

**Adventures in Government Organization:
Tales of Legal Research in Providing Uniform Measures of Government Activity**

Elizabeth Accetta and Joseph Dalaker
U.S. Census Bureau
Washington, DC 20233

For Presentation at the
Association of Public Policy Analysis and Management
Annual Research Conference
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Abstract

The U.S. Census Bureau measures state and local government activity through the Census of Governments and related surveys. The data produced from these efforts are standardized across states, and thus are perhaps the only nationwide datasets that allow for comparability both across states and on a national basis. Even with this standardization, the activities of 50 different state political systems present unique challenges to those who collect and use these data. We will introduce the legislative research process conducted by Census Bureau staff to classify governments and their activities, and use specific case studies to illustrate the value added and challenges encountered when we conduct that classification. Through these illustrations, we will offer a perspective that enables data users to delve into the data with a more thorough and accurate understanding, allowing them to formulate more accurate analyses.

Introduction

The activities of local governments and state governments are by no means uniform across the United States. Anyone who investigates governmental activity in the U.S. will soon realize that the moniker “United States” is an apt, if oft-forgotten, metaphor. In contrast with other countries such as Canada, whose provinces may contain local governmental units that act as administrative sub-divisions of the province, diversity of governmental structure and decision-making power at the local level is an artifact of U.S. federalism, stemming from states’ autonomy. Given that the number and types of governments, as well as the array of services they provide and the powers they wield, can vary widely across jurisdictions in the U.S., a

policy researcher may well wonder how any uniform datasets on the organization, finances, and employment of governments could ever be created.

The U.S. Census Bureau does, in fact, create uniform datasets on the organization, employment, and finances of state and local governments. Not only does the Census Bureau have a system for classifying the functions, or activities, performed by governmental employees and by various financial transactions, but this classification system is also supported by principles for identifying and defining which organized entities can properly be called “governments.” Staff members at the Census Bureau conduct legislative research, and when necessary, contact local officials, to keep track of the creation of new governments, the abolition of existing governments and governmental mergers, and to determine whether certain organizational entities meet the Census Bureau’s definition of a government for the purpose of measuring public sector activity.

In this paper we will describe the legislative research performed to identify and classify governments, illustrate the value added of that classification, and elaborate on the challenges encountered in classification, giving particular attention to those challenges driven by state politics and policy. First, we will describe the types of U.S. local governments. We then turn to explaining the criteria that the Census Bureau uses to determine whether an organization can properly be identified as a government. Next, we describe the process by which Census Bureau staff conduct legislative research, and through specific examples, illustrate the ways state politics and policy affect our research and the data themselves. In conclusion, we offer advice on using the data, with emphasis on recognizing the nuances of state-specific policies in different jurisdictions, and using that recognition to establish appropriate comparisons while conducting one’s own research on governmental service provision. With this knowledge, researchers who use Census Bureau data on state and local government may analyze the data more adeptly and avoid common errors.

Types of U.S. Local Governments

Besides the federal government and the 50 state governments, the Census Bureau recognizes five types of local governments: county governments, municipal (city) governments, township (town) governments, special district governments, and independent school district governments. County, city, and township governments are referred to as general-purpose governments because they typically provide a wide variety of services, while special district and school district governments are referred to as special-purpose governments because they typically provide only one type of service, or, at most, a very limited range of services.

In discussing “local government” among U.S. residents, general-purpose local governments would likely be the first types of governments to come to mind because of the wide array of

services they provide, though exactly which type of government comes to mind first would likely vary depending on where the person was from. In one of the first Census of Governments publications issued by the Census Bureau, it was remarked that,

[o]nly brief descriptive material is presented for the county, municipal, and township classes, because governments of these types are readily recognized and generally present no serious problem as to classification. However, school districts and special districts consist of a complex pattern of districts, authorities, boards, commissions, and other entities with varying degrees of administrative and fiscal autonomy. Accordingly, these classes are dealt with in more detail.¹

This statement by and large remains true today and this paper will discuss the government types in according levels of detail, although a few nuances about general-purpose governments are noted as they relate to analyzing data for these government types, particularly in conjunction with other data tabulated for small geographic areas.

County Governments

In common parlance, the word “county” often refers to a geographic area, and not necessarily a type of government. In most instances, county areas are governed by county governments, but not always.² For example, the states of Connecticut and Rhode Island have county areas, but do not have county governments. In other states, such as in San Francisco, California, the county and city are consolidated, meaning, they are governed by the same body, and are treated as a single municipal government in Census Bureau data.³ Furthermore, “borough” governments in Alaska and “parish” governments in Louisiana resemble county governments elsewhere, and govern geographic areas comparable to county areas in other states. As such, the Census Bureau includes those governments as county governments for the purpose of statistics on governments.

