

14.674/7:674/8

17787

FEDERAL GOVERNMENT STATISTICS AND STATISTICAL POLICY

UMASS/AMHERST



312066016718438

HEARING

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON GOVERNMENT OPERATIONS HOUSE OF REPRESENTATIVES

NINETY-SEVENTH CONGRESS

SECOND SESSION

JUNE 3, 1982

Printed for the use of the Committee on Government Operations



GOVERNMENT DOCUMENT
COLLECTION

FEB 9

UMASS/AMHERST
DEPOSITORY COPY

FEDERAL GOVERNMENT STATISTICS AND STATISTICAL POLICY

HEARING BEFORE A SUBCOMMITTEE OF THE COMMITTEE ON GOVERNMENT OPERATIONS HOUSE OF REPRESENTATIVES NINETY-SEVENTH CONGRESS

SECOND SESSION

JUNE 3, 1982

Printed for the use of the Committee on Government Operations



COMMITTEE ON GOVERNMENT OPERATIONS

JACK BROOKS, Texas, *Chairman*

L. H. FOUNTAIN, North Carolina
DANTE B. FASCELL, Florida
BENJAMIN S. ROSENTHAL, New York
DON FUQUA, Florida
JOHN CONYERS, Jr., Michigan
CARDISS COLLINS, Illinois
JOHN L. BURTON, California
GLENN ENGLISH, Oklahoma
ELLIOTT H. LEVITAS, Georgia
DAVID W. EVANS, Indiana
TOBY MOFFETT, Connecticut
HENRY A. WAXMAN, California
FLOYD J. FITHIAN, Indiana
TED WEISS, New York
MIKE SYNAR, Oklahoma
EUGENE V. ATKINSON, Pennsylvania
STEPHEN L. NEAL, North Carolina
DOUG BARNARD, Jr., Georgia
PETER A. PEYSER, New York
BARNEY FRANK, Massachusetts
HAROLD WASHINGTON, Illinois
TOM LANTOS, California
BARBARA B. KENNELLY, Connecticut

FRANK HORTON, New York
JOHN N. ERLNBORN, Illinois
CLARENCE J. BROWN, Ohio
PAUL N. McCLOSKEY, Jr., California
THOMAS N. KINDNESS, Ohio
ROBERT S. WALKER, Pennsylvania
M. CALDWELL BUTLER, Virginia
LYLE WILLIAMS, Ohio
JOEL DECKARD, Indiana
WILLIAM F. CLINGER, Jr., Pennsylvania
RAYMOND J. McGRATH, New York
HAL DAUB, Nebraska
JOHN HILER, Indiana
WENDELL BAILEY, Missouri
LAWRENCE J. DENARDIS, Connecticut
JUDD GREGG, New Hampshire
MICHAEL G. OXLEY, Ohio

WILLIAM M. JONES, *General Counsel*

JOHN E. MOORE, *Staff Administrator*

JOHN M. DUNCAN, *Minority Staff Director*

LEGISLATION AND NATIONAL SECURITY SUBCOMMITTEE

JACK BROOKS, Texas, *Chairman*

DANTE B. FASCELL, Florida
DON FUQUA, Florida
ELLIOTT H. LEVITAS, Georgia
DAVID W. EVANS, Indiana
HENRY A. WAXMAN, California

FRANK HORTON, New York
JOHN N. ERLNBORN, Illinois
M. CALDWELL BUTLER, Virginia
WILLIAM F. CLINGER, Jr., Pennsylvania

RICHARD C. BARNES, *Staff Director*

CONTENTS

	Page
Hearing held on June 3, 1982.....	1
Statement of—	
Brooks, Hon. Jack, a Representative in Congress from the State of Texas, and chairman, Legislation and National Security Subcommittee: Opening statement.....	1
DeMuth, Christopher C., Administrator, Office of Information and Regulatory Affairs, Office of Management and Budget.....	149
Fienberg, Stephen E., professor of statistics and social science at Carnegie-Mellon University, and chairman, Committee on National Statistics of the National Academy of Sciences.....	3
Francese, Peter, publisher of American Demographics magazine, and president, American Demographics, Inc.....	85
Slater, Courtenay, president, CEC Associates.....	51
Wills, Joan L., director of research and development, National Governors' Association.....	104
Letters, statements, et cetera, submitted for the record by—	
Brooks, Hon. Jack, a Representative in Congress from the State of Texas, and chairman, Legislation and National Security Subcommittee:	
May 6, 1982, letter to Congressman Roybal concerning Paperwork Reduction Act of 1980.....	184
Transcript of an interview of Christopher DeMuth, Administrator, Office of Information and Regulatory Affairs, Office of Management and Budget, by Daniel Melnick, Specialist in American National Government Surveys, Censuses, and Public Opinion, Congressional Research Service.....	165-183
DeMuth, Christopher C., Administrator, Office of Information and Regulatory Affairs, Office of Management and Budget:	
Prepared statement.....	154-160
Submissions to Chairman Brooks' additional questions.....	186-193
Submissions to Congressman Horton's additional questions.....	194-208
Fienberg, Stephen E., professor of statistics and social science at Carnegie-Mellon University, and chairman, Committee on National Statistics of the National Academy of Sciences:	
Prepared statement.....	14-32
Submissions to Chairman Brooks' additional questions.....	36-39
Submissions to Congressman Horton's additional questions.....	40-50
Francese, Peter, publisher of American Demographics magazine, and president, American Demographics, Inc.:	
Prepared statement.....	88-95
Submissions to Chairman Brooks' additional questions.....	97-98
Submissions to Congressman Horton's additional questions.....	99-103
Slater, Courtenay, president, CEC Associates:	
Prepared statement.....	57-76
Submissions to Chairman Brooks' additional questions.....	78
Submissions to Congressman Horton's additional questions.....	79-84
Will, Joan L., director of research and development, National Governors' Association:	
Prepared statement.....	107-126
Submissions to Chairman Brooks' additional questions.....	128-137
Submissions to Congressman Horton's additional questions.....	138-148

APPENDIXES

	Page
Appendix 1.—Office of Information and Regulatory Affairs organizational chart, January 29, 1982.....	211
Appendix 2.—Office of Information and Regulatory Affairs organizational chart, May 13, 1982.....	212
Appendix 3.—February 19, 1982, letter to Chairman Brooks from Gilbert Gude, Congressional Research Service, Library of Congress.....	213
Appendix 4.—Summary of Recent Changes in the Statistical Activities of the Federal Government, June 2, 1982.....	214
Appendix 5.—Recent Changes in the Federal Government's Statistical Programs: An Overview of the President's Budget for Fiscal Year 1983 and Analysis of the Departments of Energy, Labor, and the Bureau of the Census, April 8, 1982.....	217
Appendix 6.—Recent Changes in the Coordination of Federal Statistical Data Collection, September 15, 1982.....	271
Appendix 7.—Prepared statement of Hon. Paul Simon, a Representative in Congress from the State of Illinois.....	345
Appendix 8.—June 18, 1982, letter to Chairman Brooks from David M. Marsh, executive director, Business Advisory Council on Federal Reports.....	362
Appendix 9.—July 22, 1982, letter to Chairman Brooks from Lawrence A. Mayer, director of publications, Joint Council on Economic Education.....	363
Appendix 10.—July 20, 1982, letter and paper entitled "Federal Statistical Coordination Today: A Disaster or a Disgrace?" to Chairman Brooks from James T. Bonnen, professor, Michigan State University.....	364

FEDERAL GOVERNMENT STATISTICS AND STATISTICAL POLICY

THURSDAY, JUNE 3, 1982

HOUSE OF REPRESENTATIVES,
LEGISLATION AND NATIONAL SECURITY SUBCOMMITTEE
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:38 a.m., in room 2154, Rayburn House Office Building, Hon. Jack Brooks (chairman of the subcommittee) presiding.

Present: Representatives Jack Brooks, Elliott H. Levitas, and Frank Horton.

Also present: Subcommittee staff: Richard C. Barnes, staff director; Robert Moreno, professional staff member; Mary Alice Oliver, secretary; full committee staff: William M. Jones, general counsel; John E. Moore, staff administrator; James E. Lewin, chief investigator; Donna Fossum, professional staff member; Ralph Doty, staff member; John M. Duncan, minority staff director; and Stephen M. Daniels, minority professional staff, Committee on Government Operations.

OPENING STATEMENT OF CHAIRMAN BROOKS

Mr. BROOKS. The committee will come to order.

Today we examine the status of the Federal Government's statistics and our Nation's statistical policy. This is one of a series of reviews by this subcommittee to insure effective implementation of the provisions of the Paperwork Reduction Act. Our focus at this hearing will be on the provisions of this act that relate to the coordination of statistical policy.

Statistics are one of our country's national resources. They are the basis upon which policies are formed and decisions are made by both Government and industry. Recent developments indicate that the integrity of our Nation's statistical system may be in jeopardy.

Cuts in the budgets of agencies and departments threaten the existence of entire areas of data as well as planned analyses and anticipated reports.

The Statistical Policy Branch of OMB has been abolished through a reorganization of the Office of Information and Regulatory Affairs. For the first time in 40 years, the Nation is without a Chief Statistician and a distinct governmental unit with the primary responsibility of overseeing Federal Government statistics and statistical policy.

Today we will explore this situation and consider what steps may need to be taken to assure that our Government has an adequate and reliable statistical system.

Our first witness this morning is Dr. Stephen E. Fienberg, chairman of the department of statistics at Carnegie-Mellon University. Dr. Fienberg presently serves as the Chairman of the Committee on National Statistics of the National Academy of Sciences.

He has a B.S. from the University of Toronto and an M.A. and Ph. D. in statistics from Harvard University.

Dr. Fienberg has taught at the University of Minnesota, Harvard University, the University of Chicago, and Wellesley College. He is a fellow of the American Association for the Advancement of Science and the American Statistical Association and is the author of numerous books and articles on statistics and their applications.

We are glad to have you with us and look forward to your testimony.

Mr. Horton?

Mr. HORTON. Mr. Chairman, the Federal Government spends some \$1 billion annually through some 71 programs to generate statistics which are the grist of our modern Government. While we meet with and talk to constituents and see with our own eyes the effects of such problems as unemployment, inflation, and poverty, it is through statistics that those of us who share the responsibility for government officially confront these and other problems.

While we all know people who are unemployed and want to do all we can to help them, it is a statistic—the unemployment rate—that determines whether governmental action is taken or not.

While we all experience the effects of inflation in our household budgets, it is a statistic—the Consumer Price Index—by which we officially gage the nature and severity of the inflation problem.

While every day we see signs of poverty, it is through statistical measurements such as the distribution of personal income that we determine whether past programs designed to eliminate poverty have been a success and whether new efforts are necessary.

So reliant are we on statistics that few people today will believe a problem exists unless it can be shown to exist by means of statistics. Statistics play such an important part in our professional lives that hardly a day goes by without referring to them in describing a problem or relying on them in developing a solution.

It would be a public administration catastrophe if we were to find that the statistics we rely on so heavily did not adequately describe the real world of which we are a part and the problems we are trying to solve.

Mr. Chairman, it has come to my attention, as I know it has to yours, that there is a growing fear on the part of professional statisticians and users of Government data that the overall system of collecting, analyzing, and disseminating data is in a state of decline which, if not arrested, may profoundly alter the capacity of our Government to deal effectively with public problems.

That fear is based in part on the impact of acutal budget reductions from some statistical programs, the inability to keep the budgets of other programs protected from the effects of inflation, and the concern that a recent reorganization of the Office of Information and Regulatory Affairs continued a trend, underway since

1976, of steady and significant reductions in the number of personnel whose responsibility it is to provide overall policy guidance in this important area.

Mr. Chairman, these are important issues to explore. I commend you for holding this hearing and look forward to hearing from our witnesses.

Mr. BROOKS. We thank you very much, Mr. Horton, distinguished minority member of this committee. And Dr. Fienberg, we will accept your prepared statement for the record and look forward to your comments.

STATEMENT OF STEPHEN E. FIENBERG, PROFESSOR OF STATISTICS AND SOCIAL SCIENCE AT CARNEGIE-MELLON UNIVERSITY, AND CHAIRMAN, COMMITTEE ON NATIONAL STATISTICS OF THE NATIONAL ACADEMY OF SCIENCES

Mr. FIENBERG. Mr. Chairman and members of the subcommittee, I am Stephen E. Fienberg, professor of statistics and social science and head of the department of statistics at Carnegie-Mellon University.

I also serve as Chairman of the Committee on National Statistics at the National Academy of Sciences-National Research Council. As you are aware, the Committee investigates and reports on a wide range of statistical issues important to public policy, including Federal statistics activities.

I wish to thank you for the opportunity to appear before you today in order to discuss the effect of budget cuts on the Federal Government's ability to gather, analyze and publish statistical data widely used in the public and private sectors.

My testimony today will touch on several different but related questions:

One, what is the Federal statistical system, and in what ways are Federal statistical data used in the public and private sectors?

Two, what are the effects of current and projected budget cuts on Federal statistics?

Three, what does statistical policy and coordination mean? Why is it important?

Four, what has happened to the statistical policy function in the executive branch?

Five, what needs to be done to insure the availability of statistical data, of high quality and integrity, for informed policy decisions and legislative action?

I begin by noting the vantage point from which I view the current Federal statistical scene.

THE COMMITTEE ON NATIONAL STATISTICS

September 25, 1981, marked the 10th anniversary of the issuance of the final report of the President's Commission on Federal Statistics. In presenting its findings to the President, the Commission recommended that a National Academy of Sciences-National Research Council Committee be established to provide an outside review of Federal statistical activities.

This recommendation was implemented in 1972 with the establishment of the Committee on National Statistics.

The Commission envisioned that such a committee would: Provide a review of Federal statistical activities, on a selective basis, by a group of broadly representative professionals without direct relationships to the Federal Government; conduct special studies of statistical questions it deemed important because their favorable resolution would contribute to the continuing effectiveness of the Federal system; maintain liaison with related existing groups and with statistical agencies of the Federal Government; transmit its findings to the Director of OMB—where the central statistical body was housed at the time of the Commission's report—and to the public; have as an important part of its responsibilities the review of activities of the Statistical Policy Division of OMB, the unit then responsible for Government-wide statistical planning and coordination.

Since its founding, the Committee has concentrated its efforts most heavily on the first two of these recommendations—a list of panel reports of the Committee is attached as an appendix to my testimony—but we have monitored on an ongoing basis the work of the Statistical Policy Division and its successors.

At our last meeting about a month ago, the Committee reviewed at great length the recent changes in the statistical policy function of OMB. After much discussion, the Committee authorized me as Chairman to write to the Director, Mr. Stockman, expressing our deep concern.

I shall read from that letter later in my testimony. Although the remainder of my observations and comments today should not be misconstrued as representing official positions taken by the Committee or by the National Academy of Sciences, they lean quite heavily on what I have learned from the Committee's review activities.

THE FEDERAL STATISTICAL SYSTEM

Unlike most other countries in the world, the United States has a decentralized Federal statistical system. Actually, it is a system in only the loosest of senses; rather, it is a collection of individual agencies and programs with few formal links.

There are now more than 100 Federal agencies with statistical programs, although most of the general purpose data provided by the Federal Government come from 45 agencies that are either entirely statistical or have major programs to collect or analyze statistics.

The current obligations for these principal statistical programs were slightly in excess of \$1 billion in fiscal year 1981, and it is estimated that their funding will decline in fiscal year 1983 by about 5.4 percent in current dollars relative to fiscal year 1981.

When the effects of inflation are added in, the decline of support measured in real dollars is far greater. In addition, the periodic programs of these agencies—funds that can be carried over from one year to the next—declined from slightly less than \$0.2 billion to slightly less than \$0.1 billion, a cut in excess of 50 percent, which in large part is due to the decline of activities associated with the decennial census.

The two largest statistical agencies in terms of budget are the Bureau of the Census, with a fiscal year 1983 budget of \$236.3 million, and the Bureau of Labor Statistics, with a fiscal year 1983 budget of \$120.1 million. I will describe the impact of budget cuts for these agencies, in particular, later in my testimony.

HOW ARE FEDERAL STATISTICAL DATA USED

The data collected by the Federal Government are used in a variety of ways in both the public and private sectors. The executive branch and Congress use statistical data to aid the preparation of legislation; to facilitate the administration of Government programs; to monitor the state and progress of the economy; to estimate Federal income and to plan the Federal budget; to assist in the allocation of funds under domestic assistance programs.

For example, in fiscal year 1979, Federal statistical data and formulae were used in the allocation of \$122 billion under 150 different domestic assistance programs.

State and local governments are heavy users of Federal statistical data, in many of the same ways as is the Federal Government. They often collect data that are used by the Federal Government in cooperative programs that lead to the calculation of such important Federal economic indexes as the gross national product.

The use of Federal data by States allows for cross-State comparisons, and for consistent and standardized data. For example, data on the migration of students from one State to another is vital to policymakers who must decide on multi-State educational funding agreements, and on whether to allow students to spend State aid moneys in other States.

Even private industry relies on Federal statistical data for marketing and corporate planning. An official of the Union Carbide Corp. recently noted that his firm used: Census Bureau data from decennial censuses, from the census of manufacturing, and from monthly reports on retail trade and personal income; Bureau of Economic Analysis data from the national income and product accounts; Bureau of Labor Statistics data for the Consumer and Producer Price Indexes, and for employment and the labor force; U.S. Treasury data on Federal revenues and international trade flows; as well as data from the Federal Reserve System, the Department of the Interior, and the Energy Information Administration.

The current administration has embarked on a policy of "New Federalism," whereby major Federal programs are to be reduced and management is to be turned over to the States. Some have argued that related Federal data collection should also be reduced.

I believe that the Federal Government has a continuing obligation to collect the data, one, so that we can monitor the impact of these changes; two, so that States will be accountable for their actions with regard to the administration of these programs; three, to insure that compatible and coherent data are available across States and from an authoritative national source; and four, for use in other Federal Government programs such as the national accounts.

A major role of statistical data in our society is to provide information—information for the Federal Government itself, for the

public, and for private industry. That the task of collecting statistical data has fallen largely upon the Federal Government should not come as a surprise to us, for statistical data are a public good.

Many firms and individuals in the private sector may rely on various forms of statistical data, but none can afford to collect the data it needs without the Government's help. Finally, in the words of the economic commentator, Robert Samuelson, I note that: "Good information may not create good government, but bad information risks bad government."

THE EFFECTS OF BUDGET CUTS ON FEDERAL STATISTICS

The casualties of the current budgetary war litter Capitol Hill, but they may also be found throughout the statistical programs of the Federal Government. The accuracy and precision of Federal statistical series are seriously threatened by recent and projected budget cuts.

Damage inflicted upon statistical programs today may well be irreparable. At best, the cost of the subsequent restoration of reduced or eliminated data series will inevitably exceed, by large amounts, the projected savings associated with the original budget cuts. Let me elaborate in connection with two of the statistical programs of the Bureau of Labor Statistics.

The monthly unemployment rate, as extracted from the Current Population Survey and the monthly change in the Consumer Price Index, are the most visible of Federal statistics. Indeed, their release, each month in recent history, has led to front page headlines.

But what is often forgotten in these newspaper and TV discussions is that billions of dollars of Federal outlays are tied to the data. For example, in fiscal year 1979, the CPS was used in part as the basis for the allocation of \$54.4 billion under various domestic assistance programs, while the CPI was instrumental in determining the allocation of \$52.3 billion.

Moreover, wages for millions of government and nongovernment employees were indexed by a factor tied to the CPI. The sums of dollars at stake dwarf, by orders of magnitude, the Federal expenditures on these critical statistical series.

The Current Population Survey is designed and carried out for the Bureau of Labor Statistics by the Bureau of the Census. The CPS has received greater scrutiny by professional statisticians, economists, and demographers than any other sample survey in the world.

It is, in a sense, the principal jewel in the crown of the Federal statistical system. Yet it is not immune from political attack.

President Reagan, in recent trips outside Washington, has said that unemployment actually declined in March and April of this year. The official statistics from BLS showed the unemployment rate rising from 8.8 percent in February to 9 percent in March, and 9.4 percent in April; the President, on the other hand, claimed that the rate was 9.5 percent in March, down from 9.6 percent in February, and that it dropped to 9.2 percent in April.

As most of you know by now, the President cited unadjusted rates, whereas BLS reported seasonally adjusted rates. The practice

of seasonal adjustment is rooted in both economic practice and statistical theory, yet, in his talk to students in Illinois in April, the President poked fun at seasonal adjustment, commenting: "The statisticians have funny ways of counting."

Of course, when the June and July figures come out, it would not surprise me to find the President quoting the seasonally adjusted unemployment rates, especially if the unadjusted rates begin to rise.

This may seem like a frivolous story, not worthy of inclusion in the record of serious deliberations such as these, but it bears witness to an issue that we cannot and should not ignore.

The employees of statistical agencies such as the Bureau of Labor Statistics and the Bureau of the Census are well-trained and dedicated professionals. They have developed methods for data collection, analysis, and reports that are constantly subjected to careful professional scrutiny by statisticians, demographers, economists, and others. Their work is guided by substantive and professional judgment, not by politics.

In fact, safeguards have been instituted throughout the Federal statistical system to help prevent the politicization and abuse of statistical programs. It is for this reason that the Bureau of Labor Statistics chooses to announce in advance of data collection the seasonal adjustment factors it plans to use, even though this practice falls short of the more technically desirable, concurrent seasonal adjustment suggested by time series specialists.

In addition, the release of sensitive data series such as those involving employment and unemployment occurs at regularly scheduled and announced times and places.

The current dependency of the Bureau of Labor Statistics upon the Bureau of the Census for the work on the Current Population Survey is illustrative of the operation of major sample surveys funded by other Federal statistical agencies.

For better or for worse, the designs of many of these surveys are quite similar, but more importantly, they all use as their frame lists compiled by the Bureau of the Census, primarily in connection with the decennial census.

This means that every 10 years, even if there were no other reason to make changes in a survey, a major redesign effort is required on the part of the Bureau of the Census, to take into account population changes and to make use of data and geographic materials from the decennial census.

When instituting such a sample redesign, the Bureau typically makes other changes reflecting technological and methodological advances, and conceptual developments.

The Bureau of the Census has been planning to carry out a simultaneous redesign for seven national sample surveys that it conducts for other major Federal statistical agencies including, one, the Current Population Survey; two, the National Crime Survey; three, the Annual Housing Survey; four, the Health Interview Survey; five, the Consumer Expenditure Survey.

The survey redesign effort has been hampered by delays in the processing of data from the decennial census, but the budget restrictions for the Federal statistical agencies such as BLS, the

Bureau of Justice Statistics, and the National Center for Health Statistics have made for much greater delays.

When an agency such as BLS absorbs a 16-percent budget reduction, which it has been forced to do in the past 8 months, major reductions of data collection and development must take place.

The sample size of the Current Population Survey was reduced at the beginning of this year by 12,000 households, or about 16 percent, and no funds were left to allocate for the redesign effort.

The quality and reliability of the CPS unemployment figures must necessarily be reduced, and the problem is especially severe for various demographic groups, and at the State and local levels.

Redesign efforts are running almost 2 years behind the sample redesign for the CPS that was carried out in the 1970's. The Bureau of the Census is now aiming to put all seven affected surveys into the field with a redesigned sample in 1985.

The total costs of the redesign program are somewhat in excess of \$15 million, to be spread over a 6-year period beginning in fiscal year 1982. The allocated costs for fiscal year 1983 are \$3.5 million, \$3 million of which is to come from the Census budget.

Is such a major redesign worth the money and effort? The answer is most certainly so. In the minds of many, the validity of survey data based on a sampling frame rotted in the 1970 Census is questionable.

If all the redesign did was to reassure everyone regarding the validity of the data collected, the costs would be outweighed by benefits. But much more is at stake. The Bureau of the Census estimates that for the CPS, National Crime Survey, Annual Housing Survey, the Health Interview Survey, the redesign costs of \$12 million will yield a savings of \$46 million over the decade following the implementation of the redesigned surveys.

These savings will result primarily from the use of more efficient sampling structures; for example, better Primary Sampling Unit stratification and improved methods of statistical estimation.

Moreover, the savings will allow the affected agencies to increase the accuracy of the data they are currently reporting, as well as to meet the many additional demands placed upon them by Congress.

Surely, Members of Congress must recognize that budget reductions which will further delay and hamper this redesign effort are a form of false savings that will cost us all much more in the long run.

I believe that there are ways to reduce the costs of major Government surveys, but considerable funds must be allocated to research and development before savings can be realized. The transition to a more efficient statistical system cannot be fostered through budget reductions alone. Indeed, such a transition requires increased funding for research on sound statistical and survey methods before data collection costs can be reduced without destroying the integrity of important statistical series.

The Consumer Price Index produced directly by the Bureau of Labor Statistics is the Government's other best-known data series. Under the leadership of Janet Norwood, who is now the Commissioner, BLS revamped the CPS during the 1970's through the extended use of probability sampling of items and the improvements in measurement for various component surveys.

It will probably surprise Members of Congress to learn that we have no estimates of the accuracy and precision of the monthly CPI figures on which so many funding decisions rest. BLS has set into place the structure required to generate estimates of precision, but \$1 million is required to actually produce numerical values.

That is another casualty of the BLS budget restrictions. I find it astonishing to learn that a government which spends \$20 million on the collection and reporting of CPI data, is unwilling to spend another \$1 million to learn something about the precision of numbers being reported.

Small increases in the CPI can trigger millions of dollars of wage increases across the Nation, and yet the increases may be explainable simply as the result of sampling variability as opposed to true increases. Thus, detailed information on the accuracy and precision of the CPI should allow for more informed uses of the reported data.

I note that a comprehensive revision of the design and structure of the CPI is high on the BLS agenda, but that this activity has also been deferred due to the lack of funds.

Indeed, it is intimately intertwined with the redesign of the Census surveys because data from the Consumer Expenditure Survey are used to derive weights for the components of the CPI.

These are but a few examples of the impact of the budget cuts on Federal statistics. Moreover, the cuts come at a time when we need better and more extensive data to monitor the progress of the economy in these difficult days.

As William Kruskal of the University of Chicago has recently noted: "When a vessel is in stormy seas, it is foolhardy to cut corners on radar, navigational equipment, good maps and ample, well-trained crews."

The Federal statistics system stands today at a critical juncture, and the funding decisions currently being made will have a lasting impact on the quality and utility of data required for informed policy decisions and legislative action.

WHAT IS STATISTICAL COORDINATION AND POLICY?

Virtually every country in the world has a central statistical office. In the United States, beginning with the creation of the Central Statistical Board in 1933, we have recognized the need for such an office for Government-wide planning and coordination of statistical programs, although this office plays a different role from those in other countries, because of the decentralized nature of our statistical system.

From 1937 until this year, this coordinating unit was located in OMB and its predecessor agency, the Bureau of the Budget, except for a 4-year hiatus, from 1977 to 1981, when it was lodged in the Department of Commerce.

A brief history of the coordinating unit is at the same time illuminating and puzzling.

In 1947, the unit contained 69 persons, and was staffed by statistical professionals who managed forms clearance, as well as coordination.

1977, while OMB had doubled in size, the statistical budgets had grown tenfold in real dollar terms, and Federal statistical manpower had grown fivefold, the coordinating unit had been reduced to 29 persons.

In the spring of 1981, just before its transfer back from Commerce to OMB, there were 25 employees, not all of whom were full time. Only 15 of these persons were transferred to OMB.

In April 1982, the unit had dropped to under 10 persons, and had been reduced from a division to a branch.

In May 1982, the unit was officially abolished, and the remaining employees dispersed to other duties within the Office of Information and Regulatory Affairs.

Despite successful initial efforts at coordination, the central unit has been systematically denied the resources and the institutional authority to cope with the growing ensemble of agencies and statistical programs across the Government.

Even in its waning years, the unit carried out important projects such as preparing a series of annual reports on the status of Federal statistics, including a budgetary analysis of statistical agencies; organizing and staffing the Federal Committee on Statistical Methodology which has prepared reports on topics such as the uses of administrative records, the matching of statistical data files, and developing error profiles for sample surveys; developing a directory of Federal statistical data files; reporting on the use of statistical data for fund allocation; publishing, through the Statistical Reporter, important developments and changes in statistical series.

Officials in OMB have stated that we don't need substantial statistical coordination any more because the statistical agencies are now of sufficiently high quality that they can manage this function without any help.

But as the President's Reorganization Project for the Federal Statistical System noted in 1979:

The highly decentralized nature of Federal statistical work tends to serve rather effectively the policy needs of program agencies and departments where statistical functions are well organized and managed.

However, some departments' statistical functions are not well ordered or developed. Also, the relevance of statistical work for presidential, congressional and other national-level public decisionmaking, while substantial, is far short of both capacity and needs.

Increasing the relevance of Federal data for national-level policy purposes, protecting integrity, improving the quality of data, achieving more efficient utilization of the great diversity of data already produced, and reducing the burden of paperwork on the public all require greater central coordination of statistical activities.

These functions are echoed in the Paperwork Reduction Act of 1980 which transferred statistical policy back to OMB, which specifies that the statistical policy and coordination functions include:

One, developing, in conjunction with the agencies, long-range plans for the improved performance of Federal statistical activities and programs.

Two, coordinating, through the review of budget proposals and otherwise, the functions of the Government with respect to gathering, interpreting, and disseminating statistics and statistical information.

Three, overseeing the establishment of Government-wide policies, principles, standards, and guidelines covering statistical collection

procedures and methods, statistical data classifications, and statistical information presentation and dissemination; and, four, evaluating statistical program performance and agencies' compliance with Government-wide policies, principles, standards, and guidelines.

Unfortunately, this charge has been misinterpreted by OMB officials to mean supervision and management, not coordination. Although they are sincerely anxious to reduce respondent burden, they do not seem to recognize the need to develop and test carefully constructed measures of it. Cutting the collection of statistical data is deemed to be good on its face, and thus no attention is needed to determine exactly what data are cut or whose needs are being thwarted.

During his work as Chairman of the President's Statistical Reorganization Project, Prof. James Bonnen of Michigan State University asked a former senior OMB official for his opinion on why statistical policy had slowly atrophied in OMB. The response was, "When you are up to your armpits in alligators, you don't worry much about statistics."

AND THEN THERE WERE NONE

On May 13, Christopher DeMuth, the Administrator of OIRA, officially announced OMB's decision to abolish the Statistical Policy Branch. Of the 10 staff members, 1 transferred to the Department of Commerce, 4 were shifted to activities as department desk officers, and the remaining 5—2 of whom work part time—were submersed in a new Regulatory and Statistical Analysis Division.

Unlike in the famous Agatha Christie mystery, "And Then There Were None," all of the remaining staff were swept away in a single stroke: "And then there were none."

This organizational change marks the end of statistical policy and coordination as an identifiable function within the U.S. Government. For the first time in almost 50 years, no individual will serve as the Chief Statistician for the United States.

While anyone who had made the effort to plot the decline of the statistical policy function over time would not be shocked at its ultimate demise, the statistical community was taken by surprise. The reason is that only a few weeks prior to the elimination of the Statistical Policy Branch, Mr. DeMuth met with representatives of the American Statistical Association, which he had asked to recommend names for the position of Branch Chief, that is, Chief Statistician.

Mr. DeMuth, in announcing the change, also released a document on "OIRA Priority Statistical Policy Functions," which defines four areas that OIRA will concentrate on in the statistical area: Uniformity, quality, efficiency, and accessibility.

While there are few who would disagree that these are critical functions for a Federal office concerned with statistical policy, standards, and coordination, I just don't know how the job can be done with the structure and the staff that remain, especially when the staff has other duties to perform as well.

Besides, the emphasis in OIRA is simply not on statistical matters, and there is no statistician even nominally in charge of those

statistical functions which OIRA plans to emphasize. The prospects for effective statistical policy and coordination in OMB appear dim.

As I mentioned earlier, the Committee on National Statistics learned of this action at the time of its last meeting, and earlier this week we sent a letter to the Director of OMB, Mr. Stockman, which begins as follows:

While recognizing that this is a time of major change in government, the Committee on National Statistics observed with deep concern the recent disestablishment of the Statistical Policy Branch in OMB's Office of Information and Regulatory Affairs.

Particularly in this period of change, it is vital that the Administration have at its disposal statistics of high quality, to monitor the progress of the economy and to aid in decisions such as burden reduction.

The Committee urges you to support the creation of a strong central statistical presence in the Executive Office of the President to fulfill the proper national function of coordinating, maintaining, and improving the quality of Federal statistics.

A copy of the complete letter is appended to my testimony, along with a list of the current members of the Committee on National Statistics.

I am reminded of a line from a fable by that famous American writer, Dr. Seuss, in which a character concerned for the welfare of the forest says: "Who speaks for the trees?"

Well, statistics are like trees. They provide the infrastructure used for governmental decisionmaking; the statistical information required for our central national debates is rooted in a myriad of statistical programs that have helped to fill our forest.

But there is no professional forester to guide the careful harvesting of useful data products from our statistical trees, or to prevent the clear-cutting of statistical series. And as with trees, once stands of statistical series fall to the budgetary axe, it can take years for others to be planted and mature in their place.

Thus, we may well ask: "Who speaks for statistics?" and hope that someone other than a character from Dr. Seuss' fable responds.

THE LOCATION OF STATISTICAL POLICY

When the President's Statistical Reorganization Project reviewed the question of where to place the responsibility for statistical policy, the basic options were, one, to put it back into OMB; two, to leave it in the Department of Commerce or to place it in some other Cabinet department; or, three, to establish it as a separate agency within the Executive Office of the President.

The second option had little to commend it. While conventional wisdom would have returned statistical policy to OMB, where the budget development and oversight function would give it control over activities in various agencies, the project report reasoned that "sound statistical policy requires long-time horizons for highly technical coordination and planning, and a corresponding measure of freedom from short-run political and economic events, of whatever significance."

Thus, the project recommended establishing a separate agency in the Executive Office of the President. Although the Paperwork Reduction Act of 1980 chose the OMB location for statistical policy,

the events of the past year suggest to me that this decision should, at a minimum, be reconsidered.

WHAT NEEDS TO BE DONE?

My comments today suggest several actions that this and other congressional committees and subcommittees should be considering to prevent a further deterioration of the quality of Federal statistical data programs.

One, first and foremost, we need a strong and well-funded central coordinating statistical group or agency, staffed by highly qualified professionals, to help reorganize and strengthen what was viewed until quite recently as the best government statistical system in the world. The logical location of this group is in the Executive Office of the President, whether it be a separate agency or in OMB.

Two, along with better coordination we need a more creative approach to Federal statistical programs, that will lead to a cooperative and better integrated system of data collection.

Three, we need to preserve the research and development activities of Federal statistical agencies, and to devote more rather than less resources for the innovative analysis of data, already being collected for other purposes.

Four, we need to have budget planning that allows for continuity and gradual changes in ongoing Federal sample survey programs, so that the impact of changes can be measured and more accurate estimates can be produced. When survey sample sizes go up and down, as if on a yo-yo, the maintenance of quality is difficult, and the measurement of the impact of policy and other changes becomes virtually impossible.

Five, we need to have periodic outside technical reviews of major Government statistical programs. Such reviews provide an opportunity for an evaluation of performance, reassessments of objectives, the updating of antiquated methodologies, and the careful planning required to make data more relevant for policy purposes in the future.

We cannot, however, wait for new legislation and debate to resolve the location and structure of statistical policy. By the time such legislation is passed and implemented too much will have been lost.

Thus, for the near term, I believe it essential that OMB reconstitute the statistical policy branch under the strong leadership of a nationally known and respected professional, and with a staff of this size envisioned by those who drafted the Paperwork Reduction Act of 1980.

[Mr. Fienberg's prepared statement, with attachments, follows:]

PREPARED STATEMENT OF STEPHEN E. FIENBERG, DEPARTMENTS OF STATISTICS AND
SOCIAL SCIENCE, CARNEGIE-MELLON UNIVERSITY

INTRODUCTORY REMARKS

Mr. Chairman and members of the Subcommittee, I am Stephen E. Fienberg, Professor of Statistics and Social Science and Head of the Department of Statistics at Carnegie-Mellon University. I also serve as Chairman of the Committee on National Statistics at the National Academy of Sciences - National Research Council. As you are aware, the Committee investigates and reports on a wide range of statistical issues important to public policy, including federal statistics activities. I wish to thank you for the opportunity to appear before you today in order to discuss the effect of budget cuts on the federal government's ability to gather, analyze, and publish statistical data widely used in the public and private sectors.

My testimony will touch on answers to several different but related questions:

1. What is the federal statistical system, and in what ways are federal statistical data used in the public and private sectors?
2. What are the effects of current and projected budget cuts on federal statistics?
3. What does statistical policy and coordination mean? Why is it important?
4. What has happened to the statistical policy function in the executive branch?
5. What needs to be done to ensure the availability of statistical data, of high quality and integrity, for informed policy decisions and legislative action?

I begin by noting the vantage point from which I view the current federal statistical scene.

THE COMMITTEE ON NATIONAL STATISTICS

September 25, 1981 marked the tenth anniversary of the issuance of the final report of the President's Commission on Federal Statistics. In presenting its findings to the President, the Commission recommended that a National Academy of Sciences-National Research Council committee be established to provide an outside review of federal statistical activities. This recommendation was implemented in 1972 with the establishment of the Committee on National Statistics. The Commission envisioned that such a committee would:

- Provide a review of federal statistical activities, on a selective basis, by a group of broadly representative professionals without direct relationships to the federal government.

- Conduct special studies of statistical questions it deemed important because their favorable resolution would contribute to the continuing effectiveness of the federal system.
- Maintain liaison with related existing groups and with statistical agencies of the federal government.
- Transmit its findings to the Director of OMB (where the central statistical body was housed at the time of the Commission's report) and to the public.
- Have as an important part of its responsibilities the review of activities of the Statistical Policy Division of OMB (the unit then responsible for government wide statistical planning and coordination).

Since its founding the Committee has concentrated its efforts most heavily on the first two of these recommendations (a list of Panel Reports of the Committee is attached as an Appendix to my testimony), but we have monitored on an ongoing basis the work of the Statistical Policy Division and its successors. At our last meeting about a month ago, the Committee reviewed at great length the recent changes in the statistical policy function of OMB. After much discussion the Committee authorized me as Chairman to write to the Director, Mr. Stockman, expressing our deep concern. I shall read from that letter later in my testimony. Although the remainder of my observations and comments today should not be misconstrued as representing official positions taken by the Committee or by the National Academy of Sciences, they lean quite heavily on what I have learned from the Committee's review activities.

THE FEDERAL STATISTICAL SYSTEM

Unlike most other countries in the world, the United States has a decentralized federal statistical system. Actually it is a system in only the loosest of senses; rather it is a collection of individual agencies and programs with few formal links. There are now more than 100 federal agencies with statistical programs, although most of the general purpose data provided by the federal government come from 45 agencies that are either entirely statistical or have major programs to collect or analyze statistics.

The current obligations for these principal statistical programs were slightly in excess of one

billion dollars in FY 1981, and it is estimated that their funding will decline in FY 1983 by about 5.4% in current dollars relative to FY 1981. When the effects of inflation are added in, the decline of support measured in real dollars is far greater. In addition, the periodic programs of these agencies (funds that can be carried over from one year to the next) declined from slightly less than \$0.2 billion to slightly less than \$0.1 billion, a cut in excess of 50% which in large part is due to the decline of activities associated with the decennial census.

The two largest statistical agencies in terms of budget are the Bureau of the Census, with a FY 1983 budget of \$236.3 million, and the Bureau of Labor Statistics, with a FY 1983 budget of \$120.1 million. I will describe the impact of budget cuts for these agencies, in particular, later in my testimony.

HOW ARE FEDERAL STATISTICAL DATA USED?

The data collected by the federal government are used in a variety of ways in both the public and private sectors. The executive branch and Congress use statistical data:

- to aid the preparation of legislation.
- to facilitate the administration of government programs.
- to monitor the state and progress of the economy.
- to estimate federal income and to plan the federal budget.
- to assist in the allocation of funds under domestic assistance programs.

For example, in FY 1979 federal statistical data and formulae were used in the allocation of \$122 billion under 150 different domestic assistance programs.

State and local governments are heavy users of federal statistical data, in many of the same ways as is the federal government. They often collect data that are used by the federal government in cooperative programs that lead to the calculation of such important federal economic indices as the Gross National Product. The use of federal data by states allows for cross-state comparisons, and for consistent and standardized data. For example, data on the

migration of students from one state to another is vital to policy makers who must decide on multi-state educational funding agreements, and on whether to allow students to spend state aid monies in other states.

Even private industry relies on federal statistical data for marketing and corporate planning. An official of the Union Carbide Corporation recently noted that his firm used:

- Census Bureau data from the decennial censuses, from the Census of Manufacturing, and from monthly reports on retail trade and personal income,
- Bureau of Economic Analysis data from the National Income and Product Accounts,
- Bureau of Labor Statistics data for the Consumer and Producer Price Indices, and for employment and the labor force,
- U.S. Treasury data on Federal revenues and international trade flows,

as well as data from the Federal Reserve System, the Department of the Interior, and the Energy Information Administration.

The current Administration has embarked on a policy of "New Federalism," whereby major federal programs are to be reduced and management is to be turned over to the states. Some have argued that related federal data collection should also be reduced. I believe that the federal government has a continuing obligation to collect the data (i) so that we can monitor the impact of these changes, (ii) so that states will be accountable for their actions with regard to the administration of these programs, (iii) to ensure that compatible and coherent data are available across states and from an authoritative national source, and (iv) for use in other federal government programs such as the National Accounts.

A major role of statistical data in our society is to provide information, information for the federal government itself, for the public, and for private industry. That the task of collecting statistical data has fallen largely upon the federal government should not come as a surprise to us, for statistical data are a public good. Many firms and individuals in the private sector may rely on various forms of statistical data, but none can afford to collect the data it needs

without the government's help. Finally, in the words of the economic commentator, Robert Samuelson, I note that: "Good information may not create good government, but bad information risks bad government."

THE EFFECTS OF BUDGET CUTS ON FEDERAL STATISTICS

The casualties of the current budgetary war litter Capitol Hill, but they may also be found throughout the statistical programs of the federal government. The accuracy and precision of federal statistical series are seriously threatened by recent and projected budget cuts. Damage inflicted upon statistical programs today may well be irreparable. At best, the cost of the subsequent restoration of reduced or eliminated data series will inevitably exceed, by large amounts, the projected savings associated with the original budget cuts. Let me elaborate in connection with two of the statistical programs of the Bureau of Labor Statistics.

The monthly unemployment rate, as extracted from the Current Population Survey (CPS) and the monthly change in the Consumer Price Index (CPI), are the most visible of federal statistics. Indeed, their release, each month in recent history, has led to front page headlines. But what is often forgotten in these newspaper and TV discussions is that billions of dollars of federal outlays are tied to the data. For example, in FY 1979, the CPS was used in part as the basis for the allocation of \$54.4 billion under various domestic assistance programs, while the CPI was instrumental in determining the allocation of \$52.3 billion. Moreover, wages for millions of government and non-government employees were indexed by a factor tied to the CPI. *The sums of dollars at stake dwarf, by orders of magnitude, the federal expenditures on these critical statistical series.*

The Current Population Survey is designed and carried out for the Bureau of Labor Statistics by the Bureau of the Census. The CPS has received greater scrutiny by professional statisticians, economists, and demographers than any other sample survey in the world. It is, in a sense, the principal jewel in the crown of the federal statistical system. Yet it is not immune from political attack.

President Reagan, in recent trips outside Washington, has said that unemployment actually declined in March and April of this year. The official statistics from BLS showed the unemployment rate rising from 8.8% in February to 9% in March, and 9.4% in April; the President, on the other hand, claimed that the rate was 9.5% in March, down from 9.6% in February, and that it dropped to 9.2% in April. As most of you know by now, the President cited unadjusted rates, whereas BLS reported seasonally-adjusted rates. The practice of seasonal adjustment is rooted in both economic practice and statistical theory, yet, in his talk to students in Illinois in April, the President poked fun at seasonal adjustment commenting: "The statisticians have funny ways of counting." Of course, when the June and July figures come out, it would not surprise me to find the President quoting the seasonally adjusted unemployment rates, especially if the unadjusted rates begin to rise.

This may seem like a frivolous story, not worthy of inclusion in the record of serious deliberations such as these, but it bears witness to an issue that we cannot and should not ignore. The employees of statistical agencies such as the Bureau of Labor Statistics and the Bureau of the Census are well-trained and dedicated professionals. They have developed methods for data collection, analysis, and reports that are constantly subjected to careful professional scrutiny, by statisticians, demographers, economists, and others. Their work is guided by substantive and professional judgement, not by politics. In fact, safeguards have been instituted throughout the federal statistical system to help prevent the politicization and abuse of statistical programs. It is for this reason that the Bureau of Labor Statistics chooses to announce in advance of data collection the seasonal adjustment factors it plans to use, even though this practice falls short of the more technically desirable, concurrent seasonal adjustment suggested by time series specialists. In addition, the release of sensitive data series such as those involving employment and unemployment occurs at regularly scheduled and announced times and places.

The current dependency of the Bureau of Labor Statistics upon the Bureau of the Census for the work on the Current Population Survey is illustrative of the operation of major sample

surveys funded by other federal statistical agencies. For better or for worse, the designs of many of these surveys are quite similar, but more importantly they all use as their frame, lists compiled by the Bureau of the Census, primarily in connection with the decennial census. This means that every 10 years, even if there were no other reason to make changes in a survey, a major redesign effort is required on the part of the Bureau of the Census, to take into account population changes and to make use of data and geographic materials from the decennial census. When instituting such a sample redesign, the Bureau typically makes other changes reflecting technological and methodological advances, and conceptual developments.

The Bureau of the Census has been planning to carry out a simultaneous redesign for seven national sample surveys that it conducts for other major federal statistical agencies including (1) the Current Population Survey, (2) the National Crime Survey, (3) the Annual Housing Survey, (4) the Health Interview Survey, (5) the Consumer Expenditure Survey. This survey redesign effort has been hampered by delays in the processing of data from the decennial census, but the budget restrictions for the federal statistical agencies such as BLS, the Bureau of Justice Statistics, and the National Center for Health Statistics have made for much greater delays. When an agency such as BLS absorbs a 16% budget reduction, which it has been forced to do in the past eight months, major reductions of data collection and development must take place. The sample size of the Current Population Survey (CPS) was reduced at the beginning of this year by 12,000 households, or about 16%, and no funds were left to allocate for the redesign effort. The quality and reliability of the CPS unemployment figures must necessarily be reduced, and the problem is especially severe for various demographic groups, and at the state and local levels.

Redesign efforts are running almost two years behind the sample redesign for the CPS that was carried out in the 1970's. The Bureau of the Census is now aiming to put all seven affected surveys into the field with a redesigned sample in 1985. The total costs of the redesign program are somewhat in excess of 15 million dollars, to be spread over a six-year period beginning in FY 1982. The allocated costs for FY 1983 are 3.5 million dollars, 3

million of which is to come from the Census budget.

Is such a major redesign worth the money and effort? The answer is most certainly so. In the minds of many, the validity of survey data based on a sampling frame rooted in the 1970 census is questionable. If all the redesign did was to reassure everyone regarding the validity of the data collected, the costs would be outweighed by benefits. But much more is at stake. The Bureau of the Census estimates that for the CPS, National Crime Survey, Annual Housing Survey, and Health Interview Survey, the redesign costs of 12 million dollars will yield a savings of 46 million dollars over the decade following the implementation of the redesigned surveys. These savings will result primarily from the use of more efficient sampling structures (e.g. better Primary Sampling Unit stratification) and improved methods of statistical estimation. Moreover, the savings will allow the affected agencies to increase the accuracy of the data they are currently reporting, as well as to meet the many additional demands placed upon them by Congress. Surely, members of Congress must recognize that budget reductions which will further delay and hamper this redesign effort are a form of false savings, that will cost us all much more in the long run.

I believe that there *are* ways to reduce the costs of major government surveys, but considerable funds must be allocated to research and development before savings can be realized. The transition to a more efficient statistical system cannot be fostered through budget reductions alone. Indeed, such a transition requires increased funding for research on sound statistical and survey methods before data collection costs can be reduced without destroying the integrity of important statistical series.

The Consumer Price Index (CPI) produced directly by the Bureau of Labor Statistics is the government's other best known data series. Under the leadership of Janet Norwood, who is now the Commissioner, BLS revamped the CPS during the 1970's through the extended use of probability sampling of items and the improvements in measurement for various component surveys. It will probably surprise members of Congress to learn that we have no estimates of

the accuracy and precision of the monthly CPI figures on which so many funding decisions rest! BLS has set into place the structure required to generate estimates of precision, but 1 million dollars is required to actually produce numerical values. This is another casualty of the BLS budget restrictions. I find it astonishing to learn that a government, which spends 20 million on the collection and reporting of CPI data, is unwilling to spend another million dollars to learn something about the precision of numbers being reported. Small increases in the CPI can trigger millions of dollars of wage increases across the nation, and yet the increases may be explainable simply as the result of sampling variability as opposed to true increases. Thus detailed information on the accuracy and precision of the CPI should allow for more informed uses of the reported data.

I note that a comprehensive revision of the design and structure of the CPI is high on the BLS agenda, but that this activity has also been deferred due to the lack of funds. Indeed, it is intimately intertwined with the redesign of the Census surveys because data from the Consumer Expenditure Survey are used to derive weights for the components of the CPI.

These are but a few examples of the impact of the budget cuts on federal statistics. Moreover, the cuts come at a time when we need better and more extensive data to monitor the progress of the economy in these difficult days. As William Kruskal of the University of Chicago has recently noted: "When a vessel is in stormy seas, it is foolhardy to cut corners on radar, navigational equipment, good maps, and ample, well-trained crews." The federal statistics system stands today at a critical juncture, and the funding decisions currently being made will have a lasting impact on the quality and utility of data required for informed policy decisions and legislative action.

WHAT IS STATISTICAL COORDINATION AND POLICY?

Virtually every country in the world has a central statistical office. In the United States, beginning with the creation of the Central Statistical Board in 1933, we have recognized the need for such an office for government-wide planning and coordination of statistical programs,

although this office plays a different role from those in other countries because of the decentralized nature of our statistical system. From 1937 until this year this co-ordinating unit was located in OMB and its predecessor agency the Bureau of the Budget, except for a four year hiatus, from 1977 to 1981, when it was lodged in the Department of Commerce.

A brief history of the coordinating unit is at the same time illuminating and puzzling:

- In 1947, the unit contained 69 persons, and was staffed by statistical professions who managed forms clearance, as well as coordination.
- By 1977, while OMB had doubled in size, the statistical budgets had grown tenfold in real dollar terms, and federal statistical manpower had grown fivefold, the coordinating unit had been reduced to 29 persons.
- In the spring of 1981, just before its transfer back from Commerce to OMB, there were 25 employees, not all of whom were full-time. Only 15 of these persons were transferred to OMB.
- In April of 1982, the unit had dropped to under 10 persons, and had been reduced from a "Division" to a "Branch."
- In May, 1982 the unit was officially abolished, and the remaining employees dispersed to other duties within the Office of Information and Regulatory Affairs.

Despite successful initial efforts at coordination, the central unit has been systematically denied the resources and the institutional authority to cope with the growing ensemble of agencies and statistical programs across the government. Even in its waning years the unit carried out important projects such as

- preparing a series of annual reports on the status of federal statistics, including a budgetary analysis of statistical agencies,
- organizing and staffing the Federal Committee on Statistical Methodology which has prepared reports on topics such as the uses of administrative records, the matching of statistical data files, and developing error profiles for sample surveys,
- developing a directory of federal statistical data files,
- reporting on the use of statistical data for fund allocation,
- publishing, through the *Statistical Reporter*, important developments and changes in statistical series.

Officials in OMB have stated that we don't need substantial statistical coordination anymore

because the statistical agencies are now of sufficiently high quality that they can manage this function without any help. But as the President's Reorganization Project for the Federal Statistical System noted in 1979:

The highly decentralized nature of federal statistical work tends to serve rather effectively the policy needs of program agencies and departments where statistical functions are well organized and managed. However, some departments' statistical functions are not well ordered or developed. Also, the relevance of statistical work for presidential, congressional and other national-level public decision making, while substantial, is far short of both capacity and needs. Increasing the relevance of federal data for national-level policy purposes, protecting integrity, improving the quality of data, achieving more efficient utilization of the great diversity of data already produced, and reducing the burden of paperwork on the public all require greater central coordination of statistical activities.

These functions are echoed in the Paperwork Reduction Act of 1980 which transferred statistical policy back to OMB, which specifies that the statistical policy and coordination functions include:

1. developing, in conjunction with the agencies, long range plans for the improved performance of Federal statistical activities and programs;
2. coordinating, through the review of budget proposals and otherwise, the functions of the Government with respect to gathering, interpreting, and disseminating statistics and statistical information;
3. overseeing the establishment of Government-wide policies, principles, standards, and guidelines covering statistical collection procedures and methods, statistical data classifications, and statistical information presentation and dissemination; and
4. evaluating statistical program performance and agencies' compliance with Government-wide policies, principles, standards, and guidelines.

Unfortunately, this charge has been misinterpreted by OMB officials to mean supervision and management, not coordination. Although they are sincerely anxious to reduce respondent burden, they do not seem to recognize the need to develop and test carefully constructed measures of it. Cutting the collection of statistical data is deemed to be good on its face, and thus no attention is needed to determine exactly what data are cut or whose needs are being thwarted.

During his work as Chairman of the President's Statistical Reorganization Project, Professor

James Bonnen of Michigan State University asked a former senior OMB official for his opinion on why statistical policy had slowly atrophied in OMB. The response was, "When you are up to your armpits in alligators you don't worry much about statistics."

AND THEN THERE WERE NONE!

On May 13, Christopher DeMuth, the Administrator of OIRA, officially announced OMB's decision to abolish the Statistical Policy Branch. Of the ten staff members, one transferred to the Department of Commerce, four were shifted to activities as Department desk officers, and the remaining five (two of whom work part-time) were submerged in a new Regulatory and Statistical Analysis division. Unlike in the famous Agatha Christie mystery, *And Then There Were None*, all of the remaining staff were swept away in a single stroke: "And then there were none." This organizational change marks the end of statistical policy and coordination as an identifiable function within the United States Government. For the first time in almost 50 years, no individual will serve as the Chief Statistician for the United States.

While anyone who had made the effort to plot the decline of the statistical policy function over time would not be shocked at its ultimate demise, the statistical community was taken by surprise. The reason is that only a few weeks prior to the elimination of the Statistical Policy Branch, Mr. DeMuth met with representatives of the American Statistical Association, which he had asked to recommend names for the position of Branch Chief (i.e. Chief Statistician).

Mr. DeMuth, in announcing the change, also released a document on "OIRA Priority Statistical Policy Functions," which defines four areas that OIRA will concentrate on in the statistical area: uniformity, quality, efficiency, and accessibility. While there are few who would disagree that these are critical functions for a federal office concerned with statistical policy, standards, and coordination, I just don't know how the job can be done with the structure and the staff that remain, especially when the staff has other duties to perform as well. Besides, the emphasis in OIRA is simply not on statistical matters, and there is no statistician even nominally in charge of those statistical functions which OIRA plans to

emphasize. The prospects for effective statistical policy and coordination in OMB appear dim.

As I mentioned earlier, the Committee on National Statistics learned of this action at the time of its last meeting, and earlier this week we have sent a letter to the Director of OMB, Mr. Stockman, which begins as follows:

While recognizing that this is a time of major change in government, the Committee on National Statistics observed with deep concern the recent disestablishment of the Statistical Policy Branch in OMB's Office of Information and Regulatory Affairs. Particularly in this period of change, it is vital that the Administration have at its disposal statistics of high quality, to monitor the progress of the economy and to aid in decisions such as burden reduction. The Committee urges you to support the creation of a strong central statistical presence in the Executive Office of the President to fulfill the proper national function of coordinating, maintaining, and improving the quality of federal statistics.

A copy of the complete letter is appended to my testimony along with a list of the current members of the Committee on National Statistics.

I am reminded of a line from a fable by that famous American writer, Dr. Seuss, in which a character concerned for the welfare of the forest says: "Who speaks for the trees?" Well, statistics are like the trees. They provide the infrastructure used for governmental decision making; the statistical information required for our central national debates is rooted in a myriad of statistical programs that have helped to fill our forest. But there is no professional forester to guide the careful harvesting of useful data products from our statistical trees, or to prevent the clear-cutting of statistical series. And as with trees, once stands of statistical series fall to the budgetary axe, it can take years for others to be planted and mature in their place. Thus we may well ask: "Who speaks for statistics?" and hope that someone other than a character from Dr. Seuss's fable responds.

THE LOCATION OF STATISTICAL POLICY

When the President's Statistical Reorganization Project reviewed the question of where to place the responsibility for statistical policy, the basic options were (i) to put it back into OMB, (ii) to leave it in the Department of Commerce or to place it in some other Cabinet

Department, or (iii) to establish it as a separate agency within the Executive Office of the President. The second option had little to commend it. While conventional wisdom would have returned statistical policy to OMB, where the budget development and oversight function would give it control over activities in various agencies, the Project Report reasoned that

Sound statistical policy requires long time horizons for highly technical coordination and planning, and a corresponding measure of freedom from short-run political and economic events, of whatever significance.

Thus the Project recommended establishing a separate agency in the Executive Office of the President. Although the Paperwork Reduction Act of 1980 chose the OMB location for statistical policy, the events of the past year suggest to me that this decision should, at a minimum, be reconsidered.

WHAT NEEDS TO BE DONE?

My comments today suggest several actions that this and other Congressional committees and subcommittees should be considering to prevent a further deterioration of the quality of federal statistical data programs.

1. First and foremost, we need a strong and well-funded central coordinating statistical group or agency, staffed by highly qualified professionals, to help reorganize and strengthen what was viewed until quite recently as the best government statistical system in the world. The logical location of this group is in the Executive Office of the President, whether it be a separate agency or in OMB.
2. Along with better coordination we need a more creative approach to federal statistical programs, that will lead to a cooperative and better-integrated system of data collection.
3. We need to preserve the research and development activities of federal statistical agencies, and to devote *more rather than less* resources for the innovative analysis of data, already being collected for other purposes.

4. We need to have budget planning that allows for continuity and gradual changes in on-going federal sample survey programs, so that the impact of changes can be measured and more accurate estimates can be produced. When survey sample sizes go up and down, as if on a yo-yo, the maintenance of quality is difficult, and the measurement of the impact of policy and other changes becomes virtually impossible.

5. We need to have periodic outside technical reviews of major government statistical programs. Such reviews provide an opportunity for an evaluation of performance, reassessments of objectives, the updating of antiquated methodologies, and the careful planning required to make data more relevant for policy purposes in the future.

We cannot, however, wait for new legislation and debate to resolve the location and structure of statistical policy. By the time such legislation is passed and implemented too much will have been lost. Thus, for the near term, I believe it essential that OMB reconstitute the Statistical Policy Branch under the strong leadership of a nationally-known and respected professional, and with a staff of the size envisioned by those who drafted the Paperwork Reduction Act of 1980.

APPENDIX A: PANEL REPORTS OF
THE COMMITTEE ON NATIONAL STATISTICS

- Panel to Review Statistics on Skin Cancer (1975), "Estimates of Increases in Skin Cancer Due to Increases in Ultraviolet Radiation Caused by Reducing Stratospheric Ozone," Appendix C of *Environmental Impact of Stratospheric Flight: Biological and Climatic Effects of Aircraft Emissions in the Stratosphere*, Climatic Impact Committee, Washington, D.C.: National Academy of Sciences, 177-221.
- Panel for the Evaluation of Crime Surveys (1976), *Surveying Crime*, eds. Bettey K.E. Penick and Maurice E.B. Owens III. Washington, D.C.: National Academy of Sciences.
- Panel on Methodology for Statistical Priorities (1976), *Setting Statistical Priorities*, Washington, D.C.: Committee on National Statistics.
- Study Group on Environmental Monitoring (1977), *Environmental Monitoring*, Analytical Studies for the U.S. Environmental Protection Agency, Vol. IV, Washington, D.C.: National Academy of Sciences.
- Panel on Decennial Census Plan (1978), *Counting the People in 1980: An Appraisal of Census Plans*, Washington, D.C.: National Academy of Sciences.
- Panel on Privacy and Confidentiality as Factors in Survey Response (1979), *Privacy and Confidentiality as Factors in Survey Response*, Washington, D.C.: National Academy of Sciences.
- Panel to Review Productivity Statistics (1979), *Measurement and Interpretation of Productivity*, Washington, D.C.: National Academy of Sciences.
- Panel on Small-Area Estimates of Population and Income (1980), *Estimating Population and Income of Small Areas*, Washington, D.C.: National Academy Press.
- Panel on Statistics for Rural Development Policy (1981), *Rural America in Passage: Statistics for Policy*, Washington, D.C.: National Academy Press.
- Panel on Survey Measurement of Subjective Phenomena, *Surveys of Subjective Phenomena: Summary Report*, Washington, D.C.: National Academy Press.

NATIONAL RESEARCH COUNCIL

2101 Constitution Avenue Washington, D. C. 20418

COMMITTEE ON NATIONAL STATISTICS

June 1, 1982

The Honorable David A. Stockman
Director
Office of Management and Budget
Washington, D. C. 20503

Dear Mr. Stockman:

While recognizing that this is a time of major change in government, the Committee on National Statistics observed with deep concern the recent disestablishment of the Statistical Policy Branch in OMB's Office of Information and Regulatory Affairs. Particularly in this period of change, it is vital that the administration have at its disposal statistics of high quality to monitor the progress of the economy and to aid in decisions such as burden reduction. The Committee urges you to support the creation of a strong central statistical presence in the Executive Office of the President to fulfill the proper national function of coordinating, maintaining, and improving the quality of federal statistics.

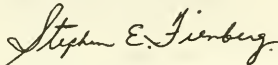
As you know, statistical activities are carried out by many federal agencies, with a high degree of interdependence within the highly decentralized system. The data collections and analyses of one agency typically are used by many others. Thus, there has been recognized for a long time the need for a strong, but not necessarily large, central staff to set policy for and to coordinate the activities of the system and the demands placed upon it.

Virtually every modern nation in the world has a central statistical office. For 50 years, the United States government and the public have benefited from the existence of a central staff to perform the following functions: eliminating duplication, minimizing reporting burden, standardizing classifications and procedures, promoting and disseminating advances in techniques, and protecting integrity. We can appreciate that program priorities and budgetary considerations influence judgments about staffing and personnel deployment, but we feel strongly that steps should be taken to assure the existence of an effective statistical coordinating mechanism with competent professional leadership.

The experience of recent years illustrates that finding the proper home and determining the proper level of support for the statistical coordinating unit is not an easy task. We recognize that the problems of maintaining statistical capability and quality are exacerbated by fiscal constraints, but we believe that attention needs to be given to resolving

these problems in a constructive way. During a period of retrenchment, central coordination and direction are especially needed to assure efficiency in the use of resources, to avoid damage to priority programs, and especially to provide OMB with better information for your own evaluations and decisions. The Committee would be pleased to work with you and your staff to find a constructive and cost-efficient solution to the problem of ensuring adequate continued coordination and leadership of our nation's statistical programs.

Sincerely yours,



Stephen Fienberg
Chairman

cc: Frank Press
Members, Committee on
National Statistics

NATIONAL RESEARCH COUNCIL
ASSEMBLY OF BEHAVIORAL AND SOCIAL SCIENCES

2101 Constitution Avenue Washington, D. C. 20418

COMMITTEE ON NATIONAL STATISTICS

July 1981

COMMITTEE ON NATIONAL STATISTICS

<u>Members</u>	<u>Term</u>
Stephen E. Fienberg (Chairman) Department of Statistics, Carnegie-Mellon University	1978-84
Jean D. Gibbons Department of Management Science and Statistics, University of Alabama	1980-83
Zvi Griliches Department of Economics, Harvard University	1979-82
Clifford G. Hildreth Center for Economic Research, University of Minnesota	1976-82
Nathan Keyfitz Center for Population Studies, Harvard University	1975-82
Leslie Kish Institute for Social Research, University of Michigan	1980-83
Gary G. Koch Department of Biostatistics, School of Public Health, University of North Carolina	1981-84
Paul Meier Department of Statistics, University of Chicago	1978-84
Lincoln E. Moses Department of Statistics, Stanford University	1981-83
Ingram Olkin Department of Statistics, Stanford University	1977-83
Burton H. Singer Department of Mathematical Statistics, Columbia University	1981-84
Judith M. Tanur Department of Sociology, State University of New York at Stony Brook	1981-84
Edward R. Tufte Department of Political Science, Yale University	1978-83

Mr. BROOKS. Thank you very much.

The House of Representatives will convene shortly and we may have to recess and go vote; however, I didn't want to put the hearing off any longer.

Doctor, I want to commend you for getting the National Academy of Sciences to take a forthright position on this subject.

The point is, since statisticians are so smart, they should say something. I think it does help. I think the letter is excellent and your statement good. I have just a couple of questions now, and we will go on to other witnesses, then I will submit other questions for you to answer for the record.

How have budget cuts affected the integrity of the Federal Government's statistical system?

Mr. FIENBERG. I answered this in my statement in the context of two of the principles of the Bureau of Labor Statistics, but I believe they are just illustrative of what is going on in other agencies.

One needs only to look at some of the other sample surveys I mentioned. For example, the Annual Housing Survey can no longer be so labeled; that survey is going to be a biannual survey.

Costs have been slashed. The Health Interview Survey and related programs of the National Center for Health Statistics have been so drastically restructured, the data the Government has relied upon for years will not be available in coming times.

Mr. BROOKS. Is the data-gathering and maintaining function of the Federal Government so important that statistical budgets of agencies and departments should be shielded from the effects of across-the-board budget cuts necessitated by current conditions?

All the agencies are going to get cuts. Should statistical budgets be shielded from these?

Mr. FIENBERG. You are asking somebody who comes from the perspective of statistics. I think if you asked somebody in the Defense Department whether we needed more carriers and submarines the answer would be "yes." In a sense I represent, I think, the statistical community and so my immediate instinct is to say "yes," but I believe the answer is "yes" for other reasons.

I believe it is "yes," because at this particular time something very special is happening within the statistical community in the Federal Government. The decennial census serves as the catalyst to the restructuring of programs of agencies throughout the Government and redesign efforts just cost a lot of money.

Second, we are going through a period of major Government change. The administration really wants to restructure things. We have new policies for the economy that are unlike those in the past and if we would like to know where the economy is going at the time when recovery is to have taken place then we must have the data in hand, and data are becoming more costly than ever before.

It seems to me that these situations argue for special allocations for statistics as opposed to shielding statistics. Moreover, Congress itself continually asks statistical agencies to provide more data on programs than Congress itself is interested in and it seems to me that if Congress would like such data, then it needs to provide the funds so that the statistical agencies can, in fact, provide the data.

Mr. BROOKS. I recognize Mr. Horton.

Mr. HORTON. Should the same unit of Government be interested in both the day-to-day management of data, and also the setting of statistical policy?

Mr. FIENBERG. I think if you had asked this question 100 years ago, and we had an opportunity to put together the Bureau of Labor Statistics which was being formed and structured, and the Bureau of the Census, which had been underway for quite some time, the answer might have been "yes." But I think the needs of the Federal Government in its decentralized form now just could not be well served by merging together data collection and the kinds of coordinating activities I described in my testimony.

They require a vision of what is going on in the long run. They need to be separated from the day-to-day activities of data collection, so that somebody can sit back and assure that, first, we will have the data that we need for policy purposes in the future, and second, that these data will serve the needs of the agencies themselves.

Mr. HORTON. Another question in that connection.

In my opening statement, I referred to the fact that we spend about \$1 billion a year to get data in some 71 programs.

Of course, this effort is costly in terms of number of personnel involved and collection of data. Is all of this worthwhile?

Is it possible to make some cuts in these—

Mr. FIENBERG. I am sure it is possible to make cuts in data programs. Indeed, in other roles, I am an advocate of such things. It seems to me, however, very difficult to decide where cuts should be made unless there is someone sitting above it all looking to see how programs dovetail, where there is overlap, where there are data collection programs that really are not needed for other purposes. I don't think you can expect individual agencies or departments to have the kind of vision to see where things fit together and to effect those kinds of reductions unless they are simply forced upon agencies. When they are asked to absorb cuts, then they typically just chop away.

Mr. HORTON. The Paperwork Reduction Act of 1980, which the chairman and I sponsored, was based in large part on recommendations of the Commission on Federal Paperwork, which I headed.

One of the problems we found on the Paperwork Commission was the tremendous amount of paperwork that is generated by the Federal Government in getting data for statistical use.

I think you have to find a point of reasonableness in getting this type of data. Some of it is important and needed, and some of it is not. I remember specific instances where we ran across data in the Paperwork Commission which cost a lot of money to obtain, as far as the private sector—especially small business—was concerned and much of it was not even looked at, not even utilized.

