

HISTORICAL OVERVIEW OF U.S. CENSUS BUREAU DATA COLLECTION ACTIVITIES ABOUT GOVERNMENTS 1850 to 2005

Note: This document is primarily an excerpt from the text to the 1982 census of governments report, Historical Statistics on Governmental Finances and Employment (CG82(6)-4, issued January 1985, the last year the report was issued). Major changes since then are foot-noted or appended to the end of this document.

Financial statistics of State and local governments have been assembled in annual periodic censuses since 1850, and in annual surveys since 1898. Following is a brief review of the history of such reporting, and of related recurrent surveys of governmental employment.¹

Periodic Censuses

Pre-1902--During the half-century before 1902 (when the "Census Office" was established as a permanent agency) certain State and local government data were assembled and published in conjunction with the decennial population censuses covering years ended with "0."

This document revised April 2006 to include new information on pre-1950 activities.

¹ The census volumes from 1880 to 1932 were issued under the following titles: For 1880, *Valuation, Taxation and Public Indebtedness*; for 1890, 1902, and 1913, *Wealth, Debt and Taxation*; for 1922, *Wealth, Public Debt and Taxation*; and for 1932, *Financial Statistics of State and Local Governments*. The term "Census of Governments" was introduced in 1942, and several publications were issued from that undertaking. The most comprehensive financial report, entitled *Governmental Finances in the United States: 1942*, was issued in 1945 but was substantially supplanted in 1948 by the *Revised Summary of State and Local Government Finances in 1942* (State and Local Government Special Studies, Number 26).

Beginning in 1850, five of these decennial censuses compiled and reported certain State and local government financial data--principally tax levies, governmental debt, and wealth (as measured by assessed and estimated true value of taxable property).

From these small beginnings, this work was successively expanded until the Census of 1880 provided a 914-page volume on "Valuation, Taxation, and Public Indebtedness," which dealt mainly with those topics but also included some statistics on revenue and expenditure.

1902--The first comprehensive compilation of governmental data by the new "Census Office" led to an extensive volume which provided data on Federal, State, and local government revenue and expenditure, assessed valuations, and tax levies; governmental indebtedness; and estimates of "national wealth," by State and class of property.

Revenue and expenditure figures were presented for each State by type of government, and for individual county governments, but not for incorporated places. The scope of the inquiry embraced all units of local government. The taxation and revenue structure of each State and its

local governments was analyzed and described.

1913--This next census compilation followed closely the pattern of the 1902 census. Less detail was presented in connection with wealth estimates, but individual city figures were presented for revenues and expenditures. Again there was an elaborate analysis of public debt and a description of the taxation and revenue structure of each State and its local governments.

Although the statistics on public debt and property tax levies embraced all local governments, the statistics on local government revenues and expenditures omitted coverage of municipalities having fewer than 2,500 inhabitants.

1922--The census of 1922 was considerably more restricted in subject matter scope than earlier censuses. Wealth estimates, assessed valuations, property taxes, other tax revenues by source, and debt were covered, but in much less detail than before. No comprehensive figures on local government expenditure were collected, nor were data made available on revenue from sources other than taxation. The 1922 census, however, did again cover all local governments.

1932--The 1932 census was comprehensive in coverage and scope and dealt with the full range of traditional subjects with the exception of "national wealth," which was dropped beginning with this census. The amount of detail on revenue, expenditure, and debt was severely limited, and there were significant gaps in the subclassification of expenditure by function, nationally and

in some States.

However, the 1932 census was the first to provide county-area totals of local government revenue and expenditure; in earlier censuses county-area data had been limited to local government debt and to property tax levies and valuations.

1942--The 1942 Census of Governments was conducted on a small scale due to the wartime situation. Very little was developed on assessed valuations and tax levies, but more information was presented on numbers and types of local governments than had previously been supplied.

This census aimed at covering finances of all local governments, but it was necessary to estimate financial data for substantial numbers of non-reporting local governments because lack of funds precluded adequate follow-up. There was no reporting of financial aggregates for county areas.

