

## 11. STRENGTHENING FEDERAL STATISTICS

Our democracy and economy require unbiased, relevant, accurate, and timely statistics that public and private decision makers can use to improve the outcomes of their actions. Data on real Gross Domestic Product (GDP), the Consumer Price Index (CPI), and the trade deficit, for example, are critical inputs into monetary, fiscal, trade, and regulatory policy. They also have a major impact on government spending, budget projections, and the allocation of Federal funds. Economic data, such as measures of price change, have as well a significant influence on interest rates and cost-of-living adjustments that affect every American who runs a business, saves for retirement, or takes out a mortgage on a home.

The U.S. Federal statistical system comprises some 70 agencies that collect, analyze, and disseminate information for use by governments, businesses, researchers, and the public. Approximately half of the funding for the statistical system provides resources for ten agencies that have statistical activities as their principal mission. (Please see Table 11–1.) The remaining funding is spread among some sixty agencies that carry out statistical activities in conjunction with other missions such as providing services or enforcing regulations.

Under the aegis of the congressionally-mandated Interagency Council on Statistical Policy (ICSP), the principal agencies of the statistical system are making considerable progress in working together to improve the usefulness and the usability of all of their work. Priorities include, for example, better articulating the statistical activities of various agencies in the areas of families and children, wages and benefits, and health. Currently nearing completion is the inaugural presentation of a “one-stop shopping” service that is designed to encompass the electronic products of all seventy agencies and will help render the decentralized statistical system transparent for users. A most promising development to improve the quality and efficiency of Federal statistical programs is a legislative proposal that would allow the sharing of confidential data among statistical agencies under strict safeguards. Passage of this legislation and a complementary Treasury bill is a top priority of the Administration for the 105th Congress.

Despite these accomplishments, however, rapid changes in our economy and society, coupled with limited resources to enable the statistical agencies to keep

pace with these changes, have eroded the relevance and the reputation of our statistical system. Fortunately, the most serious shortcomings of the Nation’s statistical infrastructure could be substantially mitigated by a limited number of initiatives. Proposals set forth in the Administration’s budget would ameliorate the growing inability of our statistical system to mirror the current economy and to foster accurate allocation of increasingly scarce Federal resources. In particular, the initiatives would:

- address fundamental shortcomings in economic statistics to provide a comprehensive, integrated, and internationally comparable statistical base that measures economic growth, trade, inflation, and productivity (please see highlights for the Bureau of Economic Analysis, the Bureau of Labor Statistics, and the Bureau of the Census);
- modernize our most basic industrial classification to reflect the structural and technological changes that have occurred in the economy over the past twenty years and facilitate economic analyses that cover the entire North American Free Trade Agreement area (please see the North American Industry Classification System (NAICS) discussions in the highlights for the Bureau of Labor Statistics and the Bureau of the Census);
- improve the timeliness and accuracy of the Consumer Price Index to permit more rapid revision in future years, to produce alternative measures of the change in the cost of living, and to allow more timely introduction of new goods into the CPI (please see the CPI discussion in the highlights for the Bureau of Labor Statistics);
- lead to the provision on an annual basis of more accurate and flexible nationally comparable community-based data that are used, among other things, to allocate more than \$100 billion in Federal funds each year (please see the Decennial Census and Continuous Measurement discussions in the highlights for the Bureau of the Census); and
- capitalize on the strengths of several statistical agencies to facilitate quantitative measurement and valid comparisons of performance under the Government Performance and Results Act.

The following highlights elaborate on the Administration’s proposals to strengthen the programs of the principal Federal statistical agencies.

## HIGHLIGHTS OF 1998 PROGRAM CHANGES FOR PRINCIPAL STATISTICAL AGENCIES

*Bureau of Economic Analysis:* Increases are requested to: (1) implement the next steps in BEA's Mid-Decade Strategic Plan to improve measures of output and prices; (2) provide better measures of investment, savings, and wealth; (3) increase coverage of international transactions and (4) enable BEA to move its information processing from its 1970's vintage mainframe computer to an integrated local area network environment by the year 2000.

*Bureau of Justice Statistics:* Stable funding is requested to maintain BJS's core statistical programs including the National Crime Victimization Survey, the Survey of Inmates in State and Federal Correctional Facilities, the 1998 Census of Jails, and the Criminal Justice Expenditure and Employment Survey.

*Bureau of Labor Statistics:* Funding is requested to: (1) continue revision of the Consumer Price Index (CPI) with release of the revised index based on the new market basket with data for January 1998, the revised housing sample with data for January 1999, and the completed revision in 2000; (2) develop a program to explore improvements to the CPI revision process that would make it possible to revise the CPI more rapidly, allow BLS to produce alternative measures of change in the cost of living, improve the measurement of changes in the quality of goods and services, and provide a basis to bring new goods into the CPI on a more timely basis; and (3) replace the Standard Industrial Classification (SIC) with the new North American Industry Classification System by beginning the re-coding of each workplace in BLS' establishment list using the new classification.

