**Assignment #4: Statistical Inference in Linear Regression (50 points)**

This assignment will be made available in both pdf and Microsoft docx format. Answers should be typed into the docx file, saved, and converted into pdf format for submission. **Color your answers in green so that they can be easily distinguished from the questions themselves.**

**Throughout this assignment keep all decimals to four places, i.e. X.xxxx.**

**Any computations that involve “the log function”, denoted by log(x), are always meant to mean the natural log function (which will show as ln() on a calculator). The only time that you should ever use a log function other than the natural logarithm is if you are given a specific base.**

In this assignment we will review model output from SAS and perform the computations related to statistical inference for linear regression. By performing this computations we are ensuring that we understand how the numbers in this SAS output are computed. **Students are expected to show all work in their computations. A good practice is to write down the generic formula for any computation and then fill in the values need for the computation from the problem statement.**

**Grading Note: These problems will be graded ‘up or down’, i.e. there is no partial credit. This practice is how this assignment is graded, how the small computations in the quizzes are graded (since they are automated), and how the small computations on the final exam are graded.**

**Model 1:** Let’s consider the following SAS output for a regression model which we will refer to as Model 1.

| **Analysis of Variance** | | | | | |
| --- | --- | --- | --- | --- | --- |
| **Source** | **DF** | **Sum of Squares** | **Mean Square** | **F Value** | **Pr > F** |
| **Model** | 4 | 2126.00904 | 531.50226 |  | <.0001 |
| **Error** | 67 | 630.35953 | 9.40835 |  |  |
| **Corrected Total** | 71 | 2756.36857 |  |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **Root MSE** | 3.06730 | **R-Square** |  |
| **Dependent Mean** | 37.26901 | **Adj R-Sq** |  |
| **Coeff Var** | 8.23017 |  |  |

| **Parameter Estimates** | | | | | |
| --- | --- | --- | --- | --- | --- |
| **Variable** | **DF** | **Parameter Estimate** | **Standard Error** | **t Value** | **Pr > |t|** |
| **Intercept** | 1 | 11.33027 | 1.99409 | 5.68 | <.0001 |
| **X1** | 1 | 2.18604 | 0.41043 |  | <.0001 |
| **X2** | 1 | 8.27430 | 2.33906 | 3.54 | 0.0007 |
| **X3** | 1 | 0.49182 | 0.26473 | 1.86 | 0.0676 |
| **X4** | 1 | -0.49356 | 2.29431 | -0.22 | 0.8303 |

| **Number in Model** | **C(p)** | **R-Square** | **AIC** | **BIC** | **Variables in Model** |
| --- | --- | --- | --- | --- | --- |
| **4** | 5.0000 | 0.7713 | 166.2129 | 168.9481 | X1 X2 X3 X4 |

1. (5 points) How many observations are in the sample data?

75

1. (5 points) Write out the null and alternate hypotheses for the t-test for Beta1.

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1. (5 points) Compute the t- statistic for Beta1.

5.3262 ParemeterEstimate/StandardError

1. (5 points) Compute the R-Squared value for Model 1.

0.77 1-(SSError/SSCorrectedTotal) SSE/SST

1. (5 points) Compute the Adjusted R-Squared value for Model 1.

0.5696 (SSE/N-predictors-1)/(SST/N-1)

1. (5 points) Write out the null and alternate hypotheses for the Overall F-test.

: , ≠0

1. (5 points) Compute the F-statistic for the Overall F-test.

56.4926 MeanSquareModel/MeanSquareError

**Model 2:** Now let’s consider the following SAS output for an alternate regression model which we will refer to as Model 2.

| **Analysis of Variance** | | | | | |
| --- | --- | --- | --- | --- | --- |
| **Source** | **DF** | **Sum of Squares** | **Mean Square** | **F Value** | **Pr > F** |
| **Model** | 6 | 2183.75946 | 363.95991 | 41.32 | <.0001 |
| **Error** | 65 | 572.60911 | 8.80937 |  |  |
| **Corrected Total** | 71 | 2756.36857 |  |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **Root MSE** | 2.96806 | **R-Square** | 0.7923 |
| **Dependent Mean** | 37.26901 | **Adj R-Sq** | 0.7731 |
| **Coeff Var** | 7.96388 |  |  |

| **Parameter Estimates** | | | | | |
| --- | --- | --- | --- | --- | --- |
| **Variable** | **DF** | **Parameter Estimate** | **Standard Error** | **t Value** | **Pr > |t|** |
| **Intercept** | 1 | 14.39017 | 2.89157 | 4.98 | <.0001 |
| **X1** | 1 | 1.97132 | 0.43653 | 4.52 | <.0001 |
| **X2** | 1 | 9.13895 | 2.30071 | 3.97 | 0.0002 |
| **X3** | 1 | 0.56485 | 0.26266 | 2.15 | 0.0352 |
| **X4** | 1 | 0.33371 | 2.42131 | 0.14 | 0.8908 |
| **X5** | 1 | 1.90698 | 0.76459 | 2.49 | 0.0152 |
| **X6** | 1 | -1.04330 | 0.64759 | -1.61 | 0.1120 |

| **Number in Model** | **C(p)** | **R-Square** | **AIC** | **BIC** | **Variables in Model** |
| --- | --- | --- | --- | --- | --- |
| **6** | 7.0000 | 0.7923 | 163.2947 | 166.7792 | X1 X2 X3 X4 X5 X6 |

1. (5 points) Now let’s consider Model 1 and Model 2 as a pair of models. Does Model 1 nest Model 2 or does Model 2 nest Model 1? Explain.

Model2 nest Model 1 because Model1 can by obtained from Model2 if some paremeters are removed.

1. (5 points) Write out the null and alternate hypotheses for a nested F-test using Model 1 and Model 2.

coefficients for the omitted terms are all zero,

at least one omitted coefficient is not zero.

1. (5 points) Compute the F-statistic for a nested F-test using Model 1 and Model 2.

**Here are some additional questions to help you understand other parts of the SAS output.**

1. (0 points) Compute the AIC values for both Model 1 and Model 2.
2. (0 points) Compute the BIC values for both Model 1 and Model 2.

1. (0 points) Compute the Mallow’s Cp values for both Model 1 and Model 2.
2. (0 points) Verify the t-statistics for the remaining coefficients in Model 1.
3. (0 points) Verify the Mean Square values for Model 1 and Model 2.
4. (0 points) Verify the Root MSE values for Model 1 and Model 2.