

1 Supporting Statement
U.S. Department of Commerce
U.S. Census Bureau
Quarterly Survey of Public Pensions
OMB Control Number 0607-0143
(F10)

Section A. Justification

1. Necessity of the Information Collection

Over 2.7 trillion dollars in public pension assets in the financial markets are controlled by a small number of large retirement systems. The 2007 Census of Governments identified 2,547 public retirement systems administered by state and local governments. The 100 largest systems, as measured by the system assets, account for about 90 percent of the total assets of all systems, based on the 2007 Census of Governments. The form is used to collect financial data from these 100 systems enabling policy makers and economists to follow the changing characteristics of these funds.

The Census Bureau proposes changing the name of the survey form from the Quarterly Survey of the Finances of Public Employee Retirement Systems to the Quarterly Survey of Public Pensions. The proposed change would simplify the survey name and promote the use of its data by highlighting pensions; the terminology that is most used.

A revision is being made to the section “Earnings on Investments.” The statement “*Net gain or loss on investments – Include both realized + unrealized gains (losses)*” will be modified for added granularity and to separate realized gains and losses from unrealized gains or losses. It will be divided into three parts: (1) realized gains on investments at book value, (2) realized losses on investments at book value, and (3) unrealized net gains (or losses) on investments at market value.

Additionally, federally sponsored agency securities including bonds and mortgage backed securities will be moved from “Corporate Bonds” to “Federal Government Securities” in the “Cash and Investments” section. The decision to revise this classification was reached after multiple meetings with economists from the Federal Reserve Board. The Federal Reserve Board uses these data to track the public sector portion of the Flow of Funds Accounts. It was determined that federally sponsored agency securities were better classified under Federal Government Securities instead of Corporate Bonds.

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 U.S. Census Bureau in 1968 at the request of both the Council of Economic Advisers 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 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 (BEA) uses these data 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 are also available on the Internet site here: <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 Statistical Quality Standards).

3. Use of Information Technology

There are only 100 participants in the survey panel and a limited number of data items. In the past, respondents received a mailout/mailback form and had the option of returning the form or reporting current quarter data and revisions for the two previous quarters electronically through the Government's Division electronic reporting instrument, Harvester. Up to 89 percent of the respondents have reported electronically, with only six respondents reporting through mail or fax. Starting with the first quarter of 2012, the Census Bureau will be collecting the data electronically through the Census Bureau's electronic reporting instrument, Centurion, which provides built-in edits. Respondents will receive an email reminder instead of a paper form to encourage them to report on time. The remaining six respondents who mail or fax their forms will continue to receive a paper form for this survey.

4. Efforts to Identify Duplication

This is a very small, limited scope survey. None of the frequent contacts with respondents, searches of the professional literature, or discussions with experts in this area has revealed any similar type of survey activity. While the annual counterpart to this survey, the Annual Survey of Public-Employee Retirement Systems collects the same information on an annual basis, the lag time for publication and reference period are much greater than for the Quarterly Survey of Public Pensions. Also, the target populations are different as this survey targets only the 100 largest retirement systems as of 2007 and its annual counterpart targets all retirement systems.

5. Minimizing Burden

The data requested are generally maintained by respondents. 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 are collected are similar and sometimes identical to 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, the BEA, and 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 in frequent 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. Multiple data user workshops were held from October 2009 to March 2010 with the Committee on National Statistics, the Federal Reserve System, the BEA, the state and local government data suppliers, and other data users. Consultations are held regularly with data users including:

Paul Smith
Federal Reserve Board
(202) 452-3132

Bruce Baker
Bureau of Economic Analysis
(202) 606-9663

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

Hank Kim
Executive Director
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 August 26, 2011. (Vol.76, No. 166, page 53402.) No comments have been received.

9. Paying Respondents

Respondents are not paid for providing their data.

10. Assurance of Confidentiality

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

The respondent receives a letter from the Director of the Census Bureau stating 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 consists of a panel of the 100 largest public retirement systems as determined by their total cash and security holdings reported in the 2007 Census of Governments. Our conversations with respondents indicate the average number of work hours required per response is .75 hours, or 45 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 approximately \$7,550 and was calculated as follows:

Number in survey panel	81 state systems	19 local systems
Frequency of response (quarterly)	4	4
Total annualized responses	324	76
Average number of work hours per response	<u>x 0.75</u>	<u>x 0.75</u>
	243	57
Estimated cost per burden hour*	\$25.07	\$25.53
Total annual cost to respondents	\$6,092.01	+ \$1,455.21

*Estimated hourly cost is derived from the average hourly pay for full-time employment for the financial administration function within the 2010 Annual Survey of Public Employment & Payroll.

13. Estimate of Cost Burden

The Census Bureau does 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 estimated to cost approximately \$55,000 each calendar quarter, or \$220,000 annually.

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 13-week cycle. Forms are mailed to the systems at the end of each calendar quarter, processed during the subsequent 13 weeks, and the information is released to the Internet at the end of that 13-week cycle.

17. Request Not to Display Expiration Date

The expiration date will appear on all forms.

18. Exceptions to the Certification

There are no exceptions to the certification.