

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

Part A. Justification

1. Necessity of Information Collection

The Census of Governments - Finance and its related Annual Surveys of State and Local Government Finances are comprised of the Annual Survey of State Government Finances, Annual Survey of Local Government Finances, Annual Survey of State Tax Collections and Annual Survey of Public Pensions. These surveys collect data on state government finances; estimates of local government revenue, expenditure, debt, and assets; and pension systems nationally and within state areas. The Census of Governments - Employment and Annual Survey of Public Employment and Payroll collect state and local government data on full-time and part-time employment, and payroll statistics by governmental function. The Census Bureau implements these programs through a full census every five years (years ending in '2' and '7'), every five years since 1957, and the annual sample of state and local governments in the intervening years, with a new sample selected every five years (years ending in '4' and '9'). Content on the census and annual surveys is the same, the only difference is the number of governmental units selected. This clearance and all future clearances will combine all Census of Governments programs and their related Annual programs, which were previously submitted separately.

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 of Commerce to conduct annual surveys in other years.

The Census Bureau is requesting approval to conduct the 2021 and 2023 Annual Surveys of State and Local Government Finances, Annual Survey of Public Employment and Payroll and the 2022 Census of Governments – Finance and Employment. We also request approval to add the collection of cannabis sales and license taxes, and sports betting sales taxes to the Annual Survey of State Tax Collections, a component of the Annual Surveys of State and Local Government Finances. This will modernize the survey's content to maintain the relevancy and sustainability of these data. The Census Bureau conducted cognitive testing in 2020 of the Quarterly Summary of State and Local Government Tax Revenue to determine the feasibility of collecting new data items, which will also be collected through the Annual Survey of State Tax Collections. The new data items are readily available to respondents with no added burden, thus the results of QTAX Cognitive Interviews Final Report are applicable.

These programs are the only comprehensive source of state and local government finance, employment, and payroll data collected on a nationwide scale using uniform definitions, concepts, and procedures. Data are collected for all agencies, departments, and school districts, institutions of the fifty state and approximate 90,000 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 for local government finance are covered in a separate request.¹

The programs covered by this request have moved towards eliminating collection by paper form as much as, and when 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 sent via email with a fillable PDF because the small number (50) of respondents did not justify the cost of converting it to an electronic form. Below is a short description of the forms utilized for data collection. Each form is tailored to the unique characteristics of the type and size of government or government agency to be surveyed. The E series of forms are used in the Public Employment and Payroll collection and the F series of forms are used in the State and Local Government Finance collection:

- E-1 State Agencies
State agencies, excluding state colleges and universities
- E-2 State Institutions of Higher Education
State institutions of higher education colleges and universities
- E-3 Special Districts and Local Agencies
Dependent agencies of local governments and single function special district governments
- E-4 Municipalities, Counties, Townships
County governments, municipalities, and township governments with a population of 1,000 or more
- E-5 Municipalities and Townships
Shortened version of the E-4 form for municipalities and townships with a population of < 1,000
- E-6 School Systems

¹ Elementary and secondary school system finance data are collected under authority of a separate submission; see OMB clearance 0607-0700, expiration date 1/31/2024 through a joint undertaking between the National Center for Education Statistics and the Census Bureau. For the 2022 Census of Governments, we will use the universe data and for the annual surveys in 2021 and 2023, we will use the universe for independent school systems and only the dependent school systems included in those government units chosen in the non-school local government sample.

Local government operated institutions of education, elementary & secondary education and/or college & other postsecondary education

- E-7 Major Special Districts and Agencies
Multifunction dependent agencies and fire protection agencies for local governments, and multifunction special district governments
- E-8 Elementary and Secondary Education
Local government operated institutions of elementary and secondary education
- E-9 Police Protection Agencies
State and local government police protection agencies
- E-10 College and Other Postsecondary Education
Local government operated institutions of higher education

State Tax Collections

- F-5 State governments provide detailed data on their tax collections using a spreadsheet that they receive via e-mail and that includes the OMB approval number, authority and confidentiality statements, and burden estimate.

Annual Survey of Public Pensions

- F-11 State and local government pension systems provide data via electronic collection instrument on their receipts, payments, assets, membership, and beneficiaries.
- F-12

Annual Survey of State Finance

- 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 via a fillable PDF that they receive via email that includes the OMB approval number, authority and confidentiality statements. Form F-13 is used to collect data from state insurance trust systems.

