

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

Part A. Justification

1. Necessity of Information Collection

Title 13, Section 161, of the United States Code requires the Secretary of Commerce to conduct a census of governments every fifth year. Section 182 allows the Secretary to conduct annual surveys in other years. These authorizations include, but are not limited to, collecting and disseminating, "data on taxes... governmental receipts, expenditures, indebtedness...of states, counties, cities and other governmental units."

This program is the only known comprehensive source of state and local government finance data collected on a nationwide scale using uniform definitions, concepts, and procedures. The Census Bureau implements this program through conducting a full census every five years (years ending in 2 and 7) and annual sample surveys in the interim years. The Census Bureau has conducted the Census of Governments every five years since 1957 and phased in the annual surveys over the subsequent years.

Currently, we are requesting approval to conduct the 2017 Census of Governments: Finance component and the 2018 and 2019 Annual Survey of State Government Tax Collections, Annual Survey of State Government Finances, the Annual Survey of Local Government Finances, and the Annual Survey of Public Pensions. These surveys collect data on state government finances and estimates of local government revenue, expenditure, debt, assets, and pension systems nationally and within state areas. Data are collected for all agencies, departments, and institutions of the fifty state and approximate 77,000 local governments (counties, municipalities, townships, and special districts) during the census years, and for a sample of the local governments (approximately 11,000) for the survey years. An additional 13,000 units of school districts are covered in a separate request.

Over the past several years, the programs covered by this request have moved towards eliminating collection by paper form as much as possible. Throughout this submission, the word "form" refers to the digital version of the form accessed by respondents using our online collection instrument rather than a paper form. The only exception to this is the F-13 form, which is still sent as a paper form because the small number of respondents did not justify the cost of converting it to an electronic form. To display form content, attached to this submission are the worksheets made available to respondents via download to assist in filling out their respective form online (Attachment 3). Below is a short description of each the forms utilized in our general collection methods:

F-5. State governments provide detailed data on their tax collections using a spreadsheet that they receive via e-mail. Much of this detail is not available in the state's primary source document. An attachment is included with the email providing the respondent with the OMB approval number, authority and confidentiality statements, and burden estimate.

F-11 and F-12. State and local government pension systems provide data on their receipts, payments, assets, membership, and beneficiaries. The actuarial content of the F-11 and F-12 forms is in the process of being reviewed to remove outdated questions and replace them with questions that are more relevant based on current accounting standards and data user interest. The current burden estimates of 2 hours for F-11 and 2.5 hours for F-12 are not expected to change because of these updates. These forms are completed online via electronic collection instrument.

F-13. State agencies provide data not included in the audits, electronic files and other primary sources the Census Bureau uses to compile state government financial data. Form F-13 is used to collect data from state insurance trust systems. Respondents to this survey receive a paper form.

F-28. Counties, cities, and townships provide data on revenues, expenditures, debt, and assets. These forms are completed online via electronic collection instrument.

F-29. Multi-function special district governments provide data on revenues, expenditures, debt, and assets. These forms are completed online via electronic collection instrument.

F-32. Single-function special district governments and dependent agencies of local governments provide data on revenues, expenditures, debt and assets. These forms are completed online via electronic collection instrument.

In addition to these more traditional collection methods, the Census Bureau also collects electronic data files through arrangements with state governments, central collection arrangements with local governments, and using customized electronic reporting instruments.

One item to note, as this submission also includes the request to conduct the full canvass Census as well as the annual sample surveys, the estimated burden hours will be substantially more than the previous submission.

2. Needs and Uses

These data are widely used by Federal, state, and local legislators, policy makers, analysts, economists, and researchers to follow the changing characteristics of the government sector of the economy. The data are also widely used by the media and academia.

More specifically, the Census Bureau provides its state and local government finance data annually to the Bureau of Economic Analysis (BEA) for use in measuring and developing estimates of the government sector of the economy in the National Income and Product Accounts. The Census Bureau also provides these data to the Federal Reserve Board for constructing the Flow of Funds Accounts.

