

U.S. Department of Commerce
U.S. Census Bureau
OMB Information Collection Request
Quarterly Survey of Public Pensions
OMB Control Number 0607-0143
(F10)

Section A. Justification

1. Necessity of the Information Collection

The Quarterly Survey of Public Pensions, provides a rich source of data on public retirement systems administered by state and local governments in the United States. Data have been collected since 1968. Over 3.7 trillion dollars in public pension assets in the financial markets are controlled by a small number of large retirement systems. The frame for the 2012 Census of Governments identified 3,992 public retirement systems administered by state and local governments and 5,529 were identified in the 2017 Census of Governments. The 100 largest systems, as measured by the system assets, account for about 88.4 percent of the total assets of all systems, based on the 2012 Census of Governments. The panel will be updated in 2019 based on the results of the 2017 Census of Governments. The Quarterly Survey of Public Pensions is used to collect data on the assets, revenues and expenditures of the 100 largest systems.

Title 13, U.S.C., Section 161 requires the Secretary of Commerce to conduct a census of governments every fifth year. Title 13, U.S.C., Section 182 allows the Secretary to conduct annual and quarterly surveys in other years.

Currently, we are requesting approval to conduct the 2019, 2020 and 2021 Survey of Public Pensions. The Quarterly Survey of Public Pensions enables policy makers and economists to follow the changing characteristics of pension funds. Additionally, it provides a more detailed and more timely subset of the data published in the Annual Survey of Public Pensions.

Discussions with the Federal Reserve Board, data providers, and literature review have revealed that there is little interest in the measurement of revenue and benefits on a quarterly basis. Many systems do not produce these data quarterly. Obtaining these data requires consultation with multiple offices and the finalization of these data often lag behind asset data. Additionally, there is burden on data providers to produce these data quarterly. Therefore, we are proposing a realignment of content. We request approval to modify the current questionnaire (Attachment 4) to focus on the asset base of public employee retirement systems and to remove measurement of revenue and benefits from the quarterly program. The proposed survey removes Questions 2, 3 and 4 concerning revenue and benefits, while adding more detail on asset holdings. Attachment 1 reflects the final added content but is not yet formatted to fit into the Centurion instrument, where it will replace Question 5. Once the instrument has been reformatted, we will submit it to OMB as a non-substantive change to this collection.

2. Needs and Uses

This survey was initiated 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 defined benefit public employee 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. Additionally, the data are used by a variety of government officials, academics, students and non-profit organizations to analyze trends in public employee retirement and the impact of retirement obligations on the fiscal well-being of state and local governments.

The survey will provide greater focus on the asset composition of the largest systems. These data are already produced for existing internal and external needs, and most closely align with the needs of the Federal Reserve Board. Additionally, the related Annual Survey of Public Pensions (0607-0585) will continue to provide a robust collection of revenue and benefit data on a fiscal year basis. These data items are in demand on an annual basis and are already created for internal and external purposes by most all systems as they are required items in Comprehensive Annual Financial Reports (CAFRs).

Summary tables of the information collected are released quarterly on the Internet. Documentation and explanatory materials are also available on the Internet site here: <https://www.census.gov/programs-surveys/qspp.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). 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.

3. Use of Information Technology

All requests to respond are sent electronically and all respondents report electronically.

4. Efforts to Identify Duplication

Frequent contacts with respondents, searches of the professional literature, and discussions with experts in this area has revealed and ensures the absence of duplication. The annual counterpart to this survey, the Annual Survey of Public-Employee Pension Systems collects similar information on an annual basis. The Quarterly Survey was created to provide more timely data than the annual was capable of producing so content did overlap intentionally. Changes in data user needs, record keeping practices and survey processing have led to a reduction in needed overlap between the two surveys, as they can now focus on divergent subject matter. The Quarterly Survey of Public pensions can focus more on the changing asset mix of pension systems, while the Annual Survey of Public pensions can focus more on the revenues, benefit payments, and characteristics of plans.

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 proposed categories of data that are collected are similar and/or 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, 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 June 2016 to February 2018 with 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:

Flow of Funds Section
Federal Reserve Board
(202) 452-3132

State and Local Government Branch
Bureau of Economic Analysis
(202) 606-9663

There are no unresolved issues as a result of these consultations. All consultations were held for the purpose of obtaining individual opinions and not for purpose of obtaining a group consensus.

A notice inviting comment on plans to submit this request was published in the Federal Register on August 14, 2018. (Vol.83, No. 157 page 40224.) We received a letter of support from the Bureau of Economic Analysis in response to the notice (Attachment 5). Data items collected through the modified instrument would be made available to BEA and other users within two quarters of collection close, which would on average be more timely by six months to a year compared to the annual collection.

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.

Respondents are informed on the collection instrument that the survey is voluntary and not confidential.

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 2012 Census of Governments. 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.

It is expected that the redesigned questionnaire will have a similar total burden based on preliminary testing and opinions of respondents. Formal cognitive testing scheduled for November and December 2018 will verify if these assumptions are true.

| <i>Average Number of Respondents Counts And Burden Hours</i> | | | | |
|--|--|-------------------|-------------------|--------------|
| | | <i>Local Sys.</i> | <i>State Sys.</i> | <i>Total</i> |
| <i>Number in survey panel</i> | | 81 | 19 | 100 |
| <i>Frequency of response (quarterly)</i> | | 4 | 4 | |
| <i>Total annualized responses</i> | | 324 | 76 | 400 |
| <i>Average number of work hours per response (.75 hrs)</i> | | 243 | 57 | 300 |

The annual cost to the respondent panel is estimated to be approximately \$9,703.32 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* | \$32.96 | \$29.72 |
| Total annual cost to respondents | \$8,009.28 | + \$1,694.04 |

*Estimated hourly cost is derived from the average hourly pay for full-time employment for the financial administration function within the 2016 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 \$100,000 each calendar quarter, or \$400,000 annually and is not expected to change significantly during this authorization period. The costs include the costs of data collection, processing, data review, tabulation and publication with allocations to overhead and support staff included.

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. Data requests are e-mailed to the systems at the beginning 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 continue to appear on the collection instrument.

18. Exceptions to the Certification

There are no exceptions to the certification.