

August 1995

# STATISTICAL AGENCIES

## Adherence to Guidelines and Coordination of Budgets







United States  
General Accounting Office  
Washington, D.C. 20548

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**General Government Division**

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August 9, 1995

The Honorable John Glenn  
Ranking Minority Member  
Committee on Governmental Affairs  
United States Senate

The Honorable Joseph Lieberman  
United States Senate

This report responds to your request that we use selected guidelines developed by the National Academy of Sciences to evaluate the performance of four statistical agencies—the Bureau of the Census and Economic Analysis in the Department of Commerce, the Bureau of Labor Statistics in the Department of Labor, and the National Center for Health Statistics in the Department of Health and Human Services. The National Academy of Sciences issued these guidelines to describe an effective federal statistical agency and its operation. You also asked that we provide information on the role of the Office of Management and Budget in coordinating and overseeing the statistical activities of those agencies that constitute the federal statistical system.

We are sending copies of this report to the Secretaries of Commerce, Labor, and Health and Human Services; the Directors of the Bureau of the Census, Bureau of Economic Analysis, and the National Center for Health Statistics; the Commissioner of Labor Statistics; the Director of the Office of Management and Budget; and other interested parties. Copies will also be made available to others on request.

If you have any questions concerning this report, please call me on (202) 512-8676. Major contributors to this report are listed in appendix II.

A handwritten signature in cursive script that reads 'L. Nye Stevens'.

L. Nye Stevens  
Director, Federal Management  
and Workforce Issues

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# Executive Summary

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## Purpose

The former Chairman of the Senate Committee on Governmental Affairs and the former Chairman of its former Subcommittee on Regulation and Government Information asked GAO to evaluate certain aspects of the performance of four major statistical agencies—the Bureau of the Census, the Bureau of Labor Statistics (BLS), the Bureau of Economic Analysis (BEA), and the National Center for Health Statistics (NCHS)—using selected guidelines developed by the National Academy of Sciences (NAS). The requesters also asked GAO to provide information on the activities of the Office of Management and Budget (OMB) to coordinate and oversee the statistical activities of the agencies that constitute the federal statistical system.

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## Background

Seventy-two federal agencies each requested at least \$500,000 in fiscal year 1995 for statistical activities and constitute the federal statistical system. Together these agencies requested a total of about \$2.6 billion in direct funding in fiscal year 1995 for statistical activities, such as data collection and dissemination. Census, BLS, BEA, and NCHS represent a cross section of the major agencies of the federal statistical system and accounted for nearly 30 percent (\$752 million) of the requested federal budget for statistical activities in fiscal year 1995. Census publishes a wide variety of data about the people and the economy of the nation, including the decennial, economic, and agricultural censuses. BLS provides data on the U.S. workforce, prices, and consumer expenditures. BEA primarily analyzes data collected by other agencies in order to prepare the nation's economic accounts, such as the gross domestic product. NCHS specializes in data on the U.S. population's health status, lifestyle, and exposure to unhealthful influences. OMB is responsible for coordinating the budgets and activities of the agencies in the federal statistical system and issues an annual report summarizing federal statistical activities for agencies with funding levels of \$500,000 or more for such activities.

In 1992, NAS published a report that outlined 11 guidelines that federal statistical agencies should follow to operate effectively. GAO used seven of these guidelines that GAO regarded as the most susceptible to objective assessment to evaluate the four agencies. These guidelines called for statistical agencies to (1) have clearly defined and well-accepted missions, (2) cooperate with data users, (3) have established procedures for the fair treatment of data providers, (4) be open about the data provided to users, (5) widely disseminate the data, (6) coordinate with other statistical agencies, and (7) have a strong measure of independence.

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## Results in Brief

The four agencies adhered, with only minor exceptions, to five of the seven NAS guidelines GAO used in its review. In general, each agency had a clearly defined and well-accepted mission statement, cooperated with data users by soliciting their views on data quality, exhibited fair treatment of data providers, openly described all aspects of its data to users, and widely disseminated the data it produced.

However, the four agencies did not or could not adhere to all aspects of two of the guidelines. First, although all of the agencies had procedures in place to protect their independence from political interference, individual agencies had not always sufficiently communicated these procedures to data users. For instance, data users had questioned the integrity of BEA estimates of first quarter 1991 Gross Domestic Product, although GAO found no evidence that this integrity was actually compromised. Second, the four agencies' coordination with other federal statistical agencies has been limited by statutes intended to protect the confidentiality of data providers.

OMB is charged with ensuring that the activities of the statistical agencies are in line with federal statistical policy by coordinating agency budget requests and interagency groups working on statistical issues, issuing statistical standards, and reviewing agency requests to collect information. Currently, OMB's Statistical Policy Branch prepares a summary report of the budgets that statistical agencies submit to Congress. Many observers have commented, however, that the Branch does not have a staff large enough to do an effective job of coordinating federal statistical policy. OMB officials acknowledged that resources for federal statistical activities could be allocated more effectively if OMB changed its formal process for reviewing statistical agency budgets. OMB is currently considering changes to strengthen this process.