Municipal Governments (cities)

Technically, municipalities are “political subdivisions within which a municipal corporation has been established to provide general local government for a specific population concentration in a defined area.”⁴ The noteworthy characteristic here is the reference to population concentration. State laws often describe “classes” of cities according to the level of population. This association with a level of population also distinguishes municipal governments from

¹ U.S. Census Bureau, 1957 Census of Governments, vol. 1 no. 3, *Local Government Structure*. U.S. Government Printing Office, Washington, DC, 1957. p. 1. http://www2.census.gov/govs/pubs/cog/1957/1957_voll_no3_govt_org_statedesc.pdf, accessed 9 May 2013.

² A list of county-type areas without county governments is provided in Appendix A of *Individual State Descriptions: 2012*, available at <http://www2.census.gov/govs/cog/2012isd.pdf>, accessed 17 October 2013.

³ A list of city-county consolidated governments is provided in Appendix A of *Individual State Descriptions: 2012*, available at <http://www2.census.gov/govs/cog/2012isd.pdf>, accessed 17 October 2013.

⁴ U.S. Census Bureau, 2012 Census of Governments, *Individual State Descriptions*. p. v.

township governments, which otherwise have few characteristics that distinguish the two types of governments.

Township Governments (towns)

Township governments are present in 20 states, though are often called by different terms in different states, usually as “town,” “township,” “municipal corporation” (the legal term in Pennsylvania and New Jersey), and sometimes “plantation” (some of the areas called “plantations” in Maine meet the Census Bureau’s definition of township government). Even though in common parlance the word “town” is often used as a synonym for a city or a small city, in the Census Bureau’s data about governments, townships provide general local government to a defined area but without a defining population criterion.⁵

Special District Governments

Unlike the general-purpose governments, special districts perform one or a very limited range of functions or public services. They may vary in size from very large – such as the Port Authority of New York and New Jersey, which received nearly \$4.4 billion in revenue in 2011 and employed over 7,000 people⁶ – to very small, such as many irrigation districts in the Western states, which may not have any financial transactions in a given year and which may not have any paid employees, with officers serving on a volunteer basis.

Almost any function performed by a general-purpose government might also be performed by a special district. This is important to bear in mind while conducting data analysis, because often the service area of a special district will overlap with one or more general-purpose governments. Therefore, it may be best not to restrict oneself to examining the employment or finances of just a single type of government. To illustrate the variety of services that may be performed by special districts, a partial list of special districts by function is given below:

- Airport authorities
- Cemetery districts
- Drainage districts
- Electric power authorities
- Fire districts
- Natural gas supply districts
- Highway authorities
- Hospital districts

⁵ In other Census Bureau data, township governments are often referred to as “governmentally active minor civil divisions,” whereas municipalities are often referred to as “incorporated places.” For more information on the basic geographic entities that the Census Bureau uses, see the *Geographic Areas Reference Manual*, available at <http://www.census.gov/geo/reference/garm.html>, accessed 21 October 2013.

⁶ U.S. Census Bureau, 2011 Annual Survey of State and Local Government Finances.

- Housing and community development authorities
- Irrigation districts
- Library districts
- Mosquito abatement districts
- Orchard districts
- Parking authorities
- Parks and recreation districts
- Port authorities
- Sewer authorities
- Soil conservation districts
- Solid waste management districts
- Transit authorities
- Water supply districts

Please note also that many of these services may also be supplied by private sector entities.

Some special districts may be created by general-purpose governments as a way to provide services when the general-purpose government has reached a mandated debt limit. Rather than borrow additional money on its own, the general-purpose government may create the special district for the express purpose of borrowing money and overseeing the development or execution of a special project, such as the building of a road or other public facility, and possibly overseeing the payment of the debt. Therefore, the role of special districts in public service provision can complicate the analysis of government finance and public employment statistics. This role will be illustrated further in the discussion of legal research and classification.

School District Governments

A school district government is an independent government established expressly for providing education. Like the other public services mentioned with regard to special districts, education may be provided by general-purpose governments, by a special-purpose government (in this case a school district government), or by the private sector. Thus, not all education is provided through a governmental entity. Nor are all school districts independent governments unto themselves (more on the definition of an independent government is provided in the next section). As of 2012, school district governments were the exclusive form of *public* education provision in 30 states (though private schools were present in these states as well). A mixed situation was found in 16 states, in which public education was provided by school district governments as well as by general-purpose governments. As was mentioned in regard to special districts, data users would be wise not to focus exclusively on one type of government when analyzing the provision of public education, because it is provided by multiple types of governments as well as by private schools.

