

THE STATISTICAL CONSOLIDATION ACT OF 1998, AND S.
1404, THE FEDERAL STATISTICAL SYSTEM ACT OF 1997

HEARING

BEFORE THE

SUBCOMMITTEE ON GOVERNMENT MANAGEMENT,
INFORMATION, AND TECHNOLOGY

OF THE

COMMITTEE ON GOVERNMENT
REFORM AND OVERSIGHT
HOUSE OF REPRESENTATIVES

ONE HUNDRED FIFTH CONGRESS

FIRST SESSION

ON

S. 1404

TO ESTABLISH A FEDERAL COMMISSION ON STATISTICAL POLICY TO
STUDY THE REORGANIZATION OF THE FEDERAL STATISTICAL SYS-
TEM, TO PROVIDE UNIFORM SAFEGUARDS FOR THE CONFIDENTIAL-
ITY OF INFORMATION ACQUIRED FOR EXCLUSIVELY STATISTICAL
PURPOSES, AND TO IMPROVE THE EFFICIENCY OF FEDERAL STATIS-
TICAL PROGRAMS AND THE QUALITY OF FEDERAL STATISTICS BY
PERMITTING LIMITED SHARING OF RECORDS AMONG DESIGNATED
AGENCIES FOR STATISTICAL PURPOSES UNDER STRONG SAFEGUARDS

MARCH 26, 1998

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THE STATISTICAL CONSOLIDATION ACT OF 1998, AND S. 1404, THE FEDERAL STATIS- TICAL SYSTEM ACT OF 1997

THURSDAY, MARCH 26, 1998

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON GOVERNMENT MANAGEMENT,
INFORMATION, AND TECHNOLOGY,
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT,
Washington, DC.

The subcommittee met, pursuant to notice, at 2 p.m., in room 2247, Rayburn House Office Building, Hon. Stephen Horn (chairman of the subcommittee) presiding.

Present: Representatives Horn, Maloney, and Kucinich.

Staff present: J. Russell George, staff director and chief counsel; John Hynes and Bob Alloway, professional staff members; Matthew Ebert, clerk; and David McMillen, minority professional staff member.

Mr. HORN. The subcommittee on Government Management will come to order. I'm going to make a brief opening statement and then we'll have our honored guests have the final word on the subject.

Countless policy decisions are made everyday throughout the Federal Government and they rely on sound statistics and statistical analysis. It's no exaggeration, then, to say that the quality of the data and the quality of the analysis are fundamental to the quality of our Government.

While statistical agencies typically remain in the background of policy debates, the quality of their products and services has a tremendous influence on governmental policy, on economic prosperity, as well as on individual behavior. Thousands of programs and billions of dollars are expended on problems defined and measured by statistics. Programs are evaluated by statistical measures of their effects.

As Senator Moynihan is wont to quote: "The worst, the most corrupting of lies are problems poorly stated." Problem identification and definition is often the result of statistical analysis. Public policy based on low quality statistics is more likely to create problems than to solve them.

The purpose of this legislation before us is to improve the quality and reliability of Federal statistical data and statistical analysis by organizational consolidation and data sharing for statistical purposes. This is a longstanding issue in the statistical community. Data sharing for statistical purposes has been difficult and often

impossible because of a thicket of laws, regulations, evolved practices, and simple turf protection. Confidentiality can be maintained, costs lowered, and quality improved with straightforward data sharing.

Now, for the first time in decades, we're in a position to pass legislation. Members on both sides of the aisle and in both houses of Congress are joined by the administration in the desire to pass legislation during this session of Congress. The bills we're considering today, S. 1404, and its House companion, the Statistical Consolidation Act of 1998, create a Commission to recommend if and how Federal statistical agencies, including the Census Bureau, the Bureau of Labor Statistics, and the Bureau of Economic Analysis, should be consolidated into one agency. The bills would establish uniform confidentiality protections and encourage data sharing among statistical agencies for the sole purpose of statistical analysis.

In the long run, cost savings from either organizational consolidation or data sharing is a real possibility. This could be a double victory: higher quality and lower cost.

During a 3-year transition period, however, it's likely that costs would remain flat.

The proposals have broad bipartisan support in Congress and in the statistical agencies themselves. This is a real opportunity to improve the quality of statistical data and analysis.

[The text of S. 1404 follows:]

105TH CONGRESS
1ST SESSION

S. 1404

To establish a Federal Commission on Statistical Policy to study the reorganization of the Federal statistical system, to provide uniform safeguards for the confidentiality of information acquired for exclusively statistical purposes, and to improve the efficiency of Federal statistical programs and the quality of Federal statistics by permitting limited sharing of records among designated agencies for statistical purposes under strong safeguards.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 7, 1997

MR. BROWNBACK (for himself, Mr. MOYNIHAN, Mr. THOMPSON, and Mr. KERREY) introduced the following bill; which was read twice and referred to the Committee on Governmental Affairs

A BILL

To establish a Federal Commission on Statistical Policy to study the reorganization of the Federal statistical system, to provide uniform safeguards for the confidentiality of information acquired for exclusively statistical purposes, and to improve the efficiency of Federal statistical programs and the quality of Federal statistics by permitting limited sharing of records among designated agencies for statistical purposes under strong safeguards.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) **SHORT TITLE.**—This Act may be cited as the “Federal Statistical System Act of 1997”.

(b) **TABLE OF CONTENTS.**—The table of contents for this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings.
- Sec. 3. Sense of the Congress.

TITLE I—FEDERAL COMMISSION ON STATISTICAL POLICY

- Sec. 101. Establishment.
- Sec. 102. Duties of Commission.
- Sec. 103. Powers.
- Sec. 104. Commission procedures.
- Sec. 105. Personnel matters.
- Sec. 106. Other administrative provisions.
- Sec. 107. Termination.
- Sec. 108. Fast-track procedures for statistical reorganization bill.

TITLE II—EFFICIENCY AND CONFIDENTIALITY OF FEDERAL STATISTICAL SYSTEMS

- Sec. 201. Purposes.
- Sec. 202. Definitions.
- Sec. 203. Designation of Statistical Data Centers.
- Sec. 204. Statistical Data Center responsibilities.
- Sec. 205. Limitations on use and disclosure of data and information by Statistical Data Centers.
- Sec. 206. Disclosure of data or information by Federal agencies to Statistical Data Centers.
- Sec. 207. Statistical Data Center successors.
- Sec. 208. Coordination and oversight by Office of Management and Budget.
- Sec. 209. Effect on other laws.
- Sec. 210. Proposed changes in law.

SEC. 2. FINDINGS.

The Congress, recognizing the importance of statistical information in the development of national priorities and policies and in the administration of public programs, hereby finds the following:

(1) While the demand for statistical information has grown substantially during the last 30 years, the difficulty of coordinating planning within the decentralized Federal statistical system has limited the usefulness of statistics in defining problems and determining national policies to deal with complex social and economic issues.

(2) Coordination and planning among the statistical programs of the Government are necessary to strengthen and improve the quality and utility of Federal statistics and to reduce duplication and waste in information collected for statistical purposes.

(3) High-quality Federal statistical products and programs are essential for sound business and public policy decisions.

(4) The challenge of providing high-quality statistics has increased because our economy and society are more complex, new technologies are available, and decisionmakers need more complete and accurate data.

(5) Maintaining quality of Federal statistical products requires full cooperation between Federal statistical agencies and those persons and organizations that respond to their requests for information.

(6) Federal statistical products and programs can be improved, without reducing respondent cooperation, by permitting carefully controlled sharing of data with statistical agencies in a manner that is consistent with confidentiality commitments made to respondents.

SEC. 3. SENSE OF THE CONGRESS.

It is the sense of the Congress that—

- (1) a more centralized statistical system is integral to efficiency;
- (2) with increased efficiency comes better integration of research methodology, survey design, and economies of scale;

(3) the Chief Statistician must have the authority, personnel, and other resources necessary to carry out the duties of that office effectively, including duties relating to statistical forms clearance; and

(4) statistical forms clearance at the Office of Management and Budget should be better distinguished from regulatory forms clearance.

TITLE I—FEDERAL COMMISSION ON STATISTICAL POLICY

SEC. 101. ESTABLISHMENT.

(a) ESTABLISHMENT.—There is established a commission to be known as the “Federal Commission on Statistical Policy” (in this title referred to as the “Commission”).

(b) COMPOSITION.—The Commission shall be composed of 15 members as follows:

(1) The Chief Statistician of the Office of Management and Budget.

(2)(A) One member appointed by the President who—

(i) is a Cabinet officer, an officer of Cabinet rank, the Chairman of the Board of Governors of the Federal Reserve System, the Comptroller General, or the Chairman of the Council of Economic Advisers; and

(ii) shall serve as Chairman of the Commission.

(B) Five members appointed by the President from among individuals who—

(i) are not officers or employees of the United States; and

(ii) are qualified to serve on the Commission by virtue of experience relating to the Bureau of the Census, the Bureau of Economic Analysis, or the Bureau of Labor Statistics.

(3) Four members appointed by the Speaker of the House of Representatives, in consultation with the majority leader and minority leader of the House of Representatives, from among individuals who—

(A) are not officers or employees of the United States; and

(B) are qualified to serve on the Commission by virtue of experience relating to one or more of the bureaus referred to in paragraph (2)(B)(ii).

(4) Four members appointed by the President pro tempore of the Senate, in consultation with the majority leader and minority leader of the Senate, from among individuals who—

(A) are not officers or employees of the United States; and

(B) are qualified to serve on the Commission by virtue of experience relating to one or more of the bureaus referred to in paragraph (2)(B)(ii).

(c) DEADLINE FOR APPOINTMENT.—Members shall be appointed to the Commission not later than four months after the date of the enactment of this Act.

(d) POLITICAL AFFILIATION.—(1) Of the members of the Commission appointed under subsection (b)(2)(B), not more than three may be of the same political party.

(2) Of the members of the Commission appointed under subsection (b)(3), not more than two may be of the same political party.

(3) Of the members of the Commission appointed under subsection (b)(4), not more than two may be of the same political party.

(e) CONSULTATION BEFORE APPOINTMENTS.—In making appointments under subsection (b), the President, the Speaker of the House of Representatives, and the President pro tempore of the Senate shall consult with appropriate professional organizations, including the American Economic Association, the American Statistical Association, the National Academy of Sciences, the National Academy of Public Administration, the American Public Health Association, the American Sociological Association, the American Political Science Association, the National Governors Association, the United States Conference of Mayors, and the Conference Board.

(f) TERMS.—(1) Each member appointed under subsection (b)(2) shall be so appointed for a term of four years, except that, of the members first appointed under subsection (b)(2)(B), two (who shall be of different political parties) shall be appointed for a term of two years.

(2) Each member appointed under subsection (b)(3) shall be so appointed for a term of four years, except that, of the members first appointed, two (who shall be of different political parties) shall be appointed for a term of two years.

(3) Each member appointed under subsection (b)(4) shall be so appointed for a term of four years, except that, of the members first appointed, two (who shall be of different political parties) shall be appointed for a term of two years.

SEC. 102. DUTIES OF COMMISSION.

(a) **STUDY AND REPORT.**—The Commission shall study and, not later than 18 months after the date of the enactment of this Act, submit to Congress a written report on the Federal statistical system including—

- (1) recommendations on how the Federal statistical system could be reorganized by consolidating the statistical functions of agencies that carry out statistical programs;
- (2) recommendations on how to consolidate the Bureau of Labor Statistics, the Bureau of the Census, and the Bureau of Economic Analysis by October 1, 2001 (or by a date after that date), in a Federal Statistical Service;
- (3) recommendations on how the consolidation described in paragraph (2) may be achieved without disruption in the release of statistical products;
- (4) recommendations on whether the functions of other agencies that carry out statistical programs should be transferred to a Federal Statistical Service;
- (5) recommendations on whether the functions of the Bureau of the Census relating to decennial censuses of population should be delineated from the other functions of the Bureau and, if so, recommendations on how such a delineation of functions might be achieved;
- (6) any other recommendations regarding how the Federal statistical system could be reorganized to achieve greater efficiency in carrying out Federal statistical programs; and
- (7) recommendations on possible improvements to procedures for the release of major economic and social indicators by the United States.

(b) **STATISTICAL REORGANIZATION BILL.**—(1) If the written report submitted to Congress under subsection (a) contains recommendations on the consolidation of the Bureau of Labor Statistics, the Bureau of the Census, and the Bureau of Economic Analysis in a Federal Statistical Service, the report shall contain draft legislation incorporating such recommendations.

(2) Draft legislation submitted to Congress under this subsection shall be limited to implementation of recommendations for the consolidation or reorganization of the functions of such bureaus.

(3) Draft legislation submitted to Congress under this subsection that would establish a Federal Statistical Service shall—

- (A) provide for an Administrator and Deputy Administrator of the Federal Statistical Service, and the creation of other officers as appropriate; and
- (B) contain a provision designating the Administrator as a member of the Interagency Council on Statistical Policy established under section 3504(e)(8) of title 44, United States Code.

(c) **PERMANENT FUNCTIONS OF COMMISSION.**—If legislation establishing a Federal Statistical Service is enacted by the Congress on or before the date that is 18 months after the date that the Commission submits its report to Congress under section 102(a), the Commission shall—

- (1) make recommendations for nominations for the appointment of an Administrator and Deputy Administrator, and make recommendations with respect to the creation of, and nominations for, other positions in the Federal Statistical Service;
- (2) serve as an advisory body to the Federal Statistical Service on confidentiality issues relating to—
 - (A) the collection by, or sharing of data for statistical purposes among, Federal agencies; and
 - (B) the sharing of data for statistical purposes by States and local governments with the United States; and
- (3) conduct comprehensive studies and submit reports to Congress on all matters relating to the Federal statistical infrastructure, including longitudinal surveys conducted by private agencies and partially funded by the Federal Government for the purpose of identifying opportunities to improve the quality of statistics in the United States. Such studies shall include—
 - (A) an evaluation of the accuracy and appropriateness of key statistical indicators and recommendations on ways to improve such accuracy and appropriateness so that the indicators better serve the major purposes for which they were intended;
 - (B) an examination of multipurpose statistical agencies that collect and analyze data of broad interest across department and function areas, such as the Bureau of Economic Analysis, the Bureau of the Census, and the Bureau of Labor Statistics, for the purpose of understanding the interrelationship and flow of data among agencies;

(C) a review and evaluation of the collection of data for purposes of administering such programs as Old-Age, Survivors and Disability Insurance and Unemployment Insurance under the Social Security Act;

(D) a review and evaluation of the mission and organization of various statistical agencies, including—

(i) recommendations with respect to statistical activities that should be expanded or eliminated;

(ii) the order of priority such activities should be carried out; and

(iii) a review of the advantages and disadvantages of a centralized statistical agency of additional consolidation of Federal statistical agencies;

(E) an examination of the methodology involved in producing official data and recommendations for technical changes to improve statistics;

(F) a review of interagency coordination of statistical data and recommendations of methods to standardize collection procedures and surveys, as appropriate, and presentation of data throughout the Federal system;

(G) a review of information technology and recommendations of appropriate methods for disseminating statistical data, with special emphasis on resources such as the Internet that allow the public to obtain information in a timely and cost-effective manner;

(H) an identification and examination of issues regarding individual privacy in the context of statistical data;

(I) a comparison of the United States statistical system to statistical systems of other nations for the purposes of identifying best practices and developing a system of maintaining best practices over time;

(J) a consideration of the coordination of statistical data with other nations and international agencies, such as the Organization for Economic Cooperation and Development;

(K) a recommendation of a strategy for maintaining a modern and efficient Federal statistical infrastructure to produce meaningful information as the needs of the United States society and economy change; and

(L) recommendations regarding the use of statistical data in Federal funding formulas, the presentation to the public of statistical data collected by Federal agencies, and standards of accuracy for statistical data used by Federal agencies, including statistical data relating to—

(i) the national poverty level and county poverty levels in the United States;

(ii) the Consumer Price Index;

(iii) the gross national product;

(iv) other indicators of economic and social activity; and

(v) the decennial census.

(d) DEFINITION OF FEDERAL STATISTICAL SERVICE.—As used in this section, the term “Federal Statistical Service” means an entity established after the date of the enactment of this Act as an independent establishment in the executive branch, the purpose of which is to carry out Federal statistical programs and to which the statistical functions of the Bureau of Economic Analysis, the Bureau of the Census, or the Bureau of Labor Statistics are transferred.

SEC. 103. POWERS.

(a) HEARINGS AND SESSIONS.—The Commission may, for the purpose of carrying out this Act, hold hearings, sit and act at times and places, take testimony, and receive evidence as the Commission considers appropriate.

(b) OBTAINING INFORMATION.—The Commission may secure directly from any department or agency of the United States information necessary to enable it to carry out this Act. Upon request of the Chairman of the Commission, the head of that department or agency shall furnish that information to the Commission.

(c) IMMUNITY.—The Commission is an agency of the United States for purposes of part V of title 18, United States Code (relating to immunity of witnesses).

(d) CONTRACT AUTHORITY.—The Commission may contract with and compensate government and private agencies or persons without regard to section 3709 of the Revised Statutes (41 U.S.C. 5).