1952--In 1950, the Congress enacted legislation which provided that a "Census of Governments" be taken quinquennially, for years ending in "2" and "7" (Title 13, Section 161, U.S. Code).

No funds were appropriated for the first census so authorized, which planned to cover the year 1952, but the preparatory work which had been done supplied a basis for two publications, *Governments in the United States in 1952* and *Local Government Structure in the United States* (State and Local Government Special Studies No. 31 and No. 34, respectively), providing new benchmark data on the numbers and cha-

racteristics of local governments.

1957--The 1957 Census of Governments was the first to be taken under the "Census of Governments Act" of 1950. It provided published data on governmental numbers and on governmental finances (revenue, expenditure, debt, and financial assets), public employment and payrolls, and taxable property values, as well as on various special topics (such as employee-retirement systems, and State payments to local governments). The reports of the 1957 census included presentations of data nationally, by State and county, and for major individual governments.

1962--The 1962 Census of Governments followed closely the pattern of the 1957 census, but included more reporting of data for county areas and metropolitan areas and less presentation of individual government statistics.

1967--The census of governments, also resembling the 1957 census coverage and subject matter scope, provided somewhat more reporting of data for State areas, metropolitan areas, county areas, and sizable individual local governments.

1972--The 1972 Census of Governments generally resembled the pattern of the three previous quinquennial censuses. The taxable property values survey for the first time provided detailed data of counties and cities down to 50,000 population.

While the property-use category distribution of counties and cities was not surveyed, such data were adapted from materials supplied by 28 large local jurisdictions. Published

State and local government information on labor relations was the first national survey of organized public employees and public employee work stoppages.

1977--The taxable property values survey reinstated the property use category eliminated in the previous census. Salary and wage data by function were collected and published by major functions for the first time. The 1977 Census of Governments publications maintained the scope and format of the 1972 census.

1982--The 1982 Census of Governments largely resembled the 1977 census. For the first time, data on selected types of public services owned and operated by general purpose governments were obtained for all county governments and for municipal and township governments of 2,500 or more population.

Functional salary and wage data were not collected in the 1982 census, although total salaries and wages outlays continued to be obtained for each government. For fiscal years 1977 through 1981 the data collection effort included this information by function as well.

The 1982 Census of Governments publications largely maintained the scope and format of the 1977 census. A number of function titles were revised, primarily to make them more current (e.g., "Housing and urban renewal" was changed to "Housing and community development"). Also, activities related to courts and legal agencies have been separated from what was formerly called "General control" and labeled "Judicial and legal" the residual amount has been

classified as "Other governmental administration."

Annual Financial Statistics²

City finances--Beginning in 1899, originally in the Department of Labor, there was an annual compilation of "social statistics of cities" for urban places having at least 30,000 population. Financial statistics constituted the major but not the only type of data included, other physical, operational, and sociological statistics being also provided.³

Since the Census Bureau was established in 1902, city finance data have been published annually, except for the years 1914 and 1920. Coverage has varied, however. Until 1931, reporting applied to cities with at least 30,000 inhabitants; from 1932 through 1941, the population minimum was 100,000; and from 1942 through 1955, the population minimum was 25,000.⁴

Since 1956, nationwide aggregates have been published annually which comprise all municipalities, including sample based estimates for the smaller units; however, publication of individual city figures has continued to be limited with a 25,000 minimum through 1959 and a 50,000 minimum

in effect since 1960. These data are shown in *City Government Finances* (series GF, No.4).

Before 1941, the annually published data on "city" finances included amounts not only for the city corporations, but also allocated amounts for overlapping local governments (except for the county government for cities of less than 300,000 inhabitants). Since 1941, the published city data have dealt only with finances of the municipal corporations themselves.

State finances--Annual reporting of State government finances began with the year 1915 and has continued regularly except for the years 1920, 1921 (partial data only), and 1933 to 1936 inclusive, when all such survey operations were dispensed with for budgetary reasons. These data are contained in the annual report, *State Government Finances* (series GF, No.3).

Preliminary data on State taxes have been reported annually since 1939 in the report, *State Government Tax Collections* (series GF, No.1).