The Census Bureau's Criteria for Classifying Governments

The Census Bureau defines a government as follows:

A government is an organized entity which, in addition to having governmental character, has sufficient discretion in the management of its own affairs to distinguish it as separate from the administrative structure of any other governmental unit. To be defined as a government, any entity must possess all three of the attributes reflected in the foregoing definition: Existence as an organized entity, governmental character, and substantial autonomy.⁷

The three attributes are further defined in the Census Bureau's reports on Government Organization from the Censuses of Governments.⁸ In brief:

Existence as an organized entity is demonstrated by

the presence of some form of organization and the possession of some corporate power, such as perpetual succession, the right to sue and be sued, have a name, make contracts, acquire and dispose of property, and the like.... [S]ome entities not so specifically stated by law to be corporations [nevertheless] do have sufficient powers to be counted as governments.

The mere right to exist is not sufficient. Where a former government has ceased to operate – [that is, it] receives no revenue, conducts no activities, and has no officers at present – it is not counted as an active government.⁹

As will be described later, the presence of language in a state's laws describing the establishment, merger, or disincorporation of a government is an important indicator of an entity's existence or lack thereof. However, quite often further research is needed to determine the entity's actual status, including, for example, contacting the local officials for information on the entity's activities and relationships with other governmental bodies.

Governmental character is a somewhat circular term when used to define governments, but nonetheless does denote that the entity must provide services, or wield authority, or bear accountability, that is of a public nature. The Census Bureau's reports provide examples of indicators of governmental character, any of which may be sufficient, but not all are necessary:

Governmental character exists when officers of the entity are popularly elected or are appointed by public officials. A high degree of responsibility to the public, demonstrated by requirements for public reporting or for accessibility of records to public inspection, is also taken as critical evidence of governmental character.

⁷ U.S. Census Bureau, 1957 Census of Governments, vol. 1 no. 3, *Local Government Structure*. p. 3.

⁸ U.S. Census Bureau, 2012 Census of Governments, *Individual State Descriptions*, p. v *et passim*.

⁹ *Ibid*.

Governmental character is attributed to any entities having power to levy property taxes, power to issue debt for which the interest is exempt from federal taxation.... However, a lack of either of these attributes... does not preclude a class of units from being recognized as having governmental character, if it meets the indicated requirements as to officers or public accountability. Thus, some special district governments that have no taxing powers and provide electric power or other public utility services also widely rendered privately are counted as local governments because of provisions as to their administration and public accountability.¹⁰

Substantial autonomy consists of two components: fiscal independence, and administrative independence. As described in the Census Bureau's reports:

Fiscal independence generally derives from the power of the entity to:

- Determine its budget without review and detailed modification by other local officials or governments;
- Determine taxes to be levied for its support;
- Fix and collect charges for its services; or
- Issue debt without review by another local government.

Administrative independence is closely related to the basis for selection of the governing body of the entity. Accordingly, a public agency is counted as an independent government if it has independent fiscal powers and additionally:

- has a popularly elected governing body;
- has a governing body representing two or more state or local governments; or
- even in the event its governing body is appointed, performs functions that are essentially different from those of, and are not subject to specification by, its creating government.¹¹

An entity must demonstrate both fiscal independence and administrative independence to be considered a government. Census Bureau reports also provide examples of situations in which an entity may be considered to be a dependent agency of another "parent" government, owing to the makeup of its board (as being composed mainly of officials of the parent government), or provisions that its plans or budgets be reviewed and potentially altered by another government.¹²

These dependent agencies (synonymously referred to as "subordinate agencies") can present a challenge to data users in two ways. First, the Census Bureau may consider some entities to be dependent upon – and thus part of – another government, in ways that the entities or parent governments themselves may not recognize nor agree with. It should be kept in mind that the Census Bureau endeavors to measure public sector activity without omission or duplication,

¹⁰ Ibid.

¹¹ Ibid.

¹² Ibid.

and as such, the dependent agencies need to be included with their parent government in order to measure public sector activity both completely and consistently.

Second, as discussed in *Individual State Descriptions*, dependent agencies

...can be involved in a wide variety of activities—school systems, universities, utilities, toll highways, hospitals, etc....

Contrasting examples of the existence of dependent agencies are found in New York City and Chicago. Almost all local government services in New York City are classified as part of the city government.... As a result, New York City government includes over 100 dependent agencies. By contrast, many of these services in Chicago are classified as functions of independent special district governments.¹³

The *Individual State Descriptions*

The *Individual State Descriptions* publication documents the existence of dependent agencies of various types, as well as the number and types of independent local governments described above. It is therefore an important resource for those who use the Census Bureau's data about governments. Furthermore, it documents many of the findings of the legislative research conducted by Census Bureau staff, which, when understood, is the key to making the best use of the data.