Would you have any comment on that?

Mr. FIENBERG. There isn't any question it is a serious problem. However, if one were to look at the actual information being collected by Government, that which we call statistical, in the sense that I am referring to today, constitutes really a very small fraction of the information collected.

Most of the data collected is administrative data collected in the course of the administration of Government programs.

There is no question that burden reduction is a very important function of Government and that the recommendations which came from the Commission and were associated with the Paperwork Reduction Act are critical. It seems to me, however, that it is very difficult to ask somebody to reduce respondent burden in the context of surveys, if nobody has ever been given the charge to figure out what respondent burden is and how you can measure it to effectively reduce it. That is exactly the kind of a function a central coordinating office would have.

Mr. HORTON. We have a vote. I have a number of other questions I would like to submit to you, and perhaps you can answer them in writing at a later date. They could then be included in the record just as though I asked them here now, if you wouldn't mind.

Mr. FIENBERG. I would be delighted to do that.

Mr. BROOKS. We want to thank you very much, Doctor, for your testimony.

[Submissions to additional questions by Chairman Brooks and Congressman Horton follow:]

RESPONSES TO QUESTIONS FROM MR. BROOKS

1. Should the Federal Government gather and maintain data that it may not specifically need to govern, but may be of use to private industry or local government?

Definitely yes. While data gathered and maintained by the Federal Government may be of use to private industry or local government, it would be a mistake to expect them to shoulder the burden of data collection in the absence of Federal Government. Many of the Federal data series in question are the products of large-scale sample surveys, such as the Current Population Survey and the Annual Housing Survey, designed specifically to meet the needs of Congress and the Federal Government. If private industry and local governments were left to collect unemployment statistics, then the results would likely be a colorful but uncoordinated pastiche of conflicting coverage, definitions, and trends, that would serve none of the purposes of federal policy and planning. Moreover other Federal statistical data series are the byproducts of data collected for administrative and other purposes, and thus the cost of collection and maintenance would continue to be a Federal responsibility, even if the statistical aspects of the data series were turned over to others for management.

2. What kind of long-range statistical planning should the Federal Government be doing?

The Report of the President's Reorganization Project for the Federal Statistical System provides the following comprehensive list of activities

that should be part of the mission of an Office of Statistical Policy, and most of these involve long-range statistical planning, although they also have short-range consequences:

Program Planning

- Fulfill a major role in coordinating planning and budgeting for federal statistical programs.
- Prepare long-range plans for the adaptation of statistical programs to structural and technological changes.
- Promote effective use of administrative records and regulatory reports for statistical purposes.
- Develop legislative initiatives and review proposed legislation, regulations, and guidelines that affect federal statistical programs.

Review Clearance and Burden Control

- Perform technical review of the statistical quality of all federal data collection plans.
- Exercise delegated clearance authority for all statistical data collection plans and forms.
- Conduct research on the measurement and reduction of statistical response burden.

Analysis and Integration

- Conduct objective analyses of complex issues that involve statistical policy and require data from multiple sources.
- Coordinate the development of social and economic indicators.

User Services

- Maintain for users a central inquiry service for identifying and gaining access to appropriate federal data.
- Establish and monitor standards to ensure maximum accessibility and

utility of federal statistics to all users.

- Conduct studies to improve understanding of user needs.
- Act as a focal point for receipt of, and response to, data requests from international organizations.

Statistical Standards

- Establish and monitor standards to ensure the quality, integrity, and comparability of statistics and analyses produced by agencies of the federal statistical system. Where feasible, encourage compatibility with international standards.
- Provide technical assistance in statistical methods as needed to agencies undertaking or sponsoring statistical activities.
- Promote the professional development of employees of the federal statistical system.
- Coordinate and, as needed, conduct evaluations of federal statistical agencies and their programs.

3. Will implementation of the so-called "Enclaves" bill achieve statistical coordination?

The "Enclaves" bill to which you refer is another product of the President's Reorganization Project. Its intent is to provide a common government-wide confidentiality shield within which major statistical agency products could be integrated or shared for statistical purposes without the present obstacles that prevent full and more rational use of statistical resources. The bill, however, assumes the existence of an independent and relatively strong Office of Statistical Policy, and even makes explicit reference to the head of that Office, the Chief Statistician, a position that Mr. DeMuth claims not to have been aware of until recently. Thus, in order for the "Enclaves" bill to be of assistance in statistical coordination, a

separate Office of Statistical Policy is needed to effect its implementation.

4. How do you view the decision of OMB to stop publishing the STATISTICAL REPORTER?

I view the decision of OMB to stop publishing the STATISTICAL REPORTER as short-sighted and misguided. In the past, it has played a critical role in providing information on Federal statistical activities and initiatives to Federal statistical employees, as well as to those of us outside the Federal government who maintain an ongoing interest in Federal statistics. The cost of preparing the STATISTICAL REPORTER was very small, and thus the savings that accrued to OMB by its elimination must be outweighed by the resulting lack of information and coordination. I for one gladly paid my annual subscription fee, and only regretted the reduction in its contents that paralleled the reduction in size and activities of the Statistical Policy staff over the past 15 months.

5. Should the more extensive use of users fees be considered as a means of providing more funds for the government's statistical programs?

I certainly have no objections to the collection of more extensive users fees, but I cannot see how such fees will provide a major proportion of the costs for the government's statistical programs. While private industry does use Federal statistical data, by far the largest users are state and local governments, and the Federal government itself. The access to the data from several programs for state and local governments is often linked to their participation in cooperative data collection activities. Increasing the costs of data access for researchers at universities and other non-profit organizations would undercut the important role they play in the analysis of statistical data for policy purposes. To focus so heavily on the increased use of charges for statistical data, as Mr. DeMuth has in his statement, would seem to me not to serve the goals of "Accessibility" very well.

Responses to the Questions from Mr. Horton

1. As you know, the government is spending over \$1 billion annually through some 71 programs to collect data.

a. Are we collecting the right kind of data? How do we know we are?

This question is virtually impossible for me to answer, at least as currently phrased. Statistical data are collected for various purposes. For some purposes we may need tailor-made data, that can help us answer very specific questions, but will be of little use for other problems. Much statistical data collected by federal agencies is thought to be general purpose data adaptable to a variety of questions, many of which are formulated only after the data are in hand. I think that, by and large, the Federal Statistical system is collecting "the right kind of data" for many of the government's needs, although I can certainly point out needs for which no data, or at best inappropriate data, are available. We have some confidence that the right data are being collected because the job is being done for the most part by professional statisticians trained both in statistical methodology and in the relevant subject matter issues. In many of the statistical agencies (such as the Bureau of the Census, the Bureau of Labor Statistics, or the National Center for Health Statistics), the statisticians prepare and publish reports on their work which are subject to professional scrutiny by those outside the government. Specific statistics programs undergo review by special panels and commissions. Indeed, the Committee on National Statistics at the National Academy of Sciences has prepared several such reviews, and regularly comments upon or evaluates the comprehensiveness

and quality of specific programs.

b. How reliable is this data? By what means is quality control maintained?

Some statistical data series are very reliable, while others suffer from problems which have been documented by the statistical agencies themselves. There are several areas where it has been acknowledged that statistical data are of questionable reliability:

- (i) statistics produced by small statistical units,
- (ii) statistics produced as a byproduct of administrative and regulatory data,
- (iii) much (but far from all) statistical data collected and analyzed by contract with private firms.

The actual methods of quality control used by the statistical agencies to minimize unreliable data are so numerous and varied that I could not even attempt to summarize them here. Unfortunately, the quality control programs of several agencies are casualties of the current budget problems, so that, at the very time we need better and more accurate data for policy and other purposes, we are likely to end up with poorer data. This is especially sad when the agencies involved believe they know how to maintain quality control, but they cannot afford to do so and at the same time produce the data requested by government decision makers.

c. How does our statistical system stack up against those of other developed countries?

Our statistical system stacks up quite well by comparison with those of most other developed countries. Over the years United States agencies have

developed exemplary statistical programs in virtually every area, which have been copied world-wide. But having been a pioneer in the development of new technology does not mean, that we are still the leaders, or perhaps more importantly that we will be the leaders 5 or 10 years from now. Our statistical agencies were once in the vanguard of the innovative use of digital computers for statistical purposes, but they are now saddled with antiquated equipment that is simply unable to cope with the demands placed upon it. Thus we need to judge our statistical system not by its quality relative to those of other developed countries, but rather by the loss in quality relative to the past or relative to the levels of quality many of us believe the system is capable of achieving.

2. a. How would you suggest the government carry out retrenchment in the area of statistical programs?

b. Should all statistical programs be cut back the same percentage?

c. Would you carry out the cutbacks on the basis of priorities?

d. What programs should be of highest priority?

Let me make it clear that I do not advocate any retrenchment in the general area of statistical programs. If such retrenchment must take place it needs to be planned quite carefully, and not with the same percentage cut being absorbed automatically by all programs. The planning for budgetary cutbacks, and increases for that matter, should involve assessments of current and future data needs of the Department in which the agency sits, as well as the needs for national-level policy of the President and his staff, and of

Congress. The Department of Labor may wish to cut back the sample size: CPS to hold BLS's budget in check, but Congress may wish to increase the sample size because of the billions of dollars of Federal monies tied to it as a result of legislated allocation formulas. Someone in the government needs to develop national statistical data needs and priorities, and tie them into the budgetary process. This has long been one of the roles that everyone has hoped to see played by a strengthened and restructured Office of Statistical Policy.

3. Data provided to the Committee by the Congressional Research Service (copy attached) indicates that the three years between FY 1981 and FY 1983, statistical programs suffered a net reduction of some \$54.6 million or some 5.1% in current dollars. If one looks at just the programs suffering cutbacks, it becomes apparent that only 31 of the 71 programs suffered actual declines. Of these 31, the bulk -- almost 80 percent -- of the reduction was felt in data collection related to five areas: Energy Policy, the Employment Training Administration (Labor), Policy Development and Research (HUD), Fish and Wildlife Service (Interior), and the Office of Assistant Secretary for Planning and Development (HUD).

If this is correct, then doesn't this suggest that the budget problems facing the statistical system as a whole may not be critical but simply reflect the affects of inflation (which impacts all programs) and the priorities set by the Administration as to which programs are most important?

As the Congressional Research Report itself notes: "In many cases, the upward adjustments to the budgets reflect pay raises, personnel upgradings,

increased health care benefits and other operating cost adjustments -- not changes in program content." The ravages of inflation have cut deeply into the programs of the Federal statistical agencies because they are so heavily labor intensive. The report notes that increases in virtually all agencies that did not suffer actual declines were more than offset by increases in pay scales alone. None of these figures make any adjustment for new data collection programs or statistical efforts mandated by Congress, or for the increased costs of sample surveys. The budgetary problems facing the statistical system are indeed critical, even though they reflect the effects of inflation. The Administration has clearly developed priorities as to which governmental programs are most important. Unfortunately, the setting of statistical priorities appears to have occurred without any systematic cross-agency assessment.

4. The statistical program run by the National Center for Disease Control has apparently been severely cut back. What will the effect of this reduction be?

I am simply not familiar at all with the statistical program run by the National Center for Disease Control. Therefore I'm unable to answer this question.

5. The data clearly shows that in the last two administrations, as a result of transfers, fewer and fewer people have been assigned fulltime responsibility for overall statistical policy.

a. How many people should be working full-time on this subject?

b. Can you describe to me in some detail what they should be doing?

It is rather difficult to say how many full-time professionals should be assigned responsibility for overall statistical policy and coordination. I would think that, at a minimum, we need at least 30 professional staff. But as many as twice this number would be required if we are to accept the organizational structure proposed by the President's Statistical Reorganization Project, which has five associate directors and one special assistant to the director. The functional areas in this structure include: (i) program planning, (ii) review and burden control, (iii) analysis and integration, (iv) user services, (v) statistical standards. The Project report provides a detailed description of what staff in these areas should be doing, as well as a scenario for the role of statistical coordination in the development of the federal budget.

6. a. Before the reorganization, how well was the Office of Information and Regulatory Affairs discharging its responsibility for statistical policy?

a. Before the recent reorganization OIRA was not doing a very effective job of discharging its responsibilities for statistical policy, but it is hard for me to blame the statistical staff for this failure. Rather the problem lay with the priority given to statistics within OIRA, as is evidenced by the reduced number of staff and the fact that statistical policy had been lumped together with regulatory analysis. For four months prior to the dissolution of the Statistical Policy Branch, there was not a permanent Branch Chief. I do not see how such a structure could have been expected to execute the additional demands placed upon it by the Paperwork Reduction Act.

b. What should OIRA have done differently that it had not been doing?

What should OIRA have done differently? I think the biggest problem has been the view of OIRA officials that statistical policy and coordination could and should be handled the same way as reports reduction and others of its responsibilities. To state the matter plainly, statistical coordination is simply a different type of activity, involving long-range planning and oversight and leaning heavily on the technical and methodological aspects of statistics as a discipline. Its goals include not only paperwork reduction and establishing statistical priorities, but also improving the quality of data collected both for statistical and for nonstatistical purposes.

c. Has the consolidation and reorganization of OIRA affected its responsibilities in this area?

The consolidation and reorganization of OIRA in and of itself does not change its responsibilities in the area of statistical policy and coordination. It does, however, leave little or no room for the exercise of many of these responsibilities.

7. When do you expect the results of the Committee on National Statistics' review of Federal statistics to be available for our use?

My statement included some background on the Committee on National Statistics, and noted that we review federal statistical activities, on a selective basis. The Committee has recently embarked on a special review of Federal statistics, to mark the tenth anniversary of the issuance of the final report of the President's Commission on Federal Statistics. This activity is

rather a special one, and unlike our other projects was not commissioned by any outside funding organization or agency. Thus it relies upon the efforts of individual Committee members, who serve without compensation, and on our small professional staff. During the past few years the Committee's routine operating expenses and the staff salaries have come from core support provided by contributions from statistical agencies. Current budgetary stringencies have led to a drastic curtailment of this support, and some of our senior staff are temporarily serving without compensation. Thus, although the Committee is placing high priority on this overarching review of Federal statistics and the current and future needs of the Federal statistical system, it is difficult for me to say when we will be able to complete a report and make it available for your use.

8. There is a great deal of concern over the decline since 1976 of the number of people devoted fulltime to the issues of overall statistical policy. Yet it has never been clear that previous statistical policy shops have produced that much of value. On page 10 of your testimony, you list some of the work products. Can you explain why these items are important? And why they cannot be done elsewhere?

The problem is not that previous statistical policy shops have not produced much of value, but rather that they have been unable to cope with the dramatic growth of data collection and analysis over the last 30 years. One major reason for this has been lack of resources and institutional authority. You ask about the value of recent work products, and why they could not have been produced elsewhere. Most of those products I listed in my statement were ones for which I must admit I thought the answer self-evident. Let us look at one

of these in some detail. To see the value of a budgetary analysis of statistical agencies one need only look at the record of this very hearing. The budgetary data provided to your Committee by the Congressional Research Service drew heavily on the budgetary analysis released this past March by the Statistical Policy Branch. To compile a proper report and budgetary analysis in this area one needs statistical experts with ongoing contact, not only with statistical agencies whose budgets are typically well described and documented, but also with other agencies whose activities are only partially statistical. A budgetary analysis consists of much more than the total cost of an ensemble of statistical programs. It links dollars to individual programs, attempts to explain the reasons behind year-to-year changes, and tries to assess the impact of these changes on national statistical needs and priorities. How could such a job be left to others?

9. Your testimony points out the dependency of Federal agencies on the Bureau of the Census for the operations of major sample surveys and that every ten years a substantial amount of redesign of national sample surveys is necessary to take into account new data acquired with the decennial census. You indicate that "this survey redesign effort has been hampered by delays in the processing of data from the decennial census, but the budget restriction for Federal statistical agencies such as BJS, BLS, and the National Center for Health Statistics have made for much greater delays."

a. Why would delays experienced at the BJS, BLS, or the National Center for Health Statistics cause delays in the redesign of sample surveys by the Bureau of the Census?

The answer to this question is quite straightforward. The Bureau of the Census serves as a contractor for these surveys, with the funding coming from the other agencies. Original plans were for these agencies to contribute a substantial share of the cost of the redesign work. The FY 1983 budget did not include the necessary funds for redesign activities, and there appears to be at least a \$700,000 shortfall in the amount of funds required by the Bureau of the Census in FY 1983. Without the funds, the work cannot proceed. Thus the delay.

b. In a document prepared for the Committee by the Congressional Research Service, the Bureau of Justice Statistics is shown to receive an increase in funding over the FY 1981 and FY 1983 period of an estimated 15 percent. The Bureau of Labor Statistics and the National Center for Health Statistics also showed increases in funding over the three-year period: 9.3% for BLS and 19.6% for the National Center for Health Statistics. How do you account for the delays given these increases in funds?

As I noted in response to your earlier question about budgets, the figures presented in the Congressional Research Service document are deceptive. For BLS, the budget from FY 1981 to FY 1982 shows an actual decline in real dollars, and the FY 1983 proposal is an attempt to maintain the budget at the FY 1982 level. In real dollars, the budget decline appears much more dramatic. Real funding has not increased! This is why there is no money for sample redesign, and why BLS is cutting programs and reducing the sample size of the CPS. Similarly, NCHS not only doesn't have the funds for sample redesign associated with the Health Interview Survey, but it has also been forced to restructure its entire survey program, make data collection less frequent for almost every survey.

*Corrected
document
11.1
follow*

10. It is surprising that there are no estimates of the accuracy and precision of the monthly CPI figures. The CPI has been around a long time. Why wasn't such a study of accuracy done earlier?

Until the early 1970's the CPI utilized very little in the way of random sampling, and thus it would have been virtually impossible to arrive at estimates of accuracy and precision. Under Janet Norwood's leadership BLS made major changes in the CPI procedures during the past decade, and developed procedures for assessing precision which, because of the complexity of the CPI and its various components, requires a very elaborate computer-based analysis. No simple mathematical formula will do the job. The programming costs and the actual computer manipulations are very costly, and no one with authority has said to BLS that such an estimate of precision is worth, say, a 5 to 10% cutback in the size of the CPI.

Mr. BROOKS. Our next witness is Dr. Courtenay Slater, president of the economic research firm, CEC Associates. Her firm specializes in current economic analysis and forecasting and in assisting clients in locating and utilizing economic and demographic data.

She holds a B.A. from Oberlin College and a Ph. D. from American University.

From 1977 to 1981, Dr. Slater was the Chief Economist of the Department of Commerce. Prior to that, she served 8 years as the Senior Economist for the Joint Economic Committee of Congress. She has also served on the President's Council of Economic Advisers and as president and board chairman of the National Economists Club.

Doctor, we welcome you, and we will accept your statement for the record. We are prepared for your analysis upon our immediate return. We will recess for a moment.

[Recess taken.]

Mr. BROOKS. Dr. Slater, we are delighted to have you here, and we will appreciate your comments.

STATEMENT OF COURTENAY SLATER, PRESIDENT, CEC ASSOCIATES

Ms. SLATER. I am pleased to have this opportunity to be here, Mr. Chairman. I learned a lot about the statistical system, I think, when I was Chief Economist for the Department of Commerce. In that job, I had oversight responsibility for the statistical agencies there.

That includes the Census Bureau, and we took the 1980 Census while I was there. That includes the Bureau of Economic Analysis, which puts out the GNP data and during the period I was there, most of that time, the Statistical Policy Coordination Office, which was then in the Department of Commerce.

I had my real baptism of fire in the statistical system. I have seen it from a lot of angles and to me, it has become a very important subject and I am delighted that you are holding this hearing.

You have asked me to talk about three general areas, of which the first one is the national need for reliable statistical information.

I wish to stress the word "national," because I think it goes beyond just what the Federal Government needs for its own policy-making purposes. The Federal Government's need is, of course, very important and justifies the collection of a great deal of statistical information which is needed for economic analysis and program administration and budget decisions and the operation of the Federal Government.

Beyond that, there is a broader national need for information which can only be collected by the Federal Government, really. A State government, for example, or State university needs information about other States, what is going on in other States for comparison purposes and this information needs to be of uniform nature and reliability and so forth, and only the Federal Government can really put together information for the whole country on a uniform basis.

The private economy needs information in order to operate. I am a strong advocate of the free market economy, but one thing you learn in your economic textbooks is that one of the preconditions for an efficiently operating market economy is a well-informed set of market participants.

The Federal Government is not the only producer of information, but the Federal Government is the producer that everyone can look to for objective, accurate, and honest information about U.S. business and industry.

I stress that point because there is a lot of discussion these days about things that can be turned over to other levels of government or can be turned over to the private sector. There are some statistical programs which can be turned over to or paid for by the private sector very appropriately, but wherever there is a need for uniform national information of unquestioned honesty and objectivity that really almost without exception can only come from the Federal Government.

The second point I would like to touch on is what has been happening to the budget. Like other agencies, other civilian agencies, the statistical agencies have seen their budgets failing to keep pace with inflation. The budget for the major producers of economic statistics, the President's proposed budget for 1983, is about 20 percent below what was spent in 1980, after adjustment for inflation, so if the President's budget for 1983 is adopted, our statistical program will be one-fifth smaller than it was in 1980.

Now, that is not too different from what is happening in other civilian agencies. Nobody singles out statistics to pick on them, it is just what has been happening to civilian agency budgets generally, but still the question is, was our program in 1980 so bloated, or did it have so many things we really don't need that we could afford to cut it back by one-fifth?

That is the first question.

The second and more serious question is whether the statistical agencies are likely to have appropriations that are even as large as what the President has recommended. By pure happenstance almost all the major statistical agencies are in those departments which are operating on continuing resolutions throughout 1982, so they experienced budget cuts last fall when the 12-percent, and another 4-percent across-the-board budget cuts were made.

All the major statistical agencies were affected by those to some degree. Each one was a little different. And because the appropriation bills were not subsequently enacted, there never was a chance to correct anomalies that were created by those across-the-board budget cuts.

If it were simply a matter of getting through 1982, we could muddle through, probably, but we now hear a lot of discussion in Congress about a budget resolution which would freeze civilian agency appropriations for 1983 at their 1982 level.

If that is done, that leaves those agencies, including most of the statistical agencies which are under those continuing resolutions, in a very difficult administrative situation. Now, I certainly hope there is going to be an opportunity, as the budget process goes along to make the needed adjustment between the budget resolution and the program agency needs, but it is not at all clear, at

least to those of us who now have to observe it from the outside, how the budget process is going to work out. The statistical agencies, I think, face a real potential risk of very inadequate funding in 1983, and I think it is an area worthy of your attention.

In my complete statement, I have spelled out some of the specific effects of this on some of the data that goes into the GNP accounts. I use that as an example. There are lots of other examples. It is not that the GNP accounts are in worse shape than other things, but I am trying to illustrate what some of the impacts of budget-cutting may be.

The problem of the budget is made ever so much worse by the disappearance of the statistical policy coordination office. If you have that strong coordination function, you can at least look at the statistical budget as a whole, and say, what is most important, where can we best absorb these cuts, what must be preserved? There is no systematic way to do that now, and that makes a bad situation ever so much worse.

Also, if we have the coordinating function, we could achieve some efficiency in the system, we could save some money. We can ill-afford to bypass those efficiencies and we are tolerating a lot of waste in the system we should not tolerate.

Those are things that no individual department can take care of by themselves. These have to be done through the coordinating function across department lines.

For example, if we went forward with redesigning the household surveys, which Dr. Fienberg talked about, if we would go ahead and get that done, so that we are drawing the samples for those household surveys from our updated 1980 census data, we would have more efficient surveys and, over the course of this next decade, we would save some \$20 to \$30 million, even after you subtract the cost of doing the redesign.

So, by failing to get agreement among the agencies and money in the budget to pay for this redesign, we are costing the country \$20 or \$30 million over the next 10 years and that is just waste, waste which is occurring because we don't have a strong coordinating function and a really aggressive effort to get the things in the budget that need to be there.

Another example is the failure to enact legislation allowing other agencies to use the Census Bureau's Standard Statistical Establishment List. This is a list of all the business firms in the country, which the Census Bureau keeps up to date. They use it to draw the names for the business surveys that they take.

If other agencies could use this list, they could use more efficient samples. They could save themselves the duplicative effort of maintaining their own list from which to draw surveys, and they could produce better data.

We would have better data comparability across agencies, but we need enabling legislation to allow other agencies to have access to this list of business firms under appropriate assurances of confidentiality.

That legislation was drafted. The drafting was begun before I ever heard of it. It took 6 years to draft, but we did finish drafting it while I was at the Commerce Department.

It has languished in OMB ever since that time. It has not been introduced. It is costing us money not to introduce it.

Those are two concrete examples of ways we could achieve greater efficiency in our system and make the budget dollar go further if we had a strong coordinating function.

Another traditional responsibility of the statistical policy coordinating office which I would like to, with your permission, take a minute to talk about, because it doesn't get attention as much as I think it should, is the responsibility for maintaining the honesty and integrity and objectivity of our system.

One of the finest things about our statistical system is that our statistics have credibility. They are produced by professionals in the statistical agencies and the press release that gives us our economic data comes out of that statistical agency. It is written by professionals. Everybody knows it is objective, and they believe the numbers are honestly presented. Now, that hasn't always been the case, and it didn't happen automatically. That happens because we have a set of rules and regulations administered by the Statistical Policy Office, backed by force of law—the relevant law is now the Paperwork Reduction Act, which requires certain procedures for releasing sensitive economic statistics. It is very important that those procedures be preserved.

I am not for a minute suggesting that anyone wants to violate them, that anyone in the administration has any intention of manipulating the way in which the data are presented or to politicize anything about our statistical system.

What I am saying is I know from my own experience in government that questions come up all the time, innocent questions by people who don't understand the importance of protecting the integrity of the statistics. Unless there is someone on the job full time every day dealing with those questions as they arise, being sure that the release procedures for the economic statistics are scrupulously followed and enforced in all the agencies throughout the Government, we will run into trouble at some point, and questions will arise about the credibility of the data. I think it is far better to make provision for preserving this important aspect of the system before any difficulty arises rather than to drift along until problems do arise.

Those are not the only reasons why we need a strong central coordinating mechanism. We also need to set statistical standards. By that, we mean establishing definitions for standard metropolitan statistical areas, standard industrial classifications, and the like.

The Standard Industrial Classification Code has been comprehensively revised. We have put in the new industries that have emerged in our economy in the past 10 years, but the revision is not being implemented because the agencies do not have the money to do it.

Now, all this work of setting definitions, maintaining data quality, data uniformity throughout the system is in limbo because there is nobody there managing the system. Similarly, with the review of forms to be sure that the statistical information we collect is necessary and to be sure that duplication is avoided, that is a further important function of statistical policy, the coordinating

office, and it is not at all clear they have adequate staff to carry this out.

In announcing its reorganization, OMB has put out a statement identifying some priorities which are very fine priorities and suggesting that they do understand that there is important work to be done but they have not explained how it can be done with four people who are not organized into a separate office.

There is no mention of whether or not they will continue the process of budget review.

No mention of how they will maintain and revise the statistical policy directives which tell the agencies how the system is to be run. It does not appear to me possible that statistical policy can be coordinated without a coordinating unit headed by a full-time person of some distinction and some familiarity with the job that has to be done.

So I would strongly urge that a statistical policy unit be reconstituted. I don't think the present location is probably the best place because the people in the Office of Information and Regulatory Affairs are devoting their attention to regulation, deregulation, to implementing other aspects of the Paperwork Reduction Act, as they should be.

I think that statistical policy would be better conducted in a separate office outside that particular environment. However, I think the most important thing is not where it is located, but that there be an office, that the existence of the office be mandated by law, so that its existence will be continuous and that it be headed by a person familiar with this subject, a capable person devoting full time to the statistical policy coordination—in effect, a Chief Statistician for the United States. I think it would be best if that were a Presidential appointment subject to a Senate confirmation. That is the best way of seeing that the right kind of person gets into that job.

The mandate for the type of work this office should do is spelled out in the Paperwork Reduction Act. What seems to be lacking is the explicit legal requirement that there must be an individual and a staff to carry out this important work.

One other recommendation I would like to make pertains to proposed legislation for data-sharing among statistical agencies within a confidential enclave. This is legislation which has been under consideration during the Carter administration and during the present administration.

It would be an important step forward in policy coordination. However, it is dangerous legislation in the absence of a Statistical Policy Office and a Chief Statistician who could manage the system, because a very important aspect of this legislation is that the confidentiality of individual statistical responses should be scrupulously maintained against anyone inadvertently leaking confidential information, and I don't see how you can count on that happening, unless somebody is in charge, somebody running this proposed arrangement.

Though I have been a supporter of that kind of legislation for a long time now, I would now feel that it must await the prior provision of an organizational unit which can effectively manage such a system.

I think it is going to be at best a long time before we really get the statistical system rebuilt into an effectively operating system.

I would like to close by again commending you for holding this hearing and expressing the hope that you will maintain your interest in this subject over the period of years it will take to get things turned around and to get a really smoothly functioning adequate statistical system.

Thank you very much.

[Ms. Slater's prepared statement follows:]

Statement by

Courtenay Slater
President, CEC Associates

to the

Legislation and National Security Subcommittee
Committee on Government Operations
U.S. House of Representatives

Thursday, June 3, 1982

I appreciate this opportunity to testify before you on Federal statistics and statistical policy. My own familiarity with this important subject was acquired during my tenure as Chief Economist for the Department of Commerce from 1977-1981. In that capacity I had supervisory responsibility for the Office of Federal Statistical Policy and Standards for almost all of the roughly four years during which that function was located in the Commerce Department. I also had similar responsibility for overseeing the Census Bureau, the Bureau of Economic Analysis, and the Bureau of Industrial Economics. Additionally, I was responsible for interpretation to the press and general public of the GNP data and other key economic statistics produced and released by these Bureaus of the Commerce Department.

Thus I have had the opportunity to be involved with the statistical program from the perspectives of data production, program coordination, presentation of data to the public, and use of the data in economic analysis. Since leaving the

Commerce Department I have attempted to maintain familiarity with statistical program developments, and I presently am employed part-time as a consultant to the Joint Economic Committee, assisting in their review of economic statistics. I am testifying this morning in my private capacity, however, and not on behalf of that Committee.

I have been asked to address my testimony to three general areas: the national need for reliable statistical information, the impact of recent and prospective budget changes, and the proper role of a central statistical policy coordination mechanism. A summary of the main points I would like to make about each of these topics and of my policy recommendations follows. Additional detail is provided in the subsequent sections of my statement.

Summary and Conclusions

I. The need for Federally-produced statistical information.

Social and economic statistics gathered, compiled and released by the Federal government are of consummate importance for a number of Federal and national purposes. Statistics can be, and are, produced by other levels of government and by various nongovernmental entities. Only the Federal government, however, can produce statistical series which are uniform and consistent for the Nation as a whole and which are of unquestioned honesty and objectivity.

The Federal government has a particular responsibility to produce the statistical information it needs for its own use -- for economic analysis, for budgetary decisions, and for program design and implementation. These needs are too vital to risk serious gaps in the data base by leaving statistical work to anyone else.

The Federal government also has a responsibility to produce statistical information for which there is a national need even if there is not a direct Federal governmental need. State governments need information, uniformly presented, about other States. Private individuals and businesses need uniformly presented information on a wide variety of economic and demographic matters. The free market economy is a marvelous mechanism, but one of the preconditions for its effectiveness is the availability of information to participants.

Only the Federal government is really well-suited to providing complete, timely, honest, and uniform information to meet Federal and national needs. I stress this point because of the current interest in searching for activities which can be turned over to other levels of government or to the private sector. There are some such activities in the statistical area, but wherever there is a need for national uniformity and unquestioned objectivity in information presentation, then it is quite likely that there is a crucial Federal role, either in directly producing the information or in enforcing standards for State collection and presentation.

II. Maintaining the quality of the Federal statistical program.

U.S. statistical activities date back at least to the first decennial census in 1790. It is over the past fifty years, however, that many of the major statistical programs on which we now rely have been developed: the monthly employment and unemployment survey, for example, and the GNP accounts are products of the past half-century. The statistical system which has developed over this period is a decentralized one, with the activities of many different agencies being coordinated by a central statistical policy unit. The system which has developed is a very fine one: the accuracy, timeliness, and unquestioned objectivity of the information it produces have few equals elsewhere in the world. Presently, however, the quality and credibility of the U.S. statistical program are threatened by inadequate funding and by the demise of the last vestige of central coordination. Prompt action is needed to contain the damage and enable the statistical system to move ahead to meet the always-changing needs of a large, complex modern economy.

III. Trends in statistical budgets. Appropriated funds have not kept pace with cost increases over the past several years. The President's 1983 budget request, for statistical agencies, if enacted, would represent, after adjustment for inflation, about a twenty percent program reduction as compared to 1980. This twenty percent reduction over three years is not

unique to the statistical agencies, but rather fairly typical of what has been happening to civilian agency programs generally. All the same, statistical agency budgets were, in my judgment, already fairly tight in 1980 -- having been subjected to several rounds of zero-based budget review by the Carter Administration. I see no way programs can be reduced twenty percent without damage to basic national data series.

The President's 1983 budget proposals are not adequate, but what emerges from Congress may be even less so. By happenstance, most of the major statistical agencies are within those departments which are operating under continuing resolutions in 1982. Thus they were each to greater or lesser degree victims of last fall's 16 percent across-the-board budget cuts. Since appropriations bills for these agencies were never subsequently enacted, there has been no opportunity for adjustment of the unintended problems and anomalies created by the across-the-board cuts.

The real danger arises from the prospect that Congress may decide to "freeze" 1983 civilian agency spending at the 1982 level. Whatever contribution this approach may make to solution of the overall budget problem, it would imply major new damage to the statistical program. Statistical programs make up a minute fraction of the total Federal budget. One would hope that any overall set of budget targets would make some provision for necessary adjustment of individual agency budgets. To date,

however, little attention appears to have been devoted in the budget process to reconciling agency program requirements with the attractive notion that large segments of the budget can be "frozen" at this year's levels.

The best that can be hoped for from the 1983 budget is limitation of the damage being done by cuts. Any new initiatives or major redirections of statistical agency programs -- and many are needed -- almost surely must wait for 1984 or beyond. Thus rebuilding a good statistical program will be a prolonged and difficult process. Meantime, uncertainties about current and future funding levels make efficient program management virtually impossible. The disastrous impact on employee morale is leading to the widespread departure from government service of many bright and able young professionals, who can find attractive employment opportunities elsewhere.

IV. Statistical policy coordination. Our decentralized, multi-agency statistical system has a rich history. And it offers the advantage of locating much of the statistical activity within the department which is the primary data user. Such a system can work effectively, however, only if there is an effective central coordinating mechanism. The United States has had such a coordinating unit since the 1930's. Until the past few years it has worked well. The coordination function was weakened by its transfer to the Commerce Department in 1977,

and, ironically, it was further weakened by its transfer back to OMB last fall. Recently, it has been almost totally destroyed by the elimination of OMB's Statistical Policy Branch.

Traditionally, the statistical policy unit has had four key functions, backed by strong legal authority. First, it has coordinated statistical budgets and program planning. Second, it has reviewed data collection forms to eliminate any duplicative or unnecessary data collection. Third, it has set and enforced statistical standards and definitions. Finally, and of great importance, it has maintained the watchdog function which guards the system against any attempts -- either deliberate or inadvertent -- to distort or manipulate the presentation of statistical information.

The Paperwork Reduction Act of 1980 (Section 3504d) provides a legal mandate for the continuation of this statistical policy coordination function. A recent statement by OMB explaining the latest organizational changes demonstrates an understanding of some of the necessary activities (although budget review, program planning, and protection of the system's integrity do not seem to be among OMB's priorities). However, it is simply not possible that all these tasks can be performed by the present staff of four, reporting to supervisors with no special knowledge of the statistical program and with many other urgent responsibilities. One can only conclude that senior officials at OMB either do not understand the importance of the statistical policy

function entrusted to them or simply do not care.

V. Recommendations. The present disarray and deterioration of the statistical system is a dangerous situation. If key data gathering and compilation programs are lost, they will take a long time to rebuild. Meantime, the country will be without the information base needed for wise policy-making and efficient operation of the economy. Thus action is needed quickly to stave-off threatened damage to the system.

1. The statistical policy unit should be reconstituted, but not in the same location. I do not see any way in which statistical policy coordination can be effectively conducted within OMB's Office of Information and Regulatory Management at the present time. The top management of OIRA lack the necessary knowledge of what this function is and they are burdened with other important concerns, including implementation of other provisions of the Paperwork Reduction Act. A separate unit elsewhere in OMB would be a possibility. Better yet, in my view would be a separate Office of Statistical Policy within the Executive Office of the President.

2. Wherever located, the statistical policy unit should be headed by a knowledgeable and distinguished individual who will symbolize the special importance of the function. Preferably, the position should be a Presidential appointment, subject to Senate confirmation. This is the best insurance our system of

government provides that a suitable person will be selected for this job.

3. Legislation providing for data-sharing among statistical agencies within an enclave protected by strict confidentiality legislation should be pursued, but only when and if it is clear that a strong statistical policy coordination unit will exist to manage the complexities of this proposed arrangement. Otherwise, the dangers of inadvertent breaches of confidentiality outweigh the efficiencies which can be gained by the enclave proposal.

4. The 1983 budget request for statistical agencies should be carefully reviewed with a view to restoring the funds needed to maintain the quality of key national data series. The addition of as little as \$20 million dollars, suitably allocated to key programs could avert much of the prospective damage.

5. Congress should insist that OMB continue to produce its annual Special Analysis of the budget for statistical programs. This valuable document was resumed this year after a lapse of several years. However, it has been rumored that not only the analysis, but the OMB data collection underlying it (the "form 54") are to be discontinued. If so, we will have no way of knowing what is spent on statistics, because many statistical activities are intermixed with other agency activities in the regular budget document.

6. Congress should maintain systematic oversight of statistical programs to see that a strong system is rebuilt and then maintained.

Background on Statistical Budget Trends

As shown in the table on the next page, the Administration's 1983 budget request for the agencies which are the major producers of economic statistics is more than 20 percent below the 1980 appropriation, after adjustment for inflation. The largest reduction is in the Energy Information Agency and is, in part, related to elimination of data requirements connected with regulatory programs no longer in force. Not all of the proposed cut is in information used primarily for regulatory purposes, however. The Energy Information Agency, like the statistical units in a number of the independent regulatory agencies, produces information relied upon for general economic analysis as well as for regulation. As regulatory activities are reduced, careful review of these statistical activities is needed to insure that provision is made for continuation of needed information collection. As far as I know, no such review is presently provided for anywhere on any systematic basis.

Budget reductions for the other agencies shown in the table range from 8 to 14 percent. If the table were expanded to include other statistics-producing agencies, it probably would show similar, or even somewhat larger, cuts. These reductions are fairly typical of what has been happening to civilian agency programs generally. Nonetheless, a serious question arises as to whether an adequate program can be maintained

TABLE
 ECONOMIC STATISTICS AND ANALYSIS
 BUDGET AUTHORITY: SELECTED AGENCIES

	Fiscal Years		Percent Change
	1980	1983	
	Millions of 1980 Dollars		
Census Bureau, DOC ^{1/}	53.8	49.7	- 7.6
Bureau of Economic Analysis, DOC	16.0	14.4	-10.2
Bureau of Industrial Economics, DOC	4.3 ^{2/}	6.7	--
Bureau of Labor Statistics, DOL	102.9	92.2	-10.4
Statistical Reporting Service and Economic Research Service, DOA	84.5	72.9	-13.8
Energy Information Agency, DOE	90.8	41.7	-54.1
Internal Revenue Service: Statistics Division, DOT	14.9	12.8	-14.3
Assistant Secretary for Planning and Evaluation, HHS	<u>7.4</u>	<u>3.4</u>	<u>-53.8</u>
TOTAL	<u>397.4</u>	<u>313.3</u>	<u>-21.2</u>

^{1/} Excludes periodic programs, such as five- and ten-year censuses, for which year-to-year comparisons are not meaningful.

^{2/} The Bureau of Industrial Economics was created in January 1980; FY 1980 budget authority shown is for less than a full year.

Note: Inflation adjustment uses the GNP deflator for civilian purchases other than the Commodity Credit Corporation for 1981 and assumes inflation rates of 8 percent in 1982 and 6 percent in 1983. These assumptions are consistent with those used in the 1983 Budget. The 1983 estimates include an allowance for pay raises.

Sources: Budget of the U.S. Government, 1983; Bureau of Economic Analysis; Joint Economic Committee.

in the face of these cuts.

The problem is greatly compounded by the weakening and now the disappearance of OMB's Statistical Policy Branch, the unit which ought to be taking a look at the statistical budget and establishing budgetary priorities.

Absence of effective system-wide coordination also makes it almost impossible to achieve cost-saving efficiencies which would assist in maintaining a sound program in the face of budget cuts. There are numerous examples of duplicative activity within the statistical system, of failure to locate a particular program where it can be conducted most efficiently, or of failure to utilize computerized techniques or other technological advances to cut the costs and reporting burden associated with statistical surveys.

In a number of cases, legislation is required to reduce some of the present legal barriers to efficient system operation. Such legislation is unlikely to be enacted unless there is within the Executive Branch a central focus for preparing legislative requests and pursuing their enactment.

Two examples will help illustrate the waste that is being tolerated even in this era of ever-tighter budgets. The first is the failure to enact legislation permitting shared statistical agency use of the Census Bureau's Standard Statistical Establishment List (SSEL). The SSEL is a comprehensive list of U.S. business establishments and is used by the Census Bureau to draw samples for statistical

surveys. If other statistical agencies had access to this list, they could draw more efficient samples and would be spared the duplicative effort of maintaining their own lists. Shared use of the SSEL also would aid agencies in producing statistical data of improved comparability and uniformity. Shared use of the SSEL requires enabling legislation. Legislation has now been in the drafting stage for six years or more.

A second, somewhat different, example is the need to redesign household surveys to take 1980 census results into account. Redesigned samples utilizing 1980 census data would be sufficiently more efficient than samples presently in use to result in savings of a minimum of \$20 million over the next decade, even after taking into account the cost of the redesign. Work on the redesign is being held up pending inter-agency agreement on how the costs are to be shared.

These two examples illustrate opportunities for reducing respondent burden by conducting more efficient surveys as well as saving budget dollars. They also illustrate how even the most clearly desirable steps toward a more efficient system can languish when there is no effective central focal point for managing the statistical program.

It is not possible in this statement to cover all aspects of the problem created by the combination of budget cuts and ineffective system coordination but a number of them can be illustrated by describing the impact on the GNP accounts. I choose this area of the statistical program because it is

the one with which I am most familiar. Other areas are suffering similar, or often even greater damage.

The GNP Accounts

Today we take it for granted that timely, comprehensive, and reasonably accurate estimates of U.S. Gross National Product and National Income will become available at the end of each calendar quarter. These estimates are used to assess the state of the economy, to forecast future conditions, and to evaluate the impact of various kinds of economic policies. The availability of these regular quarterly GNP estimates dates only from 1947. During most of this postwar period, the United States has enjoyed a high average level of prosperity and a rapid rate of real economic growth. It would be difficult to prove that there is a connection between improved current information about the economy and better success in maintaining prosperity, but I think it a reasonable presumption that this has been the case.

Although the reliability of the GNP estimates generally has been quite good, there have been occasions when inaccurate first estimates may have misled policymakers. The increase in business inventories at the onset of the 1974-75 recession initially was seriously underestimated, thus disguising for a time the likely seriousness of that recession. Efforts subsequently were undertaken to improve the inventory data.

More recently it has been discovered that during the late 1970's both the level and the rate of growth of business fixed investment were seriously underestimated. Thus, during a period in which discussions of the need for more investment were at the forefront of policy debate, the data on which the discussion was based were sufficiently inaccurate to be at least partially misleading.

Despite the obvious importance of information on business investment, the Bureau of Economic Analysis has encountered prolonged difficulty in obtaining the relatively small amount of money (less than \$1 million annually) needed to improve the estimates. Presently BEA is under instructions to proceed with the improvements by diverting funding from other, only slightly less important program areas.

Although BEA's own funding has been declining and their staff has been cut by over 14 percent since 1977, recognition of the importance of the GNP accounts led to BEA's being exempted from some of the final rounds of 1982 budget cutting. Perhaps more serious than BEA's own budget situation is the impact of budget cuts elsewhere on the source data BEA must obtain from other agencies.

Much of the data which underlies the GNP estimates is drawn from tax and social security records or other data collected primarily for use in carrying out the collecting agencies' own programs. This reliance on data which are being collected anyway greatly reduces the cost and reporting burden associated with preparation of the GNP accounts, but it also

makes the accounts vulnerable to program changes or budget reductions in a large number of data gathering agencies. Among recent budget-related changes ~~in agency programs~~ ^{which affect the GNP accounts} are:

- reductions in sample sizes for the IRS statistics of income;
- reduction in the frequency of the Agriculture Department's farm labor survey;
- elimination of the Census Bureau's farm finance survey and survey of agricultural services;
- cutbacks in BLS' work on export and import price indexes;
- a reduction in sample size and industry detail for the Census Bureau's survey of wholesale trade.

The above list is illustrative rather than exhaustive. No single item on this list, or others which could be added, is by itself crucial to the GNP estimates. Taken together, however, they add up to erosion in the quality and timeliness of the estimates. In the absence of a central statistical coordinating mechanism, no one is really reviewing the total impact of budget cuts on the GNP accounts and establishing priorities for data series that should be maintained. To date, the damage has been limited through informal consultation among agencies and voluntary cooperation in protecting vital GNP data sources. With even tighter budgets looming in 1983 and beyond, a more systematic method of monitoring the ~~source~~ ^{data for} ~~quality~~ of the GNP accounts is needed.

Protecting the Integrity and Credibility of Federal Statistics

The above discussion of statistical budgets and of the GNP accounts has attempted to illustrate the importance of statistical policy coordination to the quality of statistical information and the cost-effectiveness with which it is produced. Another crucial attribute of our statistical program is the unquestioned honesty and objectivity with which data are presented. This valued attribute of the system is not accidental but rather the product of strong traditions of objectivity within the statistical agencies, reinforced by explicit rules and regulations issued and enforced by OMB's statistical policy branch and its predecessor agencies.

Sensitive monthly and quarterly economic indicators are issued under Executive Branch-wide rules which require that the data be released promptly once they are compiled, that they be released by the compiling agency (rather than by a political level official), and that advance access to information being released be limited to the Chairman of the Council of Economic Advisers, on behalf of the President.

These regulations were developed in response to problems which occurred in the early 1970's. These problems included pre-release review of statistical press releases by cabinet level officials, public disagreement between political level officials and career professional staff over whether small changes in monthly data series were significant, and widespread suspicion that data

release dates were manipulated to serve the political convenience of the incumbent Administration. The regulations developed in the early 1970's have worked well and have served to enhance the credibility of the statistical program.

I do not for a moment suppose that the present Administration has any thought of doing away with these rules or of attempting in any way to lessen the credibility and objectivity of the statistical program. I do fear, however, that they may lack familiarity with the provisions for data release and the important role of the Statistical Policy Branch in monitoring compliance. Now that there is no Statistical Policy Branch and no Chief Statistician, to whom does one turn when questions of interpretation of the regulations arise? When an exception is desired? Or a violation suspected?

I know from my own experience at the Commerce Department that these questions arise frequently and that they need to be dealt with promptly, firmly, and knowledgeably. Lack of a clear assignment of this responsibility for monitoring system integrity presents an invitation for trouble to arise. I hope we must not wait until the horse is stolen to see this barn door relocked.

Reviving Statistical Policy Coordination

I have tried in this statement to illustrate in specific terms the importance of a coordination mechanism for the statistical system. I regard it as urgent that the Statistical Policy Office be revived and strengthened. I question, however, whether this can be done effectively within OMB's Office of Information and Regulatory Management, an environment in which the emphasis, quite properly, is on reducing regulatory and reporting burden.

Statistical inquiries make up less than two percent of all Federal reporting requirements. Hence, they can at best make up only a small fraction of the total reduction in paperwork which is being sought. Similarly, reduction in reporting burden, although important, is only one aspect of statistical policy coordination.

Furthermore, the experience of the last few months makes it abundantly clear that the top management of OIRA has little understanding of the statistical program and, given their other responsibilities, little time to learn.

I believe a separate statistical policy unit is needed, with a full-time head who can perform the duties of a Chief Statistician. Such a unit should be explicitly mandated by law so as to guarantee its continuous existence. It should be headed by a Presidential appointee subject to Senate confirmation.

An explicit legal mandate to establish and staff a statistical policy unit and explicit provision of the operating authority it requires are more important than the question of where the office should be located. Of the numerous location options which have been studied and discussed, however, the creation of a separate Office of Statistical Policy within the Executive Office of the President impresses me as, on balance, the most satisfactory.

The elimination of OMB's Statistical Policy Branch has created a situation in which action to establish a suitable successor should be taken promptly, before the present vacuum leads to widespread and long-term damage to the statistical program.

I appreciate the opportunity to present my views on this important question. Thank you.

Mr. BROOKS. Thank you very much, Dr. Slater, for a comprehensive and most informative dissertation. You have been most helpful. I hope you will not be offended if we submit a few questions to you so that you might elaborate further?

Ms. SLATER. I would be pleased if you would.

Mr. HORTON. I would like to submit my questions, also. Yours has been an excellent statement, and I appreciate your abbreviating it. We are under time constraints. In fact, we are probably going to have to go back and vote in the next 15 or 20 minutes. It is one of those kinds of situations where we would like to give more time and go into these questions, but unfortunately, we find ourselves with the situation on the floor which requires going back there.

With your permission, I will submit questions to you, also.

Ms. SLATER. I will be pleased to answer them.

[Submissions to questions by Chairman Brooks and Congressman Horton follow:]

Responses by Courtenay Slater to questions posed by Chairman Brooks for the record of the hearing on June 3, 1982

1. Question: What have the cuts in department and agency budgets done to our statistical system?

Answer: Cuts already made in statistical agency budgets have necessitated reductions in the degree of geographic and industry detail available for many data series, reductions in sample size, reductions in the frequency with which surveys are taken, and delays in the availability of statistical data. As a result, information about economic and social conditions has become less complete, less accurate, and less timely. So far, however, the quality of national -- as opposed to small area or industry sector -- data has been only marginally impaired. More serious damage may lie ahead if the further budget cuts under consideration for 1983 and future years materialize.

Continuing uncertainty about budget totals as well as the cuts themselves have made program management difficult, damaged staff morale, and encouraged many well-qualified personnel to leave government service.

2. Question: What should our government's statistical policy be?

Answer: My preference would be for the United States to maintain its historical tradition of a decentralized statistical program. For this arrangement to work effectively, however, a strong central coordinating unit is needed. Preferably, this unit should be headed by a Presidential appointee, subject to Senate confirmation. The present location of the coordination function in OMB's Office of Information and Regulatory Affairs is awkward. An independent office within the Executive Office of the President would be preferable.

3. Question: How have the recent changes in our statistical system affected the government's ability to operate economically and efficiently?

First, the statistical system itself operates less efficiently than it might. A weak coordinating mechanism has led to delay in adopting money-saving measures such as household survey redesign and legislation permitting shared use of the Census Bureau's Standard Statistical Establishment list. Adoption of up-to-date technology which could save money and reduce reporting burden also has been delayed.

4. Question: Will implementation of a so-called "Enclaves" bill achieve statistical coordination?

Answer: Statistical coordination should precede implementation of any enclave arrangement. Data sharing among statistical agencies requires careful central coordination and supervision to be certain that no breach of confidentiality occurs.

Responses by Courtenay Slater to questions posed by Congressman Horton for the record of the hearing on June 3, 1982

1. Question: Do you think that statistical programs should also have to bear their fair share of necessary budget cutbacks?

Answer: If a policy were, in fact, being followed of across-the-board cuts in all Federal spending, then it might logically be argued that statistical programs should absorb their "fair share". Recent and prospective budget policies, however, have led to large cuts in some programs, such as civilian purchases of goods and services, while spending on defense, Social Security, and certain other programs has been increasing rapidly. Under this budget policy, statistical programs, like others, should be evaluated and judgments made about their relative priority.

2. Question: a. How would you suggest that government carry out retrenchment in the area of statistical programs?

b. Should all statistical programs be cut back the same percentage?

c. Would you carry out the cutbacks on the basis of priorities?

d. What programs should be of highest priority?

Answer: Budget cuts within the statistical program should be based on an assessment of priorities, not on across-the-board percentage amounts. Because the statistical program is spread among many departments and agencies, the usual budget review process -- conducted along departmental lines -- is not, by itself, satisfactory. The statistical program needs to be examined on a government-wide basis. A variety of important uses of statistical data need to be taken into account, including economic policy formulation, program administration, and private sector and State and local government needs for Federally-collected data. Because the statistical program is complex and the user community is so widespread, satisfactory budget review requires specialized knowledge and experience. Traditionally, the Statistical Policy Division provided OMB with this expertise. No explanation has been provided of how budget review will be conducted under present organizational arrangements.

As an economist, my highest priority would be maintenance of the quality of the GNP accounts and other basic economic data series. However, other data users would have other priorities which might be of equal importance. The process of knowledgeable evaluation of these competing priorities needs to be systematically carried out within the Executive Branch and reviewed by the Congress.

Among general considerations which should be taken into account in assessing priorities are the following:

- o The necessity for confidentiality of individual responses and for objectivity and credibility of statistical information makes it

essential that most statistical work be done by Federal employees. In general, statistical programs cannot be satisfactorily contracted-out to the private sector.

o The continuation of a statistical series over time is important for many uses. Even in periods of budget stringency, every effort should be made to maintain continuity of basic data series.

o Efforts to make the system more efficient and to eliminate duplication of effort take on increased importance during a period of budget stringency. This makes the statistical policy coordination function more important than ever.

3. Does not the study prepared by the Congressional Research Service suggest that the budget problems facing the statistical system as a whole may not be critical but simply reflect the effects of inflation (which impacts all programs) and the priorities set by the Administration as to which programs are most important?

Answer: Much of the program reduction which the statistical agencies have found necessary has resulted, in considerable part, from the failure to increase appropriations in line with inflation. In this, the statistical agencies are in a situation similar to that of many other civilian agencies of government. Because the problem has resulted in large part from inflation and because it is a problem shared by many agencies does not necessarily make it less critical, however.

In general, the Administration's priority has been to increase defense spending, to maintain the inflation-adjusted value of Social Security benefits and to seek savings elsewhere in the budget. I do not believe, however, that it has been the Administration's intention to cut statistical programs as much as is actually occurring. Part of the problem is stemming from the necessity of the major statistical agencies to operate under continuing resolutions in 1982. I believe that if the 1982 budget process had provided for a careful Administration and Congressional review of the statistical agency budgets, some of the cuts which were made would not have occurred.

4. Question: The statistical program run by the National Center for Disease Control has apparently been severely cut back. What will the effect of this reduction be?

Answer: I regret that I have no knowledge of the statistical program at the National Center for Disease Control.

5. Question: The data clearly show that in the last two administrations, as a result of a series of transfers, fewer and fewer people have been assigned full-time responsibility for overall statistical policy.

- a. How many people should be working full-time on this subject?
- b. Can you describe to me in some detail what they should be doing?

Answer: The staffing devoted to statistical policy when it was located at the Department of Commerce represented, in my judgment, an absolute minimum for adequate conduct of the function. Commerce's Office of Federal Statistical Policy and Standards had 25 full-time employees. In addition, administrative support and legal advice were provided by other Commerce units.

The duties of the statistical policy unit fall into four broad areas:

- 1) Review of statistical agency budgets. Program planning.
- 2) Forms clearance.
- 3) Establishing and enforcing statistical standards and definitions.
- 4) Monitoring the overall quality, objectivity and integrity of the statistical system.

An effective organization of the statistical policy staff would provide for subject matter expertise in each broad statistical subject-matter area (e.g. demographic statistics, general economic statistics, agriculture, energy, prices, employment, etc.). Each expert analyst would handle all four of the broad responsibilities listed above with respect to their particular subject area. An organizational arrangement which separates forms clearance from the other types of activities or which assigns work along departmental lines rather than by subject matter strikes me as much less satisfactory.

6. a. Before the reorganization, how well was the Office of Information and Regulatory Affairs discharging its responsibility for statistical policy?
- b. What should OIRA have done differently that it had not been doing?
- c. Has the consolidation and reorganization of OIRA affected its responsibilities in this area?

Answer: The responsibilities were not being discharged well before the reorganization. The reorganization has been too recent to permit evaluation of its success, but it does not, on its face, offer much promise of success.

Among the problems faced by the Statistical Policy Branch after its return to OMB were inadequate staffing, lack of an office head (after the office head left at the end of 1981) and lack of top level interest and support within OMB.

Among the results of poor organizational arrangements and inadequate staffing have been:

- o delay in issuing statistical standards. Technical revisions to the definition of poverty, for example, were completed and approved while statistical policy was still at Commerce but have yet to be formally issued. This delay has led to administrative difficulties for programs utilizing poverty status as an eligibility criterion and is a factor in at least one pending law suit against the government. The Standard Industrial Classification (SIC), to take another example, was extensively revised -- a major undertaking -- while statistical policy was at Commerce. The process of internal review and publication in the Federal Register for comment also was completed. The revised SIC code apparently is not to be implemented, however, because of the costs involved. Delay and uncertainty over statistical standards such as these creates program inefficiencies for the statistical agencies and is detrimental to the quality and usefulness of statistical information.

- o failure to provide for systematic budget review and program planning. As a result, statistical agency budgets not only have been cut, but the cuts have been made without adequate attention to program priorities.

- o decisions on legislative needs such as confidentiality legislation and legislation permitting shared use of the Standard Statistical Establishment List have been delayed.

- o the United States has ceased to play a leadership role in international statistical activities.

7. Question: Your statement on page 4 that with inflation factored in, the statistical agencies will suffer a 20 percent reduction is alarming. Would you provide for the record the necessary information as to how you arrived at that conclusion.

Answer: The 20 percent figure refers to the agencies which are the major producers of economic statistics and is the total reduction from 1980 to 1983 (as proposed in the President's budget) after adjustment for inflation. The inflation adjustment was made by dividing budget authority for these agencies by the deflator for Federal nondefense purchases other than Commodity Credit Corporation. Page 11 of my statement submitted for the hearing record contains a table showing the budget change by agency.

8. Question: On page 6 you indicate the need to limit the damage being done by budget cuts. Exactly what do you have in mind?

Answer: The budget process for 1983 is already well along. It probably is already too late to provide for major statistical program changes as part of the 1983 budget process. It would still be possible, however, to restore relatively small amounts of funding for some programs. I would recommend doing so in certain cases where the funding recommended in the President's budget is inadequate to maintain the quality of key statistical programs.

Among the specific items which I believe should be restored are :

- o the Survey of Income and Program Participation;
- o part of the cut made in Bureau of Labor Statistics wage and employment data programs;
- o key source data for the GNP accounts, including restoration of cuts in sample size for the IRS Statistics of Income, restoration of the quarterly farm labor survey, and restoration of funds for the survey of farm finance;
- o funds for Census Bureau efforts to improve intercensal population estimates.

The total cost for all of the above restoration would be less than \$20 million.

9. Question: On page 7 you indicate that one of the most important roles of the statistical policy work in the past has been its role of watchdog against "attempts -- either deliberate or inadvertent -- to distort or manipulate the presentation of statistical information". Could you provide for the record examples of where this unit successfully intervened to maintain the integrity of the system?

Answer: There are many such examples. I shall limit my response to some of those with which I am personally familiar.

1) Current economic data, such as the monthly employment and unemployment estimates, housing starts, and the foreign trade balance, attract a great deal of public attention. Public confidence in the honesty of these numbers is dependent on consistency and objectivity in the manner in which they are presented as well as in the actual numbers themselves. To protect this honesty and objectivity of interpretation, the Statistical Policy Branch has developed a written set of procedures to be observed in releasing these numbers. Among other things, these procedures require that:

- o data be released on a fixed schedule, published in advance;

o there be no premature release of data, except to a few specified public officials under specified procedures;

o the press release be prepared within the statistical agency by qualified technical personnel;

o interpretive comment by policy level officials outside the releasing agency be withheld for at least one hour after release of the data itself.

Before this set of written regulations was put into effect, efforts to manipulate data release procedures sometimes occurred. Release time might, for example, be speeded up or delayed to the advantage of the incumbent administration. Or the text of a press release might be edited to slant the interpretation to favor the incumbent administration. One well-remembered example occurred in early 1971 when the then Secretary of Labor chose to interpret an 0.2 percent drop in the unemployment rate as "highly significant". In fact, in a technical sense, this small change in the unemployment rate was only "marginally significant", as was admitted by Bureau of Labor Statistics' technical experts in response to press inquiries. The refusal of technical personnel to endorse the Labor Secretary's inaccurate characterization of the change in the unemployment rate led to cancellation of BLS' traditional press briefings and to widespread public suspicion that the unemployment data themselves might be suspect. Introduction of specific rules governing data release has successfully prevented recurrence of incidents such as these.

2) The Statistical Policy Office has responsibility for establishing statistical standards, such as definitions of Standard Metropolitan Statistical Areas (SMSA's). SMSA status is of great interest to affected localities and requests for exceptions to the definitions are frequent and sometimes pressed with vigor at the highest political levels. Without the efforts of the Statistical Policy Office to insure that rules and definitions such as these are consistently and fairly interpreted, the definitions and classifications could become purely political decisions with little meaning in terms of systems for producing comparable and meaningful statistical information.

10. Would you expand on recommendation 4 on page 9. What do you have in mind when you say "suitably allocated".

Answer: Please see my answer to question 8.

Mr. BROOKS. Our next witness is Peter Francese, president of American Demographics, Inc., and the publisher of American Demographics magazine. He is also the head of the Demographics Institute, which teaches business people where to find and how to use statistics.

Prior to assuming these positions, Mr. Francese was a founding member of the National Planning Data Corp.

He has bachelor degrees in civil engineering and physics and an M.A. in regional planning from Cornell University.

Mr. Francese is a member of the American Statistical Association, and is currently serving on the Census Bureau's Population Advisory Committee and has chaired the Bureau's Committee on Small Area Statistics.

We welcome you here today and look forward to your testimony. Without objection, we will put your statement in the record and ask you to make whatever statement you feel is appropriate at this time.

STATEMENT OF PETER FRANCESE, PUBLISHER OF AMERICAN DEMOGRAPHICS MAGAZINE, AND PRESIDENT, AMERICAN DEMOGRAPHICS, INC.

Mr. FRANCESE. American business is a ferocious user of statistics. They must be to keep competitive. They use it for four purposes.

First, of course, is regulation. There is a lot of talk about deregulating American business, but nobody is going to deregulate the banks, other financial institutions, medical facilities, communications companies and other organizations that have a special franchise to serve the American public.

The regulatory agencies require these companies to produce reams of information that includes income of the area they serve, wages they pay, disability, race, ethnicity, housing types, and values.

The only source of this information, the only unbiased authoritative source is the Federal Government.

Second, American business uses Federal statistics for facilities planning and location. Every day companies use demographic information to locate dealerships, restaurants, retail stores. A site location manager needs to have that information for the areas around potential sites.

Companies like Sears, General Motors, Exxon, and McDonald's locate their facilities on a nationwide basis. They need consistent, reliable, small-area data across the country—produced only by the U.S. Census Bureau—for intelligent location decisions.

Perhaps 1 facility out of 100 might fail because of a poor location choice. Without Census Bureau data, maybe 1 out of 10 might fail, and what would that do to the price of the goods and services?

A third use, of course, is for marketing and product research. Where are my customers? who are they? where are they? how many of them are there? through what media do I reach them most efficiently?

These are the questions to which every marketing manager wants the answers, and the answers are found in consumer surveys. But those surveys are worthless without a census, without

current population surveys done by the Bureau of the Census to validate those surveys and to give them other information that they need to know about the consuming public. They need this information to market efficiently.

Fourth, businesses use labor force statistics for personnel management. Of course, personnel management is really hiring people and, with 10 million people unemployed, we need to hire people. Most corporations have affirmative action plans that require Federally produced data about age, sex, race, ethnicity, and occupation of people they employ.

Also, to pay competitive wages they need the wage data from the Bureau of Labor Statistics produced for them by the Bureau of the Census.

In the final analysis, to stay competitive with foreign competition, American business needs better information. Foreign competition has the advantage of using cheaper labor in their production facilities. We have to have the marketing advantage and the marketing advantage comes by knowing more about your customer.

With this background of an intense need for information, you might ask, what is happening to the Federal statistical system? At a time when we need this information more than ever, it is of course, "cut the budget, cut the budget, cut the budget."

I am not suggesting the statistical agencies should be immune from budget cuts, but I think it is foolish to hack away piecemeal at the various agencies without any central coordination to assess the impact.

One example: The Current Population Survey. A vitally important monthly survey by the Bureau of the Census of 60,000 households done for the Bureau of Labor Statistics. This very important survey has been reduced by 15 percent and the sample frame not been updated using latest statistics.

The shrunken size makes it inadequate for producing State-level estimates of demographic change and, as Mr. Horton knows so well, the State of New York lost more people in the last decade than any State in the history of the Nation.

We need this monthly information on a State-by-State basis to track demographic change to see if this loss from New York is continuing and why. A centrally coordinated statistical office would have realized the far-reaching impact of such a cut and might have suggested an alternative.

Standards for the control of air traffic are set by the FAA, sometimes not always to our liking, but they are. Standards for weights and measures are set by the National Bureau of Standards. This is an information society and we need standards and policies governing the production of the statistics that are so vital to our national economy.

We have a Chief Economist in the Department of Commerce. We have a Surgeon General in the Public Health Service. We should have a Chief Statistician responsible for Federal statistics.

My final point: What can we, the private sector, do to help? First, we can start paying our fair share for the publication of these statistics. I brought along the Statistical Abstract of the United States, an incredible book of 1,000 pages. This book has more information than you could possibly use in a lifetime, and it

sells for \$11, because the Government Printing Office sets the price at a ridiculously low \$11.

It cost me \$60 just to get down here from New York today. That book is worth at least \$100—and ought to be priced accordingly.

Second, the private sector can say what they can live with and live without. If we have been getting a series once a month, and every 6 months is adequate, we should say so, and if asked, we will tell you so.

Third, the private sector should take on more of the burden of disseminating statistics. No private agency in the country can possibly be the gathering agency. That is the job of the Federal Government. Only they can assure confidentiality and consistency over time.

But private companies can take on the burden of publishing those statistics and the Bureau of the Census is moving in that direction, publishing more data on microfiche and computer tape and less and less in printed reports and allowing others to publish that information.

To wrap this up, you know as well as I do this is a complex world. The damage done to the economy by not having good statistical information will not be immediately apparent. The longrun impact of these budget cuts will cost our country many, many more times the savings in lost productivity and weakened position in the world markets. It will cost us much more than the few million dollars we save by not having a strong statistical policy and coordination in the Federal Government.

Thank you, very much.

[Mr. Francese's prepared statement follows:]

PREPARED STATEMENT OF PETER FRANCESE, PUBLISHER, AMERICAN DEMOGRAPHICS

Mr. Chairman and members of the House Subcommittee on Legislation and National Security, I am pleased to be appearing before you this morning. I am the publisher of American Demographics magazine, International Demographics and The Numbers News. Through our several publications we report monthly to some 20,000 primarily business readers on sources of statistics, the meaning of demographic trends for various consumer products and services and the techniques of demographic analysis for business research and planning.

Our parent company is Dow Jones, publisher of The Wall Street Journal, the largest circulation business paper in the United States.

From my 12 years of experience in providing and interpreting Federal statistics for the business community I can report to you that American corporations use federal statistics for four major purposes.

The first use is the regulatory purposes. Banks, hospitals, telephone companies and other businesses are frequently asked by their regulating agency to provide information about the areas in which they operate. Such information may include language, income, disability, race and ethnicity, housing type and value and age. The only source for this data is the federal government.

The second use is for facilities planning and location. Before locating a plant a manufacturer wants to be sure that there will be a large enough labor force with the required skills in the vicinity. Before locating a retail

store, dealership or restaurant, a site manager wants to be sure there is a sufficient customer base to support the investment in property and equipment.

Many companies like Sears, General Motors and MacDonaldis make location decisions on a nationwide basis. Only the Bureau of the Census, and agency of the Department of Commerce, provides the consistent, reliable data required for intelligent location decisions and facilities planning.

The third use of federal numbers is marketing and product planning. Who are my customers? Where are they? How many of them are there? Through what media do I reach them most efficiently? These are the questions every marketing manager wants answers to and without the Current Population Surveys of the Census Bureau and the Consumer Expenditure Surveys of the Bureau of Labor Statistics and the expenditure data from the Bureau of Economic Analysis there would be no answers.

