**Introduction for Consumer Expenditure Surveys Methods Workshop**

## 1. Background Information

The U.S. Consumer Expenditure Surveys Program (CE) consists of two national household surveys, the Quarterly Interview Survey (CEQ) and the Diary Survey (CED). Together, these surveys provide information on the buying habits of America's consumers, including data on their expenditures, income, and household characteristics. The survey data are collected for the Bureau of Labor Statistics (BLS) by the U.S. Census Bureau. The objectives of the survey are to provide the basis for revising the weights and associated pricing samples for the Consumer Price Index (CPI), and to meet the need for timely and detailed information on the spending patterns of different types of families (BLS Handbook of Methods, 2007).

To meet these objectives, CE must produce detailed monthly expenditure estimates as well as annual expenditure estimates at the household level. The CEQ was designed as a personal visit survey, although today approximately one-third of the interviews are conducted by telephone. It was designed to collect spending information on larger and recurring purchases, and based on the assumption that a respondent could reasonably be expected to recall those purchases for a period of three months. Methodological research in the intervening years, and general experience with the survey, points to underreporting in some categories of purchases, and raises concerns about the appropriateness of the current design.

CEQ respondents are interviewed five times over a period of thirteen months, with one knowledgeable person usually responding for the entire household. The first interview serves two purposes: use of a bounding interview to control telescoping effects, i.e., the process of remembering an event or purchase as occurring more recently than when it actually took place, and collection of an inventory of large items such as vehicles and mortgages, to shorten subsequent interviews by only requiring updates . The second through fifth interviews ask respondents to answer detailed questions about a series of expenditure categories, and to report the expenditures made by everyone in their households. The second and fifth interviews also include questions on income and work experience in the 12 months prior to those interviews. Throughout the interview the level of detail required varies by expenditure category. At a minimum, the month of the purchase, the cost and enough information about the expenditure to allow it to be categorized must be collected. Additional details, such as the number of items purchased and whether sales tax was included, are asked for most expenditure categories.

The CED is a self-administered diary survey designed to capture small expenditures that would be difficult for respondents to recall during a long reference period. One household member usually maintains the diary for the household. CED respondents record all expenditures in two consecutive one-week diaries. While the diary is self-administered, an interviewer visits each household three times: once to drop off the week 1 diary, once to pick up the week 1 diary and drop off the week 2 diary, and once to pick up the week 2 diary. The interviewer collects demographic information for the household when the week 1 diary is left with the household, and asks additional questions, including income questions, when the week 2 diary is collected.

Additional information about the CE surveys, including the survey instruments, can be found at www.bls.gov/cex. Key terms can be found at www.bls.gov/cex/csxgloss.htm.

## 2. Gemini Redesign Project

In 2009, the CE program embarked upon a large, long-term, redesign effort called the Gemini Project. The overall mission of the Gemini Project is to redesign the CE surveys so as to improve data quality, with the specific goal of a verifiable reduction in measurement error, and a particular focus on underreporting. To the extent possible, the effort to reduce measurement error is to be explored in a manner consistent with combating further declines in response rates. Accordingly, any expected benefits of survey design changes will be balanced against potential negative effects on response rates.

The scope of the redesign project is large, and at this early point in the redesign process the program is open to a wide range of redesign alternatives, such as: new modes, modular surveys, and innovative technologies. There is no *a priori* expectation that CE will retain the current survey design. To that end, all of the current design features (e.g., interview and diary surveys; face-to-face interviewing, one person responding for the household) are subject to reassessment and change.

The two constraints of the redesign process are: data requirements and cost. The redesigned survey must provide detailed monthly expenditure estimates as well as household level annual expenditure estimates; and survey costs cannot increase from current levels as a result of the redesign.

### 3. Consumer Expenditure Surveys Methods Workshop

The objectives of the Consumer Expenditure Surveys Methods Workshop are to:

1. Identify existing knowledge and experience that can inform redesign decisions on the key topics
2. Identify specific research projects, both small and large, that address the outstanding issues.

We hope to have practical, solution-based discussions that will allow us to move forward with the redesign process in an informed manner. We do not expect the workshop to lead to a redesign decision; instead, we will consider the workshop a success if it results in concrete recommendations for research projects that will allow us to make necessary redesign decisions. Again, the Gemini Project is a long-term project, and this workshop is one of the preliminary steps in a process which will span many years.

The issues that will be covered in the workshop include: global questions, interview structure, proxy reporting, recall period, and split questionnaire methods. BLS has prepared short issue papers on each of these, summarizing the research we've done or are aware of on the topic as well as identifying what we believe are the key issues. We recognize that there are many other relevant major issues, such as respondent record use, data collection technologies, and collection mode. However, to allow for the workshop objectives to be met, we have decided to address these issues in other ways. Although the Consumer Expenditure Surveys Methods Workshop is focused on five particular topics, we will periodically send out announcements about project activities leading up to the December workshop. We hope in this way to keep you informed about how other issues are being discussed and incorporated into the redesign planning.

We also recognize that there is considerable overlap in the included and excluded topics, as well as between the workshop topics, but hope, to the extent possible, to keep discussions focused on the selected topics. There will be ample time for discussion of redesign proposals, independent of the five topics, as well as for open discussion.

## 4. Role of the Presenters

We look to each presenter to help us work towards the workshop objectives by reviewing the assigned issue paper, and developing a short paper (approximately 10 pages) and presentation to discuss the issues and research related to the key issues identified in the paper. The paper should include:

1. A discussion of key issues included in the paper, again based on your experience and the literature, and of the implications of those issues for the CE redesign. If the papers have missed any relevant issues, or tradeoffs, please include a discussion of these as well.

2. Responses to the discussion points posed in the papers, either directly or with suggestions as to how CE may determine the answers. We are especially interested in responses based on existing literature.

3. Recommendations for 'next steps' for CE to take in addressing the specific redesign issue. These next steps may include analysis to be done on existing data as well as new research efforts to address the key questions.

4. Description of how you would design a survey, or set of surveys, to collect detailed monthly data on a comprehensive range of expenditures. We encourage 'out of the box' thinking, with the constraints of providing detailed monthly expenditure data and maintaining reasonable survey costs. Please review and consider the data requirements as specified by our main data user, the CPI, as specified in the CPI Requirements Document.

Each presenter is responsible for submitting a paper, and for giving a presentation at the Consumer Expenditure Surveys Methods Workshop. We can provide a copy of public use microdata, referenced materials or additional information as requested. In addition, we extend the invitation to each presenter to participate in a mock CEQ interview and/or complete a CE diary.

## 5. Reference

BLS (2007). BLS Handbook of Methods, available at www.bls.gov/opub/hom/homtoc.htm.