Why the Individual State Descriptions?

As noted earlier, "County, municipal, and township governments are readily recognized and generally present no serious problem of classification. However, legislative provisions for school district and special district governments are diverse. Numerous single-function and multiple-function districts, authorities, commissions, boards, and other entities, which have varying degrees of autonomy, exist in the United States."¹⁴ The 10th Amendment of the U.S. Constitution, similar to Article II of the Articles of Confederation, ensured that each state retain its sovereignty, freedom, and independence.¹⁵ In terms of government organization for the nation, one can imagine 50 sovereign governments with the essential autonomy to define the political processes and governmental structure within their boundaries in any manner. Given this great variety of governmental structure, the *Individual State Descriptions* is an essential resource that explains in detail how each state is organized into the types of governments

¹³ Ibid., p. vii.

¹⁴ U.S. Census Bureau, 1957 Census of Governments, vol. 1 no. 3, *Local Government Structure*. U.S. Government Printing Office, Washington, DC, 1957. p. 1. http://www2.census.gov/govs/pubs/cog/1957/1957_vol1_no3_govt_org_statedesc.pdf, accessed 9 May 2013.

¹⁵ "The Articles of Confederation (1781-1789) from Yale University." Yale Law School Avalon Project. http://avalon.law.yale.edu/18th_century/artconf.asp, accessed August 18, 2013.

mentioned earlier. It defines the scope of governmental organization in the components of the Census of Governments (i.e., Finance and Employment.)

How is the Individual State Descriptions Developed?

The publication is released every five years as part of the Organizational Component of the Census of Governments. The legislative research period ends on June 30 of the given Census year. For example, the *Individual State Descriptions* for the 2012 Census of Governments was released in September 2013. It included the counts and descriptions for all local governments active in the United States as of June 30, 2012.

The information provided in the descriptions is based upon analysis of the legal provisions controlling the existence of local governments throughout the nation. The first time extensive research was done in detail was for the planned 1952 Census of Governments. Each successive census thereafter, the legislation has been reviewed to update and verify the research of the prior years.

In addition to the legislative review of the existing description, Census Bureau staff research all general and special session laws pertaining to governmental structure passed by the state legislatures through the five-year cycle. For example, the research done for the 2012 Census of Governments included all laws passed by state legislatures beginning in July 2007 through to the end of June 2012.

During the legislative review of the session laws, analysts may encounter laws that will have an impact on the other components of the Census of Governments and its related annual and quarterly surveys. Given the lag in data collection (i.e., processing for the Fiscal Year ending June 30, 2012 doesn't usually begin until October 2012) and legislation usually passed at least a year before the fiscal year affected, this legislative research is the first glimpse of potential explanations of data fluctuations. For example, a state may pass a law in 2012 that will increase its cigarette tax a dollar each year for the next three years starting in Fiscal Year 2013. With this information, Census Bureau analysts can anticipate an increase in the tobacco tax revenue for this state shown in the Annual Survey of State Government Tax Collections, the Quarterly Summary of State & Local Tax Revenue (State Tax Collections by State), and the Annual Survey of State Government Finances. Another state may pass legislation increasing the pension payments required by their government employees. This information can help explain an increase in employee contributions for that state for the Annual Survey of Public Pensions: State-Administered Defined Benefit Data.

Challenges Encountered During Legislative Research

State Laws

At the very beginning of the research process, obstacles are encountered simply in the manner each state presents its laws. For some states, we may have difficulty in finding the laws that are relevant to our research. For example, a state may have decided to recodify their statutes during a legislative session, and in the process they have repealed the old codified sections. During the code review, an analyst may see that the statute authorizing a certain class of special districts has been repealed. Without knowing about the recodification, we could unintentionally implement an artificial decrease in the number of special districts in a state (if the analyst were to remove each special district of that class in the state from the universe of governments.) The risk of this potential error is exacerbated when thought of in context with the other Census of Governments components: these special district governments would no longer be canvassed for their financial or public employment data. We minimize this risk through extensive training and staff are cognizant of this during the legislative research process. Another strategy in place to avoid this kind of artificial error on the data is the process of external reviews for each of the state descriptions. The external reviews for the 2012 Individual State Descriptions were conducted in cooperation with the U.S. Census Bureau State Data Centers. State Data Center leads and other experts in local government affairs and laws reviewed each description for its completeness and accuracy.¹⁶

The federal government cannot mandate how often, how many, or in what format a state creates and displays its laws. It is up to the Census Bureau staff to be aware of these differences to ensure that the legislative research is thoroughly and efficiently complete for each census cycle.