County finances--A sample-based mail survey of county government finances was conducted for the years 1940 through 1946, providing nationwide estimates of revenue, expenditure, and debt, limited State-by-State data, and individual county figures for some selected major units.

Since 1972-73, separate annual data have been published in the report *County Government Finances* (series GF, No.8). This report contains selected finances of all counties in excess of 100,000 population and

² For up-to-date information on U.S. Census Bureau reports covering governmental finances and employment, check the Census web site at: www.census.gov.

³ Under the energetic direction of LeGrand Powers, this phase of Census work provided great impetus to the development of improved and more standard municipal accounting and reporting practices, and contributed to the establishment in 1906 of the Municipal Finance Officers Association (now the Government Finance Officers Association).

⁴ Reporting of non-financial municipal data dwindled and disappeared soon after 1915.

detailed finances of all large counties (over 500,000 population), as well as national totals of county government revenue, expenditure, debt, and cash and security holdings.

Other annual finance series--A sample survey of governmental debt was conducted annually beginning with 1940, and a sample survey of local government revenue started with data for 1945.

Estimated national totals by type of government were published from these surveys, which were replaced in 1952 by a broader undertaking, concerned with expenditure and financial assets as well as with revenue and debt.

For years prior to the 1957 Census of Governments, annual survey coverage for local governments was sufficient only to provide nationwide financial estimates. The results from 1952 on were issued in an annual *Summary of Governmental Finances*.

Findings of the 1957 census helped to make possible efficient sampling to derive State-by-State data, for which estimates of key items have been published regularly since 1958 in the report, *Governmental Finances* (series GF, No.5).

Summary data on finances of local governments within 38 major standard metropolitan statistical areas have been developed annually from 1964-65 to 1968-69; and within the largest SMSA's⁵ and selected additional large counties since 1975-76.

⁵ Editor's note: "SMSA," or Standard Metropolitan Statistical Area, is a now-obsolete concept. It has been replaced with Metropolitan and Micropolitan Statistical Areas.

These data appear in the report *Local Government Finances in Selected Metropolitan Areas and Large Counties* (series GF, No.6).

Beginning with data for fiscal 1977-78, a separate publication entitled *Finances of Public School Systems* (series GF, No. 10) has been issued with more detailed statistics on education finances than are published in other annual reports, including data on schools operated by general purpose governments.

⁶On behalf of the U.S. Office of Management and Budget and in accordance with the Consolidated Federal Funds Report Act of 1982 (P.L. 97-326), the Census Bureau initiated two annual report series on the geographic distribution of Federal funds.

The first publication series in this topic, *Federal Expenditures by State* (and territory), began with fiscal year 1981 and included Federal expenditures for grants to State and local governments, salaries and wages, procurement, and direct payments to individuals and organizations. In 1998, the report was re-titled, *Federal Aid to States*, and limited to grants and other payments to state and local governments.

The other publication series, *Consolidated Federal Funds Report* (CFFR), tracks Federal finances by state and county area. For years 1983 to 1993, two volumes were issued, one on county areas and the other on federal funding to subcounty areas.

⁶ Editor's note: The following paragraphs related to the CFFR reports were updated in February 2006.

The subcounty report was discontinued after 1993, but very limited data are still available electronically. Beginning with the 1998 CFFR report, additional detail was added on amounts distributed to state areas, some of which was previously published in the *Federal Expenditures by State* report series.

A primary input to the annual CFFR reports is the quarterly Federal Assistance Award Data System, or FAADS. The FAADS is a much more detailed data set on federal award transactions, covering grants and direct payments. This system also includes federal direct and guaranteed loans and insurance program coverage.

Quarterly FAADS data originated in 1983 and are available on the Census Bureau's web site for fiscal years since 1996.

Note that these series do not attempt to account for all Federal Government expenditures as reported in the Federal Budget or as presented in Governmental Finances, described above.

In 1985, after passage of the Single Audit Act of 1984 (P.L. 98-502), the Census Bureau began operation of the Federal Audit Clearinghouse. A project performed on behalf of the Office of Management and Budget, its purpose is to facilitate Federal oversight of entities expending federal money.