Annual Survey of Local Finance

- F-28 Counties, cities, and townships provide data via electronic collection instrument on revenues, expenditures, debt, and assets.
- F-29 Multi-function special district governments provide data via electronic collection instrument on revenues, expenditures, debt, and assets.
- F-32 Single-function special district governments and dependent agencies of local governments provide data via electronic collection instrument on revenues, expenditures, debt and assets.

In addition to the above 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. These reporting methods are covered under A.3. Use of Information Technology.

2. Needs and Uses

The Census of Governments- Finance and its related Annual Surveys of State and Local Government Finances, provide data on state government finances and estimates of local government revenue, expenditure, debt, assets, and pension systems nationally and within state areas. The Census of Governments- Employment and Annual Survey of Public Employment and Payroll provide data on state and local government employment and payroll in the United States. Census Bureau staff apply a standard set of criteria while classifying government activity in order to provide a complete and uniform set of data on the finance and employment activities of governments in the United States.

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.

Statistics compiled from data gathered using these forms are used in several important Federal government programs. Economists at the Bureau of Economic Analysis (BEA) use these statistics for developing the National Income and Product Accounts. According to the Chief Economist of BEA, BEA uses the information from these surveys to prepare the national income and product accounts (NIPA), regional accounts, and industry accounts. The data obtained from these forms are critical to BEA for maintaining reliable estimates. Specifically, BEA uses national, state, local, and type-of-government aggregate data by function for full-time and part-time employees, and payroll to prepare estimates of functional payrolls for the public sector of the gross domestic product (GDP) as well as to derive state-level estimates of the employment and wages and salaries of students and their spouses who are employed by public institutions of higher education in which the students are enrolled. There is no other national or state source for information on student workers at state institutions of higher education. The Federal Reserve Board use these finance data for constructing the Flow of Funds Accounts.

Additionally, the state and local government finance data are also needed as inputs into the Criminal Justice Expenditure and Employment Extract Series (CJEE), 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.

Public interest groups of many types produce analyses of public sector activities using these data in addition to user organizations representing state and local government include the Council of State Governments, the National Conference of State Legislatures, Government Research Association, U.S. Conference of Mayors, National Association of Counties, National League of Cities, and the National Association of Towns and Townships. Other data users such as the National School Boards Association and the National Sheriffs Association also use these data for more specific analyses of government activities.

State and local government financial information has continued to garner significant media attention and policy coverage 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.

3. Use of Information Technology

The Census Bureau is using information technology to reduce respondent burden via electronic submission and collecting electronic data files in various formats to enhance response and improve quality. All form types, E series of forms and F series of forms can be completed via the electronic collection instrument, except F-5 and F13, which are emailed.

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

The Census Bureau has a wide variety of cooperative data collection and data sharing arrangements with officials in 46 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 information that benefits the state and the Census Bureau. These central collection and state cooperative data collection arrangements include varied methods of data sharing and collection:

- using state-mandated reports on local government finances;
- assisting states in establishing statewide uniform local government reporting systems;

- sharing Census Bureau collected and processed data with state officials and/or vice versa through a variety of electronic modes to best fit the technology requirements of both;
- using Census Bureau developed software that facilitates local governments in reporting required information to their state governments. This provides quicker electronic access to data and improved timeliness in our tabulations by allowing governments to submit their internal financial transaction files and/or state administrative records, which contain data for the fiscal year summarized within their accounting codes structure allowing Census Bureau analysts to examine and crosswalk the data into the Census Bureau classification system.

Central collection arrangements substantially reduce 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. Central collection contacts are able to upload their electronic data files through the Census Bureau's Centurion web instrument (Attachment 2).

4. Efforts to Identify Duplication

The Public Employment & Payroll program does not duplicate any other data collection. Research and consultation with public interest groups and representatives of other Federal agencies, such as BLS and National Center for Education Statistics, ensures the absence of duplication.

The Census Bureau uses five principal strategies to minimize duplication of government finance data: 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 on

possible alternative data sources and, therefore, eliminate duplication of effort. We encourage joint data collection arrangements with the states to minimize duplication.

Existing Commercial and State Data

We access many governmental debt data sources disseminated by governments and commercial entities, such as Mergent, 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. Additionally, 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. 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 under a separate request.²

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.

Feedback from Data Suppliers

In recent years, we have participated in outreach efforts to local governments to research their record keeping practices. In 2020, cognitive testing of the Annual Survey of State Tax Collections, a component of the Annual Surveys of State and Local Government

² Elementary and secondary school system finance data are collected under authority of a separate submission; see OMB clearance 0607-0700, expiration date 1/31/2024 through a joint undertaking between the National Center for Education Statistics and the Census Bureau. For the 2022 Census of Governments, we will use the universe data and for the annual surveys in 2021 and 2023, we will use the universe for independent school systems and only the dependent school systems included in those government units chosen in the non-school local government sample.