SEC. 104. COMMISSION PROCEDURES.

(a) MEETINGS.—The Commission shall meet at the call of the Chairman or a majority of its members.

(b) QUORUM.—Eight members of the Commission shall constitute a quorum but a lesser number may hold hearings.

(c) **DELEGATION OF AUTHORITY.**—Any member or agent of the Commission may, if authorized by the Commission, take any action which the Commission is authorized to take by this Act.

SEC. 105. PERSONNEL MATTERS.

(a) **PAY OF MEMBERS.**—Members of the Commission appointed under paragraphs (2)(B), (3), or (4) of section 101(b) shall be entitled to receive the daily equivalent of the rate of basic pay for level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day (including travel time) during which they are engaged in the actual performance of duties vested in the Commission.

(b) **TRAVEL EXPENSES.**—Each member of the Commission shall receive travel expenses, including per diem in lieu of subsistence, in accordance with sections 5702 and 5703 of title 5, United States Code.

(c) **STAFF.**—The Commission may appoint and fix the pay of personnel as it considers appropriate.

(d) **APPLICABILITY OF CERTAIN CIVIL SERVICE LAWS.**—Staff of the Commission may be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of that title relating to classification and General Schedule pay rates, except that an individual so appointed may not receive pay in excess of the highest basic rate of pay established for the Senior Executive Service under section 5382 of such title.

SEC. 106. OTHER ADMINISTRATIVE PROVISIONS.

(a) **POSTAL AND PRINTING SERVICES.**—The Commission may use the United States mails and obtain printing and binding services in the same manner and under the same conditions as other departments and agencies of the United States.

(b) **ADMINISTRATIVE SUPPORT SERVICES.**—Upon the request of the Commission, the Administrator of General Services shall provide to the Commission, on a reimbursable basis, the administrative support services necessary for the Commission to carry out its responsibilities under this Act.

(c) **EXPERTS AND CONSULTANTS.**—The Commission may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.

SEC. 107. TERMINATION.

(a) **INAPPLICABILITY OF FEDERAL ADVISORY COMMITTEE ACT.**—Section 14(a)(2)(B) of the Federal Advisory Committee Act (5 U.S.C. App.), relating to the termination of advisory committees, shall not apply to the Commission.

(b) **CONTINGENCY OF TERMINATION.**—If legislation establishing a Federal Statistical Service (as that term is defined in section 102(d)) is not enacted by the Congress on or before the date that is 18 months after the date that the Commission submits its report under section 102(a), the Commission shall terminate upon expiration of that period.

SEC. 108. FAST-TRACK PROCEDURES FOR STATISTICAL REORGANIZATION BILL.

(a) **RULES OF HOUSE OF REPRESENTATIVES AND SENATE.**—This section is enacted by the Congress—

(1) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such it shall be considered as part of the rules of each House, respectively, or of that House to which it specifically applies, and shall supersede other rules only to the extent that they are inconsistent with this section; and

(2) with full recognition of the constitutional right of either House to change the rules (so far as relating to such House) at any time, in the same manner and to the same extent as in the case of any other rule of that House.

(b) **DEFINITION.**—As used in this section, the term “statistical reorganization bill” means only a bill of either House of Congress—

(1) that is substantially identical to the draft legislation submitted to Congress by the Commission under section 102(b); and

(2) that is introduced as provided in subsection (c).

(c) **INTRODUCTION AND REFERRAL.**—Within 15 legislative days after the Commission submits to Congress draft legislation under section 102(b), legislation that is substantially identical to the draft legislation shall be introduced (by request) in the House by the majority leader of the House of Representatives and shall be introduced (by request) in the Senate by the majority leader of the Senate. Such bills shall be referred to the appropriate committees.

(d) **CERTAIN AMENDMENTS PROHIBITED.**—No amendment to a statistical reorganization bill other than a technical amendment shall be in order in either the House

of Representatives or the Senate, and no motion to suspend the application of this subsection shall be in order in either House, nor shall it be in order in either House to entertain a request to suspend the application of this subsection by unanimous consent.

(e) PERIOD FOR COMMITTEE AND FLOOR CONSIDERATION.—

(1) If the committee of either House to which a statistical reorganization bill has been referred has not reported it at the close of the 20th day after its introduction, such committee shall be automatically discharged from further consideration of the bill and it shall be placed on the appropriate calendar. If prior to the passage by one House of a statistical reorganization bill of that House, that House receives the same statistical reorganization bill from the other House, then—

(A) the procedure in that House shall be the same as if no statistical reorganization bill had been received from the other House; but

(B) the vote on final passage shall be on the statistical reorganization bill of the other House.

(2) A vote on final passage of a statistical reorganization bill shall be taken in each House on or before the close of the 15th day after the bill is reported by the committee or committees of that House to which the bill was referred, or the 15th day after such committee or committees have been discharged from further consideration of the bill.

(3) For purposes of this subsection, in computing a number of days in either House, there shall be excluded the days on which that House is not in session because of an adjournment of more than 3 days to a day certain or an adjournment of the Congress sine die.

(f) FLOOR CONSIDERATION IN THE HOUSE.—

(1) A motion in the House of Representatives to proceed to the consideration of a statistical reorganization bill shall be highly privileged except that a motion to proceed to consider may only be made on the second legislative day after the calendar day on which the Member making the motion announces to the House his intention to do so. The motion to proceed to consider is not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) Debate on a statistical reorganization bill in the House of Representatives shall be limited to not more than 4 hours, which shall be divided equally between those favoring and those opposing the bill. The previous question on the statistical reorganization bill shall be considered as ordered to final passage without intervening motion. It shall not be in order to move to recommit a statistical reorganization bill or to reconsider the vote by which a statistical reorganization bill is agreed to or disagreed to.

(3) All appeals from the decisions of the Chair relating to the application of the Rules of the House of Representatives to the procedure relating to a statistical reorganization bill shall be decided without debate.

(g) FLOOR CONSIDERATION IN THE SENATE.—

(1) A motion in the Senate to proceed to the consideration of a statistical reorganization bill shall be privileged and not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) Debate in the Senate on a statistical reorganization bill, and all debatable motions and appeals in connection therewith, shall be limited to not more than 10 hours. The time shall be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

(3) Debate in the Senate on any debatable motion or appeal in connection with a statistical reorganization bill shall be limited to not more than 1 hour, to be equally divided between, and controlled by, the mover and the manager of the bill, except that in the event the manager of the bill is in favor of any such motion or appeal, the time in opposition thereto shall be controlled by the minority leader or his designee. Such leaders, or either of them, may, from time under their control on the passage of a statistical reorganization bill, allot additional time to any Senator during the consideration of any debatable motion or appeal.

(4) A motion in the Senate to further limit debate is not debatable. A motion to recommit a statistical reorganization bill is not in order.

SEC. 109. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated for the Commission such sums as may be necessary to carry out the functions of the Commission.

TITLE II—EFFICIENCY AND CONFIDENTIALITY OF FEDERAL STATISTICAL SYSTEMS

SEC. 201. PURPOSES.

The purposes of this title are the following:

(1) To provide that individually identifiable information furnished either directly or indirectly to designated statistical agencies for exclusively statistical purposes shall not be disclosed in individually identifiable form by such agencies for any other purpose without the informed consent of the respondent.

(2) To prohibit the use by such agencies, in individually identifiable form, of any information collected, compiled, or maintained solely for statistical purposes under Federal authority, to make any decision or take any action directly affecting the rights, benefits, and privileges of the person to whom the information pertains, except with the person's consent.

(3) To reduce the reporting burden, duplication, and expense imposed on the public by permitting interagency exchange, solely for statistical purposes, of individually identifiable information needed for statistical programs, and to establish secure conditions for such exchanges.

(4) To reduce the cost and improve the accuracy of statistical programs by facilitating cooperative projects between statistical agencies, and to create a secure environment where expertise and data resources that reside in different agencies can be brought together to address the information needs of the public.

(5) To reduce the risk of unauthorized disclosure of information maintained solely for statistical purposes by designating specific statistical agencies that are authorized to receive otherwise privileged information for such purposes from other agencies, and to prescribe specific conditions and procedures that must be complied with in any such exchange.

(6) To establish a consistent basis under the requirements of section 552 of title 5, United States Code (popularly known as the "Freedom of Information Act") for exempting a defined class of statistical information from compulsory disclosure.

(7) To ensure that existing avenues for public access to administrative data or information under section 552a of title 5, United States Code (popularly known as the "Privacy Act") or the Freedom of Information Act are retained without change.

(8) To establish consistent procedural safeguards for records disclosed exclusively for statistical purposes, including both public input and an oversight process to ensure fair information practices.

SEC. 202. DEFINITIONS.

As used in this title:

(1) The term "agency" means any Federal organization that falls within the definition of "executive agency" in section 102 of title 31, United States Code, or within the definition of "agency" in section 3502 of title 44, United States Code.

(2) The term "agent" means a person designated by a Statistical Data Center (as designated in section 203) to perform, either in the capacity of a Federal employee or otherwise, exclusively statistical activities authorized by law under the supervision or control of an officer or employee of that Statistical Data Center, and who has agreed in writing to comply with all provisions of law that affect information acquired by that Statistical Data Center.

(3) The term "identifiable form" means any representation of information that permits information concerning an individual to be reasonably inferred by either direct or indirect means.

(4) The term "nonstatistical purpose" means any purpose that is not a statistical purpose, and includes any administrative, regulatory, adjudicatory, or other purpose that affects the rights, privileges, or benefits of a particular identifiable respondent

(5) The term "respondent" means a person who is requested or required to supply information to an agency, who is the subject of information requested or required to be supplied to an agency, or who provides that information to an agency.

(6) The term "statistical activities"—

(A) means the collection, compilation, processing, or analysis of data for the purpose of describing or making estimates concerning the whole of, or relevant groups or components within, the economy, society, or the natural environment; and

(B) includes the development of methods or resources that support those activities, such as measurement methods, models, statistical classifications, or sampling frames.

(7) The term "statistical purpose"—

(A) means the description, estimation, or analysis of the characteristics of groups without regard to the identities of persons that comprise such groups; and

(B) includes the development, implementation, or maintenance of methods, technical or administrative procedures, or information resources that support such purposes.

SEC. 203. DESIGNATION OF STATISTICAL DATA CENTERS.

Each of the following is hereby designated as a Statistical Data Center:

- (1) The Bureau of Economic Analysis in the Department of Commerce.
- (2) The Bureau of the Census in the Department of Commerce.
- (3) The Bureau of Labor Statistics in the Department of Labor.
- (4) The National Agricultural Statistics Service in the Department of Agriculture.
- (5) The National Center for Education Statistics in the Department of Education.
- (6) The National Center for Health Statistics in the Department of Health and Human Services.
- (7) The Energy End Use and Integrated Statistics Division of the Energy Information Administration in the Department of Energy.
- (8) The Division of Science Resources Studies in the National Science Foundation.

SEC. 204. STATISTICAL DATA CENTER RESPONSIBILITIES.

The Statistical Data Centers designated in section 203 shall—

- (1) identify opportunities to eliminate duplication and otherwise reduce reporting burden and cost imposed on the public by sharing information for exclusively statistical purposes;
- (2) enter into joint statistical projects to improve the quality and reduce the cost of statistical programs;
- (3) safeguard the confidentiality of individually identifiable information acquired for statistical purposes by assuring its physical security and by controlling access to, and uses made of, such information; and
- (4) respect the rights and privileges of the public by observing and promoting fair information practices.

SEC. 205. LIMITATIONS ON USE AND DISCLOSURE OF DATA AND INFORMATION BY STATISTICAL DATA CENTERS.

(a) **USE OF STATISTICAL DATA OR INFORMATION.**—A Statistical Data Center may use data or information acquired for exclusively statistical purposes only for statistical purposes.

(b) **DISCLOSURE OF STATISTICAL DATA OR INFORMATION.**—A Statistical Data Center may not disclose data or information acquired for exclusively statistical purposes in identifiable form for any purpose other than a statistical purpose without the informed consent of the respondent.

(c) **RULE FOR USE OF DATA OR INFORMATION FOR NONSTATISTICAL PURPOSES.**—A Statistical Data Center shall clearly distinguish any data or information collected for nonstatistical purposes (as authorized by law) by the Statistical Data Center by a rule that provides that the respondent supplying the data or information is fully informed, before the data or information is collected, that the data or information will be used for nonstatistical purposes.

SEC. 206. DISCLOSURE OF DATA OR INFORMATION BY FEDERAL AGENCIES TO STATISTICAL DATA CENTERS.

(a) **AGENCIES THAT MAY DISCLOSE DATA OR INFORMATION TO A STATISTICAL DATA CENTER.**—Subject to subsection (b), the following agencies may disclose data or information to a Statistical Data Center for statistical purposes:

- (1) A Statistical Data Center.
- (2) The Department of Commerce.
- (3) The Department of Labor.
- (4) The Department of Agriculture.
- (5) The Department of Education.
- (6) The Department of Health and Human Services.
- (7) The Department of Energy.
- (8) The National Science Foundation.
- (9) The Internal Revenue Service.

(b) **LIMITATIONS ON DISCLOSURE.**—Data or information may be disclosed to a Statistical Data Center under subsection (a) only if—

(1) the data or information is to be used exclusively for statistical purposes by the Statistical Data Center;

(2) the disclosure to, and proposed use by, the data or information by the Statistical Data Center is not inconsistent with any provisions of law or Executive order that explicitly limit the statistical purposes for which such data or information may be used;

(3) the disclosure is not prohibited by law or Executive order in the interest of national security;

(4) the disclosure is made under the terms of a written agreement between the Statistical Data Center and the agency or unit supplying the data or information that specifies—

(A) the data or information to be disclosed;

(B) the purposes for which the data or information is to be used; and

(C) appropriate security procedures to safeguard the confidentiality of the data or information; and

(5) the data or information is not disclosed in identifiable form (except in a case in which the data or information was collected directly by a party to the agreement and the agreement specifies that the data or information may be so disclosed to another party to the agreement for exclusively statistical purposes).

(c) **NOTICE AND COMMENT.**—The public notice and comment procedures for data collections described in section 3506(c)(2)(A) of title 44, United States Code, and the provisions relating to review of data collections by the Director of the Office of Management and Budget in section 3507 of such title, shall apply to each written agreement entered into under subsection (b)(4). The scope of any public notice and comment with respect to any such written agreement shall extend to all issues relating to the requirements of this section.

(d) **APPLICABILITY OF OTHER LAWS.**—(1) The disclosure of data or information by an agency to a Statistical Data Center under this section shall in no way alter the responsibility of that agency under other statutes (including the Freedom of Information Act and the Privacy Act) with respect to the disclosure or withholding of such information by that agency.

(2) If data or information obtained by an agency is disclosed to a Statistical Data Center pursuant to this section, all provisions of law (including penalties) that relate to the unlawful disclosure of the data or information apply to the officers, employees, or agents of the Statistical Data Center to which information is disclosed to the same extent and in the same manner as the provisions apply to the officers and employees of the agency which originally obtained the information.

(3) The officers, employees, and agents of the agency to which the information is released, in addition, shall be subject to the same provisions of law, including penalties, relating to the unlawful disclosure of information that would apply to officers and employees of that agency, if the information had been collected directly by that agency.

SEC. 207. STATISTICAL DATA CENTER SUCCESSORS.

(a) **DESIGNATION.**—In the case of a reorganization that eliminates, or substantially alters the mission or functions of, an agency listed in section 206(a), the Director of the Office of Management and Budget, after consultation with the head of the agency proposing the reorganization, may designate an agency or unit that shall serve as a successor Statistical Data Center under the terms of this title, if the Director determines that—

(1) the primary activities of the proposed Statistical Data Center are statistical activities specifically authorized by law;

(2) the proposed Statistical Data Center would participate in data sharing activities that significantly improve Federal statistical programs or products;

(3) the proposed Statistical Data Center has demonstrated its capability to protect the individual confidentiality of any shared data; and

(4) the statutes that apply to the proposed Statistical Data Center are not inconsistent with this title.

(b) **NOTICE AND COMMENT.**—The head of an agency seeking designation as a successor Statistical Data Center under this subsection shall, after consultation with the Director of the Office of Management and Budget, provide public notice and an opportunity to comment on the consequences of such designation and on those determinations upon which the designation is proposed to be based.

(c) **PROHIBITION AGAINST INCREASE IN NUMBER OF CENTERS.**—No action taken under this section shall increase the number of Statistical Data Centers authorized by this title.

SEC. 208. COORDINATION AND OVERSIGHT BY OFFICE OF MANAGEMENT AND BUDGET.

(a) **IN GENERAL.**—The Director of the Office of Management and Budget shall coordinate and oversee the confidentiality and disclosure policies established by this title.

(b) **IMPLEMENTING REGULATIONS.**—The Director of the Office of Management and Budget may promulgate such rules as may be necessary to implement this title.

(c) **REVIEW AND APPROVAL OF RULES.**—The Director of the Office of Management and Budget shall review and approve any rules proposed pursuant to this title for consistency with this title and chapter 35 of title 44, United States Code.