Additionally, the state and local government data are also needed as inputs into the Justice Expenditure and Employment Extract Series, produced by the Bureau of Justice Statistics, and the National Health Expenditure Accounts produced by the Centers for Medicare and Medicaid Services. The data are also published annually in the Digest of Education Statistics produced by National Center for Education Statistics, the Economic Report of the President produced by the Council of Economic Advisors, and the source data are used as input into the State and Local Governments Fiscal Outlook published by the Government Accountability Office. In addition, the data are used by the National Science Foundation as inputs into the State government R&D expenditures.

In recent years, state and local government financial information has garnered significant media attention and policy coverage. As such, timely state and local government finance data are critical in light of current financial conditions of state and local governments, as they provide insight into the complex nature and fiscal health of state and local government finances.

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.

Beginning with the 1993 annual data series, all data, summary tables, and files have been released on the Internet. At the Internet site, (census.gov/govs/) users will find documentation, summary tables and files.

3. Use of Information Technology

The state and local government finance program relies heavily on information technology to collect and process data. The Census Bureau uses two different electronic modes for obtaining these data: collecting electronic information via Internet form submission and collecting electronic data files in various formats.

The Census Bureau has developed software allowing respondents to provide the finance information via the Internet, enhancing response and improving quality. All local

government finance and public employee pension forms (F-11, F-12, F-28, F-29, and F-32) are completed over the Internet. Only state government finance collections are an exception due to the small number of respondents. State governments are emailed a spreadsheet for the annual Survey of State Government Tax Collections (F-5) and respondents for the F-13 form for State Insurance Trust Systems are sent paper forms.

There are 3 general types of electronic data files received by the state and local government finance programs: central collection files for locals, individual spreadsheets/ from local governments, and state (and large local) level electronic data collection

The Census Bureau has a wide variety of cooperative data collection and data sharing arrangements with officials in 26 states, referred to as central collection arrangements. In these cases, instead of mailing survey questionnaires listed above to individual local governments, we have collaborated with the state to collect local government financial information that benefits the state and the Census Bureau. These central collection arrangements include: (1) using state-mandated reports on local government finances; (2) assisting states in establishing statewide uniform local government financial reporting systems; and (3) sharing Census Bureau collected and processed data with state officials. These arrangements involve a variety of methodologies and technologies. In some cases, data are collected by the state and then shared with the Census Bureau. In other instances, the Census Bureau collects the data and transmits the combined data to the state. In either case, data are transmitted between the Census Bureau and the states in a wide variety of electronic modes to best fit the technology requirements of both.

Second, in several instances the Census Bureau has developed software that facilitates local governments in reporting required financial information to their state governments and this has, in turn, allowed the Census Bureau quicker electronic access to data and improved timeliness in our tabulations.

Third, for the largest local governments and all state governments, we have developed software that allows governments to submit their internal financial transaction files. These electronic files contain data for the fiscal year summarized within their accounting codes structure. Utilizing this software application, Census Bureau analysts can examine and crosswalk the data into the Census Bureau classification system. This substantially reduces the respondent burden, increases response, and provides better quality data. Examples of letters and emails used to request this information from large local governments and state governments are included in Attachment 1.

4. Efforts to Identify Duplication

The Census Bureau uses five principal strategies to minimize duplication: central collection research; a continuous review of existing commercial and state data sources; contacts with other Federal agencies; feedback from data users; and feedback from data suppliers.

Central Collection Research

Our central collection agreements and research provide feedback about the availability of potential state data sources. This program requires an annual detailed maintenance review with our state and local government respondents. This helps us stay current concerning possible alternative data sources and, therefore, eliminate duplication of effort. We encourage states to join with us in joint data collection arrangements to minimize duplication.