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## GAO's Analysis

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### The Four Agencies Generally Followed Most Guidelines

GAO's analysis of documentation provided by the four agencies showed that each generally followed five of the seven selected NAS guidelines. The documents indicate that each agency

- had a clearly defined and well-accepted mission that had been in effect for a number of years;

- cooperated with data users by soliciting their views on the relevance and usefulness of the data the agency provided;
- established procedures for fair treatment of its data providers, including procedures designed to protect the confidentiality of data providers;
- had procedures for openness with data users to make available a wide range of data products to users and publish information on how the data were prepared; and
- established policies for wide dissemination of data through release, distribution, and preservation of statistical data.

According to the NAS guidelines, it is essential that a statistical agency maintain credibility for itself and for its data and that both must be perceived to be free of political interference and policy advocacy. This can be difficult to achieve. For example, GAO found instances where allegations of political manipulation had been made against BEA, although none of these allegations were substantiated. In a March 1993 report<sup>1</sup> GAO noted that a collection of articles that appeared in the press from October 1991 through November 1992 alleged that BEA had manipulated its first quarter gross domestic product estimates for political purposes. The report concluded that the allegations were not substantiated and recommended actions to avoid such allegations in the future. In response, BEA adopted a “Strategy to Improve the Perceived Integrity of BEA’s Estimates,” which calls for greater communication about BEA’s procedures and safeguards to protect the integrity of its statistical data.

The NAS guidelines also stress the importance of federal statistical agencies’ coordinating with each other as well as with state and local statistical agencies. In addition, the NAS guidelines state that statistical agencies are more effective and efficient when they are able to make use of other agencies’ data and administrative records. However, GAO found that the ability of federal agencies to share data for purely statistical uses was impeded by laws and regulations intended to protect the confidentiality of data providers. For example, agencies that paid Census to collect data for them at times had only limited access to the data because of confidentiality laws. OMB and several statistical agencies have been exploring legislative options that would allow agencies to share data for statistical purposes, and the National Performance Review has made a recommendation on the subject with which GAO generally agrees. GAO found that each of the four agencies cooperated with state and local

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<sup>1</sup>See *Gross Domestic Product: No Evidence of Manipulation in First Quarter 1991 Estimates* (GAO/GGD-93-58, Mar. 10, 1993).

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governments to the extent necessary to obtain the subnational data they needed.

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## OMB Is Responsible for the Coordination of the Federal Statistical System Budget

Because so many federal agencies are involved in producing statistics, coordination of their activities is essential for the effective and efficient implementation of federal statistical programs. The Paperwork Reduction Act of 1980 assigned OMB the responsibility for coordinating federal statistical policy. The act specifically directed OMB to review statistical agencies' budget submissions to ensure that federal statistical activities are coordinated. At the time of GAO's review, OMB had assigned five professional staff to its Statistical Policy Branch, which is responsible for reviewing agencies' budgets as well as other policy and coordination functions. Published studies of OMB's role in coordinating the federal statistical system have noted that a staff of five is not sufficient to do the detailed budget reviews necessary to ensure the coordination of federal statistical policy. The Branch currently prepares a summary report of the statistical budgets of individual agencies as submitted in the President's budget to Congress. Since the Branch was established, it has issued the report after Congress has started to determine the agencies' budgets.

OMB officials acknowledged that resources for federal statistical activities could be more effectively allocated if OMB changed its formal process for reviewing agency budget requests to ensure that the requests are more in line with governmentwide statistical system priorities. OMB is in the midst of strengthening the process for reviewing statistical agency budgets.

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## Recommendations

GAO is not making any recommendations in this report.

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## Agency Comments

BLS, NCHS, and OMB provided comments and the Department of Commerce offered comments from Census and BEA on a draft of this report. Most of the comments were suggestions for technical clarifications and corrections, which have been incorporated as appropriate. BEA asked that GAO note that the statistical agencies play an active role in enhancing data sharing among themselves and that BEA has been actively soliciting input from users as it reviews the performance of its economic accounts. GAO revised the report to include discussions of statistical agency data sharing and BEA's review of its economic accounts. OMB said the draft did not adequately reflect the full extent of its coordination of the federal

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statistical system. GAO expanded its discussion of OMB's statistical budget and policy coordination functions.

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Abbreviations

BEA	Bureau of Economic Analysis
BLS	Bureau of Labor Statistics
CNSTAT	Committee on National Statistics
CPI	consumer price index
CRS	Congressional Research Service
GDP	gross domestic product
NAS	National Academy of Sciences
NCHS	National Center for Health Statistics
NPR	National Performance Review
OIRA	Office of Information and Regulatory Affairs
OMB	Office of Management and Budget

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# Introduction

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Because of the federal statistical system's decentralized structure, the collection and issuance of statistical information depends on the effective performance of many separate statistical agencies and programs. The former Chairman of the Senate Committee on Governmental Affairs and the former Chairman of its Subcommittee on Regulation and Government Information asked us to (1) evaluate the performance of four prominent federal statistical agencies using guidelines developed by the National Academy of Sciences (NAS)<sup>1</sup> and (2) provide information on the role of the Office of Management and Budget (OMB) to coordinate and oversee the statistical activities of the agencies that constitute the federal statistical system. The four agencies were the Bureau of the Census and the Bureau of Economic Analysis (BEA) within the Department of Commerce, the Bureau of Labor Statistics (BLS) within the Department of Labor, and the National Center for Health Statistics (NCHS) within the Department of Health and Human Services.