(d) **REPORT OF DISCLOSURE AGREEMENTS.**—(1) The head of a Statistical Data Center shall report to the Office of Management and Budget—

(A) each disclosure agreement entered into pursuant to section 206(b)(4);

(B) the results of any review of information security undertaken at the request of the Office of Management and Budget; and

(C) the results of any similar review undertaken on the initiative of the Statistical Data Center or an agency supplying data or information to a Statistical Data Center.

(2) The Director of the Office of Management and Budget shall include a summary of all reports submitted to the Director under this subsection and any actions taken by the Director to advance the purposes of this title in its annual report to the Congress on statistical programs.

SEC. 209. EFFECT ON OTHER LAWS.

(a) 44 U.S.C. 3510.—This title, including the amendments made herein, does not diminish the authority under section 3510 of title 44, United States Code, of the Director of the Office of Management and Budget to direct, and of an agency to make, disclosures that are not inconsistent with any applicable law.

(b) 5 U.S.C. 552.—Data or information acquired for exclusively statistical purposes as provided in section 205 is exempt from mandatory disclosure under section 552 of title 5, United States Code, pursuant to section 552(b)(3) of such title.

SEC. 210. PROPOSED CHANGES IN LAW.

Not later than 90 days after the date of the enactment of this Act, the President shall submit to Congress a description of any changes in Federal law necessary to reflect any measures under this Act.

Mr. HORN. Now to give us some expert testimony from long experience. I'm delighted to have the distinguished Senator from New York, U.S. Senator Daniel Patrick Moynihan, who's held numerous positions in both Democratic and Republican administrations and who knows very well how to use, and the ups and downs of, statistical data.

[The prepared statement of Hon. Stephen Horn follows:]

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"H.R. ____, the Statistical Consolidation Act of 1998 and S.1404, the Federal Statistical System Act of 1997"

March 26, 1998

**OPENING STATEMENT
 REPRESENTATIVE STEPHEN HORN (R-CA)**

Chairman, Subcommittee on Government Management,
 Information, and Technology

Countless policy decisions made everyday throughout the Federal Government rely on sound statistics and statistical analysis. It is no exaggeration, then, to say that the quality of the data and the quality of the analysis are fundamental to the quality of our Government.

While statistical agencies typically remain in the background of policy debates, the quality of their products and services has a tremendous influence on governmental policy, economic prosperity, and individual behavior.

Thousands of programs and billions of dollars are expended on problems defined and measured by statistics. Programs are evaluated by statistical measures of their effects.

As Senator Moynihan is wont to quote: "The worst, the most corrupting of lies are problems poorly stated." Problem identification and definition is often the result of statistical analysis. Public policy based on low quality statistics is more likely to create problems than to solve them.

The purpose of the legislation before us is to improve the quality and reliability of Federal statistical data and statistical analysis by organizational consolidation and data sharing for statistical purposes.

This is a longstanding issue in the statistical community. Data sharing for statistical purposes has been difficult and often impossible because of a thicket of laws, regulations, evolved practices, and simple turf protection. Confidentiality can be maintained, costs lowered, and quality improved with straightforward data sharing.

Now, for the first time in decades, we are in a position to pass legislation. Members on both sides of the aisle and in both houses of Congress are joined by the Administration in the desire to pass legislation during this session of Congress.

The bills we are considering today, S. 1404 and its House companion, the Statistical Consolidation Act of 1998, create a Commission to recommend if and how Federal statistical agencies, including the Census Bureau, the Bureau of Labor Statistics, and the Bureau of Economic Analysis, should be consolidated into one agency.

The bills would establish uniform confidentiality protections and encourage data sharing among Federal statistical agencies for the sole purpose of statistical analysis.

In the long run, cost savings from either organizational consolidation or data sharing is a real possibility. This could be a double victory – higher quality and lower costs. During a three-year transition period, however, it is likely that costs would remain flat.

The proposals have broad bipartisan support in Congress and in the statistical agencies themselves. This is a real opportunity to improve the quality of statistical data and analysis.

We welcome our witnesses and look forward to their testimony.

Mr. HORN. Senator Moynihan.

STATEMENT OF HON. DANIEL PATRICK MOYNIHAN, A U.S. SENATOR FROM THE STATE OF NEW YORK, ACCOMPANIED BY DAVID PODOFF, MINORITY CHIEF ECONOMIST, THE COMMITTEE ON FINANCE, U.S. SENATE

Senator MOYNIHAN. Thank you Mr. Chairman. You've been kind enough to allow me to have Dr. David Podoff here with me at the witness table. Dr. Podoff is a distinguished economist, formerly with the Joint Economic Committee, and now chief minority economist for the Senate Committee on Finance.

Senator Brownback could not be here because he's necessarily on the Senate floor much of this time. He and I have introduced legislation on our side matching almost directly your side, sir. I'll talk just a little bit about S. 1404, the Federal Statistical System Act. There's very little to add to what you have said, so I'll tell you perhaps a bit of background.

The first part is something that I was taught a thousand years ago at a time when planned economies, just after World War II, were all the rage. I remember a professor of economics saying, the United States doesn't have a planned economy, but we have national statistics. All those poor countries trying to have national planned economies don't have any data about what's out there. And data was built into our Constitution by the provision for the decennial census, which is an endlessly rich and rewarding inquiry we do every 10 years and increasingly do continuously, of course, as you know.

Our problem is that, as with the Bureau, we have some 89 different statistical organizations. The Office of Management and Budget very helpfully puts out an annual report on them noting that for fiscal year 1998. They cost—in 1997, they were budgeted at \$3.1 billion, as you said.

It happens I've just had a brief conversation with an old friend, Frank Raines, who is now head of OMB. He commented to me—I told him I was coming over, he sends you his regards—and he said he is now trying to produce a statistical budget within the large Federal budget to say how much we're going to spend on this activity. And not without reason.

There are 84 major or minor organizations right now. They start out—and you can tell sort of the way our own society has changed. The first major agency was the National Agricultural Statistical Service, which is now in the Department of Agriculture, started in 1863; then came the Statistics of Income Division of the Internal Revenue Service started in 1866; the Economic Research Service, again in Agriculture, 1867; and by 1884, we had a Bureau of Labor Statistics [BLS].

I was once nominally in charge of the Bureau of Labor Statistics. There is an interesting history of the early labor movement in this country which had, as an idea, that if they could get the Government to establish what a city worker's weekly household budget needed to be, they could bargain for that much in wages. And so they turned to the Federal Government for data—the BLS—and have done so ever since.

A bureau of the Census in Commerce began in only 1902 as a special bureau. Then we have the Bureau of Economic Analysis in 1912, and we go on and on.

The point here is that with this many organizations, you frequently have that dilemma of the early airplane pilots when they would have two compasses and one would be wrong and there was no way to know which was wrong.

When you get two numbers for the same thing—the Canadians have a somewhat different, unified system that came about sort of accidentally.

World War I broke out and suddenly in London there were demands for all sorts of information about Canada in resources. How many 18-year-old males did you have? How many bushels of wheat did you produce, et cetera? They realized in Ottawa that they didn't know. The provinces might have done this, but they didn't. So they created, then and there, Statistics Canada and it has been a success. I mean, I guess you could say, right or wrong, you only get one number from the Canadian Government. [Laughter.]

It makes for a lot less disputation.

The proposal on the Senate side is that we create a Federal Commission on Statistical Policy, that it be headed by a member of the Cabinet with the Chief Statistician of OMB serving ex-officio with additional appointments by the President, and the Speaker of the House of Representatives and the President Pro Tempore at the Senate. I see my dear friend and colleague from New York, Representative Maloney here. And we give them 18 months to come forward with a proposal of consolidation which we would send to each House on a fast-track basis.

We think that the time is at hand for this, Mr. Chairman, Representative Maloney. There comes a point when you have an accumulation of a century and a half, really, almost, of different agencies and modernization is always a process of consolidating.

I remember in 1976, Jimmy Carter was running for President and he kept telling about how when he'd taken over the Government of Georgia, there had been 180 different agencies and he had put them all together in 12. It occurred to me that's what Al Smith did in New York in the 1920's. But it's something you just do from time to time. It's good government.

And just by way, if I may say, in conclusion, we have been talking about this legislation for some time. Senator Kerrey of Nebraska and I have been involved for our side. One day, just with not having solicited this at all, we received a two-page letter from just about every living Chairman of the Council of Economic Advisors endorsing the legislation. Because they need these numbers to tell the President—to advise the President.

If I could read them, you'd get a sense of the range of views, economic and political. Michael J. Boskin, Martin Feldstein, Alan Greenspan, Paul McCracken—you and I served with Paul McCracken, sir—Raymond Saulnier, Charles Schultze, Beryl Sprinkel, Herb Stein, and Murray Weidenbaum. As wide a range

of recognized, honored public servants as you'll find. I'd like to ask if I might put this letter in the record.

Mr. HORN. Without objection, it will be in the record at this point.

[The letter referred to follows:]

September 23, 1996

The Honorable Daniel P. Moynihan
The Honorable J. Robert Kerrey
United States Senate
Washington, DC 20510-3201

Dear Senators Moynihan and Kerrey:

All of us are former Chairmen of the Council of Economic Advisers. We write to support the basic objectives and approach of your Bill to establish the Commission to Study the Federal Statistical System.

The United States possesses a first-class statistical system. All of us have in the past relied heavily upon the availability of reasonably accurate and timely federal statistics on the national economy. Similarly, our professional training leads us to recognize how important a good system of statistical information is for the efficient operations of our complex private economy. But we are also painfully aware that important problems of bureaucratic organization and methodology need to be examined and dealt with if the federal statistical system is to continue to meet essential public and private needs.

All of us have particular reason to remember the problems which periodically arise under the current system of widely scattered responsibilities. Instead of reflecting a balance among the relative priorities of one statistical collection effort against others, statistical priorities are set in a system within which individual Cabinet Secretaries recommend budgetary tradeoffs between their own substantive programs and the statistical operations which their departments, sometimes by historical accident, are responsible for collecting. Moreover, long range planning of improvements in the federal statistical system to meet the changing nature and needs of the economy is hard to organize in the present framework. The Office of Management and Budget and the Council of Economic Advisers put a lot of effort into trying to coordinate the system, often with success, but often swimming upstream against the system.

We are also aware, as of course are you, of a number of longstanding substantive and methodological difficulties with which the current system is grappling. These include the increasing importance in the national economy of the service sector, whose output and productivity are especially hard to measure, and the pervasive effect both on measures of national output and income and on the federal budget of the accuracy (or inaccuracy) with which our measures of prices capture changes in the quality of the goods and services we buy.

The Honorable Daniel P. Moynihan
The Honorable J. Robert Kerrey
September 23, 1996
Page Two

Without at all prejudging the appropriate measures to deal with these difficult problems, we believe that a thoroughgoing review by a highly qualified and bipartisan Commission as provided in your Bill has great promise of showing the way to major improvements.

Sincerely,

Professor Michael J. Boskin
Stanford University

Dr. Martin Feldstein
National Bureau of Economic Research

Alan Greenspan

Professor Paul W. McCracken
University of Michigan

Raymond J. Saulnier

Charles L. Schultze
The Brookings Institution

Beryl W. Sprinkel

Herbert Stein
American Enterprise Institute

Professor Murray Weidenbaum
Center for the Study of American Business

Senator MOYNIHAN. And that is all I would wish to say. Senator Brownback hopes to hold hearings shortly. We can do this, Mr. Chairman, and we shall have done a public service a very large moment.

Mr. HORN. Well, we thank you for all the time you've put into this. I believe the last time I was over in the Senate with this issue, why you and I agreed the Commission was the right route to follow. And we thank you for following up on that.

Senator MOYNIHAN. We thank you, sir.

Mr. HORN. I want to yield some time to my distinguished colleague. You should know she's been the ranking Democrat here for 3 years and we've put a lot of laws on the books. We have a very cooperative relationship—

Senator MOYNIHAN. Not quite so many things are going so well. [Laughter.]

Mrs. MALONEY. Right now, I'm in a markup on banking and I have to get back to it, but I just wanted to really welcome this distinguished Senator from the great State of New York, who is so knowledgeable and elegant and eloquent on practically every subject. I certainly support your idea of setting up a commission and hope that I can work with Professor Horn in putting in a companion bill here in the House and that it could be moved through so that we can get something accomplished.

I think the debate that we had earlier on the CPI showed the need for this. And I think it's long overdue. I appreciate your leadership on this, particularly, for your leadership for New York State, too. Well, our country, really.

Senator MOYNIHAN. Thank you.

Mrs. MALONEY. Thank you, Senator.

[The prepared statement of Hon. Carolyn B. Maloney follows:]

**STATEMENT OF THE HONORABLE CAROLYN MALONEY
ON CONSOLIDATING STATISTICAL AGENCIES**

March 26, 1998

Thank you Mr. Chairman, I am pleased that we have been able to move forward in a bipartisan fashion in this Congress to examine ways to make our statistical system more efficient. Today's hearing is an important step forward in that effort.

Nearly everyone acknowledges the importance of the agencies which make up the federal statistical system, but there is little consensus on their health. Last year's debate over the Consumer Price Index showed that most of the criticism of the CPI was based on research performed by government employees. We discovered from the Boskin Commission that few outside the government statistical agencies had solutions that amounted to more than informed judgement. We would not accept the actions of a government agency based just on informed judgement.

Similarly, our discussions in the last Congress about consolidating the Census Bureau, the Bureau of Economic

Analysis, and the Bureau of Labor Statistics showed that there is considerable disagreement about what should be done. Some advocate creating a single central statistical agency. At the other extreme there are those who argue that things are just fine the way they are.

My good friend Senator Moynihan has wisely advocated that we set up a Commission to determine if and how these agencies should be consolidated. That recommendation astutely recognizes the need for an honest evaluation of these proposals, and the value such an evaluation in guiding Congressional action.

One of the things we learned from the government shutdown in 1995 and 1996 was the importance of economic statistics to the traders on Wall Street. When the number they use to judge how the economy was moving didn't come out, it did not take them long to find the phone number for my office. Consequently, we must be careful that whatever is done, it is done in such a way that the flow of information to the public is not disrupted.

The Administration has put forward a proposal to improve the efficiency of the statistical system by allowing agencies to share data. Unfortunately, that proposal came forward too late in the last Congress to receive adequate attention. The Statistical Confidentiality Act is a good start at moving towards a goal we all share -- improved statistics with less burden on the public. That bill is included as Title II of S. 1404, and will be a part of whatever we do in the House.

One of the fundamental questions raised by this legislation is a question of size of organizations. If we consolidate the three statistical agencies identified in Title I of S. 1404, we will be creating an agency with over 10,000 employees and a budget of over three-quarters of a billion dollars. Is that economy of scale, or is that a bureaucracy too large to be managed. I am sorry that we do not have a witness from the National Academy of Public Administration today to address that question, but I hope we can get them to address it for the record.

Mr. Chairman, I look forward to working with you to introduce a House companion bill to S. 1404, and I look forward to the advise of the witnesses here today. It is my understanding that the Administration could not send a witness today, but will be providing Administration testimony for the record. I hope we will extend that same courtesy to the three agencies involved in this consolidation bill.

Mr. HORN. Well, thank you so much for coming over.

Senator MOYNIHAN. Thank you, Mr. Chairman.

Mr. HORN. We appreciate it. We appreciate you bringing Dr. Podoff with you.

Mr. PODOFF. Thank you, Mr. Chairman.

Mr. HORN. Thank you. We now have a panel of witnesses, experts of current and former position. So, will Mr. Stevens come forward, Mr. Waite, Mr. Silver and Mr. Popkin. Mr. Popkin, they have over here. Mr. Silver is there and then Mr. Waite is there and Mr. Stevens.

Let me just say on our subcommittee—it's part of the investigations of the full committee, Government Reform and Oversight—the tradition is to have the witnesses, except for Members, raise their right hands.

[Witnesses sworn.]

Mr. HORN. The clerk will note that all four witnesses have affirmed the oath.

We will just go down the line with Mr. Stevens, an old friend of this committee and the Government Reform and Oversight Committee, generally since he is the Director of Federal Management and Workforce Issues of the U.S. General Accounting Office, Congress' arm to do good in terms of programs and money. Mr. Stevens.

STATEMENTS OF L. NYE STEVENS, DIRECTOR, FEDERAL MANAGEMENT AND WORKFORCE ISSUES, U.S. GENERAL ACCOUNTING OFFICE; CHARLES A. WAITE, FORMER ASSOCIATE DIRECTOR, BUREAU OF THE CENSUS; HOWARD J. SILVER, EXECUTIVE DIRECTOR, CONSORTIUM OF SOCIAL SCIENCE ASSOCIATIONS; AND JOEL POPKIN, PRESIDENT, POPKIN AND CO., FORMER DIRECTOR, BUREAU OF LABOR STATISTICS

Mr. STEVENS. Thank you, Mr. Chairman. There's a list of reports attached to my written statement, which I'm just going to summarize, that lists a good deal of work that we've done on the statistical system in recent years, including a testimony before this subcommittee a couple years ago on a predecessor to this bill. It deals with a number of associated problems in the statistical system, such as impediments to data sharing, respondent burden, priority setting, difficulties within that dispersed system that Senator Moynihan mentioned, and confidentiality.