Existing Commercial and State Data

We access many governmental debt data sources disseminated by governments and commercial entities, such as Thomson Financial and the American Hospital Association guide to identify duplication. We obtain these data in both printed and electronic formats. In limited instances, data on the issuance of public debt may be utilized. Further, our review of research literature alerts us to other potential sources of information, both commercial and government-generated.

Other Federal Agencies

We have frequent contact with other Federal statistical agencies, such as the National Center for Education Statistics, the BEA, the Department of Labor, and the Federal Reserve Board. In some instances, the Economic Directorate is conducting reimbursable surveys for these agencies and in others we receive inquiries about the availability of data. These contacts make us aware of the existence of other Federal government information we might be able to use and, therefore, ensure that there is no duplication. Additionally, we utilize Department of Education higher education data from the Integrated Postsecondary Education Data System and local government elementary and secondary school data collected by another Census Bureau program.

Feedback from Data Users

Data users often provide information about alternative data sources. Researchers have unique accessibility to our survey data detail because there are no data confidentiality restrictions. In reconciling local data sources to our survey detail, they present data alternatives, and we analyze these sources. As a result, we receive current and useful information about alternative data sources. In addition, in September 2016 the Public Sector Statistics area of the U.S. Census Bureau hosted the inaugural Census Bureau Government Finance Statistics Conference to solicit feedback from major data users.

Feedback from Data Suppliers

In recent years, we have participated in outreach efforts to local governments to research their record keeping practices. These efforts involve visiting various types of state and local governments (counties, municipalities, townships, and special districts) in different regions of the country.

5. Minimizing Burden

Given the voluntary nature of these surveys, minimizing burden is fundamental to assure an adequate response rate. We use three methods primarily – customizing forms, developing central collection arrangements, and encouraging electronic reporting – which we describe in detail below. Some of this description reflects previous discussions in sections A.3 and A.4.

Tailored Forms

We tailor forms for specific types of governments and activities so that the information and wording reflect as closely as possible what a government does. For example, most special district governments provide a single service and have a relatively simple revenue stream. Form F-32 mirrors this minimal financial structure. Form F-29, also a form designed for special districts, requests greater detail from special district governments that deliver multiple services and, therefore, are more financially complex. Forms F-11 and F-12 capture information government financial activity within public employee retirement systems.

Central Collection

As part of our collection methodology, we access and compile data disseminated by the governments themselves or other data compilers where available. The central collection and state cooperative data collection programs, described above in Section A.4, are a

major part of this effort. These data sharing programs minimize the burden imposed. The data we access in the cooperative arrangements are part of reporting systems mandated by state governments on their local governments. Any burden we might have imposed on respondents is reduced to the effort the states exert to share already collected data. In addition, the state data systems almost always have a far more detailed structure than the Census Bureau system requires. Because we collect and disseminate data based on standardized categories, this eliminates any additional burden involved in differentiating between unique individual reporting systems.

Electronic Reporting

We enable and encourage governments to report electronically. This activity has several strands already discussed in Section A.3: information we collect electronically through central collection arrangements, Internet collections, and state large government electronic collections. All of these minimize burden.

Small Government Sample Selection

For the Annual Survey of Local Government Finances, we define the size variable for the sample selection. The size variable for the survey is the maximum of total expenditures and a ratio-adjusted second variable, which depends on the local government type. For county governments, the total taxes is used; for cities and townships, the total revenues is used; and for special districts, the total long-term debt is used. 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 probability proportional to size (π_{PS}) universe. A stratified π_{PS} is conducted by state and local government type. For some townships and special districts, we further apply a modified cut-off sample methodology, where subsampling is performed to reduce the number of non-contributory sub-counties and special districts in the sample. When sampling births, we take all units for general purpose governments. In years with a large numbers of special district births, we apply a systematic sample method by function code and state and then add the selected births to the sample; otherwise, all special district births are added to the sample. As a result of our methodology, the number of smaller governmental units in the sample is reduced.