Fourth, businesses use federal labor force statistics in personnel management. Most corporations have affirmative action plans that require federally produced data about the age, sex, race, ethnicity and occupation of people in the relevant labor market areas. They use this data to assure that management at local plants are not discriminating in their hiring practices. Also, to pay competitive wages companies need the local wage scale information produced by the Bureau of Labor Statistics.

In order to meet competitive challenges from here and abroad American industry requires a constant source of statistical information about the marketplace that is consistent across the nation, accurate, timely, and reliable.

Only the federal government can produce such figures.

Productivity rises when businesses become more efficient. With better and more accurate business information provided by federal agencies companies can allocate resources more efficiently and obtain the productivity advantage needed to compete in world markets.

With this background you might ask what is happening to the federal statistical system? At a time when we need timely and accurate statistics more than ever to properly assess the effects of alternative government and business strategies the statistical agencies budgets are being severely cut and for all practical purposes the central coordination of statistical policy and standards is practically nonexistent.

I am not suggesting that statistical agencies be immune from budget cuts but it is foolish to hack away piecemeal at each agency without any central coordination to assess the total impact. For example, the Current Population Survey (CPS), a monthly survey of some 50,000 households conducted by the Bureau of the Census for the Bureau of Labor Statistics-- because the Bureau's budget was cut the sample size for this very important survey has been reduced by 15% and the sample frame will not be updated based on the 1980 census. The shrunken size makes it inadequate for producing state level estimates of demographic change, something we need very badly if there is to be no 1985 census. A centrally coordinated statistical office would have realized the far reaching impact of such a cut and might have suggested alternatives.

Since the federal government is without a doubt the largest producer of statistics in the nation (by at least three dozen statistical agencies) and it has produced data series that go back as far as 1790, it seems intuitively obvious that there should be strong central coordination of this activity.

Standards for the control of air traffic is set by the FAA and are adhered to by every one of the thousands of airports in the nation. Standards for weights and measures are set by the National Bureau of Standards and used in every municipality in the country.

It is often said that we live in an information society. If so, we need some standards and a policy for the production and distribution of federal information. We have a chief economist in the Department of Commerce and a Surgeon General in the Public Health Service. We should have a Chief statistician responsible for overseeing federal statistical operations.

This person should have a staff of statisticians, economists and demographers, and a coordinating group consisting of representatives from each of the federal agencies that produce statistical series. Also it should have just 3 advisory councils, one to represent state and local government's interests, one for the private sector and one for research, educational and health organizations.

If such an organization were in place at budget cutting time there would be a mechanism for rationally deciding which programs could be curtailed, delayed, or eliminated

with the least overall damage.

This brings me to my final point--what can we, the private sector, do to help. First, we can start paying our fair share for publication of these statistics. It seems reasonable that the people who make such extensive use of a statistical series should pay for the cost of publications.

Second, we can say what we can live without. If we have been getting a series one a month and one every six months is adequate, we should say so.

Third, the private sector should take on more of the burden of publishing and disseminating statistical reports. Then the federal agencies would be free to spend their time gathering the data and only offer it on computer tape or microfiche. The Bureau of the Census has done this with great success publishing block statistics reports only on microfiche at substantial savings. So far there has been very few complaints from the user community.

To conclude, I hope I have provided this committee with some insight as to the importance of federal statistics for American business.

In this complex world, the damage done to the economy by not having good statistical information will not be immediately apparent. But the long run impact will cost our country many, many times more in lost productivity and weakened position in the world markets than the few million dollars we expect to save from not having strong statistical policy and coordination in the federal government.

Article by Bryant Robey in
July/August 1982 issue of
American Demographics

Why Statistical Policy is Important

Take two boring words, put them together, and you've got a boring phrase, "statistical policy." Sometimes the importance of the job that lies behind the phrase is unappreciated--even by the folks in charge.

The Office of Management and Budget last May issued a two-page paper entitled "Priority Statistical Policy Functions" (four boring words) for the Office of Information and Regulatory Affairs, which now handles statistical policy for the government. The circular lists as the four priorities: "uniformity," "quality," "efficiency," and "accessibility."

These correspond roughly to the four roles for statistics that Katherine K. Wallman, director of the Council of Professional Associations on Statistics, listed in an interview with American Demographics: "insuring standards," "protecting the integrity of federal statistics," "achieving economies and making improvements," and "seeking advances in methodology and quality." Wallman is former deputy director of the now-defunct Office of Federal Statistical Policy and Standards.

The standards that federal statistical policy promotes include developing areas (SMSAs), the standard industrial codes (SIC) and standard occupational codes (SOC) and the definition of poverty. Just as the Federal Bureau of Standards

insures that a gallon of gasoline in Boston contains the same amount as in Detroit, so does a federal statistical policy office insure that statistical agencies are using the same definitions, standards, and classifications when they measure social and economic trends.

Until the early 1970s, the government did not publish schedules of the release dates of economic indicators. Since the financial markets often hang on news from federal surveys of prices, employment, and business activity, statistical agencies are prone to political manipulation. It is difficult for politicians to resist timing the release of good news and bad news to their own schedules, a temptation that once threatened the credibility of federal statistics. Also, before the advent of public release dates the possibility existed of personal gain from advance knowledge of survey results. Publishing the release dates of economic indicators was a project of the federal statistical policy office. The office has also written legislation to insure the confidentiality of federal statistics.

The role of a statistical policy office includes improving such statistical series as the Current Population Survey and the Consumer Expenditure Survey, and revising the Consumer Price Index, Leading Indicators, and other basic measures. It promotes exchange of information among federal agencies, while guarding the confidentiality promised to respondents. And it tries to make government surveys more efficient, without undue burden on respondents, and without one agency duplicating the work of another.

Statistical policy also includes exploring such innovations as telephone surveys or using administrative records, planning for the 1990 census, determining the need for a mid-decade census (or cancelling it), and analyzing the use of statistical formulas for allocating federal funds.

Federal statistical agencies include the Census Bureau, the Bureau of Labor Statistics, the Bureau of Economic Analysis, the National Center for Education Statistics, the National Center for Health Statistics, and others. Thousands of public agencies and private companies use federal statistics every day. Dull as it may seem, "statistical policy" plays a vital role in our number-hungry society.

Mr. BROOKS. Thank you very much for a very good statement reflecting the tremendous damage that will be incurred by American businesses, and American workers, if we don't remain fully competitive within our own economic sphere as well as within international circles.

Mr. FRANCESE. You can't be competitive unless you know what is going on.

Mr. BROOKS. I would like to ask you just one question, and then refer my other questions to you for submission to the record.

Do you think it is possible with modern computer capabilities, more refined polling techniques and information-gathering techniques, to save some money?

Don't you think the costs of statistical programs can be reduced?

Mr. FRANCESE. Absolutely, without question. The Bureau is working with the most antiquated computers of any Federal agency I know. With modern computer technology and modern equipment and machinery, the cost of taking these surveys could be reduced many times, but it is far easier to cut the size of the samples than it is to sit down and think about how we might spend a little money today to save much more in the long run.

If we don't spend several million dollars over the next several years, when it comes time to take the 1990 Census, it will cost billions more at that time.

Mr. BROOKS. Mr. Horton?

Mr. HORTON. Mr. Chairman, I think in view of the time, I will submit my questions and ask the witness to reply in writing.

One question I do want to ask now: As I understand it, publication of the Statistical Reporter was stopped by the OMB. How do you view that decision?

Mr. FRANCESE. I think that is very poor, because that was a very important vehicle whereby each Federal agency that produced statistics knew what the others were doing. There are dozens of Federal agencies that produce statistics, some 38 or 36 major agencies, and I am not suggesting they all be consolidated into one. But if they are to be maintained as separate agencies, they need to know what the others are doing and the Statistical Reporter had that very vital function of letting each of them know what the others were doing, and letting us, the consuming public, know what each of those agencies were doing and letting us know what the Federal statistical policy was at the time. It had a vital role.

Mr. HORTON. Thank you very much. We appreciate your taking the time to get here. We appreciate your testimony.

Mr. BROOKS. We thank you.

[Submissions to additional questions by Chairman Brooks and Congressman Horton follow:]

Mr. Brooks' Questions for Mr. Francese

1. How have the budget cuts affected the integrity of the Federal Government's statistical system?

A. The adverse impact of the budget cuts has not yet been felt, but in the long run, they would cause the statistical data to be less accurate. In a time of economic stress when, more than ever, we need informed business decisions and informed federal policy decisions, less information would be available to guide these decisions.

2. How have the recent changes in the Federal Government's statistical system affected the ability of businesses to operate? Please give specific examples.

A. The cancellation without advance notice, of the Monthly Retail Trade Report for SMSAS has made it more difficult, if not impossible, for the nation's retailers to track monthly changes in retail trade and adjust their stocks accordingly. The cost of making uninformed decisions, or guesses, will be passed along to the consumers.

3. Should the more extensive use of users fees be considered as a means of providing more funds for the government's statistical programs?

A. Yes, particularly where the people who need a publication or a set of data are very small and there is no benefit to anyone else from the tabulation of data.

4. Are there surveys that the Federal Government presently conducts that could be done better by private industry?

A. No, because only the Federal Government (Census Bureau) can offer total confidentiality, honest evaluation of the accuracy of the data and consistency of the surveys from year to year. Further, it is very unlikely that a private firm would get the citizens' cooperation that the Census Bureau gets because of its pledge of confidentiality.

5. What responsibility does the Federal Government have to collect data that it does not need for regulating some matter?

A. The Federal Government has a responsibility to collect data on the people that participate in its many programs such as housing, social security, AFDC, Medicare, farm supports, etc. The purpose of collecting this data is to evaluate the effectiveness of the program and determine if the money is well spent.

Basically any federal program that dispenses funds must have data collected on the people who receive those funds. The Federal Government has no responsibilities to collect data in areas in which they have no direct monetary or regulatory interest such as religious preferences or pet ownership.

6. What should our government's statistical policy be?
 - A. The government's statistical policy should be whatever the chief statistician (whose position was abolished) deems it to be. It is presumed that whatever statistical policy is formulated, it would be after consultation with the various federal agencies and the executive branch of the government.
7. From a user's point of view, what do businesses need from the Federal Government in terms of statistical coordination?
 - A. Businesses need to have a central coordinating agency that is responsible for the following:
 - a. Ongoing evaluation of statistical programs to see that they continue to serve the purpose for which they were originally intended;
 - b. Notification of statistical policy changes and notification of any changes in statistical programs;
 - c. Development of federal statistical standards and definitions so that agencies statistical products can be evaluated.

Mr. Horton's Questions for Mr. Francese

1. Do you think that statistical programs should also have to bear their fair share of necessary budget cutbacks?
 - A. Yes, as long as there is some method for objectively evaluating which programs should be cut and which maintained.
2. a. How would you suggest the government carry out retrenchment in the area of statistical programs?
 - A. The Office of Management and Budget should decide which statistical agencies and which programs are essential for the continued maintenance and evaluation of the various functions of government. All non-essential programs should be either curtailed or eliminated. For example, if the Department of Housing and Urban Development should decide to eliminate a particular program, then perhaps there is no longer a need for statistics in that area either.
- b. Should all statistical programs be cut back the same percentage?
 - A. No, statistical programs should be modified with an eye towards how essential they are. Some programs should actually be increased while others eliminated entirely.
- c. Would you carry out the cutbacks on the basis of priorities?
 - A. The cutbacks should be accomplished by setting statistical priorities by asking the following questions: First, which federal programs does this statistical series serve? Second, which state and local government needs to these statistics serve? Third, what private sector or educational needs are served? Fourth, how accurate are the figures and is there a cheaper type of data gathering mechanism that would be just as accurate? Fifth and finally, what will the estimated monetary impact be to each agency or group mentioned above if the statistics now being gathered were cut back or eliminated?

After these questions have been answered, then it is a matter of reducing the budget of the statistical program where such a reduction would have the least impact on the fewest people. For example, if a set of statistics gathered annually at a cost of \$15 million can be used to save several billion dollars in the allocation of federal funds, it makes no sense to eliminate the \$15 million program.

d. What programs should be of highest priority?

A. Clearly the statistical programs with the highest priority have the best cost to benefit ratio. A program that costs the government more than it saves through more complete knowledge of the environment should be eliminated.

3. Data provided to the Committee by the Congressional Research Service (copy attached) indicates that the three years between FY 1981 and FY 1983, statistical programs suffered a net reduction of some \$54.6 million or some 5.1% in current dollars. If one looks at just the programs suffering cutbacks, it becomes apparent that only 31 of the 71 programs suffered actual declines. Of these 31, the bulk--almost 80 percent--of the reduction was felt in data collection related to five areas: Energy Policy, the Employment Training Administration (Labor), Policy Development and Research (HUD), Fish and Wildlife Service (Interior), and the Office of Assistant Secretary for Planning and Development (HUD).

If this is correct, then doesn't this suggest that the budget problems facing the statistical system as a whole may not be critical but simply reflect the effects of inflation (which impacts all programs) and the priorities set by the Administration as to which programs are most important?

A. The current budgets for statistical agencies do not appear simply to reflect administration priorities that favor some kinds of statistics and deemphasize others. Rather, they reflect what one expert has called a "meat ax" approach, in which valuable data series become as vulnerable to cuts as the less valuable. No one has argued that statistical agencies in general should be exempt from budget reductions in a time of financial stress, and I have not indicated that I believe statistical budget cutting is more severe than in certain other areas. The important point is that I do not believe the White House is sensitive to the impact of its statistical budget reductions.

Statistical surveys generally are carefully designed to be cost-efficient, so that even a 5 percent reduction may not simply mean 5 percent "less" data, but a loss in the reliability of the resulting data. One reason the 1980 census cost more per capita than the 1970 census was to improve the count a "mere" one or two percentage points, following complaints by political leaders that their areas had been undercounted in 1970. Would any Congressman agree

to an unreliable census count of his district, knowing that it might result in fewer federal benefits to that district for the following decade? The issue is not whether a certain percentage cut over a given number of years is "severe" or not, but what effect the loss of statistical accuracy, timeliness, and completeness will have on the programs and policies that depend on statistics.

4. The data clearly shows that in the last two administrations, as a result of a series of transfers, fewer and fewer people have been assigned full-time responsibility for overall statistical policy.
 - a. How many people should be working full-time on this subject?
 - A. At least one person (a subject matter specialist) for each statistical agency and a chief statistician
 - b. Can you describe to me in some detail what they should be doing?
 - A. The people should be monitoring the activity of each statistical agency of the Federal Government coordinating those activities and assuring that there is no duplication or unnecessary data collection, but also assuring that the statistical needs of the grant in aid program agencies are being met. They should participate with the chief statistician in making federal statistical policy and assuring that it is carried out. They should work with the head of each agency at budget time so that cuts can be made on some rational basis and in time to notify affected parties. Finally, they should be responsible (with each agency's help) for setting statistical standards as in the past when the organization's name was the Office of Federal Statistical Policy and Standards.
5. a. Before the reorganization, how well was the Office of Information and Regulatory Affairs discharging its responsibility for statistical policy?
 - A. I think the office was discharging its responsibility reasonably well. There could have been some improvements in the area of statistical standards but I have heard few complaints.

b. What should OIRA have done differently that it had not been doing?

A. It should have been evaluating statistical programs more effectively from a cost/benefit point of view.

c. Has the consolidation and reorganization of OIRA affected its responsibilities in this area?

A. Yes, OIRA staff has been reduced to the point where it is no longer effective in any area particularly without a chief statistician.

6. On page 3 of your statement you say that "statistical agencies' budgets are being severely cut". Yet, the CRS study of the impact of budget cutbacks on statistical programs shows only an overall decline of 5.1% over a three-year period. A cut of the magnitude is certainly not severe.

a. Do you think the CRS might be wrong in their computation?

A. Yes, I think the CRS is wrong in their computation. Any interview with any major statistical agency would reveal that the cuts have been greater than 5.1%

b. Given the budget cuts required of all domestic programs, what do you think would be a fair cutback?

A. A fair cutback would be whatever the chief statistician feels would be appropriate without damaging the statistical system. It might be 0%; it might be 10%.

c. In your opinion, which programs are of highest priority?

A. The Decennial Census of Population and Housing and the Current Population Surveys. Over \$50 billion a year of federal programs depend directly on data from those two statistical activities. In addition, they provide benchmark data essential to the formulation of economic and social policy and to corporate planning in many areas.

d. Which programs could you do without? Which ones could you not do without?

A. This is not a fair question because even though I could do without some statistics such as the retail trade data would be seriously harmed by its demise. We need a chief statistician in the Federal Government to answer exactly this question.

7. Also on page 3 of your statement you indicate that because the Bureau of Labor Statistics budget was cut, the CPS sample size was reduced by 15%, and the sample frame was not updated. Again, I am concerned because the CRS document supplied to the Committee showed an increase of 9.3% for BLS over the three-year period beginning in FY 1981.

In light of this, did you really mean that although the Bureau's budget was not cut, it did not enjoy increases equal to the rate of inflation?

In this regard, can you give the Committee some insight on how the costs of collecting and analyzing data have been affected by inflation?

A. My understanding is that the BLS budget was cut from the request of the agency. My point was that the BLS did not receive sufficient funds to allow it to maintain the size of the CPS sample. You will recall that in recent years many people have argued for a substantial increase in the CPS sample size because it is of such value to so many decisions. A budget that forces a cut in the current CPS sample size, whether it is termed a "cut" or an "increase less than inflation," is not an adequate budget for the statistical needs of the nation. I believe the Federal Government will grow to regret these reductions in the CPS.

Mr. BROOKS. Our next witness is Joan L. Wills, the director of research and development of the National Governors' Association. She is appearing for the Honorable Richard A. Snelling, Governor of the State of Vermont and chairman of the National Governors' Association. The testimony Mrs. Wills will give is on behalf of the National Governors' Association, an organization that focuses on policy issues of mutual concern to States and the Federal Government.

The association was founded in 1908 and is comprised of Governors of all 50 States and United States' Commonwealth Territories.

We welcome you here today, and appreciate your testimony. We will accept your full statement for the record and will appreciate receiving your own analysis of it.

STATEMENT OF JOAN L. WILLS, DIRECTOR OF RESEARCH AND DEVELOPMENT, NATIONAL GOVERNORS' ASSOCIATION

Ms. WILLS. Thank you very much, Mr. Chairman. I do apologize for the fact that Governor Snelling and his staff could not be here.

Mr. BROOKS. We may like you better.

Ms. WILLS. Let me assure you I am speaking for Governor Snelling and the association.

NGA has long been interested and involved in the implementation of statistical policy. They have been a strong supporter of the Federal Paperwork Reduction Act. We have recognized for a long number of years, though, that we in fact need to streamline data producing; in fact, we need to streamline data use and think through what it is we need in terms of data use.

We recognize that there are in fact shortcomings in our current system, and therefore, support the role of the Federal Government to provide the infrastructure for the continuation of statistical activities.

We view that the Federal role, from a State perspective, must contain at least three critical functions. It must carry out the statistical coordination activities with respect to data production in terms of gathering, analyzing, reporting, and disseminating in a timely fashion.

It must continue to participate in the Federal-State cooperative programs.

Keep in mind we are not only users, we are many times also the producers of the statistics.

It must provide the national statistics that cannot be gathered through other mechanisms that are primarily used for non-Federal purposes.

NGA believes that actions should be taken, taken jointly by both the Federal Government and State government to improve the cooperative management of data programs. There should be an increased sharing of the primary responsibilities for data collection and in fact, States, I would suggest to you, many times could, in fact, help enhance by helping to finance some of the programs that they need on a sub-State basis, but without a coordinated rational strategy, this will not take place in any useful fashion.

NGA has been involved over several years to determine how we can improve data collection and data usage for State and local

users. We have identified some critical areas that we think need to be addressed jointly.

We recognize there are, in fact, challenges to the accuracy, the relevancy and timeliness of the data used to allocate billions of Federal dollars in assistance. We recognize that there is, in fact, a lack of standardization at both the Federal and the State data level in terms of definitions, terms, concepts, procedures, forms, and geographic areas.

Incompatibility of many Federal-State cooperative statistical systems exists both with each other and with other sets of policymaking data. The continued collection of many data sets, regardless of their apparent lack of value, at least for a while, was continuing.

We clearly lack a good, two-way communication between the States and the Federal Government. This inhibits State interest in Federal data programs that would make these data more useful at the State level.

In recognition of that, we support a very strong coordinative role somewhere in the Federal Government to assure that these kinds of problems can, in fact, be addressed.

In recognition, Mr. Chairman, of the committee's concern regarding the use of administrative data, particularly as many of the "New Federalism" programs are being developed and promulgated, I think it is important for you to understand that we recognize and support the use of administrative data when appropriate and that we have our own responsibilities to report information to the Federal Government when we, in fact, use Federal funds.

But it also must be recognized that in the past, States and local users had multiple requests from the Federal Government for grant applications and reporting requirements.

This was often coupled with the fact that these requests required data which were not available in the State, they had to be generated. Many of the requests were, in fact, perceived to be of little value to State and local users.

These requirements need to be carefully examined for usefulness and necessity before they are mandated into law.

Again, only with some kind of rational coordinating mechanism can these kinds of problems be addressed.

With limited budgets for data generation and analysis, these data requests are not only a stumbling block to States applying for and receiving grants in aid, but they have also—and we must admit that is one reason why we favored the Paperwork Reduction Act—generated a large amount of data at the Federal level that was often not used in any kind of rational fashion by Federal policymakers.

We have identified a variety of programs that we have particular concern about in terms of data reduction, elimination, or the stretching out of time. We would like to point out that we think these programs need to receive some careful consideration by Congress and the administration.

Because recent actions have weakened the Federal role, we think it is absolutely necessary that a very early review be given to several programs. We are quite concerned about the dramatic reduction in energy data. States are of necessity one of the significant users of energy information.

The role of the Federal Government as a neutral source of information in addition to collecting and using the data for its own important planning purposes must also be recognized to facilitate the flow of data from industry in such a way as to meet the legitimate State and other needs.

Federal budget information is also of key importance to State and local decisionmakers. Some special analyses of the budget which are essential are no longer being produced. We find that a critical concern. We recognize also that the delay in publishing the census data at the lower State and sub-State levels is in fact a very significant problem.

Cancellation of the Geographic Distribution of Federal Funds has concerned us. The Annual Report of the Secretary of the Treasury, which contains a statistical appendix that provides State-by-State data on the distribution of the Federal tax burden, is of critical concern.

We have already testified regarding the elimination of the FAADS system. We are against those kinds of changes. We are against the kinds of changes that would reduce the cooperative health statistical system and the crime-oriented data acquisition programs. These need to be improved. They need to be standardized.

We do recognize the need for longitudinal studies. A particular concern is the elimination of the SIP program, the Survey of Income and Program Participation, initiated by HHS to become operational in 1982.

It is very difficult for those of us concerned about income maintenance programs and safety net programs not to have that kind of program.

Also the National Travel Survey of nontravel is of concern. The elimination and stretching out of the Annual Housing Survey is a very critical concern. That kind of survey should have been enhanced, not reduced. Instead, given the problems that we have in our housing industries, we need more information.

The fact that the Treasury and IRS have recently called for new reporting on industrial development bonds, yet with no kind of money available to collect information, is of concern to the States.

Those are just a few of the programs that we have identified as we have gone through the proposed budget cuts that we think, particularly as it relates to State and local governments, will have a very serious impact for States and local users.

Thank you very much.

[Ms. Wills' prepared statement follows:]

PREPARED STATEMENT OF JOAN L. WILLS, DIRECTOR OF RESEARCH AND DEVELOPMENT,
NATIONAL GOVERNORS' ASSOCIATION, FOR GOV. RICHARD A. SNELLING, VERMONTEXECUTIVE SUMMARY

Recent actions to change federal statistical policy and programs have resulted in losses in:

- o core data availability that provides the ability to measure both economic and social conditions and the impact of policy changes on program management decision making including the elimination of energy data, survey of income and program participation, the National Travel Survey of Non-Local Travel, the Program of Non-Market Measures of Economic Well Being, the Rural Component of the Consumer Expenditure Survey, the Cooperative Health Statistics System and publications including The Geographic Distribution of Federal Funds and The Annual Report of the Secretary of the Treasury;
- o credibility of data in terms of lack of timeliness, geographic specificity and accompanying analyses including loss of special analyses of the federal budget, delays in the publication of basic 1980 Census Data, sample reductions in the CPS, reductions in area occupational wage data and reduced samples in the Annual Housing Survey; and
- o integrity of data in terms of quality, reliability and independence of data including losses in petroleum product price data, federal employment and, tax expenditure time series data.

These losses will impact states dramatically in their ability to set policy and to plan for and operate programs. The budget cuts have resulted in the reduction and in some cases the elimination of statistical programs that provide the basis for informed decision-making at all levels of government. NGA has long been interested and involved in the examination of statistical policy issues and data related problems in various programmatic areas. The activities conducted over the past several years have resulted in the identification of the important

issues from the state perspective. NGA therefore recognizes the need and strongly supports efforts to streamline data production and use. NGA strongly supports the Paper Work Reduction Act as a means of achieving a rational base to direct the maintenance of a comprehensive information system for our nation, while reducing the burden on the public.

Because of these critical shortcomings in the current system, NGA strongly supports the role of the Federal Government to provide the infrastructure for the continuation of statistical activities. The Federal Government role, from a state perspective, must be to:

- o carry out statistical coordination activities with respect to data production in terms of gathering, analyzing, reporting and disseminating and data use;
- o continue participation in federal/state cooperative programs; and
- o provide national statistics that cannot be gathered through other mechanisms and are primarily used for non-federal purposes.

NGA also believes that actions should be taken jointly by both the Federal and State Governments to improve cooperative management of data programs. There should be increased sharing of the primary responsibilities for data collection and use through the development of common standards and procedures. This would reduce duplication of effort and raise the quality of data for the system as a whole.

TESTIMONY

Mr. Chairman and members of the sub-committee, I am pleased to have the opportunity to testify before you today in behalf of Governor Snelling, in his role as Chairman of the National Governors' Association. I would like to speak to the impact that recent changes in federal government statistical programs have had on state and local jurisdictions and to the appropriate federal role concerning statistical policy and program maintenance.

NGA has long been interested and involved in the examination of statistical policy issues and the data related problems that are encountered by state officials in their policy making and program operation work. Recent trends in the responsibilities of state government have made planning activities increasingly complex and have required more and better decision making information. The needed information includes economic, social, demographic and fiscal data that have traditionally been collected by one level of government or cooperatively between two or more levels. Collection of these data result from the use of purely statistical methods or from a more specific administrative recording keeping process. Some data are standardized across the nation, while other data vary widely among regions, states and localities. All of these data are required for planning and policy making.

During the past few years, the National Governors' Association has conducted continuing activities to explore the many data problems encountered by state and local users of statistics. We have pinpointed many important issues related to the problems which states perceive with federal and state data resources. These issues include:

- o challenges to the accuracy, relevance and timeliness of data used to allocate billions of federal dollars in assistance funds;
- o lack of standardization in both federal and state data in definitions, terms, concepts, procedures, forms and geographic areas;
- o incompatibility of many federal/state cooperative statistical systems both with each other and with other sets of policy making data;
- o the continued collection of many data sets regardless of their apparent lack of value to users; and
- o the lack of good two-way communication between the states and federal government, which inhibits state input to federal data programs that would make these data more useful to state users.

NGA recognizes the need and strongly supports efforts to make data producing activities more efficient at all levels by eliminating duplication in the collection of data through the reduction of the paperwork burden on the public. A vocational education student who is economically disadvantaged, physically handicapped and also a veteran could potentially provide information to four different data reporting systems. This information from the same student would be published in four different publications, with no identification of the overlap or double counting of data. With recent innovations in information technology, NGA supports the use of automated procedures to the greatest extent possible to facilitate the processing and meshing of data from various sources to overcome the double counting problem and to coordinate the reporting of data.

The cost effective use of data is just as important to NGA as the cost effective production of data. NGA strongly supports mechanisms that allow for the maximum use of available information. The coordinated use of data by a variety of multi-agency personnel in all levels of government with various program related job responsibilities will be increasingly important as scarce resources must be distributed among various statistical programs for their maintenance and continued development. This means data collected exclusively for a single program should serve several masters. If in the example above the

vocational education system tracks a student to determine employment status after program completion, then the CETA, Veterans Administration and Vocational Rehabilitation agencies should have access to that information.

Over the course of the past five years several regional and state seminars held by NGA have focused on the use of data to meet state and local needs. A comprehensive state data policy, which evolved from these past projects, recognizes a three pronged program for data improvement activities. The NGA believes that three levels of action are necessary to effectively improve data and access to data resources. These are actions which should be taken by the Federal Government, actions which should be taken by State governments, and actions which should be taken jointly by both Federal and State governments.

NGA recognizes the role of the Federal Government to establish and maintain comprehensive information that portrays socio-economic-demographic conditions of our nation. This encompasses three components: 1) the continuation of a federal statistical policy emphasizing coordination in the production and use of data; 2) the federal role in federal/state cooperative programs; and 3) the federal role in the production of certain national data for non-federal users. The federal government is the only logical level in the public sector to assure that a rational base is provided to direct the preparation and use of data through these activities.

The Federal Government is in the unique position, from a state perspective, to carry out statistical coordination activities through the review of both budget proposals and the functions of the federal government with respect to gathering, analyzing and disseminating statistical information. If the coordination unit at the federal level had operated as envisioned in the Federal Paperwork Reduction Act, problems of statistical systems hopefully would have diminished. The federal coordination function would assure that a federal information reporting system is an appropriate and useful tool for the intended audiences.

NGA supports government-wide policies, principles, standards and guidelines that coordinate data related activities. These tools should provide direction concerning data collection methods, classification categories, time period and geographic area coverage, analysis and presentation and dissemination strategies. Making federal data sets compatible is perhaps the most important activity to greatly improve the usefulness of federal data for analysis purposes. Currently, data definitions are not consistent, geographic location codes are not universally used, and units of analysis differ from state to state in federal data. In recognition of this fact, NGA supported the section in the Federal Paperwork Reduction Act which charged the federal statistical establishment with responsibility for fundamental coordination activity. Elimination of these functions would be unwise.

This function would assure the accuracy of data and the comparability of the many statistical systems with each other and with other sets of data used by policy makers. Hopefully we could achieve the integration of data from various programs into a cohesive system that would allow users to have comprehensive data from numerous sources on a given subject. For example, efforts over the past several years have been made at the federal level to coordinate the many sources of occupational data through the National Occupational Information Coordinating Committee. This work as an example of the coordination function at the federal level has involved the integration of information on available jobs with information on people available for work. Prior to this effort, information from the Education and Training agencies alone was collected by at least five different occupational code classification structures. The data covered different time periods and geographic areas making it extremely difficult if not impossible to compile these data to determine the total number of trained individuals, let alone match the data with job related information. NOICC has made significant progress toward the use of a single code classification by the majority of education data producers and in the overall standardization and integration of occupational information into a comprehensive system, for program planners and career decision makers. NGA applauds this effort and encourages similar and more extensive work to be conducted in other statistical program areas.

NGA supports the development of a comprehensive index of the locations of and access procedures for all federal data sets. Currently one does not exist. The NGA recognized and appreciated the work begun by the Census Bureau and other data producing agencies to catalogue their own data sets separately. However, the Governors' Association realizes that it is crucial to the success of this effort for these indexes to be consolidated, coordinated and merged into one document in order to make federal data most useful to state and other non-federal users. That authority, we think, clearly was supported when the Paperwork Reduction Act was passed.

NGA supports the coordination and streamlining of data requested by federal agencies of state and local government agencies. This does not mean we are asking for the total elimination of our responsibilities to report information to the federal government. In the past, states and local users had multiple data requests from the Federal Government for grant applications and reporting requirements. Coupled with the fact that these requests often require data which are not available to the states and must be generated, many of the requests are duplicative between agencies and are perceived to be of little value to the states. These requirements need to be carefully examined for their usefulness and necessity before they are mandated law. With limited budgets for data generation and analysis, these data requests not only are a stumbling block to states applying for and receiving grants-in-aid, but also have generated a large amount of data in the federal

data system which have no consistency over time. These data are also not made available to the states as a data set for their own planning purposes. These requests should not require state and local governments to reiterate statistics which are either generated by or already in the possession of the federal government.

NGA believes the federal role in various federal/state cooperative programs should be continued. In examining this role, NGA strongly believes a distinction must be made between the use of management information for program operation purposes and its use in broader information systems. An example is in the Federal/State Cooperative Unemployment Insurance System. The information collected from unemployment insurance claimants, which is used in managing the program, is also used in calculating the state and local area unemployment rates. Thus, although this information is considered to be administrative records, the federal government has a role to play in maintaining this information consistently across states because of its broader use. Other program data must be similarly examined to determine their use for other than administrative purposes, and if there are other sufficient and appropriate uses for such information, the Federal government should maintain a role in the production and use of such data. States at the same time should make the greatest use possible of administrative data to develop the information needed for internal planning requirements.

Administrative data provide a wealth of information for state planning and economic development activities in states where their use is encouraged. Even with the strict confidentiality requirements attached to these data, many states have shown that it is possible to generate meaningful state data from administrative records.

Federal support must also be maintained in Federal/State cooperative survey programs, such as the Occupational Employment Statistics Program. This is the only source of current information on employment by occupation and occupational projections. The federal role is needed to provide consistency among state data collection efforts.

NGA firmly supports the role of the federal level as a provider of statistics that cannot be gathered through other mechanisms and are primarily used for non-federal purposes. Because of privacy laws, the federal government is the only "independent" agent able to access and collect needed information on a national level for use in state and local jurisdictions. The use of other than "neutral" data collectors and reporters would affect the credibility and integrity of the data. The practice of gathering and reporting data to support biases or for only selective self-interest purposes would become widespread, as would the proliferation of duplicative collection efforts. This in turn would result in an increased paperwork burden on the public. Independent and

uncoordinated efforts would also result in non-standard data that would not, be comparable across data sources. The federal government is in the unique position to request, gather and report data in the most cost-effective, programmatically simple manner. The data collected in a federal effort would require less paperwork to be statistically valid and representative at the national level.

In addition, NGA supports the accelerated dissemination of federally collected data, particularly Census data, to enable state and local users to obtain small area data. The NGA remphasizes its concern over the delays in disseminating federal statistics to non federal users. Although states realize the massive efforts attendant to compiling, verifying and analyzing Census data, needed small area data should be released. These data could be released as "unofficial" figures, perhaps on the tape only as a "working file". States feel that it would greatly improve their planning activities to have these data very early in the decade instead of having to use Census data which would be eleven or twelve years old while they are waiting for the national aggregates to be released.

While the activities outlined above mainly address the federal government role, NGA also believes that there should be actions taken

jointly by the Federal and State Governments to improve cooperative arrangements for data management. From both Federal and State perspectives, a more efficient comprehensive statistical system could be realized by the increased sharing of the primary responsibilities for data collection and use. The NGA believes that through cooperatively working to develop common standards and procedures, the states could better assist the federal level in statistical activities that would benefit federal users while providing better sub-state data. This cooperative approach to provide common data to a wide variety of users would also reduce duplication of efforts and raise the quality of data for the system as a whole.

Recent actions have weakened the federal role in each of these areas discussed previously and make it increasingly difficult to maintain a policy that determines future directions and manages program operation. The budget cuts have resulted in the reduction and in some cases the elimination of statistical programs that provide the basis for informed decision making at all levels. The changes in the collecting and reporting of data have resulted in three major losses. The first loss is that of content, or the core elements of currently available statistics that provide the ability to measure both economic and social conditions and the impact of policy changes on program management decision making. The second area is loss of credibility of the data due to the lack of timeliness of data availability, accompanying analysis and independence of the data. The third area is the loss of integrity of the data in that the quality and reliability are affected by the reduction or elimination of geographic detail, the non-comparability of data over time and the deemphasis on improvements of measurement and

methodology issues. The current effort to make changes in federal statistical policy by eliminating data bases and special analyses, redefining terminology, decreasing sample sizes, shifting responsibility for data related activities without providing the financial resources needed, and implementing these changes without consultation from the appropriate data producers and users has had the following specific impacts on state and local governments.

The dramatic reduction in energy data is of major concern. During energy shortages, Governors need accurate information on the supply situation in the nation as well as in their own states. The information is needed as a basis for decision-making on the kinds of actions required to manage a shortage. When supplies are normal, states need the information on the state's energy mix and the amounts and kinds of fuels consumed by various sectors to develop effective emergency energy plans that include strategies for reducing consumption and protecting essential services during a shortage.

States also need energy data on average state and national petroleum product prices to formulate energy policy. The instability of supplies and the increases in prices have led states to consider policies discouraging reliance on petroleum products.

States are of necessity one of the most significant users of energy information. The role of the Federal Government as a neutral source of information, in addition to collecting and using the data for its own important planning purposes, is also to facilitate the flow of data from

the industry in such a way as to meet legitimate state and other needs. This would ensure uniformity in what is asked of oil companies, which are the most significant source of this information.

Federal budget information is of key importance in state and local decision making. Some special analyses of the budget which are essential are no longer being published. These include analyses of federal support for education, health, income security, and employment and training. The data that support these analyses will not be collected after the FY 1983 budget is enacted. New instructions to agencies in OMB circular A-111 no longer require the reporting of these data. This loss will eliminate a number of historical data series. The department of education, concerned about this loss, has already asked for recommendations on how to replace the data.

Definitions used in the collection of data have been changed. Budget data on federal employment have just shifted from a "full time permanent" to a "full time equivalent" basis. While this is commendable, no attempt is made to bridge the shift in definition, to allow a time series to be maintained. Similarly, "tax expenditure" data have been shifted to a "tax subsidy" basis, without an attempt to bridge the definition shift.

Statistics have a significant time value, and a delay in their publication can cause real losses. There have been significant delays in the publication of basic 1980 Census publications. For instance, the Statistical Abstract and the Digest of Education Statistics were just published about a half a year late. Current Population Survey (CPS) publications have been similarly delayed.

A series of publications that provide significant data to state and local governments has been cancelled. The publications include: The Geographic Distribution of Federal Funds, the only publication that attempted to identify all federal funds by geographic area, and The Annual Report of The Secretary of The Treasury, which contains a statistical appendix that provides the state by state data on the distribution of the federal tax burden. Similarly, rapid reporting of grant awards pursuant to Treasury Circular 1082 has been cancelled, and states will have to wait months for similar data through the FAADS system. NGA testified in the Senate on May 12, 1982 against these changes and encourages this Committee to address these problems.

In the human resources area, the Cooperative Health Statistics System and Client Oriented Data Acquisition Process programs need to be continued to provide standardized information across states. There is also a need to conduct longitudinal studies of program changes in Social Security Administration Assistance Payments and Supplementary Security Income, and Federal Disability Trust Fund programs.

The survey of Income and Program Participation (SIPP) initiated by the Department of Health and Human Services, which was to be operational in 1982, was eliminated. Data from this program on the distribution of family income would have been extremely important for the analyses of policy questions relating to income transfer, taxes and investment. Policy makers as a result of this action will not have complete, timely and accurate indicators of the effect of the government's poverty and welfare programs on the real income of the

recipients. This would have provided valuable evaluation data of the government's programs at a time when dramatic changes are being made in these programs.

In the area of employment and training, program reductions in labor and education statistics will inhibit the ability of all levels of government to target resources to populations in need and to identify occupations in demand. Of acute concern to states and localities, particularly small states such as Vermont, is the reduced sample size of the CPS. Data about employment and unemployment status of populations of small states, SMSAs, central cities, local areas and minority populations will be less accurate. The accuracy of the numbers is important since several programs use these data to allocate funds. Efforts to improve the methodology to estimate state data have been eliminated. This will affect the ability of federal, state and local policy makers to target programs to areas of high unemployment rates. Reductions in the occupational wage data by area and industry program are critical in efforts to attract new business to local areas. Perspective area employers are interested in wage structures and the availability of a skilled work force. Bargaining agreement negotiations also depend on currently prevailing area wages. Individuals who are in the process of career decision making also need realistic wage information. If this information is not available, independent, uncoordinated, and unstandardized surveys will flood employers.

Also of concern are two surveys recently eliminated, the National Travel Survey of Non-Local Travel, part of the 1982 Economic Census, and

the Program of Non-Market Measures of Economic Well-Being prepared by the Bureau of Economic Analysis. Because of this, state and local economies that are dependent on tourism and the service industry will be unable to plan adequately for future needs of communities. In addition, shifts in employment patterns indicate that significant growth in employment in the service sector is likely to occur. Future developmental efforts and the continued emphasis on encouraging new and emerging small business enterprises in this sector which relate directly to recreation and leisure activity of the tourists will be impossible without adequate data to determine the level and composition of the activity.

The Treasury and IRS have recently called for new reporting on Industrial Development Bonds (IDBs), which facilitate investments that enhance productivity and promote new job creation. There is, however, no provision or financial support for the collection or analysis of these data. This information is crucial to states in the establishment of procedures for the monitoring and reporting of IDB usage, the examination of the appropriateness of both the defined public purposes for IDB usage and the jurisdictions or agencies eligible to issue such bonds.

In the cyclical housing industry, new federal incentive programs will be offered. The Annual Housing Survey, including a survey of current housing market activity and two of mortgage lending, are scheduled for reduction in size and periodicity. The survey will be changed in 1983 to a biennial enumeration of a rotating panel of greatly reduced sample sizes. It instead needs to be strengthened to assist in minimizing the disruptive effects of cyclical economic fluctuations in this sector and to promote economic stability. Without a strengthened survey, not an

emaciated one, federal, state and local planners will be severely constrained in determining the current need for housing, vacancy rates and the adequacy of federal assistance programs. Comparisons with past surveys would allow the determination of success of government efforts and the effects of market conditions on home buyers and renters.

In the Consumer Expenditure Survey, as part of the statistical programs for Prices and Price Indexes, the rural component was dropped from the sample in 1982. Rural areas are growing in population and a number of new federal incentives have been proposed. The change in reporting will eliminate expenditure data collected from the rural consumer population. Because this survey has in the past provided a continuing source of information on changes in consumers' expenditures needed to maintain the CPI, the elimination of these data will prevent the CPI from expanding to cover all consumers.

Section 203 of the Legislative Reorganization Act, as amended by the Congressional Budget Act, provides that:

"(d) The Director of the Office of Management and Budget, in cooperation with the Director of the Congressional Budget Office, the Comptroller General, and appropriate representatives of State and local governments, shall provide, to the extent practicable, State and local governments such fiscal, budgetary, and program-related data and information as may be necessary for the accurate and timely determination by these governments of the impact of Federal assistance upon their budgets."

"(b) The table of contents of the Legislative Reorganization Act of 1970 is amended by striking out--

"TITLE II--FISCAL CONTROLS

"Part 1--Budgetary and Fiscal Information and Data

- "Sec. 201. Budgetary and fiscal data processing system.
- "Sec. 202. Budget standard classifications.
- "Sec. 203. Availability to Congress of budgetary, fiscal, and related data."

and inserting in lieu thereof--

"TITLE II--FISCAL AND BUDGETARY INFORMATION AND CONTROLS

"Part 1--Fiscal, Budgetary, and Program-Related Data and Information

- "Sec. 201. Federal fiscal, budgetary, and program-related data and information systems.
- "Sec. 202. Standardization of terminology, definitions, classifications, and codes for fiscal, budgetary, and program-related data and information.
- "Sec. 203. Availability to and use by the Congress and State and local governments of Federal fiscal, budgetary, and program-related data and information."

It is clear that the term "practicable" is no longer the operational direction of federal statistical support for state and local budgeting. Rather, cost reduction seems to have become the guiding principle. NGA can accept and support such cost-saving measures when given the opportunity to help set priorities. Indeed, Section 203 requires the Director of OMB to conduct such consultations. Sadly, such consultations have generally occurred after decisions have been made, and NGA is faced with cost-cutting along the lines of the Administration's priorities. NGA is ready and able to assist the federal government set those priorities.

In conclusion, NGA believes that statistical information is critical for program policy and management decision-making of all levels of government. The cost efficient production and use of data must be achieved through the coordination of data related activities at the federal level. This will provide a rational base for a comprehensive information system that is appropriate for each of the various agency users. The states are willing to assist in this effort as a means to develop a cooperative and workable approach to meet the statistical needs of the nation.

Mr. BROOKS. Thank you very much for a definitive statement of some of the problems that the Governor sees.

I will ask you one question and submit others for the record. Why should the Federal Government collect data used only by the States? Why not let the States pay for it themselves, if they are the only ones that use it?

Ms. WILLS. As I indicated, there are many places where, in fact, States would, I think, and in fact do already, enhance Federal programs. For example, I am aware of the fact that in many States they are already using their own money to enhance the Occupational Employment Survey, which is a BLS program, and has not been adequately funded across the country.

We are willing and, in fact, many States do already enhance programs. Our concern and our recognition, though, is that there are many things that the Federal Government and only the Federal Government can do.

We have a long history in this Nation of Federal-State cooperative statistical systems. That cooperative mechanism has been weakened over time. We think it needs to be enhanced, not eliminated.

We are willing to help finance, but it needs to be done in a rational coordinated fashion.

Mr. BROOKS. We thank you very much and without objection, I will submit some questions to you to answer for the record from Mr. Horton and myself.

Mr. HORTON. Thank you very much, Ms. Wills. Give Governor Snelling my best. I have worked with him on numerous occasions.

[Submissions to additional questions by Chairman Brooks and Congressman Horton follow:]

Mr. Brooks' Questions

1. Is it possible for states to assume the responsibility of gathering all the data they need to operate?

This question addresses three types of responsibility which include financial, operational and programmatic responsibilities. It also addresses the many types of data needed for management and operation of state agencies including administrative records generated through the operation of various programs and statistical surveys on a variety of topics based on a census or on a probability sample. States could not realistically be expected to assume full responsibility including funding and provision of staff necessary to gather all types data. Content areas where data gathering would pose the most severe problems for states include census/demographic data, macro-economic data, and any interstate data concerning transportation, and energy resources. These data are extremely important to state-level operations but are clearly beyond the scope and capabilities of the states. There are certain types of data activities that very logically should be partially supported by states such as activities related to administrative records resultant from programs such as education, income maintenance, health, and employment and training programs. Also certain limited statistical surveys including those concerning micro-economic, labor, energy use and production and agriculture data could also be assumed by states. Of course what makes most sense is for these activities to result in enhancements to national co-operative programs, that meet specific state user needs. The problem is however, that if states are given the full responsibility for data programs, than any use of the data by other

states and/or the federal government would be prohibited because of the lack of standardization and consistency in data. In the case of data that are developed by the states for their own use, but also have a genuine use at the federal level; the state should not have the full responsibility to fund or programmatically design the content of the data system. In the case of data used by both the state and federal governments, the federal responsibility should be to provide minimum standards and funding for the data related activities. This would allow states to provide the minimum data needed by the federal government and to enhance the data to meet their own needs with state funding. Data needed from states by solely the federal government should be fully funded by the federal government.

2. From a user's point of view, what do States need from the Federal Government in terms of statistical coordination?

From a state perspective statistical coordination at the federal level must provide for 1) efficiency in the maintenance of statistical programs, 2) common data collecting and processing parameters and tools and 3) assurances of the legitimacy of data needs at the federal level. In the first area of program efficiency federal statistical coordination activities must include a review of operational data systems to identify the duplication of responses (double counting) and overlap of data collection and reporting. This would not only reduce the paperwork burden on the public but would provide for a comprehensive information system to be more easily compiled and integrated. Also the use of cost-efficient technology including automated systems should be examined and promoted through federal policies. There are cases within the Department of Labor, in the Employment Service where states agencies are in effect penalized for using automated procedures and technology through formula allocations in funding and staff. The federal government, in some cases, has had more opportunity and the capability to use technology and should provide direction in this area to states. States have the capacity to adopt technology based on tested applications at the federal level.

The federal government also has the responsibility under the auspices of statistical coordination to develop and implement the minimum collection parameters necessary to assure standardized and consistent data collection efforts between and within federal agencies. This refers to minimum national definitions of data elements collected, time period coverage, geographic area coverage, code classification systems used, measurement criteria and collection and processing methodologies. This activity would assure the maximum use of existing data collection efforts by a wide variety of information users. We cannot afford to continue to collect data that addresses a single narrow purpose and cannot be integrated into a comprehensive system that is applied to policymaking, planning and operational decision-making concerning service delivery needs.

In the third area, the federal government must coordinate the needs for information to address their own purposes. Request for data from states must be streamlined to eliminate non-essential multiple requests from the federal government for grant applications and reporting requirements. Data for these purposes should within reason be readily available rather than specially generated.

3. What role should the Federal Government play in collecting statistical information in light of the increased use of block grant in the "New Federalism" proposal?

The 1982 omnibus budget resolution provided for nine block grants, in an attempt to decentralize categorical program activity. A separate issue from that is one of federal reporting requirements associated with the delivery of block grant programs at the state and local levels. This year there were no federal reporting requirement related to the block grant programs. It is clear that it is a state responsibility to report information to the Federal Government regarding the use of Federal funds. Although we haven't as yet seen any "New Federalisms" proposal, it is our understanding that next year's block grant programs will provide federal reporting requirements, which we will support if those reporting requirements are consistent with a rationalized stream-lined paper reduction framework.

In determining the appropriate role of the federal government, the nature of the data being used must be considered. The information collected through the delivery of programs is basically administrative data, not statistical survey data, which are used primarily by state and local agency officials in managing programs and making operational decisions to increase the effectiveness and efficiency of the program to meet state and local needs of target populations and service delivery mix. Because of the nature of these data, the level of detail and the primary use of these data at the sub-national level, the Federal Government in requesting this information from the states should provide minimum non-duplicative reporting standards. These minimum reporting requirements would allow states the flexibility to design collection and processing tools that would mesh with work currently being conducted. This would also allow for the maximum use to be made of data because it would be developed based on state specific use by a broad array of agency users.

4. Should there be a national level governmental unit with the primary responsibility of coordinating statistical policy? What would it do?

Yes, there should definitely be a governmental unit to provide the infrastructure for coordinating statistical policy, located somewhere in the federal government. In addition to the activities sited in answer to Question # 2 which in summary, include the review of data collection, analysis and dissemination and the setting and enforcing of statistical standards and definitions, the unit should also through a long range plan assure that data collected only by the federal government for non-federal use are maintained based on a legitimate identified need, and that federal-state cooperative programs establish minimum federal reporting requirements that allow state flexibility to enhance the data to meet state specific needs. The unit should also coordinate the program planning and budgeting of statistical programs in an effort to achieve maximum efficiency in the operation of these programs.

5. How have recent changes in the Federal Government's statistical system affected the ability of state and local government to operate? Give specific examples.

States use information in two basic ways: 1) formulating state policy in the assessment of the fiscal condition of the state for revenue and expenditure purposes; estimation of service needs, particularly for human services programs; long range allocation of resources in the context of community and economic development, land use, and energy demand; and evaluation of the effectiveness and efficiency of state programs; and 2) analyzing and adhering to federal actions in the assessment of the fiscal implications of federal formula driven funding; and adherence to federally imposed planning and reporting requirements.

The need to accurately project revenues and expenditure is critical to Governors and state budget officers. On the revenue side, budget officers must be able to accurately project revenues for the current fiscal year, the cash flow within that year and the revenue picture for the upcoming year. Some states use econometric forecasting models that are based upon a series of assumptions about the national economy and adjusted to the economy of a given state on the basis of that state's past economic performance relative to the country. Incorporated into these models are assumptions about GNP, inflation, sales of durable and non-durable goods, etc. Based upon these assumptions and past trends, estimates are made about the yields and collections from personal income, corporate sales, and to some extent utility and excise taxes.

The generation of public assistance program expenditure projections are estimated by analysis of past case loads in the welfare and medicaid programs. In some states, they are estimated by employing models which manipulate census household data to estimate eligibles for given public assistance programs. These data in turn are adjusted for participation rates to project case loads. Together with price change information, these data are used to project related expenditures. Without reliable and current microdata, these sophisticated simulation models are futile.

States distribute school aid to Local Education Agencies according to formulas, most of which are geared toward equalizing educational expenditures across school districts. The formula components usually contain a count of school age children, sometimes of particular types of students, and some measure of district wealth, frequently an indicator of property values. The remaining parts of the budget, exclusive of match for federal programs, are much more under the control of the Governor and legislature. They involve decisions about the levels at which a state desires to fund capital construction and improvement, and delivery of social, health, law enforcement, transportation and other services to its citizenry. Given the total level of expenditures a Governor wishes to make, he/she must decide upon the funding levels for programs for which clients or services can be controlled. In addition to political and policy preference considerations, he/she needs information about the size of the target population, current service levels and costs, and the programs costs associated with increased service levels. With this information budget decisions can be made.

The firmest piece of information a Governor has at his/her disposal is past and current costs of providing a service. These costs, adjusted for inflation, tell a Governor the cost of providing that

service at current levels. Moreover, if he/she knows the unit cost of providing current services, he/she will be able to estimate the additional cost of increasing, say the number of people served or miles of highways paved. Similarly, this type of data will allow a Governor to project the programmatic implications of cutting costs in certain areas. If this information were available for all programs, a programmatic analysis of the entire budget could be made and sound long-term planning implemented. But in all too many cases, two vital pieces of information are lacking: the size of the population who could or should be served by a program and the efficiency and effectiveness of those programs. All human services programs are theoretically designed to serve people who are deprived in some way -- educationally, physically, psychologically, or economically. To understand the magnitude of a given program-related problem, to estimate service needs it is necessary to ascertain its incidence in the population.

In the simpler case of a fairly clear definition of a developmentally disable person, it is difficult to estimate the number of such persons in a state. Some states use the frequently cited national incidence rate of between 2 percent to 6.5 percent and apply that range to suggest the incidence rate of developmentally disabled persons in those states. It is impossible for a state to determine the number of developmentally disable persons without undertaking a door-to-door search of the population or a sample of the population. In either case, the cost to the state of counting or estimating the number of developmentally disable persons is prohibitive.

Moreover, without this information, a state cannot prove its adherence to federal legislation mandating that a state ascertain the number of developmentally disable children in the state. The

point is that it is difficult and costly, even with relatively precise definitions of a target population, to determine incidence. For a Governor, the lack of information about the size of the target population makes a decision to increase service levels for one program more difficult in the context of similar requests from other program managers.

For instance, the decision to increase services so that an additional ten percent of the target population will be served will be different if ninety percent of the population is already served or only thirty percent is currently served. Good estimates are particularly important in light of the tendency of program manager to widen their definition of target population or to show the growth in services rendered (e.g. the number of adoptions and immunizations) to make a better case for increased funding. It should also be noted that for sub-state allocations of funds to serve these populations, more disaggregated data are needed.

Long-range planning based on sound data is very important for community and economic development programs. In recent years, decision-makers have emphasized the formulation of viable revitalization strategies. In developing revitalization programs, state and federal officials have focused on the concept of "distress." Defining an area of distress has been a politically sensitive issue. In terms of an area's economy, there are a number of indicators that can be used to measure distress. Most of these indicators relate to the business activities of the relevant area. Among the indicators use are:

- o number of business closing;
- o number of business openings;

- o types of business and industries moving into and out of the area;
- o age and condition of infra-structures;
- o amount of new business investment;
- o type of business investment;
- o number of new housing starts;
- o per capita personal or disposable income;
- o number and types and jobs moving into and out of the area;
- o unemployment rates from national CPS sample;
- o number of underemployed;
- o number of discouraged workers; and
- o rate of unemployment among youth and minorities.

Another dimension of distress frequently used relates to the condition of the area's population, or the characteristics of people, which is used as a proxy of distress. Among the attributes of people used as indicators of distress are: number of people or percentage of people in poverty (poverty measured in different ways); participants in federal programs (AFDC); percentage of population that is minority; number of non-English speaking persons; indices of overcrowding; age of housing stock; proportion of substandard housing; and counts of unemployed and under-employed adults and unemployed youths and minorities.

Another way to assess distress has to do with the fiscal condition of the community's government. Analysis of the ratio of state and local taxes to resident's personal income has been the most frequently used measure of tax effort or burden.

Thus, economic, fiscal and socio-economic and demographic information have been used to measure distress or hardship. Although most of these indicators are undoubtedly highly related, each speaks to different dimensions of the problem. Because of the importance currently placed upon economic and community development, at the national, regional, state and sub-state levels, it is imperative that disaggregated, and timely information be

produced and made available to states. As more concern is placed on the targeting of federal dollars, the demands for more current, disaggregated information will continue to grow. In the areas of natural resources and environment, for which no comprehensive data are available, this problem is very acute. Clearly, the trade-offs between the costs of collecting these data and their importance to policy-makers must be carefully considered.

Recent changes in the Federal statistical system have affected the state and local governments ability to project revenues. Curtailed information on federal budget allocation to states along with changes in data programs such as the Consumer Expenditure Survey which can indicate anticipated state tax revenues have made it prohibitive for states to determine their federal revenues let alone the state dollars they can expect in the coming year. Without adequate budget information, states cannot plan expenditures for the coming year. States are affected in the ability to continue operation in the current fiscal year and cannot plan ahead to the next year in terms of outlays for staff, infrastructure needs, and service delivery needs.

Reductions in other data programs such as the delay in receiving Census data and the sample reduction of the CPS have made it impossible to estimate service needs as a measure to select target populations to receive the benefits of social/economic programs. The relative incidence of social/economic problems in sub-state areas is impossible to ascertain if the appropriate federally produced data sources which have comparable data are not available. Because different target groups have different barriers, the mix of services provided to them varies. The mix of services cannot be determined if the magnitude of the problem, the distribution of the problem and the severity of the problem cannot be determined.

States also lack the ability to prepare long range contingency plans to accommodate energy shortages. In the case of a crisis, states need accurate information on the supply situation in the nation as well as within their own states. Without this information, Governors would not be able to make sound decisions regarding regulatory action needed to manage a shortage.

States are also inhibited in their ability to analyze and adhere to federal actions regarding planning and reporting requirements.

Mr. Horton's Questions

1. Do you think statistical programs should also have to bear their fair share of necessary cutbacks?

Statistical programs should not be and have not been immune from budget cutbacks. Statistical program funding is a small part of the total federal budget. Statistical activity financing should in fact not be a large part of the federal budget. Recently, though data related activities have been severely affected through the irrational reduction of broader agency operational budgets under which some data collection activities are subsumed. The efficiencies needed to be achieved which would have reduced costs were envisioned by the Federal Paperwork Reduction Act; but were never actualized. Had the coordination function been performed as intended in the Paperwork Reduction Act duplication in statistical activities would have been reduced in a rational manner. The programs remaining from such a reduction would have represented the core components needed for a statistical systems, collected in such a way as to maximize their use. If technological policies had been appropriately developed and implemented then a planned retooling of statistical programs would be underway. This retooling, with the future cost of technology decreasing, would have provided many efficiencies in statistical programs and in the long run would make the essential statistical activities affordable.

However, due to the lack of direction from the Office of Information and Regulatory Affairs, and the super-imposed urgency of the times, reduction and elimination of statistical programs has been neither rational nor planned. Reducing or changing statistical programs is not similar to reducing participant

programs. In changing participant programs the number served can be reduced, the services offered clients can be reduced and the result would still be that a program is in place. With statistical programs however a reduction in sample size may render the entire data set unreliable, invalid, or of no use. The elimination of a statistical program cannot be easily reinstated without losing time series consistency and comparability.

We certainly support statistical programs bearing a fair share of necessary cutbacks. This must be accomplished through a rational process that takes into account long term requirements of a statistical system.

2. a) How would you suggest the government carry out retrenchment in the area of statistical programs?

The government must retrench in the area of statistical programs through a reasoned approach taking into account the type of data being collected (census, survey, or administrative records), the level of government primarily responsible for the data activities (federal, federal/state cooperative, or state/local) and how the data is used and by whom. Based on these items the appropriate federal role can be ascertained.

- b) Should all statistical programs be cut back the same percentage?

No, all statistical programs should not be cut by the same percentage. Variability in the reduction of programs from total elimination to slight reductions should be allowed to accommodate the diverse nature of the programs. An across the board reduction could render some programs inoperable, by only a slight reduction. In determining the amount to cut various programs, consideration should be given to the relative role that technology plays in the production of the data as a key determination to the reduction of costs.

c) Would you carry out the cutbacks on the basis of priorities?

Yes, the cutbacks could be carried out on the basis of priorities assuming there is a rational, broad-based approach to determining the priorities. A set of criteria should be established upon which a ranking of programs could be achieved.

d) Which programs should be of highest priority?

The programs with the highest priority to be maintained adequately from a state perspective should be those programs produced solely by the federal government that are used by all levels of government. This includes both total enumeration and statistical survey programs. An example is the Current Population Survey produced by the federal government. This program would be among the high priorities.

Another high priority would be federal programs used by other than the federal government. In cases, where the federal government is the only source of data, states would be greatly inhibited in their ability to operate, if data were not available. An example is data relating to the production of energy resources.

The third area which would be a high priority would include the federal/state cooperative programs which are used by all levels of government. These programs should have limited federal involvement to assure minimum standards to provide consistency and sufficient resources to provide base-level support in all states.

All of these programs are considered high priorities because they represent the core components of a comprehensive national statistical system and these programs have the maximum amount of diverse users which apply these programs for many purposes including program planning and operation. Within these broad categories of high priority programs, some programs would be ranked higher than others due to considerations such as the indispensable nature of the data, and the non-duplicative nature of the data. The usage of technology in data related activities should also be taken into account in determining which programs should be cut more than others.

3. Data provided to the Committee by the Congressional Research Service indicates that the three years between FY 1981 and FY 1983, statistical programs suffered a net reduction of some \$54.6 million or some 5.1% in current dollars. If one looks at just the programs suffering cutbacks, it becomes apparent that only 31 of the 71 programs suffered actual declines. Of these 31, the bulk --almost 80 percent -- of the reduction was felt in data collection related to five areas: Energy Policy, the Employment Training Administration (Labor), Policy Development and Research (HUD), Fish and Wildlife Service (Interior), and the Office of Assistant Secretary for Planning and Development (HUD).

If this is correct, then doesn't this suggest that the budget problems facing the statistical system as a whole may not be critical but simply reflect the affects of inflation (which impacts all programs) and the priorities set by the Administration as to which programs are most important?

No, the budget problems facing the statistical system as a whole are critical. Needed programs have been eliminated, and reductions have caused data to be less accurate quantitatively, to be more inconsistent, to have less qualitative analysis, and to be produced in a less timely manner.

4. The statistical program run by the National Center for Disease Control has apparently been severely cut back. What will the effect of this reduction be?

We are sorry but we lack sufficient knowledge of the details of the Center for Disease Control statistical program to give a fair answer.

5. a) How many people should be working full-time on this subject?

We are sorry but we lack sufficient knowledge of the details to give a fair answer.

- b) Can you describe to me in some detail what they should be doing?

We are sorry but we lack sufficient knowledge of the details to give a fair answer.

- 6 a) Before the reorganization, how well was the Office of Information and Regulatory Affairs discharging its responsibilities for statistical policy?

All of the evidence available to us was that the predominate energies of the office were directed toward regulatory relief. While we have been supporters of this activity the lack of attention to the statistical policy side of the equation has been disturbing.

- b) What should OIRA have done differently that it has not been doing?

Three activities come to mind immediately. One developing a framework for budget reductions in statistical programs based not only on federal needs but state and other user needs as well. In order to accomplish the first activity an organized consultation, the second activity, would be essential; we saw no evidence of such consultation. The third activity would have been to develop a rational plan for the use of advance technologies in the collection analysis and dissemination of statistics in a timely manner.

- c) Has the consolidation and reorganization of OIRA affected its responsibilities in this area?

It would be somewhat unfair to speculate based on knowledge of an organizational chart so soon after the announcement but our concern is real and we will be tracking the reorganization with the eye toward their accomplishing what has been ignored to date and referenced in (b) above.

7. a) Concerning energy data: what federally collected energy data do states use? How do they use this data?

States need continued access to the kind of data collected through the Prime Suppliers Report (EIA - 25), the Petroleum Industry Monthly Report for Product Prices (EIA - 40) and to the No.2 Distillate Price Monitoring Report (EIA - 9A) The newly proposed forms (EIA-782-783) which are intended to meet this need offer only a minimum of state level data. States need energy data collected by the Energy Information Administration to manage fuel shortages, to plan for future supply disruptions, to develop state energy policies and to compile a comprehensive energy resources plan.

To manage fuel shortages and to plan for future supply disruptions states need reliable information on the amount of petroleum products available for supply through the collection of data by EIA on the actual and expected monthly sales of petroleum products to each state and the average monthly petroleum product prices. This information can be used to analyze the amount of gasoline which prime sponsors can be expected to deliver, as reported on the EIA-25 form, as well as monitor the national supplies. This analysis in times of shortage would be used to support implementation of mandatory demand restraint measures.

During regular times, states need data on the amounts and kinds of fuels consumed by various end-use sectors through the Energy Consumption Program, and the Energy Emergency Management Information Program to develop effective emergency energy plans, that specify strategies for reducing consumption and protecting essential services. States must know which consumer sectors are major users of specific fuels.

States also need energy data to formulate energy policy. With instability of supplies and tremendous fluctuations in prices states have been led to consider policies discouraging reliance on petroleum products. If a state is 70 percent dependent on petroleum a long term policy may be to encourage energy conservation and diversification and to use renewable resources so that the state is more nearly self sufficient.

Having noted all these concerns, a somewhat intangible but nevertheless important factor must also be called to your attention. When discussing with state officials the impact of the reductions in statistical programs on their states it is only fair to tell you that some officials observed that for the first time the Energy Department officials were finally responsive to many long-standing concerns of state officials regarding the utility of the data collected.

b) What is the National Travel Survey of Non-Local Travel? How important is it? How does it help State Government?

The National Travel Survey of Non-Local Travel contains state specific data concerning travel of over 100 miles. Information available from this survey which is the only such survey available include mode of transportation, main purpose for travel, roundtrip distance, duration of trip, region of origin, number of persons on trip and traveler's characteristics such as income, occupation, household composition, age, education, sex, and race among others. It helps states develop marketing plans to more efficiently use state dollars to pinpoint where travellers come from, what travellers the state wants to attract, and what facilities and services the state needs to offer prospective travellers. It allows states to plan for physical facility, and transportation

needs. It also allows states to estimate how much travellers will spend in their state. This is a means of determining future state revenues. It additionally allows states to evaluate their programs in terms of what share of the market has been captured and how that share changes over time.

In terms of the importance of this program, to the many states which have a large sector of the economy dependent on services and trade, it is very important.

c) What is the program of Non-Market Measures of Economic Well Being? Why is this program important?

The program on non-market measures of economic well-being provides an alternative assessment of individual economic status. It is used by Community Affairs State Agencies, in planning facility space and service needs. It is especially relevant in states heavily dependent on trade and service industries.

d) What is the Consumer Expenditure Survey? What do States use it for? What damage is done by not having the rural component?

The Consumer Expenditure Survey measures the way consumers spend money in the market place. States use this information as input to forecasting models to determine the impact changes in taxes, such as sales tax, would have on state revenues. It also is a measure of consumption patterns within the state. By indicating sub-state differences in consumption, this information is used in policy decision-making and program planning concerning poverty and other social programs. This information is also used to determine the impact of employment expansion/reduction on local areas for the planning and implementing economic programs.

e) What necessary service does the Cooperative Health Statistics System provide? What losses have occurred in this program?

The Cooperative Health Statistics System has essentially provided four necessary services. These include the development and promulgation of uniform definitions of health data, the establishment of policies of data release and use, the inter-facing of the public and private sectors through health data consortia to determine the policies and the focusing of these efforts in one central place in the federal government.

This program was developed cooperatively between the Federal Public Health Service and the States to provide data sets on health facilities, vital statistics, and health manpower. Under the program state health department, supplemented with federal dollars collected the data using uniform definitions. States were encouraged in their efforts to work with the private sector. The Federal Government aggregated and published the data.

States have used both the federal data to compare their state to the national picture and to compare between; states and the state specific data for policy formulation, planning, and state legislative efforts.

The loss of this program will mean increased costs of data collection through special studies, loss of standardization by the elimination of uniform definitions, a loss of quality control of the published results by the use of non-neutral professional association collected data and the loss of a focal point to coordinate this effort at the federal level.

3. On page five, you indicate that "if the coordination unit at the Federal level (presumably you mean the Office of Information and Regulatory Affairs) had operated as envisioned in the Federal Paperwork Reduction Act, problems of statistical systems hopefully would have diminished.

This is not a very strong statement. Are you trying to tell us that even if the Office had done all that you expected from it, it still would not have had much impact on the problem? (If so, why?)

What should the Office have done that it didn't do?

No, if the Office had done all that was envisioned it would have had a significant impact on the problem, and we would currently have a more rational framework to serve as a basis for the retrenchment of statistical programs.