The bill you have before you today proposes a rather novel way of resolving the often particular and sometimes bureaucratic issues that accompany specific reorganization plans and it resurrects some of the principles that were long in effect under fast-track Presidential reorganization authority in the decades before it expired in 1984. It provides for a 15-member bipartisan commission to sort through the various bureaucratic issues that any reorganization raises. And yet, it establishes a presumption or, I think I used the phrase, "a fairly explicit understanding" in its language that consolidation of the three general purpose statistical agencies will be its outcome.

It also establishes some incentives for the Commission to fashion a proposal that will have enough appeal to gain acceptance by Con-

gress in that the Commission can only graduate on to some of the more interesting policy issues involved in the dispersed Federal statistical system if Congress accepts its reorganization plan and if it does so within 18 months. These issues include such things as funding priorities, further agency consolidations, and coordination with other governments, both within this country and internationally. It's similar to the old Presidential reorganization authority in that it forces Congress to act on the proposal in a fairly short time period and has provisions that prevent complicating or confounding amendments.

Our past work has shown that failing to provide carefully and in detail for implementation has been a downfall of previous reorganization initiatives. We would expect that as part of the product of this commission, they'd have a detailed reorganization plan for Congress.

We also note that sustained congressional oversight is going to be needed to make this work and would urge that the new Federal statistical service be subject to the Government Performance and Results Act, with which you're very familiar, Mr. Chairman. We note that it would probably work a lot better with some more concerted congressional jurisdictions than we now have to this system.

Title II of the bill takes a different track. It addresses, more directly, the longstanding and complicated problem of data sharing in Federal agencies. It involves more agencies than the three that the Commission would devote its initial attention to. We note that Title II of the bill originated with and seems very similar to the administration's proposal.

We, as well as others who have studied the Federal statistical system, believe that the inability of statistical agencies to share data because of varying confidentiality provisions that they've accumulated over the years is one of the most persistent issues facing the statistical system and one of the major factors affecting the quality of data, the efficiency of the system, and the amount of burden placed on those who respond to information from agencies.

And since the current inability of Federal agencies to share data is one of the principal arguments for statistical agency consolidation, it's possible that enactment of Title II of the bill may lessen the urgency of the consolidation approach which is the apparent purpose of Title I.

I'll leave my statement there and respond to any questions you may have, Mr. Chairman.

[The prepared statement of Mr. Stevens follows:]

Mr. Chairman and Members of the Subcommittee:

Thank you for this opportunity to discuss a reorganization proposal involving parts of the federal statistical system. Over the years, we have developed a considerable body of work on statistical issues. The related products list that follows my statement contains our most recent reports and testimonies. As you requested, my testimony today brings this body of work to bear on a specific legislative proposal before the Subcommittee, S. 1404, and its House counterpart, which has not yet been introduced. Title I of the bill would establish a Federal Commission on Statistical Policy with the initial mandate of considering an organizational consolidation of three statistical agencies. Title II, which would be effective upon enactment, is intended to address the long-standing problem of data sharing among federal agencies. In general, we found that this bill responds constructively to many of the observations and reservations we expressed in evaluating previous proposals to consolidate statistical agencies, including our March 22, 1996, testimony before this Subcommittee.¹

BACKGROUND

Statistical activities are dispersed throughout the federal government. The Office of Management and Budget (OMB) has identified 70 federal agencies that each spend at least \$500,000 annually on statistical activities as comprising the federal statistical system. Together, these agencies requested over \$3.13 billion for fiscal year 1998 for statistical activities. Of the 70 agencies, 11 are considered to be the principal statistical agencies because they collect, produce, and disseminate statistical information as their primary mission. As part of their missions, they are to ensure that the statistical information they collect, produce, and disseminate is accurate, reliable, and free from political interference. They are also to ensure that they impose the least possible burden on individuals, businesses, and others responding to requests for data. Most of the other agencies that

¹Government Statistics: Proposal to Form a Federal Statistical Service (GAO/T-GGD-96-93, Mar. 22, 1996).

produce and disseminate statistical data do so as an ancillary part of their missions. Together, the principal statistical agencies spend approximately \$1.6 billion annually on statistical activities. Of these agencies, three—the Bureau of the Census and the Bureau of Economic Analysis (BEA) in the Department of Commerce and the Bureau of Labor Statistics (BLS) in the Department of Labor—account for about \$1.1 billion of this total.²

REORGANIZATION PRINCIPLES

In May 1995, we identified five principles as a useful framework for analyzing efforts to reorganize or streamline government agencies.³ These principles are:

- Reorganization demands a coordinated approach.
- Reorganization plans should be designed to achieve specific, identifiable goals.
- Once the goals are identified, the right vehicle or vehicles must be chosen for accomplishing them, including organizational structure and tools.
- Implementation is critical to the success of any reorganization.
- Oversight is needed to ensure effective implementation.

S. 1404 seems to us consistent with these principles. Rather than following the approach of detailed legislative specification of a consolidated statistical organization, however, it uses a novel delegation approach featuring a bipartisan commission charged with submitting a detailed reorganization plan to Congress for expedited consideration.

²The other eight principal statistical agencies are the National Center for Health Statistics (in the Department of Health and Human Services), Energy Information Administration (in the Department of Energy), National Agricultural Statistics Service and the Economic Research Service (both in the Department of Agriculture), Statistics of Income Division (in the Internal Revenue Service, Department of the Treasury), Bureau of Justice Statistics (in the Department of Justice), the Bureau of Transportation Statistics (Department of Transportation), and the National Center for Education Statistics in the Department of Education.

³Government Reorganization: Issues and Principles (GAO/T-GGD/AIMD-95-166, May 17, 1995).

TITLE I: THE FEDERAL COMMISSION ON STATISTICAL POLICY

The bill's proposed Federal Commission on Statistical Policy would have a charter that is quite different from most previous commissions, in that it embodies a fairly explicit understanding that the result of its work will be a detailed series of recommendations on "how" (not "whether") to consolidate the Bureau of the Census, BEA, and BLS into a new and independent Federal Statistical Service. Also, the Commission is given a firm, 18-month timetable to devise and get accepted by Congress, under fast-track consideration priority, a reorganization plan that is limited to implementing its recommendations for consolidation. Then, and only if its recommended plan is accepted by Congress, would the Commission continue in existence, with such further assignments as recommending appointment nominations and solutions to key policy issues. These issues include data sharing with other agencies and levels of government, enhancing the quality of key statistical indicators, and setting priorities among various statistical programs. In specifying its presumption that consolidation will be the Commission's outcome and providing both a firm deadline for action and incentives to devise a plan likely to gain congressional approval, Congress would provide a broad policy mandate along with a novel solution to the implementation problems that have often mired down reorganization proposals in the past, particularly in the years since the presidential reorganization authority expired in 1984.

Several key provisions of title I of S. 1404 are consistent with GAO's reorganization principles that I mentioned a moment ago. The make-up of the Commission should help ensure a coordinated approach to the complicated task of reorganization. Its members include not only the Chief Statistician from the administration and a Chairman of Cabinet-level rank appointed by the President but also 13 members chosen in a bipartisan fashion from individuals with experience relating to the 3 key statistical agencies (Census, BEA, and BLS).

If it chooses to pass this bill, Congress would also be endorsing several specific, identifiable goals for the Commission to pursue in its reorganization plan and recommendations. These are mostly contained in section 2, the Findings section, where the bill makes clear that its overall purpose is to solve problems of coordination, duplication, utility, quality, and paperwork burden reduction in the collection of federal statistics. The existence of these problems has been well documented in our work, and in the hearings held on predecessor bills by this Subcommittee in March 1996, and by the Senate Governmental Affairs Subcommittee on Oversight of Government Management, Restructuring, and the District of Columbia in April 1997.

In reviewing the status of the 38 recommendations of the 1991 Economic Statistics Initiative, led by former Council of Economic Advisors Chairman Michael Boskin, for example, we found that only about half of the recommendations to improve statistical quality were implemented.⁴ In February 1997, the National Association of Business Economists (NABE) reported that nearly 70 percent of its members who responded to its survey were dissatisfied with the scope and quality of economic data in the United States.

S. 1404 also seems to embody GAO's third reorganization principle that the right vehicle and tools must be chosen to reach the goals that Congress endorses. It correctly recognizes that reorganization by itself—the process of moving agencies to new locations—is not enough. The bill provides that once reorganization is achieved, the Commission would continue in existence to conduct comprehensive studies and report to Congress on "all matters relating to the [f]ederal statistical infrastructure . . . for the purpose of identifying opportunities to improve the quality of statistics in the United States." This provision encourages the Commission to address numerous other statistical policy and organizational issues, including the selection of priorities for funding, expansion, and

⁴Economic Statistics: Status Report on the Initiative to Improve Economic Statistics (GAO/GGD-95-98, July 7, 1995).

elimination; information dissemination; privacy; international coordination; and technological adaptation.

Our past work has shown that implementation is critical to the success of any reorganization. This is properly a task for the Commission itself to address in its recommended reorganization plan. When presidential reorganization authority was still in existence, we recommended that any reorganization plans presented to Congress under its fast-track authority should have detailed provisions for implementation as an integral part of the plan itself.⁹

Finally, sustained congressional oversight will be needed to ensure the effective implementation of any reorganization that would emerge from enactment of this bill. One specific way to encourage effective oversight would be to make sure that the Federal Statistical Service be required to comply with the Government Performance and Results Act of 1993. Once the reorganization is implemented, Congress also may need to consider realigning its committee jurisdictions and budget account structure if it is to provide coherent direction to and consistent oversight of the new Federal Statistical Service.

TITLE II: EFFICIENCY AND CONFIDENTIALITY OF THE FEDERAL STATISTICAL SYSTEM

The bill would also provide uniform safeguards for the confidentiality of information acquired for exclusively statistical purposes and improve the efficiency and quality of federal statistical programs by permitting limited sharing of records among designated agencies. The issue of data sharing among federal agencies for statistical purposes has been a long-standing and complicated problem. Because the federal statistical system is decentralized, different agencies are sometimes responsible for the various stages of

Implementation: The Missing Link in Planning Reorganizations (GAO/GGD-81-57, Mar. 20, 1981)

producing statistics. However, agency confidentiality provisions that permit data to be seen only by the employees of a single agency currently present a formidable barrier to data sharing. In some instances, to comply with confidentiality requirements, agencies must duplicate the work being done by other agencies. For example, because of provisions limiting access to Census records, other statistical agencies at times have had only limited access to data the agencies had paid Census to collect.

For the past 2 decades, we and others have urged legislative changes that would allow greater sharing of data and information on data sources among agencies, but so far these efforts have met with little success.⁶ The Paperwork Reduction Act of 1980 gave the Director of OMB the authority to direct a statistical agency to share information it had collected with another statistical agency. However, this authority was limited since it did not apply to information that was covered by laws prohibiting disclosure outside the collecting agency. In the early 1980s, the statistical agencies, under OMB's leadership, tried to further enable federal statistical agencies to share data. They attempted to synthesize, in a single bill, a set of confidentiality policies that could be applied consistently to all federal agencies or their components that collected data for statistical purposes. This effort, which was known as the "statistical enclave" bill, would have allowed statistical agencies to exchange information under specific controls intended to preserve the confidentiality of the data providers. A bill was introduced in Congress but was not enacted.

More recent proposals concerning data sharing have called for enactment of legislation that would allow statistical agencies to share data and information with appropriate safeguards to protect against breaches of confidentiality. These proposals were not adopted, in part because of general concerns that greater data sharing might endanger the privacy of individuals. Both the Economic Statistics Initiative under President Bush and

⁶After Six Years, Legal Obstacles Continue to Restrict Government Use of the Standard Statistical Establishment List (GAO/GGD-79-17, May 25, 1979).

the National Performance Review (NPR) under President Clinton have recommended such actions. NPR recommended the elimination of legislative barriers to the exchange of business data among federal statistical agencies, and we agreed with this recommendation.⁷ The NPR recommendation did not address the sharing of information on individuals. Some officials of statistical agencies and Members of Congress, however, have argued that a distinction should be made between the sharing of business data and the sharing of personal data about individuals. They noted that breaches of confidentiality protection when personal information is involved may be more serious. The National Academy of Sciences has made recommendations regarding the need for appropriate legislative provisions on data sharing that the Subcommittee may wish to consider in its deliberations on S. 1404.⁸

In 1996, OMB and the Department of the Treasury sent to Congress proposed legislation that would permit limited sharing of data among designated statistical agencies for statistical purposes, subject to procedural safeguards contained in the proposals. In 1997, both of these bills were retransmitted to Congress, with indications of bipartisan support in both houses. While S. 1404 does not include the conforming amendments that OMB developed with the major statistical agencies, and on which there was apparently some debate among agencies, it does offer OMB the opportunity to submit conforming changes within 90 days and in other respects seems consistent with the OMB proposal.

We as well as others who have studied the federal statistical system believe that the inability of statistical agencies to share data is one of the most significant issues facing the statistical system and one of the major factors affecting the quality of data, the

⁷See Management Reform: GAO's Comments on the National Performance Review's Recommendations (GAO/OCG-94-1, Dec. 3, 1993).

⁸See Private Lives and Public Policies: Confidentiality and Accessibility of Government Statistics, National Academy Press (Washington, D.C.: 1993).

efficiency of the system, and the amount of burden placed on those who provide information to the agencies. Since the current inability of federal agencies to share data is one of the principal arguments for statistical agency consolidation, it is possible that enacting title II of S. 1404 may lessen the urgency of the consolidation which is the presumed purpose of title I.

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Mr. Chairman, that concludes my prepared statement. I would be pleased to respond to any questions you or other Members of the Subcommittee may have.

RELATED GAO PRODUCTS

Statistical Agencies: Consolidation and Quality Issues (GAO/T-GGD-97-78, Apr. 9, 1997).

Statistical Agencies: A Comparison of the U.S. and Canadian Statistical Systems (GAO/GGD-96-142, Aug. 1, 1996).

Statistical Agencies: Statutory Requirements Affecting Government Policies and Programs (GAO/GGD-96-106, July 17, 1996).

Federal Statistics: Principal Statistical Agencies' Missions and Funding (GAO/GGD-96-107, July 1, 1996).

Government Statistics: Proposal to Form a Federal Statistical Service (GAO/T-GGD-96-93, Mar. 22, 1996).

Commerce Dismantlement: Observations on Proposed Implementation Mechanism (GAO/T-GGD-95-233, Sept. 6, 1995)

Statistical Agencies: Adherence to Guidelines and Coordination of Budgets (GAO/GGD-95-65, Aug. 9, 1995)

Government Reorganization: Observations on the Department of Commerce (GAO/T-GGD/RCED/AIMD-95-248, July 25, 1995).

Economic Statistics: Status Report on the Economics Statistics Initiative (GAO/GGD-95-98, July 7, 1995).

Economic Statistics: Measurement Problems Can Affect the Budget and Economic Policymaking (GAO/GGD-95-99, May 2, 1995).

Bureau of the Census: Legislative Proposal to Share Address List Data Has Benefits and Risks (GAO/T-GGD-94-184, July 21, 1994).

Gross Domestic Product: No Evidence of Manipulation in First Quarter 1991 Estimates (GAO/GGD-93-58, Mar. 10, 1993).

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Mr. HORN. Well, thank you very much. We'll hold the questions until we've gone through the other three witnesses. We now have Mr. Charles A. Waite, the former Associate Director, Bureau of the Census, Department of Commerce. Welcome.

Mr. WAITE. Well, thank you, Mr. Chairman. I welcome the opportunity to come here today and speak in very strong support of the legislation. I'm speaking from the perspective of one who has spent 35 years within the Federal statistical system, at the BLS, as a chief economist of the Bureau of Economic Analysis, and as you mentioned, as Associate Director of the Census Bureau. I continue to work very closely with officials of those agencies in a number of areas.

Now, my background is in economics statistics rather than social or demographic statistics. When I worked at the Census Bureau, I was principally involved in what the Census Bureau does the other 9 years. But before addressing the proposed act, I'd like to say a few words about the current state of our economic statistics.

First, I believe by most criteria U.S. economic indicators meet or exceed what I would call reasonable criteria for timeliness, and also meet the criteria for reliably measuring short-term economic change. This, however, is quite different from saying that our statistics are keeping pace with longer run forces shaping the U.S.—indeed, the world—economy.

Our economies are changing faster than our ability to measure them. This is partly because economic output is increasingly conceptual rather than physical. The form of output and the means of production have been increasingly less physical and tangible and hence, more difficult to measure.

Alan Greenspan has calculated, very interestingly, that the U.S. GDP today is only slightly higher, measured in tons, than several decades ago.

The medical research that changed the nature of health care, is only the beginning of a growing list of conceptual elements in our economic output. The ease and speed of technology transfer and financial innovations across national boundaries has been another important aspect of the changing economic environment that has complicated measurement. Moreover, an acceleration of what the economist Joseph Schumpeter called "creative destruction,"—the continual obsolescence and abandonment of goods and services replaced by newer processes and products—has created enormous challenges for economic statistics.

