

Supporting Statement
U.S. Department of Commerce
U.S. Census Bureau
Quarterly Survey of the Finances of
Public-Employee Retirement Systems
(F10)
OMB Control Number 0607-0143

Section A. Justification

6304. Necessity of the Information Collection

Over 2.9 trillion dollars in public-employee retirement system assets in the financial markets are controlled by a small number of large systems. The 2002 Census of Governments identified 2,670 state and local government administered public-employee retirement systems. The 100 largest systems, as measured by the system assets, account for about 90 percent of the total assets of all systems. This form is used to collect financial data from these 100 systems for policy makers and economists to follow the changing characteristics of these funds.

A minor revision is being made to clarify part **A.4. Earnings on investments**. The statement *The net of gains and losses on the sale of investments is reported at 4c* was removed and the statement *Include both realized & unrealized gains (losses)* was added to part **A.4.c. Net gain or loss on investments**.

The collection of these data is authorized by Title 13, Section 182, U.S.C.

2. Needs and Uses

This survey was initiated by the Census Bureau at the request of both the Council of Economic Advisors and the Federal Reserve Board. The most important information this survey provides is the quarterly change in composition of the securities holdings of the public employee retirement systems component of the economy. The Federal Reserve Board uses these data to track the public sector portion of the flow of funds accounts. The Bureau of Economic Analysis uses the quarterly retirement information on corporate stock holdings to estimate dividends received by state and local government retirement systems that, in turn, are used in preparing the national income and product accounts. Additionally, these data are a significant part of the information base needed to analyze investment trends and help in the formulation of governmental economic policies and investment decisions.

Summary tables of the information collected are released quarterly on the Internet. Documentation and explanatory materials also are included on the Internet site (<http://www.census.gov/govs/www/qpr.html>).

Information quality is an integral part of the pre-dissemination review of the information disseminated by the Census Bureau (fully described in the Census Bureau's Information

Quality Guidelines). Information quality is also integral to the information collections conducted by the Census Bureau and is incorporated into the clearance process required by the Paperwork Reduction Act.

3. Use of Information Technology

There are only 100 participants in the survey panel and a limited number of data items. Respondents receive a mailout/mailback form. They have the option of returning the form or reporting current quarter data and revisions for the two previous quarters on the survey Web site. Approximately 48 percent of the respondents report using the Web site each quarter.

4. Efforts to Identify Duplication

This is a very small, focused survey. None of the frequent contacts with respondents, searches of the professional literature, or discussions with experts in this area have revealed any similar type of survey activity.

5. Minimizing Burden

Typically, large state and local government retirement systems are required to make monthly and quarterly reports on the size of the systems assets to their respective boards of trustees. The categories of data that we collect are consistent with the categories used in these reports.

6. Consequences of Less Frequent Collection

The magnitude and composition of securities activities can shift rapidly. The Federal Reserve Board and other policy makers would have less timely information to determine the true dynamics of this economic sector if the survey were conducted less frequently than quarterly.

7. Special Circumstances

There are no special circumstances.

8. Consultations Outside the Agency

Staff members are continuously in contact with state and local government officials who provide survey data and use survey results. These contacts help to identify any reporting difficulties and provide information on the many ways that administrative records are maintained. Consultations are held regularly with data users including:

Mr. Paul Smith
U.S. Federal Reserve Board
(202) 452-3132

Mr. Bruce Baker
U.S. Bureau of Economic Analysis
(202) 606-9663

Mr. Keith Brainard
Research Director
National Association of State Retirement Administrators
(512) 868-2774

Ms. Jeannine Markoe Raymond
National Association of State Retirement Administrators
(202) 624-1417

Mr. Hank Kim
Executive Director & Counsel
National Conference on Public Employee Retirement Systems
(202) 624-1456

There are no unresolved issues as a result of these consultations.

A notice inviting comment on plans to submit this request was published in the Federal Register on July 31, 2008. (Vol.73, No. 148, page 44704.) A letter of support was received from the Bureau of Economic Analysis.

9. Paying Respondents

We do not pay respondents or provide them with gifts.

10. Assurance of Confidentiality

The data collected in this survey are from public records and do not require confidentiality.

We inform the respondent, in a letter printed on the front of the questionnaire, from the Director of the Census Bureau, that participation is voluntary.

11. Justification for Sensitive Questions

This survey requests only data that are already a matter of public record and, therefore, contains no questions of a sensitive nature.

12. Estimate of Hour Burden

The survey universe covers the 100 largest public employee retirement systems in terms of assets. Our conversations with respondents indicate the average number of work hours required per response is forty-five minutes. The estimated total quarterly burden would be 75 hours or 300 hours annually.

The annual cost to the respondent panel is estimated to be \$6,606 and was calculated as follows:

Number in survey panel	100
Frequency of response (quarterly)	4
Total annualized responses	400
Average number of work hours per response	<u>x 0.75</u>
	300
Estimated cost per burden hour*	\$22.02
Total annual cost to respondents	\$6,606.00

*Estimated hourly cost is derived from the average hourly pay for full-time equivalent employment for the financial administration function within the 2006 Annual Survey of State and Local Government Employment.

13. Estimate of Cost Burden

We do not expect respondents to incur any costs other than that of their time to respond. The information requested is of the type and scope normally carried in retirement system records and no special hardware or accounting software or system is necessary to provide answers to this information collection. Therefore, respondents are not expected to incur any capital and start-up costs or system maintenance costs in responding. Further, purchasing of outside accounting or information collection services, if performed by the respondent, is part of usual and customary business practices and not specifically required for this information collection.

14. Cost to Federal Government

The cost of this project is borne entirely by the Census Bureau and is included in the Annual Survey of State and Local Government Finance (OMB clearance number 0607-0585). That project is estimated to cost about \$5.8 million in fiscal year 2009, with approximately \$58,000 devoted to this survey.

This collection has been developed by an office that has planned and allocated resources for the effective and efficient management of the information.

15. Reason for Change in Burden

There is no change in burden from the previous OMB clearance package request.

16. Project Schedule

The processing plan for each quarterly report specifies a twelve-week cycle from the mailing of the forms to putting the data on the Internet.

Forms are mailed to the panel members one month after the end of the quarter, processed during the subsequent twelve weeks, and the information is put on the Internet at the end of that twelve-week cycle.

17. Request Not to Display Expiration Date

The expiration date will be displayed on the forms.

18. Exceptions to the Certification

There are no exceptions to the certification.