Finances was conducted with various state governments to determine the feasibility of collecting the new data items and showed updates did not impact overall response time.

5. Minimizing Burden

The Census Bureau pursues three primary methods to minimize burden and assure an adequate response rate – customizing forms, developing central collection arrangements, and encouraging electronic reporting – which we describe in detail below and in previous discussions in sections A.3 and A.4.

Customized Forms

We tailor forms for specific types of governments and activities so that the information and wording reflect as closely as possible the functions a government performs. 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

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 Sections A.3 and 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. Government contacts provide an electronic file in a mutually agreeable format and work with the Census Bureau to create the crosswalk for functional breakouts of the data as discussed in Section A.3. Information we collect electronically through central collection arrangements, Internet collections, and state large government electronic collections, all of 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

The Census Bureau's ability to produce reliable information on governmental fiscal activity and government employment and payroll would be significantly impeded if data were collected less frequently and greatly impair the ability of data users to understand, forecast, and respond to the dynamics of governmental activity. Specifically, the BEA would be forced to rely on a variety of extrapolators and trend estimates, impairing analysis and leading to compounding estimation errors over time. Additionally, other important data users and surveys such as the Council of Economic Advisors, the Federal Reserve Board, the Government Accountability Office, the National Center for Education Statistics, the Bureau of Justice 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

The notice inviting comment on plans to submit this request was published in the Federal Register (Vol. 86, No. 16) on Wednesday, January 27, 2021 on page 7247. We received no comments in response to the notice. However, we did receive a letter of support from BEA (Attachment 5). We thank BEA for its continued support for this collection.

The Census Bureau conducts regular meetings with BEA to discuss information about the Census of Governments - Finance and Employment and their related annual programs to assist them in preparing estimates for the public sector of the GDP.

The Census Bureau maintains contact with public interest groups representing state and local governments and groups of public officials and academic organizations. These groups all use and disseminate data collected in the census and annual surveys.

9. Paying Respondents

We do not pay respondents or provide them gifts.

10. Assurance of Confidentiality

The surveys do not request any confidential data. These data are subject to provisions of Title 13, United States Code, Section 9(b) exempting data that are customarily provided in public records from rules of confidentiality. All forms contain information regarding this exemption of confidentiality and the voluntary nature of the surveys.

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. Table 1 provides an estimate of the average number of respondents and burden hours for the individual forms in the 2021 and 2023 Annual Surveys of State and Local Government Finances and Annual Survey of Public Employment & Payroll and the 2022 Census of Governments – Finance and Employment.

Table 1: Estimated respondent burden

Survey/Census of State and Local Government Finances					
Forms	Number Mailed - Annual	Number mailed - CoG	Burden hours	Total burden - Annual	Total burden - CoG
F-5	32	51	3.5	112	179
F-11	1,678	5,237	2.5	4,195	13,093
F-12	294	298	2.5	735	745
F-13	55	74	1	55	74
F-28	3,538	16,789	6	21,228	100,734
F-29	1,325	5,191	3	3,975	15,573
F-32	6,272	31,619	1.5	9,408	47,429
Central Coll.	26	26	24	624	624
State Elec. Data Coll.	48	73	1	48	73
Supp. Data Collection	315	315	1	315	315
Total	13,583	59,673		40,695	178,838
Time/ Response				3.00	3.00
Survey/Census of Public Employment and Payroll					
Forms	Number Mailed - Annual	Number mailed - CoG	Burden hours	Total burden - Annual	Total burden - CoG
E-1	1,210	1,439	0.33	399	475
E-2	737	713	1	737	713
E-3	4,547	31,374	0.33	1,501	10,353
E-4	4,756	21,171	1.5	7,134	31,757
E-5	267	17,674	1.25	334	22,093
E-6	68	11,383	0.75	51	8,537
E-7	1,110	11,969	0.33	366	3,950
E-8	3,363	2,867	0.75	2,522	2,150
E-9	173	251	0.5	87	126
E-10	298	494	0.75	224	371
CC-State Govts	48	46	15	720	690
Local Govts	8	17	1.5	12	26
CC-State Govts for Schools	4	4	15	60	60
Total	16,589	99,402		14,146	81,299
Time/ Response				0.85	0.82

