

## **Supporting Statement for the Compensation and Salary Surveys (FR 29; OMB No. 7100-0290)**

### **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 Compensation and Salary Surveys (FR 29; OMB No. 7100-0290).<sup>1</sup> This family of surveys is currently comprised of the (1) Compensation and Salary Survey (FR 29a) and (2) Ad Hoc Surveys (FR 29b). The FR 29a is collected biennially and the FR 29b<sup>2</sup> is collected on an as needed basis, not more frequently than five times per year. These surveys collect information on salaries, employee compensation policies, and other employee programs from employers that are considered competitors of the Board. The data from the surveys primarily are used to determine the appropriate salary structure and salary adjustments for Board employees.

The Board proposes to revise the FR 29 to no longer include the FR 29a, as it was determined not to be subject to the Paperwork Reduction Act (PRA).<sup>3</sup>

The current estimated total annual burden for the FR 29 is 260 hours and would decrease to 50 hours. The proposed revisions would result in a decrease of 210 hours.

### **Background and Justification**

The Board implemented a market-sensitive salary structure in 1989, replacing one that paralleled the federal government's salary structure. The Board implemented the new structure based on several factors, including turnover of key employees in important positions (especially economists, attorneys, and financial analysts), difficulty in hiring experienced professionals and top-level graduates, and low employee morale because of actual or perceived noncompetitive pay. The Board met with the consulting firm of Coopers and Lybrand to identify key job families, select benchmark jobs, and draw the original panel for a salary survey.

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<sup>1</sup> There is no formal reporting form for this collection of information (the FR 29 designation is for internal purposes only).

<sup>2</sup> 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 used to substantially inform 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.

<sup>3</sup> The Board does not sponsor or collect any of the data related to the FR 29a but instead participates as a respondent and then purchases the results of the survey.

In support of market-sensitive adjustments to the salary structure, the Board participates in and purchases the results of the Compensation and Salary Survey (FR 29a). Between 1989 and 1992, the Board conducted the survey, and in 1993 the survey was assigned to a consultant. The consulting firm of Willis Towers Watson (formerly known as Watson Wyatt) conducted the survey annually from 1994 to 2014. Beginning in 2015, the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) agencies agreed to a biennial survey schedule.<sup>4</sup>

The Board, along with other FIRREA agencies,<sup>5</sup> have participated in the FR 29a survey jointly since 2008. The Board purchases the survey data and uses it as a basis for proposed salary range adjustments and merit increases for Board employees so that salary ranges are competitive with other organizations offering similar jobs. The Board also uses (1) published data from consultants such as Mercer, Inc. (Mercer), and Gartner, Inc., to supplement its information concerning specific job families (such as information technology jobs), (2) merit projection surveys conducted by consulting firms such as Willis Towers Watson, Aon Hewitt Associates, and Mercer, and (3) data collected by Reserve Banks and the FIRREA agencies.

In order to fill unanticipated staffing needs and to assist in human resources policy planning, the Board conducts more limited surveys (FR 29b) on an ad hoc basis. These surveys gather information that is needed between biennial salary surveys or information on topics that are not covered by the biennial survey. For example, this may include information on the average salaries paid, hiring rates, and job descriptions for certain job families. The ad hoc surveys have proven to be effective instruments for the timely collection of such information.

Several human resources consulting firms produce data on salaries and compensation trends; however, these data are less detailed than the information that the Board collects or acquires through the FR 29 surveys. As noted above, this published information is used to supplement the FR 29 data, which focus on jobs comparable to those of Board employees.

It is mission critical for the Board to be able to attract and retain talent. The survey data serves a vital role to ensure that the Board's pay rates remain competitive with the external market. Numerous survey sources are required to validate the accuracy of the external market data. This information is not available from other sources.

## Description of Information Collection

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<sup>4</sup> Congress granted the FIRREA agencies flexibility to establish their own compensation systems recognizing that the existing approach to compensating employees could impede these agencies' ability to recruit and retain employees critical to meeting their organizational missions. In addition to the flexibility provided to the agencies over the years, Congress also directed most of the agencies to seek to maintain pay comparability and to consult with each other in doing so to ensure the agencies do not compete with each other for employees. (See, e.g., section 1206 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), Pub. L. No. 101-73.)

<sup>5</sup> For purposes of this proposal, the FIRREA agencies consist of the Board, Office of the Comptroller of the Currency, Federal Deposit Insurance Corporation, National Credit Union Administration, Commodity Futures Trading Commission, Farm Credit Administration, and Securities and Exchange Commission.