9. On page nine, you refer to the problems that would result if "other than neutral data collection and reporters" were used. Would you expand on what you mean by this? Can you provide examples of where this practice is occurring now or what indications you have that cause you to think such a practice might occur in the future?

By the term "other than 'neutral' data collection and reporters" we mean data activities being conducted by parties who have a vested or conflict of interest in what the numbers will indicate, and how they will be used. This type of bias affects the collection, processing and reporting of data. Rigorous standards, statistical methods including sampling techniques, aggregation procedures, the use of statistical tests and the interpretation of the results would not necessarily be used. Many interest groups do not always have the statistical expertise to conduct the data programs necessary.

An example include the Cooperative Health Statistics Program in which data will now be collected by professional associations such as a Hospital Association collecting data on health facilities. In the past, Vocational Educators for a long time collected data to determine programs in which training should be provided. These were called Area Skill Surveys. These surveys projected skill needs based on estimates from employers. The Occupational Employment Statistics (OES) program has finally replaced the Area Skill Surveys as a "neutral" source of data on current and projected occupational employment. The OES program provides standardized definitions and methodology. In the absence of such a program many special surveys would be done locally with no standardization or comparability between various collection efforts. In the energy field particularly, information collected on petroleum products may represent a biased perspective.

Mr. BROOKS. Our final witness today is Christopher C. DeMuth, Administrator of the Office of Information and Regulatory Affairs in the Office of Management and Budget. Mr. DeMuth is also Executive Director of the Presidential Task Force on Regulatory Relief.

Mr. DeMuth has a B.A. from Harvard and a J.D. from the University of Chicago. He is a member of the Illinois Bar.

Prior to assuming his present position, Mr. DeMuth was the director of the Harvard Faculty Project on Regulation. He has served as a staff assistant to President Nixon, an adviser to the Council on Environmental Quality, and an adviser to the Secretary of State on the human environment.

In addition, he practiced law for 3 years with a large firm in Chicago and spent a year as associate general counsel of Conrail in Philadelphia.

We welcome you, Mr. DeMuth, you may proceed with your statement.

**STATEMENT OF CHRISTOPHER C. DeMUTH, ADMINISTRATOR,
OFFICE OF INFORMATION AND REGULATORY AFFAIRS, OFFICE
OF MANAGEMENT AND BUDGET**

Mr. DeMUTH. Mr. Chairman, thank you very much for inviting me to appear before you this morning to discuss the importance of Federal statistical programs and our implementation at the Office of Information and Regulatory Affairs of the important provisions of the Paperwork Reduction Act related to statistical policy.

Sound statistical information is essential for decisionmaking in Government and the private sector. As you are well aware, many Federal programs are undergoing substantial reductions. Basic statistical programs, however, have not been impaired. With few exceptions, departmental budgets for statistical activities are holding steady or increasing. Essential functions such as production and release of adequate statistics are being and will continue to be carried out effectively.

Earlier this year, my Office released a report that traces Federal spending on statistical programs over the 3-year period, fiscal years 1981 to 1983, the "Special Report on Statistics Related to the Budget of the U.S. Government, Fiscal Year 1983."

This report shows, and is, I believe a further study of the Congressional Research Service also shows, that as a general matter, most statistical programs are holding their own. Some cuts are being made in certain economic statistics programs, but these are dominated by a single agency, the Department of Energy.

If you extract the Department of Energy statistics from the overall statistical budget, the budget in nominal dollars actually increased slightly as of fiscal year 1983.

The nature of the reductions at the DOE illustrates the priorities applied by this administration to the funding of statistical programs. The total reduction in DOE statistical funding from fiscal year 1981 to fiscal year 1983 is \$73 million, from \$140 million to \$67 million. The largest single cut, \$35 million, was in the uranium resource assessment program.

This sophisticated program of geophysical data collection and analysis mirrored the types of mineral exploration the private sector would be naturally induced to perform when mineral prices are high enough to justify the investment. The amount of resources already mapped by the program far outstripped the rate of exploration justified by the price of uranium. The reduced funds now remaining in the program provide for continuing statistics on private-sector exploration and production comparable to those produced by the Bureau of Mines.

Second, a moderate reduction, \$3 million, in the DOE contribution to the interagency national climate program was more than offset by increases at scientific agencies, specifically the National Aeronautics and Space Administration and the National Science Foundation.

Third, the significant reductions, \$35 million, in the programs of DOE's Energy Information Administration largely reflect the fact that withdrawal from energy policies based on market intervention has reduced the need for data to design, implement, and evaluate such policies.

Even with this major change in policy, the cuts were tailored to preserve essential statistical functions. The flow of basic data is not being impaired. EIA will rely on the less expensive quality assurance methods used in other statistical agencies now that its program of independent data validation has completed its major tasks.

I would mention, outside my text at this point, that this hasn't simply been a budget matter. Our Office has been closely involved in this under the forms and reporting requirements review provisions of the Paperwork Reduction Act. We have indeed disapproved some surveys which we thought had no use for general statistical purposes or for the States and had exclusive use in the now-discontinued regulatory program. At the same time, we have specifically approved and continued surveys that we have felt were important to general statistical programs at the Bureau of Labor Statistics and have asked EIA and BLS to work on a very short time schedule this year to consolidate and eliminate duplication in collection of some energy data. We also have maintained, at the request of the States, certain information that is important to the Governors.

I think our activities in this area have been quite responsible. Even though most statistical programs are holding their own, certain economies have been effected to accommodate changes in statistical priorities and increases in costs.

These economies will be achieved with minimal loss, mainly in some geographical detail, to the overall quality of Federal statistics and minimal loss of skilled professional staff.

In this regard, I would note that this is not the first time the Census Bureau has faced some reduction in force following a decennial census, and it probably will not be the last. A priority in all the major statistical agencies has been to maintain current levels of data coverage and quality; where necessary, economies are being achieved by deferring a few planned improvements and by introducing new efficiencies in data collection and production.

I should mention here that some of the reduction in the cost of the Current Population Survey has been achieved by more use of

telephone interviewing surveys which is far less costly, and which we believe is statistically adequate for certain surveys.

We consider it a central role of OMB's Office of Information and Regulatory Affairs under the Paperwork Reduction Act to keep a close watch on the continued health of our Federal statistical system, and I would now like to discuss how we are proceeding.

The Paperwork Reduction Act assigns an essential statistical responsibility to OIRA, one that we are committed to carry out effectively. This responsibility encompasses statistical policy and oversight functions, but not operational duties that are best suited to our statistical agencies.

In keeping with this statutory mission, we have established a set of clear priorities that give our efforts better focus. Correspondingly, we have completed certain changes in the organization of OIRA staff which we believe strengthen our ability to carry out our statistical and other responsibilities.

Four analysts from our Statistical Policy Branch have been assigned to management—desk officer—positions working with the Departments of Labor, Commerce, Treasury, and Health and Human Services.

This change puts statisticians in charge of our day-to-day contacts with major statistical agencies for the first time since OIRA was established. Prior to this reorganization, statistical policy was the only function assigned OIRA by the Paperwork Reduction Act that was not handled by agency-specific desk officers.

Now we are extending this proven management concept, which has been the secret of what success OMB has had both on the budgetary side and the paperwork reduction side, to encompass appropriate aspects of our statistical responsibilities as well. This then allows the remaining statistical staff to focus more heavily on crosscutting statistical policy issues.

We are focusing our efforts on four essential goals: One, insuring the uniformity of statistics across agencies; two, maintaining the quality of statistical data; three, improving the efficiency of data collection and analysis; and, four, improving the accessibility of Federal statistics to the public.

I would like to discuss these four, and a few examples of current work in each area.

In the area of uniformity, in a decentralized statistical system such as ours, insuring the comparability among the statistics of different agencies is an essential function of a central office such as OIRA. We will maintain, and, as necessary, revise, uniform statistical definitions and standards.

The President's Executive orders which returned the statistical functions from the Department of Commerce to my Office specifically provide that the statistical standards published by Commerce would continue to be in force until revised individually or as a whole by our Office, and we continue to monitor those standards through our survey and other reports.

We have recently established common categories for reporting business sizes in statistical tabulations. This will facilitate comparisons of business data from different agencies. We will soon issue technical revisions to the statistical definition of poverty and we

plan, of course, a major revision of the list of SMSA's as soon as 1980 census data are available.

Quality: Maintaining and improving the quality and utility of Federal statistics often requires that the activities of several agencies be coordinated. We are currently involved in the redesign of the major household surveys conducted by the Bureau of the Census.

This effort involves careful budget and substantive coordination among the Census Bureau and the four sponsoring agencies. We are acting in advance of getting down to the 1984 fiscal year budget preparation to insure that sample redesign of these surveys, based upon the 1980 census, takes place.

Separately, concern about statistical quality influences our forms clearance activity. For example, three Energy Information Administration forms were continued over industry objections because one provided data needed by the States and the others were of critical importance to other statistical agencies.

Other efforts to maintain the quality of Federal statistics include planning for the 1980 census and the transfer of the quarterly financial report from the Federal Trade Commission to the Bureau of the Census.

Improved methods will be addressed through the Federal Committee on Statistical Methodology, which is currently examining statistical uses of administrative records and improved uses of telephone interviewing in survey research.

Efficiency: The benefits of statistical information must be balanced against the cost of data production, both in Government outlays and reporting burdens. My staff reviewed the statistical efficiencies which might be achieved through relocation of energy statistical programs and had substantial input into the recent administration proposal, the Federal Energy Reorganization Act.

We also now are actively pursuing a major policy proposal that would allow the exchange of microdata records among protected statistical centers while insuring confidentiality of the records.

Accessibility: Federal statistics are often as valuable to the private sector and State and local governments as to the Federal Government itself. OIRA will promote increased use of charges for data collection and dissemination whenever this will enhance the scope and detail of available statistics. This has been in many agencies an important response to some reduction in industry specific detail in some national surveys.

One such case was described in Tuesday's Washington Post. Two agricultural surveys were slated for elimination because of their limited national value; however, funding has now been provided by a producer association and USDA program office.

Of greater significance are the provisions of the recent farm bill which allow the recovery of subscription fees and their use to defray statistical program costs, an approach we think should be extended to other agencies as well.

We will also promote increased use of computer and telecommunications technologies to make Federal statistics more widely and rapidly accessible. For example, we are currently reviewing proposals to allow electronic access to releases of the Bureau of Labor Statistics.

In summary, I am confident that our new administrative arrangements and policy priorities will strengthen our efforts to meet all of the ambitious mandates of the Paperwork Reduction Act.

This concludes my testimony, and I would be happy to try to answer any questions you might have.

[Mr. DeMuth's prepared statement follows:]

STATEMENT
OF
CHRISTOPHER C. DeMUTH
ADMINISTRATOR FOR INFORMATION AND
REGULATORY AFFAIRS
OFFICE OF MANAGEMENT AND BUDGET
BEFORE THE
SUBCOMMITTEE ON LEGISLATION AND NATIONAL SECURITY
COMMITTEE ON GOVERNMENT OPERATIONS
HOUSE OF REPRESENTATIVES
June 3, 1982

Mr. Chairman and Members of the Subcommittee:

I am pleased to have the opportunity to appear before you this morning to discuss the current state of federal statistical programs and the implementation by the Office of Management and Budget of the important provisions of the Paperwork Reduction Act relating to statistical policy.

Sound statistical information is essential for decision-making in government and the private sector. As you are well aware, many federal programs are undergoing substantial reductions. Basic statistical programs, however, have not been impaired. With few exceptions, departmental budgets for

statistical activities are holding steady or increasing. Essential functions such as production and release of adequate statistics are being and will continue to be carried out effectively. Earlier this year my office released a report that traces federal spending on statistical programs over the three-year period FY 1981-1983. As a general matter, most statistical programs are holding their own. Some cuts are being made in certain economic statistics programs, but these are dominated by a single agency--the Department of Energy (DOE).

The nature of the reductions at the DOE illustrates the priorities applied by this Administration to the funding of statistical programs. The total reduction in DOE statistical funding from FY 1981 to FY 1983 is \$73 million, from \$140 million to \$67 million. The largest single cut (\$35 million) was in the Uranium Resource Assessment. This sophisticated program of geophysical data collection and analysis mirrored the types of mineral exploration the private sector would be naturally induced to perform when mineral prices are high enough to justify the investment. The amount of resources already mapped by the program far outstripped the rate of exploration justified by the price of uranium. The reduced funds now remaining in the program provide for continuing statistics on private sector exploration and production comparable to those produced by the Bureau of Mines.

Secondly, a moderate reduction (\$3 million) in the DOE contribution to the interagency National Climate Program was more than offset by increases at scientific agencies, specifically the National Aeronautics and Space Administration and the National Science Foundation.

Thirdly, the significant reductions (\$35 million) in the programs of DOE's Energy Information Administration (EIA) largely reflect the fact that withdrawal from energy policies based on market intervention has reduced the need for data to design, implement, and evaluate such policies. Even with this major change in policy, the cuts were tailored to preserve essential statistical functions. The flow of basic data is not being impaired. EIA will rely on the less expensive quality assurance methods practiced in other statistical agencies now that its program of independent data validation has completed its major tasks.

Even though most statistical programs are holding their own, certain economies have been effected to accommodate changes in statistical priorities and increases in costs. These economies will be achieved with minimal loss (mainly in some geographical detail) to the overall quality of federal statistics and minimal loss of skilled professional staff. In this regard I would note that this is not the first time the Census Bureau has faced some reduction-in-force following a Decennial Census, and it probably will not be the last. A priority in all the major statistical

agencies has been to maintain current levels of data coverage and quality; where necessary, economies are being achieved by deferring a few planned improvements and by introducing new efficiencies in data collection and production.

We consider it a central role of OMB's Office of Information and Regulatory Affairs (OIRA) under the Paperwork Reduction Act to keep a close watch on the continued health of our federal statistical system, and I would now like to discuss how we are proceeding.

The Paperwork Reduction Act assigns an essential statistical responsibility to OIRA, one that we are committed to carry out effectively. This responsibility encompasses statistical policy and oversight functions, but not operational duties that are best suited to our statistical agencies. In keeping with this statutory mission, we have established a set of clear priorities that give our efforts better focus. Correspondingly, we have completed certain changes in the organization of OIRA staff which we believe strengthen our ability to carry out our statistical and other responsibilities. Four analysts from our statistical policy branch have been assigned to management (desk officer) positions working with the Departments of Labor, Commerce, Treasury and Health and Human Services. This change puts statisticians in charge of our day-to-day contacts with major statistical agencies for the first time since OIRA was established. Prior to this reorganization, statistical policy

was the only function assigned OIRA by the Paperwork Reduction Act that was not handled by agency-specific desk officers. Now we are extending this proven management concept to encompass appropriate aspects of our statistical responsibilities as well. This then allows the remaining statistical staff to focus more heavily on crosscutting statistical policy issues.

We are focusing our efforts on four essential goals: (1) ensuring the uniformity of statistics across agencies, (2) maintaining the quality of statistical data, (3) improving the efficiency of data collection and analysis, and (4) improving the accessibility of federal statistics to the public.

Uniformity

Comparability among federal statistics is essential for policy making and program management within the government and for a variety of private uses. OIRA will maintain, and as necessary revise, uniform statistical definitions and standards. We have recently adopted a new standard which establishes common categories for reporting business sizes in statistical tabulations. This standard will facilitate comparisons of business data from many different agencies. We will soon issue a technical revision to the statistical definition of poverty and plan a major revision to the Standard Metropolitan Statistical Areas as soon as the 1980 Census data are available.

Quality

Maintaining and improving the quality and utility of federal statistics often requires that the activities of several agencies be coordinated. We are currently involved in the redesign of the major household surveys conducted by the Bureau of the Census. This effort involves careful budget and substantive coordination among the Census Bureau and the four sponsoring agencies. Separately, concern about statistical quality influences our forms clearance activity. For example three Energy Information Administration forms were continued over industry objections because one provided data needed by the states and the others were of critical importance to other statistical agencies. Other efforts to maintain the quality of federal statistics include planning for the 1990 Census and the transfer of the Quarterly Financial Report from the Federal Trade Commission to the Bureau of the Census. Improved methods will be addressed through the Federal Committee on Statistical Methodology which is currently examining statistical uses of administrative records and improved uses of telephone interviewing in survey research.

Efficiency

The benefits of statistical information must be balanced against the costs of data production, both in government outlays and reporting burdens. My staff reviewed the statistical efficiencies which might be achieved through relocation of energy

statistical programs and had substantial input into the recent Administration proposal (Federal Energy Reorganization Act). We also now are actively pursuing a major policy proposal that would allow the exchange of microdata records among protected statistical centers while ensuring confidentiality of the records.

Accessibility

Federal statistics are often as valuable to the private sector and state and local governments as to the federal government itself. OIRA will promote increased use of charges for data collection and dissemination whenever this will enhance the scope and detail of available statistics. One such case was described in Tuesday's Washington Post. Two agricultural surveys were slated for elimination because of their limited national value; however, funding has now been provided by a producer association and a USDA program office. Of greater significance are the provisions of the recent farm bill which allow the recovery of subscription fees and their use to defray statistical program costs.

We will also promote increased use of computer and telecommunications technologies to make federal statistics more widely and rapidly accessible. For example, we are currently reviewing proposals to allow electronic access to releases of the Bureau of Labor Statistics.

In summary, I am confident that our new administrative arrangements and policy priorities will strengthen our efforts to meet all of the ambitious mandates of the Paperwork Reduction Act.

That concludes my testimony. I will be happy to answer any questions you may have.

Mr. BROOKS. Thank you very much.

I will first call on Mr. Horton, as he has a commitment which he must leave for shortly.

Mr. HORTON. I am sorry I can't stay to ask questions, but I will submit my questions to you, Chris. Unfortunately, I had prescheduled a meeting with a constituent at 11:30, and I will be a little late for that, but I did want to hear your testimony.

We appreciate your testimony. We will be in touch with your office as we work through the remainder of these hearings.

Thank you.

Mr. BROOKS. Thank you very much, Mr. Horton. We appreciate your participation in these rather important hearings. They will have a considerable effect on the country for the next 10 years because we utilize so many statistics.

Mr. DeMuth, you have given a very beautiful statement. It sounds wonderful. I don't believe that that dog will hunt, though. As soon as they take the shotgun out that dog is going to hide in the cage and never come out and hunt birds.

You will charge fees of statistics users, utilize computers, and meet all the new standards. You are going to cut a little out of the Department of Energy because you prematurely think that they are not going to be in existence. The dismantlement of the Department of Energy hasn't cleared this committee, Mr. Dingell's committee, or four or five other committees to which it will be referred, if and when it gets introduced in the House. They are working on it in the Senate where you can probably get it through, but when it gets over here it will get a more objective evaluation.

You know, all those beautiful things, sound good, but you haven't convinced any of the people in either the business, the academic, or statistician groups of the viability of this program.

When you, No. 1, don't fill the position of Chief Statistician and then abolish the Statistical Policy Branch by taking four people and sticking them in your Office somewhere and assigning them to agency work, they will have about as much chance of influencing the policy of those agencies as a cut dog would have of winning a contest.

Now, let's be realistic. We are all Congressmen and bureaucrats, people who work in Government, or business people on the outside. If I am running one of those agencies and they send some third-ranking statistician who got his degree in accounting somewhere, to tell me how to run things, I will listen to him and given him the treatment and do like I cotton well please and all of my agency will back me up. I will also have the industry that likes the way I do things—backing me up, and you are really not going to have any influence unless you have some kind of a head of that agency who really is technically competent to point out what I am doing wrong.

I think it has some real problems for us.

Of the several responsibilities that you have concerning the Federal Government's statistics, under the Paperwork Reduction Act, which do you consider most important?

Mr. Levitas, we appreciate your coming in and your long and continuing interest in this matter. We are indeed grateful to you.

I believe they might be working on the budget over on the floor, again. We are first going to take up the President's budget, that shows a deficit of \$122, \$123 billion, give or take a few nickels, that surely somebody will want to change.

I believe even the Republicans will want to change that, and the Democrats have a few modest suggestions that they might make so that it will probably take up the rest of this week.

Now, for your answer. Which of those do you consider most important?

Mr. DEMUTH. I believe the most important are the four that I have listed and I would not want to distinguish among them. I think that those which are essentially matters of coordination and monitoring the private burden, are the most important functions of a statistical office such as ours.

I do not agree with the proposals that there should be a very large and powerful office in OMB or elsewhere in the Executive Office of the President involved in management, in the design and the implementation, being very actively involved in the detail of these important national data collections.

It is often pointed out that we are one of the few, and in some views, the only Nation without a large central statistical organization. It has also been pointed out as Dr. Slater pointed out earlier, that the statistics that come out of the Federal Government of the United States are renowned for their objectivity, their disinterestedness, their freedom from political taint.

I think that the two things are closely related. I think the fact that the Census Bureau and BLS are not ordered around about how to design, implement, and interpret the Consumer Price Index, for example, out of the Office of Management and Budget, is a desirable aspect of the way statistical policy is organized in the United States.

I think a decentralized system over the long run is far and away the best protection against any kind of political abuse.

You mentioned the budget a moment ago. The Office of Management and Budget is now, always has been, deeply involved, day to day, in very large and important political controversies over the budget.

Budget projections are very deeply influenced by some of the major statistical series. If you change the way the statistical series are collected, you are going to change budget projections. It doesn't seem to me the same agency of Government ought to be doing both things.

I like it the way it is. I don't want to deny that we could be doing more with more people. That is true of every agency in the Federal Government. The number of people we have working on statistical policy is not vastly different than it has been in the past, reports to the contrary notwithstanding.

While there have been citations of larger numbers of statisticians in this office in the past before the Paperwork Reduction Act, a very large number of those were working on forms clearance just as a large number of nonstatisticians now are working on forms clearance in other parts of my office.

The number of people who came over from Commerce last year was the same number that had left. In the late 1960's and early

1970's, only eight or nine statisticians in OMB, while part of a much larger office, were not substantially involved in the forms clearance operations.

Mr. BROOKS. We appreciate your answer, but I would just like to disabuse you of the thought that I feel that statistics aren't objective. I don't mind leaving them in the OMB. I just think you ought to have a Chief Statistician over there. Nobody here has accused you of having erroneous figures. Every now and then other statisticians have different interpretations and econometric projections, and so forth but nobody has accused you of having erroneous figures. We are confident of this as we have kept a pretty close eye on you since you and David arrived over there, and we will continue to do so in the future. You are accused, however, of failing to have a coordination of the collection, which it seems to me is really necessary.

It seems to me you are asking for a big lump you don't have to take. If you had kept a Chief Statistician and a small agency—even a reduced agency—you could work on cuts, increase user fees, increase computer utilization, and cut down on what you think is duplication.

You could even have power to get any agency or department you want, to maybe reduce even the sample size, if it is unnecessarily large. Maybe we don't need 10,000 in a sample, maybe 8,000 is quite adequate.

I have paid for some polling myself. I found that the initial samples were large, more constructive and more costly, whereas the later samples were carefully done because they were much smaller and not nearly as expensive and yet they gave me effective information.

They gave me very accurate information and as it turned out the later samples at much smaller costs were excellent. That isn't always the case and you would hate to bet your whole \$500,000 on those small samples. I just say you have to have a little more faith.

We will give you credit for everything you do right, but I think having a Chief Statistician was a good program. We have had this kind of system for roughly 50 years in this country, and although I know you all can change the whole world, I don't believe you can do it this year. It is going to take a little longer.

I have a couple of other questions.

Mr. DEMUTH. Sir, could I elaborate very quickly on a point I made earlier?

Mr. BROOKS. You are welcome to comment.

Mr. DEMUTH. I am trying to get out of deep water rather than get into it.

I have been in the position I hold since last October. It seemed anomalous to me when I first took over the job and became familiar with the Paperwork Reduction Act and the organization of the office that of all of the responsibilities you assigned to this Office in the act, the only one handled by a separate office unrelated to the day-to-day management responsibilities was statistical policy.

We don't have a reports reduction branch, we don't have an ADP/telecommunications branch and over the months I have been in the job, it had occurred to me that we were achieving the goals of the act in terms of paperwork reduction and monitoring and au-

ding of ADP and telecommunication matters and the other important policies of the act more regularly and more effectively than we were in statistical policy.

It is my conclusion—and I don't put any final faith in any particular organizational arrangement; to me that is less important than when the job gets done—but I came to believe that was because we did not have the statistical policy individuals involved in our desk officer concept, the way the major part of the office involved in management was organized and the way all of the budget functions of OMB were organized, and it was for that reason I made this change.

If it doesn't work, we will try something else, but my initial reaction over the last couple of weeks is that it has worked well so far, and I think that it will, but I care much more about the results than the way the furniture is arranged.

Mr. Brooks. Well, certainly we do, too, and we have no basic commitment to anything other than efficiency, but—you know, I am not a statistician and despite your previous Government experience, I am not that optimistic about your scenario. Even if I were, I surely would have kept the Chief Statistician and then worked within that framework to make whatever cuts I wanted to make, wherever I thought I could get away with it, maintaining, as you say, all the good things that should be maintained.

I just think it was kind of a bad call. If we were starting over, we might have it all in one, but we didn't have that system in 1908, 1922, 1942, and 1970, and that is why I say—if I were you, I would just think it over. It is not going to change the world, but it might affect businesses around the country for the next decade or two.

I fear that your new arrangement will not produce coordination and will not result in useful information that is workable and highly credible. It may cause some problems even among solid supporters of the Republican Party.

What happens if those businessmen have erroneous information? You contend that we need none on energy and that you are all going to do away with that, but suppose you are planning to spend \$750 million or \$1.1 billion for a new refinery when the demand is not going to be there?

It would be a pretty major decision, one requiring all the information a person can get.

I would like to insert, at this point, in the record, a transcript of the interview you had with the Congressional Research Service on April 27, and a copy of my May 6, 1982, letter to Mr. Roybal.

[The information follows:]

TRANSCRIPT OF AN INTERVIEW OF CHRISTOPHER DEMUTH, ADMINISTRATOR, OFFICE OF INFORMATION AND REGULATORY AFFAIRS, OFFICE OF MANAGEMENT AND BUDGET, BY DANIEL MELNICK, SPECIALIST IN AMERICAN NATIONAL GOVERNMENT SURVEYS, CENSUSES, AND PUBLIC OPINION, CONGRESSIONAL RESEARCH SERVICE

INTRODUCTION

On April 26, 1982, the House Committee on Government Operations requested Christopher DeMuth to agree to be interviewed by Daniel Melnick of the Congressional Research Service so that the Administrations point of view could be included in a report being prepared by CRS for the Committee. This report is to review developments in the statistical system with special focus on the implementation of the Paperwork Reduction Act. Mr. DeMuth agreed to allow CRS to make a tape recording of the interview on the condition that he be given the opportunity to review it before it was made public.

DRAFT

Melnick: First of all, let me thank you for agreeing to meet with me. The House Government Operations Committee asked for this interview because CRS is preparing a report for them on the current status of the statistical system. One of the parts of this report has already been issued. The next part will focus on issues relating to the coordination of statistics. Because you are the most senior official with direct responsibility for coordination, I would like to ask you some questions about the administration's policy. First, I'd like you to talk for a minute or two about the steps the administration is taking to implement the Federal Paperwork Reduction Act of 1980.

DeMuth: Well, the most important functions have been: to establish the Office of Information and Regulatory Affairs within OMB, to establish a formal mechanism for the central assessment and approval or disapproval of individual information collections of all kinds from the agencies, and to institute a more general process, which we call the information collection budget. That is a fancy term but it just means that beyond reviewing individual information collections, we sit down with each agency in the late summer and go over their entire plans with regard to information collections for the coming year, come up with a total assessment of the estimated burden on the public, (which we are required to do under the Act for submission to Congress) and try to formulate with the agencies a strategy for burden reduction which will then be implemented in the context of the individual forms. At the same time we have similar kinds of review procedures in the information management and the statistical policy fields, whereby

we have formulated specific reviews of ADP systems in the agencies for example. It is similar to the agency collections budget. They have come to us with their proposals and we've made suggestions. And then we sat down and worked out particular longer term reviews. There are many other things we've done which are described in detail in our report. But those are the general ones.

Melnick: Turning to a couple of specifics points the Act provides for the establishment of the Federal Information Locator System. Can you tell me what progress you've made on establishing it?

DeMuth: Yes, . . . we have a full-time individual devoted to that and have recently concluded an agreement with the Defense Department, which already has what is in our view the best developed system that meets all of the statutory . . . that meets most of the statutory requirements for FILS internally. We are working with them through the summer to expand that into a prototype for the entire Federal government by next fall . . . to give the system the capability of meeting the demands of the statute.

Melnick: Now . . .

Demuth: May I interrupt for a second. Do you have a copy of our Annual Report?

Melnick: No, I don't.

DeMuth: I should give you that, because that has long and quite detailed answers to questions such as this.

Melnick: It would be useful to have. The Bureau of National Affairs is carrying a story today that the Statistical Policy Branch of your office is going to be abolished and the staff assigned to other functions. Is this report accurate?

DeMuth: . . . I haven't read it, but as you read it to me it is half accurate. The first part of it is accurate and the second part is not.

Melnick: I brought a copy for you.

DeMuth: Ok. . . . It is true that what we're doing is consolidating a good deal of our work on statistical policy into the three line management branches in OIRA. Currently we have three management branches which we call regulatory management, reports management, and information management. These are very rough divisions. Each has about a third of the Federal agencies which are particularly intense either in regulation, in paperwork, or in internal information management. For example, NASA is in the information management branch, because it is not a regulatory agency, does not impose a lot of private paperwork burden, but it is an information-management-intensive agency.

Within each of these three branches there are desk officers who like the budget examiners on the budget side of OMB, have a daily working relationship with their counterparts in the agencies. And each desk officer is responsible for all aspects of the agencies activities related to the Paperwork Act and the President's executive order on Federal regulation which we have integrated with the paperwork act responsibilities. So that an individual who was responsible for HHS, for example, would be part of our reports management branch, because HHS is not particularly a regulatory agency (although the Food and Drug Administration is an important one), but the largest component of the work that they do pertinent to the Paperwork Act is reports, mainly because of HCFA in SSA. The desk officer for HHS is responsible for the clearance of all information collections, such as Medicaid reimbursement forms.

Menlick: As well as statistical reports . . .

DeMuth: Well I'm getting to that. The same HHS desk officer is also responsible for the information collections contained in HHS regulations, and for reviewing information management issues at HHS such as the integrity of the social security computer system, which has been a matter of some concern. This is a separate responsibility under the Paperwork Reduction Act. The desk officer is responsible for regulations under the President's executive order. Now many of those come over here because they have, specially at HHS, information collections in them. They would be reviewing those regulations anyway because apart from the forms, the regulations have a lot of record keeping requirements in them.

Now, to date the one policy function which has not been integrated into the day-to-day management through the desk officer approach has been statistical policy. It was a separate branch over in the Commerce Department and it was brought over here as a separate organization in the analytical side of OIRA rather than being integrated into the management side. I think (and maybe I should have come to this realization before hand) that the separate branch devoted solely to statistical policy really became an obsolescence with the passage of the Paperwork Act, which integrates statistical policy with reports management, paperwork reduction, information management, and so forth. And you really can't segregate these things out very neatly. Internally, I have observed that the statistical policy functions have existed on a separate track from all the other things that we are doing under the Paperwork Reduction Act. And I don't think we've done them as well.

There are particular matters, such as the setting of statistical standards (such as SIC Code's and SMSA's) that I can imagine existing apart from day-to-day work with the individual agencies. But many of the statistical coordination functions, involving the work of different agencies can be done much more effectively on the desk officer basis. After all, OMB's success as a management institution has always been through the individual examiner who is in daily working contact with the particular agency, who understands that agency, but whose institutional incentives are very different from those in the agencies. That's why Congress set us up to work with each other the way we do. I think that we've done as good a job as we could given existing resources, to apply that management approach in reports management, information management, forms clearance and so forth. I just don't think that we've yet realized the same possibilities with respect to our statistical policy responsibilities.

Melnick: Now, let's take a couple of the issues.

DeMuth: Could I make one final point?

Melnick: Sure.

DeMuth: To return to your original question, it is true that the separate statistical policy branch is going to be eliminated, but not the statistical policy responsibilities. The statisticians will be working on the Commerce desk or on the Labor desk. That sort of thing. The reorganization isn't set in concrete, so it's hard for me to be more specific with you just now. Over on the analytical side, there is going to be a continuing need for some statistical policy work of a general nature which does not integrate well with day-to-day work. Promoting standardization of statistical definitions among agencies is a good example. Legislation, such as the confidentiality legislation we are now considering, is another.

Melnick: The Enclaves bill?

DeMuth: The Enclaves bill, right. Which would promote interagency sharing of micro data under strict safeguards. I would intend that that would be pursued by our analytical branch outside of the day-to-day management responsibilities.

Melnick: Where is the analytical branch going to be located in the structure?

DeMuth: Our management side consists of the three branches I have described. The other side in the past has been an office of economic analysis and an office of statistical analysis, and this will now be a single office of Economic and Statistical Analysis. The division was an artificial one, since there were economists working in the statistical policy branch and statisticians in the other, and I'm going to consolidate these two.

Melnick: Okay, let's look at some of the functions that are cross-cutting, that couldn't be put into the desk, let's say, of one agency or another and might actually even cross-cut the three parts of the management side. The first one you have talked about the is preparing the budget analysis. The Committee has learned that the Exhibit 54s may no longer be collected from the agencies. This is the document on which the data was collected in order to produce the budget report that you gave me a few weeks ago. Is that true, and if it is true how can you do an analyses of the statistical budget?

DeMuth: I don't think that there has been any final decision made. OMB has an internal staff working group going over all of our publications. Every single one of them. I think they've either recommended eliminating exhibit 54 or are about to. But at the most it's a recommendation at this point. I myself don't have a final position on that.

Melnick: So you haven't decided that one. Another example, is the work done by one agency on a reimburseable basis for another agency. In the case of the Bureau of the Census this constitutes one and a half times its straight line S&E budget. The figures for '83 were something like \$80 million of reimburseable compared to \$54 million for S&E, something like that. And there is a considerable amount of uncertainty, especially in the case of the Census, but I'm sure its true in other agencies also. These projects are negotiated by the agency that does the work with a large number of budget examiners. If there is no separate unit to look after them, who has the responsibility to oversee this and look at it from the point of view of the whole system and coordinate the efforts

between the agencies that are actually collecting the data, and the sponsors? Most of the time the statistical agencies do the work although it is not always the case. For example, the Internal Revenue Service collects some data that goes to Census. Who brokers this junction between the various parts?

DeMuth: Well, it has to be done at some level, and the question is where. I think that as far as coordination of the activities at the various agencies, we're going to be at a much stronger position to do that under our new structure. Because the statistical experts are going to be in the front lines of running the clearance machinery rather than in a separate branch removed from day-to-day decisionmaking. Congress gave us a lot of general responsibilities under the Paperwork Reduction Act, but only a few clear authorities to live up to those responsibilities. And obviously the most important one is the authority to approve all information collections. It seems to me the first step is to realize that those who are concerned with coordinating statistical policy—whether in a separate branch or part of the management branches—are still several people at OMB talking to several people in the agencies, trying to understand what their plans are, and trying to fit them into some larger picture. For example, if budgets are cut there will be less spent on contracts with the Census Bureau so the effect on Census will be greater than its own budget reductions. The only question is whether the OMB statisticians are also going to be the people with the authority in the first instance to be making decisions on information collection proposals.

Melnick: Is there also a question of expertise sometimes?

DeMuth: Certainly.

Melnick: There's a very special expertise. I'll give you one example of a similar kind of thing. It has to do with the redesign of the sample surveys that the Census Bureau conducts and the necessity of bringing those in-line with the findings of the 1980 census. This is a project that the Census Bureau has estimated would save maybe \$30 million over a ten year period. That's not a lot of money in the government but still its a large proportion of the cost of those surveys.

DeMuth: It's a lot.

Melnick: That's a very complicated brokerage job because the money for that is in the budgets of seven agencies. And it is also matter of bringing together the designs of all the surveys so that they accomplish the aims of each agency, as well as accomplishing the overall aim of improving the efficiency of these surveys. If there isn't a unit or a set of people set aside who have special expertise in statistics to look after an issue like that, how does it get done? Who does it?

DeMuth: I'd want to look into that a little more clearly. I must say I've often found that with these problems of coordination, there is a constant temptation to imagine that there is this single individual who grasps everything that's going on across the government and has both the expertise to understand what the correct decisions should be and the power to make them. But I've never encountered that individual, and I think it's a fantasy to think he will ever exist. What is always comes down to is several different people with limited information and differing institutional incentives are sitting down, sharing information, and coming up with some final decision. There's

no question that there is an ultimate job to be done, which is logically OMB's, to reconcile differences. If there are differences among the agencies, its got to go one way or the other. And it's usually more important that it go one way than it go the "right" way.

Melnick: Who convenes the meeting? Especially with regard to something like this redesign project, where there are divergent interests among the agencies. Yet, all the statistical agencies have a common interest, in accomplishing some sort of redesign. Yet, a budget officer or somebody looking at the day-to-day activities and having responsibilities for this year's data collection budget or this year's money budget, looks at a project like the redesign and says, how can I justify this in 1983 with all the budget cuts?

DeMuth: No, I understand.

Melnick: And how do I fit that in? Yet, if you look at the long term you might be able to justify it. If you don't have a unit of people who are oriented towards identifying an issue like that, is there some other mechanism that you are going to use to accomplish that?

DeMuth: Well, no! If you're asking specifically where would that be accomplished I would put that into the category of standardization. Which does have to be handled by a single individual or group of individuals. That's right.

Melnick: How many people do you think will end up working on standardization?

DeMuth: We've have not made any final decisions on it yet. We're working with about 9.5 full-time employees.

DeMuth: Eleven individuals . . . And, obviously in the current situation OMB's budget has been reduced very substantially, both on this side and on the budget side. We are having to choose our activities and priorities very carefully. And, there is no question that we are going to have to decide to focus on the most critical matters of statistical coordination and standards, and make sure that those get done well.

Melnick: Talking about the standard setting, the Committee has learned that under auspices of OMB a number of reports have been prepared relating to statistical methodology. There is one on interagency agreements, the reimburseables we were talking about a moment ago. There is one on the design of questionnaires, on contracting, on guidelines for revising time series, on the implementation of statistical uses of administrative data and on telephone data collection in the Federal government. Yet, these reports don't appear to have a vehicle for publication. No decision has been taken to issue them as statistical working papers. And now that the Statistical Reporter is not there, there is no other vehicle. What about that? Do you think there is a value to this kind of activity where OMB used to serve as an agency to stimulate the discussion of statistical efficiency and accuracy among the agencies. Where would that fit in in your scheme?

DeMuth: Well, I am going to have to be much less specific on this than you might want me to be. Because I would really have to look at the individual matters. As for myself, I see several important management tasks that are appropriately OMB's in the statistical area. And we

are going to try to do those as best we can. Where it comes to questions of methodology of a particular survey series, I don't see any reason that is inherent in the design of things that statisticians working at OMB would have any better judgment than statisticians working at, say the Bureau of Labor Statistics. It used to be that a lot of the best statisticians in the government worked at the Budget Bureau. And that was a time when the statistical agencies themselves were much smaller and much less sophisticated than they are today. I have never regarded it as an anomaly or regrettable in any way that the statistical policy organization in the Budget Bureau has gotten smaller as time has gone by. Because the statistical agencies themselves have gotten bigger, and they've gotten better. And there is a lot to be said. People think that its just a matter of having uniform standards among the government. In some cases that's a good idea, in some cases its a bad idea. There are costs as well as benefits to uniformity. A lot of what we know in the Federal government about statistics and a lot of what makes our statistical work the best in the world, arises from the fact that we have had diversity and competition among government bureaus. Because one agency has tried out one thing and another agency has tried out something else. If we'd had somebody issuing some ukase from on high, that things were going to be in done only in a certain way, we probably wouldn't have discovered out some things that we have.

Melnick: Okay.

DeMuth: Again I'm speaking very generally. I am not sympathetic to the idea that where abstract questions of methodology are concerned, OMB should be telling people how to design their surveys. When it comes to

standardization to ensure comparability between or among bureaus, so that we know more from combining what is received from two bureaus than we would otherwise, there is obviously a very important function there.

Melnick: So your emphasis is on coordination, burden reduction, and using data from one agency together with data from another agency, rather than on improving the efficiency or the accuracy of statistical information? Not that you're against that, but that's where your emphasis is.

DeMuth: Yes, that's correct.

Melnick: But the reports that I just talked about are the products of cooperative efforts of subcommittees of the Federal Committee on Statistical Methodology where all of these agencies that you have talked about have been represented. In fact, the authors of those reports are only rarely OMB statisticians.

DeMuth: Right.

Melnick: The issue is who convenes them, and who publishes them. Under what auspices do they get published? For example, one of reports that has been issued three or four years ago is a report of about the quality of the employment data. That was prepared by statisticians working at the Bureau of the Census, but issued under OMB auspices. It is not a question of whether they are issued under OMB's auspices or under somebody else's auspices. But since OMB now appears to be backing away from doing something that it had done before, where is that going to get done in the system? Who is going to do it? Will we lose the benefit of that material? I guess, that's basically what I'm asking.

DeMuth: Well, I certainly hope not. The federal government is doing less of many things that it did in the past. I, for one, care very deeply about the quality of statistical data. It is essential to people working in the President's office and essential to the understanding of economic and social trends. But there are, after all, hundreds of journals in this area. My experiences as an academic, where I was a voracious user of social statistics and other data, was that nobody with an important suggestion for improving any data series was going without a public in the statistical community. I really can't tell you the specifics in answer to that. Except to say that on the list that you gave me there are matters that we have been looking into. For example on telephone surveys, which seems to me to be particularly a responsibility of our office under the Paperwork Reduction Act. Because that is related to telecommunications, we have the responsibility for it. It has the possibility of maintaining the quality of data at a much lower cost to the private sector. And, one can imagine cases where an agency would not have completely sufficient incentives for making that change without some stimulus from on high. Without trying to appear to duck hard questions, I think we would have to look at it on a case by case basis. There will be situations where agencies may not have sufficient incentives to adopt a new technique, so I think that we should be involved. There will also be cases where, as a practical matter, issues of statistical methodology will also be extremely important politically, and which cannot avoid becoming an issue of importance to the White House and to OMB. One has to be very careful here because where it is a matter

of doing something the right way—as in the definition of unemployment, or poverty, or the Consumer Price index—the people that are making policy judgments based on those data probably should be one step removed from their month-to-month preparation. I think it is probably a good thing in this country that, under our decentralized statistical system, the same individual who is responsible for releasing the unemployment statistics isn't also the person that is involved with interpreting them and making economic policy. But the question of the appropriate measure of poverty, given the various types of income, is going to be a natural subject of high level political interest, and it seems to me an appropriate role for political officials. It is not just a matter of how one is measuring what real unemployment out there is right now. It is a matter of how one takes appropriate account of government policies themselves.

Melnick: With the demise of the Statistical Reporter, how are you going to seek to inform Congress, the executive branch agencies and the public about the statistically related decisions that OMB is making? That magazine really had quite a wide circulation among people who carefully watched the statistical system. What happens now that the Statistical Reporter is no longer there?

DeMuth: Well, I don't think it had a massive public. I...

Melnick: Let us say it had a very interested public.

DeMuth: Sure. I went back and read lots of issues of the Reporter and decided that the major articles usually were not of critical importance. Though I'm sure that many people were interested to read them. The hard data,

such as the release dates, were at the back of the book. And OMB continues to publish the statistical release dates, on a regular basis. Now when it comes to a particular statistical policy decision, when those take the form of required procedures or the ways the agency have to do business, the appropriate place to publish that has never been the Statistical Reporter. It is through OMB bulletins, circulars, or regulations, depending upon the type of decision involved. And a lot of smaller decisions don't really need to be public decisions in the sense of a formal publication in a separate journal. Where a certain survey is modified through the reports clearance process at OMB, as the result of work between our statisticians and those in the agencies under the Paperwork Act, those individual decisions are published in the Federal Register. Where an important statistical policy decision is made, to the extent that it needs to be communicated to a specialized public, to the Congress and so forth, the appropriate avenues of communication remain.

Melnick: A while ago you were talking about establishing standards as an important function. When the OFSPS came over to OMB recently and became the Statistical Policy Branch, it brought with it the statistical policy guidelines. Those statistical policy guidelines remained in force because the executive order included a provision that kept them in force. But they haven't been amended since OFSPS was merged back into OMB. Do you have any plans for amending the statistical policy guidelines in the near future and is it necessary to first issue them as OMB circulars?

DeMuth: I don't know the answer to your second question. One of the first things I did when I was here was to ask about that. I have received from the Statistical Policy Branch no proposal for comprehensive revisions of the guidelines. We do have a couple of particular ones that are currently in the internal decision-making process. Speaking generally, among the individual statisticians that give me advice on what we should be doing in this area, the revision of the guidelines has not been among their highest priorities.

Melnick: I've got two quick final questions.

DeMuth: OK. Thank you. You are very understanding.

Melnick: One of them is do you think that there will be a redesign of the Census surveys? Do you envision that that will be accomplished. You know the surveys I'm talking about? The Current Population Survey the Annual Housing Survey, the National Crime Survey, these are surveys that rely upon the decennial census as their basis. Currently they using the 1970 census as their base. Do you think that you are going to succeed in bringing the agencies together to fund the statistical work that will be necessary in order to accomplish the redesign?

DeMuth: Yes.

Melnick: You do.

DeMuth: If you ask the question at that level, I'm certain we should.

Melnick: One final question. One of my colleagues, noted something very peculiar and he asked me to ask you about it. We've noticed that over the last two weeks there haven't been any notices in the Federal Register relating to the Federal reports clearance? Is there something up?

- DeMuth: The notices are still being published, but by the agencies themselves rather than OMB.
- Melnick: They are to be done by the agencies.
- DeMuth: No, well, I don't know if the.....
- Melnick: There used to be a listing in the Register...
- DeMuth: All under OMB.
- Melnick: All under OMB.
- DeMuth: Now they are under the agencies.
- Melnick: Oh, I see. Thats.....
- DeMuth: You and I care, because we think of it as a system, and we looking at it from the top down. But the people who really use the system, don't give a hoot about OMB—what they care about is the Census Bureau or HCFA or some other specialized agency. The person who cares about a census survey doesn't care about a Medicaid form or a tax regulation. They are being published by the agencies along with their regulations and other policies, and if you read the Paperwork Act you will see that this is the approach Congress contemplated. The notices are now organized by agency and subject matter.
- Melnick: Are you planning a revision of the guidelines for clearing forms?
- DeMuth: Yes.
- Melnick: Can you say anything now about what that revision might contain?
- DeMuth: It is a comprehensive revision of the old A-40, to take account of the Paperwork Reduction Act and it to accommodate some of the vacant spots in the statute. We have a year of experience under our belts, now, and there are some ambiguities in the Act about procedures which we are now in a good position to resolve. We will be going out with the new circular very shortly. We have put alot of time and thought into this, and have now gotten to the point where we've answered the major questions as best we know how and need to turn to the agencies and the public for their advice and comments. We will go out for notice and comment very soon and draft a final circular as promptly as we can.
- Melnick: Thank you very much and you've been very helpful.

MAJORITY MEMBERS

JACK BROOKS, TOL., CHAIRMAN
 L. R. FOUNTAIN, MD.
 DANTE B. FACELLI, FLA.
 WILLIAM S. ROBERTSON, N.Y.
 DON PUGAN, FLA.
 JOHN CONYERS, JR., MICH.
 CARLOS COLLAZO, ILL.
 JOHN L. BURTON, CALIF.
 DONALD BRADY, ILL.
 T. H. LEVITAS, GA.
 L. J. W. EDWARDS, IND.
 TONY HIGHTOWER, CONN.
 HENRY A. WADSWORTH, CALIF.
 FLOYD J. FITZGERALD, ILL.
 TED WEISS, N.Y.
 MICHAEL L. SYRMS, OKLA.
 GARDNER V. ATKINSON, PA.
 STEPHEN L. NEAL, ILL.
 OORIS BARNARD, JR., GA.
 PETER A. PETERSON, N.Y.
 BARNETT FRANK, MASS.
 HAROLD WASHINGTON, ILL.
 TOM LANTOS, CALIF.
 BARBARA S. JOHNSON, CONN.

NINETY-SEVENTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON GOVERNMENT OPERATIONS

2157 Rayburn House Office Building

Washington, D.C. 20515

May 6, 1982

MINORITY MEMBERS

FRANK MORTON, N.Y.
 JOHN H. ENGLISH, ILL.
 CLARENCE A. BROWN, OHIO
 PAUL H. MC CLUREY, JR., CALIF.
 THOMAS H. KENNEDY, OHIO
 ROBERT S. WALKER, PA.
 H. CALDWELL BUTLER, VA.
 LYLE WILLIAMS, OHIO
 JOE DEARNO, ILL.
 WILLIAM F. CLINGER, JR., PA.
 RAYMOND J. MCGRATH, N.Y.
 HAL DAHL, NEBR.
 JOHN HILLER, IND.
 WENDELL SMILEY, IND.
 LAWRENCE J. DE HAENE, CONN.
 JUD GREGG, N.H.
 MICHAEL G. O'LEARY, OHIO

MAJORITY—225-8881

MINORITY—225-8874

The Honorable Edward R. Roybal
 Chairman, Subcommittee on Treasury,
 Postal Service and General Government
 Committee on Appropriations
 H-164, The Capitol
 Washington, D.C. 20515

Dear Mr. Chairman:

As you know, the Paperwork Reduction Act of 1980 (P.L. 96-511) has the potential for saving billions of dollars while making the government more responsive to the public. While OMB and its Office of Information and Regulatory Affairs (OIRA) have the primary responsibility for administering this important legislation, oversight hearings held by this Committee clearly showed that OMB has failed to carry out its mandate under the law. GAO testified that of 37 key requirements contained in the Act, only three could be considered complete and five showed some signs of progress. For the remaining 29 requirements, GAO could find little or no signs of progress by OMB.


Given this dismal performance, I must seriously question OMB's commitment to carry out the requirements of the law. Many of OIRA's resources have been devoted to activities clearly outside the scope of the Act. For example, OIRA staffs the Vice President's Task Force on Regulatory Relief. While oversight of information aspects of government regulations is proper, the current regulatory reform activities of the office are clearly beyond the scope of P.L. 96-511.

Another significant concern is OMB's recent decision to abolish the statistical policy unit and reassign its personnel to other units within OIRA. Having eliminated the central statistical policy unit, I do not see how OMB can fulfill its statutory responsibilities to develop, coordinate, and evaluate Government-wide statistical policy and coordination functions.

Because of these findings and a concern that OMB may have lost sight of Congress' intent in passing the legislation, I firmly believe that the Office of Information and Regulatory Affairs should be afforded a separate, line-item account within the OMB appropriations. This action is in consonance with the separate authorization for appropriations contained in P.L. 96-511 and would help ensure that OMB resources are solely dedicated to achieving the objectives of the Act. I would greatly appreciate your support in this matter as your Subcommittee considers OMB's 1983 Appropriations bill.

With best wishes, I am

Sincerely,



JACK BROOKS
 Chairman

Mr. BROOKS. Do you have any plans to fill the position of Chief Statistician?

Mr. DEMUTH. No, sir; I should say the position is not a statutory one. In fact, I was in the Office for several months before I knew that the title existed. The coordination functions that I have outlined are the critical ones and we have many other critical tasks. We don't have a chief paperwork burden reducer, et cetera, but I think we are doing a pretty good job on that.

I think just in the last several months, we have made a substantial amount of progress in every one of the four areas that I have described to you, and I don't mind saying here today that I am optimistic, that we are going to do a creditable job in these areas.

Mr. BROOKS. You represent that viewpoint very graciously and I would like to submit a few more questions to you for the record.

Also, without objection, I will include as an appendix to the hearing record the CRS organizational charts of OIRA, a summary of the CRS report on statistics, the report itself, and other relevant material.

[Submissions to additional questions by Chairman Brooks and Congressman Horton follow:]

Mr. DeMuth's Responses to Chairman Brooks' Questions

1. What specific plans does OIRA have for fulfilling its obligations under the Paperwork Reduction Act to evaluate the performance of statistical programs and develop long-range statistical policy?

Along with our continued involvement in both the fiscal and information collection budget processes, we intend to develop a long-range planning process for the statistical agencies. The multi-year planning process which will be developed in coordination with the agencies will assist us in identifying priorities and issues which affect more than one agency. Major activities such as the quinquennial censuses, the redesign of household surveys, the 1990 census of population and housing, and the revision of the Standard Industrial Classification Manual are examples of crosscutting issues which would be included in these plans.

In addition, the Paperwork Reduction Act requires OIRA with the assistance of GSA to selectively review the information management activities of each agency. Our publication, "Improving Government Information Resources Management", highlights the first set of these reviews. Census's computer replacement and the Interstate Commerce Commission's review of rail commodity statistics are two examples of statistical issues included in these reviews.

- a. What specific plans does OIRA have for fulfilling its obligations under the Paperwork Reduction Act to review the budgetary proposals of the various statistical agencies?

We intend to continue the working relationship we have with the budget examiners. The long-range planning process mentioned above should enable us to have even more lead time for identifying crosscutting budget issues for discussions with the budget examiners.

- b. On April 27, 1982, you stated in an interview with CRS that serious consideration was being given to no longer collecting Exhibit 54's from the various agencies. How does OIRA plan to obtain the information necessary to review the budgetary proposals of statistical agencies in the absence of Exhibit 54's?

Other sources of such information will be tapped as needed, including for the main statistical agencies the budget documents that will be continuing and for other agencies ad hoc queries.

In the October 1981 hearings on the Paperwork Reduction Act, GAO testified that OIRA was devoting more of its resources to regulatory relief efforts than to its other responsibilities, such as statistical coordination.

- a. Does OIRA have the personnel and budgetary resources necessary to implement the statistical provisions of the Paperwork Reduction Act?

As is true with every agency in the Federal Government, we could be doing more with more people. However, as I have indicated before, the number of people we have working on statistical policy now is close to the number

it has been in the past. Consistent with our statutory mission, a set of clear priorities has been established to give our efforts definite focus. The recent organizational changes we have made should strengthen our ability to carry out our statistical responsibilities and use our personnel resources effectively.

- b. Would you find a line-item budget for OIRA helpful in allocating the resources of the Office? If not, why?

No, a line-item budget for OIRA would not be helpful in allocating the resources of the Office. For a relatively small office, such as OMB, the constraints of a line-item for OIRA would impose internal constraints on allocation of funds which would make office management more difficult.

4. The budget cuts have placed at least one statistical agency, namely, the Bureau of Labor Statistics, in a serious fiscal bind and now the quality and timeliness of the Consumer Price Index, Producer Price Index, and unemployment statistics are in jeopardy.

- a. What actions has OIRA taken to insure that such vital information is protected?

In order to prevent budget cuts in the Department of Labor which would affect the quality and timeliness of the Consumer Price Index, Producer price Index, and unemployment statistics, OIRA has been involved in Administration support of a budget supplemental to the Labor Department's appropriations.

- b. Was OIRA consulted concerning the effect that the recent budget cuts would have on the government's statistical agencies and programs in general?

The statistical policy staff and desk officers for statistical agencies have been involved with the budget examiners in the review of budget changes. Budget cuts for various statistical programs were carefully examined. However, we were not always consulted about cuts which were made at the departmental level.

- c. What is OIRA doing at this time to help the statistical agencies and programs cope with the effect of the budget cuts?

OIRA is focusing on promoting the efficiency and utility of statistical programs that are being maintained. Two specific examples are the staff participation in the redesign of the household surveys and in arranging reimbursable funding to produce data tapes from the Income Survey Development of 1979 done in anticipation of the Survey of Income and Program Participation.

5. What is the Government's statistical policy?

For many decades the Federal government's overall statistical policy has been to build and maintain an effective, efficient and highly professional decentralized

statistical system. Even though each administration may place the emphasis on different areas, a decentralized statistical system has been maintained.

I believe that our Federal statistical system benefits from its decentralized organization. The present decentralized system encourages objective statistics that are free from political taint. I think this system should continue. I want OIRA to continue to provide the oversight and coordination necessary to produce quality statistics useful for making sound policy decisions.

We also are exploring how the data collections and desired analyses could be handled more efficiently. In this regard, we need to facilitate the statistical use of the large volume of information collected by the Federal government contained in administrative record files. In order to do this, better mechanisms to protect the confidentiality of data exchanged for statistical purposes need to be established.

6. a. What specific plans do you have for updating and issuing Statistical Policy Directives?

The Statistical Policy Directives promulgated by the Department of Commerce remain in force under Executive Order number 12318 which formally transferred statistical policy authority and staff to the Office of

Management and Budget. Since the reorganization of OIRA, we have undertaken an overall review of these Directives to determine what changes may be appropriate in recodifying the Directives as OMB guidance. We will consider changes to facilitate enforcement through the OIRA Desk Officers and to enhance the role of statistical agencies in the periodic process of review and maintenance of the standards.

Meanwhile, we have proceeded independently with one new standard (business size categories) and with the substantive updates which I mentioned in my testimony. We have solicited and received assistance from agencies with particular expertise on specific standards.

- b. Who specifically is presently developing and seeing that Statistical Policy Directives are being enforced?

One of our statistical analysts is responsible for the overall review and four others are responsible for substantive updates. Examples of Statistical Policy Directives currently under substantive review are Standard Metropolitan Statistical Areas (No. 7), Standard Industrial Classification of Establishments (No. 8), and Definition of Poverty for Statistical Purposes (No. 14). The statistical desk officers have also been involved in development and revision issues. Implementation of the standards is addressed in statistical budget reviews and to a lesser extent as a

reports clearance issue. New enforcement, development, and maintenance mechanisms will be considered in the current review.

7. How have you kept abreast of statistical developments and problems that affect multiple agencies and require interagency action?

In OIRA, the desk officers provide a vital contact with agency programs. The recent reorganization within OIRA placed statisticians as desk officers for departments which contain the major statistical organizations. This will provide for a stronger communication link. When statistical program changes affecting several agencies are identified by these desk officers, they will bring the issues requiring coordination to the attention of the Regulatory and Statistical Analysis Division which will initiate appropriate action. We also rely on the agencies themselves to identify issues of multi-agency concern.

8. In the absence of a chief statistician, who specifically is performing his functions? What other duties does this person also perform?

As I mentioned at the hearing, the position of chief statistician is not statutorily required. I believe that OIRA can fulfill the statistical requirements mandated in the Paperwork Reduction Act (PRA) under its current organization. As the Administrator of OIRA, I am responsible for all activities outlined in the PRA, including statistical policy.

9. How can a so-called "enclaves" bill be implemented in the absence of a chief statistician?

The original "enclaves" bill as formulated by the Statistical Reorganization Project (1977) was proposed in the context of discussions focusing on an independent Central Statistical Office headed by a Chief Statistician. This Chief Statistician would have performed the function of the proposed bill as well as all of the statistical policy and coordinating functions now established in OIRA by the Paperwork Reduction Act (PRA). In order to be consistent with that delegation of authority in the PRA, the authority in any proposed "enclaves" bill would now be given to the Director of OMB with permission to delegate responsibilities to the Administrator of OIRA. In the PRA the Administrator of OIRA was given such broad ranging responsibilities as providing confidentiality protection for statistical data and authorizing the sharing of data where the disclosure is not inconsistent with any applicable law.

10. What role is the OIRA playing in the planning of the 1990 Census? How does OIRA plan to insure that the concerns of the many agencies affected by the 1990 Census are addressed?

OIRA recognizes the importance of the 1990 Census to the entire statistical system, consequently, we intend to play an active role in assisting the Census Bureau to plan for this program. Our role will be to ensure that Census develops and implements an appropriate plan for addressing all statistical and operational facets of a program of this complexity, to assist Census in soliciting input from major public and private data users, and to facilitate the exchange of ideas between Census and other major data producers. Our objective is to work with Census to introduce major efficiencies into the Census-taking process while ensuring high quality statistics.

Mr. DeMuth's Responses to Congressman Horton's Questions

1. Do you think that statistical programs should also have to bear their fair share of necessary budget cutbacks?

Yes. Of course, reductions in particular statistical programs need to be carefully thought out in order to maintain quality and continuity in the overall statistical system. In addition, whenever program reductions or changes in policy reduce the need for data, then corresponding statistical expenditures can be held down or reduced.

2. a. How would you suggest the government carry out retrenchment in the area of statistical programs?

It is useful to distinguish data collection and analytical efforts which support narrow programmatic goals from those which track more fundamental features and trends in our economy and our society. Program-specific data collection must rise and fall with program priorities. Any changes in statistical programs which meet a broader range of needs must be weighed more carefully, since the benefits accrue to decisionmakers throughout our society and not just to government. In either case, however, the ultimate test must be the utility of a program to the government and private sectors weighed against its costs.

- b. Should all statistical programs be cut back the same percentage?

Percentage targets are an essential device for enforcing budget discipline, but here as elsewhere the approach must be tempered with judgments reflecting government-wide priorities.

- c. Would you carry out the cutbacks on the basis of priorities?

Funding levels must be evaluated in terms of three (not always consistent) types of priorities:

- 1) Internal agency priorities -- these reflect the judgments of the statistical agency head about the relative importance of his own programs.
- 2) Departmental priorities -- these are very important in our decentralized system where each statistical agency makes many unique contributions to the mission of its department or parent agency.
- 3) Government-wide priorities -- these come into play because of the interdependence of statistical programs. The ultimate costs and benefits of a given statistical program may be affected by decisions beyond the control of the agency or department managing the program. These priorities are the most difficult to establish and enforce because they must be carefully balanced against statistical agency and departmental priorities.

d. What programs should be of highest priority?

From a government-wide perspective, a fair ordering of statistical priorities would be as follows:

- 1) The Census of Population, which is required by the Constitution;
- 2) Major data series of national economic conditions and social status necessary for policy making in more than one agency -- i.e., the Current Population Survey, the Consumer and Producer Price Indexes, and the Economic Censuses;
- 3) Surveys necessary for federal decisionmaking but more specific to individual programs or agencies -- i.e., crime and health surveys;
- 4) Statistics necessary to state and local policy making that can be collected more efficiently at the federal level or in concert with the collection of data used for federal policymaking; and
- 5) Statistics whose principal importance is to discrete private organizations and which can be collected more economically by the private sector or by federal agencies on a user-fee basis.

Obviously, these priorities are not absolute, and many surveys fall into more than one category. Many statistical series are vital to federal, state and local, and private decisionmaking, and many programs

(and related statistical collections) administered by a single Federal agency are of crucial national importance. Considerations such as these must be taken into account in determining appropriate budgetary levels for any particular statistical program.

3. Data provided to the Committee by the Congressional Research Service (copy attached) indicates that the three years between FY 1981 and FY 1983, statistical programs suffered a net reduction of some \$54.6 million or some 5.1 percent in current dollars. If one looks at just the programs suffering cutbacks, it becomes apparent that only 31 of the 71 programs suffered actual declines. Of these 31, the bulk -- almost 80 percent -- of the reduction was felt in data collection related to five areas: Energy Policy, the Employment Training (Labor), Policy Development and Research (HUD), Fish and Wildlife Service (Interior), and the Office of Assistant Secretary for Planning and Development (HUD).

If this is correct, then doesn't it suggest that the budget problems facing the statistical system as a whole may not be critical but simply reflect the affects of inflation (which impacts all programs) and the priorities set by the Administration as to which programs are most important?

This is a fair interpretation. The reduction in the Fish and Wildlife Service may, however, be misleading. That change reflects the completion of a large survey which is only conducted once every five years, rather than any significant shift in priorities. It is also notable that the Department of Housing and Urban Development chose to cut its statistical programs far less than related Policy Development and Research activities.

4. The statistical program run by the National Center for Disease Control has apparently been severely cut back. What will the effect of this reduction be?

The apparently severe cut to the budget for the National Center for Disease Control from FY 1981 to FY 1982 reflects efficiencies introduced to the statistical programs of the agency rather than actual program reductions. Cost savings associated with the national morbidity and mortality reporting system and disease data sets resulted from several sources. They have contracted out the printing, moved from first to fourth class mailing, switched to bulk mailing, and changed policy to send information out only to direct requesters in lieu of general mailings. Savings for moving to a subscription basis were included in these estimates, but this has not been implemented. Cost savings in a field survey of occupational exposure to potentially hazardous physical agents will be achieved by contracting out data collections and staff reductions. To our knowledge, there have been no cuts affecting program content.

5. The data clearly shows that in the last two administrations, as a result of a series of transfers, fewer and fewer people have been assigned full-time responsibility for overall statistical policy.
 - a. How many people should be working full-time on this subject?

The new organization of OIRA reflects our belief that the important statistical policy functions can best be performed by a relatively small staff devoted full-time to general oversight and coordination and a larger staff devoting a portion of their time to more program-specific statistical oversight responsibilities. While

we could be doing more with more people, we do not believe our current level of effort is inappropriate given the current budget situation, and given that so much of the actual statistical policy work is and should be done in the professional statistical agencies themselves. In general, the decline in OMB personnel working on statistical policy has been greatly overstated. In the past, many in OMB assigned to statistical policy functions were working on forms clearance under the Federal Reports Act.

- b. Can you describe to me in some detail what they should be doing?

We now have three full-time and three part-time members devoting their efforts exclusively to statistical policy. Their work includes reviewing and revising statistical standards, statistical coordination, development of long-range statistical improvements and oversight of major crosscutting issues. We also have four statisticians and a significant number of other persons spending some time on statistical issues related to forms clearance, agency budget review, and monitoring of statistical standards.

By covering this area under the current organizational arrangement, we expect to focus our efforts on the four essential goals I noted in my testimony: 1) ensuring

the uniformity of statistics across agencies, 2) maintaining the quality of statistical data, 3) improving the efficiency of data collection and analysis, and 4) improving the accessibility of Federal statistics to the public.

6. a. Before the reorganization, how well was the Office of Information and Regulatory Affairs discharging its responsibility for statistical policy?

Prior to the reorganization we were handling statistical policy functions adequately but not as effectively as we could. Statistical policy was not as well integrated with other OIRA branches as other policy responsibilities assigned to us under the Paperwork Reduction Act.

- b. What should OIRA have done differently that it was not doing?

We should have had the statistical policy staff more involved in the desk officer concept which was the way the major part of the office was organized.

- c. Has the consolidation and reorganization of OIRA affected its responsibilities in this area?

OIRA's responsibilities in this area have not been affected by the reorganization. We are focusing on oversight, coordination, and policy issues and intend to rely on the agencies for implementation and technical support.

7. The witnesses who preceeded you all painted a bleak picture of the Federal statistical system. Your testimony indicates that you don't share their view. Is the Federal statistical system at a crisis point? (If not, why not?)

In the present economic climate, many Federal programs are undergoing changes. The statistical programs are no exception. The main concerns expressed by the preceding witnesses related to reductions in level of detail and postponements of improvements. Some of the improvements are worthwhile in the abstract, but postponement of them is not a crisis. Indeed there is some irony in the notion, suggested by one of these witnesses, that the alleged crisis would disappear were we to increase current spending on statistical programs by a mere two percent.

8. You indicated in your testimony that if the energy-related statistical programs are not included, the system is "holding its own" in terms of funding. You're clearly not considering the effects of inflation and the fact that many programs are not keeping up with inflation. Is this appropriate?

My testimony presented data in nominal, as distinct from inflation adjusted, terms. In part, this reflects the fact that inflation rates overall are very low now and therefore, any inflation adjustment loses its importance. But another fact also needs emphasis. There are good programmatic reasons for many decreases in statistical budgets--e.g., periodic surveys which are done in 2, 5, or 10, year cycles, one time surveys, and cost savings achieved by more efficient survey management.

9. Even with the energy programs factored out, there are still significant reductions in various statistical programs: The Center for Disease Control - 30.6%; Health Care Financing Administration - 18.9%; Fish and Wildlife Service - 56.1; and the Drug Enforcement Administration - 57.8%.

These programs are clearly not holding their own. Can these statistical systems sustain this kind of cutback and still be useful?

In spite of appearances, the reductions in those agencies do not involve any reduction in program content. In the case of both the Health Care Financing Administration (HCFA) and the Fish and Wildlife Service (FWS) the reductions in funding requirements reflect surveys which are not performed every year. The FWS survey is discussed (p. 29) in the report which I cited in my testimony and in my answer to your question number 3. HCFA's "National Medical Care Utilization and Expenditures Survey" is performed on a cycle which required data collection funds in FY 1981 but not in FY 1983.

The savings in the National Center for Disease Control resulted from the very effective cost reduction effort which I described in my response to your question number 4. Funds to support the drug abuse warning network (DAWN) were, in fact, eliminated from the budget of the Drug Enforcement Administration, but they were not cut from the overall budget. Both the program and the associated funds were transferred to the Alcohol, Drug Abuse and Mental Health Administration of the Department of Health and Human

Services. Each of these budget actions reflected sound statistical management principles and all were supported by my staff.

