

SUPPORTING STATEMENT  
U.S. Department of Commerce  
U.S. Census Bureau  
Annual Survey of Local Government Finances (School Systems)  
OMB Control Number 0607-0700

Part A – Justification

1. Necessity of the Information Collection

The U.S. Census Bureau requests an extension of the current expiration date of the Annual Survey of Local Government Finances (School Systems) to ensure accurate collection of information about public school finances.

The Census Bureau's collection of school district finance data and associated publications are the most comprehensive sources for pre-kindergarten through grade 12 finance data. The data are collected from the universe of school districts using uniform definitions and concepts of revenue, expenditure, debt, and assets. This effort is part of the Census Bureau's Annual Survey of Government Finance (OMB No. 0607-0585). Data collected from cities, counties, states, and special district governments are combined with data collected from local school systems to produce state and national totals of government spending. Local school system spending comprises a significant portion of total government spending. In 2006, public elementary-secondary expenditures accounted for nearly 30 percent of total local government spending.

This comprehensive, ongoing, time series collection of local education agency finances maintains historical continuity in the state and local government statistics community. In addition to the state and local government statistics historical significance, this collection of data has gained added importance within the area of education statistics since the reauthorization of the Elementary and Secondary Education Act (ESEA) by the No Child Left Behind Act (NCLB). The increased focus on schools has led to a demand for data reflecting student performance, graduation rates, and school finance policy – all of which require the collection and use of this local education finance data collection. State legislatures, local leaders, university researchers, and parents increasingly rely on data to make substantive decisions about education. School district finance is a vital sector of the education data spectrum used by stakeholders to form policy and to develop new education strategies.

The Census Bureau uses the five forms covered by this clearance package to collect state and local government public education data for this long established data series.

Form F-33. This form contains the elementary-secondary education finance items collected jointly by the Census Bureau and the Department of Education's National Center for Education Statistics (NCES). In practice, this form serves more as a data processing guide rather than as a data collection instrument. The Census Bureau relies heavily on collecting this public school system finance data centrally from state education

agencies. All states provide significant amounts of these data centrally to the Census Bureau via the Internet using File Transfer Protocol (FTP).

The Census Bureau facilitates central collection by accepting data in the variety of formats the states choose to transmit. Currently, twenty-one states provide the Census Bureau electronic copies of state-specific detailed education finance data files, and the Census Bureau maintains programs for converting these data from the state agency format to the Census F-33 format. The remaining thirty-one states reformat state-specific data files into the Census Bureau's format prior to submitting the data electronically to the Census Bureau. A copy of the Form F-33 for 2007 is shown in Attachment A.

Form F-33-1. This form used to be a separate collection instrument, but over the past three years, it has evolved into a three-question electronic mail message, sent to respondents at the beginning of each survey period soliciting the assistance of the state education agencies (SEAs) in providing data centrally for their public school systems. Census Bureau staff use the responses on this "form" to plan for the processing of state education agency data submissions.

Form F-33-L1. This form is a supplemental letter currently sent to the school systems in four states for the 2006-2007 survey cycle: Delaware, Florida, Nevada, and Rhode Island. In those four states, the education agencies collect adequate detail in all aspects of school finance except for assets. Respondents provide the assets data on this letter, and they are merged with the other data collected from the state education agencies. A copy of the F-33-L1 for 2007 is shown in Attachment A.

Form F-33-L2. This form is a supplemental letter currently sent to the school systems in seven states for the 2006-2007 survey cycle: Georgia, Louisiana, Maine, Mississippi, Nebraska, Ohio, and Virginia. In those seven states, the education agencies collect adequate detail in all aspects of school finance except for indebtedness. Respondents provide the debt data on this letter, and it is merged with the other data collected from the state education agencies. A copy of the F-33-L2 for 2007 is shown in Attachment A.

