

**Supporting Statement for the
Survey of Household Economics and Decisionmaking
(FR 3077; OMB No. 7100-0374)**

Summary

The Board of Governors of the Federal Reserve System (Board), under authority delegated by the Office of Management and Budget (OMB), proposes to extend for three years, with revision, the Survey of Household Economics and Decisionmaking (SHED) (FR 3077; OMB No. 7100-0374).¹ The SHED is an ad hoc² voluntary survey covering topics such as individuals' overall financial well-being, employment experiences, income and ability to pay bills, economic preparedness, banking and access to credit, housing and living arrangement decisions, education and human capital, student loans, and retirement planning. The overall content of the SHED depends on changing economic, regulatory, or legislative developments as well as changes in the financial services industry. The Board uses the SHED to monitor usage of emerging financial products and understand how macroeconomic conditions are affecting households.

The Board proposes to revise the FR 3077 by removing the qualitative ad-hoc surveys from the clearance, effective November 30, 2023. The Board also proposes adding two minutes to the quantitative survey time per response and slightly reducing the estimated number of respondents, also effective November 30, 2023.

The current estimated total annual burden for the FR 3077 is 7,705 hours and would increase to 8,200 hours.³ The proposed revisions would result in an increase of 495 hours.

Background and Justification

Consumer surveys, including the SHED, are an important tool for informing the Board's understanding of consumer financial decisions and markets, and the Board has a long history of using surveys to inform its work in order to gain insight into consumer decisionmaking, consumer financial stability, community development, and neighborhood stabilization. These insights aid the Board in promoting a fair and transparent consumer financial services market,

¹ There is no formal reporting form for this collection of information (the FR 3077 designation is for internal purposes only).

² 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; (3) inform respondents that the information collection has been approved; (4) be used only in such cases where response is voluntary; (5) not be implemented to substantially inform specific regulatory actions or policy decisions; (6) be conducted only and exactly as described in the OMB submission; (7) involve only noncontroversial subject matter that will not raise concerns for other Federal agencies; (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 sensitive 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.

³ The Paperwork Reduction Act clearance for the FR 3077 covers the annual SHED. The Board occasionally conducts smaller cognitive interviews to test the SHED under a separate ad-hoc clearance, FR 3073 (Consumer and Stakeholder Surveys (FR 3073; OMB No. 7100-0359)).

including for traditionally underserved households and neighborhoods, and in carrying out its monetary policy functions.

The FR 3077 has been used once each year to field the Survey of Household Economics and Decisionmaking (SHED). The 2019 survey was sent for public comment with the PRA package, although under the ad-hoc clearance the survey questions have changed each year. Relative to the 2019 survey that was provided for public comment, major additions to the most recent (2022) survey included questions on telework, autonomy at work, satisfaction from job changes, non-compete agreements, moves to new locations, renter experiences, natural disasters, car ownership, buy now pay later services, cryptocurrency, student loan forgiveness, inflation, and unemployment insurance receipt. Questions removed from the survey, relative to that fielded in 2019, include ones related to gig work, housing satisfaction, internet access, relationships with landlords, reasons for not attending or completing college, financial assistance from friends and relatives, opioid use, discrimination, experiences with the criminal justice system, and geography where they grew up. In some cases, the removed questions are follow-up questions and the topic remains on the survey with fewer questions or a revised question set.

Since 2013, when the SHED was first collected, the number of respondents has grown in order to increase the level of sub-group analysis. In addition, the SHED has grown in length to collect additional information on topics that are of interest between years and to accommodate the demand for information on new trends and risks that are emerging. It has also become a well-recognized tool for researchers both within and outside the Federal Reserve System. The SHED's goals have also expanded to include question modules that can be utilized to quickly respond to the need for information on emerging risks and trends. Due to the growth of the data collection, the anticipation that this collection will continue on an annual basis, the changing nature of the information that is collected and the potential policy, operational, supervisory and regulatory uses, the Board implemented the SHED as a separate collection in 2017.⁴

This information is generally not available from other sources. The SHED is reevaluated annually to identify and mitigate duplication, identify new and emerging areas which may offer new insights, and to remove topics which have limited value given existing data. If this data collection were stopped or conducted less frequently, it would reduce the abilities of the Board to monitor emerging economic issues identified in the survey, including issues with particular relevance to low- and moderate- income communities.

Description of Information Collection

The SHED is a voluntary survey collecting information from consumers regarding the economic well-being of U.S. households and how individuals and their families are faring in the economy. It is generally conducted annually and includes both quantitative and qualitative

⁴ In 2013, the SHED was conducted as an ad hoc survey under the family of Consumer Financial Stability Surveys (FR 3053; OMB No. 7100-0323). From 2014 through 2016, the SHED was conducted as an anticipated survey under the generic clearance for Consumer and Stakeholder Surveys (FR 3073; OMB No. 7100-0359). Since 2017, the SHED has been collected under its own clearance (FR 3077; OMB No. 7100-0374). The current and previous surveys including public datasets and survey questionnaires are available on the Federal Reserve's website at https://www.federalreserve.gov/consumerscommunities/shed_data.htm

survey components. Quantitative data collected could include dollar amounts, percentages, numbers of items, and other such information pertaining to the financial health of the consumer. Qualitative data may also be collected and could include questions that are categorical, yes-no, ordinal, and open-ended. The SHED is currently completely conducted online, although in future years it is possible that some hard-to-reach respondents may complete the survey via telephone or other modes such as mailed paper interviews, depending on the survey processes of the firm fielding the survey.