Special Acts

Additionally, the federal government cannot tell a state how to write their laws. This is particularly evident in the presence or absence of special acts in a state. A special act is exactly as the name states: it is a legislative act that applies only to specific persons or to a specific area.¹⁷ Not all states allow their legislatures to pass special acts, but there are ways around that restriction so those legislatures can develop laws applicable to specific areas. This creates some additional burden during the legislative research process. The paragraph below is an example of the workarounds that states will have to create in order to avoid specifying by name.

¹⁶ For a complete list of these reviewers, see Appendix C of the 2012 Census of Governments, *Individual State Descriptions*.

¹⁷ Special act. Dictionary.com. *Dictionary.com Unabridged*. Random House, Inc. http://dictionary.reference.com/browse/special_act, accessed: August 20, 2013.

Municipal Redevelopment Authorities – Certain Municipalities

Any fourth class city with a population of at least one thousand which is located within a first class county with a charter form of government adjoining a city not within a county and which has had, during four years prior to June 24, 1988, at least fifteen percent of the lands within the city limits of such city purchased under a federal noise abatement program designed to purchase residential property due to the high level of noise from a nearby airport, any municipality which adjoins a city not within a county and which contains an enterprise zone, and any municipality which has a population of less than seven thousand inhabitants which adjoins a city not within a county and also adjoins either a municipality containing an enterprise zone or a municipality which adjoins a municipality containing an enterprise zone may, upon the motion of the governing body of such municipality, establish a municipal redevelopment authority pursuant to [sections 79.550](#) to [79.565](#).¹⁸

There is only one municipality in Missouri meeting these requirements: Kinloch.

Rather than leave users with the confusion experienced with these types of laws, the Census Bureau attempts to clarify those specific instances when possible as a service to the data user. For example, New Mexico has a variety of classifications for their counties related to public employee salaries. There is a specific class, H class, which is reserved for any county that covers an area of not more than 200 square miles. There is only one county, Los Alamos, that fits this requirement. This is clearly explained in the *Individual State Descriptions*.

In sum, by having professional staff conduct a review of state laws as they apply to Census Bureau data, data users benefit. They benefit both from the staff's familiarity with using state laws, and from the staff's work in recasting any changes to state laws, and the impact of those changes on the number and types of local governments, into a standard, concise format.

Impacts of Politics and Policy on Census Bureau Statistics on Governments

Fiscal Years

Not all governments end their fiscal years on the same date, nor can the federal government mandate to over 90,000 governments that they end their fiscal years on a given date. As a result, there are a variety of fiscal year end dates for the governments throughout the nation. There are some states that make it a legal requirement for governments to end their fiscal year on a certain date. For example, all local governments in Indiana end their fiscal years on December 31. Other states have no restrictions on their local governments so there may be some ending on June 30, others ending on December 31.

¹⁸ Mo. Rev. Stat. sec. 79.550

At the state level there are differences in dates as well. For the most part, 46 of the 50 states end their fiscal year on the most popular, June 30. The other four states have varying ends:

- New York ends on March 31.
- Texas ends on August 31.
- Alabama and Michigan end on September 30.

Due to these differences, to collect these financial data for a given fiscal year, the Census Bureau defines a reference period for the census and surveys on government finances. The defined reference period for a survey cycle begins on July 1 of year A and ends on June 30 of year A+1. The reference period would be known as “Fiscal Year A+1.” For example, the reference period for the 2012 Census of Governments began on July 1, 2011 and ended June 30, 2012. To determine what financial information is used, the fiscal year end date needs to fall within that reference period. Continuing the example:¹⁹

- New York state would include the data for the fiscal year that ended on March 31, 2012.
- Gary, Indiana would include the data for the fiscal year that ended on December 31, 2011.
- Prince George’s County, Maryland would include the data for the fiscal year that ended on June 30, 2012.

Given the variation in fiscal years, a user needs to take caution when trying to use Census Bureau statistics on governments to analyze the effect of a time-specific event. A good example would be trying to analyze the government spending during and after a wide-spread winter storm. A winter storm tears through the Midwest, leaving highways, homes, and electric wires all covered in ice. Massive power restoration and road cleanups are necessary to get the region back in order. How did local governments respond to the natural disaster? How much federal money did these governments receive?

To continue the example using Figure 1, let’s say that the event occurred in March 2013. A user wants to compare two similar cities Springfield, Illinois and Des Moines, Iowa to determine how each responded to the natural disaster.