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## BLS, Census, BEA, and NCHS Are Part of the Federal Statistical System

The federal statistical system is not a system in the ordinary sense but rather a designation for the numerous government agencies that collect, process, analyze, and use quantitative data. Few federal agencies have data collection as their sole or primary mission, but OMB in its annual report identifies agencies as conducting statistical activities when they devote \$500,000 or more of their annual budgets to such activities.<sup>2</sup> If this criterion is used for definition, the agencies in the federal statistical system could change from year to year, although the list is quite stable over time. For fiscal year 1995, 72 agencies met or exceeded the \$500,000 budget level. Although the majority of these agencies produce statistical information on a particular subject as a byproduct of their administrative, regulatory, or operating responsibilities, several agencies have the production of statistical information as their principal mission.

Some federal statistics are used by persons with varying information needs; such statistics are frequently called general-purpose statistics. Other statistics are special purpose in character and deal with one subject matter (e.g., education or transportation); they focus on a particular function of government and are primarily designed to aid program

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<sup>1</sup>By agreement with the Committee, we used NAS' report, *Principles and Practices for a Federal Statistical Agency* (Washington, D.C.: 1992), as the source of our criteria for evaluating the four agencies' performance.

<sup>2</sup>See *Statistical Programs of the United States Government: Fiscal Year 1995*, OMB, Annual Report of the Statistical Policy Branch (Washington, D.C.: 1995). Statistical activities include the development and implementation of procedures and methods for collecting statistics; the classification, presentation, and dissemination of statistics; and the administration of statistical programs.

administrators and policymakers. The bulk of these other statistics relate to specific federal programs and are essentially a byproduct of the agencies' administration or monitoring of these activities.

The four agencies whose conformance with the selected NAS guidelines we evaluated are major, well-recognized multipurpose agencies<sup>3</sup> of the federal statistical system. Census tabulates and publishes a wide variety of data about the people and the economy of the nation. These data include the Decennial Census of Population and Housing, the economic and agricultural censuses, and data on U.S. merchandise trade. BLS collects, processes, analyzes, and disseminates data on employment, unemployment, characteristics of employment and employees, and prices and consumer expenditures.

BEA is a research-oriented statistical agency that prepares, develops, interprets, and publishes the U.S. economic accounts. BEA integrates large volumes of monthly, quarterly, and annual economic data—ranging from construction spending to retail sales—produced by other government agencies and trade sources to produce a complete and consistent picture of the national economy and its international and regional dimensions.<sup>4</sup>

NCHS specializes in health statistics, including vital statistics from marriage, birth, and death certificates. It collects, analyzes, disseminates, and carries out research on the U.S. population's health status, lifestyles, and exposure to unhealthful influences.

Although Census, BLS, BEA, and NCHS are responsible for a large portion of the statistics produced by the federal government, they are only 4 of the 72 agencies that constitute the federal statistical system. For example, NCHS is not the only agency that collects health statistics. Within the Department of Health and Human Services, 13 agencies collect health statistics. The largest of these are the National Institutes of Health and NCHS' parent organization, the Centers for Disease Control and Prevention. OMB's Statistical Policy Branch is responsible for coordinating the activities of the 72 statistical agencies by reviewing agency budget requests, issuing statistical standards, facilitating interagency working groups, and

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<sup>3</sup>The NAS report defines a federal statistical agency as a unit of the federal government whose principal function is to compile and analyze data and to disseminate information for statistical purposes.

<sup>4</sup>In December 1991, the Department of Commerce began to use gross domestic product (GDP) as the primary measure of economic performance, rather than the previous gross national product measure. GDP measures the economic performance of all individuals and firms located in the United States. The balance of payments is the statistical summary of all of the country's international transactions.

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reviewing agency information requests. Appendix I lists by department the names of the 72 agencies in the federal statistical system that are expected to spend at least \$500,000 on statistical activities in fiscal year 1995.

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## The Importance of Statistics Issued by Census, BEA, BLS, and NCHS

Since the earliest days of the United States, statistics have been collected and used to describe various facets of the national economy and population. The Constitution, notably, mandates a decennial census to count the population. Government policy and private decisions depend on the availability of accurate and timely information. In addition, federal, state, and local governments rely on statistical information to administer programs under their jurisdictions. Census, BEA, BLS, and NCHS are responsible for many of the statistics used by policymakers and those who administer federal programs.

The statistical activities of these four agencies influence policymakers in their formulation of national policies. For example, statistics are fundamental to the federal government's efforts to allocate its annual budget. Federal income tax brackets and some benefit payments, for instance, are adjusted to mitigate the effects of inflation.<sup>5</sup> Statistics are also an important part of many presidential messages and reports. For example, the annual Economic Report of the President contains extensive statistical appendixes, and many of the policies and programs discussed in the report are based on a statistical foundation provided by the four agencies discussed in this report.<sup>6</sup> In addition, Census' Decennial Census of Population and Housing is the basis on which representation in Congress is apportioned among the states.

The uses of federal statistics extend beyond the government. Decennial census data are used widely by businesses and the media to examine social trends. Much of the news on the business and financial pages of the daily press comes from the release of statistics by BEA, BLS, and Census. Business analysts regularly use statistics of economic conditions when planning investments and operations in their own businesses. Labor organizations and management use statistics on earnings, hours, employment, and prices in their collective bargaining negotiations. BLS' consumer price index (CPI), which measures the change in the prices of a uniform "market basket" of goods and services, is widely used as the

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<sup>5</sup>See Economic Statistics: Measurement Problems Can Affect the Budget and Economic Policymaking (GAO/GGD-95-99, May 2, 1995).