6. Consequences of Less Frequent Collection

Less frequent collection would greatly impair the ability of important users to understand, forecast, and respond to the dynamics of governmental fiscal activity. Specifically, the BEA would be forced to rely on a variety of extrapolators and trend estimates. These

methods lead to estimation errors, which compound over time. In previous years, corrections to the National Accounts have occurred in the state and local government sector because the timing of the current data system lags. The BEA has requested more timely data collection to help them better analyze the changing dynamics of public sector finances. Less frequent collection would be counterproductive, impairing analysis for not only the BEA, but also the Council of Economic Advisors, the Federal Reserve Board, the Government Accountability Office, the National Center for Education Statistics, and the Centers for Medicare and Medicaid Services.

7. Special Circumstances

There are no special circumstances relating to this request.

8. Consultations Outside the Agency

Federal Register

We published a notice in the November 3, 2016 issue of the Federal Register inviting comments on our plans to submit these forms to OMB for review (Vol. 81 page 76553-76554). We received comments from The George Washington University's Institute on Public Policy expressing support of these data collections as "essential for public policy and economic research." (Attachment 4) They also expressed concern about the possibility of inconsistent data quality due to a mixture of some respondents completing the questionnaire while other respondents submit their Consolidated Annual Financial Reports (CAFRs) as a response instead. Analysts review both survey responses and CAFRs to ensure that government activities are in accordance with our Classification Manual. Analysis is focused on ensuring the most accurate estimates by state and type of government however, rather than producing an accurate time series to compare individual units.

Outside Consultations

Contact	Organization	Phone
Jeffrey Barnett	Bureau of Economic Analysis	(301) 278-9663
David Lenze	Bureau of Economic	(202) 606-9292

	Analysis	
Donald Boyd	Rockefeller Institute of Government	(518) 677-5011
Robert Dinkelmeyer	Government Accountability Office	(202) 512-7281
Paul Smith	Federal Reserve Board	(202) 452-3130
Susan McIntosh	Federal Reserve Board	(202) 452-3484
Matthew Hoops	Federal Reserve Board	(202) 475-6613
Andrew Haughwout	Federal Reserve Board NY	(212) 720-2685
Tracy Gordon	Urban Institute	(202) 395-3997
Elliot Dubin	Multi-state Tax Commission	(202) 624-8699
Ron Fisher	Michigan State University	(517) 355-7583
Kim Rueben	Urban Institute/Tax Policy Center	(202) 261-5662
Partha Lahiri	University of Maryland	(301) 314-5903
Jun Shao	University of Wisconsin-Madison	(608) 262-7938
Eric Slud	University of Maryland	(301) 405-5469
Alex Brown	National Association of State Retirement Administrators	(860) 235-9462
John Mikesell	Indiana University	(812) 855-0732
Andrew Reamer	George Washington University	(202) 994-7866

Note: The opinions that were provided by outside consultants were provided individually and not as part of a group consensus or for purposes of providing a group consensus.

Every effort is made to solicit and receive comments from data users on a regular basis. In November of 2016 the Public Sector Statistics area of the U.S. Census Bureau hosted the inaugural Census Bureau Government Finance Statistics Conference to solicit feedback from major data users. The conference was held to ensure the relevancy and usability of the State and Local Government Finances Surveys as well as other Public Sector programs.

9. Paying Respondents

We do not pay respondents or provide them gifts.

10. Assurance of Confidentiality

The data collected in these surveys are all from public records and do not require confidentiality. Respondents canvased in the surveys are informed that the data are not confidential in nature and reporting in the survey is voluntary. The information is disclosed using several means including Census Bureau letters, survey questionnaires, email attachments, and electronic reporting instruments.

11. Justification for Sensitive Questions

There are no sensitive questions in this data collection program.

