

SUPPORTING STATEMENT
U.S. Department of Commerce
U.S. Census Bureau
Annual Survey of School System Finances
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 School System Finances (formerly named 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 State and Local Government Finances (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 2010, public elementary-secondary expenditures accounted for nearly 30 percent of local government spending and 35.8 percent of state government spending.

This comprehensive and ongoing, time series collection of local education agency finances maintains historical continuity in the state and local government statistics community. Elementary-secondary education related spending is the single largest financial activity of state and local governments. Education finance statistics provided by the Census Bureau allow for analyses of how public elementary-secondary school systems receive and spend funds. Increased focus on education has led to a demand for data reflecting student performance, graduation rates, and school finance policy – all of which are related to the collection of this local education finance data. 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 one letter and four forms covered by this clearance package to collect state and local government public education finance data for this long established data series.

Form F-33 Survey Announcement. This letter is mailed electronically 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 letter to plan for the processing of state education agency data submissions. A copy of the F-33 Survey Announcement is shown in Attachment A.

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 states data in one of two formats. Currently, 22 states provide the Census Bureau electronic copies of state-specific detailed education finance data files. The Census Bureau maintains programs for converting these data from the state agency format to the Census F-33 format. 27 states reformat state-specific data files into the Census Bureau's format prior to submitting the data electronically to the Census Bureau while 2 states provide a combination of both formats. A copy of the Form F-33 for fiscal year 2010 is shown in Attachment A.

Form F-33-L1. This form is a supplemental collection currently sent to the school systems in four states for the 2009-2010 survey cycle: Delaware, Florida, Nevada, and Rhode Island. In these four states, the education agencies collect adequate detail in all aspects of school finance except for assets. Respondents provide the asset data on this form, and are merged with the other data collected from the state education agencies. A copy of the F-33-L1 for fiscal year 2010 is shown in Attachment A.

Form F-33-L2. This form is a supplemental collection currently sent to the school systems in eight states for the 2009-2010 survey cycle: Connecticut, Georgia, Louisiana, Maine, Mississippi, Nebraska, Ohio, and Virginia. In these eight states, the education agencies collect adequate detail in all aspects of school finance except for indebtedness. Respondents provide the debt data on this form, and it is merged with other data collected from state education agencies. A copy of the F-33-L2 for fiscal year 2010 is shown in Attachment A.

Form F-33-L3. This form is a supplemental collection currently sent to the school systems in five states for the 2009-2010 survey cycle: Arizona, Connecticut, Massachusetts, Michigan, and Vermont. In these five states, the education agencies collect adequate detail in all aspects of school finance except for assets and indebtedness. This form 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 other data collected from state education agencies. A copy of the F-33-L3 for fiscal year 2010 is shown in Attachment A.

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 agency's state and local government finance collection and provide unique products for users of education finance data.

Bureau of Economic Analysis Statistics

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

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 spending in 2010, are currently incorporated into the local government statistics reported on the Annual Survey of State and Local Government Finances. The report 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 expects to release school finance data as part of its 2012 Census of Governments products.

The Census Bureau makes available a detailed files for all school systems from its Internet Web site, www.census.gov/govs/school/. That Web site currently contains data files and statistical tables for the 1992 through 2009 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 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 with the Census Bureau 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, NCES uses F-33 education finance files to publish annual reports on the fiscal 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 using File Transfer Protocol (FTP). We also collect supplemental debt and asset data using a web application as an additional option for respondents.

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 Financial Survey (NPEFS), sponsored by 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 their collection efforts as closely as possible. The following actions are examples of this coordination:

- (1) The Census Bureau placed account numbers provided in 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.

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 nine 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 27 states. These 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, textbook expenditures, and the American Reinvestment and Recovery Act of 2009 (ARRA) were added in subsequent years. All variables on Form F-33 were developed through extensive consultations with state and local education officials, 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 spending. 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 the state of public finances. 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.

Increased demand for financial education data is related to frequent assessments of trends. These trends include 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. Our consultants are found in Attachment C.

The published *Federal Register* of March 26, 2012, Volume 77, Number 58, Page 17407, contained a pre-submission notice inviting comments about the plans to submit this request.

We received one response to the Federal Register notice from the Bureau of Economic Analysis (BEA), in strong support of the program (see Attachment B).

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. In addition to this fact, we inform respondents that their response is voluntary in letters that cover each collection of information.

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 the 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 | 29 | 86 | 2494 |
| Central Collection: SEA-format | 24 | 14 | 336 |
| F-33 Survey Announcement | 51 | 0.25 | 12.75 |
| Form F-33-L1 | 107 | 0.25 | 26.75 |
| Form F-33-L2 | 1736 | 0.25 | 434 |
| Form F-33-L3 | 1285 | 0.25 | 321.25 |
| TOTAL | 3232 | | 3624.75 |

Average hours per respondent is 1.12 hours (3624.75 hrs/3232 respondents.)

| Submission Method or Form Type | Estimated Total Respondent Burden Hours | Estimated Cost Per Burden Hour * | Estimated Total Respondent Cost |
|-----------------------------------|---|----------------------------------|---------------------------------|
| Central Collection: Census-format | 2494 | \$23.61 | \$58,883.34 |
| Central Collection: SEA-format | 336 | \$23.61 | \$7,932.96 |
| F-33 Survey Announcement | 12.75 | \$23.61 | \$301.03 |
| Form F-33-L1 | 26.75 | \$21.82 | \$583.69 |
| Form F-33-L2 | 434 | \$21.82 | \$9,469.88 |
| Form F-33-L3 | 321.25 | \$21.82 | \$7,009.68 |
| TOTAL | 3624.75 | | \$84,180.58 |

*Note for Table 2: “Estimated cost per burden hour” is based on data from the 2010 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 budget plans for the Annual Survey of Government Finances. For Fiscal Year 2012, the project is estimated to cost approximately \$5.8 million.

15. Reason for Change in Burden

The total number of respondents receiving forms F-33-L1, F-33-L2 or F-33-L3 decreased by nineteen due to one state respondent’s ability to provide centrally data not previously available. Over the past three years, however, several state respondents have been unable to provide the data (whether debt or assets) they previously provided. As a result, the local district respondents from these states have been changed from form F-33-L1 or F-33-L3 (combined assets and debt request) to receive form F-33-L2 (simple debt or assets request). Estimated average time for central collection Census-format method remains at 86 hours. Due to fewer respondents, the total estimated respondent burden decreased by 407.25 hours from 4,032 hours to about 3,624.75 hours.

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.

ACTION

Initial mailout of forms and F-33 Survey Announcement
to state education agencies

MONTH

January

Receive, edit, and correct data
Produce annual report and release data files

March - Feb
May

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.