Form F-33-L3. This form is a supplemental letter currently sent to the school systems in five states for the 2006-2007 survey cycle: Arizona, Connecticut, Massachusetts, Michigan, and Vermont. In those five states, the education agencies collect adequate detail in all aspects of school finance except for assets and indebtedness information. This letter combines the items requested on the forms F-33-L1 and F-33-L2. Respondents provide both asset and debt data on this form, and it is merged with the other data collected from the state education agencies. A copy of the F-33-L3 for 2007 is shown in Attachment A.

The first term of clearance from the prior (2006) OMB clearance package instructed: "Describe steps taken to reduce or improve the accuracy of the 93 hour burden for the Central Collection F33." To improve the accuracy of the estimate of respondent burden, with the 2007 collection, the Census Bureau asked each of the Census-Format F-33 survey respondents to report the survey burden in hours per year. Based on the

information provided, we are able to more accurately reflect the estimate of burden at 86 hours.

The second term of clearance from the prior (2006) OMB clearance package instructed: “describe efforts undertaken collaboratively with the National Center for Education Statistics to examine the current data elements and process for collection compared with the NCES’ National Public Education Finance Survey (NPEFS) to ensure that all opportunities to minimize burden and reduce duplication have been explored.” Highlights of such collaboration are included in answers for question 4 of this supporting statement and the full analysis is shown in Attachment B.

Title 13, Sections 161 and 182, of the United States Code, authorize the Secretary of Commerce to conduct this survey.

## 2. Needs and Uses

The education finance data collected and processed by the Census Bureau are an essential component of the government finances program and provide unique products for education and finance data user groups.

### *Bureau of Economic Analysis Statistics*

The Bureau of Economic Analysis (BEA) uses most of the items on Form F-33 to develop figures for the Gross Domestic Product. Reported F-33 data items specifically contribute to the estimates for National Income and Product Accounts (NIPA), and the Input-Output accounts (I-O), and gross domestic investments. BEA also uses the data to assess other public fiscal spending trends and events. Please see the letter of support provided in Attachment D.

### *Census Bureau Government Finance*

The Census Bureau’s government finances program has made possible the dissemination of comprehensive and comparable public fiscal data since 1902. School finance data, which comprise nearly 30 percent of all local government general expenditures, are currently incorporated into the local government statistics released in the Annual Survey of Government Finance. The Census Bureau expects to release school finance data as part of its 2007 Census of Governments products.

This table package contains benchmark statistics on public revenue, expenditure, debt, and assets. They are widely used by economists, legislators, social and political scientists, and government administrators.

The Census Bureau makes available a detailed account for all school systems on files available from its Internet Web site. That Web site currently contains data files and statistical tables for the 1992 through 2006 fiscal year surveys. Historical files and

publications prior to 1992 are also available upon request for data users engaged in longitudinal studies. In addition to numerous academic researchers who use the F-33 products, staff receive inquiries from state government officials, legislatures, public policy analysts, local school officials, non-profit organizations, and various Federal agencies.

### *The National Center for Education Statistics*

The U.S. Department of Education's National Center for Education Statistics (NCES) jointly conducts this survey annually as part of the Common Core of Data (CCD) program. The education finance data collected by the Census Bureau are the sole source of school district fiscal information for the CCD. NCES data users utilize electronic tools to search CCD databases for detailed fiscal and non-fiscal variables. Additionally, the NCES uses the F-33 education finance files to publish annual reports on the state of education.

Information quality is an integral part of the pre-dissemination review of information disseminated by the Census Bureau (fully described in the Census Bureau's Information Quality Guidelines). Information quality is also integral to 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

Over 99 percent of the data are collected electronically via electronic mail or transferred over the Internet using File Transfer Protocol (FTP).

### 4. Efforts to Identify Duplication

Census Bureau representatives meet regularly with groups of education data collectors and users. The chief sponsors of such groups include the Council of Chief State School Officers and the U.S. Department of Education. These meetings afford the Census Bureau the opportunity to stay informed about all major education data collections and issues, and allow for coordinating collection plans with other stakeholders.

