SUPPORTING STATEMENT
U.S. Department of Commerce
U.S. Census Bureau
State and Local
Government Finance Forms
OMB Control No. 0607-0585

Part B. Collection of Information Employing Statistical Methods

1.Universe and Respondent Selection

For our Annual Survey of Local Government Finances, we use an estimated sample size of about 11,000 non-school local governments selected with probability proportional to size in order to estimate data for governments other than school districts[1]. For 2014, the estimated sample distribution for non-school local governments will be as given in Table 4 supplemented with samples of births each year.

Table 5. Sample and Universe Counts of Non-Education Local Governments		
Type of Government	**Estimated Sample (For Fiscal Year 2014 Survey)**	**2012 Universe**
Counties	1,781	3,031
Municipalities	3,507	19,519
Townships	1,066	16,360
Special Districts	4,503	38,266
Total	10,857	77,176

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1   [1] Elementary and secondary school system finance data are collected under authority of a separate submission; see OMB clearance 0607-0700, expiration date 07/31/2015. The elementary and secondary education finance data collection is a joint undertaking of the National Center for Education Statistics and the Census Bureau. The survey coverage for this annual activity is the universe of elementary and secondary education systems. This coverage allows both agencies to fulfill their missions. For years in which we conduct a Census of Governments, such as 2012, we use the universe data. For years in which we are conducting a sample survey, such as 2014 - 2016, we use the universe for independent school systems. For dependent school systems – those that are not a separate government, but which we classify as part of a general purpose government – we use the government units chosen in the non-school local government sample.

The estimated sample of 10,857 non-school governments for the 2014 - 2016 annual surveys are a state-by-type of government sample that will be selected from the universe of the 2012 Census of Governments.

For our public employee pension systems, Forms F-11 and F-12, we will use a sample of 4,004 state and local pension systems selected with probability proportional to size in order to produce state area estimates at the state and local level. This sample is supplemented each year with a sample of births.

Table 6. Sample and Universe Counts of Public Employee-Pension Systems		
Level of Government	Estimated Sample for Fiscal Year 2014 Survey	Universe
State Systems	227	227
Local Systems	1,600	4,004

The unit response rates for the 2011 1Annual Survey of Local Government Finances, our most recent completed survey, were:

- for county governments 95.3%;
- for cities 95.3%
- for township governments 94.1%; and
- for special district governments 79.9%.

The overall response rate for the 2011 1Annual Survey of Public Pensions was 70.1%. The weighted response rate was 98.6%.

The Annual Survey of State Government Finances is a full data canvass of all 50 states and dependent agencies. The unit response rate for 2012 was 100%.

2. Procedures for Collecting Information

Sampling

The Annual Survey of Local Government Finances for the 2014 - 2016 surveys will use a state-by-type of government stratified probability proportional to size sample drawn from the 2012 Census of Governments. The initial certainty criteria are as follows:

i)   All county governments with a 2012 population of 500,000 or more;
ii)   All cities with a 2012 population of 200,000 or more;
iii)   All special districts that satisfy the following condition:
           It has a function code designating it as providing mortgage credit

Non-certainty units are selected as follows:
We define the size variable for the sample selection. The size variable for the finance survey is the maximum of total expenditure, or long-term debt. Excluding all certainties, we group remaining government units by the unit size variable. If the size variable is zero, then they belong to the "no activity" stratum. Otherwise, they belong to the stratified probability proportional (PPS) universe. A PPS sample is conducted by state and government types. For some townships and special districts, we further apply a modified cut-off sample methodology when the stratum meets some conditions such as 1) total stratum sample size is more than 40; and 2) sample sizes in the size-based strata are more than 18.

Between sample redesigns, we supplement the sample with a sample of births. We take all general purpose governments and add them as births to the sample. For special district births, we apply a systematic sample method by function code and state with a sample rate of 1 in 25.

The Annual Survey of Public Pensions for 2014 - 2016 will use a state area by level (state-local) sample drawn from the 2012 Census of Governments. The initial certainty criteria are as follows:

1) All state government pension systems;
2) Local systems with total holdings and investments of $50 million or more;
3) Local pension systems of very large general purpose governments; and
4) Local systems with total earnings on investments greater than $8 million, or total benefits paid and withdrawals greater than $15 million.

Non-certainty units are selected for the sample based on a probability proportional to size, where the size variable for the pension survey is total holdings and investments. A final sample of 799 individual pension plans was selected, of which 227 were state plans.

Estimation Procedure

The survey calculations will employ a model adaptive method to estimate aggregated level such as general sales, selective sales, liquor stores revenue, current operation, capital outlay, education, health, highways, and so on, and then apply an indirect synthetic estimation method to project the total for detailed viewable and downloadable variables. Pension Survey estimates are developed using a simple design-based unbiased estimator, the Horvitz-Thompson.

Degree of Accuracy

State Area Estimates of Local Government Totals. For state area estimates of only local government totals, the finance sample is designed to produce totals with a relative standard error of three percent or less or five percent or less on the following 11 major financial items:

Three percent or less:
- Long-term debt outstanding
- Total revenue
- Total expenditure
- Criminal justice expenditure

Five percent or less:
- Education expenditure
- Highways expenditure
- Health expenditure
- Housing expenditure
- Total capital outlay expenditure
- Utilities expenditure
- Welfare expenditure

State Area Estimates of State and Local Government Totals. With the addition of state government data to the local government information, the finance sample for survey generally yields state area estimates with a relative standard error of one percent or less on total revenue and total expenditures and under two percent for long-term debt outstanding.

State Area Estimates of State and Local Pension Systems. For state area estimates of state and local pension systems, the sample is designed to produce totals with a relative standard error of three percent or less on total cash and security holdings of public employee pension systems.

Unusual Problems

None.

Use of Periodic Data Collection Cycles

These data are critical components for calculating the National Income and Product Accounts, which require a minimum of annual data.

3. Methods to Maximize Response

We use several methods and resources to maximize response in the collection of government finance data, including: follow-up mailings; telephoning nonrespondents; central data collection agreements; and Internet data collection.

4. Tests of Procedures or Methods

Over the past several years, the Census Bureau has conducted record keeping practice studies and cognitive testing to examine the financial activity of state and local governments, and public employee pension systems. The results of the cognitive testing and record keeping practice studies have been incorporated into survey questionnaires where feasible. The Census Bureau will continue to test survey questionnaires as needed when planning questionnaire changes.

5. Contacts for Statistical Aspects and Data Collection

Bac Tran (301-763-1937) Chief, Program Research Branch, Governments Division, monitored the statistical aspects of the sample design. Jeff Barnett (301-763-2787), Chief, Local Government Finance and Statistics Branch, Governments Division, is available to answer any data collection questions.

List of Attachments

    (1) Cover Letters
    (2) Supplemental data letters
    (3) Pension system canvass letter
    (4) Forms F-5, F-11, F-12, F-12(S), F-13, F-28, F-29, F-32
    (5) Electronic response flyers
    (6) Advance and follow-up post cards
    (7) State and local government flyer
    (8) Pension system flyer
    (9) Federal Register Notice response letter