<sup>6</sup>See Economic Report of the President, prepared by the Council of Economic Advisers (Washington, D.C.: 1995).

measure for “escalator clauses” in contracts. In employment contracts, for example, such a clause might tie increases in wages and pensions to the CPI to keep employee or retiree earnings in line with inflation.

The administration and Congress use statistics produced by these four agencies as a basis for measuring the results of government programs. Some data series are built directly into the administration of programs such as BLS’ inflation and Census’ poverty indexes. For example, if the CPI overstated inflation by as little as 0.2 percentage points annually from 1995 through 1999, an estimated \$19.1 billion would be added to the deficit over that 5-year period, according to OMB estimates.<sup>7</sup> In addition, current defense industry contracts amounting to \$90 billion include a purchases and sales component that is adjusted by BLS’ producer price index. And BEA, BLS, and Census produce local area unemployment, income, and poverty statistics that are important components of formula programs that allocate billions of dollars of federal funds to state and local governments.

The statistics that NCHS produces and disseminates offer many indicators of the health of the nation’s population. From a public policy perspective, NCHS data are critical in the government’s monitoring of cost and delivery of health care. The use of these data in research also helps to bring about improvements in the prevention or treatment of diseases. Because data are usually published from each NCHS information system separately, the wide range of NCHS’ data is sometimes not apparent. NCHS’ data systems are used to obtain information from individuals, health care providers, and vital records, such as birth, death, and marriage certificates; the data systems are useful in studying public health.

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## Federal Budget Resources Devoted to Statistical Activities

According to OMB, the 72 agencies that had budgets of \$500,000 or more for statistical activities requested an estimated total of \$2.6 billion in direct funding for statistical activities in fiscal year 1995. Many of these agencies also received reimbursements from other federal agencies, state and local governments, and the private sector to perform requested statistical activities. Of the requested funding for the 72 agencies combined, the 4 agencies’ share of direct funding was about \$752 million (29.4 percent). Table 1.1 shows the share that each of the four agencies requested for statistical funding.

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<sup>7</sup>See GAO/GGD-95-99, May 2, 1995.

**Table 1.1: Total Requested Funding for the Four Statistical Agencies and All Agencies in the Federal Statistical System for Fiscal Year 1995**

Dollars in millions				
Federal statistical agency	1995 direct funding <sup>a</sup>	Percent of total direct funding for governmentwide statistical activities	1995 total funding <sup>a</sup>	
Census Bureau	\$309.2	12.1%	\$463.2	
Bureau of Labor Statistics	310.8	12.2	381.5 <sup>b</sup>	
National Center for Health Statistics	83.4	3.3	100.6	
Bureau of Economic Analysis	48.6	1.9	49.4	
Total four agencies	\$752.0	29.4%		<sup>d</sup>
Total other agencies <sup>c</sup>	1,804.7	70.6		<sup>d</sup>
Total federal statistical system	\$2,556.7	100.0%		<sup>d</sup>

<sup>a</sup>Direct funding is from budget requests, and total funding is from budget requests plus reimbursable and other funding provided by other sources to perform statistical activities.

<sup>b</sup>Includes \$56.3 million BLS receives in Treasury trust funds for state cooperative agreements.

<sup>c</sup>Includes the 68 other federal agencies that have budgets of \$500,000 or more for statistical activities.

<sup>d</sup>Cumulative direct and total funding is subject to double counting (e.g., BLS receives direct funding it in turn pays to Census, where it is recorded as reimbursable funding); therefore, the totals are not meaningful.

Source: OMB data.

## National Academy of Sciences' Guidelines

The Committee on National Statistics (CNSTAT) of NAS developed guidelines that it believed were essential for the operation of federal agencies that conduct statistical activities.<sup>8</sup> CNSTAT is composed of professionals in the statistical field who have no direct relationship with the federal government. Since its founding, CNSTAT has concentrated on reviewing federal statistics on a selective basis. It also prepares reports on special studies that are intended to improve the effectiveness of the federal statistical system. Considering the diversity of the agencies that make up the federal statistical system, it is difficult to devise standards against which to measure the agencies' performance. However, CNSTAT developed

<sup>8</sup>NAS is a private, nonprofit society of scholars established by Congress in 1863 to advise the federal government on scientific and technical matters. NAS organized the National Research Council in 1916 to combine the broad community of science and technology with NAS' purposes of furthering scientific knowledge and providing information to the federal government.

guidelines that it believes are essential for the efficient operation of federal agencies that conduct statistical activities.

NAS issued a CNSTAT report in 1992 entitled Principles and Practices for a Federal Statistical Agency. CNSTAT prepared this report partially in response to requests for advice from congressional and executive officials proposing the creation of new statistical agencies, such as a Bureau of Environmental Statistics and a Bureau of Transportation Statistics.<sup>9</sup> These officials were interested in CNSTAT's views on what constitutes an effective federal statistical agency. CNSTAT also prepared the report because it was concerned that federal statistical agencies might sometimes not meet what it considered acceptable professional standards.