Effective with the passage of the Single Audit Act Amendments of 1996 (P.L. 104-156) and OMB Circular A-133 (revised June 30, 1997), the role of the Clearinghouse expanded. It now collects and disse-

minates all information from Form SF-SAC⁷ and selected associated financial reports. Data are provided to the public through a data dissemination system on the Internet.

Another annual publication, which began with data for 1959, is entitled *Finances of Employee-Retirement Systems of State and Local Governments* (series GF, No.2).

The report, *Taxes and Intergovernmental Revenue of Counties, Municipalities, and Townships* (series GF, No.9) was discontinued with the 1978-79 issue, although the data continue to be collected for use in the Federal General Revenue Sharing Program.

Quarterly Finance Reports

State and local taxes have been measured on a quarterly basis since 1962⁸. Findings appear in a *Quarterly Summary of State and Local Government Tax Revenue* (series GT), which show estimated national totals by type of tax and level of government, local collections of taxes in selected local areas, and State-by-State figures for several major classes of State taxes.

[Added September 2007] Beginning in the second quarter of 1963, a

⁷ Data Collection Form for Reporting on Audits of States, Local Governments, and Non-profit Organizations. States, local governments, and nonprofit organizations that expend specified amount or more in federal awards must perform a Single Audit and complete Form SF-SAC for every fiscal year they meet the dollar threshold.

⁸ Editor's Note: The quarterly survey of tax collections has covered state and local government since its inception. Quarterly Federal tax collections were also collected for years between 1982 and 1993.

quarterly survey was conducted that provided nationwide figures on construction expenditures of state and local governments, by level of government and by function. Beginning with October 1968 data were collected monthly, although results continued to be released in the quarterly report, *Construction Expenditure of State and Local Governments* (series GC). This survey was transferred to the Census Bureau's Construction Division in 1976, where it was incorporated into its quarterly construction surveys.

The quarterly report, *Finances of Selected Public Employee Retirement Systems* (series GR), begun in 1968, supplies summary data on the cash and security holdings, receipts, benefits, and withdrawals of approximately 100 major public employee retirement systems.

Employment Statistics

Recurrent assembly and reporting of data on public employment and payrolls began in 1940, providing summary nationwide estimates, by type of government, for each of 4 months of the year, and also occasional separate reports for various types of governments.

Before 1946, coverage in the census survey was limited to "nonschool" employment; summary figures on educational employees and payrolls, estimated on an annual average basis from data made available by the U.S. Office of Education, were used to supplement the survey-based data. Beginning in 1946, regular census survey coverage was broadened to include the education component.

State-by-State estimates by level of

government were issued at least once a year from the early 1940's on, but with no functional detail except for a summary distinction between "school" and "nonschool" components. Budgetary limitations resulted in an interruption of the State-by-State series for the year 1951, but the quarterly nationwide estimates were maintained.

A major development, which began in 1951, was the regular collection of separate payroll figures on full-time employees, which could be used to derive and report employment of State and local governments on a full-time equivalent basis.

Another change was introduced in 1952, involving the subclassification of data by function; this had previously been done for published figures on employment of State governments and municipal governments, but not for local governments as a whole.

Beginning with 1953, these two reporting changes were applied in conjunction with each other; accordingly, national and State-by-State data have been reported by function, on the full-time equivalent number of employees of State and local governments for one month in each year from 1953 on. The reference month has been October except for 1957, when data were obtained for the month of April⁹.

In the middle of 1951 the survey was modified so that each quarterly survey sought employee and payroll figures separately for each of the

⁹ Editor's note: Beginning with the 1997 employment survey the reference period was changed to March. Also, no employment survey was conducted for 1996.

three months of the most recent quarter. The resulting month-by-month estimates were published in quarterly Census Bureau reports from April 1951 through January 1955.

Since that time, responsibility for measuring intrayear changes in employment and payrolls of State and local governments has rested with the Bureau of Labor Statistics of the Department of Labor, and recurrent Census Bureau reporting has involved only an annual sample survey which provides national and State-by-State data for October, supplemented at five year intervals by the more extensive and detailed coverage of the census of governments.