10. What role does your office play in determining the funding decisions for programs that comprise the statistics system? (If none, why is this the case, given their overall role in statistical policy?)

OIRA assists in the development of issues for the Director's spring review. The staff works with the budget examiners to identify any problem areas, particularly those relating to more than one agency. OIRA staff also provide technical advice on issues raised by the budget examiners. In addition, the staff works with officials at the department level to identify priority issues.

11. Could you describe for me in some detail what the statistical policy group actually does? Could you provide for the record some examples of the work products?

As was mentioned in my testimony, the statistical policy staff is focusing on crosscutting statistical policy issues. Staff members are currently reviewing the statistical standards relating to Standard Metropolitan Statistical Areas, Poverty, and Standard Industrial Classification. These standards are maintained to ensure the uniformity of statistics across agencies. Staff members are involved in the redesign of the major household surveys and planning efforts for the 1990 Census. The Federal Committee on Statistical Methodology chaired by OIRA is examining

statistical uses of administrative records and improved uses of telephone interviewing in survey research. These tasks have been undertaken to improve the quality of statistical data. Staff members have also been addressing proposals for ensuring the confidentiality of all records collected from the public for statistical purposes in the context of establishing confidentiality protection that would be preserved if data were to be exchanged among statistical agencies for statistical purposes; limited data exchange could provide many statistical efficiencies. Some examples of recent work products prepared by the statistical policy group are the Special Report on Statistics related to the Budget, Principal Federal Statistical Programs; two reports of the FCSM, Interagency Review of Time-Series Revision Policies and Statistical Interagency Agreements; and the new statistical standard for business size categories.

[SUBCOMMITTEE NOTE: Material retained in Subcommittee files.]

12. Do you think that the responsibilities for statistical policy should be vested in your office?

The responsibilities for oversight and coordination of statistical policy are well suited for OIRA. Our involvement in the information collection budget process and information collection requests provides us with an excellent opportunity to enforce statistical standards and guidelines. It also affords us with the opportunity to insure that data are collected and disseminated efficiently

with a minimum burden on the public. We have the ability, through the fiscal budget process, to assist in the designation of priority issues.

13. What use do you plan to make of the statisticians that you transferred to the "management" side of your office?

They are responsible for the day to day contacts with major statistical agencies. They are also responsible for examining statistical issues on information collection requests which are submitted by other agencies. They will help identify crosscutting issues that need attention and provide technical assistance when necessary. An example of their involvement is a recent OMB policy decision concerning electronic issuance of press releases from the Bureau of Labor Statistics (see attached letter to Commissioner Norwood).

14. With Regulatory Analysis merged with Statistical Policy, how will you prevent the major demands of the analytical work on regulations from spilling over and undermining the work of the statistical policy analysts?

First let me emphasize that statistical policy issues arise from all types of programs, including regulatory programs. Many regulatory programs have developed in isolation from the body of professional practice and discipline nurtured by the statistical community. We have found that some problems in regulatory decision-making stem from statistical deficiencies rather than purely economic considerations. For that reason one of our statisticians has been assigned

part-time responsibility for statistical issues in regulatory decision-making. Otherwise, the statistical staff in Regulatory and Statistical Analysis Division treat statistical aspects of regulatory programs as they would those of other information programs, focusing on the uniformity, quality, efficiency and accessibility of data and information functions. In general, the skills of our regulatory and statistical analysts are complementary but not interchangeable. Thus we have both a regulatory and a statistical analyst assigned some responsibility for almost every Federal agency. The statisticians are very busily occupied with important policy issues and we have no intention of diverting them from these issues.

15. Are the statistical policy responsibilities that are now vested in your office the same as those handled by your predecessor organization? If no, how are they different?
- Overall, the major statistical policy responsibilities assigned to OIRA are roughly the same as they were in the predecessor statistical organization in OMB, the Statistical Policy Division (SPD). SPD, however, had much broader responsibilities than those assigned the statistical policy staff of our Regulatory and Statistical Analysis Division (RSAD). A number of the SPD staff worked exclusively on special projects such as SMSA designation, international activities, SIC codes, and special research projects. It is our intention to rely more on statistical agencies for

assistance with the staff work required for these projects. The RSAD staff is responsible for maintenance of government-wide statistical standards, development of general administrative and legislative policy initiatives, and general oversight and coordination among the statistical agencies on crosscutting issues.

Responsibilities for forms clearance, program guidance, and day-to-day contacts with the statistical agencies will fall to the Information and Regulatory Management Division (IRMD). These activities consumed a majority of the time of the SPD staff. Our organizational approach affectively spreads responsibility for various aspects of statistical oversight among a larger number of people in IRMD.

Thus, our approach is to ensure that vital statistical policy issues are addressed by spreading these responsibilities more broadly in OIRA and by relying more heavily upon agencies for assistance when appropriate.

16. Is it possible to discharge some of your statistical policy responsibility through the "management" side of your office? How should that work?

As I discussed briefly in my answers to your questions numbered 13 and 15, the management side is taking some of the responsibility for statistical policy issues.

JUN 11 1982

Mrs. Janet Norwood
Commissioner
Bureau of Labor Statistics
Washington, D.C. 20212

Dear Janet:

I am writing in response to your letter and memorandum of May 21, 1982, in which you request an OMB policy decision concerning electronic issuance of press releases from the Bureau of Labor Statistics (BLS).

Your memorandum recommends choice of an option under which BLS would announce the electronic availability of news release files. In undertaking this action, BLS would ensure that any private computer firm utilized by BLS will make electronic press releases available to any member of the public and that availability would not be linked to purchase of any data base services that the firm may also sell to the public.

OMB fully supports BLS in this matter. It is our view that, in taking this action, BLS will be providing a valuable service to the public which is cost effective to the government and also holds the potential for reducing costs of private concerns which make use of BLS press releases. We do not see that this action would conflict with the interests of the private sector inasmuch as the press releases consist strictly of statistical information and are not "value added" data or software.

As to the question of whether BLS should commence this service under its current contract with OSI or engage in a competitive procurement to select a vendor, I believe this is an issue which more properly should be settled within the Department of Labor in accordance with the appropriate procurement policies.

BLS is to be applauded for taking this initiative to make its data more readily accessible to the public. Other Federal statistical agencies should be encouraged to follow the BLS example.

Sincerely yours,

15 /
Christopher DeMuth
Administrator for Information
and Regulatory Affairs

Mr. BROOKS. The testimony taken at this hearing today has underscored the importance of the Nation's statistical system.

Effective statistical policy not only requires adequate personnel and institutional priority but strong coordination.

We have heard that policy and decisions at the State, local, and national levels are dependent upon the coordination of data collected by the various statistical systems in a number of departments and agencies.

However, the Office of Information and Regulatory Affairs has recently abolished the distinct governmental unit that had the primary responsibility of assuring coordination within our statistical system.

The subcommittee is particularly concerned about the impact that this reorganization will have on the soundness of Federal Government statistics and statistical policy. While we hear terms such as uniformity, quality, efficiency, and accessibility, it is not clear how the restructured office will accomplish such things and, at the same time, fulfill its mandate under the Paperwork Reduction Act concerning the coordination of statistical policy.

The subcommittee intends to continue monitoring the operations of the Office of Information and Regulatory Affairs, especially its implementation of the Paperwork Reduction Act. We hope that OMB will take whatever steps are necessary to insure that the integrity of the Federal Government's statistical system is not jeopardized.

The subcommittee would like to thank all of the witnesses who have appeared before us today and presented testimony. It has been constructive and helpful.

The hearing is adjourned, subject to the call of the Chair.

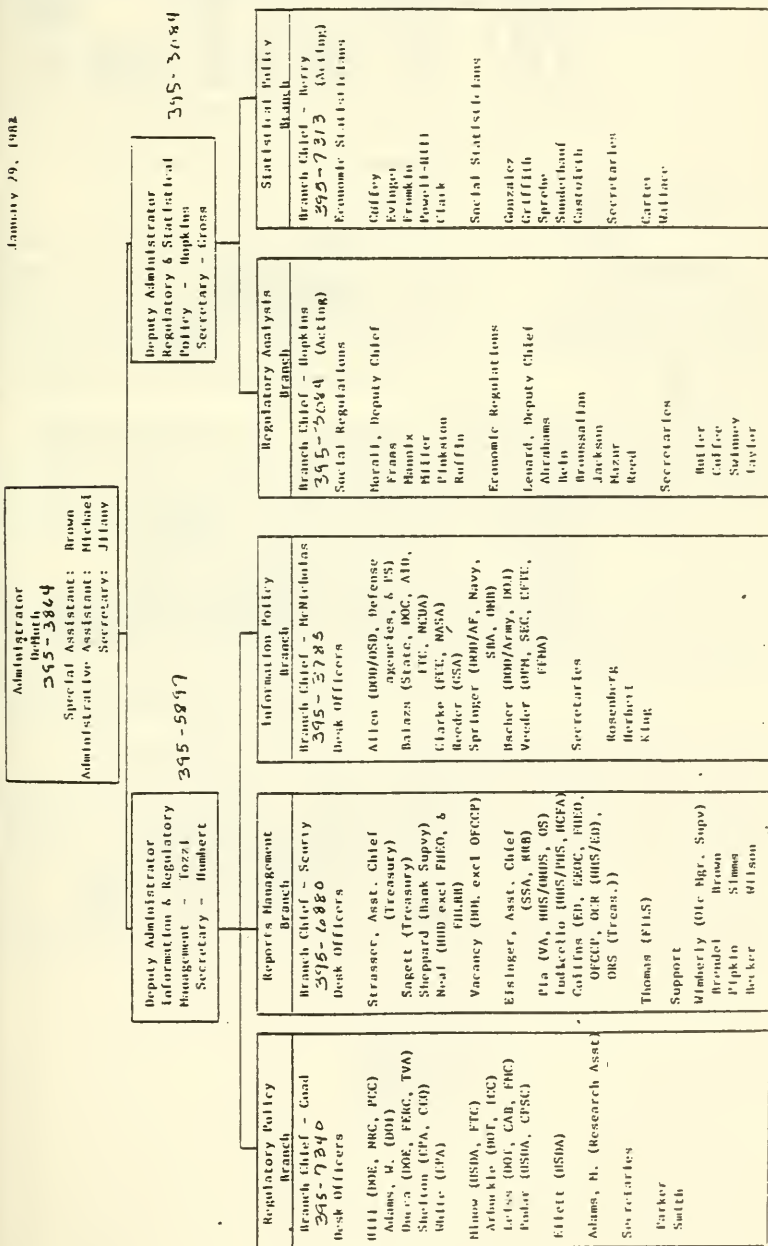
[Whereupon, at 11:50 a.m., the subcommittee adjourned, to reconvene subject to the call of the Chair.]

APPENDIXES

APPENDIX 1.—OFFICE OF INFORMATION AND REGULATORY AFFAIRS ORGANIZATIONAL CHART, JANUARY 29, 1982

January 29, 1982

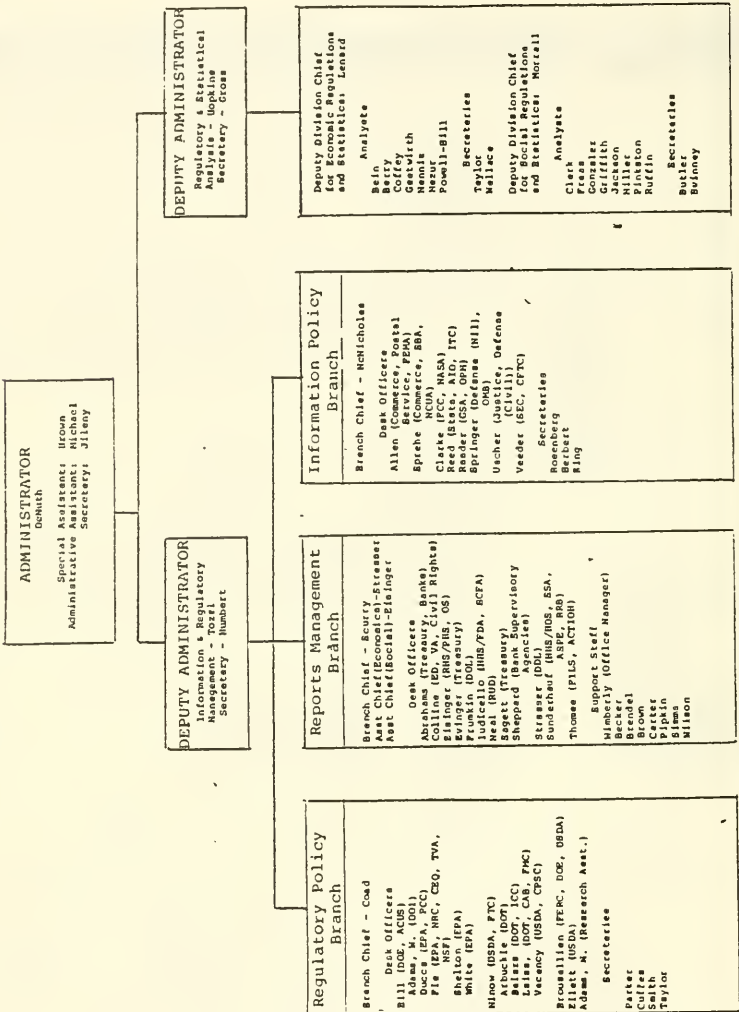
OFFICE OF INFORMATION AND REGULATORY AFFAIRS



APPENDIX 2.—OFFICE OF INFORMATION AND REGULATORY AFFAIRS ORGANIZATIONAL CHART, MAY 13, 1982

Effective May 13, 1982

OFFICE OF INFORMATION AND REGULATORY AFFAIRS



APPENDIX 3.—FEBRUARY 19, 1982, LETTER TO CHAIRMAN
BROOKS FROM GILBERT GUDE, CONGRESSIONAL RE-
SEARCH SERVICE, LIBRARY OF CONGRESS

Congressional Research Service
The Library of Congress



Washington, D.C. 20540

February 19, 1982

RECEIVED

FEB 22 1982

HOUSE COMMITTEE ON
GOVERNMENT OPERATIONS

The Honorable Jack Brooks
Chairman
Committee on Government Operations
United States House of Representatives
2157 Rayburn Building
Washington, D.C. 20515

Dear Jack:

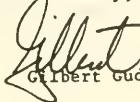
Thank you very much for your letter of February 9th. I am happy to know that Dr. Melnick has been of help to the Committee. In your letter you request a report on the impact of budget reductions on the amount and quality of statistical data available from the Federal Government. You also request an analysis of the effect of the changes on the operation of the Federal Government.

I have assigned this request to Dr. Melnick. He will be assisted in responding to it by Barbara Schwemle. If you are agreeable, the report can be prepared by the 25th of March. A consideration in setting this deadline is to allow us to analyze additional information on the budgets for the statistical agencies which is soon forthcoming from the Office of Management and Budget. Our reports scope and coverage will be enhanced by including this new information in our analysis.

In the report, CRS will review the types of statistical data currently collected, analyzed and reported by the Federal Government, the uses to which these data are put and the impact of proposed and already enacted changes. The report will contain sections on the background of the changes, the extent of reductions, the impact on statistical collection, the impact on government operations, the impact on federalism and alternatives for economy and reduced burden in the statistical system.

I trust this report will meet your needs. If you or your staff would like to discuss this matter further, please feel free to call Dr. Melnick on 287-8639.

Sincerely,


Gilbert Gude

APPENDIX 4.—SUMMARY OF RECENT CHANGES IN THE STATISTICAL ACTIVITIES OF THE FEDERAL GOVERNMENT, JUNE 2, 1982



Washington, D.C. 20540

Congressional Research Service
The Library of Congress

RECENT CHANGES IN THE STATISTICAL ACTIVITIES OF THE
FEDERAL GOVERNMENT

Daniel Melnick
Analyst in American National Government
Government Division
June 2, 1982

RECENT CHANGES IN THE STATISTICAL ACTIVITIES OF THE
FEDERAL GOVERNMENT

This is a summary of the CRS report on recent changes in the statistical activities of the Federal Government. The report is based on information provided by Federal agencies in their budget submissions and analysis of the statistical budget prepared by the Office of Information and Regulatory Affairs of the Office of Management and Budget, and through interviews with Federal officials responsible for statistical programs as well as leading statistical experts. Part I of the report was released April 8, 1982; Part II is scheduled to be completed at the end of June. The report shows that there has been a real decline in the money spent by the Federal Government on the collection of statistical information. Measured in current dollars, this decline amounted to 5.1% between 1981 and the President's proposed budget for 1983. If the figures were adjusted for inflation, the decline would be larger.

The report shows that this decline has led to the reduction of several programs for collecting, compiling, publishing and distributing information about the condition of the Nation. This information is used by the Federal Government in the administration of programs, for planning and decision making and as the base-line information needed in the evaluation of the impact of programs. Some important examples of the impact of these changes are:

- Reduced resources have curtailed some Bureau of Labor Statistics efforts to provide more accurate State and local estimates of unemployment.

CRS-2

- The reports of the 1980 census have been delayed.
- The National Center for Health Statistics has reduced the frequency with which it collects and reports on the public's health.
- The Energy Information Administration's budget for statistical work has been reduced by 39%, leading to the elimination of several major programs.
- Work on the redesign of the major household surveys of the government has been delayed. These surveys are still based on the 1970 census even though new census data were collected in 1980. The Census Bureau has estimated that by spending approximately \$15 million for the redesign, it will be possible to save approximately \$45 million in the conduct of the surveys during the next decade (measured in 1982 dollars).

The Administration is also moving to make several changes in the organization of the statistical system. For example:

- The statistical policy branch of the Office of Management and Budget has been dissolved. For the first time since 1933 no single office exists that has as its main responsibility the coordination of the collection of statistical data by the Federal Government.
- The Assistant Secretary for Health has proposed placing the National Center for Health Statistics in a new agency that would also have responsibility for the Government's programs in the area of health care delivery and resources.
- The Administration is proposing to transfer the Energy Information Administration to the Department of Commerce as a part of its dissolution of the Department of Energy.
- The Internal Revenue Service has reduced its compilation of information from tax returns. This may cause some States that use the data for tax planning purposes to seek other sources of data or be required to reimburse the Federal Government for the analysis.

APPENDIX 5.—RECENT CHANGES IN THE FEDERAL GOVERNMENT'S STATISTICAL PROGRAMS: AN OVERVIEW OF THE PRESIDENT'S BUDGET FOR FISCAL YEAR 1983 AND ANALYSIS OF THE DEPARTMENTS OF ENERGY, LABOR AND THE BUREAU OF THE CENSUS, APRIL 8, 1982



Congressional Research Service
The Library of Congress

Washington, D.C. 20540

RECENT CHANGES IN THE FEDERAL GOVERNMENT'S STATISTICAL PROGRAMS:
AN OVERVIEW OF THE PRESIDENT'S BUDGET FOR FY 1983 AND
ANALYSIS OF THE DEPARTMENTS OF ENERGY, LABOR AND
THE BUREAU OF THE CENSUS

Prepared at the Request of the Committee on Government Operations
U.S. House of Representatives

Daniel Melnick
Specialist in American National Government
Government Division
with the collaboration of
David Cantor, Economics Division
Larry Parker, Environment and Natural Resources Division
Dennis Roth, Economics Division
and
Barbara Schwemle, Government Division
April 8, 1982

RECENT CHANGES IN THE FEDERAL GOVERNMENT'S STATISTICAL PROGRAMS

In providing an analysis of recent changes in the Federal government's statistical programs, we have been asked to examine the following questions:

- " (1) What effect have budget reductions had on the amount and quality of statistical data available from the Federal Government?
- (2) What effect will proposed and already enacted changes in the data that is collected, analyzed, and published by the Federal Government have on its ability to operate?"

This is the first of two reports that address these questions. In this report, we present an overview of the entire situation including an analysis of the impact that the President's FY83 budget proposal would have. We proceed to a detailed analysis of three examples: the Department of Energy, the Department of Labor, and the reimbursable and demographic programs of the Bureau of the Census. These examples provide a review of the three major types of statistical data collection and use. Developments at the Department of Energy illustrate the impact of the administration's decision to cut back on the collection of administrative data as programs are reduced. The statistical responsibilities of the Department of Labor focus on an integrated set of employment, price and wage indicators. Its Bureau of Labor Statistics relies on the Bureau of the Census for a large part of the data collection. The Bureau of the Census is the largest collector of data in the Federal system. Its total resources constitute more than 20 percent of Federal expenditures on statistical activities during the years covered in this analysis.

CRS-2

In our second report, we review the current procedures for co-ordinating the federal statistical system and agency collection of Health, Education, Justice, Agriculture and Income Statistics. We also examine the impact of reduced statistical work on the measurement of the Gross National Product. The second report contains a pro-con analysis of alternative policies that could be adopted to improve the efficiency and accuracy of the statistical programs within the Federal Government.

LIMITATIONS OF ANALYSIS

In the time available, we have only been able to conduct a limited analysis. CRS has neither the resources nor is it the appropriate agency to conduct an audit of the operations of government agencies. Furthermore, we were not able in the time available to accomplish a comprehensive review of all of the agencies of the government. Consequently, we have narrowed our focus to the programs of the major statistical agencies, analyzed in the context of information about the statistical program of the entire government.

Because information is a medium of exchange in government, changes in the amount, kind, and quality of statistical information that is collected often reflect the policy agendas of those in power. It is not appropriate for CRS to make judgments as to the relative merits of these policy preferences. Rather, the current effort is limited to providing a description of the changes and an analysis of the impact they are having and will have.

Sources

In preparing this analysis we relied on information contained in material submitted to the Congress by the agencies, testimony presented in hearings, publications, and discussions with data users. We also used "Principal Federal Statistical Programs," a special report prepared by the Statistical Policy Branch of the Office of Information and Regulatory Affairs, Office of Management and Budget. This report is discussed in light of material submitted by the individual agencies. Staff of the Statistical Policy Branch and the various statistical agencies were also helpful to us. In addition, analysts in the Economics Division, the Education and Public Welfare Division, and the Environment and Natural Resources Division of CRS and the General Government Division of GAO provided us with useful information.

ORGANIZATION OF THE FEDERAL STATISTICAL SYSTEM

The impact of changes in the budgets and programs of statistical agencies should be viewed in light of the decentralized structure of the statistical system. A substantial proportion of the budget of several statistical agencies is derived from reimbursable work done on behalf of other agencies. In the case of the Bureau of the Census this amounted to \$84.8 million in fiscal 1981 which was about one and a half times as large as the salaries and expenses budget of the Bureau (\$57.2 million).

As a result, the amount of resources available to statistical agencies is dependent on decisions made in other executive Departments. Data produced for "general statistical purposes" is relied upon for the planning, implementation and evaluation of the programs of other Federal agencies, States, local governments, and private organizations.

CRS-4

This complicates any assessment of the impact of changes in the government's statistical programs. Specifying the needs of users is often a difficult process. There is no comprehensive source available for uses of census, survey and administrative data.

Paperwork Reduction

The amount and quality of information collected are not only determined by the budgets of the agencies but are also controlled as a part of the forms clearance process. The Paperwork Reduction Act of 1980 established new standards for the imposition of reporting burdens on the public. Since 1940, agencies that collect identical information from more than ten persons or establishments outside the Federal Government have been required to obtain clearance from OMB and its predecessor agencies. OMB estimates that the burden imposed by statistical surveys is only a small proportion of the total reporting burden that results from Federal requirements and requests.

Agencies collecting information are currently being asked to justify their programs in terms of their own mission and the needs of other Federal agencies. OMB is preparing a new forms clearance guideline that will very likely give greater weight to establishing a Federal need for the data as distinct from broader national needs. Agencies that sought to justify data collection to meet the needs of States, local governments, or private organizations would be required to show that no alternative was available. Staff of OMB's forms clearance branch told us that while previously data were collected by the Federal Government when this was "convenient," a more stringent standard will be applied in the future.

CRS-5

On March 26, 1982, an OMB staffer told a meeting of the State Higher Education Executive Officers (SHEEO) that if there is no Federal need, the data simply will not be collected. Gordon Davies (the representative of the State of Virginia at this meeting) said that the impact of this policy on the States would be "extremely severe. Even if the Federal Government backs out of administrating programs and reduces the level of funding for student aid and institutional support, its statistical role is absolutely essential."

Statistical Use of Administrative Data

The Federal Government collects data to facilitate the administration of a program. When the Federal Government reduces its role in the management of programs, shifting responsibility to the States, the data may not be collected unless special steps are taken. The Administration's policy is to eliminate the collection of administrative data as Federal programs are reduced. It argues that this will reduce the reporting burden the government places on the public and businesses. Opponents reply that the Federal Government has a separate responsibility to collect the data so that affected groups can identify the impact of policy changes. They say that without Federal data collection, consistent and standardized data will not be available from an authoritative national source.

Mr. Gordon Davies provided an example in citing the Federal role in collecting racial and ethnic data for the Higher Education General Information Survey (HEGIS) program. Mr. Davies said that without the data from other States on the racial and ethnic identities of students enrolled in higher education and receiving degrees, the State of Virginia would lack the benchmarks to use in demonstrating to the Office of Civil Rights that it was in compliance

CRS-6

with the civil rights laws. He argued that data on the migration of students from one State to another is vital to the State policy makers who must decide whether to allow students to spend state aid monies in other States.

Federal statistical agencies often analyze the records of State and Federal programs when they compile statistical indicators. For example, the Bureau of Economic Analysis uses administrative data to compile the Gross National Product and the Bureau of Labor Statistics uses information from the State employment agencies as part of their estimates of State and local area unemployment. As changes are made in the programs of the Federal Government, these administrative data bases will also change.

THE PRESIDENT'S BUDGET REQUEST FOR CURRENT STATISTICAL PROGRAMS

Table 1 presents an analysis of the President's budget request for the current statistical programs of the major agencies of the government. The information in this table is based on the report "Principal Federal Statistical Programs" issued on March 26, 1982, by OMB, supplemented with data obtained directly from the agencies. Each agency is required to inform OMB of the amount of their budget request that would support statistical activities. In their report, the Statistical Policy Branch concludes:

Funding for agencies was generally reduced in 1982. However, the 3-year trend suggests that agency budgets for statistical programs generally are holding steady or increasing. These aggregate figures, however, do not always reflect program changes. In many cases, the upward adjustments to the budgets reflect pay raises, personnel upgradings, increased health care benefits and other operating cost adjustments--not changes in program content. (p. 2)

In the remainder of this section, we review this conclusion with reference to our analysis of the President's request for funding of statistical functions.

Current and Periodic Funding

Table 1 presents budgetary information on the current statistical activities of Federal agencies. It does not reflect the periodic budget of the Bureau of the Census. The budgets of all the statistical agencies except for the Bureau of the Census are funded on a current basis. This means that they are required to plan for their programs on a year to year basis and may not carry over money from one year to the next. This sometimes complicates the funding for multi-year projects.

In contrast, some of the activities of the Bureau of the Census (such as the Decennial Census of Population and Housing) are funded on a periodic basis. In the case of these programs, the Bureau's authorizing legislation permits it to carry over funds from one year to the next.

While technically the distinction between current and periodic programs is that periodic funding allows for year-to-year carryovers, there is another important distinction. In the case of multi-year statistical programs such as census or surveys, the normal operation of the program will lead to large fluctuations from year to year. Periodic funding makes it easier to justify these increases or decreases from one fiscal year to the next because it assumes that the funding for projects will follow a multi-year cycle. Agencies that use current funding mechanisms must justify each increase as if it were a change in their program even when it occurs because a multi-year project has reached a point where larger expenditures would be expected. This might occur for example at the data collection phase of a survey.

While changes in the on-going programs can be judged in terms of the year to year changes in their budgets, the level of activity of multi-year projects is best understood in terms of the agencies' ability to complete

CRS-8

planned activities. Increases in multi-year programs may occur when the planned program cannot be completed for the budgeted amount or additional tasks are added to the effort. Cuts in multi-year programs may occur when the size of the effort is reduced or when efficiencies in operation enable agencies to complete the work for a lower amount.

In our analysis of current programs, we will examine changes in the agencies' budgets between FY81 actual figures and the FY83 recommendations in the President's budget. For the purposes of this analysis, we will not examine the impact of the 1982 budget. Instead, we concentrate on the cumulative effect of the changes already enacted and those that the President has proposed. In a few cases, such as the figures for the Bureau of Labor Statistics, this procedure ignores sharp drops in funding that occurred in 1982, but in most cases changes in 1983 were in the same direction as those in 1982.

Summary of Changes

Table 1 shows that the current statistical programs of the Federal Government experienced a 5.1 percent reduction in funding from FY81 to FY83 (not adjusted for inflation). About 70 percent of this decline occurred between FY81 and FY82. The President's 1983 budget proposal would reduce the rate of decline in funding for the current statistical programs. This would appear to contradict the March 26 OMB statement quoted earlier. When asked about this difference, the Office of Information and Regulatory Policy, OMB, asserted that the OMB statement was correct. ^{1/} It was maintained that most of the departments of the government kept their 1983 statistical budgets equal to or slightly greater

^{1/} Phone conversation of April 6, 1982 with John Berry.

CRS-9

than the levels of 1981. According to OMB the cuts occurred mainly in the Department of Energy, the Department of Housing and Urban Development, and the Department of Interior. The cuts in the Department of Energy "occurred because the need for data to design, implement, or evaluate policies is reduced." It was pointed out that the decline in the budget of the Department of Interior was due to the completion of a large-scale, one time survey. There were no comments on the cuts in HUD's statistical budget.

Opponents point out that the non-health related areas of the Department of Health and Human Services will also experience a 5.4 percent reduction between 1981 and 1983. They also note that according to the President's proposed budget for 1983, the statistical budget of the proposed Foundation for Educational Assistance would be 12.3 percent less than the 1981 statistical budget of the Department of Education.

One way of viewing the impact of these developments is to compare the changes in budget with changes in personnel costs. Statistical programs are labor intensive activities. Federal employees received a 4.8 percent increase in salary scale in October 1981. The President's budget assumes a 5 percent increase in October 1982. If this occurs the total increase from FY81 to FY83 would be 9.8 percent. Employees also receive step increases. Only the DOD increased its statistical budget enough to keep pace with the increase in pay scales from FY81 to FY83. Commerce, Justice, Treasury, Transportation and the health areas of HHS increased their statistical budgets enough to keep pace with the October 1981, but not the projected October 1982 scale increase.

CRS-10

The table does not present the full impact of the restrained budgetary situation on funding for statistical programs because the base does not include several large programs that were planned but for which little or no funding was needed in FY81. For example, in the period FY76 to FY82 the Department of Health and Human Services in collaboration with the Bureau of the Census spent more than \$20 million to develop a new Survey of Income and Program Participation (SIPP). This survey would have provided detailed statistical information about the recipients of federal benefits, their incomes and the extent to which they receive benefits from more than one federal program. The program was scheduled to collect its first full scale data base in FY82, but was cancelled.

Table 1 also does not include any inflation allowances for increased costs. Because costs are increasing, level funding expressed in current dollars reduces the real resources available; agencies must either find more efficient procedures or reduce their program. An across the board policy of holding them to level funding tends to create the most problems for agencies that already use the most efficient procedures because they must reduce the information they collect, process and release. In the next section we present a program by program account of the impact of these changes on the activities of major statistical agencies.

CRS-11

TABLE 1. Current Obligations for Principal Statistical Programs by Agency
(in millions of current dollars)

Agency	FY 1981 Actual	FY 1983 Estimate	Percent Change	Absolute Change
CURRENT PROGRAMS				
Department of Agriculture:				
Economic Research Service <u>1/</u>	3.2	2.3	- 28.1	- .9
Foreign Agricultural Service	18.0	19.2	+ 6.6	+ 1.2
Forest Service Research	8.6	7.6	- 11.6	- 1.0
Human Nutrition Information Services <u>2/</u>	4.2	4.2	0	0
Soil Conservation Service	77.3	82.5	+ 6.7	+ 5.2
Statistical Reporting Service <u>2/</u>	53.8*	53.7	- 0.2	- .1
Other <u>3/</u>	14.4	15.0	+ 4.2	+ .6
Department of Commerce:				
Bureau of Economic Analysis	17.1	18.6	+ 8.8	+ 1.5
Bureau of the Census	56.9	64.1	+ 12.6	+ 7.2
Bureau of Industrial Economics	6.8	8.7	+ 27.9	+ 1.9
Industry and Trade Administration	2.0	2.3	+ 15.0	+ .3
Economic Development Administration	1.7	---	-100.0	- 1.7
National Oceanic and Atmospheric Administration:				
National Marine Fisheries Service	7.1	8.4	+ 18.3	+ 1.3
Other NOAA <u>3/</u>	52.1	48.6	- 6.7	- 3.5
Bureau of Energy Information <u>4/</u>	89.8	54.5	- 39.3	-35.3
Uranium Resources <u>5/</u>	38.0	3.0	-92.0	-35.0
Other Energy Programs <u>3/ 6/</u>	12.2	9.1	- 25.4	- 3.1
Department of Defense:				
Corps of Engineers	9.4	11.8	+ 25.5	+ 2.4
Other, agency not specified <u>3/</u>				
Department of Health and Human Services:				
Alcohol, Drug Abuse and Mental Health Administration				
Center for Disease Control	6.7	7.9	+ 17.9	+ 1.2
Food and Drug Administration	6.2	4.3	- 30.6	- 1.9
Health Care Financing Administration	2.3	2.5	+ 8.7	+ .2
Health Resources Administration	10.6	8.6	- 18.9	- 2.0
Health Services Administration:	3.2	3.3	+ 3.1	+ .1
Health Service				
Indian Health Service	1.3	1.1	- 15.4	- .2
	1.9	2.1	+ 10.5	+ .2

* Based on agency request submitted to Congress.

CRS-12

TABLE 1. Current Obligations for Principal Statistical Programs by Agency
(in millions of current dollars)—(Continued)

Agency	FY 1981 Actual	FY 1983 Estimate	Percent Change	Absolute Change
CURRENT PROGRAMS				
National Institutes of Health:				
National Cancer Institute	34.4	36.6	+ 6.4	+ 2.2
National Heart, Lung and Blood Institute	8.2	7.6	- 7.3	- .6
National Institute of Neurological and Communicative Disorders and Stroke	4.1	4.3	+ 4.9	+ .2
Other, NIH	8.2	10.3	+ 25.6	+ 2.1
Office of the Assistant Secretary for Health:				
National Center for Health Statistics	33.7	40.3	+ 19.6	+ 6.6
National Center for Health Services Research	2.1	1.8	- 14.3	- .3
Office of Human Development Services <u>7/</u>	1.6	2.0	+ 25.0	+ .4
Office of the Assistant Secretary for Planning and Evaluation	7.7	4.5	- 41.6	- 3.2
Social Security Administration	22.6	25.3	+ 11.9	+ 2.7
Department of Housing and Urban Development:				
Community Planning and Development	.9	.9	0	0
Housing	4.5	5.0	+ 11.1	+ .5
Policy Development and Research	15.1	9.3	- 38.4	- 5.8
Department of the Interior:				
Bureau of Mines	19.1	20.4	+ 6.8	+ 1.3
Fish and Wildlife Service <u>8/</u>	8.2	3.6	- 56.1	- 4.6
U.S. Geological Survey	8.8	10.9	+ 23.9	+ 2.1
Other, agency not specified <u>3/</u>	6.5	3.4	- 47.7	- 3.1
Department of Justice:				
Bureau of Justice Statistics	12.7	14.6	+ 15.0	+ 1.9
Drug Enforcement Administration	1.9	.8 <u>a/</u>	- 57.8	- 1.1
Federal Bureau of Investigation	2.0	2.9	+ 45.0	+ .9

a/ Reflects transfer of the DAWN program to the National Institute of Drug Abuse in 1982.

CRS-13

TABLE 1. Current Obligations for Principal Statistical Programs by Agency
(in millions of current dollars)—(Continued)

Agency	FY 1981 Actual	FY 1983 Estimate	Percent Change	Absolute Change
CURRENT PROGRAMS				
Department of Labor:				
Bureau of Labor Statistics	109.9	120.1	+ 9.3	+10.2
Employment and Training Administration	18.4	7.7	- 58.1	-10.7
Employment Standards Administration	.5	.3	- 40.0	- .2
Mine Safety and Health Administration	3.0	3.0	0	0
Occupational Safety and Health Administration	7.1	9.0	+ 26.7	+ 1.9
Department of Transportation:				
Office of the Secretary	.6	.2	- 66.7	- .4
Federal Highway Administration	5.7	5.2	- 8.7	- .5
Federal Railroad Administration	.9	.9	0	0
National Highway Traffic Safety Administration	17.4	20.2	+ 16.1	+ 2.8
Research and Special Programs Administration	.7	.2	- 71.4	- .5
Urban Mass Transportation Administration	.8	.8	0	0
Department of the Treasury:				
Office of the Secretary <u>9/</u>	1.1	1.1	0	0
Customs Service	4.1	4.3	+ 4.9	+ .2
Internal Revenue Service	14.6	14.6	0	0
Civil Aeronautics Board	4.0	3.7	- 7.5	- .3
Consumer Product Safety Commission <u>10/</u>	6.4	5.4	- 15.6	- 1.0
Environmental Protection Agency <u>11/</u>	39.0	35.7	- 8.5	- 3.3
Federal Home Loan Bank Board	3.6	4.5	+ 25.0	+ .9
Federal Trade Commission	2.3	.6 <u>b/</u>	- 73.9	- 1.7
Foundation for Education Assistance <u>12/</u>	18.3	16.0	- 12.6	- 2.3
Interstate Commerce Commission	1.4	1.0	- 28.6	- .4
National Aeronautics and Space Administration <u>3/</u>	30.9	32.7	+ 5.8	+ 1.8

b/ Reflects assumption of responsibility for the Quarterly Financial Report program by the Bureau of the Census.

CRS-14

TABLE 1. Current Obligations for Principal Statistical Programs by Agency
(in millions of current dollars)—(Continued)

Agency	FY 1981 Actual	FY 1983 Estimate	Percent Change	Absolute Change
CURRENT PROGRAMS				
National Science Foundation <u>3/</u>	35.2	41.3	+ 17.3	+ 6.1
Securities and Exchange Commission	.4	.2	- 50.0	- .2
Small Business Administration	2.0	1.6	- 20.0	- .4
Veterans Administration	21.7	24.3	+ 12.0	+ 2.6
Total Current	1060.3	1005.7	- 5.1	-54.6

- 1/ Formerly part of the Economics, Statistics, and Cooperatives Service.
- 2/ Formerly the Human Nutrition Center.
- 3/ Includes funding for the National Climate Program.
- 4/ Formerly the Energy Information Administration, DOE.
- 5/ Formerly Resource Applications, DOE.
- 6/ Formerly Other DOE.
- 7/ Formerly the Office of the Assistant Secretary for Human Development.
- 8/ Includes funding for a periodic program, see text.
- 9/ Formerly the Office of the Assistant Secretary for International Affairs.
- 10/ Statistical program not previously reported.
- 11/ Totals do not include monitoring funds incorporated in grants to States.
- 12/ Formerly the Department of Education.

Source: This table presents CRS's analysis of budget numbers drawn from Principal Federal Statistical Programs. Prepared by the Statistical Policy Branch, Office of Information and Regulatory Affairs, Office of Management and Budget, March 26, 1982. The 1981 figure for the Statistical Reporting Service of the Department of Agriculture was taken from its budget submission to Congress because OMB's report said that it was "not currently available."

ENERGY STATISTICS*

In 1978, Energy statistics accounted for the largest single category of data collected by the U.S. Government. If the President's 1983 budget is adopted, funding for energy statistics will decline by \$73.4 million from a base of \$140 million, or 54.3 percent between FY81 and FY83. The Administration maintains that this reduction will occur because information previously collected as a part of the regulatory function of the Department of Energy is no longer planned to be collected. It is argued that the data were only needed to implement regulatory policies that have been reduced or eliminated by the Administration. It is further contended that now that the Federal Government is imposing less regulations on the industry, it no longer needs to require businesses to provide a detailed accounting of their operations. Opponents reply that the data are needed to monitor the impact of deregulation and help business, government and the public accommodate to new conditions.

For example, when petroleum was decontrolled in January 1981, the Department of Energy decided to stop collecting data on the categories of oil production. This makes it more difficult to independently estimate the revenues that will be realized from the windfall profits tax or the impact of this tax on the oil industry. Consequently, it is difficult for the advocates of changes in the tax to present analyses of the impact of modifications or to know how much revenue will be realized from continuing it. Although various statistical models are used to attempt this estimation, without the oil category data, it is difficult to verify their accuracy.

* Larry Parker (Environment and Natural Resources Policy Division) and David Cantor (Economics Division) participated in drafting this section.

CRS-16

Speaking at a meeting on October 20, 1981, Albert H. Linden, Deputy Administrator of the Energy Information Agency (EIA) pointed out that the number of users of EIA data

. . . is quite large. Almost every conceivable facet of our society has some need for energy information. These users include:

- a variety of users in DOE, for example, emergency preparedness and policy;
- other Federal agencies like OMB, HHS, USDA, CIA, and the Federal Emergency Management Administration;
- Congress, both Senators and Representatives, the Congressional Budget Office, the Office of Technology Assessment, and the Congressional Research Service;
- the private sector, companies like General Electric, Owens Corning, General Motors, Data Resources Incorporated, Amoco-SEDS, Shell Oil, Honeywell, and Alabama Power;
- States, including State energy offices and revenue/taxation offices, all or almost all States for some product or another;
- trade associations like the American Gas Association, the Edison Electric Institute, the American Petroleum Institute, and the National Oil Jobbers Council;
- universities;
- private citizens.

Energy information requests have risen dramatically in the past years. Our National Energy Information Center inquiries rose from approximately 19,000 in 1978 to 45,000 in 1980. Inquiries in 1981 to date are already more than last year's totals. We project a total of 65,000 inquiries in 1981, an increase of more than 40 percent over 1980.

In announcing proposed changes in the FY82 EIA budget, the Administration reviewed the increases that accrued in previous years and concluded that:

Much of this growth [in EIA's budget] has been to create new or more detailed data systems and refined analyses of limited practical value. As a result, the Government has created a growing demand for energy consultants and statisticians. The proposed change will reverse the trend towards ever more detailed statistics and assessments . . . Analytical efforts will be reoriented to provide faster, more relevant analysis and eliminate duplication with other Department of Energy offices. p. 6-10.

CRS-17

With the release of the FY83 budget, this trend towards less analysis and less data is very clear. In particular, the Administration is cutting the budget in three major areas: (1) analytical capability (models), (2) data collection and validation, and (3) personnel.

In the area of analytical capability, "projection of the mid- and long-term energy situation [over five years] will be eliminated" (p. 118). This decision will abolish several mid- and long-term projections currently required by law. (P.L. 93-275) These include projections done for the Annual Report to Congress, which in the past have provided comprehensive data and projections of the U.S. and international energy situation and an integrated account of the demand and production of electric, coal, gas, oil and nuclear energy. Before these data were first collected in 1973, comprehensive data about the domestic oil and gas situation were not collected and analyzed by any Federal agency.

EIA also terminated its analysis of the possible impact of initiating a coal-based synthetic fuels program. As a result, proponents of this program will have a harder time demonstrating its possible benefits while opponents may not be able to show its costs and environmental impact. The Administration, noting the slow development of synthetic fuels, decided that such an analysis is not needed at this time. In addition, advanced nuclear technology constitutes a large proportion of the DOE nuclear research and development budget. However, EIA will also end its analysis of the costs and benefits of this technology.

The "mothballing" of these parts of EIA's program will make it harder to keep the methodology up-to-date. Institutional knowledge of the workings of these analyses may be lost over time. If policy makers decide to request analyses in the future new analysts may not fully understand the assumptions and limitations of their results.

CRS-18

In May 1981 the EIA submitted proposed legislation--"The Energy Information Amendments of 1981" (S. 1281)--to change the law, but little action on the bill has occurred. If the Congress does not agree to S. 1281, a question arises as to how the EIA would do the mandated mid- and long-term analysis.

Data systems being proposed for elimination include the National Oil Import Reporting System extension and consolidation, extension of the Weekly Petroleum Status Report to refinery districts, selected coal, electric, and alternate fuel data system, the Financial Reporting System, and the Energy Emergency Management Information Program. Such reductions will affect the detail and possibly the accuracy of any analysis produced by EIA, particularly if information about State and local areas is required. Depending on the data bases eliminated, some analysis may not be feasible. For example, the Financial Reporting System was being developed to provide detailed comparable and consistent information concerning the financial structure and operation of energy companies. Loss of this data base will make it more difficult for the government to examine profit and investment patterns of the major oil and other energy companies. The Administration contends that the Federal Government should not be involved in such detailed accounting of energy company operations. Critics say that this information is needed to monitor the impact of Federal policies that are designed to encourage the development of new energy resources.

Besides data bases, the Administration is proposing to cut the statistical standards budget from \$2.8 million in FY82 to \$0.6 in FY83. This proposal would reduce validations and quality assessment reviews of data and models; eliminate field audits, reduce forms clearance, statistical design, statistical procedures and formation of major frame updates. The Administration argues that the validation procedures listed above do not add that much accuracy to

CRS-19

the data base. They argue that to reduce burdensome requirements on private industry, less data should be collected and thus less data to validate.

A third area of reductions is personnel. In its FY82 budget statement, the Administration stated that:

It is imperative that forecasts and analysis be prepared by Applied Analysis personnel. Only in this way can the objectivity, credibility, and consistency of products supplied by EIA be ensured. The development of in-house analysis capabilities since FY79 has allowed Applied Analysis to largely phase out the use of contractors in its forecasting and analytical work. (p. 151)

The Administration's FY83 budget requests a reduction of personnel for collection, production, and analysis from 466 to 338 FTEs. Much of this loss would be in the mid- and long-term analytical area where the EIA has slowly built up expertise. As noted, if this expertise is eliminated, EIA or its successor agency may experience problems using its mid- and long-term models.

EIA Surveys Eliminated or Delayed

The President's budget would result in delay or elimination of the following surveys:

The Residential Consumption Survey will continue as planned in FY83. The annual survey will be dropped in FY84 and run every 3 or 4 years thereafter. This survey "provides the first evidence on a national scale of the changes that are occurring in household energy use." From a sample of households, data is collected on type of fuel used, quantities, conservation (e.g., use of insulation and storm windows), prices. The data is compiled and reported nationally, by region, by income class, by race, by age, size and type of structure,

CRS-20

and by climate. Thus, it permits detailed trends to be identified which could be useful in designing policies for energy conservation, and low income assistance.

The Nonresidential Buildings Survey will not be conducted as planned in 1982. This survey collected data on type of structure, economic activities within the structure, fuel use by type of fuel, and energy consumption. It is the first time a detailed survey of these items has been prepared. It permits detailed trends of energy use and conservation in nonresidential buildings.

The Industrial Sector Survey has been dropped. Some data has been collected and published. This survey was intended to collect data on specific fuel consumption characteristics, including fuel-switching and cogeneration. The survey collected data on large boiler characteristics including fuel use, fuel switching, types of boilers, and boiler age. The data permits evaluation of conservation and effects of fuel prices on industrial costs of production. Its elimination will make it harder to assess this segment of energy demand.

Furthermore, owing to the elimination in FY82 of funds to be passed through to the Bureau of the Census, the data heretofore collected by Census in their Annual Survey of Manufacturers will not be obtained. (Census will continue to collect industrial energy use data in its 5 year Census of Manufacturing, using its own, not EIA, money.)

EIA also plans to cut back on the collection of data on the State level.

For example, they will no longer collect data about the production and distribution of middle distillate fuels at the State level. Some States might find it difficult to assess the adequacy of their supplies of fuel oil because

CRS-21

they rely on refineries that are located in other States. This might make it difficult for States to plan for the fair distribution of fuel oil if scarcity conditions return.

LABOR STATISTICS*

Statistics about employment, prices and wages are major indicators of the health of the American economy. They can be used to help judge the impact of the government's economic program by both the White House and Congress. The Council of Economic Advisers uses these data as a basis for recommending economic policy to the President. Congress uses them to evaluate the President's economic program and formulate National economic policy. Wage and price developments are reported monthly to the Congress. On the first Friday of each month the Commissioner of Labor Statistics presents the unemployment and employment estimates to the Joint Economic Committee. These indicators are prominently reported in the media as an indication of the success of the government's economic policies. A number of Federal agencies also use the data. For example, the Office of the Assistant Secretary of Defense for Manpower uses the labor data to help project the availability of recruits for the armed forces and help plan for the location of recruitment centers, the placement of recruitment advertising and the incentives required to attract recruits.

* Dennis Roth (Economics Division) participated in drafting this section.

CRS-22

Bureau of Labor Statistics (BLS)

The President's budget would provide for an increase of \$9.3 million or 10.2 percent between FY81 and FY83. However, there was a drop in funding between FY81 and FY82. During the first half of FY82, BLS implemented program and staff reductions in line with a 12 percent cut in its program.

The proposal for 1983 would preserve the programs of BLS at the FY82 level, although its budget expressed in current dollars will increase. Congress has cut BLS by an additional 4 percent as a part of the continuing resolutions enacted in December 1981 and March 31, 1982. The President submitted a request for supplemental funds to restore the cut. If this is not done, it might result in a long furlough (up to 45 working days), a reduction in the sample size and accuracy of the employment survey, or delays in issuing the unemployment, price or wage data. The following analysis assumes that the President's request for a supplemental is granted.

The reductions implemented in October 1982 included a hiring freeze, the elimination of about 200 positions, and a freeze on travel that is not related to data collection. Expenditures on equipment, supplies and delayable contracts have been deferred. BLS has also cut back on its publications and scaled back operations of its regional offices. As a result the Bureau eliminated or reduced the amount and precision of the information it compiles.

^{1/} For a more complete discussion of this issue see the attached CRS memorandum prepared for Representative Edward Roybal on Feb. 19, 1982. Mr. Roybal has granted its release to congressional offices.

Employment Data

Major changes were made in BLS's plans for the Current Population Survey. This survey is the source of the monthly employment and unemployment statistics for the Nation. When it began planning for 1982, the Bureau envisioned using a sample of approximately 66,000 eligible households. Cuts made in the fiscal 1981 budget forced the reduction of this to 60,000 households. After the 12 percent cut in FY82 this reduction in sample size was continued for 1982. As a result, data about the employment and unemployment status of the populations of small States, SMSAs, central cities, and minority populations will be less precise. Opponents of these cuts could argue that since several programs use State and local employment or unemployment data for allocating funds, the accuracy of these numbers is important. The Administration argues that the cut is justified because the overall precision of the National Labor Force data will not be affected.

The National Commission on Employment and Unemployment Statistics (Levitan Commission, created by the Congress) had recommended that the Bureau improve the methods it uses to estimate the amount of unemployment in local areas. The Bureau had planned to implement a program in accordance with these recommendations. The program would have supported State efforts to obtain better data. This program was eliminated.

The Employment and Training Administration has also eliminated a program that provided assistance to local governments to help them compile local area employment data. ^{1/} Without this assistance States may choose to curtail the information that they collect. Because the size of the Current Population

^{1/} See p. 28.

Survey is being reduced at the same time, estimates of unemployment and employment for local areas will be less reliable.

As a result, Federal, State and local policymakers may experience somewhat more difficulty in targeting programs to areas with high unemployment rates. For example, one program currently being considered by the Administration and Congress would provide special tax and labor law advantages to firms that invest money in Urban Enterprise Zones. One of the criteria proposed to determine the location of these zones is the rate of unemployment in local areas. Proponents of enterprise zones may experience difficulty finding a statistical series that reliably reports local area unemployment. A possible alternative they could use would be the decennial census results. It might be argued that these data are only collected once in a decade, and they may not be very helpful for making decisions in the mid- to-late 1980s because the information will be out of date. Delays in the compilation of the census might also be a problem. As of March 1982, employment results from the 1980 census have not been issued.

The labor turnover survey was eliminated. These data show industrial (manufacturing) expansion and contraction. They are currently one of the leading indicators used to forecast the movement of the National economy. These data show the number of persons who are hired, the number fired and the number voluntarily leaving manufacturing jobs. This is an indication of the expansion or contraction of economic activity among manufacturing businesses. They are currently a leading economic indicator used to forecast the likely condition of the economy in the near future. Business leaders use it as a guide to investment and savings. In a letter to Commissioner Norwood last October, George Jaszi, Director of the Bureau of Economic Analysis (the agency

CRS-25

that issues the leading indicators) said that "If you phase out the layoff data. . . we shall substitute the series on initial claims for unemployment insurance. The experts say that the substitution will do no harm."

The multiple jobholder supplement was eliminated. These data indicate those workers who hold a second job and the reason why. Based on these data decisions can be made as to the income adequacy of certain types of workers on their jobs.

Poverty Data

The BLS Family Budget program was eliminated. Data provided by this program allow comparisons of the living costs for a worker's family and the "poverty line." They also allow an appraisal of the economic conditions of the population and an evaluation of the need and impact of specific laws and programs. The adequacy of Social Security or unemployment insurance benefit levels may be determined using these family budget level data. Unions also often use these data for collective bargaining purposes. An outside committee of experts convened by the University of Wisconsin under a BLS contract in 1979 reportedly recommended major revisions to this index. They strongly criticized its current methodology. The implementation of their recommendations would have required substantial resources. BLS took the position that the prices used for this index have not been "verified" for over 10 years and other indices of need could be used. In November 1981 Mr. William Baron, Deputy Commissioner of BLS noted that "serious legal issues" relating to the mandated use of these data in certain Federal programs, including the Comprehensive Employment and Training Act and the Energy Assistance Act would mitigate against dropping this series. Nevertheless, BLS has discontinued issuing it.

Price Data

BLS postponed its plan to implement an updated and revised set of procedures for preparing the Producer Price Index (PPI). This revision was begun in the mid-1970s. It was the first systematic revision of the PPI. The revision, when completed, was intended to provide an improved sample, eliminate double counting, and add industry input and output prices to commodity pricing. No date for the completion of the revision has been set. In 1976, a BLS canvas of PPI users discovered that about 1,500 respondents used it to escalate \$93 billion worth of contracts. ^{1/} The delays in PPI revisions might lead to cases in which the index over or under represented the short run changes that are occurring. This could lead to sudden shifts in the required escalations. These delays might also mean that industry detail would not be available as planned.

Rebasing Consumer Price Index (CPI) and PPI was postponed. Most other major government economic indicators have already been changed to the 1977 base period at the direction of the Office of Management and Budget's Office of Information and Regulatory Affairs. This would complicate comparisons between the CPI and PPI and other economic indicators. BLS reports no current plans to rebase these indices.

^{1/} BLS report #509, "The BLS Industrial Price Program: A Survey of Users," 1977.

Collective Bargaining and Unions

Work Stoppage statistics were limited to strikes involving 1,000 or more workers. In 1980 and 1981 stoppages involving less than 1,000 workers accounted for 95 percent of the strikes but less than 42 percent of the workers on strike.

Analysis of collective bargaining agreements was eliminated, but the data will still be available for analysis by others. These data show the relative usage of contract provisions by major industry groups, their subject matter, and other classifications. They illustrate different approaches to contract clauses. In-depth studies of selected provisions were prepared. This information is used in collective bargaining, arbitration and conciliation, personnel administration, and government policymaking.

Data on labor organizations and their membership were eliminated. BLS has periodically published a listing of national unions, employee associations, and State labor organizations, with names of key officials, number of members, and related information. Also included were data on geographical and industrial distribution, trends, size, women members and white-collar members. This general information on labor organizations will no longer be collected by the Federal Government.

Occupational Data

The Economic growth and occupational outlook program has been reduced. BLS currently develops and publishes long-term economic projections based upon specified assumptions. This includes projections of aggregate labor force, potential demand, industrial output, and employment in industry and occupational detail. These data allow analysis of the implications of likely economic growth

trends for the national economy and for employment in each industry and occupation. They also have a wide variety of other uses, such as use by guidance counselors to advise students on their career and educational decisions.

As a result of the 12 percent cut in the FY82 budget, the number of occupations listed in the Occupational Outlook Handbook was reduced. This publication covers several hundred occupations and 35 major industries. For each occupation the following information is given: employment outlook, location of jobs, earnings, nature of the work, training, entry requirements, advancement, and working conditions. Data about the availability of skilled workers and the demand for persons with training are an important tool for government planning. For example, they are an important element in the program of the Department of Defense to recruit and hold military personnel. The Office of the Assistant Secretary of Defense for Manpower uses these data to allocate its recruiting resources. According to that office, the data are also important for mobilization planning because they are required to help assess the location and availability of skilled workers who might be needed to produce military equipment and supplies. Federal, State and local agencies planning job training programs also use these data to target area and fields for which training would be an effective solution to long-term unemployment.

Employment and Training Administration

Table 1 shows a reduction of \$10.1 million in the statistical budget of the Employment and Training Administration, from FY1981 to FY1983. This reduction is due to the elimination of parts of the Labor Market Information system that were supported by CETA funds. This information is used in planning training programs and might also be used by persons seeking employment. The

Administration plans to continue to support those parts of the program that directly contribute to national statistical estimates but will discontinue support for State and local efforts to develop information about the demand for employment by occupation groups. This reduction also eliminates a research and reference program that encouraged the use of national statistical studies to develop information about local areas. A technical assistance and training element was used in support training for local officials so as to encourage the use of better and more standard statistical techniques. The elimination of the State support parts of this program might contribute to decisions by the States to collect local area data.

The Adverse Effect Wage Rate (AEWR)

The Immigration and Nationality Act (INA), Section 1184(c) of Title 8 of the United States Code, allows the Attorney General, "after consultation with appropriate agencies of the Government," to permit entry into the United States of non-immigrant aliens for agricultural work. The Attorney General consults with the Department of Labor with respect to the conditions (wages, conditions of work, etc.) under which workers are allowed to enter the United States. Within this context, the Department of Labor, based upon data gathered by the Department of Agriculture, created the "adverse effect wage rate," the wage at which alien workers, imported into the United States for temporary employment as seasonal harvest hands, may be employed without adversely affecting the employment opportunities of residents.

With reductions at the Department of Agriculture, that agency has now found it necessary to restrict its wage data collection. The statistical

CRS-30

information, upon which the Adverse Effect Wage Rate (AEWR) was based from 1968 forward, is no longer gathered with sufficient frequency to justify use for AEWR determination purposes. As the 1982 agricultural season approaches, the Department of Labor advises, the AEWR program is in question.

CENSUS BUREAU

In 1981, the work of the Bureau of the Census accounted for 26.7 percent of the total statistical budget of the Federal Government. With the winding down of the 1980 census this fell to 22.3 percent in 1982 and will fall to 21.5 percent in 1983.

Including the Bureau's current, periodic and reimbursable budgets, the President's budget for 1983 would make available \$236.3 million compared to the \$252.8 million that was available in 1982 and \$334.2 million in 1981. This is a decline of \$97.6 million or 29.2 percent between 1981 and 1983. The reduction is due to a drop of \$100.1 million in the Bureau's periodic budget, and \$5.2 million in its reimbursable budget, offset by an increase of \$7.2 million in the current salaries and expenses budget.

Table 2 presents an analysis of the sources of the Bureau's funding. The table shows that about a third of the Bureau's proposed budget for FY83 is to come from its reimbursable accounts. These funds are appropriated by Congress in the budgets of other agencies and departments. They, in turn, enter into agreements with the Census Bureau under which the Bureau collects information and provides them with a compilation. The Bureau does not actually receive this money until the agreements are executed. This occurs after the Office of Management and Budget has released funds to the agencies for their use (under the so-called "apportionment" of funds). As a result,

CRS-31

the Bureau is not certain of the amount of money it will receive until it has been formally notified of the agreement by the agencies. In times of budgetary stringency this complicates the planning for operations that require substantial lead times to insure efficient and timely completion.

Table 2 is based on information provided to CRS by the Census Bureau as updated by additional information provided by agencies that contribute reimbursable money to the Bureau. Where staff of these agencies have assured us that they believe additional amounts will be forthcoming during fiscal year 1982 we have included these in the analysis even though they have not yet been officially committed. We decided to follow this procedure because we believe that it gives a truer picture of the resources that will ultimately be made available to the Bureau in FY82 and are requested for FY83; it should be recognized, however, that the Bureau has not received official assurance that it will receive these funds.

TABLE 2. Sources of Census Bureau Obligations

	FY 1981	FY 1982	FY 1983
Current budget	56.9 (17.0%)	57.2 (22.6%)	64.1 (27.1%)
Periodics	192.7 (57.7%)	111.7 (44.2%)	92.6 (39.2%)
Reimbursable	84.8 (25.4%)	83.9 (33.2%)	79.6 (33.4%)
Total	334.2 (100%)	252.8 (100%)	236.3 (100%)
Total system	1253.0	1133.6	1098.3
Percent of total statistical budget	26.7%	22.3%	21.5%

Source: Compiled from information provided by the Bureau of the Census and other Federal agencies.

CRS-32

TABLE 3. Refundments Received by the Census Bureau

	FY 1981-Actual		FY 1982-Expenditure		FY 1983-Expenditure		Percent	Percent	GenBUD (in thousands of dollars)	GenBUD (in thousands of dollars)
	(in millions of dollars)	(in thousands of dollars)	(in millions of dollars)	(in thousands of dollars)	(in millions of dollars)	(in thousands of dollars)				
Dept. of Agriculture	179.5	167	171.5	288	184.5	300	0.16	0.16		
Dept. of Commerce (excluding Census Bureau)	86.8	610	89.2	521	86.6	500	0.58	0.57		
Dept. of Defense	12.6	860	13.3	932	15.0	900	7.00	6.0		
Dept. of Education	18.3	751	16.7	1,895	16.0	750	11.3	4.7		
Dept. of Energy	140.0	1,567	110.9	251	66.6	100	0.22	0.15		
Dept. of Health & Human Resources	154.8	6,152	154.5	7,638	162.5	7,500	4.81	4.61		
Dept. of Housing & Urban Development	20.5	11,434	14.5	10,977	15.2	10,000	76.0	66.0		
Dept. of Justice	16.6	7,728	17.3	9,252	18.3	10,205	53.4	56.0		
Dept. of Labor	138.9	35,303	142.1	31,987	140.1	31,000	22.5	22.1		
National Science Foundation	35.2	240	38.3	2,383	41.3	1,700	6.22	4.11		
Dept. of Transportation	26.1	277.2	25.9	1,147	27.5	200	4.42	0.72		
Dept. of Treasury	19.8	199	19.5	48	20.0	50	0.24	0.25		
Veterans Administration	21.7	120	22.0	120	24.3	120	0.54	0.50		
Dept. of Interior	42.6	5,707	40.4	729	38.3	--	1.80	--		
TOTAL	913.4	71,095	877.1	67,963	856.2	63,325	7.24	7.4		

Table 3 shows that while the Census Bureau's reimbursables constitute more than 7 percent of the total statistical budgets of Federal agencies, they are heavily concentrated in a few Departments. The Department of Labor provides 38.9 percent of this reimbursement for work done on the collection of statistics relating to the employment of the Labor Force. This money constitutes 22.1 percent of the statistical budget of the Department of Labor.

When the reimbursable funds from Labor are combined with those of Justice and HUD, they accounted for more than three quarters of the reimbursable budget of the Census Bureau during the period from FY81 to FY83.

The Bureau's reliance on reimbursable projects means that its funding is largely dependent upon decisions made in other agencies. This can lead to large fluctuations in its estimate of the resources that will be available at any time. As a result of this uncertainty, Bureau managers have experienced difficulty in planning their operations. They report having to spend resources to be prepared to execute complicated and geographically dispersed operations before they are assured that funding is available to support these projects. The alternative is to encounter long delays in the collection of information. When data are planned to be collected at regular intervals over a period of years, these delays could potentially disrupt the continuity of a series. If the major utility of the information is derived from a comparison over time, (as for example when we compare changes in the number and percent of workers who are unemployed) this kind of disruption could greatly limit the nation's ability to monitor the progress of its economy. To avoid these problems, the Bureau has sometimes continued its work in spite of delays in receiving official notification of the release of funds. This could require sharp curtailment of the scope of some programs later in the fiscal year if

CRS-34

the expected level of funding is not forthcoming. In the current situation, this problem has grown more acute.

For example, a Bureau analysis of the reimbursable monies available as of February 1982 showed that there was a drop of about 80 percent of the \$9 million it expected to receive from the Department of Justice. When CRS asked an official of the Bureau of Justice Statistics about this situation, he reported that the Department of Justice would very likely agree to commit the remaining \$7 million but not until some time during the month of May. Because the Census Bureau has not been officially informed that this will occur, however, they are not in a position to assess the true state of their funding. In the absence of official notification, they have proceeded with the program. However, the full amount is not included in their analysis of the funds available to them. (We have added it to the FY82 figures in Table 2.)

This obviously makes the Bureau vulnerable to subsequent changes in funding. These kinds of uncertainty are acute because survey implementation and planning require adequate lead times and notice. For example, according to Bureau officials who supervise the Current Population Survey, at least four to six weeks are required to reduce the number of households to be interviewed if the general procedure for selecting and interviewing survey participants is not to be disrupted. Much longer notice is required to increase sample size. When the Bureau's managers are unofficially told that funding will not decline but not officially notified that the Bureau has the resources, they face a difficult choice. They are forced to weigh the disruption that will occur if reduced samples must subsequently be increased against the danger they may have to suspend work for the final months of the fiscal year if adequate funds are not released.

CRS-35

For example, if funding from the Bureau of Labor Statistics were to continue at a reduced level as a result of failure to pass its urgent request for supplemental funds, the Census Bureau would be hard pressed to implement reductions in the survey fast enough to save a large proportion of the interviewing costs. Census workers estimate that if notice were given in late April that BLS was ending support for the State supplements to the CPS sample, 1/ the Bureau might only be able to save about \$1 million of the \$6 million budget for the entire year, even though five months of interviewing remain.

This uncertainty might have contributed to the Bureau's January decision to initiate a Reduction in Force (RIF) and furlough its work force for 10 to 22 days. On April 1, 1982, after the March continuing resolution was enacted by Congress, the Bureau reviewed its financial situation and was able to suspend the remainder of its furlough after its employees had experienced only 2 furlough days. In the interim, the Bureau underwent a high rate of attrition among its skilled employees. Even though programmers and mathematical statisticians had been exempted from the RIF, 38 or 6.4 percent resigned from the Bureau during the first half of FY82. The reduction of skilled staff will further limit the Bureau's ability to respond to future needs and constrain its ability to implement changes that might make its work more efficient.

Impact of Budget Reductions

Cuts that resulted from the completion of the 1980 census were expected, but the Administration has decided to reduce the Bureau's plans in a number of important respects. For example, reductions have been made in the analysis

1/ These households were added to allow BLS to prepare estimates of employment and unemployment rates for States.

and publications of the 1980 census, the size and frequency of surveys conducted for other agencies, the scope of the economic and agricultural censuses, and the Bureau's program for estimating population and characteristics between censuses. Several planned projects including the re-design of the Bureau's sample surveys and the Survey of Income and Program Participation were postponed, reduced, or eliminated.

1980 Census

The total budget for the 1980 census covering the period 1974 to 1983 is expected to exceed \$1 billion. The 1980 census took longer to conduct than the 1970 census, having fieldwork that extended up to December 1980 compared to September in 1970. This extended fieldwork has contributed to delays that OMB explains in the following way.

Various factors (primarily cost overruns due to counting 5 million more persons than expected and other budget constraints but also data improvement efforts) have caused other data products to be issued 9 to 12 months later than initially planned.

Table 4 presents details of the Bureau's progress in issuing reports and data from the 1980 census. Delays in issuing these reports and releasing computer tapes have had an effect on users. For example, the Office of the Assistant Secretary of Defense (Manpower) intends to conduct an extensive analysis of the census data to plan the Defense Department's recruitment strategies. However, DOD cannot as yet begin this analysis because of the late arrival of the data.

Delays in issuing the results of the census have a ripple effect on a large part of the rest of the statistical system. For example, government and private research workers outside the Bureau use the census as the basis for their own

CRS-37

TABLE 4. Census Publications and Products

#	Title and description	Plans August 1979	Current plans
PHC(P)	Preliminary Population and Housing Unit Counts	11/80-2/81	on time
PHC(V)	Final Population and Housing Unit Counts	3/81-5/81	2/81-early 1982
PHC(1)	Block Statistics	11/81-4/82 *	early 1982-mid 1982
PHC(2)	Census Tracts	6/82-1/83 *	late 1982-mid 1983
PHC(3)	Summary Characteristics for Governmental Units and Standard Metropolitan Statistical Areas	1/82-7/82 *	spring 1982-fall 1982
PC(1)-A	Number of Inhabitants	7/81-12/81 *	10/81-early 1982
PC(1)-B	General Population Characteristics	10/81-3/82 *	early 1982-mid 1982
PC(1)-C	General Social and Economic Characteristics	6/82-12/82 *	fall 1982-early 1983
PC(1)-D	Detailed Population Characteristics	1/83-9/83 *	mid to late 1983
PC(2)	Volume II Subject Reports		beginning 1983
HC(1)-A	General Housing Characteristics	10/81-3/82 *	early 1982-mid 1982
HC(1)-B	Detailed Housing Characteristics	6/82-12/82 *	fall 1982-early 1983
HC(2)	Volume II Metropolitan Housing Characteristics	1/83-10/83 *	mid to late 1983
HC(3)	Volume III Subject Reports		beginning 1983
HC(4)	Volume IV Components of Inventory Change		late 1982
HC(5)	Volume V Residential Finance		mid 1983

* Release date as of May 1981.