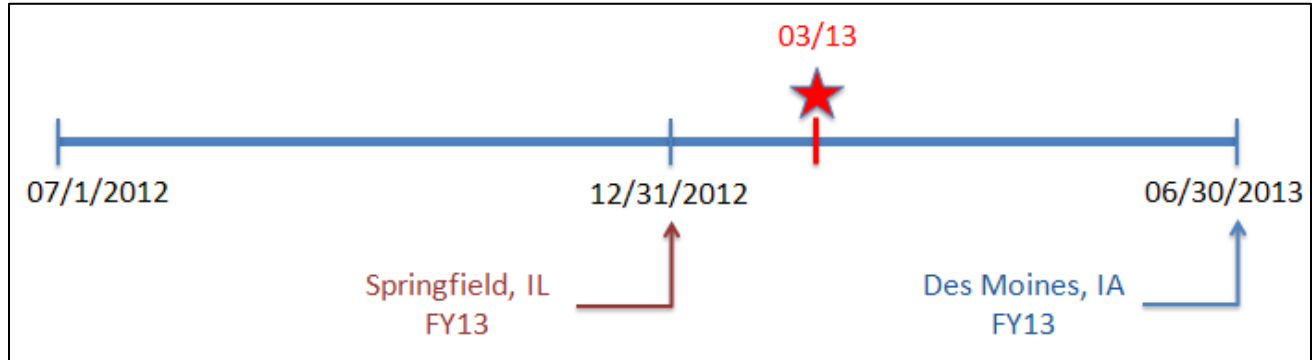
While similar cities in their relative size (and both capitals of Midwest states), their fiscal years are different. Springfield has a fiscal year end of December 31, and Des Moines has a fiscal year end of June 30. When looking at Census Bureau government statistics for the Fiscal Year 2013, and given the Census Bureau defined reference period, the data for Springfield would be from

¹⁹ The states of Texas, Alabama, and Michigan will include the fiscal years that extend beyond the reference period. Similar instances for local governments are the District of Columbia and local school systems in Alabama, Nebraska, and Texas.

their fiscal year that ended on December 31, 2012. For Des Moines, the data would be from their fiscal year that ended on June 30, 2013.

Because of the defined reference period, the effects of the winter storm in March 2013 would not be shown in the Springfield data for Fiscal Year 2013. Therefore, a comparison between the two cities for a single fiscal year would not be feasible. This is important to remember, and a user would have a greater benefit by looking at the impact over at least two fiscal years of data.

Figure 1. Fiscal Year End Dates of Springfield, IL and Des Moines, IA



Service Delivery: Public versus Private

The method in which a specific service (e.g., utilities) is delivered to the public will be different across the states. A user may be trying to compare electric utility expenditures for governments in Nebraska with governments in Michigan. The figure below shows the electric utility expenditures for each of those states.

Figure 2. Electric Utility Expenditures for State and Local Governments: Michigan and Nebraska (in thousands of dollars)

	Michigan State & Local Government Amount	Nebraska State & Local Government Amount
Electric Power Supply	975,025	3,300,044

Source: U.S. Census Bureau, 2011 Annual Surveys of State and Local Government Finances

Without looking into the method of service delivery of electric power for each state, one could argue that Michigan, a more populous state than Nebraska, is far more efficient at providing electric power to its residents. Is this truly the case?

The answer is no. Digging further, a user will discover that most of the electric power supplied to residents of Nebraska is delivered by a government entity. There are 35 special districts in

Nebraska that provide the sole function of electric power supply.²⁰ The Nebraska Public Power District is the largest wholesale supplier of electricity in Nebraska.²¹

For the most part, private companies (e.g., Alpena Power Company, DTE Electric Company, etc.) provide electric power in Michigan. According to the Michigan Public Service Commission, there are eight privately owned electric utilities, nine rural electric distribution cooperatives, and one privately owned steam utility.²² There are also municipally owned electric utilities and two special districts that provide the sole function of electric power supply.²³

This example illustrates just one of the varieties of service delivery that is different among all states. Because each state has the autonomy to determine how services are provided within their area, one needs to keep this in mind when analyzing the data.

Service Delivery: Types of Government

Not only do states have the autonomy to provide a service where private corporations may do so elsewhere, states can choose to leave that responsibility to a local government, or they can create a special purpose government to provide that service. For an example, a user may be trying to use Census Bureau data to compare public education expenditures between Chicago and New York City. Pulling the data for the two similarly sized cities, we see the following:

Figure 3. Elementary and Secondary Education Expenditures for Chicago City and New York City (in thousands of dollars)

	Chicago City Amount	New York City Amount
Elementary and Secondary Education	0	18,655,319

Source: U.S. Census Bureau, 2011 Annual Surveys of State and Local Government Finances

If a user were to only look at the city’s expenditures for Chicago’s schools, they would see that the amount in the data is zero. The user should look beyond the data and ask the question, “How is this service being provided?”