The Board uses the FR 29a survey data to aid in the annual adjustment of the salary structure. The consultant that conducts the FR 29a biennial survey is selected competitively for a two-year contract. The Board conducts other surveys (FR 29b) on special topics on an ad hoc basis.

### **Compensation and Salary Survey (FR 29a)**

The FR 29a requests information in five sections on a biennial basis: general information, organization data, salary policies and practices, benefits programs, and salary data. The information includes salary ranges, average salaries paid, merit increases, average work weeks (hours worked), benefit programs, and bonuses. These categories are typical of third-party compensation and salary surveys. The benchmark jobs cover the work performed in every division at the Board, by position and grade level.

### **Ad Hoc Surveys (FR 29b)**

In addition to the biennial surveys, the Board conducts other surveys (FR 29b) during the year as needed to collect information on specific salary and non-salary employment topics that affect Board employees. Recent examples of salary topics included top executive salaries and compensation budgets (e.g., merit increases and salary structure movement) to aid in recruiting and retention issues. Recent examples of non-salary topics included workforce planning, telecommuting, and leave policy. Also, other survey topics included turnover data, compensation philosophy, and relocation.

The process of designing and conducting these ad hoc surveys is informal. The Board conducts the ad hoc surveys by phone and email from a subset of these respondents. The Board cannot anticipate what information will be needed and the need for the information is usually very time sensitive. The Board plans to continue conducting the ad hoc surveys as needed and anticipates that it will conduct five ad hoc surveys per year, contacting approximately 10 respondents per survey.

### **Respondent Panel**

The FR 29 panel comprises employers considered competitors (e.g., academic institutions, financial organizations, and monetary authorities) for Board employees.

### **Frequency**

The FR 29a is biennial and the FR 29b is event generated but not more frequently than five times per year.

### **Proposed Revisions to the FR 29**

The Board proposes to no longer clear the FR 29a, as it has been determined that it is not subject to the PRA as the Board does not conduct or sponsor the FR 29a. The Board serves as a participant in the FR 29a and ultimately purchases the data from the FR 29a to meet its needs.

## Time Schedule for Information Collection

The Board conducts ad hoc surveys throughout the year when the need arises. Due to the informal nature of these surveys, the good working relationships with many of the respondents, the small number of respondents per survey, and the use of phone and email instead of mailing paper surveys, the Board typically needs only a few days to design the survey and collect the responses.

## Public Availability of Data

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

## Legal Status

The FR 29 is authorized by sections 10(4) and 11(1) of the Federal Reserve Act,<sup>6</sup> which authorizes the Board to determine employees' compensation.

## Consultation Outside the Agency

The Board consults with other FIRREA agencies before requesting or completing data calls relating to the FR 29b.

## Public Comments

On May 15, 2023, the Board published an initial notice in the *Federal Register* (88 FR 30973) requesting public comment for 60 days on the extension, with revision, of the FR 29. The comment period for this notice expires on July 14, 2023.

## Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR 29 is 260 hours and would decrease to 50 hours with the proposed revisions. The estimated number of respondents is based on recent response rates. In recent years, the Board has conducted, on average, five ad hoc surveys with an average of 10 respondents per survey. These reporting requirements represent less than 1 percent of the Board's total paperwork burden.

FR 29	Estimated number of respondents <sup>7</sup>	Estimated Annual frequency	Estimated average hours per response	Estimated annual burden hours
<b>Current</b>				

<sup>6</sup> 12 U.S.C. §§ 244 and 248(l).

<sup>7</sup> Respondents to this collection are chosen on an as-needed basis and cannot be predicted in advance. The respondents to this collection in the last two years fall under a variety of small business thresholds from \$492 million to \$28 billion, and that we estimate that none of them would be considered small businesses.

FR 29a	35	1	6	210
FR 29b	10	5	1	<u>50</u>
<i>Current Total</i>				<u>260</u>
<b>Proposed</b>				
FR 29b	10	5	1	<u>50</u>
<i>Proposed Total</i>				<u>50</u>
				<i>Change</i> <u>(210)</u>

The estimated total annual cost to the public for these collections of information is \$17,225 and would decrease to \$3,313 with the proposed revisions.<sup>8</sup>

#### **Sensitive Questions**

These collections of information contain no questions of a sensitive nature, as defined by OMB guidelines.

#### **Estimate of Cost to the Federal Reserve System**

The estimated cost to the Federal Reserve System for collecting and processing the FR 29b is negligible.

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<sup>8</sup> 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 \$22, 45% Financial Managers at \$80, 15% Lawyers at \$79, and 10% Chief Executives at \$118). Hourly rates for each occupational group are the (rounded) mean hourly wages 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#>. Occupations are defined using the BLS Standard Occupational Classification System, <https://www.bls.gov/soc/>.