Now, measuring the impact of such fast moving targets is the longterm challenge for our economic statisticians and our system. The criticism the Federal Government must answer will not ultimately stem from lack of timeliness or unreliable measures of short-term changes in prices and production, but rather from broader concerns, in areas such as coverage of a rapidly growing service sector or the measurement of quality change in production or both services and advanced technology goods.

I believe enactment of this legislation will substantially help the Federal Government to meet the challenge of measuring our rapidly changing and increasingly complex economy. The creation of a Federal commission, on statistical policy is an excellent idea, but only as a necessary first step toward consolidation of our three

principal general purpose agencies for economic statistics. Each has a splendid history, excellent staff, and a fine record of accomplishment. But economic measurement would be significantly strengthened if they merged.

This is particularly true for BEA and our National Income and Product Accounts, which rely heavily on data from the Census and the BLS in their compilation. It's also true for other measures, such as productivity, calculated by BLS. If I were to run through the Rube Goldberg procedures where data goes from BLS and BEA and Census and back to the BLS for this calculation, minds would boggle. It seems that—certainly in this case and many others—results would be much improved if they were done under one roof.

These are only some examples. But there are others, including the current effort to implement NAICS or the North American Industrial Classification System which is, arguably, the most important advance for economic statistics in years, but whose implementation schedule varies depending on the agency involved: 2000, 2001 for one agency and 2003, 2005 for another. For productivity measurement, it appears outputs will be available on the NAICS basis years before inputs.

More generally, I believe the great advantage of a more centralized system for economic statistics is that it would be better geared than our present one to plan and implement an integrated system of statistics. Centralization makes it easier to develop uniform standards, definitions, classification and integrated time schedules. Certainly this is extremely important.

My support for the creation of the commission and hence, I believe, greater centralization, is also affected by two other considerations. One, the likelihood that little additional resources will be forthcoming for economic statistics; and two, that the small statistical policy office at OMB charged with coordinating our statistical system will not be strengthened.

With regard to the resources question, the experience with the 1990 Boskin Initiative for economic statistics is illustrative. According to GAO, only slightly more than one-half of the \$95 million requested over fiscal years 1990–1994 was appropriated and it was highly skewed. BEA and Census received only \$6 million of the \$21 million that they asked for.

For at least 20 years the budget support for economics statistics has been spotty at best and, in my view, is not likely to improve. The main reason: there are no large, organized constituencies for better statistics. Centralization, at least, may offer an opportunity to better utilize scarce, skilled human resources for priority projects and provide stronger incentives to take advantage of economies of scale and technology transfer.

I realize that statistical agencies do not now see budget savings from consolidation. But time may prove them wrong and what are the alternatives for savings, given the cuts already made and likely future resource constraints?

With regard to coordination, it was reported in 1978 in the now defunct OMB publication, *Statistical Reporter*, which some old timers may remember here, that complaints and dissatisfaction with the organization and coordination of Federal statistics has occurred about every 20 years since 1840. So we're a little ahead of time,

Mr. Chairman. But more seriously, within a decentralized system such as ours, the role of a central planning and coordination office is critical.

Without effective operations there, the system lacks cohesion and becomes a series of disparate programs. It will also lack balance as one element basically develops in response to its ability to secure resources with the help of a specialized constituency. We have examples of that in our current system where some narrowly focused statistical programs fare far better budget-wise than their general purpose cousins.

Finally, the statistical policy office at OMB is charged with important responsibilities and has top flight leadership. But over the years, it has shrunk from 69 persons to 6 today. They simply don't have the resources to do the job. Nor, in my view, are they located in an ideal administrative location buried within an agency, the Office of Information and Regulatory Affairs, in OMB. The proposed act seems to recognize these strange bedfellows in suggesting the statistical forms clearance be separated from regulatory forms clearance. I would go further and recommend that the statistical policy office leave OMB and join the new, more centralized statistical organization where it would have a much improved "place to stand" to do its job.

Finally, I support Title II, the data-sharing provision. This has been around a long time. Your list of data centers will evolve, but for starters it's fine. I particularly like the one-way sharing of IRS data. There are those who have argued that data sharing makes consolidation unnecessary and besides, it's disruptive. I disagree emphatically. Both consolidation and data sharing are important and we will take a big step forward for statistics if this act is enacted in its entirety. Thank you.

[The prepared statement of Mr. Waite follows:]

STATEMENT OF
Charles A. Waite
Before The
Subcommittee on Government Management and Technology
Committee on Government Reform and Oversight

US House of Representatives

March 26, 1998

Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to appear here today and speak in strong support of the Statistical Coordination Act of 1998 and S1404, the Federal Statistical System Act of 1997.

I am speaking from the perspective of one who has spent 35 years within the statistical system in three of the major statistical agencies and who continues to work closely with officials of the agencies in several areas. My background is in economic statistics rather than social or demographics, so despite my work at the Census Bureau, I was principally involved in what Census does "the other nine years."

Before addressing the proposed Act, let me begin by giving my view of the current state of our economic statistics.

The well known Economist magazine's "good statistics guide" rating of countries' statistics a few years ago rated the United States number one in timeliness yet sixth overall. This finding was even called "curious" by the magazine since overall Britain and America "appear to offer the best combination of accuracy and timeliness." Their one explanation for the anomalous result referred to "lingering suspicion that statistics (in these countries) are subject to political meddling." I have always believed they were profoundly in error for one simple reason. Never in 35 years serving in senior posts at the BLS, BEA and Census did I encounter political meddling with our economic indicators. In the case of the United States, the Economist is dead wrong. There is no "massaging of official figures" to use the Economist phrase. In short, our statistical problems are of our own making, not to be blamed on the politicians (although they can help solve them)!

More seriously, I believe that by most criteria US economic indicators meet or exceed reasonable criteria for timeliness and also meet those criteria for reliably measuring short-term economic change.

This, however, is quite different from saying that our statistics are keeping pace with longer run forces shaping the US, indeed the world, economy. Our economies are changing faster than our ability to measure them.

Economic output is increasingly conceptual rather than physical. The form of output and the means of production have been increasingly less physical and tangible, hence more difficult to measure. Alan Greenspan has calculated that US GDP today is only slightly higher measured in tons than several decades ago. The huge rise in real GDP since then is the result much more of ideas than exploitation and fabrication of physical resources. This trend is sure to continue into the 21st Century.

The medical research that changed the nature of health care is only the beginning of a growing list of conceptual elements in our economic output. The increasing substitution of concepts for physical effort has also affected how we produce economic output. For example, the use of computer-assisted design systems and high speed information processing technologies changes the nature of work in factories and offices.

The ease and speed of technology transfer and financial innovations across national boundaries have been another important aspect of the changing economic environment that has complicated measurement. Moreover, an acceleration in what Joseph Schumpeter called "creative destruction"—the continual obsolescence and abandonment of goods and services replaced by newer processes and products—has created enormous challenges for economic statistics. It is amazing to realize that in the US 300,000 workers a week lose their jobs, a figure matched by a figure of newly created job openings. Such turnover is facilitated by the huge number of new small businesses that come into existence offset by a comparable number that fail or are merged.

Measuring the impact of such fast-moving targets is the long-term challenge for economic statisticians. The criticisms they must answer will not ultimately stem from lack of timeliness, or unreliable measurements of short term changes in prices or production but rather from broader concerns in areas such as coverage of a rapidly growing service sector or the measurement of quality change in production of both services and advanced technology goods.

I believe enactment of S1404 and its companion House bill will substantially help the Federal Government meet the challenge of measuring our rapidly changing and increasingly complex economy. Creation of a Federal Commission on Statistical Policy is an excellent idea as a necessary first step toward consolidation of our three principal general purpose agencies for economic statistics. Each has a splendid history, excellent staff, and a fine record of accomplishment, but economic measurement would be significantly strengthened if they merged.

This is particularly true for BEA and our National income and product (or GDP) accounts which rely heavily on Census and BLS data to compile the accounts. It is also true for other series such as productivity measures calculated by BLS where today current dollar output data by Census is modified by BEA and converted to constant dollars with BLS price indexes before being matched with labor inputs (from BLS) and capital inputs (from Census and BEA) by BLS to give us the crucially important productivity measures. It is hard to see how this Rube Goldberg scheme could not be streamlined and results improved if all functions were done under one roof.

These are only some examples, but there are others including the current effort to implement NAICS or the North American Industrial Classification System which is arguably the most important advance for economic statistics in years, but whose implementation schedule varies depending on the agency involved—2000 - 2001 for one agency; 2003 - 2005 for another. For productivity measurement, it appears outputs will be available on the NAICS basis years before inputs.

My support for creation of the Commission and, hence, greater centralization is also affected by two other considerations:

(1) the likelihood that little additional resources will be forthcoming for economic statistics; and that

(2) the small Statistical Policy Office in OMB, charged with coordinating our statistical system, will not be strengthened.

With regard to the resources question, the experience with the 1990 Boskin initiative is illustrative. According to GAO, only slightly more than one-half of the \$95 million requested over fiscal 1990-94 was appropriated and was highly skewed -- BEA and Census received only \$6 million of \$21 million requested. One bright note: BLS received \$5.2 million of \$7.2 requested for more accurate measures of services prices.

More generally, I believe the great advantage of a more centralized system for economic statistics is that it would be better geared than our present one to plan and implement an integrated system of statistics. Centralization would make it easier to develop and implement uniform standards, definitions, classifications, and integrated time schedules. In view of the growing awareness that government policies and programs are interdependent and, in view of the need for comparable statistics so that one may view the impact of any one policy action on others quantitatively, the integration of economic statistics is very important.

Generally, the budget support for economic statistics has been spotty at best for at least 20 years and, in my view, is not likely to change. There are no large, organized constituencies for better statistics. Centralization, at least, may offer an opportunity to better utilize scarce skilled human resources for priority projects and

provide stronger incentives to take advantages of economies of scale and technology transfer. I realize statistical agencies do not now see budget savings from consolidation, but time may prove them wrong, and what are the alternatives for savings given the cuts already made and likely future resource constraints?

With regard to coordination, it was reported in 1978 in the now-defunct OMB publication *Statistical Reporter* that complaints and dissatisfaction with the organization and coordination of federal statistics occurs "about every 20 years since 1840." We're a little ahead of schedule! More seriously, within a decentralized system such as ours, the role of a central planning and coordination office is crucial. Without effective operations there, the system lacks cohesion and becomes a series of disparate programs. It will also lack balance as one element develops in response to its ability to secure resources with the help of a specialized constituency. We have examples of that in our current system where some narrowly focused statistical programs fare far better budget-wise than their general purpose cousins.

The Statistical Policy Office at OMB is charged with important responsibilities and has top-flight leadership, but over the years has shrunk from 69 persons to, I believe, six today. They simply don't have the resources to do the job. Nor, in my view, are they located in an ideal administrative location, buried within an agency the Office of Information and Regulatory Affairs (OIRA) in OMB. The proposed Act seems to recognize these strange bed-fellows in suggesting that statistical forms clearance should be separated from regulatory forms clearance. I would go further and recommend that the Statistical Policy Office leave OMB and join the new, more centralized statistical organization where it would have a much improved "place to stand" to do its job. The quote is from the Presidential Reorganization Project of nearly 20 years ago. (To be fair, that project recommended a greatly expanded coordinating unit rather than centralization, but then centralization was deliberately taken off the table by the Administration as a reorganization possibility before the project began.)

Finally, I support data sharing along the lines called for in the Title II of the Act. Over time, the list of Statistical Data Centers in the Act will evolve, but for starters the list is fine. This is an idea which has been around for years and should be implemented. I particularly like the "one-way sharing" of IRS data. There are those who have argued that data sharing makes consolidation unnecessary and besides, it's "disruptive." I disagree emphatically; both consolidation and data sharing are important, and we will take a big step forward for statistics if this Act is enacted in its entirety.

Mr. HORN. We thank you very much for that helpful statement. Dr. Silver, executive director of the Consortium of the Social Science Associations. Dr. Silver, glad to have you here.

Mr. SILVER. Thank you, Mr. Chairman. Before I begin, I would like to take note of the death yesterday of a member of your committee, Representative Steven Schiff of New Mexico. I knew Mr. Schiff in his capacity as Chair of the Basic Research Subcommittee on the House Science Committee. We worked together on issues relating to the National Science Foundation. He was kind and fair and as decent a person as I've met in many years of dealing with Capitol Hill and I will miss him.

Mr. HORN. Well I really appreciate you saying that about Mr. Schiff and in my hierarchy of outstanding Members of the House currently, Steve Schiff would be in the top five. I served with him in the 103d Congress, Democratic Congress, as well as the 104th and, of course, the 105th. The tragic cancer was taking him over, but he was, as you say, a very decent, fair-minded person.

He was also a person, I guess partly based on his former experience as a prosecutor, who could get to the nub of the issue very rapidly and do it in a very quiet, effective way. But he got to the core of the issue and we've missed him, at least I have, many times in the investigations we've been holding this year. So thank you very much for making that statement.

Mr. HORN. And like you and I, he even talked about taking political science as an undergraduate. [Laughter.]

Mr. SILVER. Thank you for the opportunity to appear before the committee. I am the executive director of the Consortium of Social Science Associations or COSSA. We are supported by over 100 professional associations, scientific societies, universities, and research institutes. We're interested in promoting attention to, and Federal funding for, the social behavioral and economic sciences. We also serve as a bridge between the academic research community and the Washington policymaking community.

COSSA is concerned with data issues since they are the infrastructure of the social behavioral and economic sciences. These sciences for the most part do not have the equivalent of big telescopes and thus data are the life-blood of the investigations our scientists conduct. The Federal statistical system is a major source of that data and thus the structure of funding and leadership of those agencies that make up that system are of keen interest to the people I represent.

The complexity of the current system is well known, as Senator Moynihan noted. In this age of reinventing and downsizing government, policymakers feel the need to re-examine ways to provide better coordination, streamline, reduce duplication, and make more efficient how the United States collects and disseminates statistics. This appears to be a periodic obsession with those who participate and monitor the system. As an old Peter, Paul, and Mary song says, "its been going on for 10,000 years." Well, maybe not that long, but at least as long as this century and perhaps a century and a half in this country. This periodic frustration also seems to accompany a period of budget reductions, increased need for data, and new and improved technology, which brings me to the legislation proposed.

Dr. Lynne Billard, who is the past president of the American Statistical Association and a member of the COSSA Board of Directors, appeared before this subcommittee 2 years ago and discussed a number of issues related to a similar piece of legislation that you, Mr. Chairman, introduced. Dr. Billard noted first that, and I quote, "A democratic society needs good statistics to function properly."

This has been echoed by Janet Norwood, another past president of the American Statistical Association, and former Commissioner of the Bureau of Labor Statistics, who said in her book, "In a democratic society, public policy choices can be made intelligently only when the people making the decisions can rely on accurate and objective statistical information to inform them of the choices they face and results of the choices they make."

Will the current proposed legislation lead to more accurate and reliable statistics? To me, this seems unknown. Dr. Norwood also points out that "organizational structure by itself, cannot always solve all the problems the system faces. It is the people who make a system." Consolidation will not be a panacea.

On the other hand, I just wanted to say that we do support the idea of a commission to study the Federal statistical system. However, I would like to raise a number of issues that, in dealing with the commission and in dealing with what they are about to do, I think are going to be important. We want attention paid to the consequences, sometimes unintended, of any action that might be taken.

COSSA also strongly applauds the move toward easing the barriers to data sharing that are included in Title II of the legislation.

First, I am concerned with what seems to be a preordained outcome to consolidate the Census Bureau, the Bureau of Labor Statistics, and the Bureau of Economic Analysis into a Federal statistical system. There seem to be mixed signals in the legislation and one wonders whether the commission has the option of recommending against consolidation.

Second, it seems to me that in appointing the commission, maximum consultation with scientific and professional groups is paramount. Even the appearance of political interference with the integrity of the statistical system would create even more havoc than we are currently experiencing with the debate over sampling in the 2000 census.

Third, Congress seems to feel that the Chief Statistician "must have the authority, personnel and other resources necessary to carry out the duties of that office effectively." And yet, there don't seem to be any provisions in the legislation as to how to accomplish this charge. Where are the resources to come from to enhance this opportunity and this need?

In addition, there is nothing in the legislation that calls for an independent evaluation of the consolidation, if it occurs, by an outside body. Perhaps, a combined panel from the National Research Council's Committee on National Statistics and the National Academy of Public Administration would lend credibility to the accountability the public seeks in government decisions.

Next, if there is indeed consolidation in the executive branch, Congress will need to get its house in order. As we know, there are a large number of authorizing and appropriating committees that

deal with the Federal statistical system and its agencies. If the Federal Statistical Service is indeed an independent agency, would, for example, VA, HUD, an independent agencies appropriation subcommittee, be the logical place for it to receive its funding allocations? This is a subcommittee that has not dealt very much with the statistical system.

Executive branch reorganizations are sometimes difficult, but they pale in comparison to shifting jurisdictions of committees. History is full of unsuccessful attempts to streamline and reorganize the congressional committee system. When they are successful it is usually done when there is a change in party control. The Republicans did manage to change some things in 1995. I suspect, however, that some of the sponsors of this legislation and its companion bill in the House are not anxious for another turnover.

As I said, the most encouraging parts of the legislation are the provisions for data sharing, and we applaud those.