In the NAS report, CNSTAT outlined guidelines that it believes should be followed by federal statistical agencies. According to NAS, the guidelines contain principles and practices that are statements of "best practices," rather than legal requirements or scientific rules. The guidelines, however, were intended to be consistent with current laws and statistical theory and practice.

In the report, CNSTAT discussed the following three principles it found to be essential for the effective operation of a federal statistical agency. According to these principles, a federal statistical agency should

- be in a position to provide information that is relevant to issues of public policy,
- have a relationship of mutual respect and trust with those who use its data and information, and
- have a relationship of mutual respect and trust with respondents who provide data and with all data subjects from which it obtains information.

In the report, CNSTAT also discussed the following 11 guidelines it found to be essential for the effective operation of a federal statistical agency. These guidelines are intended as specific applications of the three broad principles. According to these guidelines, a federal statistical agency needs

- a clearly defined and well-accepted mission,
- cooperation with data users by soliciting their views on data quality,
- established procedures for the fair treatment of data providers,
- openness about the data provided to users,

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<sup>9</sup>The proposed legislation for the creation of the Bureau of Environmental Statistics was not enacted. The Bureau of Transportation Statistics was established in 1991 by P.L. 102-240.

- coordination with other statistical agencies,
- a wide dissemination of data,
- a strong measure of independence,
- commitment to quality and professional standards,
- an active research program,
- professional advancement of staff, and
- caution in conducting nonstatistical activities.

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## Objectives, Scope, and Methodology

We undertook this review at the request of the former Chairman of the Senate Committee on Governmental Affairs and the former Chairman of its former Subcommittee on Regulation and Government Information. To evaluate the four agencies' performance, we compared their activities to the seven NAS guidelines for the effective operation of a federal statistical agency that we regarded as the most susceptible to objective assessment. We did not include the other four NAS guidelines that are of a more subjective nature. The original request for this review specified evaluating Census, BLS, and NCHS. With the agreement of the requesters, we added BEA to the review because of its key responsibilities for providing economic data. The requesters also asked us to provide information on OMB's role in coordinating and overseeing the statistical activities of those agencies that constitute the federal statistical system.

Our first objective was to determine to what extent the four statistical agencies followed the seven NAS guidelines that we used for comparison. Specifically, we examined whether the four agencies (1) had clearly defined and well-accepted missions, (2) cooperated with data users, (3) had established procedures for the fair treatment of data providers, (4) were open about the data provided to users, (5) widely disseminated the data, (6) coordinated with other statistical agencies, and (7) had a strong measure of independence. To understand the context for these guidelines, we interviewed CNSTAT officials to document the procedures they used in preparing and issuing the guidelines. We also interviewed executive branch officials and other knowledgeable experts about the NAS guidelines; reviewed relevant literature, such as other NAS publications and reports about the federal statistical system; and compared the NAS guidelines to comparable international guidelines for statistical agencies.

To determine agency compliance with the selected NAS guidelines, we interviewed officials from each of the four agencies and OMB and asked them to provide documents to demonstrate their compliance. These documents included information on missions, activities, and resource

history; legal basis for agency organization and operations; data dissemination; cooperation with data users; and coordination/contacts with other governmental organizations and professional societies. In general, our criterion for compliance with a guideline was whether agencies had such documentation. We relied upon interviews and other sources of data to ensure that we adequately understood the context of this documentation. The agencies also provided us with background briefing books, descriptions of statistical programs and publications, agency orders and operational procedures, budget documents, and other documentation. We attended meetings of selected agency advisory committees and boards, meetings with independent groups, and agency-sponsored user conferences. We also met with key agency officials to discuss their programs and policies in the context of the selected guidelines. For example, to determine if the agencies had clearly defined and well-accepted missions, we discussed with agency officials the process by which the mission statements were developed (i.e., through planning conferences or other means) and compared the mission statements to authorizing legislation and agency activities to carry out their statistical missions.

Our second objective was to provide information on OMB's role in coordinating and overseeing the statistical activities of those agencies that constitute the federal statistical system. To do so, we reviewed the requirements contained in the Paperwork Reduction Act for OMB's responsibilities to coordinate the federal statistical system. We also reviewed published studies on organization and coordination of the federal statistical system. In agreement with the requesters, we predominantly focused on OMB's role in coordinating federal statistical agencies' budgets and did not address the other aspects of OMB's role, such as assessing the quality of statistical data, statistical standards, and paperwork reduction. We reviewed OMB's annual reports on statistical activities of the U.S. government and the four agencies' budget submissions for fiscal years 1983 to 1995. We met with officials from OMB's Statistical Policy Branch, which is responsible for coordinating the budgets and policies of the federal statistical system, to discuss the Branch's budget coordination mission and the resources it has to carry out this mission.

We did our work between June 1992 and February 1995 in Washington, D.C., in accordance with generally accepted government auditing standards.