Special Studies

In addition to the recurrent reports described above, the Census Bureau periodically issues special studies on a wide variety of governmental activities (series GSS). Recent topics have included labor management relations; environmental quality control finances; State and local ratio studies, property tax assessment, and real property transfer taxes; and expenditure and employment data for criminal justice activities (published and released by the Department of Justice).

Editor's Postscript

Listed below are some of the major developments and changes since the release of the publication from which this document was excerpted:

The Census Bureau conducted a census of governments in 1987, 1992, 1997, and 2002.

In 1985, full-time equivalent employment data were not published due to an upcoming change in its calculation method (from a payroll-based formula to one based on hours worked by part-time employees).

Effective with the annual survey for 1988, the Census Bureau incorporated numerous changes in classification, procedures, and presentation. For more information on these, see the document entitled "Major_Class_Chgs_Since_1902.doc."

In the fiscal year 1989-89 finance survey, the minimum population for "certainty" cities was raised to 50,000 from 25,000.

The annual publication series described above ceased after the 1992 reports and were replaced with Internet data releases. Census of government publications, however, continued to be issued.

The last census of governments report on taxable property values was for fiscal 1992 and was limited to assessed valuations for local general property taxation.

Beginning with the survey for 1993, the sample design did not permit statistics aggregated for the individual types of local governments (county, municipal, township, special district, and school district). Such amounts are still available from the census of governments.

Compilation of statistics on Federal Government finances ended with the data for FY 1995. Collection of employment statistics, however, continued.

No employment survey was conducted for 1996.

In 1997, the annual employment survey resumed with a new reference period of March. Previously, data were collected for the month of October.

Due to budgetary problems a regular directory survey was not conducted for the 1997 Census of Governments. This limited the statistics published in the Government Organization volume of that census.

In the fiscal year 2000-01 finance survey, the minimum population for "certainty" cities was raised to 75,000 from 50,000.

The sample design for the finance surveys conducted for fiscal years 2000-01 and 2002-03 did not permit statistics on state areas except for state governments. Furthermore, finance data for municipal and township governments were combined for these two years.

The Census Bureau changed its sample design for the government finance survey effective with fiscal year 2003-04. The new sample design again was based on government finance statistics by state and type of local government. Estimates were developed, however, only at the state level for all types of local governments, rather than by type of local government within each state area.

The fiscal year 2003-04 employee-retirement survey introduced a new sample that was drawn expressly for this survey. To meet newer, more stringent OMB guidelines for Federal statistical programs, the Census Bu-

reau began using a probability sample as the basis. The new sample applies only to locally-administered systems; as before, all state-administered systems are canvassed in their entirety.

Previously, the survey collected data from those units on the finance sample that administered their own employee-retirement systems.

Because of this new sample, an improved methodology for producing estimates of employee-retirement finances by state and type of government was implemented.

A major redesign to the government finance classifications become effective with the 2004-05 survey year. The classification system was modified to address numerous internal inconsistencies that yielded statistical estimates that violated new OMB guidelines on Federal statistical programs.

In summary, the redesign made all finance codes valid for all types of governments (although definitional restrictions remained in place as applicable). Among the major classification changes associated with this redesign were:

- 1. A reduction in debt categories that eliminated distinctions between government sectors, the first time such distinctions were not pre-sent in Census Bureau finance statistics. The only two remaining debt categories were "debt for public purposes" and "public debt for private purposes."*

- 2. A major expansion of tax categories applicable to local governments.*

3. *Finance statistics for major local governments no longer will be compiled in the same detail as they are for state governments. Instead. All local governments will use the same classification system, which contains less detail than for state governments.*

For more information about these changes, see Appendix 1 in the revised classification manual, available on-line here:

2006 Classification Manual, Appendix 1

This appendix has also been excerpted and included in the document cited above describing GOVS classification changes since 1902, entitled "Major_Class_Chgs_Since_1902.doc."