The National Public Education Finance Survey (NPEFS), sponsored by the NCES, is the only other comprehensive collection of education finance data for the purpose of determining actual revenues and expenditures made by public school systems for elementary-secondary education. The NPEFS survey, however, obtains only state totals for revenue and expenditure items, while the F-33 data collection focuses on the individual school systems. To minimize duplication, the Census Bureau and NCES coordinate the collection efforts as closely as possible. The following actions are examples of this coordination:

- (1) The Census Bureau placed account numbers provided in the NCES financial accounting handbook beside the revenue and expenditure items on the Form F-33.
- (2) Census Bureau staff also serve as the data collection agents for the NCES' National Public Education Finance Survey (NPEFS). Both NPEFS and F-33 survey staff work in the same office, and such proximity allows for greater elimination of redundancy in data collection, and respondents now regard these two surveys as two phases of a single collection effort.
- (3) As part of the OMB No. 1850-0067 clearance package for the NPEFS form, in 2008, NCES prepared a comparison of the two surveys. A copy of the NCES comparison study is shown in Attachment B.

The National Education Association (NEA), a public interest group, annually asks the state education agencies to produce budget estimates of state totals for major revenue and expenditure categories. This NEA survey is different from those of the Census Bureau and the NCES as it is based on budget projections instead of actual financial reports from the school systems.

## 5. Minimizing Burden

Respondent burden is minimized by using central collection from state education agencies whenever possible. Local school officials are only asked to complete one supplemental form (asking for a maximum of six numbers) when adequate detail is not available at the state level.

As part of the effort to reduce reporting burden, the Census Bureau electronically reformats the school finance data in twenty-one states. Those twenty-one states simply provide the state-format data files to the Census Bureau. Respondents additionally have the option of submitting data, by local education agency, according to the NCES' fiscal handbook format. Because the NCES fiscal handbook format details each state revenue and expenditure item, files contain sufficient detail for the Census Bureau to recast into the Census Bureau (Form F-33) school finance format.

The core items on the current school district finance forms were first collected as part of the 1992 Census of Governments. Additional exhibit items pertaining to payments to private and charter schools, teacher salaries, and textbook expenditures were added in subsequent years. All variables on Form F-33 were developed through extensive consultations with state and local education officials, the NCES, and school finance experts in both the private and public sectors. Many respondents and data users have provided favorable comments about the comprehensiveness of this data set.

## 6. Consequences of Less Frequent Collection

Elementary-secondary education activity accounts for nearly 30 percent of all local government finances. Less frequent data collection for the data on the F-33 would impair the ability of the Bureau of Economic Analysis (BEA) to develop the Gross Domestic Product and assess public fiscal events. Such reduction in frequency would also seriously reduce the scope of the Census Bureau's annual report series on government finances. That series is the primary national source for describing the financial status of state and local governments and accounts for 12 percent of GDP.

Under the No Child Left Behind guidelines, there has also been a significant demand for additional information about elementary-secondary education. The increased demand for educational data is not only related to additional information, but also for more frequent assessments to monitor educational trends more closely. Monitored trends include such vital issues as school funding levels, equity, and school choice, all of which are based on the data of this collection. Less frequent collection would dramatically decrease availability of that data.

#### 7. Special Circumstances

There are no special circumstances relating to this request.

#### 8. Consultations Outside the Agency

Census Bureau staff consult frequently with data suppliers and users. See Attachment C for a list of individuals.

The published *Federal Register* of January 12, 2009, Volume 74, Number 7, Page 1170, contained a pre-submission notice inviting comments about the plans to submit this request. Two comments were received. We received one response to the Federal Register notice from the Bureau of Economic Analysis (BEA), in strong support of the program (see Attachment D). We received one comment generally opposing data collection.

#### 9. Paying Respondents

Respondents are not paid and are not provided with gifts.

#### 10. Assurance of Confidentiality

The data collected in this survey are from public records and do not require confidentiality. Respondents are advised of the voluntary nature of the survey in a cover letter signed by the Director of the Census Bureau.