CRS-38

TABLE 4. Census Publications and Products--Continued

#	Title and description	Plans August 1979	Current plans
STF 1A STF 1B	Summary Tape Files	7/81-12/81 * 11/81-3/82 *	9/81-early 1982
STF2	Summary Tape Files	10/81-3/82 *	early 1982-mid 1982
STF3	Summary Tape Files	1/82-7/82 *	spring 1982-fall 1982
STF4	Summary Tape Files	6/82-12/82 *	mid 1982-late 1982
STF5	Summary Tape Files	1/83-9/83 *	mid to late 1983
	P.L. 94-171 Population Counts	2/81-4/81	on time
	Master Area Reference Files (MARF)		9/81-early 1982
	Geographic Base File/ Dual Independent Map Encoding-GBF/DIME		beginning in 1978 periodic updates
	Public Use Microdata Samples		mid 1982-late 1982
PHC(4)	Congressional Districts of the 98th Congress		spring 1982-late 1982
PHC-SI-1	Provisional Estimates of Social, Economic, and Housing Characteristics		early 1982
PC-SI-1	Age, Sex, Race, and Spanish Origin of the Population by Regions, Divisions, and States: 1980		5/81
PC-SI-2	Population and Households by States and Counties: 1980		5/81
PC-SI-3	Race of the Population by States: 1980		7/81

* Release date as of May 1981.

CRS-39

TABLE 4. Census Publications and Products--Continued

#	Title and description	Plans August 1979	Current plans
PC-SI-4	Population and Households for Census Designated Places: 1980		9/81
PC-SI-5	Standard Metropolitan Statistical Areas and Standard Consolidated Statistical Areas: 1980 Nonpermanent Residents by State and County: 1980 Population and Housing Unit Counts for Identified American Indian Areas and Alaska Native Villages: 1980 Persons of Spanish Origin by State: 1980		10/81
HC-SI-1	Selected Housing Characteristics by States and Counties: 1980		10/81
PHC-E	Evaluation and Research Reports		
PHC-R	Reference Reports		
PHC-R1	Users Guide		beginning early 1982
PHC-R2	History		1984
PHC-R3	Alphabetical Index of Industries and Occupations		beginning in 1980 updates through 1983
PHC-R4	Classified Index of Industries and Occupations		beginning in 1980 updates through 1983
PHC-R5	Geographic Identification Code Scheme		spring 1982
	Census/EEO Special File		fall 1982-early 1983

CRS-40

surveys. When it is not available they must base their work on material that is out of date. In an attempt to minimize the imoact of delays in issuing reports the Bureau plans to issue reports and tapes that present the data for large areas. On the one hand, these reports and tapes are useful because they provide an indication of the results of the census. On the other hand, they do not address the major benefit of a census--providing data for small areas and groups.

Estimates derived from other surveys could provide indications of the current status of regional, ethnic, racial, and other groups that constitute substantial proportions of the population. However, census data are valuable because they alone can be used as a practical indication of the status of smaller groups. For example, policymakers interested in determining the number of persons aged 75 and older who have moved into the counties of Florida or Texas, for puposes of planning senior citizen housing and services, would have to consult the census. The Bureau's release of census results for the broad regions of the nation will be of little use to these planners. They will have to wait for the detailed data now expected during the second half of 1983.

SUBJECT REPORTS

The Census Bureau issued more than 40 subject reports based on the 1970 census. Table 5 presents a list of these reports. Table 6 gives the list of the reports that the Bureau anticipated issuing for 1980. Titles with an asterisk would have been new reports.

CRS-41

TABLE 5. 1970 Census of Population

Title	Report No.	Release date	No. of pages
National Origin and Language.....	1A	8-73	340
Negro Population.....	1B	8-73	244
Persons of Spanish Origin.....	1C	8-73	239
Persons of Spanish Surname.....	1D	8-73	134
Puerto Ricans in the United States.....	1E	8-73	160
American Indians.....	1F	7-73	223
Japanese, Chinese, and Filipinos in the United States.....	1G	8-73	220
State of Birth.....	2A	4-73	300
Nobility for State and Lee Nation.....	2B	8-73	480
Nobility for Metropolitan Areas.....	2C	8-73	480
Lifetime and Recent Migration.....	2D	4-73	832
Migration between State Economic Areas.....	2E	8-73	284
Women by Number of Children Ever Born.....	2A	10-73	424
Family Composition.....	4A	7-73	232
Persons by Family Characteristics.....	4B	3-73	204
Marital Status.....	4C	1-73	332
Age at First Marriage.....	4D	8-73	834
Persons in Institutions and Other Group Quarters.....	4E	10-73	398
School Enrollment.....	5A	8-73	280
Educational Attainment.....	5B	4-73	284
Vocational Training.....	5C	7-73	244
Employment Status and Work Experience.....	6A	8-73	436
Persons Not Employed.....	6B	10-73	284
Persons With Work Disability.....	6C	3-73	204
Journey to Work.....	6D	12-73	1,270
Veterans.....	6E	8-73	234
Occupational Characteristics.....	7A	11-73	848
Industrial Characteristics.....	7B	8-73	412
Occupation by Industry.....	7C	10-73	531
Government Workers.....	7D	9-73	308
Occupation and Residence in 1965.....	7E	9-72	133
Occupations of Persons with High Earnings.....	7F	10-73	134
Sources and Structure of Family Income.....	8A	4-73	312
Earnings by Occupation and Education.....	8B	1-73	437
Income of the Non-Relaxed Population.....	8C	7-73	834
Low-income Population.....	8A	8-73	300
Low-income Areas in Large Cities.....	8B	10-73	912
Americans Living Abroad.....	10A	8-73	284
State Summary Books.....	10B	8-72	480

Source: Procedural History 1970 Census.

TABLE 6. Volume II Reports of the 1980 Census of Population

<u>Section and title</u>	<u>Section and title</u>
I. RACE AND ETHNIC GROUPS	VII. OCCUPATION AND INDUSTRY
1A. Slack Population	7A. Occupational Characteristics
*1B. Persons of Spanish Origin or Surname	7B. Industrial Characteristics
1C. American Indians, Eskimos, and Aleuts in the United States	7C. Occupation by Industry
*1D. American Indians, Eskimos, and Aleuts: Reservations and Historic Areas of Oklahoma (Joint population and housing report)	7D. Government Workers
*1E. Asian and Pacific Islander Population in the United States	VIII. INCOME AND POVERTY
*1F. Ancestry of the Population	8A. Sources and Structure of Household and Family Income
*1G. Persons Born in Foreign Countries	8B. Earnings by Occupation and Education
*1H. Languages Spoken by Americans	8C. Characteristics of the Poverty Population
	8D. Poverty Areas in Large Cities
II. INTERNAL MIGRATION	IX. SELECTED SUBJECTS
2A. Mobility for States and the Nation	*9A. Characteristics of Metropolitan and Nonmetropolitan Populations
*2B. Lifetime and Recent Migration	*9B. Persons in Metropolitan Areas by Census Tract Characteristics
2C. Mobility for Metropolitan Areas	9C. Characteristics of the Rural and Farm-related Population
III. FERTILITY	*9D. The Older Population
3A. Fertility	*9E. Women
IV. MARRIAGE AND LIVING ARRANGEMENTS	9F. Veterans
4A. Household and Family Composition	
4B. Persons by Family Characteristics	
*4C. Marital Characteristics	
4D. Persons in Institutions and Other Group Quarters	
V. EDUCATION	
*5A. Education	+ Combination of two 1970 census reports.
VI. EMPLOYMENT	* New reports, in some instances covering information in somewhat differently designed 1970 census reports.
6A. Employment Status and Work Experience	
6B. Persons Not Employed	
6C. Journey to Work: Metropolitan Commuting Flows	
*6D. Journey to Work: Characteristics of Workers on Metropolitan Commuting Flows	
*6E. Place of Work	

Source: Bureau of the Census.

CRS-43

In January and February of 1982, Census officials believed that many of these publications would not be issued. For example, CRS received a letter from the Census Bureau indicating that it was considering not issuing reports on "Journey to Work." This report usually contains data on commuting habits that could be used to plan for more efficient transportation systems for metropolitan areas. Because of cuts in the funding for the Department of Transportation, the Bureau found outside funding for this report would apparently not be available. Bureau workers also told us that the report on Poverty might not appear. On March 10, 1982, Chairman Jack Brooks of the House Government Operations Committee expressed concern about the possibility that these and other subject reports might be curtailed. On March 30, 1982, a Bureau spokesman issued the following statement:

The plans for the 1980 Volume II subject reports have undergone several changes over the past two years as changes have occurred in the decennial budget situation and as user needs have been modified. The subject reports generally cover selected topics of interest to a relatively small segment of the data user community and are the last in sequence of products produced from a census . . . Under a previous set of conditions, the Bureau had planned to produce only seven or eight of these reports. Since that time efficiencies have been realized in the processing activities and the budget situation is not as stringent as thought. At this time the Bureau has earmarked \$1.5 million in FY 1983 to cover the production of subject reports. The Bureau intends to produce most of the 1980 counterparts to the 1970 Volume II subject reports. The 1970 reports were funded from several sources, and were released over several years throughout the decade following the Census. The same will be true of the 1980 subject reports.

This suggests that reports that are marked with an asterisk on table 6 will probably not be issued, but the others will appear at some time during the decade. The \$1.5 million earmarked for the production of these reports in FY83 does not appear to cover the full cost of preparing the reports, for in his letter covering the "Journey to Work Report," Philip N. Fulton, an

official of the Bureau of the Census, indicated that a report comparable to the one produced in 1970 would cost \$222,000. At this rate, \$1.5 million would only pay for 7 or 8 of the 36 planned reports. The Bureau appears to be planning to rely on outside sources for support of most of these reports.

Survey Redesign

The Census Bureau's budget for 1983 contains approximately \$3 million as its share of the cost of redesigning its current surveys to take account of the results of the 1980 census. This kind of redesign has followed each decennial census since 1942. Proponents of survey redesign contend that it is needed to accomplish two goals: 1) make use of the most up-to-date census data, and 2) incorporate methodological improvements in the survey procedures. The current surveys conducted by the Census Bureau are based on the decennial census in two important respects. First, the sample for these surveys is drawn from the list of addresses compiled for the census and it is updated periodically to take account of the changes that have occurred since the census. Second, estimates of the number of persons, households, families or structures are based on the census results; the percentage or proportion of the population each group comprises is weighted to make it compatible with the census results. When constructing a sample of the population, the location of households is a major consideration, for interviewers are sent to specified locations where they conduct interviews. Because the government must reimburse them for their travel, it is most cost effective if an interviewer covers a limited territory. The choice of which places to conduct interviews is based on the distribution of the population at the time the survey is designed, thus, the currency of the data used for the design is important.

CRS-45

By redesigning the survey after the new census is completed, it is possible to increase the precision of estimates that can be obtained with a given number of interviews. Looked at one way this means that it is possible to achieve a saving if the precision is held constant after the new design is implemented. The saving would be accomplished by reducing the number of interviews that are conducted. If our aim is to derive estimates of a variable at one time the redesign means that each interview makes a greater contribution to the information we have and is more cost effective. On the other hand, if the purpose of the survey is to measure change and we require a long series of observations concerning a sample of houses, redesign might create the problem of discontinuity in the data.

The Census Bureau plans to conduct a redesign of the CPS in conjunction with the redesign of several other national surveys so as to conserve resources. This redesign will enable the participating agencies to obtain more accurate information without increasing the sample size. In addition, BLS plans to change the design of the CPS to allow for the collection of more accurate information about employment in the States. The designs of these surveys that were implemented in 1973 envisioned a redesign by 1984. If a new design is not forthcoming by then, money will have to be spent to extend the 1973 samples or the survey will have to be suspended. This money would not have been required if the redesign had occurred according to schedule. Because the work on the CPS and other surveys is conducted on a reimbursable basis, the Bureau's budget only covers about a fifth of the money that is required to redesign them. The rest of the money comes from the budgets of the departments of Labor, Justice, HHS, and HUD. At present, no agreement for funding the redesign has been reached. The President's budget only contains

money for the share of the Census Bureau, the National Center for Health Statistics, and HUD.

Table 7 shows the Census Bureau's estimates of the cost savings that would accrue to the government if the Current Population Survey (CPS), the Annual Housing Survey (AHS), the Crime Victimization Survey (NCS) and the Health Interview Survey (HIS) were redesigned in accordance with the findings of the 1980 census. The table assumes that the cost of conducting survey interviews will remain at the 1982 level. It consequently presents a low estimate of the savings.

The Census Bureau estimates that redesigning these surveys would yield a saving of \$45 million. The redesign would cost \$11.9 million resulting in a net saving of \$33.6 million. Compared to the most feasible alternative approach—not redesigning the surveys but extending them—the incremental savings from redesign would be \$22 million.

It is important to note that these estimates are limited. First, the savings would occur over a period of ten years, but the cost of the redesign would have to be born in the next three years. Second, the "savings" assume that the government will decide to keep the surveys at the same level of precision. This implies that the sample sizes would be reduced to take the improved efficiencies as "savings." If the government decided to increase the sample sizes or retain the current sample sizes, the data would be more precise but the savings would be less.

About \$11.9 million of the \$33.6 million saved through redesign would not come directly from introducing the results of the 1980 census but from other improvements that would be accomplished when the sample designs are changed. These improvements could be introduced without updating the sampling design.

CRS-47

TABLE 7. 1980 Current Surveys--Summary Comparison of Savings 1982
Through 1994 for Redesign and Sample Extension
(in thousands of dollars 1/)

Survey	<u>Redesign</u>			<u>Sample Extension</u>		
	Gross Savings	Cost	Net Savings	Gross Savings	Cost	Net Savings
CPS	27,250	5,213	22,037	7,660	1,271	6,389
AHS-N	4,219	2,108	2,111	2,235	0 <u>2/</u>	2,235
NCS	5,610	2,622	2,988	1,631	498	1,133
HIS	8,450	1,991	6,459	1,551	425	1,126
Total	45,529	11,934	33,594	13,077	2,194	10,883

1/ All numbers are in terms of current dollars.

2/ Since AHS-N has no rotating sample, there is no sample extension required.

Source: Bureau of the Census.

Note: The funds indicated in the tables above are applicable to the programs of several Federal agencies, not just the Bureau of the Census.

CRS-48

While introducing the results of the 1980 census generally saves money, table 8 shows that this is not the case for the Annual Housing Survey (AHS). This survey provides data that Federal, State and local planners use to determine the current need for housing, vacancy rates and the adequacy of Federal assistance programs. By allowing direct comparisons with past surveys of the same houses and apartments, the survey provides a measure of the success of government efforts and the effect of market conditions on home buyers and renters. It obtains the most detailed information on living conditions. The statisticians at the Census Bureau have proposed redesigning this survey--in spite of the increased cost--because they are concerned that the residential pattern has changed since 1973, and the current estimates may have important residual errors. Savings from redesign would be limited because of the longitudinal feature of the survey. One set of housing units has been in the sample since 1973. Change over time is a key indicator that can only be computed by comparing the status of a housing unit and its occupants at one time with its status at a later period. During the contemplated redesign, this feature would be lost, making it impossible to directly compute changes between the decades. An alternative but more expensive procedure might maintain the longitudinal aspect by including some housing units from the old sample.

The decision to redesign the Housing Survey has contributed to a reduction in the resources available to conduct the survey. HUD decided that in view of its own budgetary situation, it cannot commit extra funds to the redesign. The budget of HUD's Office of Policy Development and Research was cut by 38.7 percent between FY81 and the President's FY83 request. These cuts mean that the Annual Housing Survey will not be conducted in 1982 and 1984 and that money for the redesign will come from a part of the resulting savings.

CRS-49

Because the survey is not biennial and there is currently a two year delay in issuing reports, by the fall of 1984 the most recent results will relate to 1981.

Cancellation of the Survey of Income and Program Participation (SIPP)

Another example of the uncertainties faced by the Bureau due to the use of reimbursable funds is the cancellation of the Survey of Income and Program Participation (SIPP). This project was developed over the period 1976 to 1981 in response to the desire of policymakers for more complete, timely and accurate indicators of the effect of the government's poverty and welfare programs. SIPP would have provided a unique collection of information about the impact of the government's programs on the real income of the recipients. The development efforts of researchers at the Census Bureau and the Social Security Administration had resulted in a procedure that closely followed the definitions and standards used by the agencies administering Federal programs. Currently, the Census Bureau adds questions about program participation to its employment survey in March of each year. However, this survey is not primarily designed to collect program data. As a result, it does not obtain responses that can be used to directly measure the impact of programs.

The Census Bureau and the Department of Health and Human Services spent \$20 million to develop SIPP. Table 8 shows the amounts of money spent by each contributing agency in FY76 through FY82. This money paid for extensive testing of a series of questionnaires, special research on the most appropriate sampling procedures, validation studies and the collection of information from a test sample of the population in 1979. The Social Security Administration had assigned a staff of 25 people to analyze this information and prepare a report

CRS-50

TABLE 8. Funding History of Survey of Income and Program Participation

Agency	FY76	FY77	FY78	FY79	FY80	FY81	TOTAL
	(000)	(000)	(000)	(000)	(000)	(000)	(000)
Asst. Secretary for Planning and Evaluation							
1. Policy Res.	141	720	2,715	3,685	2,500	1,050	10,811
2. Evaluation	0	0	0	0	345	275	620
Census	0	0	0	900	900	1,200	3,000
Social Security Administration	0	0	0	1,500	3,500	750	5,750
	141	720	2,715	6,085	7,245	3,275	20,181

Source: Social Security Administration.

CRS-51

and a computer tape that analysts at the Congressional Budget Office and Federal agencies could use in their estimates of the impact of program changes. Shortly after the Social Security Administration decided to end the SIPP program this staff was disbanded. The Census Bureau plans to prepare a reduced version of this tape sometime during the next year.

Proponents of conducting SIPP argue that it would provide data that can be used to evaluate the government's program. They contend that at a time when large changes are being made in those programs it is particularly important to obtain information about their impact on the recipients. Opponents contend that actuarial data and program records of agencies such as the Social Security Administration and State welfare agencies should provide the needed information.

The report "Principle Federal Statistical Programs" issued by OMB suggests that SIPP might be conducted in the future. If this is planned, it will be necessary to reassemble the staff at the Social Security Administration and incur added costs associated with up-dating the procedures for interviewing. Because of the changing nature of the government's program, the questionnaire may also have to be modified.

Intercensal Demographic Estimates

Under section 183 of Title 13 the Census Bureau is required to prepare current estimates of the population of States and local areas. The Federal Election Campaign Act also requires the Bureau to prepare estimates of the population of States and Congressional Districts (2 U.S.C. 441a(e)). The Bureau's budget for FY83 will reduce its preparation of these estimates. It will not prepare the required estimates of Congressional District Population, and will only prepare population estimates for sub-county governments every two years rather than annually.

CRS-52

The population estimates are used as one of the bases for the distribution of Federal grant money. This means that, unless State governments decide to compile their own annual estimates, the amount of Federal or State aid to local areas may now only be revised once every two years rather than once a year.

While the estimates of Congressional District Population are not currently used to establish campaign spending limits or control the resources available to Members, the Act does provide for contribution limits. For example, House candidates who come from multi-district States can only receive \$10,000 in direct contributions from a national committee of a political party (2 U.S.C. 441a(a)), and an additional \$10,000 plus in coordinated party expenditures (2 U.S.C. 441a(J)), regardless of district size. Elimination of the Congressional District Population estimates will make it difficult for Members to judge the appropriateness of applying the same limits to each Member regardless of the number of persons living in their districts. Loss of these estimates will also make it difficult for Members to anticipate the extent of redistricting that will be required after the 1990 census.

SUMMARY

This report has reviewed the current status of the Federal Government's statistical system in light of the President's proposed budget for FY83. The budgets for statistical activities have either held constant or declined in real terms. The impact of these cuts is concentrated more heavily in agencies that are experiencing cuts in their other programs. The Administration has decided to reduce the collection of data as it eliminates Federal programs.

CRS-53

We analyzed three examples: the programs of the Department of Energy (illustrating the impact of reduced regulatory activity), the Department of Labor (illustrating declines in an important area that monitors changes in the economy), and the Bureau of the Census (illustrating the impact of cuts on the use of multi-agency funding).

In a second report, we continue this analysis focusing on other agencies and reviewing alternatives for increasing the efficiency and co-ordination of the Federal Government's statistical activities.

APPENDIX 6.—RECENT CHANGES IN THE COORDINATION OF
FEDERAL STATISTICAL DATA COLLECTION, SEPTEMBER
15, 1982



Congressional Research Service
The Library of Congress

Washington, DC 20540

RECENT CHANGES IN THE COORDINATION OF
FEDERAL STATISTICAL DATA COLLECTION

Daniel Melnick
Specialist in American National Government
Government Division
and
David Huckabee
Analyst in American National Government
Government Division
and
Barry Molefsky
Specialist in Econometrics
Economics Division

with the assistance of

Barbara Schwemle
and
Michael Kolakowski
Technical Information Specialists
Government Division

September 15, 1982

RECENT CHANGES IN THE COORDINATION OF
FEDERAL STATISTICAL DATA COLLECTION

This is the second of two reports on recent changes in the Federal statistical system. In the first report, we reviewed the current status of the statistical budget, and analyzed statistical programs at the Bureau of the Census, the Labor Department and the Department of Energy. We reviewed agency expenditures on data collection and examined examples of the impact of reducing these expenditures on the ability of the Federal Government to operate.

In this report, we examine the proposed and already implemented changes in the statistical programs of agencies in the context of the Administration's reorganization of the OMB office that sets statistical policy. We review the impact of these changes on the kind and quality of information that will be available to assess National, State, and local trends. To illustrate the principles that are discussed, we report on examples from the health, education, justice, agricultural, and income areas. They were selected to illustrate the range of different changes in the amount and coordination of resources available for data collection, analysis and reporting.

SOURCES

This report is based on a review of the plans, budgets, and official statements of the Office of Management and Budget (OMB), the Federal agencies that collect statistics, the National Academy of Science and published accounts of the statistical work of the government. These sources were supplemented with interviews of:

CRS-2

- the Director of the National Center for Health Statistics (NCHS),
- the Administrator of OMB's Office of Information and Regulatory Affairs (OIRA),
- the Director of the Statistics of Income Division of the Internal Revenue Service (IRS),
- the Chief of the National Income and Wealth Division of the Bureau of Economic Analysis (BEA),
- the Chairman of the Committee on National Statistics of the National Academy of Science,
- a former Administrator of the Energy Information Administration and,
- the Executive Director of the Business Advisory Council on Federal Reports.

In addition, numerous other statisticians (both within and outside of the Federal Government) provided useful information.

CORE ISSUES

In our first report, we concentrated on examples of budgetary decisions within individual statistical programs, showing the impact that they had on the operation of the Government. Here our focus will be on changes in statistical activities that illustrate the shifts in budgeting. Decisions about the frequency, precision, and policy relevance of statistical projects reflect philosophical positions regarding the appropriate roles of the Federal Government, States, and private organizations. Issues of budget and organizational role are the grounds upon which larger battles are waged.

Two disputes underlie the changes that the Administration has implemented:

- (1) An organizational dispute regarding the role that the Executive Office of the President should play in coordinating the statistical work of the agencies:

Should the Executive Office play a vigorous role in encouraging cooperation among agencies to foster the use

CRS-3

of improved statistical procedures or should it limit its activities to using its review authority to encourage efficiency and uniformity in Federal statistics? To what extent should the Executive Office participate in the data collection and analysis decisions made by agencies?

- (2) A substantive dispute about the role of the Federal government in providing information about conditions in the Nation:

Should the Federal government limit its collection, analysis, and publication of data to information that is solely required to administer Federal programs or does the Federal Government have the responsibility to produce information about conditions in the Nation and provide data to States and local governments as well as businesses?

COORDINATION

Historical Background

The coordination of statistical data collection has been reviewed by a large number of commissions, committees and study groups since the work of the Bureau of Efficiency during the 1920's. ^{1/} It presents a classic

^{1/} U.S. Bureau of Efficiency. Report on the Statistical Work of the United States Government. Washington, U.S. Govt. Print. Off., 1922. The first interdepartmental committee charged with coordinating statistical operations was established by President Theodore Roosevelt by Executive Order No. 937 of September 10, 1908. During the First World War, the War Industries Board established a Central Bureau of Planning and Statistics which was charged with reducing duplication, improving statistical operations and advising government agencies on statistical methods. The functions of this board were passed on to the Bureau of Efficiency in 1921. For an account of attempts at coordination that traces their history to 1944 see, Paul Feldman. Commissions on Statistics: Statistics on Commissions. Report of the President's Commission. Federal Statistics. 1971. Volume 2. pp. 477-495. Since 1948 the following commissions have reviewed the statistical work of the Federal government: 1. Hoover Commission Task Force Report on the Statistical Agencies of the Federal Government, 1949; 2. National Accounts Review Committee, 1956; 3. Price Statistics Review Committee, 1959-60; 4. Committee to Appraise Employment and Unemployment Statistics, 1961-62; 5. Committee on Balance of Payments Statistics of the United States, 1963; 6. The President's Commission
(continued)

CRS-4

organizational dilemma. If the government were organized functionally, statistical data collection would be the responsibility of a central office. But given the program oriented structure of the American government, more than 100 agencies collect statistics for their individual missions.^{2/} This diversity is reflected in the law. A computerized search of the U.S. Code found that thousands of sections of the U.S. Code mandate the collection of statistics by a variety of Federal agencies.

In light of the Government's decentralized and diversified data collection system, improving the mechanisms for efficient data gathering, encouraging the implementation of more accurate statistical procedures, and insuring that data are collected in a way that reduces duplication become critical issues.

During the 19th century, the collection of information gradually expanded. Up to the turn of the century, the largest collection was the responsibility of temporary census offices that were created each decade to fulfill the constitutional requirements of reapportionment.^{3/} The census takers were called upon to expand the scope of their enquiries and meet the information needs of a growing nation. As the Federal Government assumed other responsibilities in the areas of agriculture, labor, and economic development,

(continued) on Federal Statistics, 1970-71; 7. Ad hoc Committee on Government Statistics, 1976; 8. Advisory Committee on Government Statistics, 1976; 9. The Commission on Employment and Unemployment Statistics; 10. National Academy of Science, Committee on National Statistics; 11. U.S. Federal Statistical System Project Task force, 1978-1980.

^{2/} Meeks, Ronald L. A Review of Some of the Major Statistical Agencies Within the U.S. Federal Statistical System. Statistical Reporter, no. 80-9, June 1980. p. 233-271.

^{3/} U.S. Congress. Committee on Governmental Affairs. Subcommittee on Energy, Nuclear Proliferation and Federal Services. The Decennial Census: An Analysis and Review. Committee Print, 96th Cong., 2d Sess. Prepared by the Congressional Research Service, Library of Congress. Washington, U.S. Govt. Print. Off., 1980.

CRS-5

the provision of standard and reliable national statistical data became the responsibility of programmatic agencies. 4/

The professionalization of the government's collection of statistics can be traced to work at the Departments of Labor, Commerce, and Agriculture, and the Public Health Service. According to an OMB report on the history of the U.S. Federal statistics,

The revolutionary changes between 1926 and 1976 reflect a basic shift in Government statistics from a clerical operation to a professional one. . . . Few even of the professionals had much academic training in statistics. By the 1930's, the shortage of job opportunities for new college graduates increased the number of well-trained professionals available for Federal employment. The increased use of professionals has proved highly beneficial in a number of ways, 5/

The work of the Committee on Government Statistics and Information Services (COGSIS) from 1933 to 1936 brought non-government statistical experts into the planning structure of the statistical agencies. 6/

Before 1933, no central office had the authority to go beyond suggesting mechanisms for relating the work of one statistical agency to that of

4/ Duncan, Joseph W. and William C. Shelton. Revolution in United States Government Statistics, 1926-1976. Washington, U.S. Department of Commerce, Office of Federal Statistical Policy and Standards, 1978.

5/ Ibid., p. 1.

6/ Committee on Government Statistics and Information Services. Government Statistics. A Report on the Committee on Government Statistical and Information Services. Bulletin 26. New York, Social Science Research Council, 1937. Among them was Stuart A. Rice the first COGIS Chairman who was later the head of the Bureau of the Budget division that took the lead in modernizing Federal statistical practices and improving its coordination. Rice was a past president of the American Statistical Association and distinguished professor of sociology and political science. For an account of the career of Stuart A. Rice see Rice, Stuart A. in Kruskal, William H. and Judith M. Tanur, eds. International Encyclopedia of Statistics. Vol. 2. New York. The Free Press, 1978. p. 858-860.

another. 7/ With the advent of the New Deal programs of President Franklin D. Roosevelt, the expanded executive branch gave its central statistical unit a greater role in deciding on appropriate statistical data collection. The Central Statistical Board established in 1933 made a concerted attempt to coordinate the statistical operations of various agencies. In 1939, the Central Statistical Board was placed in the Bureau of the Budget (BoB). Under Stuart A. Rice, this central office promoted the collection of more accurate statistics while it discouraged duplicative administrative activities. In 1942, the Federal Reports Act gave the BoB new authority by requiring agencies to obtain the Bureau's approval before they requested information from more than nine persons, businesses, or organizations. 8/ Control over the authority to request information from the public was used to encourage agencies to implement up-to-date statistical procedures.

By 1947, 69 people worked for BoB's Statistical Policy Division. In the 30 years from 1947 to 1977, this was gradually reduced to about 32 people. By the time of the Ford administration, it was widely alleged that the Statistical Policy Division was encountering serious problems in achieving its goals. 9/

Upon taking office, the Carter administration split the Statistical Policy Division into two parts. Functions relating to the coordination of Federal statistics, the publication and enforcement of standards, and the review of

7/ For a general discussion of coordination efforts during World War I see Duncan, Joseph W. and William C. Shelton. *Revolution in United States Government Statistics, 1926-1976*. Washington, U.S. Department of Commerce Office of Federal Statistical Policy and Standards, 1978. p. 146.

8/ U.S. Congress. P.L. 831, 77th Congress, Ch. 811, 2d Sess. (Federal Reports Act), 1942.

9/ U.S. Congress. House. Committee on Post Office and Civil Service. *Coordination in Federal Statistics Gathering Programs; a Staff Study*. 95th Cong., 1st Sess. Washington, U.S. Govt. Print. Off., 1977.

CRS-7

the statistical aspects of report forms, were transferred to the Department of Commerce and assigned to a new agency called the Office of Federal Statistical Policy and Standards (OFSPS). The review and clearance of information collection forms remained in the Office of Management and Budget (OMB). 10/

In 1980, President Carter's reorganization panel recommended the creation of a new office in the Executive Office of the President (but outside OMB) to coordinate statistical policy. 11/ This office which was to have an expanded staff would be given greater responsibility and authority. The President forwarded this proposal to the Congress. However, in the Federal Paper Work Reduction Act of 1980 (P.L. 96-511), it was decided to transfer statistical policy back to OMB. 12/ At the time when statistical policy functions were transferred to the OFSPS, this office had an authorized strength of 25 persons. When the office was transferred back to OMB, 15 positions were allotted. Four of these were assigned to the new National Indicators Project leaving eleven positions for the Statistical Policy Branch of OMB's Office of Information and Regulatory Affairs (OIRA). In December 1981, the head of this office decided to leave the Government. 13/

10/ Executive Order No. 12013. 1977.

11/ U.S. Federal Statistical System Project Task Forces. Improving the Federal Statistical Systems: Report of the President's Reorganization Project for the Federal Statistical System. Statistical Reporter, no. 80-8, May 1980. p. 197-212.

12/ U.S. Congress. House. Subcommittee on Government Operations. Subcommittee on Legislation and National Security. Paperwork Reduction Act of 1980. 96th Cong., 2d Sess. Washington, U.S. Govt. Print. Off., 1980.

13/ Duncan, Joseph W. and Theodore Clemence. Arguments for and Against a Statistical System. Statistical Reporter, no. 82-3, December 1981. p. 53-61.

CRS-8

OIRA Reorganization

On May 13, 1982, Christopher DeMuth, the Administrator of the Office of Information and Regulatory Affairs (OIRA), announced that his office was being reorganized. The Statistical Policy Branch that had previously had the responsibility for coordinating the statistical activities of the Federal government, would be merged with the two other units in OIRA. In an interview granted in advance of this announcement, Mr. DeMuth argued that this would improve OMB's work in the statistical area.

I think that as far as coordination of the activities at the various agencies, we're going to be at a much stronger position to do that under our new structure. Because the statistical experts are going to be in the front lines of running the clearance machinery rather than in a separate branch removed from day-to-day decision making. Congress gave us a lot of general responsibilities under the Paperwork Reduction Act, but only a few clear authorities to live up to those responsibilities. And obviously the most important one is the authority to approve all information collections.

Mr. DeMuth pointed out that the desk officers have broadly defined duties,

. . . each desk officer is responsible for all aspects of the agencies' activities related to the Paperwork Act and the President's executive order on Federal regulation which we have integrated with Paperwork Act responsibilities. So that an individual who was responsible for HHS, for example, would be part of our Reports Management Branch . . . The desk officer for HHS is responsible for the clearance of all information collections, such as Medicaid reimbursement forms. . . . The same HHS desk officer is also responsible for the information collections contained in HHS regulations, and for reviewing information management issues at HHS such as the integrity of the social security computer system . . . The desk officer is responsible for regulations under the President's executive order. . . .

. . .

Now, to date, the one policy function which has not been integrated into the day-to-day management through the desk office approach has been statistical policy. It was a separate branch over in the Commerce Department and it was brought over here as a separate organization . . .

CRS-9

I think (and maybe I should have come to this realization beforehand) that the separate branch devoted solely to statistical policy really became an obsolescence with the passage of the Paperwork Act, which integrates statistical policy with reports management, paperwork reduction, information management, and so forth. 14/

Commenting on this move, the Council of Professional Associations on Federal Statistics said that "OMB's recent action marks the end of statistical policy as an identifiable function within the United States Government. For the first time in more than 50 years, no individual will serve as Chief Statistician for the United States." 15/

In an interview granted on May 1, 1982, Stephen Fienberg, Chairman, Committee on National Statistics of the National Academy of Science said,

I think that this is a very, very regretful move on the part of the administration and OMB. I think it will severely damage what has become a diminished coordinating effort for statistics in the Federal Government, and may do permanent damage not only to coordination, but to statistical activities within individual agencies that both the executive branch and Congress rely upon to provide accurate and informative data. 16/

Lincoln Moses, former Administrator of the Energy Information Administration commented,

My view is that the change reducing or eliminating the Statistical Policy Branch is essentially turning the government's back on statistical coordination. 17/

14/ Demuth, Christopher. Interview. Washington, D.C., April 27, 1982. (Transcript appended to this report.)

15/ Council of Professional Associations on Federal Statistics Newsletter. Number 1, May 13, 1982.

16/ Fienberg, Stephen and Lincoln Moses. Interview. Washington, D.C., May 1, 1982. (Transcript appended to this report.)

17/ Ibid.

CRS-10

In a letter dated May 13, 1982, Mr. DeMuth formally informed CRS of the decision. He stated that the change he was making:

restores a level of statistical expertise to the paperwork management function which has been missing since 1977. It also provides a single, direct channel of communication with major statistical agencies and strengthens the implementation of other polices of the Act.

. . . .

I attach less importance to the particulars of any organizational structure than to implementing a focused and coherent program of statistical coordination. 18/

NATIONAL STATISTICS OR WORKING STATISTICS

Federal agencies that collect statistics are structures that the President and Congress can use to obtain the information needed to run the government and monitor National trends. Federal statistical reports are also used by program managers, decision makers, and researchers who work for States, local governments, businesses, and universities. The content of the statistical compilations issued by Federal agencies often sets practical limits on other research. Disputes about what should be collected and how it should be compiled date back to the beginning of Federal statistical activities. The statistical proposals of the current Administration are also the subject of several disputes.

What is the Appropriate Federal Role?

A dispute concerning the scope of the information to be collected and reported parallels the dispute concerning the organization of statistical

^{18/} DeMuth, Christopher. Letter to Daniel Melnick. Washington, D.C., May 13, 1982.

CRS-11

activities. Proponents of the so-called "working statistics approach" argue that the agenda of statistical analysis should be kept close to the needs, values, and priorities of the departments and agencies of the Government and away from general purpose statistics. In their view, government data should not be collected merely to find the answer, but only to support decisions about government policies, manage government programs, or implement government decisions. In their view, these uses only justify the expense of collecting data that match the conceptions and priorities of government programs.

Opponents of this view argue that it ignores the need for statistics about national social and economic conditions of the Nation. They contend that one of the functions of government is to provide its citizens with information. If statistical programs are tied too closely to the current needs of policy makers, they argue, information becomes dependent upon the changing values and priorities of different political forces.

Proponents of general statistics also argue that even if the purpose of government statistical programs is limited strictly to providing government with information for use in policy making and implementation, the range of activities of the government makes it difficult to anticipate the data needs of agencies. Some uses of statistical information depend upon the existence of a series of data that is collected over time. For example, indicators such as the unemployment rate are easier to understand because users can compare the current results to the rate over the period since 1940. Others depend upon information about the past to predict current impact. For example, the calculation of the population at risk from carcinogenic substances depends upon accurate incidence data over a period of 40 years. This is particularly important because of the lag observed between the exposure to the carcinogen and the diagnosis of cancer. If working conditions are implicated, the number

CRS-12

of persons who worked in an industry could be a critical element in estimating the likely dispersion of a disease and planning facilities to meet the needs of its victims. Consequently, a statistic collected to describe working conditions becomes a health statistic.

Proponents of the policy that the government should maintain a general statistical data collection effort argue that it is difficult to fully anticipate the need for statistical data, but that a strong general program will provide for a range of policy concerns and facilitate the special data collection efforts that might be required in the future. They argue that important information will be lost if agencies that administer government programs are allowed to place a greater value on immediate data needs than on long term informational requirements. They say this could occur because the perspectives of most agencies are mission-oriented rather than general.

Critics of the general purpose data effort retort that it is difficult to set priorities for general statistics. By making the collection of data a general responsibility, they argue, mission-oriented agencies attempt to have program related statistics funded out of the budgets of general purpose statistical agencies such as the Census Bureau. The practice of funding general statistical compilations out of the budgets of the agencies that produce statistics rather than those that consume them, critics argue, encourages program agencies to use the lead statistical agencies to generate program statistics without making a financial contribution. They argue that the program agencies would not favor those statistical activities if they were supported from program funds.

These spokesmen contend that in the abstract it is easy to argue for more information, but that each government activity must be evaluated in light of its cost. Requiring that agencies limit the information they collect to

CRS-13

that component required for their own activities provides a cost-benefit standard against which government expenditures can be judged. They further argue that even granting its unanticipated uses, at some point a limit has to be placed on the generation of data. It is argued that a good measure is the cost and who is willing to bear that cost.

These differences could be viewed as being rooted in the contrasting perspectives of agencies that only collect statistics and those that administer government programs. The contrasting goals also account for different standards for judging the adequacy of the resulting numbers.

The outcome of an evaluation of a program often depends on the evaluator's understanding of its goals. Evaluators might differ about the purposes of many government programs, but there is widespread agreement that the goal of its statistical activities is to provide the most accurate indicators within the available resources. This consensus allows the evaluation of statistical work to be more easily subject to agreed upon objective tests and criteria than are available for program evaluations.

Are adequate resources being invested?

Critics of the administration argue that the statistical programs have recently experienced a reduction in resources. They contend these reductions have taken two forms in that the amount of money available to them has declined in real dollar terms and they are less able to draw on statistics that are by-products of other programs. In April, we reported that the President's 1983 budget request calls for a reduction of 5.4 percent in current dollars spent on statistics between FY 1981 and FY 1983. The Joint Economic Committee has

CRS-14

issued a report that contends the drop between 1980 and 1983 will be approximately 20 percent if inflation is taken into account. 19/

The administration's critics argue that the impact of these reductions goes beyond the direct resources that will no longer be available. They contend that because agencies producing key social and economic indicators are dependent upon administrative data routinely collected by other agencies, the analysis that supports these indicators will be weakened by the cuts in these agencies' budgets. They point to the National Income and Product Accounts as a series most at risk of becoming less precise, and say that current reductions could make it more difficult to achieve economic recovery or correctly gauge the progress being made. For example, increases or decreases in the rate of growth of the Gross National Product (GNP) are taken as a key indicator of the health of the economy. Corporate planners look to these numbers as the basis of production and distribution decisions. The public looks to them for guidance in judging the adequacy of government economic policies.

The critics of current statistical policies argue that the loss of information that results from reduced resources lowered the reliability of the National Income and Product Accounts. This occurred because analysts working in the Bureau of Economic Analysis no longer have all of the information they once had. Instead they must base more of their conclusions on subjective judgments. 20/

19/ U.S. Congress. Joint Economic Committee. Statistics for Economic Analysis: 1983 Budget Requirements. Prepared by Dr. Courtenay Slater, President, CEC Associates. Washington, U.S. Govt. Print. Off., 1982.

20/ Robert P. Parker. The Quality of the U.S. National Income and Product Accounts. Paper Presented at the Annual Meeting of the American Economic Association. Washington, D.C. Dec. 30, 1981.

CRS-15

The critics contend that the resulting indicators will be more subject to errors that could have two adverse effects:

- higher volatility leading to sudden shifts in our reading of the economy as the indicators are revised, and
- inaccuracies that could lead businesses, banks, stockholders and the government to make unwise commitments.

The administration responds that the reductions in statistical programs are proportionate to the general decline in spending in the Departments where statistics are collected. Under the current economic conditions, they argue, further expenditures on NIPA should be considered in the context of conflicting budget demands. They say that the agencies have accommodated stringent monetary conditions by emphasizing the statistical work that they considered to be at the core of their specific missions. For example, the Statistics of Income Division of the Internal Revenue Service (IRS) decided to concentrate on analyzing National income information and reduce data compilations that State and local governments use to plan their tax programs. 21/ They would, however, continue to compile data for States and local governments if these users agreed to cover the extra costs. Another example is seen in the National Center for Health Statistics (NCHS) which decided to focus on its Health Interview Survey and postponed development and implementation of new statistical techniques and procedures. 22/

To accommodate limited resources, users were asked to pay for publications that had previously been issued without cost, and user fees for computer tapes were increased. Delays were encountered in issuing some reports as

21/ Interview with Fredrick Schueren, Director Statistics of Income Program, Internal Revenue Service.

22/ Interview with Dorothy Rice, Director, National Center for Health Statistics.

CRS-16

publications. For example, when the Secretary of Education (complying with OMB Circular 81-16) established a Publications and Audio-Visual Advisory Council (PAVAC) to review the cost effectiveness of publication plans, he made the National Center for Education Statistics (NCES) subject to these new internal control procedures. CRS was not able to find any other example of statistical publications being subject to the review of a departmental committee.

PAVAC staff told CRS that every request brought forward by the Assistant Secretary for the Office of Educational Research and Improvement on behalf of NCES publications has been approved, although some have been delayed due to the backlog of requests while implementing the new procedures. ^{23/} PAVAC hopes to remedy this problem by asking NCES to submit an annual publication plan and approving it as a whole.

The PAVAC procedures call for more careful scrutiny of publications that contain text as well as numbers. NCES may have been inhibited from bringing some proposals forward because of possible delays. For example, according to the National Council of La Raza, the NCES report The Condition of Education for Hispanic Americans has not been updated since 1980 (when it had data from 1978). According to a spokesperson for La Raza "NCES provided us with an unpublished compendium of additional existing statistics but we still feel that The Condition of Education for Hispanic Americans needs to be officially updated." ^{24/}

^{23/} Interview on the telephone with staff member of PAVAC.

^{24/} Interview with staff of the National Council of La Raza.

CRS-17

OMB has also taken steps to reduce its own publications. For example, OMB decided not to print the reports prepared by the Federal Committee on Statistical Methodology. These reports were prepared by panels of government statisticians who reviewed alternatives for improving the statistics produced by agencies. Instead of printing them, copies will be made available to a limited number of requestors. Members of the panels that drafted them will also present papers at professional meetings discussing the results of their deliberations.

Proponents of the Administration's publication policy believe that where there is a demand for the information, private sources may publish it thereby reducing the Federal Government's cost.

Opponents argue that the government has a responsibility to publish the results of its surveys and make them widely available. They say it is important to show respondents the results of their effort in responding to a questionnaire.

How were resource limitations managed by agencies that rely on other sources of data for their analyses or that supply data to the public and other agencies?

Critics of the Administration contend that cooperative programs between the States and the Federal Government were sometimes adversely effected by the reduction of resources. Furthermore, critics contend that the reduction of Federal programs that produced data as a byproduct of their activities has led to a reduction of data to track the impact of policy changes.

Critics also contend that while coordination within agencies was satisfactory, interagency coordination of the statistical resources was flawed. For example, they contrast the planning activities at NCHS and the Bureau of

CRS-18

the Census with the problems faced by agencies that relied on interagency agreements to provide substantial parts of the support for their statistical budgets.

Defenders of Administration policy respond by pointing to the opportunity for increased efficiency of production and services that is offered by the stringent conditions. For example, the Statistics of Income Program instituted revised sampling plans to accommodate the new resource situation. In the process, their statisticians contend they were able to increase the efficiency of the samples and reduce overall error, albeit at the cost of less geographic detail. For example, the statistical summaries of individual tax return information prepared in the Statistics of Income Program of the Internal Revenue Service will be based on smaller samples. (The sample will contain 115,000 returns in 1983 compared to 276,000 returns in 1970). 25/ This will save resources without measurably affecting the National estimates, but data for many States will no longer be available. 26/

Critics argue that the uncertain budgetary situation has made it difficult for statistical agencies to plan for needed improvements and consider how they would meet future data requirements. The Administration responds that the very fact of limited resources will force a reconsideration of fundamental processes and this will lead to improvements.

The following sections provide an analysis of the Administration's initiatives in light of the use and history of Federal statistics in six areas:

25/ Interview with Fredrick Schueren, Director, Statistics of Income Program, Internal Revenue Service.

26/ See p. 59 for a discussion of impact of this decision.

CRS-19

Health, education, justice, agriculture, income and statistics about the distribution of federal funds.

HEALTH STATISTICS *

Health statisticians chart the physical and mental well-being of the population and monitor the Nation's progress in fighting disease. Policy planners use their reports to track the services provided by the health care industry and evaluate the role played by Federal, State and local governments. Health scientists and physicians incorporate these statistics into their search for the etiologies of and cures for illnesses.

According to the special report on "Statistics Related to the Budget of the United States Government 1983" prepared by OMB, if the President's budget is adopted, health related agencies will spend 130.7 million dollars to collect, process, analyze and publish statistics in FY 1983 compared to 122.9 million dollars in 1981.

Table one provides a functional analysis. Medical research at the National Institutes of Health accounts for about 45 percent of this expenditure. About 31 percent of these funds are included in the budget of the National Center for Health Statistics (NCHS). Most of the remaining 24 percent supports statistical work in the agencies that are concerned with the delivery of health care, the formulation of health related regulations and the monitoring of dangers to the public health.

* Daniel Melnick and David Huckabee drafted this portion of the report. Richard Price of CRS's Education and Public Welfare Division contributed material and critiqued the draft.

CRS-20

TABLE 1. Health Statistics Budget 1981 and 1983

Programs	FY 1981 actual	FY 1983 President's budget request
I. <u>Public Health Services</u>	32.2	29.8
Alcohol, Drug Abuse and Mental Health Administration	6.7	7.9
Center for Disease Control	6.2	4.3
Food and Drug Administration	2.3	2.5
Health Care Financing Administration	10.6	8.6
Health Resources Administration	3.2	3.3
Health Services Administration	3.2	3.2
II. <u>Medical Research</u>	54.9	58.8
National Cancer Institute	34.4	36.6
Other NIH	20.5	22.2
III. <u>General Statistical Programs</u>	35.8	42.1
National Center for Health Statistics	33.7	40.3
National Center for Health Services Research	2.1	1.8
Total health statistics	122.9	130.7

Source: Data in this table are drawn from the document, Office of Management and Budget. Statistical Policy Branch. Principal Federal Statistical Programs. March 1982.

Funding for the general collection of health statistics will increase by 17.6 percent. Funding for statistics that are a part of medical research will increase by 7.1 percent. In contrast, statistics that are a direct part of the budgets of agencies that monitor public health or pay for health services will decline by 7.4 percent. Overall, there will be an increase of 7.8 million dollars or 6.3 percent between FY 1981 and FY 1983.

CRS-21

The reduction in research at health services agencies is largely attributable to decreases in the statistics budgets of the Health Care Financing Administration (HCFA) (-18.8%) and the Center for Disease Control (CDC) (-33.9%). The reduction at HCFA is largely due to the fact that its 1981 budget included funds for the NCHS's National Medical Care Utilization and Expenditure Survey (NMCUES). This survey which is used as the basis for estimating the costs likely to be incurred in the Medicare and Medicaid program, is not conducted on a yearly cycle. Because the survey was not planned for 1983, no funds were required for its field work. Alan Dobson of HCFA's Office of Research, Demonstration, and Statistics indicated that the agency has not yet decided when the next NMCUES will be conducted. 27/ The need for the survey will largely depend upon the future of the Social Security program. NCHS staff has recommended that the survey should be conducted once every five years. 28/

Budget officers at CDC told us that the drop in their expenditures on statistics resulted from two decisions. On the one hand, CDC decided to reduce the number of special projects that collect statistics. For example, when a survey on reproductive health ended, no other project was funded to replace it. On the other hand, CDC achieved a saving of about one million dollars a year by deciding to end the free distribution of its publication Morbidity and Mortality Weekly Report. This report will still be issued, but its printing and distribution has been transferred to the National Technical Information

27/ Telephone interview with Alan Dobson.

28/ U.S. Dept. of Health and Human Services. Public Health Service. Office of Health Research, Statistics, and Technology. National Center for Health Statistics. Periodicity of Data Systems; a Data Collection Plan for Fiscal Years 1981-86. Hyattsville, Maryland, 1981. p. 34.

CRS-22

Service (NTIS). NTIS will sell subscriptions to this publication starting on October 1, 1982. It is expected that the subscription will cost about \$75. CDC distributes about 100,000 free copies of this report each week. ^{29/} This report is used by public health officials and doctors to monitor the spread of disease and sometimes help in prompt diagnosis.

The National Center for Health Statistics

Because of its role in providing general health statistics that are widely used, we shall examine the plans of NCHS in greater detail. Even though the Center's budget increased by \$6.6 million between fiscal 1981 and fiscal 1983, the published plans for their program indicates that the 1983 request will only support a reduced statistical effort. Rather than reduce the number of surveys, NCHS has reduced the scope and frequency of its studies. NCHS is a good example of the interaction between budget and coordination issues because it is heavily dependent on the efforts of other statistical agencies to carry out its program. In addition, it must convince program agencies to help support its studies. NCHS is an example of a general statistics agency that is called upon to regularly support the mission oriented work of other agencies.

The Role of NCHS

During the 19th century, States and local governments began compiling information about the causes of mortality and morbidity. Censuses conducted by the Federal Government in that century included inquiries about the birthrate,

^{29/} Interview with Dr. Michael Gregg, Center for Disease Control.

CRS-23

the causes of death, and other health related phenomena. Since the first decade of this century, the Federal Government has worked in cooperation with States and the private sector to develop consistent, valid, and comprehensive information about the incidence of disease. 30/

By the 1930s, the Bureau of the Census had encouraged the development of a comprehensive system to record vital events. Subsequently, during the 1930s responsibility for the National component of this system of vital records was transferred to the Public Health Service, in order to take advantage of the Service's agents throughout the country who had direct contact with the State and local government departments that were responsible for compiling birth and death certificates. By the 1950s the existing Federal resources were expanded to collect comprehensive survey as well as vital records, to compile them and issue systematic reports. 31/

The National Center for Health Statistics (NCHS) was established in 1960 by combining the National Office of Vital Statistics and the staff of the National Health Survey. 32/ At the same time, a health examination survey was started to obtain data on chronic diseases and the distribution of abnormalities of vision and hearing, the growth and development of children, psychological tests and levels of nutritional status. In 1965, NCHS began collecting data about hospital patients through a hospital discharge survey. Since that time other national surveys have been established to determine the

30/ Duncan, Joseph W. and William C. Shelton. Revolution in United States Government Statistics, 1926-1976. Washington, U.S. Department of Commerce, Office of Federal Statistical Policy and Standards, 1978. p. 8.

31/ Ibid.

32/ The National Health Survey was required by the National Health Survey Act of 1956 (P.L. 652) and initiated by the Public Health Service and the Bureau of the Census in 1957. It is currently known as the National Health Interview Survey.

CRS-24

characteristics of residents of nursing homes, physicians' diagnoses, services physicians provided in their offices, and the public's expectations for family size. 33/

The National Center for Health Statistics (NCHS) conducts three types of data collection activities. Vital statistics are compiled from State and local health agencies, samples of the public are interviewed and examined, and health providers, physicians, nursing homes, and hospitals are asked about their operations. Table 2 lists the major NCHS programs and shows the dates when they were initiated.

TABLE 2. Major Surveys of the National Center for Health Statistics

Survey	Date established
National Health Interview Survey	1957
National Master Facility Inventory	1962
National Medical Care Utilization and Expenditure Survey	1980
National Health and Nutrition Examination Survey	1970
National Ambulatory Medical Care Survey	1973
National Hospital Discharge Survey	1964
National Nursing Home Survey	1973
Vital Statistics	*
Basic Vital Statistics System	*
National Death Index	1978
Vital Statistics Follow Back Surveys	*
National Survey of Family Growth	1971

Source: U.S. Dept. of Health and Human Services. Public Health Service. Office of Health Research, Statistics, and Technology. National Center for Health Statistics. Periodicity of Data Systems; a Data Collection Plan for Fiscal Years 1981-86. Hyattsville, Maryland, 1981.

* These statistical activities have been conducted on the Federal level in various forms for many years.

33/ U.S. Dept. of Health and Human Services. Public Health Service. Office of Health Research, Statistics and Technology. National Center for Health Statistics. Periodicity of Data Systems; a Data Collection Plan for Fiscal Years 1981-86. Hyattsville, Maryland, 1981. p. 35-36.

The quality of these indicators depends upon the cooperation of respondents, physicians, hospitals and State and local agencies to provide accurate information. These data provide important source material for other agencies. For example, the Census Bureau relies on the vital statistics information compiled by NCHS to assess the completeness of census enumeration. Epidemiologists working at the National Institutes of Health use the results of NCHS surveys and other data as baseline information for their studies of small populations. Data concerning causes of death and mortality for different groups in the population are used to learn about the risks that result from exposure to potentially dangerous substances. Because some important risks might only be detectable in studies of very limited groups (such as asbestos workers), survey and vital record data must be combined with clinical evidence to facilitate generalizations. This means that changes in seemingly unrelated statistical work could make it difficult to perform analyses of the causes and incidence of diseases. For example, a recent study of the population at risk from asbestos-related diseases used data on the number of workers in various occupations and their length of service from the Labor Turnover Survey. ^{34/} In our first report we noted that the Bureau of Labor Statistics has decided to discontinue this survey. Thus, epidemiologists could be hampered when analyzing work-related diseases. Coordination in planning statistical activities among and within Federal agencies has a direct impact on the kinds of analyses that are feasible.

^{34/} Selikoff, Irving J. Disability Compensation for Asbestos-Associated Disease in the United States. New York, Environmental Sciences Laboratory, Mount Sinai School of Medicine of the City University of New York, Report Submitted to the U.S. Department of Labor, June 1982.

CRS-26

NCHS is also charged with developing new techniques for collecting and analyzing health data. Since 1960, it has maintained a program that tested new procedures and refined old ones. For example, it introduced and developed sampling designs that cumulate annual averages from health data collected continuously throughout the year. This made it feasible for NCHS to recruit and train a permanent and specialized interviewing staff to administer complicated and difficult questionnaires. ^{35/} The research supported by NCHS has helped develop telephone interviewing and apply it to health data collection. This work could result in obtaining improved data at reduced cost.

Even though the amount of money requested for NCHS has increased, its research and development program was reduced by 45 percent between fiscal 1980 and fiscal 1981. ^{36/} Transmitting the Center's review of its research and development program for fiscal 1981, the Director Dorothy Rice wrote, "The report bears out the sad fact that R & D programs absorb inordinate budget cuts during periods of budget stress. The effects of spending cuts on the 1981 R & D program were alarming. They reduced the program to the lowest levels ever recorded." Director Rice noted that less than 2 percent of the Center's budget was devoted to development work, compared to 10 percent that was recommended by their external review committee. As a result, design work for the National Health Interview Survey, and other programs was delayed. ^{37/} While the figures

^{35/} U.S. Dept. of Health and Human Services. Public Health Service. Office of Health Research, Statistics and Technology. National Center for Health Statistics. Periodicity of Data Systems; a Data Collection Plan for Fiscal Years 1981-86. Hyattsville, Maryland, 1981. p. 6.

^{36/} Data for FY82 were not available at the time this report was prepared.

^{37/} U.S. Department of Health and Human Services. National Center for Health Statistics, Office of Research and Methodology. Report of the Center's R & D Program: FY 1981. Unpublished, December 1981.

CRS-27

for 1982 are not available at this time, NCHS staff report that there has not been an increase over the amounts available in 1981. 38/

The Periodicity Report

In an interview conducted in May 1982, NCHS Director Dorothy Rice 39/ explained that as the demand for NCHS studies grew, the Center faced the prospect of no growth in resources to meet increased demands. For example, NCHS was asked to conduct a detailed Health Examination Survey to describe the special health problems faced by Hispanics. Limited resources restricted the scope of the study to Hispanics living in selected areas. Other NCHS studies were not conducted on a regular cycle. Because comparing trends is a major part of the benefit of a health survey, irregular scheduling can greatly reduce the usefulness of the results. The Administration's decision to reduce the resources available in fiscal 1982 and limit their growth in fiscal 1983 intensified the need for a systematic plan. How could the fundamental aims of NCHS be maintained at a time when resources were not keeping pace with the demand for information?

Responding to these problems, NCHS management instituted a comprehensive internal planning effort to try to cope with increased demand in the face of no growth in resources. The director decided to use the resources of the methodological staff to address the alternatives. She appointed a special committee headed by Monroe Sirken, the Associate Director for Statistical Standards, to examine the need for the continued production of NCHS surveys

38/ Interview with Monroe Sirken of NCHS.

39/ Dorothy Rice retired in June 1982.

CRS-28

and data. This project resulted in a report entitled Periodicity of Data Systems. ^{40/} This report provides a data collection plan for the five years covering fiscal 1981 to 1986. It assumes the same amounts of resources during these years.

The so-called Periodicity Report does not represent the official position of the administration. Rather it is the best estimate of the NCHS professional staff as to how the resource limitations inherent in the President's budget can be accommodated with the least harm to their program. Implementing their plan will depend on the agreement of OMB and of the agencies that contribute to NCHS programs. For example, the HCFA which supports one of the NCHS surveys was apparently not consulted before NCHS staff recommended that the survey should be conducted once every five years. In the following discussion we will use it as a guide to the likely impact of continued level resources for the collection of health statistics.

The implications of these resource limitations are apparent from the report. The NCHS staff recommended that if faced with level resources, the Center should protect the vital statistics program by reducing the size or frequency of the surveys it conducts, rather than eliminating data series. Surveys would be scheduled less frequently but retain a sufficient sample size to allow for adequate National estimates.

The Periodicity Report provides a detailed discussion of the objectives, methods and uses of each activity of NCHS. It can be used as a guide to changes that might be implemented in its program.

^{40/} U.S. Dept. of Health and Human Services. Public Health Service. Office of Health Research, Statistics, and Technology. National Center for Health Statistics. Periodicity of Data Systems; a Data Collection Plan for Fiscal Years 1981-86. Hyattsville, Maryland, 1981. 98p.

VITAL STATISTICS

Basic program. Vital statistics that are provided through registration on the State level from records of births, deaths, abortions, marriages, and divorces are collected by the National Center for Health Statistics under cooperative agreements between the States and the Federal government.

These statistics are essential to many data users, including: Census Bureau population estimates and projections; Federal health program goal setting; State health planning agencies; and many private commercial organizations.

These statistics, and others such as those generated by the National Death Index (a specialized survey of the causes of death) were considered so vital by NCHS's professional staff that they recommended no changes in the collection of these data should be made even in the face of stringent resources. 41/

Vital statistics followback surveys. Followback surveys are used to augment the health-related data collected from the national vital statistics system. These surveys are based on the vital statistics records and enhance data provided by vital statistics.

These data are used for planning and evaluation of public health programs; assessing current infant and maternal health; identifying morbidity patterns in relation to the use of medical facilities; and for statistics showing the effectiveness or need for education programs in public health.

41/ Ibid., p. 76.

CRS-30

Because of reduced resources NCHS staff recommended that the followback surveys be conducted once every three years rather than once every other year. 42/

Surveys of Physicians, Hospitals, and Nursing Homes

National Ambulatory Medical Care Survey. The National Ambulatory Medical Care Survey (NAMCS) was established by the National Center for Health Statistics in 1973. The purpose of NAMCS is to describe the type of medical care received by patients who are not in hospitals and nursings homes. The survey is based on a sample of approximately 3,000 doctors who are assigned one week a year to report on patients who visit their offices.

This survey is currently conducted annually.

Reduced resources will limit the survey to once every three years. This would save \$1.3 million every three years. NCHS staff also recommended that the survey be expanded to include ambulatory visits to hospitals as well as physician's offices because proportionally more visits are made to hospitals by the poor and minorities. 43/

National Hospital Discharge Survey. The National Hospital Discharge Survey (NHDS) collects information about the inpatient experience of the United States civilian noninstitutionalized population discharged from short-term hospitals.

The survey provides information about the leading causes of hospitalization and the most frequently performed operations. These data

42/ Ibid., p. 86.

43/ Ibid., p. 45-50.

CRS-31

are used by Federal, State, and local officials to estimate the hospital facilities that are required and the way those facilities are used. They are also used as the basis for studies of hospital care. For example the Office of Technology Assessment used them in a study of pneumonia and influenza. 44/ The Center for Disease Control used them in a study of women who have undergone tubal ligations and sterilizations. 45/

The survey costs \$800,000 per year because the 544 participating hospitals absorb the cost of compiling the data for their institutions. Data are collected for a sample of the hospital discharges at each participating institution. NCHS staff recommended that the survey continue without change. Money to continue it is provided in the President's budget request. 46/

National Master Facility Inventory. The National Master Facility Inventory (NMFI) is the only comprehensive source of information on health care facilities that provide "inpatient" (at least overnight) health care. The survey includes: hospitals, nursing homes, and other facilities such as schools for the deaf and blind, mentally retarded, emotionally disturbed, neurologically impaired, and physically handicapped. It also covers alcohol and drug abuse resident treatment centers, orphanages, and homes for unwed mothers.

44/ U.S. Dept. of Health and Human Services. Public Health Service. Office of Health Research, Statistics and Technology. National Center for Health Statistics. Periodicity of Data Systems; a Data Collection Plan for Fiscal Years 1981-86. Hyattsville, Maryland, 1981.

45/ Ibid.

46/ Ibid., p. 56.

The survey collects data on the ownership, location, size, certification, and staffing of these facilities. It also records the average number days of care patients receive and cost information.

Data on hospitals is obtained from the American Hospital Association at a small annual cost. NCHS staff recommended that hospital data continue to be compiled on an annual basis, but that data on nursing homes and other facilities be collected once every three years. 47/

National Nursing Home Survey. The National Nursing Home Survey (NHS), provides more detailed information for a sample of the institutions included in the National Master Facility Inventory. The NNHS obtains information concerning the health of the population in nursing homes. This data can be used to study the care provided by different kinds of homes, assessing the cost. Planners use the data to estimate the future needs for nursing home care as the population grows. It is used to develop and assess long-term care and biomedical and health services research. The nursing home industry also uses it to measure the market for new facilities. 48/

NCHS staff recommended that the current scope on the NHS be retained, but the survey be taken every six years rather than every three years. 49/

In a discussion on the Federal statistical system that CRS taped on April 1982 for House Television, Dorothy Rice, Director of NCHS and Ed Spar, President of Market Statistics reviewed the implications of this decision:

47/ Ibid. p. 56.

48/ Ibid. p. 61.

49/ Ibid. p. 69.

CRS-33

- Spar - The placement of nursing homes and hospital beds in the private sector totally rely upon their data.
- Rice - Here is where we made some cuts that we have been rather concerned about.
- Spar - Unfortunately, the nursing home cutbacks are truly a disaster. I hate to say this but it's really . . .
- Rice - The Nursing Home Survey is one of the surveys that we looked at very carefully. We had been producing the data on a triennial basis. We now plan to do this survey every six years. This does present a problem for business.
- Spar - That makes the accuracy of the information four years out so ludicrous but, you're going to have to produce it anyway. Because, as far as the private sector is concerned it's transparent. They're assuming that the data are going to be good. But, we all know now that with a survey every sixth year, they are not going to be good.

HOUSEHOLD SURVEYS

National Health Interview Survey

The National Health Interview Survey (HIS) is the principal source of information on the overall health of the civilian population of the Nation. It provides information on the extent and impact of illness, and disability planners use the resulting expected demand for health care services to provide for needed services. 50/

The HIS is used to rank illnesses and disability problems of the public; check the adequacy of reports of diseases by physicians; provide quantitative data for planning new programs of disease control; and determine trends in the

50/ Ibid. p. 6.

incidence and prevalence of specific diseases so as to evaluate the effect of preventive measures.

For example, the survey provides estimates of the number of persons requiring particular rehabilitation services. This information is used by States, local governments, and other health providers to assess the need for such services. The survey is also used for medical research. For example, it provides information on the association between the incidence of various diseases, and age, sex, marital status, occupation, and poverty. Research workers trying to find ways to prevent illness use it to help find people who have the worst risk of suffering from diseases.

The survey results are also used for manpower programs. For example, HIS collects information on absenteeism. Physicians use it to compare the illnesses suffered by handicapped persons with persons who are not handicapped. Drug firms and medical appliance manufacturers use the results to estimate the markets for their products. It is also the basis for education programs to inform the public about the incidence of accidents, and about the prevalence of certain diseases, such as cerebral palsy.

To meet reduced budget targets, NCHS staff recommended reducing the sample from 40,000 to 35,000 households each year. They admitted that "some ability to produce estimates for small domains would be lost." As a result annual data for some regions of the Nation might not be available. Where resources required this cut-back, NCHS staff would attempt to remedy the situation by combining data over a two year period. This could be done because the survey uses a sampling procedure that allows data to be combined from different times. However, if the health of the population changed during the two year period, the results of this combination would be inaccurate. Furthermore, it might be difficult to compare the results to previous surveys.

CRS-35

NCHS planners believed that reducing the number of persons interviewed in the HIS was preferable to interrupting its continuous operations because the survey relies on a permanent staff who work year round. Starting work after a break of a year would not only interrupt the series of information collected, it would also require laying off and re-hiring the interviewers.

Commenting on the recommendation, H.H. Winsborough of the Center for Demography of the University of Wisconsin, expressed concern about reductions in the Health Interview Survey. Mr. Winsborough described the Health Interview Survey and the Health Examination Survey as: 51/

our primary data on morbidity of the population. They provide early signals of changes which will subsequently appear in death rates. They will help us predict whether the increase in life expectancy at older ages will accelerate or subside.

The National Medical Care Utilization and Expenditure Survey. The National Medical Care Utilization and Expenditure Survey (NMCUES) provides information about the extent to which individuals and families spend money on medical care, and their coverage by health insurance. The data from this survey provide a statistical base for major health policy decisions that are made by the Department of Health and Human Services. National data are provided on health care expenditures and associated health service use made by the American population. Data are also collected for Medicare and Medicaid populations as well as non-Federal beneficiaries, making it possible to compare the Federal with the non-Federal experience.

51/ Statement of H.H. Winsborough [in] U.S. Congress. House. Committee on Post Office and Civil Service. Subcommittee on Census and Population. Impact of Budget Cuts on Federal Statistical Programs. Hearing, 97th Cong., 2nd Sess., March 16, 1982. Washington. U.S. Govt. Print. Off., 1982. p. 442.