OMB 83-I calculations		
	Annual Resp.	Annual Hours Req.
F-5	38	134
F-11	2864	7161
F-12	295	738
F-13	61	61
F-28	7955	47730
F-29	2614	7841
F-32	14721	22082
Central Coll.	26	624
State Elec.	56	56
Supp. Data	315	315
E-1	1286	424
E-2	729	729
E-3	13489	4451
E-4	10228	15342
E-5	6069	7587
E-6	3840	2880
E-7	4730	1561
E-8	3198	2398
E-9	199	100
E-10	363	273
CC-State Govts	47	710
Local Govts	11	17
CC-State Govts for Schools	4	60
Total	73,140	123,273

The annual burden hours and estimated number of respondents in the Federal Register Notice dated January 27, 2021 differs due to a slight refinement of the estimated number of respondents and is a three year average of the burden imposed for the two annual collection years and one census year collection covered by this clearance request.

Survey/Census	Estimated cost per burden hour*	Total burden - FY2020	Total estimated annual cost to respondents (FY2020)	Total burden - CoG2017	Total estimated annual cost to respondents (CoG2017)

Public Employment and Payroll	22.79	14,146	322,390	81,299	1,852,806
State and Local Gov't Finances	21.51	40,695	875,349	178,838	3,846,795

* Estimated hourly cost is derived from the mean hourly wage for the Payroll and Timekeeping Clerks occupational series for the Annual Survey of Public Employment and Payroll and for the Miscellaneous Financial Clerks occupational series for the Annual Surveys of State and Local Government Finances within the May 2019 National Occupational and Wage Estimates, BLS.

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 Survey of Public Employment & Payroll is \$1.8 million for fiscal year 2021 and the estimated cost to conduct the Annual Surveys of State and Local Government Finances for fiscal year 2021 is \$3.8 million. The activities covered in the cost include data collection, printing and postage mail costs, non-response follow up, data processing and review, imputation, estimation, publication, equipment, overhead and associated support staff. 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 2022 Census of Governments is \$40.4 million. This total cost includes the three components of this project (Organization, Employment and Finance) and covers five federal fiscal years (2020-2024).

15. Reason for Change in Burden

The downward adjustment in the total annual burden is due to a slight refinement of the estimated number of respondents.

16. Project Schedule

Table 2. Annual Surveys of State and Local Government Finances – FY2021		
Timetable		
<i>(Note: Other annual surveys follow a similar schedule)</i>		
D	Date or Period (Month/Year)	Activity
	06/2021 - 12/2022	C Collect and process central collection data
	07/2021	C Complete letter development and design of electronic instrument
	08/2021	P 1 Complete electronic instrument testing
	09/2021	Di Initial request for data
	12/2021 - 02/2022	Di Follow-up requests for data
	04/2022 - 12/2022	Micro and macro level data review and processing
	By 04/2022	C Release State Tax Collections report
	By 07/2022	R Release Pension Systems report
	By 11/2022	R Release State Government Finance report
	By 05/2023	Pr Produce initial national estimates for BEA's annual NIPA revision
	By 07/2023	R Release State and Local Governments report. Release state and local government individual data files and state area totals

Table 3: Annual Survey of Public Employment & Payroll – FY2021	
Timetable	
<i>(Note: Other annual survey years follow a similar schedule)</i>	

D	Date or Period (Month/Year)		Activity
	12/2020		Complete letter development and design of electronic instrument
	01/2021		Complete electronic instrument testing
	03/2021	Di	Initial request for data
	05/2021- 07/2022	Di	Follow-up requests for data
	05/2021 - 08/2022		Micro and macro level data review and processing.
	By 05/2022	Pr	Produce initial national estimates for BEA's annual NIPA revision
	By 06/2022	R	Release 2020 Annual Survey of Public Employment & Payroll report

Table 4. 1 Census of Governments – FY 2022 Timetable

D	Date or Period (Month/Year)		Activity
	01/2022 - 12/2023	C	Complete letter development and design of electronic instrument
	03/2022	C	Initial request for data
	06/2022 - 12/2023	C	Collect and process central collection data
	08/2022	P 1	Complete electronic instrument testing
	05/2022 - 07/2023	Di	Follow-up requests for data
	02/2023 - 12/2023		Micro and macro level data review and processing.
	By 04/2023	C	Release State Tax Collections report
	By 06/2023	R	Release Public Employment & Payroll report
	By 10/2023	R	Release Pension Systems report
	By 12/2023	R	Release State Government Finance report
	By 05/2024	Pr	Produce initial national estimates for BEA's annual NIPA revision
	By 10/2024	R	Release State and Local Governments report.

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.