The SHED is comprised of a significant section of core content, which remains largely the same each year. The SHED also normally includes a number of special questions to address the Board's need for information on emerging risks and trends that affect consumers.

Respondents to the core content of the SHED report information regarding the following topics:

- *Living Arrangements*: respondents report information on the types of people living in the household and why these individuals are living together.
- *General Well-Being*: respondents report information on how they are managing financially overall.
- *Employment*: respondents report information on their recent or current labor market status, desired employment status, and experiences in the labor market.
- *Gig Economy*: respondents report information on infrequent, informal activities (also known as gig activities) that they performed in to earn money, including the amount of time spent on these activities and the amount of income earned.
- *Housing*: respondents report on their housing arrangement, housing payments, and recent moves, including forced moves such as evictions.
- *Banking*: respondents report on whether they have an account with a bank and whether they have recently used alternative financial services.
- *Credit*: respondents report on their confidence in being approved for credit, their recent experiences applying for credit, and their experiences having and using credit.
- *Education and Student Loans*: respondents report information on their educational background and current enrollment, perceptions of the value (cost vs benefit) of their most recent educational program, changes they would make if they could remake education decisions, and their use of and experiences with student loans.
- *Retirement Planning*: respondents report information on their retirement status, types of retirement savings, comfort investing for retirement, withdrawals from retirement accounts, and reasons for their retirement age if retired.
- *Income and Consumption*: respondents report information on their household income, savings and expenses, sources and variability of income, and financial support from others.
- *Emergency Fund*: respondents report information on their emergency savings, ability to handle monthly bills, and their ability to pay emergency unexpected expenses.

- *Health and Insurance*: respondents report whether they recently chose to forgo medical treatment due to the expense, paid for an unexpected medical expense out of pocket, and are currently covered by health insurance.
- *Childhood Background*: respondents report information on the highest level of education that their parents received.
- *Financial Literacy*: respondents answer questions used to gauge their understanding of financial markets.
- *Other Ad-hoc Topics Related to Financial Well-Being*: examples of previous ad-hoc topics include issues such as financial disruptions and responses during the COVID-19 pandemic, educational disruptions for respondents' children during the pandemic, experiences with auto loans, usage of mobile banking tools, usage of cryptocurrency, experiences with discrimination, desired neighborhood characteristics, experience with natural disasters, buy now pay later products, and experiences with inflation, as well as follow-up questions related to the core content areas above.

Respondent Panel

The FR 3077 panel comprises of a nationally representative sample of non-institutionalized individuals⁵ who are 18 years of age and older. Due to the nature of the third-party vendor's respondent pool, this sample naturally includes repeat respondents, which allows for evaluating changes in respondents' economic conditions, as well as time series analysis. The specifics of the respondent pool may vary depending on the third-party vendor selected to conduct the survey.

Frequency

The FR 3077 quantitative survey is conducted annually.

Proposed Revisions to the FR 3077

The Board proposes to revise the FR 3077 by removing the qualitative ad-hoc surveys, effective November 30, 2023 (however, the annual SHED may still include qualitative components). This revision is to reduce duplication across information collections.

The Board also proposes adding two minutes to the quantitative survey time per response and slightly reducing the potential number of respondents, also effective November 30, 2023. The increase in survey length reflects two adjustments. First, it is intended to provide additional flexibility for new topics related to financial well-being that are covered in the survey. For example, in recent years the survey has included questions on inflation, cryptocurrency, and buy now pay later products which are valuable for understanding financial well-being, and this additional minute will allow the Board to cover these and other emerging issues more

⁵ Non-institutionalized individuals refers to individuals who are not inmates of institutions, such as those who are incarcerated or live in a retirement home, hospital, or other medical institution. The sampling frame also excludes active-duty military living in military barracks that do not have standard city-style addresses that receive mail through the USPS.

thoroughly. Second, because the burden is calculated for all contacted respondents, and response rates have increased in recent years, the computed time per respondent has increased. The slight reduction in potential respondents similarly reflects that the final stage response rate for the survey has exceeded expectations in recent years, thereby requiring fewer contacted respondents.

The Board also continually updates the SHED to ensure that it reflects topics that are of high value to the Board for understanding financial well-being of low- and moderate-income consumers and carrying out its statutory responsibilities. Consequently, the SHED has been updated, along with the list of topics above, to reflect new developments and emerging financial landscapes. The most recent version of the survey is available on the Board's public website.⁶

Time Schedule for Information Collection

The data submission timeline for each SHED would be determined prior to the distribution of the survey materials to the public, but the Board expects the SHED would be conducted in the third or fourth quarter each year. Results from the SHED are typically made available in the second quarter of the following year in the Board's annual Report on the Economic Well-Being of U.S. Households.

