Agency Reorganization as a Means to Improve Economic Statistics

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COVID-19 makes challenges starkly apparent

To better inform decisions and target policy, we need more

– Granularity
– Timeliness and frequency
– Consistency across products to aid linking and combining data sets
– Agility to pivot to new questions
– Guaranteed independence from political influence
– Privacy protection
Agenda

• Context: past and present
• Prerequisites for improving official statistics
• Conclusion
Past

• Policy makers realized
  – Official statistics are a public good, inherently a government job
  – Need for evidence in times of conflict and partisanship

• Created federal stats system piecemeal

• Yet, some convergence
  – Common elements of missions
  – Legislation (PRA, CIPSEA...)
  – Continuous improvement
• **Products**
  – Timely or granular
  – Largely survey-based, as response rates fall
  – Balkanized data sources, production and products

• **Operations and funding**
  – Declining real budgets
  – Pressures to share IT and other services threaten independence

• **Growing users and uses of official stats**
  – Evidence-based policy
  – More private, diverse users and uses
Present, cont’d.

• Data and technology innovations
  – Provide new data sources plus hard- and software for AI, linking and modelling
  – Use official stats for benchmarking, validation, modelling, analytical journalism

• Implications for stats agencies
  – New opportunities amid serious resource constraints
  – Competition with apparent private substitutes
  – More disclosure risks
  – New training needs and competition for skills
  – More relationship management and curation for data from non-survey sources
Prerequisites for a better future

• Independence from politics
• Secure, adequate funding
  – Cross-agency, multi-year funding
  – Joint platforms for linking, new products, experiments
  – Tobin tax on financial transactions? Tax data aggregators?
• Engagement with users to guide priorities
• Shared services, as appropriate
  – IT, legal and administrative—services and contracts
  – Develop human capital—technical, communication and managerial
  – Not with non-stats agencies
• Coordination with public and private sector data providers to reduce $, time, red tape
  – Encourage/require participation by companies and gov’t agencies
  – Use common standards for curation, informed consent and privacy
  – Negotiate data schema to improve quality and consistency of data
    • Lower burden, input into decisions, internal comparability to published aggregates
  – Create trusted data centers that statistical agencies can use

• Interagency coordination to support joint products and data combination
  – Share data among statistics agencies, including States
  – Share sample frames, classifications and aggregation rules for products
• **How to create StatsUSA?**
  
  – Move OMB Chief Statistician’s office to new cabinet-level department
    
    - Statistical agencies operate with separate updated missions underneath
    - Change agency heads to fixed-term or career positions
    - Empower executive team from statistical agencies to set priorities
    - Strengthen and codify protections from political influence
  
  – Create new consistent confidentiality protections to cover nondisclosure and data sharing with outside entities
    
    - Allow data and services sharing across agencies within the new department
    - Independence could permit sharing of data owned by the States under new rationalized confidentiality provisions
      
      – From States to StatsUSA and from StatsUSA back to States (including other states)
A better future with HYBRID consolidation

• How to create StatsUSA without new cross-agency data-sharing authority?
  – As before, move OMB Chief Statistician’s office to new cabinet-level department
    • Statistical agencies operate with separate updated missions underneath
    • Change agency heads to fixed-term or career positions
    • Empower executive team from statistical agencies to set priorities
    • Strengthen and codify protections from political influence
  – Retain current confidentiality protections (CIPSEA, Titles 13 and 26)
    • Jointly work to optimize production and products within data-sharing restrictions
    • Over time, work to rationalize protections to allow more sharing of data and services across statistical agencies and with States
How to improve data-sharing under hybrid consolidation

States

WR, QCEW & UI

WR from other states

BLS

WR & QCEW

IRS-sourced Census Business Register data

Census BEA

WR = Unemployment Insurance wage records
QCEW = Quarterly Census of Employment and Wages (Unemployment Insurance employer records)
UI = Unemployment Insurance claimant records
Risks to avoid

• Risks to consolidation
  – Bigger target
  – Diluted missions and contact with customers
  – Excuse to cut funds
  – Never happens, so perfect is the enemy of the good

• Risks to hybrid consolidation
  – Incomplete fix; data-sharing never happens
Conclusion

• Official statistical agencies need coordinated governance to optimize processes and preserve independence
  – Clearest for agencies producing most PFEIs—BEA, BLS, Census
  – Increasing clear for others as well

• Full consolidation neither necessary nor sufficient, but likely the quickest pathway to
  – Data-sharing
  – Consistent products and priorities
  – Ensured independence from political influence
  – Efficient sharing of services
Contact Information

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• Call to action for stats user community
  – Engage with stats agencies to identify and address important questions
  – Use your “trusted voice”
  – Engage politically, vote and advocate

• Statistical agencies are at a crossroads
  – Potential for a great future for official statistics
  – Without work, future of official statistics may be bleak
• Muddle through
  – Unstable—growing unmet needs, risks, and untapped potential
• Worst case scenario—self-reinforcing downward spiral
  – Defunding
  – Lower response rates
  – Less independence as home depts. influence stats agency decisions
  – Less public trust in accuracy and objectivity
  – Loss of human capital to private sector
  – Private sector takes over, lowering quality and quantity of stats
A better future
WITH consolidation

• How? New entity outside of cabinet departments
  – Intentional reset for all agencies’ authorizing legislation
  – Elevate Chief Statistician’s office
    • Fixed term appointee or career
    • Budgetary authority
  – Eliminate cross-department red tape for sharing data and services
  – Eliminate threats to independence from home departments
  – Coordinate negotiation with large companies and business associations

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Data-sharing benefits

• Single QCEW frame for business data collection by BLS, Census (and BEA)
  – Current MOU for sharing NAICS codes primarily used by Census to fill in missing NAICS and does not solve the misaligned frames
  – Does not prevent Census from using Title 26 data
  – New Department and consensus executive direction creates opportunities to improve data collection by BLS, Census and BEA
    • Consolidate duplicate data collection
    • Align samples to coordinate data collection from firms across multiple survey domains
    • Create coordinated electronic data collection from certainty firms and other survey participants
Data-sharing benefits, cont’d.

- Data-sharing opportunities with States
  - State sharing of WR with each other for labor shed analyses
  - Easier access for evaluation of federal programs that apply to multiple states
  - Linking WR and UI records for wage and salary workers, including demographics from UI claimant intake forms to produce new and innovative statistics on labor turnover by industry and demographics
  - Insight into self-employed workers if UI scope expansion remains
  - Federal/state sharing would allow more precise modelling to impute missing cells at the local level
  - Long-term enhanced wage records with job titles, hours of work, education etc create significant opportunities for the statistical system