I thank you for your time and attention. I will be happy to answer any questions you may have.

[The prepared statement of Mr. Silver follows:]

Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to appear before the committee. I am Howard J. Silver, Executive Director of the Consortium of Social Science Associations (COSSA). COSSA is supported by over 100 professional associations, scientific societies, universities and research institutes, who are interested in promoting attention to and federal funding for the social, behavioral and economic sciences. These include the American Statistical Association, the American Economic Association, and the American Political Science Association. A full list is attached to my testimony. COSSA serves as a bridge between the academic research community and the Washington policy making community.

During my 15 year tenure at COSSA, I have been involved with many issues involving the Federal Statistical system. For a number of years I served as the American Political Science Association representative to the Council of Professional Associations on Federal Statistics (COPAFS), and was twice elected to its Executive Committee. During the 1980s COSSA was very active in protecting information collection by federal agencies from political interference. In the 1990s we have participated in a number of activities concerning the 2000 Census, including the race and ethnicity classification, survival of the long form, and sampling. The Chair of our Executive Committee, Dr. Felice Levine serves on the Census 2000 Advisory Committee as a representative from the American Sociological Association. One of the first things I did when I came to COSSA in 1983 was help negotiate the continuation of the National Longitudinal Survey of Labor Market Experiences, then in the Department of Labor's Employment and Training Administration and later moved to the Bureau of Labor Statistics, where it receives support to continue its collection and dissemination its treasure trove of data on the workforce and the children of the workers.

COSSA is concerned with data issues since they are the infrastructure of the social, behavioral, and economic sciences. These sciences do not have, for the most part, the equivalent of big telescopes. Data are the lifeblood of the investigations our scientists conduct. The federal statistical system is a major source of that data. Thus, the structure, funding, and leadership of those agencies that make up that system are of keen interest to my constituents.

The complexity of the current system is well known. There are 11 "principal" statistical agencies, and the Office of Management and Budget has identified over 70 agencies spending at least \$500,000 for direct funding of statistical activities. In this age of reinventing and downsizing government, policy makers feel the need to re-examine ways to provide better coordination, streamline, reduce duplication, and make more efficient how the U.S. collects and disseminates its statistics. This appears to be a periodic obsession with those who participate and monitor the system. As an old Peter, Paul and Mary song says, "It's been going on for ten thousand years." Well, maybe not that long, but at least as long as this century (see Janet Norwood's *Organizing the Count: Change In The Federal Statistical System*, p. 21). This periodic frustration also seems to accompany a period of budget reductions, increased need for data, and new and improved technology.

Which brings me to the Federal Statistical System Act, S.1404. Dr. Lynne Billard, Past President of the American Statistical Association and a member of the COSSA Board of Directors, appeared before this Subcommittee two years ago and discussed a number of issues related to an earlier piece of legislation, H.R. 2521, that resembled the current bill under discussion. Dr. Billard noted first that "a democratic society needs good statistics to function properly." This was echoed by Janet Norwood, another past president of the American Statistical Association, who said in her book, "In a democratic society, public policy choices can be made intelligently only when the people making the decisions can rely on accurate and objective statistical information to inform them of the choices they face and the results of the choices they make." Will S. 1404 lead to more accurate and reliable statistics? This is unknown. Dr. Norwood points out that "organizational structure, by itself, cannot always solve all the problems a system faces...It is the people who make a system..." Consolidation will not be a panacea.

The major goal of the sponsors of the legislation, particularly in the first section of the bill is to increase efficiency. Efficiency does not always equal effectiveness. In addition, management efficiency does not always translate into production efficiency. A number of years ago there was a debate in the science policy community regarding the creation of a Cabinet level Department of Science that would replace the pluralistic, multi-agency, research arena that currently exists. Aside from some practical problems of congressional reorganization to match the proposed executive branch changes (more about that later), the conclusion reached was that a Department of Science might produce more efficiency, but that it would not necessarily provide better science or lead to greater scientific achievements.

COSSA believes the Commission to study the federal statistical system is a good idea. Distinguished scientists, data producers, and data users, should investigate what to do about the myriad of agencies involved in producing and disseminating statistics. In selecting the Commission's membership, since the appointments are made by politicians, maximum consultation with scientific and professional groups is paramount. Even the appearance of political interference with the integrity of the statistical system would create even more havoc than we are currently experiencing with the debate over sampling in the 2000 Census.

However, I am concerned with what seems to be a preordained outcome to consolidate the Census Bureau, the Bureau of Labor Statistics, and the Bureau of Economic Analysis into a Federal Statistical Service. There seem to be mixed signals in the legislation. In Section 102 (a)(2) the Commission is charged with recommending "how to consolidate the Bureau of Labor Statistics, the Bureau of the Census, and the Bureau of Economic Analysis..." In Section 102 (b) (1), the bill reads "If the written report submitted to Congress under subsection (a) contains recommendations on the consolidation of BLS, Census and BEA in a Federal Statistical Service" (my emphasis). Does the Commission have the option of recommending against consolidation?

Another concern is that although in Section 3 (3) Congress feels that the Chief Statistician "must have the authority, personnel, and other resources necessary to carry out the duties of that office effectively," there are no provisions in the legislation as to how to accomplish this charge. In

terms of the Commission, the Chief Statistician is just another member. Dr. Billard noted this deficiency in her testimony two years ago, but maintaining the importance of the Chief Statistician's position is still left vague. Where are the resources to come from to enhance this office?

In addition, there is nothing in the legislation that calls for an evaluation of the consolidation, if it occurs, by an outside body. An independent evaluation by a combined panel from the National Research Council's Committee on National Statistics and the National Academy of Public Administration would lend credibility to the accountability the public seeks in government decisions.

Finally, with regard to consolidation, Congress will need to get its house in order. Because they are in many different government departments the statistical agencies come under the jurisdiction of many different congressional authorizing and appropriating committees. Just combining BLS, BEA, and Census, would necessitate revising jurisdictions for both authorizing and appropriating committees. If the Federal Statistical Service is indeed an independent agency, would the VA, HUD, Independent Agencies appropriations subcommittee be the logical place for it to receive its funding allocations? Executive branch reorganizations are sometimes difficult, but they pale in comparison to shifting jurisdictions of committees. History is full of unsuccessful attempts to streamline and reorganize the congressional committee system. When they are successful, it is usually when there is a change in party control. The Republicans did manage to change some things in 1995. I suspect some of the sponsors of S. 1404 and its companion bill in the House, are not anxious for another turnover.

The most encouraging part of the legislation are the provisions for data sharing among agencies for statistical purposes, with adequate confidentiality protections. As the National Research Council panel chaired by George Duncan of Carnegie Mellon recommended five years ago, this action will help eliminate "costly duplication of effort and excessive burden on individuals and organizations who are asked to supply information." The panel also noted that the barriers to data sharing this bill would abolish "have also made it difficult or impossible to develop data sets needed for policy analysis on topics of major interest to the public." According to Dr. Norwood "*no other single action could do as much to reduce the cost of unnecessary data collection and to improve the data series produced as this new approach to confidentiality protection and data sharing* (her emphasis). One concern is why the Bureau of Justice Statistics and the Bureau of Transportation Statistics are not designated as statistical data centers.

Finally, there are a number of other issues regarding the statistical system that are worthy of consideration, if not in this legislation, perhaps in the charge to the Commission. One is the independence of the leadership of the information collection and dissemination agencies. In 1987 COSSA joined with a number of other groups in pushing Congress to revive the National Center for Educational Statistics, after a devastating review by the National Research Council. Among the recommendations that Congress adopted was a fixed term of office for the NCES administrator. Thus, fixed terms of office that are not congruent with the presidential term might be one change

to explore. How to standardize agency status within Departments might be another, although that may become moot, if the new Federal Statistical Service eventually encompasses all the major data agencies.

In conclusion, let me say that COSSA is not opposed to the Commission or even to the consolidation. We would like to know that it will occur with careful consideration to the issues raised in this testimony and with attention to the consequences, sometimes unintended, of any action that may be taken. COSSA also strongly applauds the move toward easing the barriers to data sharing.

Thank you for your time and consideration. I will be happy to answer any questions you might have.

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CONTRIBUTORS

American Institutes for Research
 University of Arizona
 Bowling Green State University
 Brookings Institution
 Brown University
 University of California, Berkeley
 University of California, Los Angeles
 University of California, San Diego
 University of California, Santa Barbara
 University of California, Santa Cruz
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 Tulane University
 University of Washington
 University of Wisconsin, Madison
 University of Wisconsin, Milwaukee
 Yale University

BIOGRAPHICAL STATEMENT FOR DR. HOWARD J. SILVER

Dr. Silver serves as the Executive Director of the Consortium of Social Science Associations (COSSA) in Washington, DC, a position he has held since 1988. The Consortium, supported by over 100 professional associations, scientific societies, universities and research institutes, promotes attention to and federal funding for the social, behavioral, and economic sciences and serves as a bridge between the research community and the Washington policy making community. Dr. Silver previously served COSSA as its Associate Director for Government Relations from 1983-88.

Prior to joining COSSA, Dr. Silver was a consultant for legislative and political research, a political campaign manager, and a legislative analyst in the U.S. Department of Education. He has taught political science and public policy at a number of colleges and universities. Dr. Silver came to Washington in 1980 as an Institute for Educational Leadership Policy Fellow.

Dr. Silver has testified before Congress, spoken at many professional meetings on federal funding of science, and written extensively on executive-legislative relations, the federal budget process, and science policy as it affects the social and behavioral sciences.

Elected by his science policy advocate colleagues, Silver also currently serves as Chairman of the Coalition for National Science Funding, an ad-hoc advocacy group with membership from scientific and engineering societies, higher education associations, and industrial groups. He also is a member of the Board of Advisory Editors for *SOCIETY* and the public education committee of Research! America. Prior service includes: President, Treasurer and Program Chair of the Section on Applied Political Science of the American Political Science Association, the Council of the National Capital Area Political Science Associations, the Executive Committee of the Council of Professional Associations on Federal Statistics, and the steering committees of the National Commission on Social Studies in the Schools and the Coalition for the Advancement of Foreign Languages and International Studies.

He received his Ph.D. in Political Science from The Ohio State University in 1975. A native of New York City, Dr. Silver obtained his B.A. from the City College of the City University of New York in 1969.

DISCLOSURE STATEMENT

Neither Dr. Silver, nor the Consortium of Social Science Associations, is a recipient of a federal grant, contract or cooperative agreement.

Mr. HORN. Well, thank you very much. You've raised some very interesting questions that we need to deal with in the legislation.

Our last presenter this afternoon is Dr. Popkin, president of Popkin and Co., and a former Associate Director, Bureau of Labor Statistics. Dr. Popkin.

Mr. POPKIN. Thank you, Mr. Chairman. First, I'd like to congratulate the Chair and the committee for having the perspicacity to introduce legislation about statistical reorganization a few years back, as I recall, and also for having the tenacity to stick with it. I can't imagine that it's a terribly popular issue.

My recollection—and I'm a businessman looking in on the system and I don't follow these things day-to-day like many of the members of the panel do—but my recollection is that the first bill on this issue was your own H.R. 2521, which was introduced, seems to me, several years ago. At that time I heard about it and thought about it and I didn't know how to come down on it. I didn't do that necessarily out of just ignorance. I'd been around statistics for 30 years.

I first was subjected to thinking about reorganization when I was at the Bureau of Labor Statistics and there was a commission headed by Allen Wallis that looked into reorganization and how things should be set up. I had to carry water to that commission.

Then by the late 1970's, I'd left the government and there was another effort. It was by Professor Bonnen at Michigan State. I was enlisted as part of that whole reorganization project as a consultant to it and so I got some more flavor of the issues, pro and con on this.

In 1979, the Canadian Government asked me to join a committee headed by Sir Claus Moser, who was actually the Chief Statistician of the United Kingdom at the time, because Statistics Canada, as Senator Moynihan pointed out, a centralized statistical agency, was having problems. They wanted their system audited by a group of outside experts.

And then for the last half a dozen years, I've participated as a member of the Statistics Committee of the National Association of Business Economists. I think you've heard from the Chair of that committee, Maureen Haver, on a couple of occasions.

So I always weighed these. I never could come down. I've seen all sides of this. There are good arguments on either side of the issue. And so had you called me 2 years ago to testify on your original bill, I would have had to throw up my hands.

I'm not in that position today. I've come to the conclusion that this is time to centralize the statistical agencies. I think it's not so much from a substantive point of view; I think you could run the system either way. But I think our statistical service needs some rejuvenation, some revitalizing move that will take it out of the situation that's been ongoing for the last several years. A situation of low morale, a situation in which recruitment of civil servants to join the statistical service is very difficult, and a situation, perhaps most dangerous, the response rates by people who are the data providers, the people who report data to the government who are necessary for the success of the system, response rates are down. So on the basis of factors like that, I really concluded that centralization should be done more as something to deal with the problems

I just mentioned than necessarily a statement that one system is better than the other.

So let me turn to the bill before us. First of all I have no quarrel with the data sharing part. I think that speaks for itself. Some people have suggested even if nothing—if only part of the bill were to succeed, it should be that part. I think I heard that at the other end of the table.

But I really want to address the process by which centralization occurs because I have a strong preference for the process you proposed, Mr. Chairman, in H.R. 2521 as opposed to the process that is outlined in S. 1404.

One of the things about your original bill that I liked was the fact that it wants action within a year. I think the time period to accomplish this should be vastly shortened.

This issue has been studied, too, fair-thee-well. The GAO has studied it; so has the Committee on National Statistics. There have been these other commissions that I've cited. Janet Norwood has a written book about it.

We don't need more studies. What we need is a well-focused plan, such as the one I think you put forth in H.R. 2521 where you targeted the three main general statistics providers. You start with them. You don't have to take on the whole system and try to figure out how it's all going to hang together. Start with the main general purpose statistical agencies and then, over time, incrementally, others can be added to that.

In contrast, S. 1404 sets up a commission that I feel has political overtones. The way it's worded, the overriding feature for selection to the commission is whether you helped perfect the calculus between Democrats and Republicans; it's necessary for that bill. I don't think that's a good way to do things.

In contrast, your bill had a much smaller commission. One of the things I thought was really very important about that commission was not only that it was smaller and that it had to produce results having to do with implementation of the consolidation of three well-defined statistical agencies, an important thing to me was the fact that four of nine members of the commission came from within the Federal statistical system.

As I mentioned before, I sit on the Statistics Committee of the National Association of Business Economists. And I like their proposal, which I think was presented to you by Maureen Haver a couple of years ago, and actually is not dissimilar from your original bill, Mr. Chairman. It has an even tighter time schedule for delivery of a report: 6 months. It establishes the position of statistician general of the United States for a term of 7 years, reporting to the President. I think that's a good idea. I call that the FBI model. And that seems to be a reasonable way to handle these kinds of very sensitive issues.

The other thing about the association—the Business Economists' approach—was that the commission doesn't have to flesh out the whole organizational block. So you can imagine all the people in the statistical service scurrying about because they're worried about what box they're going to end up in. That's a terribly counterproductive process. The National Association for Business Economics recommends that the committee—the commission just out-

lined—provide the broad outlines. The statistician general would fill in an organization that he or she thinks is appropriate.

So, in conclusion again, I'd like to congratulate you, Mr. Chairman, on persisting in this matter and I support the thrust of what you're wanting to do. And I really think the way you had it—you originally put it was the right way. And I think that H.R. 2521 is really a much better approach than S. 1404. Thank you.

[The prepared statement of Mr. Popkin follows:]

Prepared Statement
of
DR. JOEL POPKIN
Joel Popkin and Company, Washington, DC

Before the

Subcommittee on Government Management, Information and Technology
Committee on Government Reform and Oversight
United States House of Representatives

March 26, 1998

Centralization of the Federal Statistical System is an idea that has become an imperative. I applaud this Subcommittee for the tenacity with which it has kept this objective before policy makers as well as the perspicacity it has shown in foreseeing the need and pursuing it. The perspicacity is reflected in the Chairman's original bill, HR 2521, which even today, seems to provide a better approach than the amalgam comprising S 1404.

As this committee knows, the question of reorganization of the U.S. statistical system has been considered for many years, more actively in some than others. I first thought about the issues of centralized organization in 1971 while at the Bureau of Labor Statistics (BLS) in charge of the CPI, PPI and related measures, prompted by questions addressed to me by the President's Commission on Federal Statistics chaired by Allen Wallis. In the late 1970s, after leaving the government, I was asked to provide input to the government's overall reorganization initiative of which the group chaired by James T. Bonnen was part. Bonnen's panel addressed statistical organization specifically. Soon afterward, in 1979-80, I was asked to evaluate the functioning and output of the Canadian statistical system which, as is well known, is centralized. More recently I have kept abreast of reorganization developments through the Statistics Committee of the National Association for Business Economics (NABE) of which I am a member.

My experience as both a producer and private sector user of data has proved valuable in evaluating various proposals. But until relatively recently, I had not reached a conclusion about whether centralization should be substituted for decentralization. Cogent arguments can be made for both. Thus, when HR 2521 was introduced, I was still undecided about this issue.

