requester prefers, and if the information requested is not too voluminous, the material may be mailed.

Contesting record procedures:

Individuals who seek to contest records in this system should contact the government project director at the address given above, reasonably identify the record(s), specify the information being contested and the rationale for the challenge, and supply the information to be substituted.

Record source categories:

Answers to survey questions are obtained from participants. Other information about the steps taken to obtain an interview, the progress of the interview, and the general characteristics of the neighborhood of the sample address, is obtained from the survey interviewers. Technical sample design information for a geographically based part of the survey sample is obtained from NORC; for sample members in the other part of the sample, statistical records derived from

individual tax returns are obtained from the Statistics of Income Division of the Internal Revenue Service.

System exempted from certain provisions of the act:

None.

By order of the Board of Governors of the Federal Reserve System, acting through the Secretary of the Board under delegated authority, June 20, 2002.

Jennifer J. Johnson,
Secretary of the Board.

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