These data can have a direct impact on planning for Federal health care expenditures. According to aggregate data compiled by Health Care Financing Administration, in 1979, national health care expenditures amounted to \$212 billion, which was 9% of the GNP. Of this, 43% was paid from public sources. 52/ The goal of MCUES is to provide detailed statistics on the uses of health care at the individual and family level. The results help us to understand the reasons for the growth of health care expenditures by providing detailed information about the pattern of the use of health facilities. This information is used to provide a statistical base for monitoring the cost of health care and the efforts of the Department of Health and Human Services to contain such costs. It provides updated and comparable measures of the use of health care and expenditures in order to monitor any proposals for national health insurance, or other health insurance proposals.

If resources are reduced, NCHS staff recommended that the NMCUES be conducted once every five years rather than once every three years. 53/

National Health and Nutrition Examination Survey. 54/ In contrast with the Health Interview Survey that relies on respondents' perceptions for information about their health status, the National Health and Nutrition Examination Survey, known as HANES, involves physical examinations of a probability sample of persons living in the United States. This survey is conducted in two stages. First, the Bureau of the Census interviews a

52/ U.S. Dept. of Health and Human Services. Public Health Service. Office of Health Research, Statistics, and Technology. National Center for Health Statistics. Periodicity of Data Systems; a Data Collection Plan for Fiscal Years 1981-86. Hyattsville, Maryland, 1981. p. 31.

53/ Ibid., p. 34.

54/ Ibid., Chapter 4.

probability sample of the Nation's population. 55/ Subsequently, physicians from the National Center for Health Statistics give the respondents physical examinations and perform a series of diagnostic tests.

The goal of these examinations is to provide a statistical picture of the health of the Nation's population. The data for each person in the sample include a medical history, body measurements, dental, hearing and vision examinations, a chest x-ray, an electrocardiogram, a glucose tolerance test and a tuberculin skin test. The respondents are asked to describe their diet. They are also tested for gallstones, liver disease, and venereal disease. They are asked about their mental health and use of alcohol and drugs. This objectively measured information provides the base-line description of the Nation's health that is used to identify problems and target groups with special needs. Because the survey includes information about the experiences and habits of respondents as well as their health, it is possible to isolate the factors that lead to illness. The results form a basis for recommendations that will help individuals avoid sickness. They also are used as a standard against which tests of individual patients can be calibrated. 56/

These data have been widely used by health authorities. For example the Food and Drug Administration has used data on the sources of anemia and iodine excretion as the basis for formulating food policy decisions concerning the need for iron supplements. Additionally the National Heart, Lung and Blood

55/ Only persons living in households are included. Those who live in institutions or dormitories are not a part of this study.

56/ U.S. Dept. of Health and Human Services. Public Health Service. Office of Health Research, Statistics and Technology. National Center for Health Statistics. Periodicity of Data Systems; a Data Collection Plan for Fiscal Years 1981-86. Hyattsville, Maryland, 1981. p. 35-36.

Institute has used these data on blood pressure to develop models for funding high blood pressure programs across the country. More than 25 million NCHS growth charts based on the HANES data have been distributed to medical practitioners throughout the world. The World Health Organization uses the charts as their standard reference for children age 2 to 18. NASA engineers used these height and weight data as a basis for its specification of spacecraft design. The data with regard to cholesterol levels have been used by the Heart, Lung and Blood Institute to calibrate its epidemiological studies. The electro-cardiogram data from the health examination survey have been used to establish normal values that are then used as a basis for comparison with patients suspected of having heart disease. 57/

Because of budgetary considerations NCHS has decided to conduct this survey once every ten years rather than once every five years. Critics argue that if health patterns change greatly during the period there will be a delay in recording these developments. Five years after the major study is done, a smaller study of a subgroup of the population will be conducted. The first such study is to be the study of Hispanics. 58/

National Survey of Family Growth. The National Survey of Family Growth extends the scope of vital statistics to data on marriages, divorces, births, fetal deaths, and abortions. The survey identifies the population of women in childbearing years, linking this data with other factors in order to provide data for socioeconomic analysis, family planning, and health factors.

The data produced by this survey are used in planning and administering programs for pregnant women and infants.

57/ Ibid. p. 40.

58/ Ibid. p. 37.

CRS-39

To accommodate resource limitation, NCHS staff estimated this survey could be conducted every five years, rather than approximately every three years as it has in the past. 59/ This prospect has met with criticism especially in relation to the controversy among demographers about the likelihood of another "baby boom." By extending the periodicity of this survey from three to five years, those who must plan for the impact of such a boom may be caught unawares at the time (five years hence) when the children enter school. 60/

Revised Sampling Strategy. As the NCHS methodologists examined the available options, they concluded that money could be saved by combining the sampling and analysis of the household surveys sponsored by the Center. They argued that this would occur because of two advantages that could be gained. First, the NCHS analysts use the surveys to make estimates about the characteristics of small populations. To find the persons with the required experiences or health conditions, the samplers must employ a so-called screening procedure in which a large number of persons are contacted so as to include a small number who have the characteristics. Because the Health Interview Survey (HIS) is continuously conducted and is the largest NCHS sponsored household survey, NCHS staff argued it could be used to find the people who were of interest for the other surveys thereby saving the cost of locating them. Second, information collected during the HIS survey need not be collected again during the other surveys if the same persons were used. 61/

59/ Ibid., p. 93.

60/ Statement of H. H. Winsborough [in] U.S. Congress. House. Committee on Post Office and Civil Service. Committee on Post Office and Civil Service. Subcommittee on Census and Population. Impact of Budget Cuts on Federal Statistical Programs. Hearing, 97th Cong., 2d Sess., March 16, 1982. Washington, U.S. Govt. Print. Off., 1982. p. 441

61/ Interview with Monroe Sirken.

CRS-40

Two problems might occur during the implementation of this plan. First, some respondents might object to being contacted a number of times. They could refuse to participate thereby reducing the utility of the followup surveys. Second, by the time the other survey takers attempt to re-contact households, some of the respondents might have moved. The Census Bureau estimates that about 18 to 20 percent of the population changes their address each year. These problems are recognized by NCHS staff. They will need to implement research studies to find ways of dealing with them. Even then, they believe that substantial savings could be achieved without damaging the data collection efforts.

However, they face an important administrative problem. The largest NCHS survey--the Health Interview Survey--is conducted by the Census Bureau. Its sample is drawn from the house list developed during the decennial census. The other surveys are conducted by private contractors. Current census law and practice do not allow for sharing the census house list or individually identified data from a survey based on it with anyone outside the Census Bureau. 62/

Theoretically, the least expensive procedure would use an updated version of the census house list for the HIS. The other surveys would target subsamples designed to maximize the estimates for key populations. But, because of Census Bureau privacy protection procedures an alternative had to be found.

NCHS staff proposes that instead of drawing the new sample from the household list prepared during the census, survey areas would be selected based on aggregated census results. New enumerators would be sent to these places and required to list households for inclusion in the survey. A sample of these

62/ Title 13 United States Code.

CRS-41

households would be interviewed. While this procedure would be based on the decennial census, it would not use the confidential census house lists. As a result, the newly collected lists could be shared with contractors under provisions that protect the privacy of respondents. The new procedure would be cheaper than having the contractors draw their own samples, but more expensive than basing each survey on the census house list.

Census lists might be used if an enclave approach to protecting the privacy of survey respondents were adopted. This idea was proposed by the Bonnen Commission. 63/ In it statistical agencies would be designated as a part of a "statistical enclave." Those agencies contained within the enclave could have access to identifiable data when this was needed to conduct a statistical study. Each agency would be bound by a confidentiality statute that protected the privacy of individuals. OMB is currently drafting proposed legislation to implement this procedure, but has not announced its plans. 64/ Earlier drafts relied on the Chief Statistician to control and monitor the exchange of information and the protection of privacy. One of the problems of such statistical enclaves is that the possibility of an inadvertent breach of privacy increases as the number of agencies that could have access to confidential statistical records increases.

63/ U.S. Federal Statistical System Project Task Force. Improving the Federal Statistical System: Issues and Options. Statistical Reporter, no. 81-5, February 1981. p. 199-206

64/ Remarks of Cristopher DeMuth to the Council of Professional Associations on Federal Statistics meeting.

Proposed Reorganization of the Office of the Assistant Secretary of Health

Congress has considered legislation to organize the National Center for Health Services Research within the Department of Health and Human Services. On Aug. 23, 1982 the House Energy and Commerce Committee reported H.R. 6457, Health Research Extension Act of 1982, which would among other things, relocate and place the centers in the National Institutes of Health. 65/ In addition, the Assistant Secretary for Health of the Department of HHS considered merging the National Center for Health Statistics with the Health Resources Administration, the Health Services Administration and the National Center for Health Services Research into a new agency. Assistant Secretary Brandt believes that the reorganization is required because it is an anomaly for an operating unit to be located within the Office of the Assistant Secretary for Health. 66/ Proponents of this reorganization argue that by placing the National Center for Health Statistics in close proximity with the agencies providing health services the agency can shape its programs to the needs of these organizations which provide direct support to the public. Opponents argue that the National Center for Health Statistics, as a research organization, ought to be merged with another research organization if it is to be moved from the Office of the Assistant Secretary for Health. They advocate moving it to the National Institutes of Health.

While it could be argued that the location of National Center for Health Statistics is relatively unimportant because it will be autonomous wherever

65/ U.S. Congress. House. Health Research Extension Act of 1982. Report to Accompany H.R. 6457. House Report No. 97-791, 97th Cong., 2d Sess. Washington, U.S. Govt. Print. Off., 1982.

66/ Interview with Gooloo Wunderlich of the Office of HHS Assistant Secretary for Health, Apr. 1982.

it is placed, the location has a direct impact on the Center's ability to maintain a high quality staff. If the Center is located in an organization where retrenchment occurs, it may be subject to the effects of a reduction-in-force even if none of the Center's positions is cut. This could occur if managers in the other parts of a wider organization found that their positions were abolished and were successful in bumping the technical staff of the Center.

Because of the highly specialized nature of the Center's work, this might lead to a situation in which a person who was highly qualified for a job with specialized skills would be bumped by someone who was generally qualified but who did not have the specific experience, training, and background to successfully perform the job at high levels of competence.

Critics allege that this recently occurred when there was a reduction of force in the Office of the Assistant Secretary for Health. At the time, managers from the Office were rified, and they succeeded in bumping into vacant slots in the National Center for Health Statistics on the basis of their having had a minimal amount of preparation in statistics. The slots they occupy had been planned for persons with extensive statistical experience. ^{67/} Critics of the proposed reorganization argue that the current incumbents lack the specific training and orientation to successfully carry out their jobs. They contend that this pattern might be repeated if NCHS is merged with non-research units in the Department.

A dispute about the appropriate role of NCHS underlies the proposed reorganization. To clarify the views held by Assistant Secretary Brandt, CRS

^{67/} Statement of Dorothy Rice before the Committee on National Statistics, National Academy of Sciences.

CRS-44

addressed a number of questions to him. In his reply Dr. Brandt expressed the view that while "NCHS as the principal Federal, general-purpose health statistics agency, has played a key role in the development of the standards program," responsibility for setting the standards and priorities for health data remained with the Health Data Advisory Committee he has established in his office.

Asked about the role of statistical research Dr. Brandt said--

The Research and Development program of the Center has gained an international reputation for methodological research. Although the amount of funds and the number of personnel devoted to statistical research has declined in recent periods of budget restraint, the Center regards the essential design work for future surveys as a high priority. A particularly critical and very promising objective of the research program is to fully integrate the designs of the Center's surveys. This will greatly expand the analytic potential of the data generated and will reduce the costs of conducting the individual surveys.

. . .

In addition to design for future surveys, such as described above, the Center has used the PHS evaluation process to assess the quality of its statistical programs. Examples of recent evaluation projects include: examination of proposed changes in the basic Health Interview Survey questionnaire; evaluation of the utility of the Health and Nutrition Examination Survey in answering questions about nutritional public health programs; and evaluation of the reliability of data from the Hospital Discharge Survey. Similar projects still underway include: evaluation of participation problems in the hospital discharge survey and related national utilization surveys; evaluation of the effect of field and query programs on the quality of vital statistics; evaluation of the NCHS Mortality Data System; and evaluation of the National Ambulatory Medical Care Program.

With respect to the development of better "indicators" of health status, it is important to note the the development of indicators is not a purely statistical matter and research is not limited to statisticians. 68/

68/ Wunderlich, Gooloo S.; Director, Office of Statistical Policy and Reports Clearance Officer, DHS. Letter to Daniel Melnick. Washington, D.C., May 20, 1982. (Appended to this report.)

GEOGRAPHIC DISTRIBUTION OF FEDERAL FUNDS *

Beginning in fiscal year 1981, the Federal Government ceased to publish the Geographic Distribution of Federal Funds (GDFP) report that has been published since 1968 as a product of the Community Services Administration. The GDFP attempted to report Federal domestic financial assistance of all types, including salary and expense payments to Federal employees, and Federal procurement activities on the State, county, and large city levels.

According to a review by the General Accounting Office, the GDFP had been "the only fully operational system that attempted to capture and report obligations of all Government administered funds at the local level." ^{69/} Since its inception, the report had been used by policy makers in the Congress and the executive branch to assess the impact of Federal spending on geographic areas. The GDFP had reported data from approximately thirty-two Federal agencies, including the State Department and the Department of Defense.

In the absence of GDFP there are four important systems and data bases that have the capability of reporting partial Federal expenditures by geography. These include: (1) The Federal Aid to States (FAS) system of the Department of the Treasury that lists Federal grants-in-aid by State; (2) The Federal Assistance Awards Data System (FAADS) of the Census Bureau that reports Federal Assistance (but no Federal salary, and some DOD data) on the county level; (3) The Federal Procurement Data System (FPDS) that reports data on Federal contracts at the Zip Code, city, county, and State level; (4) and the Budget

* David Huckabee drafted this portion of the report.

^{69/} U.S. Comptroller General. Maintenance of the Geographic Distribution of Federal Funds (GDFP) Information System. March 10, 1982. Congressional Record, Daily Edition, vol. 128, April 15, 1982. p. S3606.

Information System (BIS) that gives a State-by-State accounting of formula grant programs that make up more than eighty percent of Federal financial aid to State and local governments.

In addition to these data bases, two others that do not report information by geographical areas at the present time have data that would be useful in assessing the geographic distribution of Federal funds. These are the Central Personnel Data File (CPDF) of the Office of Personnel Management that has salary data for all Federal employees, and the Defense Manpower Data Center that reports data on defense employees.

The elimination of the Geographic Distribution of Federal Funds report has been noted with dismay in some quarters. On February 11, 1982, Senator Riegle introduced S.J. Res. 146, to require the Office of Management and Budget to report to Congress on specific geographic distribution of government outlays. 70/

On April 15, 1982, a bill to establish a system to collect data on the geographic distribution of Federal funds was introduced by Senator Sasser and others. This bill, S. 2386, passed the Senate on July 29, 1982. It would require the Office of Management and Budget to prepare a report on the total amount of Federal funds obligated for expenditure or expended in each general category of Federal funds in each State during fiscal years 1981 and 1982. Beginning in fiscal year 1983, the report would be expanded to report data on the county, parish, and municipal level.

The report would be based on data included in the FAADS and FPDS data systems, the Central Personnel Data System, and the Defense Manpower Data Center.

70/ Riegle, Donald W., Jr. Remarks in the Senate. Congressional Record, Daily Edition, v. 128, Feb. 11, 1982. p. S835.

CRS-47

In addition to specifying the geographic coverage and sources of the data file, S. 2386 specifies certain reporting requirements of the data for OMB, and directs the Comptroller General to analyze the system annually and issue a report to the Congress.

On September 14, 1982, Representative Jack Brooks (and others) introduced H.R. 7096, the Consolidated Federal Funds Reporting Act of 1982. H.R. 7096 differs from S. 2386 as it passed the Senate in the following principal ways: It expands the geographic reporting requirements to include congressional districts; specifies that the Consolidated Federal Funds Report will be prepared for fiscal years 1983, 1984, and 1985; broadens the definitions of the types of data that will be required to be collected; requires that FAADS will be updated on a quarterly basis; alters the evaluation requirements of the Comptroller General; and directs executive department heads to send to the Senate Rules and Administration and House Administration Committees data for fiscal years 1981 and 1982 that have been compiled or can readily be compiled that would have been used in the "Geographic Distribution of Federal Funds Report."

Senator Sasser in his statement of introduction for the bill cited the need for such coordinated information in order to assess the impact of changes in "intergovernmental aid policies," that are changing as a result of budget cuts and the "New Federalism" program. 71/ Hearings were held before the Subcommittee on Intergovernmental Relations on May 12, 1982, on S. 2386 and S.J. Res. 146. The following broad themes emerged from testimony at the hearings. 72/

71/ Sasser, James R. Remarks in the Senate. Congressional Record, Daily Edition, v. 128, April 15, 1982. p. S3608.

72/ At this writing the hearing record has not been published.

James Wright, Deputy Director of OMB, testified that the GDFP had been inaccurate. He stated that taken together, the FAADS, FPDS, and data readily available from OPM, covered virtually all the information contained in GDFP. The OMB position in summary was that the bill would create a complex, cumbersome, costly, and unneeded administrative structure.

Shirley Kallek, Associate Director for Economic Areas, of the Census Bureau, testified that the Bureau was undertaking a comprehensive audit of FAADS to correct and enhance the data provided by that survey.

Harry Havens, Assistant Comptroller General for Program Evaluation of the GAO, testified that although the systems cited by OMB have the data previously covered by GDFP, using the data in its current form would be somewhat unwieldy, and error-prone. Emerging from testimony and the hearings on S.J. Res. 146 and S. 2386, and the statements of introduction by Senators Riegle and Sasser are a number of arguments favoring some form of continuation of a geographic distribution of Federal funds report. Proponents of this legislation argue that eliminating the GDFP at this time has crippled the ability of Congress, the States, and the Federal government to assess the impact of New Federalism and budget cutting proposals on geographic areas. S.J. Res. 146 seeks to require OMB to publish geographic distribution of Federal funds data on an interim basis to make up for the loss of the previously existing GDFP function in the defunct Community Services Administration. S. 2386 specifically provides statutory authority for the Census Bureau's FAADS (it is not now specifically authorized), as well as requires OMB to consolidate and improve existing data systems and report the data on a geographic basis. The proponents of these measures see them as not only a re-creation of the GDFP report, but as a significant improvement in such data reporting.

CRS-49

The opponents of these measures not only see the creation of a new GDFP reporting system as being inappropriate in an era of budget restraint, but they cite the already existing data systems cited above (such as FAADS, FPDS, FAS, etc.) as meeting any needs for geographic information on Federal funds distribution. An enhanced FAADS is seen as an alternative to creating a new bureaucracy to report the data.

BUREAU OF JUSTICE STATISTICS *

The President's Budget provides for increases in spending on the compilation of crime statistics. For example, the budget for the Bureau of Justice Statistics (BJS) will increase by 15 percent from \$12.7 million in 1981 to \$14.6 million in 1983. BJS was established in 1979 to replace LEAA's National Criminal Justice Information and Statistics Service (NCJISS). The main function of NCJISS had been to assist States and local communities in gathering statistics on crime.

With the establishment of the Bureau of Justice Statistics (BJS) the Congress gave the agency the primary responsibility for collecting, analyzing, and distributing statistical data on crime on the Federal, State, and local level. Included in this mandate was the duty to develop improved methods for gathering and analyzing the data, especially on the State and local level. Most criminal activity falls within the jurisdiction of States and local communities. Data from these jurisdictions have historically been difficult to obtain on a consistent nationwide basis.

* David Huckabee drafted this section of the report.

CRS-50

At the present time there are several primary sources of data on criminal activity in the United States. ^{73/} The Uniform Crime Reports is published by the Federal Bureau of Investigation annually for the BJS. This data series aggregates reports of crime that are registered by the police. BJS and the FBI rely on State and local police departments for the completeness and accuracy of the reports. They do not include crimes that are not reported to the police or those that the authorities do not consider to be substantiated. The Uniform Crime Reports include the following crimes: Murder, nonnegligent manslaughter, aggravated assault, forcible rape, robbery, burglary, larceny-theft, and motor vehicle theft, by State, region, size of place and extent of urbanization. In addition, the report includes data on law enforcement personnel.

The National Crime Survey is conducted for BJS by the Census Bureau. Census workers interview persons twelve years and older about their experiences as victims of crimes such as assault, robbery, rape, larceny, burglary, and vehicle theft. The survey is based on a probability sample of the persons living in American households. As such, it records many crimes that are not reported to the police.

Supplementing the Uniform Crime Reports and the National Crime Survey are data collected from the Securities and Exchange Commission, Postal Inspection Service, Drug Enforcement Administration, Secret Service and others including private organizations. The Administrative Office of the U.S. Courts collects and publishes data on the Federal court system. Some court-related data are published by the Federal Prison System. The BJS and the Federal Prison System

^{73/} The descriptions that follow are from U.S. Dept. of Justice. Bureau of Justice Statistics. Sourcebook of Criminal Justice Statistics--1980. Washington, U.S. Govt. Print. Off., 1981. p. vii.

CRS-51

publish data on prisoners in Federal institutions. Data on juvenile justice are published by BJS and the National Center for Juvenile Justice.

The focus of the National Criminal Justice Information and Statistics Service was directed toward supporting grants to State and local governments to gather statistics as well as establishing a significant new source of national data through the crime victimization survey. In contrast the goal of the Bureau of Justice Statistics is to become a primary source of comprehensive National and State data that describe all aspects of the criminal justice system. By establishing nationwide standards for State-level data, the BJS will encourage increased use of such data for intra-State criminal justice planning. The agency plans to expand its data gathering and publishing activities in the next five years. These goals may have to be modified because of further budget cutting needs, but budget requests for the agency thus far have been higher than in previous years.

AGRICULTURE STATISTICS *

A large proportion of the responsibility for collecting and publishing national and State agriculture statistics is vested in the Statistical Reporting Service (SRS) of the Department of Agriculture.

The data collected by the SRS are used by farmers, food processors, and handlers, in making marketing and production decisions, and by Members of Congress and administrators in establishing policies and administering

* Jasper Womach of CRS's Environment and Natural Resources Policy Division contributed information in this section.

agricultural programs. These data are also used as the basis for agricultural and economic research and analysis on the Federal and State levels, and for academic research.

SRS programs are conducted in the following major areas: (1) Estimating production, supply, price, and other aspects of the agricultural economy; (2) reviewing, clearing, coordinating, and improving statistics of the Department of Agriculture; and (3) performing surveys and statistical analysis for other Federal and State agencies. 74/

The central office of the Statistical Reporting Service (SRS) is located in Washington, D.C., but much of its statistical program is conducted in 44 State offices that are operated as joint State-Federal services. The SRS requested an appropriation of \$53,694,000 for fiscal 1983, an increase of \$2,058,000 over the 1982 appropriation. This compares with an appropriation of \$53,596,213 that was available in fiscal 1981.

From the testimony of William Kibler, Administrator of the Statistical Reporting Service, before the Subcommittee on Agriculture, Rural Development and Related Agencies in March 1982, we learn that the fundamental impact of the SRS 1983 budget request would be as follows. 75/

74/ Statistical Reporting Service. Purpose Statement. [in] U.S. Congress. House. Committee on Appropriations. Subcommittee on Agriculture, Rural Development and Related Agencies. Agriculture, Rural Development and Related Agencies Appropriations. 97th Cong., 2d Sess. Washington, U.S. Govt. Print. Off., 1982. p. 667.

75/ Ibid., p. 665-666.

The SRS proposes a new program to conduct the grain stocks survey on a probability basis. This new activity will cost \$900,000. It is part of a program that the agency is seeking to improve the technical foundation of its surveys.

Another budget increase involves paying for the acquisition of LANDSAT Data that had previously been provided by NASA. In fiscal 1983, the cost of these data will be \$300,000. The data obtained from this satellite system up until recently had been considered by SRS to be experimental in nature.

Another large component of fiscal 1983 costs is an approximately \$2 million increase for salaries to cover raises mandated by the Pay Act. In addition, the agency faces approximately \$1.4 million in increased operating costs. With these scheduled program increases and increased costs, some real reductions are planned.

The SRS plans to eliminate some reports and cut back the frequency of others in order to save approximately \$3 million from the agency's budget. According to Mr. Kibler, the surveys listed in Table 3 will be eliminated or reduced. Mr. Kibler testified that prior to the reductions reflected in Table 3, the SRS published approximately 475 reports covering 150 crop and 50 livestock items. After the reductions the SRS was publishing about 300 reports covering 120 crop and 45 livestock items. 76/

76/ Ibid., p. 652.

CRS-54

TABLE 3. Statistical Research Service Program Adjustments
 Announced March 10, 1982 77/
 (in thousands of dollars)

	Fiscal 1982 Savings	Fiscal 1983 Savings
July 1 corn and spring wheat, and December 1 winter wheat forecasts	95	125
Full March, June, and September hogs, and pigs report	200	250
Annual bees, honey and beeswax statistics	40	50
Aquaculture statistics series	200	300
Floriculture statistics	50	60
Grass seed statistics	170	200
Popcorn production statistics	20	30
July 1 cattle inventory	260	315
Quarterly cattle on feed, from 23 to 13 States	125	165
Monthly to quarterly slaughter	30	45
Monthly to quarterly cold storage	30	45
Monthly to quarterly milk production	85	160
Monthly to quarterly dairy products	35	60
Monthly to quarterly eggs, chickens, and turkeys	80	165
Elimination of all sugar statistics	65	95
Modifications of vegetable statistics	125	160
Reduction in detail for tobacco statistics	76	106
Eliminate monthly fertilizer statistics	45	75
Reduction in sheep statistics series	135	290
Curtailement of peanut stocks, cranberries, mint, apple varieties, wheat and soybean stocks, wheat pasture, gum naval stores, maple syrup, et cetera	85	135
TOTAL	2,101	3,031

The Agency plans to institute subscription charges for SRS publications that will produce an additional savings of \$1,212,000. 78/

77/ Ibid., p. 643, 644.

78/ Ibid.

NATIONAL CENTER FOR EDUCATION STATISTICS *

The National Center for Education Statistics (NCES) serves as the principal agency to collect, analyze, and distribute statistics on the condition of education in the United States. The NCES collects and disseminates data on educational enrollments, revenues, and expenditures; assists State and local education agencies to improve their statistics; and conducts special surveys and studies for Congress. According to the NCES, the agency is the only national level organization that consistently collects and distributes data on education in the U.S. Other Federal agencies, primarily the Census Bureau, collect educational data but the data collected are not as extensive as those collected by the NCES. In addition, several non-Federal agencies collect educational data--for example, the National Education Association and the American Council on Education--but, again, the data are not as extensive or broadly disseminated as those collected by NCES. There are also concerns about the uniformity and objectivity of educational statistics not collected by Federal agencies. 79/

The NCES maintains five principal data bases on public and nonpublic elementary, secondary, postsecondary, vocational, and adult education to provide information on enrollment, staff, and finances. Recent changes in these data bases include those listed below.

(1) The Public School Data Base has been updated on a biennial rather than an annual basis since fiscal year 1979. Certain portions of the data base are now collected on the State rather than the local level. Other portions, such as limited data on pupil transportation have been dropped following the 1981-82 school year.

* Wayne Riddle of CRS's Education and Public Welfare Division contributed information and critiqued this section.

79/ U.S. Congress. House. Committee on Appropriations. Subcommittee on the Departments of Labor, Health and Human Services, Education and Related Agencies. Hearings, 97th Cong., 2d Sess. Washington, U.S. Govt. Print. Off., 1982. p. 1039.

In recent years the following portions of the data base have been reduced (e.g, collected now only at the State or local level, but not both, or collected in less detail) or eliminated: school count, enrollment by grade data, high school graduates, pupil transportation, and staff by sex. 80/

(2) The Adult Education Data Base has been modified by dropping a survey of noncredit adult education in colleges and universities. The NCES plans to use Current Population Survey data to replace data that the survey formerly supplied.

(3) The Private School Data Base has been reduced because the NCES has found the data collected previously to be essentially the same over time. Also, some of the data previously collected for the Private School Data Base are now collected for the Private and Public School Data Bases described below.

(4) The Private and Public School Data Bases have been changed by an increased publication program by NCES. For example, following the Private School Survey in 1980 the NCES published private and public school enrollment data for each State.

(5) The College and University Data Base has been reduced by dropping the survey of non-collegiate postsecondary enrollments and programs. In place of the lost data, the NCES plans to use Current Population Survey (CPS) data. The NCES plans to add supplementary questions to the CPS in order to collect data on student characteristics across the range of postsecondary education. 81/

(6) The Vocational Education Data System (VEDS) has been modified by the removal of several data elements from among those collected. Although NCES has argued that these data are duplicative or otherwise unnecessary, others have argued that the removed data are necessary to check the data which are still collected.

Overall, the cuts in data collection activities at NCES do not yet seem to have involved the primary activities of the agency--i.e, the collection of data which is required for the administration of Federal education programs, or the collection of which is otherwise explicitly mandated by the Congress. Nor has there yet been a significant impact on the NCES publications which are

80/ Ibid. p. 1003-1004.

81/ Ibid. p. 1004.

CRS-57

most widely used outside the Federal Government: The Digest of Educational Statistics, The Condition of Education, or Projections of Educational Statistics (although these publications are no longer generally provided at no cost). The National Center for Education Statistics' central role as the chief organization that collects and distributes statistical information on education on a national level is being reviewed.

In a statement submitted to the Subcommittee on the Census and Population, Dr. Gordon K. Davies, Chairman of the Federal Relations Committee of the State Higher Education Executive Officers Association, stressed the central role of the National Center for Education Statistics in providing data for postsecondary education. He said that the NCES "fulfills a national purpose through the development and maintenance of standard terminology and by collecting a basic core of information." 82/ Rather than seeing the NCES reporting requirements as being burdensome, he said that the standardized formats have brought an order and consistency that has resulted in "an overall reduction in the reporting burden that existed prior to the establishment of NCES when requests for information among and between institutions, States and the Federal government lacked . . . definitional and reporting uniformity." 83/

In his concluding remarks, Dr. Davies said that the "withdrawal of government from this field is likely to result in an increase in the burden placed upon institutions and States, as individual colleges, political jurisdictions and private entrepreneurs seek to competitively fill the gap." 84/

82/ U.S. Congress. House. Committee on Post Office and Civil Service. Subcommittee on Census and Population. Impact of Budget Cuts on Federal Statistical Programs. Hearing, 97th Cong., 2nd Sess., March 16, 1982. Washington, U.S. Govt. Print. Off., 1982. p. 75.

83/ Ibid., p. 74.

84/ Ibid., p. 82.

The Council of Chief State School Officers submitted a statement that concluded, in part, that "currently the Federal government is not appropriating sufficient funds to cover the costs of supplying quality information, and State and local capabilities of diverting their funds to cover this need are rapidly diminishing. The net result is a substantial reduction in data quality and availability." 85/

In testimony before the House Appropriations Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Marie Eldridge, Administrator of the National Center for Educational Statistics, characterized the Center's budget request of \$8,747,000 (an increase of \$158,000 over the 1982 estimate), as "level funding for the center." 86/ She cited savings from altering the scope and timing of the information NCES collects and a plan to charge for publications that had previously been distributed free of charge as a means of reducing costs while maintaining the quality of the data.

One program that she cited as having been eliminated was the "Capacity Building Grants" that were given to increase the quality of the data that the States provide to the center. Cuts in such technical assistance to State and local educational agencies would be of particular concern to most education interest groups, especially as many States have relied heavily on Federal incentives and assistance for hiring State-level staff involved in

85/ Ibid., p. 263.

86/ U.S. Congress. House. Committee on Appropriations. Subcommittee on the Departments of Labor, Health and Human Services, Education, and Related Agencies. Hearings, 97th Cong., 2d Sess. Washington, U.S. Govt. Print. Off., 1982. p. 1001.

CRS-59

such activities as data-gathering. Aside from such specific interests, there is cause for concern about the quality of national aggregate data if the data collected within States lack uniformity or are otherwise unreliable. The Council of Chief State School Officers characterized the cuts in the following manner:

It is difficult to understand how the Federal government will aggregate, edit and interpret meaningful, valid and reliable statistics from 50 States if those responsible in the 50 States do not have the resources to aggregate, edit and report meaningful, valid and reliable statistics from their collective 87,006 schools and 15,926 districts. 87/

In response, those defending Administration actions might argue that their critics are concerned more about rumored or feared future actions than about what has actually occurred. They might further argue that actual cutbacks thus far have been confined to data of limited usefulness, and have not involved data either legislatively mandated or widely relied upon by education policy-makers. Also, the reductions in either data elements or the frequency with which they are collected that have occurred have largely been undertaken in order to provide funds for the compilation and dissemination of 1980 census data by school district (a project funded primarily by NCES, not Census). Finally, funding for NCES has perennially been below the level requested, resulting in a gap between the data collection activities NCES would like to undertake, and those it is possible to undertake given the budget constraint.

87/ U.S. Congress. House. Committee on Post Office and Civil Service. Subcommittee on Census and Population. Impact of Budget Cuts on Federal Statistical Programs. Hearing, 97th Cong., 2d Sess., March 16, 1982. Washington, U.S. Govt. Print. Off., 1982. p. 263.

INCOME STATISTICS *

One area of statistical work that illustrates the impact of coordination in the allocation of resources is the collection of data about the incomes of the population. Congress uses income statistics to estimate the impact of programs to assist the economically disadvantaged and to revise the tax laws.

The Federal Government maintains several programs for collecting and disseminating information on income. It might appear that having more than one program to measure income is redundant. However, the different programs define and measure income in different ways and are used for different purposes. Income statistics are published by the Bureau of the Census (both in the decennial census and its Current Population Survey), the Statistics of Income Program of the Internal Revenue Service, and the Bureau of Economic Analysis' National Income and Product Accounts (NIPA). In fact, each of these agencies relies on the information collected by the others to produce its estimates. The President's budget proposes stable funding in current terms. Critics charge that this means the efforts of each of these agencies to produce estimates of incomes will be reduced. 88/ They contend that this will dilute the precision of the estimates and limit the amount of detail that can be accurately presented. The Administration responds that they do not intend to reduce the accuracy of the estimates. However, they say, expenditures on statistical operations should be considered in light of the current fiscal stringencies.

* Barry Molefsky of CRS's Economics Division drafted this section.

88/ U.S. Congress. Joint Economic Committee. Maintaining the Quality of Economic Data. Committee Print, 97th Cong., 1st Sess. Prepared by Dr. Courtenay Slater, President, CEC Associates, Inc. Washington. U.S. Govt. Print. Off., 1981. p. 2-3.

IRS Statistics of Income Program

The Internal Revenue Service's Statistics of Income (SOI) is the oldest time series providing income data for the Nation. The Revenue Act of 1916, the Nation's first modern income tax law, required publication of statistics from tax returns. ^{89/} Data are published annually, but with some delay; for example, the final SOI for 1980 became available in September 1982. These statistics are primarily used for tax research. Without SOI it would be impossible to determine the effects of changes in the tax code on different taxpayers as well as on the amount of revenue collected by the Treasury.

SOI is also used in compilation of the National Income and Product Accounts (NIPA). The NIPA is a double-entry balance sheet providing basic information on the Nation's economic performance. It is composed of five account statements:

The summary statement which includes the gross national product (GNP);

personal income and outlay account;

government receipts and expenditure account;

foreign transactions account;

and gross savings and investment account, which includes corporate profits.

These accounts record the income and dispositions of these incomes for all of the sectors of the U.S. economy. A considerable proportion of the information needed to construct these accounts is only available from tax

^{89/} Wilson, Robert A., and John DiPaolo. Statistics of Income: An Overview. In Statistics of Income and Related Administrative Record Research, edited by Wendy Alvey and Beth Kilss. Washington, Internal Revenue Service, October 1982. p. 3.

filings. For example, there is no other source of information on income of the self-employed. The use of SOI statistics in computing personal income is described in more detail below. Certain information on corporate earnings and dividend and interest payments can be obtained from SOI. The dependence of the NIPA on SOI was very evident in 1981. Normally, every July, the NIPA is revised to reflect the availability of new data, principally the SOI. But, the July 1981 revision had to be cancelled because of delays in compiling the SOI.

Information contained in the SOI is based on a sample of tax returns selected from the IRS Master File. As shown in Table 4, the current sample sizes for individual returns are less than half of those included in 1970. During the late 1970s the sample size for individual returns rose sharply. This apparently reflected a decision to obtain more detailed data on individuals. Over the next several years, these samples are to be reduced in response to budget constraints. In even numbered years the sample is scheduled to be 80,000 returns, about 60 percent below the 1979 sample size. Sample size will be somewhat larger, 115,000 returns, in odd numbered years, but still well below the 1979 level of 203,600. Therefore, it is unlikely that the same level of detailed information will be available every year. This would create problems in trying to assess the effects of changes in the tax code.

CRS-63

Table 4 also indicates that the number of returns included in SOI tabulations of corporate income is to be established at 95,000 returns. This is about the same sample size as during the late 1970s but about 17 percent below the 1970 sample size. Therefore, it appears that IRS will be devoting relatively more resources to tabulating corporate tax data than to statistics on individuals.

Supporters of the reductions in the SOI argue that, because of new statistical procedures, the reliability of National individual income estimates based on the SOI will not be affected by sample size reductions. They contend that the changes in SOI improve the efficiency of its operation while maintaining the data needed to administer and plan Federal tax programs. Opponents respond that, by reducing the geographic detail, the 25 smallest States will not have the data to estimate tax income. In designing the changes in the SOI, the statisticians placed less emphasis on providing State and local estimates than insuring the precision of National data. Some of the information formerly used by States in planning their tax systems will no longer be available, unless a State decides to pay the IRS for the compilation of data it requires. Because of the time it takes to compile tax returns in the SOI, States have not yet experienced a loss of data. However, when the data for 1980 and 1981 are released, the tax planners in the smaller States will find that the information available is limited.

CRS-64

TABLE 4. Number of Returns Included in Statistics of Income
(in thousands)

Programs	Tax years									
	1970	1977	1978	1979	1980	1981	1982	1983	1984	1985
Individuals, total	276.0	155.3	157.8	203.6	171.7	132.4	80.0	115.0	80.0	115.0
Nonbusiness	142.6	83.2	86.0	120.8	97.5	76.8	46.4	66.7	46.4	66.7
Business	133.5	72.1	71.8	82.9	74.2	55.6	33.6	48.3	33.6	48.3
Partnerships	70.5	43.1	47.1	50.1	45.8	35.0	35.0	35.0	35.0	35.0
Corporations:										
Sample, trans- actions tape	NA	NA	NA	NA	NA	200.0	210.5	203.2	209.0	214.8
Subsample, total	113.2	91.7	98.7	80.1	84.6	94.1	95.0	95.0	95.0	95.0

Source: Office of Director, Statistics of Income Program, Internal Revenue Service.

Because the SOI program is designed to help tax planners, SOI uses a definition of income that reflects the concepts used on tax returns. Consequently, the SOI only includes that portion of income which the law specifies as taxable. While this, of course, is necessary for tax analysis, it only presents a partial picture of individual income. Many types of income need not be reported to the tax authorities, most notably social security benefits and interest income from municipal bonds. Moreover, in recent years some analysts have argued that many taxpayers may not fully report their incomes to IRS. If this practice were widespread, it could distort the estimates

CRS-65

of taxable income reported in the SOI. On the other hand, if the proportion of income that is not reported remained consistent from year to year the SOI estimates would provide an appropriate projection of likely tax revenues.

Current Population Survey

A second source of income data is the Current Population Survey (CPS). The CPS is a monthly survey of 56,000 households primarily intended to determine employment activity in the United States. In March of each year the regular survey is supplemented with a questionnaire concerning cash income earned during the previous calendar year. This survey is conducted by the Bureau of the Census.

The March supplement to the CPS provides detailed information about the economic well being of the Nation including median family income and the poverty rate. These data are used in examining the Nation's economy as well as administering certain Federal Government programs. For example, according to a report produced by the Office of Federal Statistical Policy and Standards, in fiscal year 1979 the allocation of funds under some 40 domestic assistance programs was made using income data from the CPS. 90/

A controversy has developed over the Census Bureau's definition of income. In the CPS:

. . . Total money income is the sum of the amounts received from wages and salaries, self-employment income (including losses), Social Security, Supplemental Security Income, public assistance, interest, dividends, rent, royalties, estates or trusts, veterans' payments,

90/ Emery, Danuta, Valencia Campbell and Stanley Freedman. Distributing Federal Funds: The Use of Statistical Data. Statistical Reporter, No. 81-3, December 1980. p. 90.

CRS-66

unemployment and workers' compensations, private and government retirement and disability pensions, alimony, child support, and any other source of money income which was regularly received. Capital gains (or losses) and lump sum or one-time payments such as life insurance settlements are excluded. 91/

Some analysts believe that this definition should be expanded to include in-kind income provided by Government programs. It is argued that unless such transfers are included it is not possible to measure the effectiveness of the Government's efforts to reduce poverty. Such in-kind income would include food stamps and health benefits. The principal effect of such a change in definition would be to reduce the reported incidence of poverty, unless the definition of poverty is also changed.

A recent report, prepared for the Census Bureau, examined "the valuation of in-kind food, housing, and medical care transfers received by the low-income population." 92/ It was found that, depending on what noncash benefits were included and how they were valued, the poverty rate in 1979 would be between 6.4 percent and 9.8 percent, compared with the 11.1 percent reported using only money income.

Like many household surveys, the CPS has a serious problem of nonresponse to questions on income. In the March 1980 CPS, income data were incomplete for more than one quarter of those over age 14. The Census Bureau copes

91/ U.S. Department of Commerce. Bureau of the Census. Money Income and Poverty Status of Families and Persons in the United States: 1981. Series P-60, no. 134. Washington, July 1982. p. 30.

92/ Smeeding, Timothy M. Alternative Methods for Valuing Selected In-Kind Transfer Benefits and Measuring Their Effect on Poverty. Technical paper 50. Washington, U.S. Bureau of the Census, March 1982. p. v.

CRS-67

with this problem by imputing incomes on the basis of responses from survey participants with similar economic and demographic characteristics as non-responders. 93/

The Census Bureau has also found that respondents tend to underreport their income in the CPS. The magnitude of this underreporting is determined by comparing the CPS findings with income estimates calculated by independent sources, such as the Social Security Administration and Veterans Administration, the SOI and BEA's estimate of personal income. For 1979, the amount of under-reported income is estimated at 11 percent. 94/

The CPS is also being affected by budget constraints. For example, in our April report we described delays in redesigning the Census Bureau's current surveys. It has been the Census Bureau's practice to redesign the CPS upon completion of the decennial census of population. This redesign allows the CPS to take into account demographic changes which have occurred between decennial censuses. We reported in April that funds for a redesign to incorporate the results of the 1980 census have not yet been committed. 95/ As we noted, delay or cancellation of the CPS redesign could adversely affect the quality of the CPS findings.

93/ U.S. Department of Commerce. Bureau of the Census. Money Income of Families and Persons in the United States: 1979. Series P-60, no. 129. Washington, November 1981. p. 291.

94/ U.S. Department of Commerce. Bureau of the Census. Money Income and Poverty Status of Families and Persons in the United States: 1981. Series P-60, no. 134. Washington, D.C., July 1982. p. 30.

95/ For more information on the CPS redesign see, U.S. Library of Congress. Congressional Research Service. Recent Changes in the Federal Government's Statistical Programs: An Overview of the President's Budget for FY 1983 and Analysis of the Departments of Energy, Labor and the Bureau of the Census. Typed report by Daniel Melnick et. al. Washington, April 8, 1982. p. 44-49.

National Income and Product Accounts

The National Income and Product Accounts (NIPA) prepared by the Bureau of Economic Analysis (BEA) is a third major source of income data. BEA assembles the NIPA from administrative records. Data on personal income are compiled for the Nation, as well as for States, counties, and Standard Metropolitan Statistical Areas. National data are available monthly. Statistics for States are published quarterly. Data for smaller jurisdictions are only available annually.

Personal income is defined by BEA as the income received by all the individuals in the economy from all sources. It is the sum of wage and salary disbursements, other labor income, proprietors' income, rental income, dividends, interest income, and transfer payments, less personal contributions for social insurance. 96/

Each type of income is estimated separately using a variety of sources. 97/ In general BEA does not rely on data from individual income tax returns reported by IRS. The major exception is nonfarm proprietors' income, for which the only available information is from individual income tax returns. BEA relies very heavily on data from corporate tax returns reported by IRS.

Wage and salary disbursements is the largest component of personal income, accounting for nearly 62 percent of the total in 1981. Estimates of private nonfarm wage and salary disbursements are based on information supplied by

96/ U.S. Department of Commerce. Bureau of Economic Analysis. The National Income and Product Accounts of the United States, 1929-74: Statistical Tables. p. ix-x.

97/ U.S. Congress. Joint Economic Committee. Maintaining the Quality of Economic Data. Committee Print, 97th Cong., 1st Sess. Prepared by Dr. Courtenay Slater, President, CEC Associates, Inc. Washington, U.S. Govt. Print. Off., 1981. p. 8.

CRS-69

State employment agencies which administer the unemployment insurance program and from the Social Security Administration. Data on farm wages are obtained from the U.S. Department of Agriculture (USDA) which conducts periodic surveys of farm income and expenses. Wages paid to Federal Government employees are obtained directly from Federal agencies while State and local government employee wages are derived from an annual survey of State and local governments, conducted by the Bureau of the Census. 98/

Other labor income consists of employer contributions to private pension, health, and welfare funds, workmen's compensation, directors' fees, and other minor items. Estimates of this component are derived from employer tax returns.

Farm proprietors' income is obtained from the USDA. Nonfarm proprietors' income is derived from individual income tax returns and adjusted to reflect the findings of the Taxpayer Compliance Measurement Program.

Rental income consists of royalties, rent paid by farms to nonfarm individuals, rent paid by nonfarm organizations for nonresidential facilities to individuals, rent from tenant-occupied housing units paid to individuals, and the imputed rent of owner-occupied dwellings. Data on royalties and rent on nonfarm nonresidential properties are obtained from the IRS. Rent paid by farmers is supplied by the USDA. Rental income from tenant-occupied residential units is derived from the annual survey of housing conducted by the Bureau of the Census. The number of tenant occupied units is multiplied by the average rent to obtain a gross rental income figure. Expenses such as property taxes, insurance, and maintenance are subtracted from the gross figure and housing

98/ Information on estimating personal income was obtained in telephone conversations with John Gorman and other analysts at the National Income and Wealth Division of the Bureau of Economic Analysis.

subsidies added to arrive at net rental income from tenant-occupied dwellings. The imputed income of owner-occupied housing is calculated in the same manner as tenant-occupied rental income, it being assumed that the rent on an owner-occupied unit would be the same as the rent on a tenant-occupied unit with the same characteristics.

Dividend income is obtained from corporate tax filings by subtracting dividends received by corporations from dividends paid by corporations.

Personal interest income is estimated to be the difference between all interest payments made by government, business, and individuals, and interest received by business and government. Interest paid and received by business is obtained from tax filings. Interest payments by individuals is estimated by multiplying outstanding debt owed by individuals by an average interest rate.

Transfer payments, which are not taxable, are obtained from government agencies.

These data on personal income are primarily used for assessing the current course of economic activity. The Government relies on these figures for the formulation of economic, particularly tax, policy. For example, subtracting NIPA statistics on personal outlays and tax payments from the personal income figures yields a rough estimate of personal savings. In recent years, concern about a decline in the ratio of savings to income has developed. This concern has been translated into changes in the tax code intended to encourage savings. In the private sector, personal income data are important in the corporate planning process and are necessary for market research.

CRS-71

BEA's figures are also used to allocate funds in a number of domestic assistance programs. According to the Office of Federal Statistical Policy and Standards:

Twenty-two assistance programs use income data from the State and County Personal Income series. Nineteen programs use per capita

personal income as an indicator of the relative wealth of an area: the lower the per capita income the greater the assistance payment. Major assistance programs using this statistic are the National School Lunch Program, the Medical Assistance Program (Medicaid), Assistance Payments-Medical Assistance Program State Aid, Social Services for Low Income and Public Assistance Recipients--Title XX, and General Revenue Sharing. 99/

Unlike other income statistics, the BEA numbers are subject to constant revision. In December 1980, for example, all data back to 1967 were revised, and in July 1982 figures back to 1977 were revised again. These revisions are made as new information becomes available and estimating techniques are improved.

Because BEA depends on data collected by a number of other agencies to construct personal income figures, the integrity of those figures is very vulnerable. The accuracy and quality of the personal income statistics directly reflect the accuracy and quality of the information provided by source agencies. If, for example, the reliability of the SOI is adversely affected by budget constraints at IRS, then the reliability of personal income estimates in the NIPA will suffer as well. According to Robert Parker, Chief of the National Income and Wealth Division at BEA, "budget cutbacks in statistical programs will most likely reduce NIPA quality." 100/

99/ Emery, Danuta; Valencia Campbell and Stanley Freedman. Distributing Federal Funds: The Use of Statistical Data. Statistical Reporter, December 1980. p. 81-82.

100/ Parker, Robert P. The Quality of the U.S. National Income and Product Accounts. Paper presented at the annual meeting of the American Economic Association, Washington, D.C., Dec. 30, 1981. p. 12.

Summary

This report, and the one we prepared last April, review some of the changes that are offered in the President's 1983 budget proposals for the statistical programs of the Federal Government. Together they suggest how agencies are adjusting to the restricted resources that are available. In some instances, the statistics that are collected and analyzed are focused more on the production of National estimates than on geographic detail, less of which is planned to be provided. Information on States, counties, and cities may no longer be available in as great a quantity and detail. In other cases, efficiencies in operation have been planned, and costs will have been shifted to users, including State and local governments and the general public. Less general purpose statistical information is to be published and greater emphasis is to be placed on generating information needed by Federal agencies and users outside the Federal Government who are willing to pay for it.

Critics have argued that reduced information will make it harder to determine the social and economic condition of our Nation and to solve the Nation's problems. Proponents place these trends in the context of other budget stringencies facing the Federal agencies and argue that statistics have not been singled out for extra-ordinary large cuts. They see improved estimates resulting from the greater emphasis on efficient operations of statistical agencies. Critics respond that in the absence of strong central leadership, the uncoordinated efforts of agencies will lead to the significant loss of important information.

CRS-73

This report has tried to present examples of changes and provide opposing arguments that can be made about them. It is not exhaustive as it does not include every program in which statistics are collected. Because budgetary decisions could change the level and type of resources that are available to agencies for statistical programs, the information in this report is subject to change.

DM:db;dal;rla.

APPENDIX 7.—PREPARED STATEMENT OF HON. PAUL SIMON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

STATEMENT TO ENTER INTO THE HEARING RECORD

FOR GOVERNMENT OPERATIONS

HONORABLE PAUL SIMON

8/14/82

Mr. Chairman, I appreciate the opportunity to submit a statement for your hearing record. I am very pleased that you conducted a hearing on the abolition of the Statistical Policy Branch and its subsequent reorganization within the Office of Information and Regulatory Affairs (OIRA) in OMB.

I am deeply concerned that our federal statistical policy is weak and fragmented. The abolition of the Statistical Policy Branch in April of this year was the culmination of a gradual deterioration in federal leadership in statistics. As you know, I and 30 of our colleagues in the House of Representatives sent a letter to Director Stockman protesting the dissolution of the Statistical Policy Branch, and I attach a copy of the letter and the response from OMB as appendices to my statement.

As you can see from the OMB response, Christopher DeMuth, Director of OIRA, has offered assurances that OIRA will continue to coordinate our myriad statistical activities as well as maintain standards of quality and efficiency. However, I remain unconvinced that a strong statistical policy is a high priority of the current Administration.

I am a firm believer in the need for a solid information base for policy-making. Because of my interest in the federal statistical system, I have been keenly aware of problems in the system which have arisen in the course of my work over the last 6 months. I believe that a brief recounting of the obstacles I have encountered will illustrate the severity of the decline in our statistical policy as well as the extent to which statistical problems may affect legislators. I believe my own experience represents that of other legislators and will show that the deterioration of our statistical policy has national, local, and international repercussions.

The following examples will illustrate the deterioration at the national level. First, in the course of Budget Committee Task Force hearings which I chaired on the effects of budget reductions in FY1982 and 1983 on entitlement programs, important data were not available for our use. In her testimony, Dr. Alice Rivlin Director of the Congressional Budget Office, revealed that a new survey, the Survey of Income and Program Participation (SIPP) would have been very useful in her analyses of budget reductions and government assistance program use. This survey, which cost \$20 million dollars to develop, was the first of its kind, gathering information on all sources of income from families, in addition to their education, employment and marital histories. Furthermore, the survey was longitudinal in nature, designed to capture the reasons for using government assistance programs, the overlap in the use of the programs, as well as the reasons for leaving government assistance. The survey was developed by HHS and the Census Bureau. It is exactly this sort of information which we as

legislators need in order to make sound decisions regarding the structures of government assistance programs, their funding levels, as well as the ways in which these programs interlock. Yet, the survey had been abruptly cancelled early this year. It seems to me that a strong Statistical Policy Branch would have prevented such a waste and would have articulated the utility of the survey. I have recently written a letter to Congressman Neal Smith, Chairman of the Subcommittee on Commerce, Justice, State, and Judiciary of the House Appropriations Committee, requesting that the Subcommittee restore \$7 million dollars to the Census Bureau for the completion of SIPP. This request, based on a report from the Joint Economic Committee, was honored, and I am pleased to report that SIPP may be reinstated.

A second example also emerged from my Budget Committee Task Force hearings, where I learned that a survey entitled "AFDC recipient characteristics survey" has also been cancelled. The 1979 data have not been published, and the 1981 data were not collected. The survey was conducted every 2 years by HHS to monitor the participation in the AFDC program over time. Data from this survey were used to learn about the population which the program serves, as well as the degree of dependence on the program across generations within the same family. I have received assurance from Secretary Schweiker that comparable data will be collected in the future, although there has been significant delay. Again, I must point out that we have lost important information for evaluating budgetary decisions, and I am concerned that no central branch, such as the Statistical Policy Branch, is monitoring these decisions and setting priorities.

A third example involves agricultural data. The publication of monthly statistics on net farm income has abruptly ceased. These data are important indicators of our agricultural economy, and as a representative of a rural district, I am particularly concerned that we have this information. To rectify the situation, I have sponsored a bill, H.R. 6177, in conjunction with Chairman de la Garza, requesting USDA to resume the publication of these statistics. This strikes me as a case of killing the messenger who brings bad news.

At the local level, repercussions of our weak statistical policy are already evident. In my own state, Illinois, two events are noteworthy. The 1980 Census data are not yet available, wreaking havoc in the allocation of federal grants. Illinois has successfully sued the Department of Education for using the 1970 Census data to allocate Title I, Compensatory Education, funds. These out-of-date data have resulted in unfair and inaccurate allocations of funds in Illinois. Similarly, the Illinois Department of Public Health officials told me recently that the lack of 1980 Census data has impeded their ability to administer the WIC program, the Supplemental Feeding Program for Women, Infants, and Children. Because WIC is not an entitlement program, the potential caseloads must be estimated very carefully in order to stay within the state's budget, and clearly Census data are necessary for the estimation. Thus, the efficient and correct use of federal funds at the state level is being hindered by our weak federal statistical policy. A stronger coordinating Statistical Policy Branch which could anticipate some of these problems, might have avoided this situation.

Finally, I would like to emphasize my concerns regarding international statistical policy. I am committed to peaceful international exchange, and clearly one way of promoting international understanding is to communicate in similarly defined terminology. For example, when Mr. Joseph Duncan was Chief Statistician of the United States, he initiated a number of undertakings where different countries around the world cooperated to define and measure economic and social terms in the same fashion, thus promoting meaningful comparisons among nations. I have become particularly sensitive to this issue in my work on the UN Second Special Session on Disarmament. How can disarmament be meaningfully discussed, if different nations define GNP in different ways, thus making it difficult to know what percentage of GNP is spent on defense? This is just one example of the significance of international statistics.

I am appalled that we no longer have a Chief Statistician of the United States, since we no longer have the Statistical Policy Branch, whose Director was regarded as the Chief Statistician. No single executive from the US government now represents us in international affairs involving statistics. Our current policy is ad hoc, where various responsibilities may fall to the Census Bureau or the State Department. Whereas we once had a Chief Statistician, Joseph Duncan, who chaired the UN Statistical Commission, we now are no longer represented on that Commission, and we are reduced to a half-time staff person at OMB who can barely respond to the routine requests involving international statistics. When the US can rejoin the UN Statistical Commission next year, who will represent us? We clearly need someone who is highly trained in statistics to do the job. The job is technical and vital

Mr. Chairman, I believe that the examples I have presented to you are not unique to me or my work. But I enter them into the hearing record as a rather dramatic example of the ways in which our weak federal statistical policy has affected one legislator. We are experiencing a time of major structural and budgetary change in our federal programs. I hardly need mention that the statistical agencies themselves have experienced budget reductions. I am again appalled that our government has no central office which can set priorities as to which statistical systems will be cut first. Instead, the consequences seem haphazard, as my example of the USDA data suggests. When money is tight, we need even better statistics describing local populations, so that federal funding can be efficiently and accurately distributed.

Now, more than ever, we cannot afford to be without the necessary information to guide and evaluate our decision. In these times of budgetary constraint, the first thing to go is our long range planning, obviously an unwise choice. I strongly urge you to do what you can to reestablish a Statistical Policy Branch which is free of pressure to perform regulatory reform. Similarly, I earnestly recommend that you reinstate a Chief Statistician of the United States.

Congress of the United States

House of Representatives

Washington, D.C. 20515

May 10, 1982

Honorable David A. Stockman
 Director
 Office of Management and Budget
 Executive Office Building
 Washington, D.C. 20515

Dear Director Stockman:

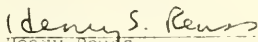
We are writing to express our deep concern over the dissolution of the Statistical Policy Branch of the Office of Information and Regulatory Affairs at OMB. We believe that this represents a serious blow to the federal statistics system, and to our system of government as a whole.

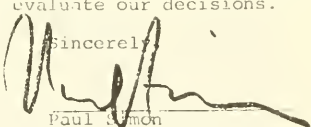
Our decentralized statistical system, involving over 100 federal agencies, has functioned well in the past precisely because we have had an agency which coordinated the system. Furthermore, under the Paperwork Reduction Act of 1980 OMB was required to: 1) develop long-range statistical policy, 2) develop and implement policies, principles, standards and guidelines concerning collection procedures and methods, statistical data classification, and statistical information presentation and dissemination, and 3) evaluate statistical program performance and agency compliance with statistical standards.

We simply do not believe that OMB can fulfill the mandates of this law without the Statistical Policy Branch. Its dissolution is shortsighted and will seriously hamper the federal government and Congress' ability to make reasonable policy. We would be interested in your reasons for this decision and would like to know your plans for meeting the mandates of the Paperwork Reduction Act of 1980 in the absence of the Statistical Policy Branch.

Without the guidance of the Statistical Policy Branch, we believe that our federal statistics system will become increasingly inefficient, inaccurate and costly. We are concerned that our attempts to forge informed government policy will be seriously undermined. At a time when the Administration and Congress are making difficult and unprecedented decisions regarding the federal budget, we cannot afford the loss of information which will help us evaluate our decisions.

Sincerely,


 Henry Reus
 Member of Congress


 Paul Simon
 Member of Congress

Honorable David A. Stockman
page two

Robert Garcia
Robert Garcia
Member of Congress

Ben Rosenthal
Benjamin S. Rosenthal
Member of Congress

Claude Pepper
Claude Pepper
Member of Congress

Clarence D. Long
Clarence D. Long
Member of Congress

Ted Weiss
Ted Weiss
Member of Congress

Don Bonker
Don Bonker
Member of Congress

John F. Seiberling
John F. Seiberling
Member of Congress

Ronald V. Dellums
Ronald V. Dellums
Member of Congress

Tom Lantos
Tom Lantos
Member of Congress

Peter Rodino
Peter Rodino
Member of Congress

Thomas J. Downey
Thomas J. Downey
Member of Congress

Anthony C. Beilenson
Anthony C. Beilenson
Member of Congress

Jack Brooks
Jack Brooks
Member of Congress

Anthony Toby Moffett
Anthony Toby Moffett
Member of Congress

John L. Burton
John L. Burton
Member of Congress

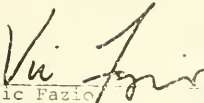
Frederick W. Richmond
Frederick W. Richmond
Member of Congress

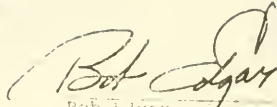
Gus Yatron
Gus Yatron
Member of Congress

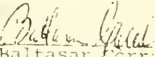
Matthew McHugh
Matthew McHugh
Member of Congress

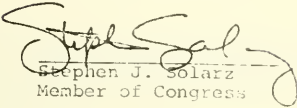
George Miller
George Miller
Member of Congress


Honorable David A. Stockman
page three

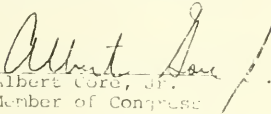

Vic Fazio
Member of Congress

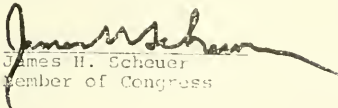

Bob Edgar
Member of Congress

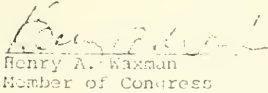

Baltasar Cerrada
Member of Congress

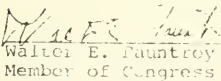

Stephen J. Solarz
Member of Congress


Stanley N. Lundine
Member of Congress


Albert Gore, Jr.
Member of Congress


James H. Scheuer
Member of Congress


Henry A. Waxman
Member of Congress


Walter E. Fauntroy
Member of Congress

cc: Mr. Joseph Wright
Mr. Christopher DeMuth



EXECUTIVE OFFICE OF THE PRESIDENT
 OFFICE OF MANAGEMENT AND BUDGET
 WASHINGTON, D.C. 20503

MAY 14 1982

MAY 17 1982

Honorable Paul Simon
 House of Representatives
 Washington, D.C. 20515

Dear Congressman Simon:

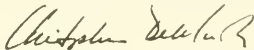
I am writing in response to your letter of May 10 to Director Stockman expressing concern over reported organizational changes within the Office of Information and Regulatory Affairs and the effects of these changes on our statistical oversight responsibilities under the Paperwork Reduction Act of 1980.

I hope the enclosed materials will provide some reassurance on this matter. As you will see, one of the central purposes of our organizational changes is to strengthen our statistical policy efforts. Four analysts from our Statistical Policy branch are being assigned to management positions in our Information and Regulatory Management division, as desk officers covering the Departments of Commerce, Labor, Treasury, and Health and Human Services. This change will put statistical experts in charge of day-to-day management contact with the major statistical and data-using agencies for the first time since OIRA was established. At the same time, we are consolidating our two analytical branches--Statistical Policy and Regulatory Analysis--into a new Regulatory and Statistical Analysis division, reporting directly to one of my Deputy Administrators. The statisticians in this unit will be responsible for the maintenance of government-wide statistical standards, the development of general administrative and legislative policy initiatives, and other matters that do not depend on daily management contact with individual statistical agencies. The new OIRA structure parallels the internal organization of OMB's budget divisions.

I wish to call particular attention to the enclosed document on priority statistical policies. This document attempts to set forth a clear and coherent set of essential statistical functions appropriate to a central coordinating office: maintaining and enhancing the uniformity and quality of federal statistics, improving the efficiency with which federal statistics are collected and processed, and increasing the accessibility of federal statistics to the general public. These priorities will help to focus the statistical oversight functions assigned to us by the Paperwork Reduction Act and related statutes and Executive Orders.

I am confident that our new administrative arrangements and policy priorities will strengthen our efforts to meet all of the ambitious mandates of the Paperwork Reduction Act. I urge you to review the enclosed documents carefully, and would be most interested to hear of any reactions or further comments you might have.

Sincerely,



Christopher DeMuth
Administrator for Information
and Regulatory Affairs

enclosures

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503



FOR IMMEDIATE RELEASE
May 13, 1982

OMB 82-13
Public Affairs
395-3080

Christopher C. DeMuth, Administrator of the Office of Information and Regulatory Affairs, announced today a series of organizational changes within OIRA and a new set of OIRA statistical policy priorities under the Paperwork Reduction Act of 1980.

The organizational changes involve the reassignment of seven economists and statisticians to desk officer positions covering the Departments of Treasury, Commerce, Labor, Agriculture, Health and Human Services, and the communications and bank supervisory agencies. In their new management positions, these individuals will have direct responsibility for the assessment of agency regulations, forms, and other information collections under the Paperwork Reduction Act of 1980 and President Reagan's Executive Order 12291. At the same time, OIRA's two analytical units, the Regulatory Analysis and Statistical Policy branches, are being consolidated into a new Regulatory and Statistical Analysis division, reporting directly to one of OIRA's Deputy Administrators. These organizational changes are described in more detail in a statement available upon request.

OIRA's new statistical policy priorities focus on four essential functions: (1) Ensuring the uniformity of statistics across agencies, through common definitions and standards such as the Standard Industrial Classification (SIC) and the Standard Metropolitan Statistical Areas (SMSAs). (2) Maintaining the quality of statistical data, through periodic revision or updating of major surveys such as the Consumer Price Index and Current Population Survey. (3) Improving the efficiency of data collection and analysis, through greater interchange of data among agencies, elimination of duplicative surveys, and introduction of innovative survey techniques. (4) Improving the accessibility of federal statistics to the public, through increased use of user charges to enhance the scope and detail of available statistics, and increased use of modern technologies to make statistics more widely and rapidly available. These priority functions are described in more detail in a separate statement available upon request.

"Our federal government has a highly decentralized statistical system," DeMuth remarked. "We have several large agencies collecting general purpose social and economic statistics, such as the Bureaus of the Census and Labor Statistics, and also many smaller agencies collecting data specific to their own departments' programs. This decentralized system reflects the pluralism of our form of government and serves to keep our official statistical surveys progressive and objective. It requires, however, a degree of central coordination to ensure the comparability and quality of statistical data, to encourage efficiency and eliminate duplication among agency data collections, and to promote the interchange and public accessibility of general statistics. The Paperwork Reduction Act of 1980, as well as other statutes and Executive Orders, charge the Office of Management and Budget with general oversight of major statistical policy and coordination issues. The reorganization and statistical policy priorities we are announcing today will help us to perform this function better."

In the past, DeMuth noted, the statistical policy office was engaged in a wide array of interagency committees and long-range research projects. Some of these were critical to central coordination, while others involved technical or program-specific issues that could best be left to the expert statistical agencies themselves. "Our four statistical policy priorities will serve to focus our efforts on those central tasks that we must and will perform to keep the U.S. statistical system the best in the world," he said.

"The organizational changes we are making within OIRA will further strengthen our statistical coordination efforts," Mr. DeMuth concluded. "For the first time since OIRA was established, statistical experts will be on the front lines of our daily work with the major statistical and data-using agencies, rather than only in a separate analytical office. Other senior statisticians will remain in our new Regulatory and Statistical Analysis division. They will be responsible for functions that do not require day-to-day management contact with the agencies--such as developing uniform statistical standards and reviewing major policy proposals for the Cabinet Council Working Group on Economic Statistics. At the same time, these changes will enhance our coverage of critical regulatory policy issues under the President's Executive Order on Federal Regulation and the Paperwork Reduction Act."

May 13, 1982

OIRA PRIORITY STATISTICAL POLICY FUNCTIONS

1. Uniformity. Comparability of federal statistics is essential for policy making and program management within the government and for a variety of private uses. OIRA will maintain, and as necessary revise, uniform statistical definitions, standards, and classifications. These include industrial, regional, and occupational standards such as the SIC and SMSAs; statistical base periods and data release dates; and similar standards published in the Statistical Policy Handbook.
2. Quality. Maintaining and improving the utility of federal statistics often require that the actions of several agencies be coordinated. OIRA will oversee the review of statistical policy issues that either require the cooperative effort of several agencies, or affect policy making or program management in several agencies. These include:
 - A. Periodic redesign of household surveys to improve major statistical series, such as the Current Population Survey, Consumer Expenditure Survey, and National Crime Survey.
 - B. Periodic revisions to the Consumer Price Index, Leading Indicators, and other basic measures.
 - C. Improving the measurement of poverty and income distribution.
 - D. Improving statistical analysis in regulatory decision making and program management.
3. Efficiency. The benefits of statistical information must be balanced against the costs of data collection in both government outlays and private reporting burdens. OIRA will promote greater efficiency in the collection and use of general statistics among federal agencies by:
 - A. Promoting greater exchange of "microdata" among statistical agencies under strict confidentiality protections.
 - B. Promoting improvement and greater access to common reporting units, such as the standard statistical establishment list.