But about a year ago, I concluded that centralization is to be preferred. That conclusion is predicated on my strong belief that the federal statistical system urgently needs to be revitalized. Morale in statistical agencies has fallen, at least in part as a result of the seeming intrusion of politics into issues like the accuracy of the CPI, affecting BLS, and the methodology for use in conducting the decennial census, affecting the Census Bureau. I understand it is exceedingly difficult to recruit new talent into the statistical agencies. And I understand response rates to government surveys are falling. It is this environment that has been the deciding factor for me—I now support consolidation of statistical agencies.

However, I think the process proposed in S 1404 to achieve centralization is inferior to that in HR 2521 of the 104th Congress. The process established in HR 2521 insulated the tasks of consolidation from the political process. The process described in Title I of S 1404 does not.

First, the Commission proposed in S 1404 is given up to 18 months to deliver its principal product--recommendations to Congress about whether and how to centralize. That much time is unnecessary. This issue has been studied to a fare-thee-well. In addition to the reports of the aforementioned panels, the issue has been reported on by a broad spectrum of observers such as the GAO, the Committee on National Statistics and former BLS Commissioner, Janet Norwood. Most recently, the GAO, at the request of this Committee, has reported its findings comparing the U.S. and Canadian systems. The latter is a centralized system which provides ample framework for one of our own. Instead of more reports, a focused agenda of implementation issues, such as was contained in HR 2521, is what is needed.

Second, the Commission's structure and permanent functions contained in S 1404 present serious risks that the process of producing statistics will be politicized, perhaps, perpetually. Only one member of the 15 person commission is selected from within the statistical system. The others are selected in a time-consuming, opaque manner which puts stress on identifying the political affiliation of its members. The lack of representation of professional government statisticians and the process of selecting Commission members create the potential for politicization of the statistical system. In a survey of business economists, reported in testimony of Maureen A. Haver before this Committee on March 22, 1996, one of the top advantages business economists, while supporting centralization by 5 to 3, cited about the present system is that it lessens the potential for politicization. The Commission structure in this bill abets the politicization process in my opinion.

The Commission plan of S 1404 should not be adopted. Instead, it should be replaced by a process like the one you proposed, Mr. Chairman, in HR 2521. That bill proposed a well-balanced group to carry out well-defined tasks in a short, but sufficient, period of time--12 months. It must be recognized that Commissions generate considerable work and anxiety on the target organizations and detract from their ongoing responsibilities; limiting the life of a Commission mitigates those burdens.

The main task of the HR 2521 Commission was to indicate what would be needed to implement the consolidation of the three major general-purpose statistical agencies: the Bureau of Economic Analysis (BEA), Census and BLS. The nine person Council proposed to do it included five members appointed by the Executive branch, four of whom were the incumbents of the top position in each of the three agencies and at OMB. The House and Senate could each appoint two members, private citizens with experience in the statistical system. This structure does two things:

- 1) It gives the Executive branch a slightly larger number of members presumably because the resulting agency will be an Executive agency, and
- 2) It makes the senior statistical officers of the major agencies part of the process; they have a vote on how to combine the three agencies, as well they should. This approach removes the potential for compromising the integrity of the management of the statistical agencies and the data they produce for the American people while the planning for centralization is ongoing.

Some elements of HR 2521 and my reasons for supporting it are not inconsistent with that of the NABE. The NABE proposal, presented to the Senate Committee on Government Affairs by Ms. Haver on April 9, 1997 contains the following key features:

- 1) Establishes a commission to report in six months on the broad shape of the new organization consisting of BEA, BLS and the Census Bureau and on the enabling legislation needed to achieve it.
- 2) Establishes the position of Statistician General of the United States, reporting to the President and serving for a seven-year term.
- 3) Leaves the details of the organization of the new consolidated agency to the Statistician General.

While not representing NABE in this testimony, I think its proposal is most sensible. And the apparatus proposed in HR 2521 comes closest to achieving that worthwhile objective. That is the path I think should be taken in legislation to effect a revitalized and consolidated statistical agency.

BIOGRAPHICAL SKETCH*Dr. Joel Popkin*

Dr. Popkin is president of Joel Popkin and Company, an economics consulting firm he established in 1978. He has been an analyst observing and predicting the U.S. economic outlook for over 35 years. In particular he has specialized in the measurement, analysis, and forecasting of specific wages and prices and the overall rate of inflation. That specialization flows from his earlier experience at the Bureau of Labor Statistics where he was Assistant Commissioner for Prices and Living Conditions, responsible for the preparation and publication of the Government's official Consumer and Producer Price Indexes. He also served as Senior Staff Economist at the Council of Economic Advisers with responsibility for inflation analysis and forecasting during the wage and price controls of the early 1970's. Dr. Popkin testifies often before Congress and writes for and is interviewed by various media.

Dr. Popkin received his B.S. degree from the Wharton School of Finance of the University of Pennsylvania and his Ph.D. in economics from the same university. He is a fellow of the National Association for Business Economics and the American Statistical Association, past Chairman of the Conference of Business Economists and a member of the Committee of Visitors to the economics department of the University of Pennsylvania. He has been Chairman of the Board of the National Economists Club and a member of the boards of the American Statistical Association, the National Bureau of Economic Research and the Economic Strategy Institute. He is a senior editor of the *Journal of Asian Economics*. Dr. Popkin is the recipient of the 1994 Julius Shiskin Award for Economic Statistics sponsored by the National Association of Business Economists and Washington Statistical Society. He serves on the Advisory Committee on cyclical indicators of The Conference Board, which has taken over their publication from the U.S. government.

In addition to projects requiring the analysis and forecasting of wages and prices, Dr. Popkin's firm is active in the development of price indexes used in regulatory proceedings and contract escalation, in labor-management relations, particularly compensation policy, collective bargaining and interest arbitration, and in antitrust issues. His firm has particular industry competence in the communications, manufacturing and health care sectors and in the measurement and analysis of small business activity. He also is a consultant to data collection agencies, particularly those which compile data about the U.S. economy, on the structure and content of their programs. In recent years, his firm has played an important role in government initiatives to revise the way industrial and occupational data are classified.

DISCLOSURE STATEMENT

"Truth in Testimony" disclosure for Dr. Joel Popkin's testimony:

During the current fiscal year, Joel Popkin and Company has received no federal government grants, subgrants or contracts.

During the two previous fiscal years, Joel Popkin and Company received one contract from an agency of the federal government. It was awarded in September 1996, by the Committee for Purchase from People Who Are Blind or Severely Disabled in the amount of \$21,044.

Mr. HORN. Well, we thank you. Again, you've given us a number of options to think about.

Let me ask each of you: are there any things that any of your other three colleagues said that you'd like to answer to some of their proposals? And I'll just start down here with Mr. Stevens. Did you hear anything from Mr. Waite, Mr. Silver, or Dr. Popkin that you'd like to either elaborate on or disagree with? I'm trying to get a dialog here. [Laughter.]

Like a big seminar.

Mr. STEVENS. No, I think they appropriately recognized that GAO has done some work on this and addressed some of these questions before and contributed to it. I was looking back at your own bill, Mr. Chairman, H.R. 2521, and—because I had not had the impression that it was the commission that was charged with the organizational decision or recommendation, that the bill itself provided that, and then the commission worked on policy and sort of continuing questions. I thought that the fast-track authority, which this bill embodies, probably is a preferable way to do any kind of reorganization than the previous one in which you arise with spontaneous legislation. And I go back to the President's reorganization authority, which seemed to embody that as sort of a general principle that amendments and deferrals and joint committee referrals were the death of many reorganization proposals.

Mr. HORN. Yes, just voted up or down.

Mr. STEVENS. Yes.

Mr. HORN. Right. I agree with you on that point. Mr. Waite, any thoughts on your colleague's testimony?

Mr. WAITE. Well, the name of Claus Moser was raised by Joel Popkin, he was the Chief Statistician of the UK. Very interesting that Dr. Moser, when he was in that post, actually sat in on cabinet meetings at the request of Winston Churchill. What I'm saying by that is that statistics, numbers, information was considered very important by Mr. Churchill.

Consider the difference in our own statistical system where the Chief Statistician of the United States and its fiscal policy office lies buried in OIRA under layers of bureaucracy in OMB. We do not have a person to speak for statistics or the system. Even though we're capably led at the BLS and BEA and the Census Bureau, I would submit to you that we do not have a person, a statistician general, who can speak to systemwide issues, but rather, out of necessity probably, the agency heads deal with the parochial issues as they come forward. So that would be one point.

The second point, I don't agree with Joel about—I'm not concerned about lack or not many agency people being on the commission. My perception is that to some extent it puts them in a very awkward situation. They do not basically, at least publicly probably, want to be identified with giving up their agency identity and submerging themselves in the greater whole. That is very difficult. I understand that at the time of the Boskin Report there was a poll done of senior agency officials at BEA, BLS, and Census. They basically were asked what they thought about consolidation. My understanding is—with one exception who happened to be out of town at that time—all senior agency officials favored consolidation as opposed to a tinkering around with programs, moving a program

here, moving a program there. And that was a very interesting—a very interesting finding.

So I think there is a lot of support, closet support, for consolidation. I agree with Joel; the system needs rejuvenation, morale building. This would be an excellent opportunity to do it. Thank you.

Mr. HORN. Dr. Silver.

Mr. SILVER. I just wanted to raise, since we're all talking about efficiency, the notion of efficiency not necessarily equaling effectiveness. A number of years ago, there were a bunch of proposals to create a department of science in which you would merge the pluralistic, multiagency research arena that currently exists. The conclusion was reached, I think both on the Hill and in the scientific community, that such a department might produce more efficiency, but that it would not necessarily provide better science or lead to greater scientific achievements. And I just wanted to get that one out too.

Mr. HORN. Well, I was in the middle of some of that, both as a university president 10 years before when that was debated, as well as a Member of Congress 10 years later. And you raise some interesting points there in terms of the pluralism of science in American government. It's sort of a sprawl, a Rube Goldberg invention, as one of you noted on another subject, and that certainly is a reasonable point to make. And we need to still keep the tension level so we don't go down the wrong path, but have, I think, a couple of paths here depending on what the issue is.

Any comments, Dr. Popkin?

Mr. POPKIN. Yes, I just wanted to pick up on a couple. First of all, Mr. Nye's comment about fast-track and the time period of the original H.R. 2521 bill. I thought an advantage of your bill was that you specified the targets. You and the work of the commission was to implement it, to identify where enabling legislation was needed, those kinds of things, and I thought that that was a strength of the bill. And I'm not aware as to whether doing it that way, as Mr. Nye seemed to imply, would be inconsistent with fast-track. But I mean, that doesn't seem—I don't understand the logic of that.

The other point I wanted to respond to was Chuck Waite's comments about whether statisticians should participate in the commission to decide their fate. As I said, I happen to think that that's the way to go because it keeps the professional statisticians intimately involved.

Consider the situation that could arise, potentially, in S. 1404. You have a commission who we know is going to last at least 18 months and, in fact, the wording of that bill is such that you could infer that it would remain there in perpetuity. You have these commissioners calling on these heads of agencies for their input, because that's the way these commissions work. The commissions always have to be taught by the people who are being examined. I'm a consultant, and a business consultant. I understand that problem in the private sector.

So consider the situation where you have some professional statisticians in high levels who are faced with making objective decisions using their best professional judgment on a statistic in the

public interest, while at the same time they're being quizzed and they're being diverted from those tasks by a 15-person commission that goes on for at least 18 months. That's not a business solution, certainly, to this problem.

Mr. HORN. Well, thank you. Let me take on one particular area and let's see what your thinking is on that. Some of you have mentioned it, and that's the Statistical Policy Office within the Office of Management and Budget. I note here the staff is down from 69 people to half a dozen. Now, as a result of that, what's not being done that was previously done by those people who are no longer at OMB or no longer at this office? Do any of you have a feel for that, what was changed, if anything, in the Office of the Chief Statistician of the United States?

Mr. STEVENS. Among the things that are done, I think that there's less attention to priorities among the far-flung agencies of the system. The office was really charged with—and it's in OMB in part because it was meant to come up with a sort of a priority budget, take all of the requests of the 70 different statistical agencies, compare them, make some priority decisions among them, and present Congress with a fairly coherent statistical program that involved all these agencies. Their staff is no where near able to do that and the schedule that they have to operate under doesn't permit them to do that as well. I think that's one of the principal problems.

A second one is the stature of the Chief Statistician. That is a difference with the Canadian system and I think it's probably a weakness that the Chief Statistician, who has a great deal to say on these subjects, really can't appear before you to say it because she's not a Presidentially confirmed appointee. And, to me, that's a systemic weakness that I think probably harms your consideration of questions like this.

Mr. HORN. Well, on that point, it seems to me—what does that go back to the Roosevelt administration, essentially? That position? I remember once, Henry Wallace as Secretary of Agriculture went out to the field and a farmer told him, "I just got seven questionnaires from the government, Mr. Secretary, how am I going to deal with that?" And he came back steamed up and did tell the Cabinet that we've got to do something about this and Roosevelt agreed. So presumably that office is one that looks at proposed statistical surveys out of the various departments and bureaus and either clears them or says: can you consolidate that, and what's the purpose, and it's a coordination role, and I think that's why it was under the regulatory affairs part of OMB, as I remember it.

But what do you see to be the role? Should there be a Chief Statistician of the United States? Should that person remain in OMB or be in the Executive Office of the President? Or should that be the role of the Chief Administrator however called—might be commissioner, might be a secretary for all that matter—with a consolidated agency? What would you see that role being? Does it need to be separate from any consolidated agency? Because, as we all have agreed, you've got—and Senator Moynihan noted—there are 87 statistical agencies somewhere in the U.S. Government, and we're talking about three of them, the big three. But what's your feeling on that?

Mr. WAITE. Let me address that to some degree. We made reference here to the President's reorganization project during the Carter administration. I served on the staff, a five-person staff, of that under Professor James Bonnen. One of my colleagues in that was Ivan Fellegi, who is now the Chief Statistician of Canada and has been for many, many years, a very wise individual indeed, who helped to craft that particular recommendation.

What came out of that was a vastly strengthened central coordinating unit given substantive functions that are, by nature, of a coordinating nature, like the National Accounts, like a Central Business List, and so on. So it was not just "coordination," in quotes, but also an agency that had substantive functions. That is the role that the CSO plays in the U.K., by the way. The National Accounts is in the CSO.

That particular study, which went on probably at least 18 months, was precluded from considering or recommending anything having to do with consolidation of statistical agencies. That was our mandate: Stay away from consolidation. And so the alternative was to strengthen the coordinating unit, because if you are saying, we're going to stick with a decentralized system, then the logic is you need more coordination. As I said in my testimony, six people, can't—they can barely answer the mail with six people, to be honest with you.

When I use the number of 69 or 67, that was the figure for 1947. If you go a number of years later, it was in the neighborhood of 30—28, 35 people and it had held that level for a while. But it used to be a powerful influence in statistical matters. For example, when the director of the then Office of Business Economics, the predecessor agency to the BEA, was being selected, OMB played a very powerful role in the selection of a highly qualified person to get that job. In economic classification, OMB used to take the lead.

This last NAICS effort I referred to was totally turned over to the agencies. That may be fine, but it shows you that they just don't have the muscle, the number of people to be able to perform the coordination function.

And so, if consolidation fails, to me the only alternative for reform is to strengthen it. Should it be in OMB? There are pros and cons on that. We debated this in the Bonnen Commission about where it should go, but, you know, we can talk about that some more.

Mr. HORN. Well, we can defer. I'm going to yield to my colleague and when he finishes he's got to go over and vote and we'd like to recess this after he finishes questioning. I'm yielding to him for questioning only. And then when we come back, why, he'll also have the time. So I've got 10 minutes to get over. He's got some time; he can go 5 now if he wants and then get over. I'll tell them not to close the roll until you show up. [Laughter.]

Mr. KUCINICH. Thank you very much, Mr. Chairman. [Laughter.] I'm going to submit—

Mr. HORN. We'll recess after the ranking member finishes.

Mr. KUCINICH. If I may, I'll submit my opening statement for the record.

Mr. HORN. Without objection.

Mr. KUCINICH. Thank you. [Laughter.]

[The prepared statement of Hon. Dennis J. Kucinich follows:]

**STATEMENT OF THE HONORABLE DENNIS KUCINICH
ON CONSOLIDATING STATISTICAL AGENCIES**

March 26, 1998

Thank you Mr. Chairman, I am pleased to be a part of this hearing today. I am especially pleased that Representative Maloney is here today to assist us. She has put considerable energy into this legislation and we are indebted to her for that work.

I am a newcomer to some of the issues that fall within the jurisdiction of the Subcommittee, however, I am not a newcomer to the importance of government information. The statistical agencies of the government are among the best in the world and they provide the world with a wealth of information about our economy and our people.

The three agencies considered in Title I of this legislation are the crown jewels of our federal statistical system. Without the Gross Domestic Product produced by the Bureau of Economic Analysis we could not track the strength of our economy. Without the trade statistics collected by the Bureau of the Census we

would not know about our balance of trade. Without the employment and unemployment statistics produced by the Bureau of Labor Statistics, we would not know about the well being of the workforce.