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## Agency Comments and Our Evaluation

The Department of Commerce, BLS, NCHS, and OMB provided comments on a draft of this report. Commerce's written comments incorporated comments from BEA and Census. All of Census' and most of BEA's comments were suggestions for technical clarifications and corrections, and we have incorporated these suggestions where appropriate. BEA said that our report underscores the efforts statistical agencies have made to operate effectively and to maintain user confidence in the data they produce. BEA also noted that it agrees in principle with the NAS guidelines and the way we applied them to the statistical agencies. BEA expressed its appreciation for our portrayal of how it handled the integrity issues involving previous GDP estimates. BEA also cited two issues that it believed needed to be clarified in the report. First, BEA thought that we portrayed the statistical agencies as passive participants in efforts to enhance data sharing among themselves. This was not our intention, and we have revised the report on page 27 to acknowledge an interagency task force that was formed to develop proposals for enhanced data sharing. The second issue raised by BEA involved our discussion of its efforts to get input from data users. BEA felt we should have mentioned its Mid-Decade Strategic Review and Plan, which is intended to maintain and review the performance of BEA's economic accounts. According to BEA, this review includes seeking user input on how the accounts can be improved. We have revised the report on page 21 to include a discussion of the mid-decade review and plan.

On June 7, 1995, we met with the Chief Statistician and a senior economist in OMB's Office of Information and Regulatory Affairs. The officials generally agreed with our evaluation of the four agencies' adherence to the selected NAS guidelines. However, the officials said that our report appeared to indicate that coordination among the statistical agencies is limited to their data-sharing arrangements. The officials noted that the agencies coordinate in many ways, including through working groups on statistical standards, survey design, and data collection. We did not intend to convey the impression that agency coordination is limited to data sharing, and we have revised the report on page 27 to clarify the extent of coordination among statistical agencies.

The OMB officials also said that the draft did not adequately reflect the full extent of the coordination activities performed by OMB's Statistical Policy Branch. We have revised the report on pages 43 to 45 to reflect the description of the Branch's budget coordination function, which includes working with the major statistical agencies and the OMB program examiners assigned to them to coordinate the statistical budgets of these

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agencies. The officials also said that the draft did not adequately describe the Branch's role in the coordination of federal statistical policy. We agree that the Branch plays an important role in the coordination of federal statistical policy, but our report focused on its budget coordination function. However, we have revised the report on pages 17, 18, and 43 to clarify that the Branch has other responsibilities in addition to budget coordination. The officials also offered suggestions for technical corrections and clarifications, which we have incorporated where appropriate.

BLS and NCHS provided oral comments on the draft report. On June 5, 1995, we met at BLS with the Chief, Division of Management Functions and the Chief, Division of Financial Planning and Management. The officials made suggestions for technical corrections and clarifications, which we have incorporated. On June 6, we spoke with the Chief of NCHS' Planning, Budget and Legislative staff, who also made suggestions for technical corrections and clarifications, and these have also been incorporated.

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# The Four Agencies Generally Followed Selected Guidelines, With Some Exceptions

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The four agencies adhered to five of the seven selected guidelines with only minor exceptions. The agencies (1) had clearly defined and well-accepted mission statements, (2) cooperated with data users by soliciting their views on data quality, (3) treated data providers fairly, (4) openly described all aspects of their data to users, and (5) widely disseminated the data they produced.

However, we found that the agencies did not or could not meet all aspects of the other two guidelines, which involved the agencies' coordination with other statistical agencies and their measure of independence. First, although the agencies coordinated to some extent with other statistical agencies, their coordination was limited by data provider confidentiality statutes, and initiatives to modify the limitations through legislative change have not yet succeeded. Second, the agencies themselves were generally politically independent, but we have reported on one instance when a statistical agency—BEA—had not been successful in conveying this independence to data users, judging by allegations of political interference in their work. In a March 1993 report<sup>1</sup> GAO noted that a collection of articles that appeared in the press from October 1991 through November 1992 alleged that BEA had manipulated its first quarter gross domestic product estimates for political purposes. The report concluded that the allegations were not substantiated and recommended actions to avoid such allegations in the future. Following our recommendation, BEA has formulated a strategy to counter misperceptions on the matter of its independence.

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## A Clearly Defined and Well-Accepted Mission

According to the NAS guidelines, a statistical agency should have “a clearly defined and well-accepted mission.” The guidelines note that an agency’s mission should be spelled out in legislation and used in implementing its regulations so that there is “a clear understanding of the mission of an agency, the scope of its program, and its authority and responsibilities.” The NAS guideline on mission further states:

“An agency’s mission should include responsibility for assessing needs for information and determining sources of data, measurement methods, and efficient methods of collection and ensuring the public availability of needed data, including, if necessary, the establishment of a data collection program.”

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<sup>1</sup>See *Gross Domestic Product: No Evidence of Manipulation in First Quarter 1991 Estimates* (GAO/GGD-93-58, Mar. 10, 1993).

Each agency provided us with statements that described the mission of the agency, the scope of its program, and its authority and responsibilities. In addition, officials from each agency described the process by which the mission statements were developed (e.g., through planning conferences). We found some mission statements contained in legislation; others were issued by the agencies administratively, which is permissible under the NAS guidelines for agencies that have only very general legislative authority. Implementing regulations and official publication releases also mentioned the missions of the four agencies. All of these agencies had mission statements that had been in effect for a number of years.

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## Cooperation With Data Users

The NAS guideline states:

“A statistics agency should consult with a broad spectrum of users of its data in order to make its products more useful. It should:

—seek advice on data concepts, methods, and products in a variety of formal and informal ways, from data users as well as from professional and technical subject-matter experts.