*Bureau of the Census:* Funding is requested to: (1) prepare for the conduct of the 2000 Census including developing a comprehensive address list, conducting a dress rehearsal to test and evaluate new methodologies and systems to make the Census 2000 more accurate and less costly, and working with private sector partners to develop modern technology for more efficient and accurate data processing; (2) continue the development and testing of the Continuous Measurement program that will provide nationally comparable and consistent community-based data on an annual basis and permit elimination of the census long form in 2010; (3) conduct the Economic Censuses and the Census of Governments for the 1997 reference year; (4) begin implementation of the North American Industry Classification System that will harmonize industry coding among Canada, Mexico, and the United States; (5) implement the Automated Export System that will improve customer service during the collection of export facilitation and compliance information as well as trade statistics; and (6) perform research and support activities related to reviews and possible revisions of Federal standard classifications of metropolitan areas, occupations, and race and ethnicity as well as the definition

of poverty. In addition, funding was provided by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 to conduct the Survey of Program Dynamics to provide data to assess the impact of welfare provisions in that bill.

*Bureau of Transportation Statistics:* Increases are requested to: (1) expand BTS data collection programs, develop analytical tools, and initiate a program of technical assistance to make national data sets more useful to State and local transportation decision makers; (2) lead the Transportation Department's development of more relevant and timely transportation system performance indicators to improve the information base supporting government and private sector transportation-related decision making; and (3) initiate data collections and analyses to improve the interfaces of domestic transportation with international systems.

*Economic Research Service:* Increases are requested to: (1) improve data collection efforts on farming practices, including management of livestock waste, nutrients and pesticides, and irrigation; and (2) using these data, analyze the practices farmers are adopting and how effective the practices are in achieving United States Department of Agriculture conservation goals.

*Energy Information Administration:* Reductions in requested funding from the 1997 enacted level will reduce the frequency of the Residential Energy Consumption Survey to a quadrennial basis; eliminate, consolidate, or reduce the frequency of several data collections and publications; and decrease the availability of hard-copy reports, although electronic dissemination will increase as will data collection and analysis in response to electric industry restructuring.

*National Agricultural Statistics Service:* An increase is requested to implement the transfer of the Census of Agriculture from the Bureau of the Census to NASS, a shift that will more closely integrate the expertise of State agricultural officials in the conduct of the census and is expected to produce a more complete and accurate census while generating an offsetting cost reduction of \$1 million in NASS list development and maintenance costs for other survey programs.

*National Center for Education Statistics:* Increases are requested to: (1) adjust the frequency of the National Postsecondary Student Aid Study from a five to a four year cycle; (2) initiate the Education Longitudinal Study 2000 to provide data on high school students as they progress through secondary school to postsecondary education and the world of work; (3) provide funding for continuation of the International Mathematics and Science Study; (4) support a School Crime Supplement to the National Crime Victimization Survey; (5) add a first grade fall collection to the Early Childhood Longitudinal Study Kindergarten Cohort to

measure school effects, student growth, and the effects of summer vacation on growth; (6) prepare for an Adult Literacy 2002 Study to ensure a ten year cycle for adult literacy data; (7) provide infrastructure support for local school districts to update the International Mathematics and Science Study data for grades 4, 8, and 12; (8) begin preparations for the Early Childhood Longitudinal Study Birth Cohort to provide high quality data on children's experiences prior to entry into formal

school settings; and (9) fund the National Assessment of Educational Progress to assess reading at the national and State levels every two years.

*National Center for Health Statistics:* An increase is requested to fully fund the National Health and Nutrition Examination Survey which is a fundamental source of data for monitoring trends in diseases and nutritional status, identifying health risk factors, and facilitating epidemiological research.

**Table 11-1. 1996-1998 BUDGET AUTHORITY FOR PRINCIPAL STATISTICAL AGENCIES**

(In millions of dollars)

	1996 actual	1997 enacted	1998 request
Bureau of Economic Analysis .....	40.5	40.9	47.0
Bureau of Justice Statistics .....	21.4	21.4	21.5
Bureau of Labor Statistics .....	343.1	360.8	379.5
Bureau of the Census .....	293.7	355.5	671.2
Periodic Censuses and Programs .....	150.1	210.5	523.1
Salaries and Expenses .....	133.6	135.0	138.1
Survey of Program Dynamics <sup>1</sup> .....	10.0	10.0	10.0
Bureau of Transportation Statistics .....	18.4	24.8	31.1
Economic Research Service .....	53.1	53.1	54.3
Energy Information Administration .....	72.2	66.1	62.8
National Agricultural Statistics Service .....	81.1	100.2	119.9
National Center for Education Statistics .....	76.0	79.8	101.8
Statistics .....	46.2	50.0	66.3
Assessment .....	29.8	29.8	35.5
National Center for Health Statistics .....	77.5	86.1	89.4
PHS Evaluation Funds .....	40.1	48.4	70.1
Budget Authority .....	37.4	37.7	19.3

<sup>1</sup> Funding is provided by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.