### 11. Justification for Sensitive Questions

There are no sensitive questions in this data collection program.

### 12. Estimate of Hour Burden

Major reliance on various types of central data collection procedures precludes the use of a simple formula (number of units X average hours = total burden) to calculate respondent burden. With the exceptions of supplemental requests for assets and indebtedness information mailed to some local school districts, the respondents in this survey are the state education agencies. Respondent burden does not fluctuate according to the number of responses per state but instead by the central collection method each agency uses to provide data.

Table 1, below, shows the calculations of respondent burden according to central collection method, as well as the burden for individual systems reporting the supplemental asset and indebtedness forms. The estimated number of hours per respondent for the various forms was arrived at through consultation with our respondents in the state education agencies (SEAs).

Submission Method or Form Type	Number of Respondents	Estimated Hours Per Respondent	Estimated Total Respondent Burden Hours
Central Collection: Census-format	30	86	2580
Central Collection: SEA-format	21	14	294
Form F-33-1	51	0.25	13
Form F-33-L1	107	0.25	27
Form F-33-L2	1608	0.25	402
Form F-33-L3	1432	0.50	716
<b>TOTAL</b>	<b>3249</b>		<b>4032</b>

Average hours per respondent is 1.24 hours (4032 hrs/3249 respondents.)

Table 2, below, shows the calculation for the total annual cost to respondent, which is estimated to be \$90,723.25:

Submission Method or Form Type	Estimated Total Respondent Burden Hours	Estimated Cost Per Burden Hour *	Estimated Total Respondent Cost
Central Collection: Census-format	2580	\$23.10	\$59,598.00
Central Collection: SEA-format	294	\$23.10	\$6,791.40
Form F-33-1	13	\$23.10	\$300.30
Form F-33-L1	27	\$20.99	\$566.73
Form F-33-L2	402	\$20.99	\$8,437.98
Form F-33-L3	716	\$20.99	\$15,028.84
<b>TOTAL</b>	<b>4032</b>		<b>\$90,723.25</b>

\*Note for Table 2: “Estimated cost per burden hour” is based on data from the 2006 Annual Survey of Government Employment. The “estimated cost per burden hour” is derived from the total monthly pay for full-time state and local government employees reported at the Elementary and Secondary Education Total function and converted to an hourly rate assuming an average forty-hour week.

### 13. Estimate of Cost Burden

Other than time to respond, we do not expect respondents to incur any costs. The information requested is of the type and scope normally carried in government 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 customary business practices and not specifically required for this information collection.

### 14. Cost to Federal Government

The estimated cost to the Federal Government is included in the Census Bureau’s budgetary plans for the Annual Survey of Government Finance. For Fiscal Year 2009, that project is estimated to cost approximately \$5.8 million.

### 15. Reason for Change in Burden

The total number of respondents receiving the Forms F-33-L1 or L2 or L3 decreased by twenty due to one State respondent's ability to provide centrally data not previously available. Over the past three years, however, several different state respondents were unable to provide the data (whether debt or assets) they had been previously providing. The local district respondents from those States were therefore changed from the L1 or L2 (simple debt or assets request) to receive the L3 (combined assets and debt request). We have also reestimated downward the average time for central collection Census-Format method from 93 hours to 86 hours. The resulting estimated respondent burden increased by 23 hours from 4,009 hours to 4,032 hours as a consequence of the changes.

#### 16. Project Schedule

Major actions required for this data collection occur at approximately the same time each year. The months in which the actions occur appear below.

<u>ACTION</u>	<u>MONTH</u>
Initial mailout of forms and F-33-1 to state education agencies	December
Receive, edit, and correct data	Jan - Sept
Produce annual report and release data files	December

#### 17. Request to Not Display Expiration Date

The expiration date will be displayed on the forms.

#### 18. Exceptions to the Certification

There are no exceptions to the certification.