—seek advice from external groups on its statistical program as a whole, on setting statistical priorities, and on the statistical methodologies it uses.

—endeavor to meet the needs for access to data while maintaining appropriate safeguards for the confidentiality of individual responses.

—exercise care to make its data equally accessible to all potential users.”

We found each of the four agencies had policies for requesting and receiving feedback from data users, including other statistical agencies, by a variety of means. The agencies also cooperated with data users by maintaining appropriate confidentiality safeguards of respondents and making data available to all potential users.

Census, BLS, BEA, and NCHS have communicated with data users mainly through formal advisory committees of users and statistical data centers of individual state governments (such as the Census State Data Center network). The agencies have consulted these advisory committees and state government units on issues of users' data needs, including the frequency of surveys, content, geographic level, and type of product. For example, in conducting its Mid-Decade Strategic Review and Plan, BEA publicly reviewed the status of its economic accounts and actively

solicited wide user input—including organizing a well-attended user conference.

In addition to consulting formal advisory groups, all four of the agencies have on occasion contracted with independent groups to receive advice on the agencies' respective methodologies. These contacts also helped make data accessible to all potential users. For example, BLS contracted with the American Statistical Association to conduct an independent review of BLS' downward revision of the March 1991 benchmark for the monthly payroll survey of employment estimates. Also, at the request of NCHS, NAS and the Institute of Medicine convened a panel of experts to evaluate NCHS' plans for the National Health Care Survey.<sup>2</sup> NAS also has convened two ongoing panels of experts, which were formed at congressional and agency request, to advise Census on the data requirements of the 2000 Decennial Census and on possible methodological approaches that Census should take to meet these requirements.

Employees of all four agencies frequently participated in statistical conferences to exchange ideas with researchers and statisticians from other federal agencies, universities, and private sector organizations. In addition, agency employees take part in meetings with various organizations and professional associations, such as CNSTAT, the American Statistical Association, the American Economic Association, the National Association of Business Economists, and other organizations and associations that are relevant to their statistical activities and research.

Census, BLS, and NCHS have regular conferences with cooperating state statistical agencies. On occasion, these three agencies also sponsor user conferences. For example, BLS sponsored user conferences in 1994 concerning the major redesign of the Current Population Survey and NCHS has biennial user conferences. In addition, other forms of contact with data users can include agencies' conducting OMB-approved surveys on specific data measures. Comments from users are also sometimes solicited through a published Federal Register notice.

As we noted in chapter 1, government agencies are extensive users of federal statistics, and the statistical agencies maintain contacts with these users and among themselves as well. For example, OMB chairs monthly meetings with executive branch statistical agency heads to help coordinate agencies' statistical activities.

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<sup>2</sup>See Toward a National Health Care Survey: A Data System for the 21st Century, National Research Council and Institute of Medicine, a report of NAS (Washington, D.C.: 1992).

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## Fair Treatment of Data Providers

The NAS guideline, in part, states:

“To maintain credibility and a relationship of respect and trust with data subjects and other data providers, an agency must observe fair information practices. Such practices include:

- policies and procedures to maintain the confidentiality of individual responses. An agency avoids activities that might lead to a misperception that confidentiality assurances have been breached.
- informing respondents of the conditions of participation in a data collection and the anticipated uses of the information.
- minimizing the contribution of time and effort asked of respondents, consistent with the purposes of the data collection activity.”

We found that all four agencies had laws, regulations, or policies in place to maintain the confidentiality of data providers. The confidentiality provisions of Census, BEA, and NCHS are statutorily based. BLS relies on a commissioner’s order, which is similar in language to a statutory confidentiality provision, to state its treatment of the confidential nature of BLS’ records.

Census is subject by law to strict confidentiality provisions controlling data it collects.<sup>3</sup> The Census Bureau cannot “make any publication whereby the data furnished by any particular establishment or individual under this title can be identified.” The law also provides penalties for inappropriate disclosure of information or for uses other than statistical purposes and restricts access to data to Census employees.

Two statutes contain confidentiality provisions that apply specifically to BEA. The provision in one statute broadly pertains to “any statistical information furnished in confidence” to BEA and provides that the information “shall be held to be confidential, and shall be used only for the statistical purposes for which it was supplied.”<sup>4</sup> The provision of the other statute—the International Investment and Trade Services Survey Act—covers BEA’s direct investment and international services surveys. The provision specifies that the individual company data collected under the act can be used only for analytical and statistical purposes, and it limits access to the data to officials and employees of government agencies that are specifically designated by the president to perform

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<sup>3</sup>See 13 U.S.C. 9.

<sup>4</sup>See 15 U.S.C. 176a.

functions under the act. A 1990 amendment to the act permits BEA to share data with Census and BLS to obtain those agencies' more detailed, establishment-level data for the foreign-owned U.S. enterprises that report to BEA.<sup>5</sup>

NCHS is bound by the Public Health Service Act, as amended. Under the act, no information NCHS obtains in the course of statistical activities may be used for any purpose other than that for which it was supplied, unless authorized under regulations of the Secretary of Health and Human Services.<sup>6</sup>

BLS relies on a commissioner's order to state its treatment of the confidential nature of BLS' records. The order provides specific detail on how data are to be safeguarded. BLS sought legislation in 1990 to codify certain confidentiality protection, but Congress did not act on the legislation.