New York City provides public education through a dependent public school system. The community school districts in the city of New York each have an appointed community district education council and a community superintendent. These councils manage the local schools

²⁰ U.S. Census Bureau, 2012 Governments Master Address File.

²¹ Nebraska Power Review Board. “Nebraska Power Review Board Orientation Manual, Chapter 3: The Electric Industry in Nebraska.” <http://www.powerreview.nebraska.gov/prbmanual/3.html>. Accessed September 3, 2013.

²² Michigan Public Service Commission. “Electricity”. <http://www.michigan.gov/mpsc/0,4639,7-159-16377---,00.html>. Accessed September 3, 2013.

²³ U.S. Census Bureau, 2012 Governments Master Address File.

but are subordinate fiscally and otherwise to the school chancellor. They are not counted as separate governments for Census Bureau purposes.²⁴

The state of Illinois has zero dependent public school systems. In the 2012 Census of Governments, Illinois had 905 school systems. For the city of Chicago, the majority of public education is provided by Chicago City School District 299.

With this additional information, the user can compare the elementary and secondary education expenditures of the Chicago City School District 299 and New York City.

Figure 4. Elementary and Secondary Education Expenditures: Chicago City School District 299 and New York City (in thousands of dollars)

	Chicago City School District 299	New York City
Elementary and Secondary Education	4,779,770	18,655,319

Source: U.S. Census Bureau, 2011 Annual Surveys of State and Local Government Finances

State Specific Definitions

A state’s definitions of a certain activity will be set to fit their specific policy and/or political needs. As a result, we will see a variety of different terms to define the same activity or revenue. It is the responsibility of the Census Bureau to sift through the various terms and classify these activities according to our standardized definitions.

For example, medical provider taxes have provided a large funding mechanism for many years. They have been used by state governments to generate the state matching funds needed to receive federal financial participation for Medicaid. The variety of names referenced across the states for this type of tax is also large. Some of the varieties include:

- Hospital Assessments
- Provider Fees
- Quality Assessments
- Provider Taxes

When classifying these aforementioned assessments, fees, and taxes into our own set of definitions, the Census Bureau looks beyond the terms used for the revenue and into the definition of the assessment, fee, or tax. In each case, the definition included some form of per unit charge for a hospital or medical provider. For example, State Y’s “Hospital Assessment Fee” is charged to hospitals at a rate of 350 dollars per inpatient bed day. State X’s “Hospital

²⁴ U.S. Census Bureau, 2012 Census of Governments, *Individual State Descriptions*, p. 204

Services Tax” is charged to hospitals at a rate of 3 percent of gross revenues. Two different terms, and two different definitions for the state, but the Census Bureau will classify them in the same tax category (Other Selective Sales and Gross Receipts Taxes).

The Census Bureau tax category “Other Selective Sales and Gross Receipts Taxes” is defined as:

Taxes on specific commodities, businesses, or services not reported separately above... For state governments, includes sales or use taxes based on sale price, where the authorizing legislation is separate from the state’s general sales and use tax law.²⁵

While the definition does not yield a black and white explanation, one needs to look to the definition of the sub-category for “Selective Sales and Gross Receipts Taxes:”

Taxes imposed on the sale of particular commodities or services or on gross receipts...²⁶

Here, one sees that the definition will include taxes on *services* and *gross receipts*. So while State Y is collecting a rate per inpatient bed day (a unit of service) and State X is collecting a rate per gross revenues (or gross receipts), by the Census Bureau definition, both will be included in “Other Selective Sales and Gross Receipts Taxes.”

Discussion: Using the Data – Unity Within Diversity?

As discussed and illustrated above:

In order to make classification decisions, Census Bureau staff pay attention to state and local government activities in two contexts – both the governments’ legal relationships with other entities, and how the governments’ activities affect and are affected by those other entities in practice.

The Census Bureau’s data, therefore, may not entirely be in accordance with the state and local governments’ own accounts of their activities, but they do reflect a consistent approach toward creating a unified dataset that accounts for all public sector activity without omission or duplication. In order to make the best use of the data, the data user should understand the basic principles by which the Census Bureau classified governments, and in so doing, become sensitive to the differences by which governments in different jurisdictions conduct their business.

Is there any way to do better than just “becoming sensitive” to the differences among governments? That is, can the data be made completely consistent, so that all governmental

²⁵ US Census Bureau, *Government Finance and Employment Classification Manual*. p. 4-12.
http://www2.census.gov/govs/pubs/classification/2006_classification_manual.pdf, accessed 25 September 2013.