12. Estimate of Burden Hours

The Census Bureau requests an annual response from state agencies and local governments on the forms itemized below. The time per response varies according to the complexity of each form. "Estimated work hours per response" are based on the historical results of our cognitive testing, other conversations with respondents, and tracking Census Bureau staff member's efforts to compile data onto forms from audit reports provided by respondents.

Table 1 contains the estimated respondent burden for the 2017 Census of Governments (universe):

**Table 1. Census of Governments: Finance
Respondent Burden – 2017**

Form/Letters	Number of Respondents	Estimated Average Hours per Respondent	Estimated Respondent Burden Hours

F-5	50	3.5	175
F-11	6,475	2	12,950
F-12	299	2.5	748
F-13	72	1.0	72
F-28	13,598	6.0	81,588
F-29	4,429	3.0	13,287
F-32	28,957	1.5	43,436
Central Collection	26	24	624
State Level Electronic Data Collection	73	1	73
Supplemental Data Collection	315	1	315
Total	54,294	N/A	153,268

**Table 2. Annual Surveys of State and Local Government Finances
Respondent Burden – 2018-2019**

Form/Letters	Number of Respondents	Estimated Average Hours per Respondent	Estimated Respondent Burden Hours

F-5	50	3.5	175
F-11	1,774	2	3,548
F-12	299	2.5	748
F-13	72	1.0	72
F-28	3,171	6.0	19,026
F-29	929	3.0	2,787
F-32	5,815	1.5	8,723
Central Collection	26	24	624
State Level Electronic Data Collection	73	1	73
Supplemental Data Collection	315	1	315
Total	12,254	N/A	36,091

Table 3. Respondent Financial Burden		
The Annual Cost to Respondents 2017 Census of Governments		
T	Total estimated burden hours	153,268
Es	Estimated cost per burden hour*	\$25.94
To	Total estimated cost to respondents**	\$3,975,772
The Annual Cost to Respondents – 2018-2019		
T	Total estimated burden hours	36,091
Es	Estimated cost per burden hour*	\$25.94
To	Total estimated cost to respondents**	\$936,201

*Estimated cost per burden hour is based upon data from the 2015 Annual Survey of Public Employment and Payroll. The number was derived from the total for full-time Financial Administration pay divided by the number of full-time Financial Administration employees in a month given a 40-hour workweek. **This cost was rounded up to the nearest dollar.

The average of the computation of total respondents is the summation of the three fiscal years divided by three $(54,294 + 12,524*2)/3 = 26,447$.

The average of the computation of total respondent burden hours is the summation of the three fiscal years divided by three $(153,268 + 36,091*2)/3 = 75,150$.

13. Estimate of Cost Burden

We do not expect respondents to incur any costs other than that of their response time. The information requested is of the type and scope normally carried in government financial documents 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 estimated cost to the Federal Government to conduct the Annual Surveys of State and Local Government Finances for fiscal year 2017 is \$4,805,677. The cost of conducting this survey in subsequent fiscal years will approximate these costs. The estimated total budgetary cost to the Federal Government for the 2017 Census of Governments is \$56,017,445. This total cost includes the three phases of this project (Organization, Employment and Finance) and covers five federal fiscal years (2015-2019).

15. Reason for Change in Burden

This request includes the finance portion of the 2017 Census of Governments, which occurs every five years and covers the universe of approximately 77,000 governmental units compared to the roughly 11,000 units covered in each of the sample years. The previous request did not include a Census, and thus the burden was significantly less.

The burden estimates in this request are slightly different from those in the pre-submission notice due to more accurate sample sizes.

16. Project Schedule

Table 4. Annual Surveys of State and Local Government Finances – FY2017		
Timetable		
<i>(Note: Other annual survey years follow a similar schedule)</i>		
D	Date or Period(Month/Year)	Activity
	05/2017	C Complete design of mailout/mailback forms
	09/2017 - 12/2018	C Collect and process central collection data
	09/2017	P Print forms
	9/2017	Di Initial request for mailout/mailback forms