Public Availability of Data

The Board expects to publish the SHED, the responses to that SHED (without any individual respondent's PII), and a final report on the Board's public website each year.⁷ This information is typically posted in the second quarter of the year, approximately six to nine months after the SHED data is collected.

Legal Status

The Board uses the information obtained through the FR 3077 to discharge its statutory responsibilities, including its authority to prescribe or enforce regulations under various consumer protection laws such as the Community Reinvestment Banking Act,⁸ Competitive Equality Banking Act,⁹ Expedited Funds Availability Act,¹⁰ Truth in Lending Act,¹¹ Fair Credit Reporting Act,¹² Equal Credit Opportunity Act,¹³ Electronic Fund Transfer Act,¹⁴ Gramm-Leach-Bliley Act,¹⁵ and Flood Disaster Protection Act of 1973.¹⁶ In addition, the Board uses the

⁶ https://www.federalreserve.gov/consumerscommunities/shed_data.htm

⁷ <https://www.federalreserve.gov/consumerscommunities/shed.htm>.

⁸ 12 U.S.C. § 2905.

⁹ 12 U.S.C. § 3806.

¹⁰ 12 U.S.C. § 4008.

¹¹ 15 U.S.C. § 1604.

¹² 15 U.S.C. § 1681s(b).

¹³ 15 U.S.C. §§ 1691b(f) and 1691c.

¹⁴ 15 U.S.C. §§ 1693b and 1693o-2.

¹⁵ 15 U.S.C. § 6801(b).

¹⁶ 42 U.S.C. § 4012a.

information obtained through the FR 3077 to discharge its statutory responsibilities to conduct monetary policy under sections 2A¹⁷ and 12A¹⁸ of the Federal Reserve Act.

Survey submissions under the FR 3077 are voluntary. Personally identifiable information associated with individual responses to the FR 3077 will be kept confidential under exemption 6 of the Freedom of Information Act (FOIA), which protects information “the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.”¹⁹

Individual respondents may also request confidential treatment in accordance with the Board’s Rules Regarding Availability of Information.²⁰ Requests for confidential treatment of information are reviewed on a case-by-case basis. Information may be protected from disclosure to the extent that its disclosure would constitute a clearly unwarranted invasion of personal privacy under FOIA exemption 6, or under any other applicable FOIA exemption.

Consultation Outside the Agency

In developing past surveys, the Board has periodically consulted informally with outside experts, including staff from other agencies and Federal Reserve Banks, to obtain input on question wording or topics to explore.

Public Comments

On August 18, 2023, the Board published an initial notice in the Federal Register (88 FR 56626) requesting public comment for 60 days on the extension, with revision, of the FR 3077. The comment period for this notice expires on October 17, 2023.

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR 3077 is 7,705 hours, and would increase to 8,200 hours with the proposed revisions. For purposes of this estimate, it is assumed that the Quantitative Survey would be conducted once per year. The Board estimates that on average, each Quantitative Survey would require 0.40 hours to complete. These reporting requirements represent less than 1 percent of the Board’s total paperwork burden.

FR 3077	<i>Estimated number of respondents</i>	<i>Estimated Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
Current				
Quantitative survey	21,500	1	0.35	7,525
Qualitative survey	30	3	2	<u>180</u>
<i>Current Total</i>				<u>7,705</u>

¹⁷ 12 U.S.C. § 225a.

¹⁸ 12 U.S.C. § 248a.

¹⁹ 5 U.S.C. § 552(b)(6).

²⁰ 12 CFR 261.17.

Proposed				
Quantitative survey ²¹	20,500	1	0.40	8,200
	<i>Change</i>			495

The estimated total annual cost to the public for these collections of information is \$645,900 and would decrease to \$615,000 with the proposed revisions.²²

Sensitive Questions

The purpose of the SHED is to assist the Board in understanding the economic well-being of U.S. households and how individuals and their families are faring in the economy. To accomplish this purpose, it is necessary for the SHED to include questions about topics that may be considered sensitive, such as certain demographic information and details about personal and household finances. Participation in the SHED is voluntary and respondents are able to skip any question for which they do not wish to provide a response. Data are also submitted to the Board in de-identified form and cannot be traced back by the Board to individual respondents.

Estimate of Cost to the Federal Reserve System

The estimated cost to the Federal Reserve System for collecting and processing this information collection is up to approximately \$550,000. The exact cost would depend on the size of the sample, the number of questions asked, and the type and complexity of the questions asked. There would be no other costs associated with the SHED outside the Board.

²¹ The estimated number of respondents reflects the total number of respondents who are contacted with an offer to complete the survey. The Board typically seeks approximately 12,000 respondents for the survey, and the link to the survey will deactivate once the desired number of respondents has been reached. Consequently, the actual number of respondents who complete the survey will always be far lower than the number of contacted respondents reported here.

²² The average consumer cost of \$30 is estimated using data from the Bureau of Labor Statistics (BLS), Occupational Employment and Wages, May 2022, published April 25, 2023 <https://www.bls.gov/news.release/ocwage.t01.htm#>.