In addition to these examples that appear regularly in the press and are familiar to most of us, these agencies produce dozens of reports each week that reach only a specialized audience.

We are all well aware of the controversy over the census which has embroiled the Bureau of the Census for the last three years. Similarly, the Bureau of Labor Statistics has had a large portion of country's economists looking over its calculation of the Consumer Price Index. Despite these controversies, these agencies continue to produce high quality work day after day.

Whatever we do in this legislation, we must be sure that we do not interrupt the flow of critical information from these agencies. That is the wisdom of Senator Moynihan's approach. He has called for a Commission of experts to advise us of the

wisdom of consolidating these agencies, and if consolidation is the right approach, just how to do it so that the flow of information does not get shut down.

I must admit that I am intrigued by the approach proposed by the Administration in Title II. I am sorry that this hearing was planned with such short notice that the Administration was not able to testify. I look forward to reading their views.

The Administration has proposed what appears to me to be an electronic version of consolidation. Agencies would be given the authority to share data when necessary to make the system more efficient. That seems to me to be an eminently sensible approach whether we consolidate agencies or not. I do have one overriding question, however. Who is the watchdog for these activities? Clearly the Office of Management and Budget does not have the resources to monitor these agreements, especially in the early years when routines have not been established. I hope that our witnesses can address that question today.

Again, thank you Mr. Chairman for calling this hearing. I look forward to learning more about this legislation.

Mr. KUCINICH [presiding]. If I may, I'll submit my statement. One of the things that I was interested in, a little issue that I've been concerned about down the road, is the issue of consumer price index. Would any of you care to respond to a question as to how would a reorganization such as the one proposed here affects revisions of the consumer price index? Anyone like to try that? OK. [Laughter.]

Mr. POPKIN. Well, I don't know—

Mr. KUCINICH. What's my line?

Mr. POPKIN [continuing]. If I still remember, Congressman, but I was in charge of the consumer price index in 19—late 1960's, early 1970's. And I remember mounting a revision where I was told by this Office of Statistical Policy in OMB that I no longer could collect my own consumer expenditure data that I needed for the weights, that I had to turn that task over to the Census Bureau. And there were all kinds of coordination problems that arose and I can't help but think that a consolidation of BLS, BEA, and the Census Bureau would make it easier to get the information that's needed to improve the CPI.

And I would add that I think it would also be helpful if the Office of Statistical Policy in the OMB was also—we were discussing that, I think, I believe before you came in—as to whether that should be in OMB or not. I think it should go with the new consolidation because the coordination need would be already taken care of within a coordinated organization. I think that the office would go there. So I would think that it would be easier to revise and update the CPI on an ongoing basis if these three agencies were merged into one.

Mr. KUCINICH. Mr. Waite, any—thank you. Mr. Waite, would this consolidation have any effect on a decennial census? You may have covered that already, but—

Mr. WAITE. No, I've tried to stay away from the decennial census by saying that my 11 years at the Census Bureau was working on what Census did the other 9 years. But I did have a broad oversight role as a member of the Census Bureau's Executive Staff for the 1990 Census. I think the whole issue of the Census should almost be considered separately. I would even suggest that the operations of the Census perhaps should be an organization devoted to the census and not in the Census Bureau as presently constituted.

Mr. KUCINICH. OK.

Mr. WAITE. And there are many reasons that we could talk about that.

Mr. KUCINICH. I thank you—

Mr. WAITE. The decennial census is the biggest gorilla in the room and it can sit wherever it wants within the Census Bureau to the detriment of some of the other ongoing programs of the Census Bureau, as you can imagine. So I do not have a settled view on consolidation and the decennial census.

Mr. KUCINICH. Gentlemen, I'm going to now recognize that the Chair has proclaimed a recess. [Laughter.]

I'm hoping to make that vote and I'm going to be on the floor with another bill, but I'll try to come back. If I don't, you'll be in good hands with Mr. Horn. Thank you.

[Recess.]

Mr. HORN [presiding]. OK, gentlemen, I thought maybe the ranking member beat me back here, but once you get on the floor everybody's after you. Good enough.

Well, one of the things I started with was the role of the Chief Statistician and some of you didn't really have a chance to get into that before I yielded to the ranking member. One can look at that role as you do a chief economic adviser around the President and we also have a Director of the Budget that worries about the budget and technically reports to the President. We hope to make a Director of Management that would also report to the President.

Then the question is: is there a conflict of interest if the head of a combined statistical agency of the three major statistical services—certainly two major there—is that a problem in terms of what the role has been for the Chief Statistician, which is clearing departmental inquiries in terms of statistical surveys versus what the interests might be of whoever would be appointed to, if we have a combined statistical agency, whoever would be appointed to head that, can they really do that other job, which is checking departments? Just curious on what your thinking is.

Mr. SILVER. Can I throw another model in the mix?

Mr. HORN. Sure.

Mr. SILVER. We also have an Office of Science and Technology Policy with a Presidential science adviser as the head and, although there's been some criticism about it not being as effective as it could be, it does play this coordinating role for science and technology policy with agencies that, you know, are quite large, if you include the National Institutes of Health and the National Science Foundation in terms of their budgets. And so that may be another model for you to look at and the commission to examine.

Mr. HORN. I guess one of the questions is what are the questions one would ask as the Chief Statistician versus what are the questions that the head of these two major, certainly—with a third thrown in—statistical bureaus? I mean, science is a little different in that sense, that you definitely have science distributed practically everywhere in every department: Defense, major science role; VA; so forth. So I'm just interested in the conflict of interest thing, right now. Dr. Popkin.

Mr. POPKIN. Yes, Mr. Chairman. I'm coming at this from the position of favoring the inclusion of the present Office of Statistical Policy in the consolidation within this combined statistical agency and reporting to a statistician general or something like that. And, as I look at a lot of the functions of the Office of Statistical Policy right now, there are checks and balances elsewhere in the government that it seems to me enter here.

For example, I believe there's a Federal Reports Act that a statistician general would have to comply with in terms of burden on the public. That's the kind of thing. Surveys cost money, so I think the statistician general would, like every other Cabinet officer, have to first justify his budget to OMB and, second, justify it to the Congress. So I think that you're really taking a lot of coordination efforts that are directed specifically at statistical agencies and putting them in this, but you've still got the checks and balances, I think, outside, so I think you could eliminate that office in OMB.

In fact, it may seem as though a lot of power is being concentrated in the statistician general, at least from the perspective that I've been presenting this. But I remember when I was at the Bureau of Labor Statistics in the late 1960's and early 1970's. We used to be called upon at the highest levels of government to give our advice on the statistics we were producing. What did they mean? Much in the same way that Claus Moser used to go to Winston Churchill. Thanks for putting me up—for letting me put myself there, Chuck. [Laughter.]

But that has a great advantage for a statistician because you have an opportunity not only to explain your statistics, but it sort of helps the policymaker understand their importance and can have a favorable impact on getting support for your program.

So I think the statistician general should have a Chief Statistician reporting to him or her and that he, in turn, should report at very high level in government where his expertise or her expertise, not only as a professional statistician, but an interpreter of what his statistics show. I think that's what that position ought to be about.

Mr. HORN. Well, that's a good suggestion and we will pursue all of your ideas once we're into this mode and, hopefully, this legislation will be moved pretty rapidly. Is there anything else any of you would like to say in terms of the record? Anybody? Made all your pitches? [Laughter.]

Well, we want to thank you very much for coming. There might be a few questions that we send each of you if you don't mind. Please answer them. We'll put them in the record at this point. We're going to keep the record open for a couple of weeks, anyhow, for other people to put their comments in who haven't been able to testify and that would include, of course, minority questions as well as majority questions. I think there's a letter coming from the Office of Management and Budget in 1 week with the administration's position on the legislation, so we also want that one in the record. And we already have put in Mr. Kucinich's opening statement. We have not with Mrs. Maloney and, without objection, that will be put in. Both of them will follow mine and as if read. So, see how we confuse the public? [Laughter.]

We thank you very much for coming. Without this—and the staff I do want to thank on this. It's here somewhere. J. Russell George, the staff director and chief counsel of the Government Management, Information, and Technology Subcommittee; John Hynes, professional staff member; Bob Alloway, to my left, your right, professional staff member working on this hearing; Matthew Ebert, clerk; David Coher, intern; Kamela White, intern; David McMillen, professional staff member for the minority; Earley Green, staff assistant for the minority, and Yon Lupu is our court reporter.

So, with that, we thank you all for all you've done to make this a worthwhile hearing. Thank you very much. We are now in adjournment.

[Whereupon, at 3:40 p.m., the subcommittee adjourned subject to the call of the Chair.]

[Additional information submitted for the hearing record follows:]

STATEMENT FOR THE RECORD
submitted by
FRANKLIN D. RAINES
DIRECTOR
OFFICE OF MANAGEMENT AND BUDGET
to the
SUBCOMMITTEE ON GOVERNMENT MANAGEMENT,
INFORMATION, AND TECHNOLOGY
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT
U.S. HOUSE OF REPRESENTATIVES
APRIL 8, 1998

Thank you for the opportunity to provide for the record the Administration's views on legislation intended to improve the quality of Federal statistics. As we indicated in testimony before this subcommittee in March 1996 and July 1997, we welcome your efforts to enhance the usefulness of the Nation's statistical information.

Our analysis of the proposed legislation is based on the introduced version of S. 1404, the "Federal Statistical System Act of 1997." This legislation would create a Commission to recommend, among other things, how Federal statistical agencies, including the Bureau of the Census, the Bureau of Economic Analysis, and the Bureau of Labor Statistics, should be consolidated into a single agency, and would establish uniform confidentiality protections and encourage sharing of data among Federal statistical agencies exclusively for statistical purposes. The Administration strongly supports Title II of the bill, subject to technical amendments, but has serious concerns with Title I for the reasons that are described below.

Title II of S. 1404, "Efficiency and Confidentiality of Federal Statistical Systems," resembles in large measure the Administration's "Statistical Confidentiality Act," which previously was transmitted to the Congress by the Office of Management and Budget in April of 1996 and June of 1997, and introduced by Chairman Horn and then Ranking Member Maloney as H.R. 3924. The provisions of this legislation would permit a more efficient division of labor for building and maintaining statistical tools such as large list and area sampling frames; lower costs

and improved coordination for information on particular segments of the economy and society such as educational institutions, health care providers, and agricultural establishments; sample selection services to reduce duplicative expenditures in many agencies; new approaches to resolve errors in macroeconomic statistics; and coordination of sample selection across agencies to limit the total burden that falls on any one household or business establishment. In short, these provisions will allow the Statistical Data Centers designated in the legislation and other statistical agencies working with them to share both expertise and data resources to improve the quality and reduce the burden of statistical programs while preserving data confidentiality. Moreover, these provisions will permit the components of the Federal statistical system to manage their data as if they were a single, functionally integrated agency. Most importantly, these measures will improve the performance and the effectiveness of the Federal statistical system no matter how it is organized -- now or in the future. To ensure that Title II will meet our shared expectations, a few amendments that are technical in nature (presented in the attachment to this statement) are critical. With these amendments, we fully and enthusiastically support this aspect of the legislation.

Title I of S. 1404, "Federal Commission on Statistical Policy," focuses extensively (though by no means exclusively) on issues related to consolidating or reorganizing agencies of the Federal statistical system. As stated in our previous testimony, we believe that considerable advances are being made in the statistical system, and are not persuaded that a reorganization of agencies is necessary to accomplish our mutual goals. For example, the President's FY 1999 budget proposes carefully targeted funding increases to improve the timeliness and accuracy of key indicators including the Consumer Price Index, Gross Domestic Product, and measures of income and poverty. We do, of course, welcome the interest of the Congress in strengthening and improving the quality and utility of Federal statistics, and in reducing duplication in the collection of information for statistical purposes. Indeed, under the auspices of the congressionally-mandated Interagency Council on Statistical Policy, the Federal statistical agencies continue to engage in numerous collaborative activities, such as the introduction of FEDSTATS and the North American Industry Classification System. Coordination of priorities for program funding and implementation has grown substantially even as the agencies have remained organizationally linked to the principal users of their products. In carrying out their responsibilities, the agencies

aggressively seek advice from the many communities within and outside government that use Federal statistics.

We have several serious concerns with respect to the provisions of S.1404 related to the duties and the establishment of the proposed Commission and cannot support Title I until those concerns are satisfactorily addressed.

With respect to the duties of the Commission, the legislation appears to jump to the question of how to consolidate statistical agencies without full consideration of the question of whether consolidation is desirable. The exclusive focus of the legislation to be recommended by the Commission appears to pre-judge the outcome and preclude consideration of recommending alternative policies. This provision is particularly objectionable in light of the proposed fast-track provisions that would constrain congressional debate and amendments on consolidation legislation and largely delegate to the Commission -- without a meaningful role for the Executive Branch -- full authority to reorganize statistical agencies and programs.

While the Administration defers to the Congress on its rules for consideration of legislation, we are troubled by the absence of any role for the Executive Branch in the formulation of proposed legislation by the Commission. We must object to the practical effect of these provisions that preclude any substantive amendments to the Commission's legislation, including those the Administration might seek. The legislation must not effectively preclude congressional consideration of recommendations of the Administration for potential improvements that concern the establishment of an entity in the Executive Branch. Moreover, we believe that the provisions of this bill break with the traditional limited use of fast-track consideration for legislation. We believe that an undesirable precedent would be set by giving fast-track authority to the Commission's proposed legislation.

With respect to the establishment of the Commission, we have a number of concerns related to the appointment of members. Most important, the prescriptive provisions relating to Commission member appointments that delimit the range of eligible appointees and establish consultation and time requirements infringe on the prerogatives of the President. Moreover, while we recognize the intent in ensuring that Commission members have experience relating to the Bureau of the Census, the Bureau of Economic Analysis, or the Bureau of Labor Statistics, the responsibility to consider whether the functions of other agencies that carry out statistical

programs should be consolidated makes it imperative that a broader range of experience with Federal statistics be represented.

Finally, we have reservations about the process for appointing members to the Commission, particularly if it is to have permanent functions that encompass nominating personnel to serve in the Federal Statistical Service, examining methodology involved in producing official data, and recommending standards of accuracy for Federal statistics. The political nature of the appointments, coupled with permanent functions that would entail evaluations of data used to administer Federal laws and programs, seems directly at odds with the Principles and Practices for a Federal Statistical Agency promulgated by the National Academy of Sciences' National Research Council. These principles state, in part, "To be credible, a statistical agency must clearly be impartial. It must avoid even the appearance that its collection and reporting of data might be manipulated for political purposes or that individually identifiable data might be turned over for administrative, regulatory, or enforcement purposes."

We appreciate the opportunity to provide these views as the Subcommittee considers refinements to the legislation, and look forward to working with the Subcommittee on achieving our shared goal of improving the quality, utility, and efficiency of our Nation's statistical resources.

Attachment

Technical Amendments to S. 1404 - Title II

To achieve the benefits that the Administration and the Congress anticipate from enacting legislation to “provide uniform safeguards for the confidentiality of information acquired for exclusively statistical purposes and to improve the efficiency of Federal statistical programs and the quality of Federal statistics by permitting limited sharing of records among designated agencies for statistical purposes under strong safeguards,” it is imperative that Title II of the legislation as currently drafted incorporate the following changes:

The bill must include the conforming amendments outlined in the Administration's Statistical Confidentiality Act. These carefully tailored amendments to existing law are the cornerstone of achieving adequate and uniform confidentiality protections among the proposed Statistical Data Centers. If they are not an integral part of the legislation, there is no guarantee that they would subsequently be enacted. As a result, many of the envisioned data sharing activities could not be undertaken. It may be useful to supplement the conforming amendments with the general language of section 210, thereby enabling further amendment if appropriate.

The provisions concerning agencies that can disclose data to a Statistical Data Center must be revised to authorize any Federal agency to disclose data or information to one or more Statistical Data Centers. The limited listing of particular Departments in section 206 (a), seemingly the unintended consequence of modifications to an earlier draft, is unnecessary and would severely limit the anticipated scope of data sharing agreements. Subject to the restrictions of the following section [206 (b)], any agency should be authorized to disclose information to a Statistical Data Center for exclusively statistical purposes.

The definitions of terms should consistently use the construct “individuals and organizations” when referring to “identifiable form,” “respondents,” and “statistical purpose.” References to “individual” or “person” [see section 202 (3), (5), and (7)] could exclude some

establishments, thereby significantly diminishing the coverage and attendant value of the legislation.

There appear to be a few additional inadvertent drafting errors that introduce unintended consequences. For example, in section 206 (b) (5) concerning limitations on disclosure, the words “by that Center” should be inserted in the first line following the word “disclosed.” This provision is intended to prevent redisclosure of data in identifiable form *by* the Statistical Data Center. As currently stated, it could be misconstrued to prohibit exactly the exchanges intended. In section 207 (a), the cross reference to designated agencies should be to the list in section 203 that lists the Statistical Data Centers, not to section 206 (a), and the term “agency” should be expanded to “agency or unit,” in light of the fact that not all Centers designated meet the definition of “agency.”

We would be pleased to discuss these and a small number of other minor *drafting* points with the Subcommittee staff.

