Definition: **Parameter** = a number that characterizes a population (example: population mean $\mu$) – it’s typically unknown.

**Statistic** = a number that characterizes a sample

(example: sample mean $\bar{X}$) – we can calculate it from our sample data.

We use the sample mean $\bar{X}$ to estimate the population mean $\mu$.

Suppose we take a sample and calculate $\bar{X}$.

Will $\bar{X}$ equal $\mu$? Will $\bar{X}$ be close to $\mu$?

Suppose we take another sample and get another $\bar{X}$.

Will it be same as first $\bar{X}$? Will it be close to first $\bar{X}$?

• What if we took many repeated samples (of the same size) from the same population, and each time, calculated the sample mean?

What would that set of $\bar{X}$ values look like?

**The sampling distribution** of a statistic is the distribution of values of the statistic in all possible samples (of the same size) from the same population.
Consider the sampling distribution of the sample mean \( \bar{X} \) when we take samples of size \( n \) from a population with mean \( \mu \) and variance \( \sigma^2 \).

Picture:

The sampling distribution of \( \bar{X} \) has mean \( \mu \) and standard deviation \( \sigma / \sqrt{n} \).

Notation:

**Point Estimator**: A statistic which is a single number meant to estimate a parameter.

It would be nice if the average value of the estimator (over repeated sampling) equaled the target parameter.

An estimator is called **unbiased** if the mean of its sampling distribution is equal to the parameter being estimated.
Examples:

Another nice property of an estimator: we want the spread of its sampling distribution to be as small as possible.

The standard deviation of a statistic’s sampling distribution is called the **standard error** of the statistic.

The standard error of the sample mean $\bar{X}$ is $\sigma / \sqrt{n}$.

Note: As the sample size gets larger, the spread of the sampling distribution gets smaller.

When the sample size is large, the sample mean varies **less** across samples.

**Evaluating an estimator:**

1. Is it unbiased?
2. Does it have a small standard error?
Central Limit Theorem

We have determined the center and the spread of the sampling distribution of \( \bar{X} \). What is the shape of its sampling distribution?

Case I: If the distribution of the original data is normal, the sampling distribution of \( \bar{X} \) is normal. (This is true no matter what the sample size is.)

Case II: Central Limit Theorem: If we take a random sample (of size \( n \)) from any population with mean \( \mu \) and standard deviation \( \sigma \), the sampling distribution of \( \bar{X} \) is approximately normal, if the sample size is large.

How large does \( n \) have to be?

Our rule of thumb: If \( n \geq 30 \), we can apply the CLT result.

Pictures:

As \( n \) gets larger, the closer the sampling distribution looks to a normal distribution.
Why is the CLT important? Because when $\bar{X}$ is (approximately) normally distributed, we can answer probability questions about the sample mean.

Standardizing values of $\bar{X}$:

If $\bar{X}$ is normal with mean $\mu$ and standard deviation $\sigma / \sqrt{n}$, then

$$Z = \frac{\bar{X} - \mu}{\sigma / \sqrt{n}}$$

has a standard normal distribution.

Example: Suppose we’re studying the failure time (at high stress) of a certain engine part. The failure times have a mean of 1.4 hours and a standard deviation of 0.9 hours.

If our sample size is 40 engine parts, then what is the sampling distribution of the sample mean?
What is the probability that the sample mean will be greater than 1.5?

Example: Suppose lawyers’ salaries have a mean of $90,000 and a standard deviation of $30,000 (highly skewed). Given a sample of lawyers, can we find the probability the sample mean is less than $100,000 if \( n = 5 \)? If \( n = 30 \)?
Other Sampling Distributions

In practice, the population standard deviation $\sigma$ is typically unknown.

We estimate $\sigma$ with $s$.

$$\frac{\overline{X} - \mu}{s / \sqrt{n}}$$

But the quantity $\frac{\overline{X} - \mu}{s / \sqrt{n}}$ no longer has a standard normal distribution.

Its sampling distribution is as follows:
• If the data come from a normal population, then the statistic $T = \frac{\overline{X} - \mu}{s / \sqrt{n}}$ has a t-distribution (“Student’s t”) with $n - 1$ degrees of freedom (the parameter of the t-distribution).

• The t-distribution resembles the standard normal (symmetric, mound-shaped, centered at zero) but it is more spread out.
• The fewer the degrees of freedom, the more spread out the t-distribution is.
• As the d.f. increase, the t-distribution gets closer to the standard normal.

Picture:
Verify:
In t-distribution with 3 d.f., area to the right of ______ is .025. (Notation: For 3 d.f., $t_{0.025} =$ )

In t with 14 d.f., area to the right of ______ is .05.

In t with 25 d.f., area to the right of ______ is .999.
The $\chi^2$ (Chi-square) Distribution

Suppose our sample (of size $n$) comes from a normal population with mean $\mu$ and standard deviation $\sigma$.

Then $\frac{(n-1)s^2}{\sigma^2}$ has a $\chi^2$ distribution with $n - 1$ degrees of freedom.

• The $\chi^2$ distribution takes on positive values.
• It is skewed to the right.
• It is less skewed for higher degrees of freedom.
• The mean of a $\chi^2$ distribution with $n - 1$ degrees of freedom is $n - 1$ and the variance is $2(n - 1)$.

**Fact:** If we add the squares of $n$ independent standard normal r.v.’s, the resulting sum has a $\chi^2_n$ distribution.

Note that $\frac{(n-1)s^2}{\sigma^2} =$

We sacrifice one d.f. by estimating $\mu$ with $\bar{X}$, so it is $\chi^2_{n-1}$. 
Table VII gives values of a $\chi^2$ r.v. with specific areas to the right of those values.

Examples:

For $\chi^2$ with 6 d.f., area to the right of _________ is .90.

For $\chi^2$ with 6 d.f., area to the right of _________ is .05.

For $\chi^2$ with 80 d.f., area to the right of _________ is .10.
The F Distribution

\[ \frac{\chi^2_{n_1-1}}{(n_1 - 1)} / \frac{\chi^2_{n_2-1}}{(n_2 - 1)} \]

The quantity \( \frac{\chi^2_{n_1-1}}{(n_1 - 1)} / \frac{\chi^2_{n_2-1}}{(n_2 - 1)} \) where the two \( \chi^2 \) r.v.’s are independent, has an F-distribution with \( n_1 - 1 \) “numerator degrees of freedom” and \( n_2 - 1 \) denominator degrees of freedom.

So, if we have samples (of sizes \( n_1 \) and \( n_2 \)) from two normal populations, note:

has an F-distribution with \((n_1 - 1, n_2 - 1)\) d.f.
Table VIII gives values of F r.v. with area .10 to the right. Table IX gives values of F r.v. with area .05 to the right. Table X gives values of F r.v. with area .025 to the right. Table XI gives values of F r.v. with area .01 to the right.

Verify:

For F with (3, 9) d.f., 2.81 has area 0.10 to right.

For F with (15, 13) d.f., 3.82 has area 0.01 to right.

• These sampling distributions will be important in many inferential procedures we will learn.