²⁶ Ibid.

units and activities can be treated as identical? The 10th Amendment to the U.S. Constitution implies that the answer is a resounding “no:”

The powers not delegated to the United States by the Constitution, nor prohibited by it to the states, are reserved to the states respectively, or to the people.

States, therefore, have been long-recognized as having the powers to organize their governmental affairs, and for setting the rules by which local governments can be incorporated and operate. Users of statistics on governments should appreciate the diversity of governments, and frame their research accordingly. This can be done in a number of ways.

First, the user should pay attention to which types of government provide the public service of interest for analysis. The Chicago versus New York City example with public education, above, illustrates how greatly the analysis can be affected if one does not include all the relevant government types that provide a service. While that example provided a stark contrast – zero dollars compared with billions of dollars – not all cases will be quite that straight forward. For instance, fire protection may be provided by a city government as well as by independent special districts (fire protection districts). In such a case where multiple government types provide the service, one might omit relevant data and not notice as easily.

Similarly, the user should consider the degree to which a particular service may be provided by the public sector versus the private sector. The example comparing electric utility provision in Nebraska versus Michigan illustrates how large an effect private sector service provision can have upon the data.

At this point, a careful researcher might worry that good statistical analysis depends upon the units analyzed being identical, in order for that analysis to have validity. This paper argues that in many cases, governments are not truly identical units. What, then, should the data user do to ensure that the analysis is valid? To assuage that concern, one should ask, “identical with respect to *what?*” Here it is important to reexamine the subject, verb, and object within one’s thesis statement. If the goal of the analysis is to determine influences upon the provision of a public service, or the financing thereof, then it makes sense to look at all governmental activity within an area, rather than focusing on one type of government. A user might thus reframe his or her thesis: “*local governments* [subject: not necessarily cities, but special districts and other governments as well] that experience phenomenon X tend to *increase their spending* [verb] on *function Y* [object].” The focus was thus reframed not on cities as units of analysis, but rather on dollars spent on function Y, or on a percentage change thereof, depending on the user’s focus.

To operationalize such a thesis, one could look at state-area data (that is, data that combines not only data for the state government, but also the aggregates of all local governments within the

state, net of any state-local transactions). Alternatively, if one has the ability to use quinquennial data from the Census of Governments, data aggregated by county-area could be useful as well. County-area data do include all types of governments within the geographic area of each county, even while they come with other caveats, the most of important of which being that service provision and revenue collection often cross county boundaries. Conducting analysis by grouping together adjacent counties can sometimes help to capture any revenue collection or expenditures across county boundaries that might be missed if one focused only on a single county area, particularly in areas with populations that commute to work across counties.

But what about research that truly does focus on the dynamics of a specific government type? For instance, a researcher might need to focus on cities specifically, and the politics of city governance, because of the sociological, economic, and general environmental factors involved when large numbers of people live together in high-density areas. This paper has illustrated how heterogeneous city governments can be with respect to the types of services they provide. How might a political scientist conduct valid analysis of city politics using the Census Bureau's data, when city governments are so diverse in the ways in which they govern?

The answer, again, is to take a more expansive view of one's research question, this time along a few different dimensions: "Are there structures in place in certain states and not others that might affect how city governments behave? Do city governments in some states have legislative options available to them, such as creating special district governments, that may be more commonly utilized in one state versus another? Are there other loci of service provision, such as township governments, county governments, or certain types of dependent agencies, that may affect the dynamics being investigated?"

To answer these types of questions, researchers should consult the Census Bureau publication, *Individual State Descriptions*, described in this paper. The number of governments by type in each state, whether those governments may impose taxes or issue debt, the types of special districts and the functions they perform, and the presence and types of dependent agencies, are all included in the *Individual State Descriptions*, and are intended to provide the reader a foundation to conduct these analyses.

To reiterate – both types of analyses explained above will benefit from the *Individual State Descriptions*. It is a tool for effective hypothesis development.

Conclusion

The Census of Governments and its related programs provide a rich source of data on state and local governments in the United States, not only on the number of governments by type, but also additional detail on their organization, employment, and finances. Census Bureau staff apply a standard set of criteria while classifying governments and their activities, in order to provide what is perhaps the only complete and uniform set of data on the activities of governments in the United States. In making their classification decisions, Census Bureau staff do need to be aware of the politics and policies of states and local governments, and the effects they have on the data. The *Individual State Descriptions* publication, provided by the Census Bureau, serves as a tool with which data users can better understand the complexities discussed in this paper, and in so doing, use the data in a way that maximizes the strength and validity of their analysis.