- C. Promoting increased use of administrative records data for general statistical purposes.
 - D. Promoting the testing and application of less burdensome techniques of data collection and processing, such as computer assisted telephone interviews and other appropriate uses of modern technology.
 - E. Eliminating duplicative data collections.
4. Accessibility. Federal statistics are often as valuable to the private sector as to the federal government itself. OIRA will:
- A. Promote increased use of charges for data collection and dissemination where this will enhance the scope and detail of available statistics.
 - B. Promote increased reliance on computer and telecommunications technologies to make federal statistics more widely and rapidly accessible.

#

#

#

May 13, 1982

BACKGROUND INFORMATION ON THE ORGANIZATION OF THE
OFFICE OF INFORMATION AND REGULATORY AFFAIRS

o During the past year OIRA has had three "management branches" and two "analysis branches." The management branches have been responsible for administering the review and clearance machinery for federal forms, regulations, and information collections under the Paperwork Reduction Act of 1980 and Executive Order 12291. These branches have also been responsible for telecommunications, ADP, and other information-policy responsibilities under the PRAAct-- with the sole exception of statistical policy. The two analysis branches have been responsible for statistical policy under the PRAAct, for economic analysis of major rulemakings under the Executive Order, and for developing legislative and administrative policy initiatives under both the PRAAct and the Executive Order.

o OIRA's three management branches are:

- Regulatory Policy, consisting of a branch chief and 10 desk officers, covering the major regulation-issuing departments and agencies.
- Reports Management, consisting of a branch chief and 9 desk officers, covering the departments and agencies imposing the largest paperwork burdens, and preparing the annual Information Collection Budget. A sub-unit within this branch is responsible for the Federal Information Locator System.
- Information Policy, consisting of a branch chief and 7 desk officers, covering the major communications and information-processing departments and agencies. This branch is responsible for supervision of Information Resources Management reviews.

- o The two analysis branches are:
 - Regulatory Analysis, consisting of a branch chief and 13 analysts and research associates, responsible for reviewing economic assessments of agency regulations and for developing administrative and legislative policy initiatives.
 - Statistical Policy, consisting of a branch chief and 10 analysts, responsible for coordination, standard-setting, and related statistical functions under the PRACT.
- o OIRA is making the following organizational changes this week:
 - Three economic analysts will be transferred from Regulatory Analysis to desk officer positions in our management branches. In their new positions, covering Agriculture, the communications agencies, and Treasury and the bank supervisory agencies, these individuals will add important new strength to our work on regulatory and paperwork-reduction issues of growing importance.
 - Four statisticians will be transferred from Statistical Policy to desk officer positions in our management branches. In their new positions, covering Commerce, HHS, Labor, and Treasury, these individuals will bring statistical skills and experience to the front lines of our work with the major statistical agencies for the first time since OIRA was established. They will strengthen our implementation of other policies of the PRACT and Executive Order as well.
 - The Regulatory Analysis and Statistical Policy branches will be consolidated into a new Regulatory and Statistical Analysis Division, reporting directly to one of OIRA's Deputy Administrators. This consolidation will promote greater flexibility and accountability in discharging our planning, analytical, and legislative responsibilities.

APPENDIX 8.—JUNE 18, 1982, LETTER TO CHAIRMAN BROOKS FROM DAVID M. MARSH, EXECUTIVE DIRECTOR, BUSINESS ADVISORY COUNCIL ON FEDERAL REPORTS

BUSINESS ADVISORY COUNCIL ON FEDERAL REPORTS

Founded in 1942

1001 Connecticut Avenue, N.W., Suite 925, Washington, D.C. 20036 • (202) 331-1915

Chairman—Eugene J. Hardy

Vice Chairman—John C. Ellis

Vice Chairman—James L. Morrison

Treasurer—William M. Schofield

Assistant Treasurer—Wade S. Williams

Counsel—Thomas M. Brennan

Executive Director—David M. Marsh

BACFR's mission is to minimize federal paperwork burden and assure meaningful reporting programs in the public interest

Board of Governors

CARL A. BECK
Charles Beck Machine Corporation
A. DEWEY BOND
American Meat Institute
THOMAS M. BRENNAN
American
BERNARD S. BROWNING
General Business Services, Inc.
JAMES P. CARTY
National Association of Manufacturers
THOMAS R. DAUGHERTY
Edison Electric Institute
JOHN C. ELLIS
Associated General Contractors of America
THOMAS B. FAULS
National Electrical Manufacturers Association
JOSEPH S. FINCH
E. I. duPont de Nemours & Company, Inc.
JOHN H. FITCH, JR.
National Association of
Wholesale Distributors
ALLEN R. FRISCHKORN, JR.
GTE Service Corp.
TERENCE J. GALLAGHER
Plyer, Inc.
HOWARD J. HAGENBUCH
Easton Corporation
EUGENE J. HARDY
Gerber Products Company
S. N. HELTSLEY
United States Steel Corporation
JAMES F. C. HYDE, JR.
Grocers Manufacturers of America, Inc.
S. M. ISMAN, JR.
American Iron & Steel Institute
CHARLES L. JOHNSTON
Gulf Oil Corporation
WAYNE E. KEHN
Texaco (Retail)
LOUIS F. LAUN
American Paper Institute, Inc.
J. H. ERSCH
Aluminum Company of America
HARVEY A. LEVINE
Association of American Railroads
HERBERT L. LIEBENSON
National Small Business Association
CHARLES MACBETH
Hughes Aircraft Company
JOSEPH F. MILLER
Trade Group Associates, Inc.
ROBERT W. MOORE
Financial Executives Institute
JAMES L. MORRISON
Esmark, Inc.
J. ALLEN OVERTON, JR.
American Mining Congress
WILLIAM M. SCHOFIELD
Financial Executives Institute
LEWIS A. SHATTUCK
Smaller Business Association of New England
CHARLES W. STEWART
Machinery and Allied Products Institute
E. LINWOOD TIPTON
Multi-Industry Foundation
VINCENT T. WASILEWSKI
National Association of Broadcasters
DENNIS A. WATSON
R. J. Reynolds Industries, Inc.
WILLIAM J. WAY
General Motors Corporation
DONALD F. WHITE
American Retail Federation
WADE S. WILLIAMS
Deloitte Haskin & Sells

The Honorable Jack Brooks
Chairman
Subcommittee on Legislation
and National Security
Committee on Government Operations
B-373 Rayburn House Office Building
Washington, D.C. 20515

June 18, 1982

RECEIVED

JUN 22 1982

Legislation and National
Security Subcommittee

Dear Mr. Chairman:

We offer you some observations in connection with your June 3 hearing on federal government statistical policy.

The mission of BACFR is "to minimize federal paperwork burden and assure meaningful reporting programs - in the public interest." In carrying out this mission, our work over the years has involved furnishing comments on proposed federal statistical information collection requests and programs.

In the Council testimony during the 96th Congress, we supported the provision of your H.R. 6410 to create a new office in OMB with responsibility for overall direction of government information policies, including statistical policy.

Clearly, Section 3504(d) of Public Law 96-511 requires OMB to carry out the functions of statistical planning, coordination, policy-making and evaluation.

We strongly support effective regulatory relief and paperwork control. At the same time, the Congressional call for coordination of our decentralized federal statistical system cannot be ignored.

We applaud the oversight over implementation of the Paperwork Reduction Act assured by yourself, Representative Horton, your colleagues and your staff members. The Act continues to have our support.

We respectfully request that this letter be made a part of your printed hearing record.

Very truly yours,

David M. Marsh
David M. Marsh

DMM:amh

cc: The Honorable Frank Horton

APPENDIX 9.—JULY 22, 1982, LETTER TO CHAIRMAN BROOKS
FROM LAWRENCE A. MAYER, DIRECTOR OF PUBLICA-
TIONS, JOINT COUNCIL ON ECONOMIC EDUCATION

THE
THE
JOINT COUNCIL ON
ECONOMIC EDUCATION

1212 AVENUE OF THE AMERICAS / NEW YORK, NEW YORK 10036

RECEIVED

JUL 26 1982

(212) 582

July 22, 1982

HOUSE COMMITTEE ON
GOVERNMENT OPERATIONS

Chairman Jack Brooks
Committee on Government Operations
Rayburn House Office Building
Room 2157
Washington, DC 20515

JUL 26 1982

Dear Chairman Brooks:

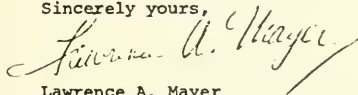
I am distressed by the decision of the Office of Management and Budget to discontinue publishing the Statistical Reporter, although I sympathize with the Administration's general effort to conserve the federal government's time, money and effort. The Reporter played a unique role in alerting economists to the availability of special or only occasionally published government statistical reports that were of major significance to users outside of government.

I found the information in the Statistical Reporter invaluable during my long tenure as a member of the editorial staff of Fortune as well as during my four years in my current position. The Reporter alerted me to many newly available sources of information that I would otherwise have missed--missed to the detriment of my work.

At present I am with a relatively small nonprofit organization that depends on funding from private sources. With the loss of the Statistical Reporter, we are finding it virtually impossible to learn about government publications that fall between such well-publicized documents as the Annual Budget of the United States on the one hand and regular monthly magazines or statistical releases on the other.

To repeat, I support the effort to hold down the federal budget and to cut back or cut out any governmental activity that is unnecessary. However, resuming publication of the Statistical Reporter or a reasonable substitute seems to me a governmental activity that is both necessary and worthwhile. I strongly urge that such a publication be made available again.

Sincerely yours,



Lawrence A. Mayer
Director of Publications

LAM:brd

cc: Arthur L. Welsh

APPENDIX 10.—JULY 20, 1982, LETTER AND PAPER ENTITLED
 "FEDERAL STATISTICAL COORDINATION TODAY: A DISAS-
 TER OR A DISGRACE?" TO CHAIRMAN BROOKS FROM
 JAMES T. BONNEN, PROFESSOR, MICHIGAN STATE UNI-
 VERSITY

MICHIGAN STATE UNIVERSITY

DEPARTMENT OF AGRICULTURAL ECONOMICS
 AGRICULTURE HALL

EAST LANSING • MICHIGAN • 48824

July 20, 1982

JUL 26 1982

The Honorable Jack Brooks
 Chairman
 Committee on Government Operations
 House of Representatives
 U.S. Congress
 Washington, D.C.

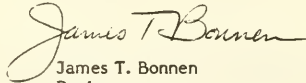
Dear Representative Brooks:

Enclosed for your information is a paper I shall be presenting at the annual American Statistical Association meetings on August 15, 1982. It concerns the final destruction of central coordination of U.S. government statistics by OMB. I have tried to relate these events to the current state of affairs in government and to the growing instability of our political institutions, which is the context within which any effort to revive central statistical policy and coordination will have to take place.

I fully appreciate the accomplishment which the Paperwork Reduction Act of 1980 represents and the difficulties overcome and compromises necessary in achieving its enactment. While working with your staff during the 1979 and 1980 trying to include the ideas of the President's Statistical Reorganization Project, I evaluated for them the problems which the coordination of statistical policy would have in an environment like OIRA. Even I did not anticipate that OMB would manage to bring worst fears only 15 months into the new administration.

I believe the only hope of doing anything about this "disgrace" rests with you and the Government Operations Committee. I urge you to address this problem before too many major statistical policy crossroads are missed and serious disorder and waste begins to occur. If I can be of any assistance in this matter, please let me know.

Sincerely,


 James T. Bonnen
 Professor

JTB/sr

Enclosure

RECEIVED

JUL 26 1982

HOUSE COMMITTEE ON
 GOVERNMENT OPERATIONS

**FEDERAL STATISTICAL COORDINATION TODAY:
A DISASTER OR A DISGRACE?**

by

James T. Bonnen

Michigan State University

**Paper prepared for the annual meetings of the
American Statistical Association
Cincinnati, Ohio**

**16 August 1982
(Revised 7 September 1982)**

FEDERAL STATISTICAL COORDINATION TODAY:
A DISASTER OR A DISGRACE?

by

James T. Bonnen
Michigan State University

"It is all too easy not to notice the statistical sea that supports our thought and actions. If that sea loses its buoyancy, it may take a long time to regain the lost support."

William Kruskal
Letter to David Stockman

"There is never time to do it right, but there is always time to do it over."

One of Murphy's Laws

Sir Claus Moser once observed to a conference that "statisticians must suffer disasters as a hazard of their profession. But, they should never allow disgraces to occur." He paused at the puzzled expressions of his audience and added "you know what a disgrace is?... It is a disaster which is allowed to continue."¹ We now have such a disgrace.

Central coordination of federal statistical policy is dead. Its burial was arranged by the current political managers of the Office of Management and Budget (OMB), who in early May 1982 dissolved OMB's Statistical Policy Branch. The pallbearers and grave diggers, however, include the last several decades of OMB bureaucratic leadership and OMB-White House political managers who, generally lacking any understanding of statistical policy or its necessity, have fashioned the disasters that slowly stripped personnel and authority from the 1939 Division of Statistical Standards and its successors in OMB. Having destroyed

the capacity for the coordination of statistical policy, the surviving but greatly weakened unit was finally killed by OMB, an organization that does not even understand what it has destroyed!

Central Coordination of Statistical Policy

Let me make it clear what central coordination of statistical policy is, and thus what has been lost. It means that various agencies "cooperate in the one or more aspects of statistical planning, design, collection, classification, or analysis" (15). To be specific but brief this includes:

1. Determining data needs so that cooperative planning and budgeting of statistical output is possible and result in relevant statistics and the avoidance of gaps and duplicate data.
2. Analyzing prospective uses of data so that statistical designs are appropriate and to prevent the inappropriate uses of existing data.
3. Maintaining the quality of federal statistics by assuring the use of appropriate, state-of-the-art statistical methods in design and collection of federal statistics.
4. Assuring privacy and the confidentiality of statistical collections.
5. Protecting the integrity of statistical decisions.
6. Facilitating user access to an extremely decentralized statistical system by assuring
 - the means to locate and retrieve relevant data, and,

- access to information on the nature and limitation of the retrieved statistics with a minimum of delay and at reasonable cost.

Underutilized or unused data, once produced, are a waste of resources.

7. Reducing respondent burden through appropriate statistical design, standards, synthetic estimates and greater use of administrative records for statistical purposes, as well as the application of statistical methods to administrative and regulatory records.²
8. Establishing standard concepts, classifications and procedures
 - to assure comparability and permit integration of data from diverse sources to serve multiple decision levels and diverse users, and
 - to provide common data classifications and detailed "building block" definitions allowing multiple uses to be served from single collections.

If you have achieved all of the above purposes of statistical coordination, you have also achieved the final purpose,

9. Reducing the substantial potential in a decentralized statistical system for the waste of resources.

This is what we have lost.

In such matters it is obvious that the current leadership of OMB has yet to learn their ABCs. I should like to exercise my prerogative as a professor and

suggest a short remedial reading list. First, they should read Chapter 4 of Volume I of the 1971 President's Commission on Federal Statistics (13). It lays out clearly the reasons why statistical systems need coordination. As a supplement they could read Margaret Martin's recent excellent exposition in the American Statistician (15). In addition, they should read the section of the volume on Statistics of the Report of the Commission on Federal Paperwork that describes the activities of the Statistical Policy Division of OMB (20). For an update on how the context and nature of statistical policy has changed in the last decade or so, I would suggest they read the Report of the President's Reorganization Project for the Federal Statistical System (4). Finally, so that they have some historical appreciation of what has happened in the last 50 years, they might read Duncan and Shelton's Revolution in United States Government Statistics, 1926-1976, especially Chapter 1 and Chapter 5 on Coordination (8).

Perhaps after they have read these things they will begin to comprehend the "disgrace" for which they bear major responsibility. Also I hope they would not again put out the kind of press release which OMB issued on the occasion of dismantling the Statistical Policy Branch (18). It put every statistician I know who read it into crying hysterics. For example, I had not known before reading it that less statistical capacity means more, or that imposing user fees on statistical products improved public access to federal statistics.

This OMB press release recalls the exchange between Alice and the White Queen in Through the Looking Glass. Alice, responding to a statement that was obviously wrong, observed:

"I can't believe that!

"Can't you?" the Queen said in a pitying tone.

"Try again: draw a long breath, and shut your eyes."

Alice laughed. "There's no use trying," she said:

"One can't believe impossible things."

"I daresay you haven't had much practice," said the Queen.
"When I was your age, I always did it for half-an-hour a day.
Why sometimes I've believed as many as six impossible things
before breakfast."(6).

We statisticians will have to practice to catch up with OMB.

THE DECLINE AND FALL OF STATISTICAL COORDINATION³

Efforts to provide central coordination of statistical policy and standards go back as far as 1908. Successfully sustained coordination began with the 1933 Social Science Research Council-American Statistical Association Committee on Government Statistics and Information Services (COGSIS). On the basis of that Committee's analysis and recommendations, the Federal Government established the Central Statistical Board in 1933. This independent agency was merged with the Bureau of the Budget in 1939, when the Budget Bureau was transferred to the Executive Office from the Treasury Department. By 1947 the OMB Division of Statistical Standards had become a 69 person unit managing statistical policy coordination and forms clearance under the 1942 Federal Reports Act and the 1921 Budget and Accounting Procedures Act. This unit was composed of and led by statistical professionals (8).

By 1977, thirty years later, the Bureau of the Budget, now the Office of Management and Budget (OMB), had increased greatly in size, but its Statistical Policy Division (SPD) had lost 40 of its original 69 positions. This reduction of nearly 60% in personnel occurred in the face of an immense expansion in new statistical programs and administrative records. In thirty years federal statistical budgets expanded tenfold in real dollar terms to about a billion dollars a year, while the number employed in statistical units and programs grew fivefold to about 30,000 positions (4). Regulatory and administrative record collections have grown faster by several orders of magnitude. We now have a backlog of statistical standards work comparable to or exceeding that generated by the program initiatives of the Great Depression and World War II. Many public and

private decisionmakers frequently express the need for standards to bring greater order to some of the important data bases they use. This need is especially obvious in environmental, natural resource, energy, health and various regulatory policy areas.

The Beginning of the End

In early 1977 the new Carter White House declared war on the bureaucracy it had captured. Before they had any understanding of the operational requirements of the White House-Executive Office environment, they reorganized it and reduced its personnel. Faced with a White House directive to reduce OMB personnel numbers, OMB's reorganizers decided statistical policy and several other activities from the "M" or management side of OMB were expendable, since they did not "bear a close relationship to the work of the President" (17). They shattered institutional arrangements that had prevailed for three decades by transferring the statistical policy functions (and 15 positions) from OMB and the Executive Office of the President to the Department of Commerce. OMB retained the forms clearance function (14 positions), the activity of the Statistical Policy Division with the most bureaucratic and political clout.

Similar OMB-White House decisions between 1947 and 1977 stripped personnel, institutional access and authority from statistical policy. These decisions led inexorably, "disaster" after "disaster", to the current "disgrace." No direct desire to "do in" statistics or statistical coordination was exhibited in the 1977 decision. In fact, the Director, persuaded of the long-run importance of statistical policy, initially reversed the reorganization decision, but under pressure to reduce OMB's size eventually succumbed. Thus, statistical policy, with its low political sex appeal, long planning horizons and low short-run payoffs, when ranked by the crisis driven values of most political decision makers, was found to be less important than the activities supporting budget and other policy decisions. These latter

are the activities and decisions where day-to-day political pressures are most intense and upon which the OMB's performance is judged. With very few exceptions, whenever push has come to shove in OMB, statistical policy has lost.

Almost immediately, however, the Carter Administration decided to examine the problem of statistical policy, and it asked me to direct a somewhat misnamed Statistical Reorganization Project.⁴ Its purpose was to explore the current problems and functions of statistical policy, to recommend the most appropriate location for the statistical policy office and to design the institutions and recommend the resources necessary to obtain a coordinated national-level performance from a very decentralized statistical system. This we did in 1978-79.

The question that proved most difficult to answer was where to place responsibility for statistical policy. The general options were to (1) put it back in OMB, (2) leave it in the Commerce Department, (3) put it somewhere else outside the Executive Office, or (4) establish it as a separate agency in the Executive Office of the President. Conventional wisdom would have returned statistical policy to OMB. However, it had not fared well there. As our Project Report put it:

Sound statistical policy requires long time horizons for highly technical coordination and planning, and a corresponding measure of freedom from short-run political and economic events, of whatever significance. OMB's primary function -- presidential budget development and oversight -- involves immediate, often crisis-driven, decisions of great political and economic significance, which dominate OMB's internal agenda and resource priorities. Statistical policy was not perceived as important in such an environment, was not understood, and slowly eroded in personnel and institutional strength (4).

In interviewing experienced veterans of the Executive Office, I asked a former senior OMB official for his opinion on why statistical policy had slowly atrophied in OMB. He responded, "When you are up to your armpits in alligators you don't worry much about statistics."

After an exhaustive examination of alternatives, the Project recommended establishing a separate agency in the Executive Office of the President. This option, contrary to our initial expectations, turned out to be "the least worst solution" in a terrible tangle of trade offs between 2nd and 3rd best solutions to specific problems which allowed the final combination to exclude all known fatal flaws. The proposed legislation also involved a substantial strengthening of the institutional capacity of statistical policy. This, of course, did not happen. Executive Office agency leadership, federal statistical agencies, the cabinet departments and the White House were persuaded, but we got to the Congress late in the last session and were unable to convince the appropriate committees to act on our solution.⁵

What did happen was that the statistical policy functions were returned without any institutional improvements to OMB in August 1981 by the Paperwork Reduction Act of 1980. They came back, moreover, into a vastly different environment, the Office of Information and Regulatory Affairs (OIRA). Statistical policy was now expected to function in a regulatory agency run by regulatory lawyers and economists. Besides statistical policy, the Office of Information and Regulatory Affairs manages seven other functions, at least five of which have more immediate political significance than does statistical policy.⁶ Even with the best of intentions the odds were low that statistical policy could be made to work in such an environment. We drew that conclusion in the Final Report of our Project, well before the Paperwork Reduction Act had passed. Congress did not accept our analysis or share our concern. Unfortunately, subsequent events proved we were right.

The transfer of personnel from the Commerce Department to OMB in the Reagan Administration was a long and demoralizing experience extending from February to late August 1981. The conditions of return changed almost weekly,

varying from returning the entire unit or only part of the unit to returning positions, but none of the existing personnel. One early prescient plan proposed to scatter the statisticians around the Office of Information and Regulatory Affairs, thus avoiding the necessity for providing a statistical policy unit within OIRA. It ended, finally, in August with the establishment of a Statistical Policy Branch in OIRA and the return of only 15 of the 26 people (25 positions) that had composed the Office of Federal Statistical Policy and Standards in the Commerce Department. Left behind were 10 people -- among whom were some of the most experienced, longtime members of the unit.

In OMB four of the 15 positions were immediately assigned to a new White House indicators project leaving 11 to manage government-wide statistical policy. By early February 1982 three of the original 15 people transferred to OMB had left, including Joe Duncan, who served as the unit's administrator from 1974 to 1982. This left something on the order of two secretarial and ten statistical positions (eleven professional statisticians three of whom work part time) with which to conduct government-wide statistical policy, run the indicators project, and support forms clearance and other functions of the Office of Information and Regulatory Affairs.⁷

These are excellent professionals, but so few cannot be expected to cover a statistical system as large and as decentralized as ours, especially when their biggest problem is that of persuading OMB that statistical policy is important and requires more, not fewer, resources and attention. They were in a situation where all the senior management roles in statistical policy had turned over and, after a four-year absence, statistical policy needed to reestablish complex and informal institutional linkages within OMB.

Two of the most important communication devices for statistical policy were discontinued. The Statistical Policy Coordinating Committee, the only

government-wide forum for statistical policy, on which all cabinet departments, the Council of Economic Advisers, the Federal Reserve Board, and OMB were represented, was eliminated in August of 1981 at the time of the transfer to OMB. A few months later in January 1982, the Statistical Reporter, a highly valued monthly publication was dropped without warning or evaluation. For over four decades this publication served as an instrument of communication and coordination, and as a forum for the widely scattered, often professionally isolated government statistician. Its net cost was \$18,600, its benefits many times that (19).

The End

The final axe fell on April 23, 1982, when the Director of OIRA, announced to his staff that the Statistical Policy Branch would be abolished, and statistical personnel distributed to other branches. An after-the-fact press release was issued on May 13. This OIRA decision had been reviewed and approved (possibly even initiated) by OMB's Deputy Director and Director.⁸ It was made after OMB had posted the position and had asked the American Statistical Association (ASA) to recommend names for consideration as the Director of the Statistical Policy Branch. The Director of OIRA met with the ASA Standby Committee on Appointments to Senior Federal Positions for its suggestions on March 26, just four weeks before he announced the dismantling of statistical policy.

If one is to believe a Business Week report, the unfortunate appearance of bad faith is the result of the intervention of Vice President Bush, pressuring OMB to devote more manpower to revision of "100 targeted regulations" in the administration's deregulation campaign. The report states that business had complained about OMB's slow progress and that as a consequence of the Vice President's efforts,

A number of analysts and statisticians are being shifted in the office of Christopher DeMuth, head of OMB's regulatory affairs shop. And OMB aides have been directed to expedite the review of regulations and to spend more time in direct contact with regulatory agencies (23).

This is an old story in OMB's management of statistical policy: we see again the pressure on OMB division chiefs to do more things with too few people, which combines in a lethal way with indifference in OMB to the connection between the quality of data and the quality of decisions. That indifference today verges on gross negligence.

The reason given in OMB, I am told, for disbanding the Statistical Policy Branch is that it was ineffective. I agree, increasingly it was. How possibly could the bruised, decimated band which survived the last decade or so of OMB-White House decisions and especially the last 18 months of OMB's special attention be fully effective? Even if it was not OMB's intent to run off the leadership and discredit and demoralize those who remained, this is their accomplishment.

Of course, OMB says it has the same continuing (presumably ineffective?) capacity to coordinate statistical policy because it still has the personnel. Indeed, it is alleged that they are being better utilized as a result of the reorganization of OIRA. But to what end? Certainly not statistical policy.

Look at the disposition of personnel. The acting Statistical Policy Branch chief has departed. Four statisticians are now assigned as desk officers in the paperwork and regulatory policy wars. A "desk officer" is responsible for all eight OIRA functions (statistical policy, clearance, burden budget, ADP, records management, privacy of records, records matching, and regulatory policy) for a specific cabinet agency. Six remaining statistical positions were assigned to regulatory analysis and statistical policy.⁹ Given OIRA's primary regulatory mission and the great pressure from the White House and the Vice President for action on revision of regulations, it will be remarkable if many of these remaining positions are long devoted to statistical policy--even with the best of intentions.

Even if the positions are used as specified, how long does OMB expect to keep skilled statistical analysts in non statistical or part-time statistical jobs?

This is such an abuse of professional skills that as soon as these individuals can find jobs commensurate with their skills, they will leave OMB. How then will OMB recruit replacements with the high quality and skills necessary for effective statistical policy? This is precisely why the Statistical Reorganization Project predicted the demise of statistical policy, if it were placed in the kind of organization envisioned by the Paperwork Reduction Act of 1980.

Three actions combined to produce this mess. The first was the 1977 transfer out of OMB, which weakened the institutional authority of statistical policy by removing it from the Executive Office-White House policy and reports clearance machinery. The better resource treatment and improved management of statistical policy in the Commerce Department could not compensate for this loss.

The second action was Congress' failure in 1980 to accept the Administration's proposed separate Office of Statistical Policy (in the Executive Office) and the subsequent inclusion of the statistical policy function in the Office of Information and Regulatory Affairs established in OMB by the Paperwork Reduction Act of 1980. Stripped of its earlier institutional authority and policy access by the move to Commerce, statistical policy was then returned to OMB by Congress without any thought for institutional safeguards and embedded in a regulatory environment run by political appointees with little or no understanding of statistical policy or its necessity. Congress shares the responsibility for this failure. It thrust into OMB a set of "information management" functions with a clear directive to OMB to improve its performance, but without any recognition of the great differences between those functions, and without insisting that an adequate staff be recruited for the purpose. Excess capacity never exists in OMB since OMB always prefers to manage its agenda with each 100 of its staff working 55 hours a week rather than 137 working 40 hours a week.

The third action was then almost inevitable. The Reagan OMB, not to be outdone by Carter's, proceeded step by step to dismantle completely what little was left of statistical policy. These three actions in a period of five years were all triumphs of form over substance of the kind that earns continuing public skepticism of our governing institutions.

The greatest industrial nation in the world with the largest, most complex society and economy now lacks effective capacity for central coordination of its statistical activities. This is a crippling loss since ours is the most decentralized, if not fragmented, statistical system in the industrial world. Alone among the industrial countries and for the first time in fifty years, the U.S. will have no one serving as the Chief Statistician of the United States. When the slowly rising tide of disorder in statistics begins to undermine and disrupt national decisions, I want it remembered that the final act in this national disgrace is an OMB accomplishment. Who can possibly believe any longer that statistical policy belongs in OMB?

Central coordination of statistical policy is dead in the United States! It has been interred in OIRA, OMB's tomb to the unknown statistician. The regulatory lion has devoured the statistical lamb.

WHAT DIFFERENCE DOES IT MAKE?

With the exception of the impact on integrity, having no central coordination will probably not make that much difference in the short run. Past investments will carry us for a while. However, in the long run we are in serious trouble.

In a statistical system as decentralized--if not fragmented--as ours, significant central coordination is essential if we are to have national level statistics which are of sufficient quality and relevance to sustain national decisions needs -- public and private. The final dismantling of the central coordination of U.S. statistical policy by the current administration has already had the effect of

reducing the commitment of individual statistical agencies to coordination. Why should an agency make any effort beyond its mandated mission when real budget resources are declining and the White House does not care about coordination? This disappearance of political commitment to statistical coordination creates a negative environment for any effort to provide multipurpose national statistics.

There is an immediate threat to the integrity of federal statistics. To begin with few realize today the extent to which statistical formulas and price indexes are now used by Congress to allocate public resources. In fiscal 1979 20% of the budget was distributed through statistical formulas (10). About 31% of all budget expenditures were automatically indexed to the CPI in fiscal 1981. In addition, another 24% were indexed less directly to the CPI or some other index (9). Conservatively, at least half of the federal budget and, depending on how you view it, as much as three quarters of the budget is now allocated through statistical formulas or price indexes. The rate at which this practice and its impact have grown is phenomenal. Up through the mid-1960s the use of statistical formulas for federal budget allocation purposes was quite limited. In 1966, only two percent of the budget was automatically indexed (9).

This growing, intimate embrace between statistics and public policy decision making has increased by several multiples the value of the statistics used in decision making. It also has added to the complexity of the problem of coordination of statistical policy and increased by several factors the need for integration of various data bases as decision making has become more interactive and complex. Most importantly it greatly compounds the problem of protecting the integrity of federal statistics. In short, it increases the need for stronger central coordination.

With half to three-quarters of all federal expenditures allocated through indexes or formulas, a very substantial part of our most important statistics have

the potential of being held hostage to political ends because of their visible and direct impact on politically important decisions. When the consequences that flow from those numbers are viewed as undesirable by some politically potent interest group, the political temptation to manipulate those numbers or, more commonly, to prevent needed conceptual or measurement revisions, is often difficult to resist. Individual agencies can be quite vulnerable. With the loss of effective statistical policy oversight from the Executive Office, this threat is even greater. Who now will support the agencies when issues of integrity arise?

Indeed, with the authority for central coordination of statistics in the hands of a regulatory policy group, one of the open questions is whether or not that authority may not itself be used someday to impair the integrity of the statistical system. One of the basic experiences learned in all statistical systems is that it is dangerous to mix statistical policy decisions for voluntary collections with the politically radioactive regulatory policy decisions made for involuntary collections. These two universes mix like oil and water, almost invariably to the detriment of the integrity of voluntary collections.¹⁰

In the future, without a Chief Statistician or an organization responsible solely for central statistical policy independent of regulatory matters, who will believe a statistical policy decision made in OMB has statistical integrity? There no longer are any institutional safeguards nor formal procedures to protect the integrity of statistical policy decisions because these matters are now all intimately intermixed with regulatory policy. We are already in trouble.

I do not want to leave the impression that OMB is currently doing nothing on statistical policy. About four and a half professionals are for now working at least part of the time on statistical matters. The Federal Committee on Statistical Methodology is working on improving the quality and comparability of the many varied industry codes used in government statistics and administrative

records. The respecification of SMSAs is underway based on the revised SMSA standard and the 1980 population census. Work is being done on access. Effort is being made to coordinate agency redesign of household surveys following the 1980 census.

Most remarkably, the government-wide confidentiality legislation developed by the President's Statistical Reorganization Project in 1978-79 has been revived by OIRA and put through OMB's legislative review process for consideration for submission to Congress. This legislation holds great potential to improve the quality of federal statistics while reducing budget costs by making it possible for authorized statistical agencies to share microdata for statistical purposes in developing survey and census frames and in cooperating to produce integrated data sets. For most agencies it also would substantially strengthen the legal basis for the promise of confidentiality to respondents as well as greatly enlarge our ability to reduce respondent burden through more comprehensive control of the incidence of a given respondent falling into repeated surveys of the same universe.

I hope they succeed. Getting this kind of legislation through Congress requires the support of the private sector. Since great power is concentrated in the legal right to authorize the sharing of records, business views this is an insupportable risk unless that authority is by legislation lodged in a politically neutral role which is highly visible and accountable and is invested with a public expectation of great integrity.

By destroying any recognizable statistical policy unit and eliminating the possibility of a credible "Chief Statistician", OMB has unwittingly destroyed the primary political prerequisite for passage of confidentiality legislation. Where now can they place the power to authorize record sharing? In the Director of OMB? Impossible! This is one of the most political positions of policy advocacy

in one of the most politicized agencies in Washington. Assign responsibility to the Director of the Office of Information and Regulatory Affairs in OMB? Worse! Here you are putting the power to force the sharing of data in the hands of someone who is primarily a regulatory policy officer for the President. Mixing of regulatory policy and statistical policy authority destroys the perception of political neutrality in statistical policy decisions, while grossly undermining the reality. Business would view this as putting a fox in the hen-house to protect the chickens. No cabinet agency in Washington is likely to support such a solution either.

There are other effects of dismantling the statistical policy unit to which OMB appears oblivious. Short of the statistical agencies today, there is now no credible national level focal point where users can express private sector and non-federal public data needs. While this may not sound like much, it combines in a lethal way with the OMB's 1983 budget push to eliminate all federal data collection and processing that does not serve federal policy makers. The Director of OIRA was recently quoted as follows:

In the past agencies collected much greater detail than was needed for national policymaking purposes. It is understood now that agencies justify their data collecting programs to OMB in terms of the needs of federal agencies alone, not of states, local governments, or private firms for their own marketing purposes (24).

This exhibits OMB's current confusion over the nature of and the distinction between public and private goods. It also exhibits an ignorance of the fact that many, if not most, of the early federal statistics collected were for private sector uses. Why should this be? You do not suppose that any non-federal uses could be informed by the national or the public interest and in some cases involve data only the federal government can collect? OMB has grossly confused federal bureaucratic needs with national and with public needs for data. The fundamental statistics of the nation are in harms way.

With some exceptions most federal statistical agencies see small area data and subnational samples as low priority data which can be easily sacrificed when budgets are cut. It does not take much foresight to see how disruptive this will be to any "new federalism," especially with the federal government defaulting on its responsibility for non federal uses of statistics.

With little or no ability and even less will to retain statistical capacity in OMB, even the effort to reduce paperwork burden will suffer. Statistically unsophisticated staff will often not even see the duplication, or if seen will not know how effectively to approach its reduction through redesign that achieves multiple goals. The burden budget meat axe will prevail.

Trends that Compound Statistical Problems

Besides the statistical illiteracy of OMB there are a number of other trends which in the long run will lead to very serious failures in decision making. Disorder is growing in the political and policy-making process. When combined with the effective elimination of central statistical coordination, they increase the chances that we will experience fundamental failures both in statistical and policy decisions.

The first of these trends is a growing complexity of society and the effect this has on policy making and ultimately on statistics. In the period since World War II the U.S. society and economy have become very much more complex, specialized and interdependent. Its various sectors interact, each sector creating many kinds of conflicts and effects external to itself. This in turn has led to a complete transformation of the role of government in society. In responding to these growing problems and conflicts, government has intervened in a pervasive manner, with immense impact. Federal policy decision making has become far more extensive, interactive and complex. The distinction between public and private has become blurred. As a result of this greater complexity and interdependence,

national policy decisions today are decisively dependent on quantitative measures to identify and understand complex problems, problems which have gotten beyond the capacity of "seat of the pants" decision making. In addition, since many problems now interact with one another,

Policy decisions more frequently involve choices that cut across present departments, government policy decision structures and their data bases. Growing numbers of these crosscutting issues involve so many diverse conflicting participants that more and more executive branch decisions are being forced to the White House for resolution (4).

The crosscutting issues that are forced to the White House for decision involve tradeoffs between conflicting goals and interests. Examples include conflicts between energy development and environmental and resource conservation, between agricultural trade policy and national security and finally between the broad goals of welfare policy and the various conflicting effects of different specific programs such as AFDC, low income housing and food stamps. In the latter case, the Survey of Income and Program Participation, which was dropped from the President's 1983 budget, would not only have provided objective data for analysis to establish where social benefits might be cut, but also could have provided ammunition to defend such cuts.

Resolution of these broad, crosscutting policy questions frequently creates the need for new statistical data or requires complex new combinations of older data. These data requirements were difficult to meet under previous statistical policy institutional arrangements. Now, without the commitment and without the capacity for central coordination, it will be impossible to deal with them effectively. Yet meeting such data requirements is essential if national policy decisions are to be based on a firm factual foundation.

Another growing problem is the changed attitude of modern political appointees and elected officials toward statistics. In the 1930s there were very few reliable statistical data bases, and respect for good statistical data was generally

high. Much federal effort went into improving the scope and quality of public policy data bases. Today we have many millions of statistical numbers, and policy makers have come to view them as if they came from the "horn of plenty" or were Elijah's gift to the widow (14). That is, with all of those numbers around they have the comfortable feeling that statistics arise without effort from an endless source -- a source from which at the last minute they can extract data to suit any information need, however specialized or unique. Such behavior guarantees frustration. Without conscious statistical planning at all levels of decision, this failure and its psychological self-perpetuating behavior will continue to prevail. The planning to provide statistics involves a substantial lead time.

This misunderstanding of the nature of statistics is compounded by a growing negative perception of statistical agency performance. Many policy makers perceive statisticians and their organizations as being unresponsive, producing lots of numbers which are not used and chronically unable to provide appropriate numbers when called upon. Therefore, they ignore statisticians and distrust statistical agencies.

Another large group of policy makers, when interviewed, will demonstrate that they have not the foggiest notion where most of the numbers come from in the decision memoranda which their staff provide and upon which decisions are based. While they may have no negative attitudes towards statisticians, they are also totally innocent of any statistical knowledge or knowledge of the statistical system. In short, there is little appreciation today among public policy decision makers of the problem of providing statistics or even of the need for statistics. These attitudes are not new and do not characterize all policy types, but they do characterize a growing proportion of policy makers. This problem is compounded by and related to two other trends.

Increasingly, the American people elect amateurs to political office. This decade-old trend arises from a profound distrust and disillusion with government caused by the abuse of power during the Vietnam War and the "Watergate" activities of the Nixon White House. This has been compounded by the explosive growth of federal regulation and a growing resentment of excessive intrusion of the federal government into everyday life. Repeated exposures of scandals and corruption in federal, state and local government have not helped. Americans now view experienced politicians as dishonest, conniving types who do not deserve to hold office and so we turn them out. Candidates for county commissioner to President run against government and its "evil" bureaucracy. The amateurs we elect, in turn, fill the Congressional staffs and Executive Branch with political appointees who are also political novices. This, perhaps, is not so bad, if they are capable, for they can learn enough about their decision making environment eventually to be reasonably effective. After all you have to start somewhere. Of course, we also tend to turn them out of office every 2, 4 or 6 years since by this time many have lost their amateur status, have a record and are considered politicians. The problem is that the incidence of amateurs in Washington has become so great that there are too few real political "pros" around today from which the amateurs can learn. Competence and stability of government erode. This "government of strangers" invariably distrusts the bureaucracy, which has much of the knowledge necessary to govern; this means they are unable generally to manage (control) the bureaucracy and inevitably fail in governing.¹¹

However, another trend now appears to make learning or knowledge unnecessary. An increasing percentage of those who end up in appointed or elected office today are so ideological that they appear to need no factual knowledge for decision making. Increasingly, we have what Goethe described as the worst situation in the governance of a state -- ignorance in action. When facts are called for,

it is only to provide self-serving support of ideological conclusions. Both of these trends reduce the proportion of elected and appointed officials with sufficient experience or knowledge to appreciate the role which statistics can and should play in policy.

The Integrity of Statistics

All of these trends in politics and policy make even more dangerous another problem -- the growing threat to the integrity of federal statistics.

Statistical policy and public policy decision making find themselves today in an embrace, the intimacy and immediacy of which are very new. This embrace is enforced by the growth of government intervention in society and the increasing interdependence of economic and social sectors ... (This) in turn causes public policies to be more interactive and also to demand more immediate decisions. The consequence is that statisticians can no longer do their quiet thing quietly (2).

This occurs at a time when individual agencies are made more vulnerable by the extensive use of statistics to allocate resources, as well as the rising level of raw political ideology driving the decision process. Now we even lack a Chief Statistician or statistical policy office to back up the agencies in issues involving integrity.

It is worth asking why politicians have chosen to move three-quarters of the Federal budget into automatic, or nearly automatic, statistically determined allocation processes. In the 1950's policy makers extracted a substantial amount of political power from the direct annual control of these decisions. This shift in decision style is not a search for objective decision making. Rather, it is a political flight from responsibility for public decision making. The growing dominance of single interest lobbies and the fragmentation of the political process and its institutions have undermined the capacity for strong, stable leadership in the Congress and the parties (1, 11, 21). Federal expenditure decisions have become zero-sum games in which, if half-a-dozen conflicting interests are focused on a decision, the politician will usually make more enemies than friends no matter

what decision is made. The annual allocation of federal expenditures has become so politically costly that politicians attempt to push these decisions away from themselves by establishing "automatic" statistical procedures for making political decisions. Once the formula or index is established in law, this flight from political responsibility dumps many political conflicts onto the statistical agency involved.

Politicizing statistics only rarely involves "cooking the numbers". Data are politicized whenever technical statistical decisions and their timing are removed from the control of statisticians. This is a large class with many examples. There are two classic examples with long histories. One is the farm income series in agriculture which is indirectly related to the parity ratio, an equity concept in use since the 1930s. At least two administrators of the old Bureau of Agricultural Economics were subjected to serious political assaults as a result of their attempts to improve the accuracy of the parity calculations or farm income measures through corrections for conceptual obsolescence and measurement errors or bias. Farm producer clientele, with a vested interest in maintaining distortions that underestimate net farm income and the parity ratio speak through "their congressmen" and "their political representatives" in the Department of Agriculture to punish such behavior.

Amazingly just the reverse has occurred this year. In April the U.S. Department of Agriculture decided that the publication of current-year farm income forecasts would be discontinued for the period from January through August. Forecasting current-year farm income has grown increasingly difficult as farm expenditures especially have become more and more volatile. The economists in the Economic Research Service have been working for several years to improve farm income numbers and forecasts. Before farm production expenses for 1981 are available in July 1982 and 1981 farm output is available in August 1982, forecasting 1982 farm income is not today very defensible. A recommendation to

drop current-year farm income forecasts for the early months of the year was part of a package of changes that were being reviewed in the Department earlier this year. Grasping this recommendation the Secretary's Office immediately implemented it for political, not technical reasons. As a consequence the first forecast for 1982 will not appear until September. In making this decision, the Department has again undermined the integrity of, not just farm income forecasts, but also the subsequent farm income statistical estimates.

Their timing is wretched. Who will believe that this decision was made for technical reasons in a period when farm income has fallen drastically and threatens in an election year to fall further? Having reduced their exposure to bad news through August of 1983, you may now light a candle and say a prayer that no one in the Secretary's Office gets an irresistible urge to have an agreeable, well scented number in September -- which can be revised after the election in November. Little stands in the way except the integrity of the professionals involved and the constraint which private forecasts might impose. Certainly OMB provides no obstacle; they will be busy managing the alligators in their regulatory pond.

The other classic example of a statistic that has been trapped in political games, and thus politicized, is the consumer price index (CPI). For over a decade the Bureau of Labor Statistics has suggested needed revisions which have been ignored. Recent criticism of the CPI has centered on the housing component which, it is argued, substantially overstates the cost of housing today and gives the CPI an upward bias. However, the most influential elements in the Labor Department's configuration of political clientele are unions who have kept the CPI encapsulated, preventing statisticians from doing revisions that they have known were needed and have urged on the Department for quite a long time. Only the very high rate of inflation, which has brought other interests to bear

on this question in the Congress, has made it possible recently for a decision to be made to revise the CPI by 1985. However, if inflation is reduced as drastically as it appears it may be, you can bet that by 1985 there will be efforts to block implementation of the revised CPI.

Statistics are poorly understood yet widely used in a governmental environment that is so politicized and ideological that factual descriptive capability and objective analysis are eroding. The Reagan Administration did not begin this trend. They have only pushed the frontier forward in a decade long movement toward greater politicization and ideological conflict in governance.

What can be done about this? The more extensive use of statistics is desirable. Yet as long as politicians are rational, wish to be reelected and face no-win decisions in allocating federal expenditures, they will use statistics to allocate those expenditures. Politicians are just trying to survive in the midst of the fragmentation of our political institutions and of federal decision making. There has been a steady erosion over the last three decades in the stability and authority of public institutions including the political parties, the Executive Branch, and the Congress (1, 11). This has led to a decline in the capacity for making public decisions and, most importantly, being able to make them stick (21).

The hierarchical structure of government and the stable political coalitions formed after World War II at one and the same time limited and protected all government agencies. There were things good and bad upon which one could depend in dealing with Congress and the political process. For at least a decade, however, institutional instability and disorder have increasingly characterized the forces that affect the policy decision process. One is continually buffeted in one direction and then another (2).

Single interest groups engage in an unending war in which there is no final resolution. Permanent coalitions do not evolve. The day-to-day processes of politics and of governance have become unstable while the authority in political leadership roles has been weakened and individual politicians made quite vulnerable. As

a result, the environment of government is becoming much more politicized by the behavior described by Sundquist (21) and Auspitz (1) and by uncertainty and a corresponding lack of accountability. Consequently, "statistical agency leadership today is on its own in a stormy environment and with more cannon loose on deck than anyone else has had to face in this century" (2). It is hard to see how this can be changed in the very near term.

The protection of the integrity of statistics has its foundation in the integrity and courage of the statisticians, demographers, economists and other analysts who design and produce statistics. Since isolation from the policy process is neither desirable nor possible, the institutional safeguards to integrity should involve appropriate processing and publication standards, publication of methods, a well articulated legislative mandate for individual statistical agencies, a strong common confidentiality statute for all major agencies, high visibility and multiple accountability of statistical policy, a central coordination unit for statistical policy with statutory responsibility including the integrity of federal statistics, and a single committee in each house of Congress for legislation and oversight of multiple purpose statistics and government-wide statistical policy and priorities.

The actors who care enough to protect the integrity of statistics are usually professional statisticians, economists and other professionals responsible for major policy decisions or advisory activities, especially those which depend on some form of economic forecasting or specialized modeling. Statisticians care because their professional integrity is at hazard. On far too many occasions this is the only obstacle that stands between the integrity of data bases and politicization. Most economists are trained in a deductive tradition today. As a consequence not many economists would be as sensitive to problems of data as they are were it not for the discipline of forecasting, for other specialized modeling and the existence of the national income accounts. We owe this integrating

analytical capacity not just to the theorists who created these conceptual structures but also to people like Arthur Burns, George Jaszi, Wassily Leontief, and many others working in the tradition of Wesley C. Mitchell, who operationalized the abstract concepts and made measurement possible. These economists understand the empiric and know the importance of being careful about one's numbers. It is very difficult for statisticians to communicate with economists or other professionals who do not care and are not careful about their numbers.

Role of Analysis

I have pointed out before that it is analysis that holds a statistical system in place. It links the design and production of statistics to decision making, makes possible most communication with decision makers about their data needs and informs them of current statistical capability. When analysts do their job properly, they create an effective two-way communication and translation loop between decision making and the statistical production process.

In reality this only rarely happens. The analytical transition from data to policy decision, not the design and production of statistics, is the weakest link in the information structure of U.S. policy decision making. Except in the case of highly developed formal analytical frameworks, such as the national income accounts, economic forecasting and some other specialized modeling, the analysis process is frequently poorly conceptualized, organized and managed. Alleged statistical failures, when examined, turn out to be analytical deficiencies in about nine out of about ten cases.

The presidency especially is not well served in domestic policy decision making. The total investment in analysis is substantial, perhaps adequate, but individual departments, and agencies have seriously underinvested in analysis, and most departments, as well as the White House, usually mismanage their analytical functions because there is so little understanding, even among analysts, of the different roles and complementary nature of different types of analysis" (2).

At the heart of this common failure to organize and manage properly lies a general lack of understanding of analysis, not only by decision makers but even by analysts. Analysts are often too specialized to see analysis as a function of a larger information system, in which analysis plays many different roles.

Analysis ... is a very heterogeneous set of activities serving many different purposes, ranging all the way from data analysis and data validation to objective modeling through forecasting, to policy analysis ... (some of which) is quite subjective and dominated by political values. All of these different types of analysis complement each other and are essential if specific policy makers and particular decisions are to be well served in any unique and current policy context. To the extent that there is quantitative understanding embedded at various levels in these different kinds of analysis and to the extent that it is interlinked intelligently by good organization and management, systematic communication is possible between the statistician and the decision maker. What makes this communication absolutely necessary, and potentially lethal in absence of appropriate analysis, is that most policy decision makers, when asked, cannot specify their information or statistical needs, and few understand the relevant capability or limitations of current statistics. It is the analyst, with continuing access to a policy maker and his or her staff, who has the greatest opportunity to translate the existing policy context and decisions into specific data collection and statistical needs and to inform policy makers of current statistical capability and limits (2).

Thus, the many different kinds of analysis constitute a continuous, complementary bucket brigade in which today far too many buckets lack bottoms and bails or are missing entirely. Until the analysis base for departmental and White House decision making is more complete and better organized and managed, leadership of statistical coordination will remain a dicey, herculean task.

The Behavior of Statisticians

Before leaving this topic, it is also worth asking ourselves as statisticians if in any way the behavior of statisticians has contributed to the perception by policy decision makers that statistics and its coordination are less than useful. I believe it has. I would suggest three possible behaviors to think about and on which we might work to change these perceptions. There are probably others.

The first is the failure to recognize the tradeoff between accuracy and relevance. Too frequently statisticians expend all their energy on reduction of measurement error, behavior which can lead to zero relevance, either because it takes too much time to reach the accuracy goal, or accuracy is associated with a format or product that is not as relevant. As John Tukey has pointed out, statisticians are quite as responsible for the relevance of numbers as for their accuracy (22).

A second behavioral dimension that I would point to is the degree to which we sometimes isolate ourselves from the policy process in our attempt to protect the integrity of statistics. If the policy environment is as interactive and the embrace between politics and statistics is as intimate as I have alleged, protecting integrity with isolation is a game which is over. Isolation may in the short run protect statisticians, but it will not protect statistics because such isolation no longer really exists. The only solution today is multiple accountability, standards, and high visibility for the statistical policy process. In the past a tactic of some agency leaders, which has prevented cabinet secretaries from abusing the statistical function, has been to develop a very prickly, even disagreeable, personality which made it quite clear that any attempt to meddle with the numbers or to suppress something was unlikely to be worth the cost it would take to overcome the prickly personality. It often worked and it has led to a statistical tradition filled with confrontation, resignations and many colorful stories. It will take more today to maintain integrity.

Finally, there is a third behavioral pattern which is quite closely related that also should perhaps be examined. That is the very strong institutional reluctance of multipurpose agencies to adjust their product, its mix or its integration. I realize not one in ten of user complaints or suggestions makes much sense, since users commonly do not understand how the data are designed or produced. As a consequence we often grow very callous and insensitive to that tenth suggestion or request.

These are problems which I think we need to work on, if we are to change policy makers' perceptions of statistical agencies. These are also problems that are going to be very much more difficult to manage without central coordination of Federal statistics. We now have no place to stand even to discuss or evaluate these kinds of problems, which are rarely limited to a single agency.

WHAT SHOULD WE DO?

Any effort to recoup from the current disgrace will have to come from the concerned professions, other users and from the Congress. We know what needs doing but must start over.

We must educate and lobby the politicians, the media, influentials wherever they are in business, labor, and the professions. We already have in place two new institutions that are doing yeoman service.

One is the Council of Professional Associations on Federal Statistics (COPAFS) and the 12 standing committees on government statistics in its affiliated professional associations. This is an education and information organization that keeps professional associations informed on important developments in federal statistics, analyzes issues and proposes actions, facilitates member association action on critical issues, and advises Washington decision makers of the professions' views.

The other is the Council of Social Science Associations (COSSA) which, in addition to education and information functions, also lobbies directly in the policy process for the interests of member associations.

These Councils are working together closely. They have already helped give the current situation in federal statistics more visibility in the print media, and in Congress over the last six months, than I would have thought possible. Both Councils need and deserve greater support both in dollars and in terms of additional professional association memberships.

Polite, reasoned conversation among the converted will no longer do. The time has come for concerted action. The repeated disasters inflicted on the federal statistical system have become a national disgrace.

I believe the ASA, in cooperation with such organizations as the Social Science Research Council (SSRC) and the American Association for the Advancement of Science (AAAS), should take the lead in forming a broad legitimizing task force of experienced and influential scientists and statisticians, like the 1933 Committee on Government Statistics and Information Services (COGSIS), which led to the first effective effort to coordinate Federal statistics. This ASA sponsored Task Force should report no later than early December 1984 to the newly elected administration and/or in January 1985 to the new Congress on 1) the effects of the destruction of our capacity for central coordination of statistical policy and standards and to 2) recommend the form which its reinstitutionalization should take. COPAFS and COSSA should cooperate with the Task Force.

This is not an unexamined subject. We do know how statistical policy and coordination should be organized and after more than forty years of experience we certainly know what its functions are and how it should be done.

The Organization of Statistical Policy

First, I submit we know that central coordination of statistical policy must be lodged in the Executive Office of the President with a legislated mandate, if it is to function effectively. Secondly, while it belongs in the Executive Office, it is equally clear that it does not belong inside OMB. OMB would only kill it again. Third, you cannot expect to assign 200 statisticians, economists or anything else to the Executive Office of the President. Fourth, without a unified focus for legislation and oversight of all federal statistics in the Congress any executive branch structure for statistical policy will lack in durability and effectiveness. Let me speculate on the general form this suggests for the coordination of federal statistics.

Especially in a decentralized system such as ours, conscious coordination must begin at lower levels, or efforts to coordinate the system as a whole become extremely difficult, requiring inordinate effort and personnel numbers in the central unit. Historically, most of the resources devoted to coordination of federal statistics are to be found at the agency level. What is missing, usually, is any organized statistical policy effort at the departmental level and now, of course, there is a void at the White House-Executive Office level. Congress should require each department by law to coordinate its own statistical policy activities. In an average size department that might require ten to a dozen positions. With this capacity, each department would also have the skills necessary to collaborate with other departments and the Executive Office in setting standards, reducing statistical burden, organizing access and user services, and maintaining confidentiality and privacy, as well as coordinating their respective statistical policies.¹² Under these conditions the personnel required in the Executive Office statistical policy unit would be modest, perhaps less than the 40 positions in the legislation sent to Congress, but not acted on, in 1979. In short what is needed is not one large central unit, but a system of small statistical policy coordinating units organized to match the decentralized structure of federal statistics and decision making.

Other nagging problems remain about which we know less. Is statistical policy still unduly vulnerable if established in separate, small units in the departments and the Executive Office? The internecine bureaucratic and political conflicts that often rage around cabinet officers and in the Executive Office do not create an environment in which organizations survive long. We know from experience that a legislative mandate is necessary to assure durability in such an environment.¹³ Otherwise, activities like statistical policy, which are politically neutral, have low, short run political visibility and involve long run technical planning (i.e., are deferrable in the short run), will disappear.

Legislated functions and organizational proximity to the policy process of the executive branch are necessary but not sufficient. One essential organizational element is missing. A single responsible forum in the House and one in the Senate for legislation and oversight of the federal statistical system and its performance is needed. None exists, and statistical policy and oversight in Congress is as fragmented as is the statistical system. These two committees should be responsible for policy and oversight of the statistics needed in support of the decisions of Congress, the White House and the Cabinet secretaries. This is necessary in our political system before any area of government-wide policy has coherence and therefore potential effectiveness.

An Information Management Approach

The system just described could be organized in another way. Instead of a structure solely for statistical policy coordination, it could be set up as the Paperwork Reduction Act envisioned, as an information management system in which statistical policy, clearance and the burden budget plus policy for administrative records, sharing of records, privacy of records, and the acquisition and management of automatic data processing and telecommunication equipment are managed in the same policy unit at departmental and Executive Office levels. It is a grave mistake to have combined information functions with regulatory policy as they are now in OMB.

There is, as I have argued before, a substantial potential for destructive competition for resources and policy access among these functions even without the presence of regulatory policy (2, 4). In any crisis management atmosphere statistical policy, policy for administrative records, privacy of records and perhaps the sharing of records will tend to lose support while control functions such as clearance, paperwork burden budgeting and ADP-telecommunications policy activities will tend to gain. Only a unit governed by strong philosophic commitment

to integrated information management would be capable of protecting the long-term planning and coordination functions from activities with greater short-term political significance. This would be a difficult challenge. However, the gains from integration of these policy functions could be significant. Neither approach is viable without strong Congressional concern for and continued oversight of the integrity of each of the multiple information functions. This responsibility must be lodged in one specific committee in each house.

Before modifying the Paperwork Reduction Act, Congress should analyze each information function for its compatibility with the others. Only those functions that institutionally or as a matter of public policy require high integrity and some distance from political or policy advocacy should be included in a combined unit with statistics. A combined information management system formulation raises in a different form the question of whether the central unit of the system should be left in OMB or established as a separate Executive Office agency. Since there is some need to coordinate ADP-telecommunications policy decisions as well as clearance, burden budget and even some statistical policy decisions with the budget process, a case can be made for an OMB location, if all these functions are combined, but even then only if major institutional safeguards are created by legislation.

For an Office of Information Policy to function and survive in OMB, its Director would have to hold a Presidential appointment confirmed by the Senate (an arrangement OMB understandably dislikes). In the establishing legislation the Director should be designated Director of the Office as well as the Chief Statistician of the U.S. and should report both to the President and the Congress. In addition, the legislation should establish an Executive Office Council on Information Policy (composed of representatives of each Cabinet secretary, the Federal Reserve Board and Executive Office agencies as designated by the President).

The Council should be chaired by the Director of the Office of Information Policy. The law should also create two external advisory committees to the Office of Information Policy -- one composed of nonfederal users and the other of technical experts. The legislation should establish a common confidentiality statute to cover major statistical agencies with administration vested in the Chief Statistician. The personnel functions of the Office of Information Policy should be the sole responsibility of the Director of the Office. If these institutional safeguards cannot be provided by legislation, the Office of Information Policy should be located outside OMB as a separate agency in the Executive Office of the President. The institutional integrity of the Office must be protected within OMB or the crisis management environment of budget and regulatory policy will erode and ultimately destroy this information policy and coordination unit.

Even with proper Congressional and executive branch organization and a legislative mandate, the office may still lack an effective presence. Only when statistical policy or information policy maintains a clear relevance to the decision agenda of current political leadership, in both Congress and Executive Branch, will that policy be assured some degree of influence.

This is the gap which statistical leadership has always had to find ways to bridge. Policy makers must be persuaded to include statistical agency leadership in appropriate policy councils so that statistical planning can anticipate decision needs. Failure to do so all too often leaves statistical agencies to learn about new policy initiatives from the newspapers. It is amazing to me that even without appropriate access or institutional arrangements, statistical policy leadership and staff have often successfully bridged this gap in the past.

We are failing to provide the coordination necessary to make a very decentralized statistical system function effectively and efficiently. At some point when the costs of cumulative failures in coordination result in sufficient political

distress, an exasperated White House or Congress is likely to centralize the statistical system itself. This would be preferable to a future of continuous failure to achieve central coordination of decentralized statistical activity. While the question of decentralized vs centralized organization of statistics is beyond the scope of this paper, it should be clear that these are the only choices.¹⁴ Failure to make one approach effective is likely eventually to lead to the imposition of the other.

Finally, for those of you who plan to set things right in the federal statistical system by leading the next charge through Washington and up Capitol Hill, I want you to keep in mind something I learned the hard way: "Close is not good enough, except in horseshoes and hand grenades."

FOOTNOTES

1. A comment made at the "Conference on Transfer of Methodology Between Academic and Government Statisticians" March 8-10, 1978, Reston, Virginia. I am indebted to a large number of reviewers of this paper for many useful ideas. The author is solely responsible for its contents and any errors.
2. More than 98% of all federal respondent burden is generated by administrative and regulatory records rather than statistical collections. The application of statistical methods to administrative and regulatory record collections holds even greater potential for future reduction in paperwork than does OMB's "burden budget."
3. This section was developed from earlier Congressional testimony by the author (3).
4. The title is a misnomer in two senses. Statistical policy had already been reorganized -- out of OMB. The Project might better have been called the statistical policy recovery project. Since it was sponsored by the regular "M" side of OMB (and not the new President's Reorganization Project staff), philosophically it was a management improvement project. Some still ask what caused the creation of the Project. Director Lance believed it had been a mistake to transfer statistical policy to the Commerce Department. Public distress was expressed about the move to the Commerce Department; Pat Caddell, the President's pollster, was interested; and a few senior White House staff were concerned over the policy implications of revisions in unemployment numbers on which they campaigned. See (2) p. 205 for a brief account.
5. See the introduction and 1980 postscript to Chapter 10 in (5) as well as the "Comment" by Bonnen in (2) for a description of this process and more detail on the failure to get through Congress.
6. These other functions of OIRA include: (1) clearance of forms and (2) the paperwork budget; government-wide policy and oversight for (3) administrative records, (4) privacy of records, (5) sharing of records, (6) regulation of the acquisition and management of automatic data processing and telecommunication facilities, (7) regulatory policy. Numbers (1), (2), (5), (6) and (7) attract more intense political interest than statistical policy usually does.
7. The number of personnel needed to do a good job of central coordination of statistical policy is difficult to establish. Under conditions current in 1979, the President's Statistical Reorganization Project estimated that 185 to 200 positions were required. The final executive branch position taken in legislation sent to Congress in 1980 included all the statistical policy functions recommended by the Project, but would have established an agency of 40 persons in the Executive Office of the President. The notion was that if the unit proved its usefulness it would grow to full capacity.
8. The Deputy Director is Joseph Wright and the Director David Stockman.

9. Of the six positions, that of the Statistical Policy Branch chief is vacant; the other five are filled by six statisticians, three of whom are part time. Thus this comes to 4.5 full-time equivalents (FTE's).
10. The Energy Information Administration was legislatively mandated to manage both types of collections. However, the statisticians run this agency and their management of statistical decisions is protected in the founding legislation by many excellent features. The track record so far is quite good though still brief. The first Administrator was politically abused in Congress but more than held his own on all fronts.
11. Controlling the bureaucracy and destroying it are two different things which have been greatly confused since 1977.
12. This, of course, will do little good in a department which has no statistical agencies and limited statistical expertise, which is unfortunately the case in several instances. Indeed, some of the newer departments are not much more than a collection of independent agencies in which the name of the game is "prevent the secretary from coordinating or controlling anything, if you can". If there is no statistical agency in the department (e.g., the Departments of Transportation as well as Housing and Urban Development), there is rarely even any pretense of coordination of statistical activity. The Defense Department, which is apparently exempt from most internal government-wide rules, presides over a veritable zoo of complex measurement and analytical problems associated with evaluation of weapons and weapon systems, military strategies, intelligence decisions, and logistics, as well as many varied specific statistical problems in the science and technology upon which defense capability depends. This is also a statistical zoo where examples of almost everything good and bad in statistical quality and standards can be found.
13. Creating legislatively mandated organizations in the Executive Office is something one should resist unless it is quite certain that the function is both necessary and of major long term importance requiring legislation for durability. Otherwise you are unnecessarily reducing the options and flexibility of future presidents in organizing their staff.
14. For an assessment of centralized vs decentralized organization of statistics see Chapter 2 of (5) and the article in the last issue of the Statistical Reporter before it was terminated by OMB. (7)

REFERENCES

1. Auspitz, Josiah L. "A 'Republican' View of Both Parties," The Public Interest, No. 67, Spring 1982, pp. 94-117.
2. Bonnen, James T. "Comment" in "A Report and Comments on Improving the Federal Statistical System," American Statistician Vol. 35, No. 4, November 1981, pp. 205-209.
3. Bonnen, James T. "The Need for Better Coordination of Policy and Priorities in Federal Statistics," Testimony before the Subcommittee on Census and Population of the Committee on Post Office and Civil Service, House of Representatives U.S. Congress, March 16, 1982.
4. Bonnen, James T., Theodore G. Clemence, Ivan P. Fellegi, Thomas B. Jabine, Ronald E. Kutscher, Larry K. Roberson and Charles A. Waite. "Improving the Federal Statistical System: Report of the President's Reorganization Project for the Federal Statistical System" Statistical Reporter, Vol. 80-2, May 1980, pp. 197-212 (also reprinted in American Statistician Vol 35, No. 4, November 1981, pp. 183-209).
5. Bonnen, James T., Theodore G. Clemence, Ivan P. Fellegi, Thomas B. Jabine, Roanld E. Kutscher, Larry K. Roberson, and Charles A. Waite. "Improving the Federal Statistical System: Issues and Options," Statistical Reporter, Vol. 81-5, February 1981, pp. 133-221.
6. Carroll, Lewis. The Annotated Alice (with Introduction and notes by Martin Gardiner) New York: Clarkson Potter, 1960, p. 251.
7. Duncan, Joseph W. and Theodore Clemence, "Arguments for and Against a Decentralized Federal Statistical System," Statistical Reporter, Vol. 82-3, December 1981, pp. 53-61.
8. Duncan, Joseph W. and William C. Shelton, Revolution in United States Government Statistics, 1926-1976, Washington, D.C.: Office of Federal Statistical Policy and Standards, U.S. Department of Commerce, October 1978, Chapter 5.
9. DeMilner, Lawrence E. Indexing with the CPI: Problems and Alternatives, Washington, D.C.: Congressional Budget Office, 1981.
10. Emery, Danuta, Valencia Campbell, and Stanley Freedman. "Distributing Federal Funds: The Use of Statistical Data," Statistical Reporter, Vol. 81-3, 1980, pp. 73-90.
11. Fairlie, Henry. "Constitutional Complaints," Harpers, June 1980, pp. 27-36.
12. Farm Income Situation, FIS I, Bureau of Agricultural Economics, U.S. Department of Agriculture, February 1940.
13. Federal Statistics: Report of the President's Commission on Federal Statistics, Washington, D.C.: G.P.O., 1971 Vol. I, Ch. 4 and Vol. II, Ch. 10.
14. I Kings 17:10-16, Authorized (King James) Version.

15. Martin, Margaret E. "Comment" in "A Report and Comments on Improving the Federal Statistical System," American Statistician, Vol. 35, No. 4, November 1981, pp. 197-199.
16. Porter, Roger B. "Organizing Economic Advice to the President: A Modest Proposal," American Economic Review, Vol. 72, No. 2, May 1982, pp. 356-60.
17. President of the United States, Reorganization of the Executive Office of the President: Reorganization Plan No. 1, Washington, D.C., 15 July 1977.
18. "Public Affairs Release: OMB 82-13," Washington, D.C.: Office of Management and Budget, Executive Office of the President, May 13, 1982.
19. Reuss, Congressman Henry S., Chairman, Joint Economic Committee, U.S. Congress, Letter sent to OMB Director David Stockman on 30 April 1982.
20. Statistics: A Report of the Commission on Federal Paperwork, Washington, D.C.: G.P.O. 1977 pp. 26-39.
21. Sundquist, James L. "The Crisis of Competence in Government," Setting National Priorities: Agenda for the 1980's, Washington, D.C.: Brookings Institution, 1980, pp. 531-563.
22. Tukey, John W. "Methodology, and the Statistician's Responsibility for Both Accuracy And Relevance," Journal of the American Statistical Association, Vol. 74, No. 368, December 1979, pp. 786-793.
23. "Washington Outlook" Business Week, May 24, 1982, p. 197.
24. "A World with Fewer Numbers," New York Times, (Sunday Business Section), July 11, 1982.



BOSTON PUBLIC LIBRARY



3 9999 05706 6969