We did not evaluate the effectiveness of statutory provisions or regulations in maintaining the confidentiality of the four agencies' data providers. However, in 1993 NAS issued a report that dealt with confidentiality issues.<sup>7</sup> The report concluded that opportunities existed for federal agencies to improve data protection without diminishing data access. Specifically, the report noted that unless pledges of confidentiality are backed by legal authority, they provide an inadequate shield against unauthorized administrative uses.

In addition, the four agencies provided us with documentation that shows how they inform respondents of the conditions of participation in agency data collection and the anticipated uses of the data. For example, the agencies print on their questionnaires a notice of the confidential treatment to be accorded the information provided by respondents. The four agencies also attempt to minimize the time and effort asked of respondents by following the processes established by OMB under the Paperwork Reduction Act.<sup>8</sup> Under these processes, OMB must review and approve data collection questionnaires to ensure that the paperwork burden on the public is minimized.

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<sup>5</sup>See 22 U.S.C. 3104 (c); see also 22 U.S.C. 3144.

<sup>6</sup>See 42 U.S.C. 242 m(d).

<sup>7</sup>See *Private Lives and Public Policies: Confidentiality and Accessibility of Government Statistics* (Washington, D.C.: 1993).

<sup>8</sup>P.L. 96-511, see 44 U.S.C. 3501 *et seq.*

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## Openness About the Data Provided

The NAS guideline states:

“An agency should fully describe its data and comment on their relevance to specific major uses. It should describe the methods used, the assumptions made, the limitations of data, the manners by which data linkages are made, and the results of research on the methods and data.”

We found that all four agencies had documentation that established procedures for openness with data users in describing all aspects of the agencies’ data. (We did not verify agency compliance with these documented procedures.) Each agency makes a wide range of statistics and related information available to users and provides publications explaining the types of statistics it produces. Each agency also publishes analyses that include the relevance, methodology, assumptions, and results of the data. For example, monthly publications, such as BEA’s Survey of Current Business and BLS’ Monthly Labor Review, contain statistics and articles that describe how those statistics were compiled as well as the limitations of the data. Each of the four agencies provided us with documentation showing the procedures it is to follow for agency operations and data dissemination, including publication policies, types of data products, and publication and release schedules.

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## Wide Dissemination of Data

According to the NAS guideline:

— Dissemination of data and information (basic series, analytic reports, press releases, public-use tapes) should be timely and public. Avenues of dissemination should be chosen to reach as broad a public as reasonably possible.

— Release of information should not be subject to actual or perceived political interference.

— An agency should have an established publications policy that describes, for a data collection program, the types of reports and other data releases to be made available, the audience to be served, and the frequency of release.

— A policy for the preservation of data should guide what data to retain and how they are to be archived for secondary analysis.”

In its guidelines, NAS included a series of steps that an agency should follow in releasing and preserving the data for which it is responsible. We found that the four agencies have policies in place for data dissemination and preservation that would meet this guideline. However, one aspect of

this guideline indicates that the release of data should be free of political interference. As we discuss in the section on the NAS guideline for statistical agency independence, our previous work<sup>9</sup> indicates that BEA has been subject to unfounded accusations that its data have been politically manipulated.

The four agencies disseminate statistics and information on those statistics to the public. We found that all four generally choose methods of dissemination of information to reach a broad public audience. The processes and management of the distribution of statistical products (e.g., printed, microfiche, film, CD-ROM) are similar for each of the four agencies. All of the agencies have publications that describe the types of reports and other publications on statistical censuses and surveys that are available to the public. The purpose of these publications is also to introduce users to the data systems, to suggest research opportunities, and to indicate how and when data are made available.

Each of these agencies has established orders and policies for the publishing, release, and distribution of statistics. Each agency requires all printed and electronic materials and speeches to be cleared by designated offices (e.g., the Office of Publications and Special Studies in BLS) before their release. The frequency of release of economic statistics for all federal statistical agencies is covered by an OMB directive.

The processes and management regarding policies on archival preservation and records management are also similar for each of the four agencies. Each agency is subject to the standards established by the National Archives and Records Administration and the General Services Administration for records maintenance and the disposition of records through transfer to federal records centers.

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## Coordination With Other Statistical Agencies

This NAS guideline emphasizes the importance of federal statistical agencies' coordinating with each other as well as with state, local, foreign, and international statistical agencies when appropriate.<sup>10</sup> The guidelines indicate that the most important aspect of coordination among federal agencies is the sharing of data. The statistical agencies have been active in

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<sup>9</sup>See GAO/GGD-93-58, March 10, 1993.

<sup>10</sup>Cooperation with foreign and international statistical agencies occurs, for example, when U.S. agencies work with Canada to improve the accuracy of trade statistics or work with the United Nations to standardize international reporting concepts for national accounts. See *Measuring U.S.-Canada Trade: Shifting Trade Winds May Threaten Recent Progress* (GAO/GGD-94-4, Jan. 19, 1994).

recommending and supporting efforts to enhance data sharing. For example, for the past several years, the Statistics 2000 task force—composed of members from the major statistical agencies—has worked with OMB and Congress in developing proposals for enhanced data sharing. However, we found that data sharing among federal agencies was limited by the provisions designed to protect the confidentiality of individual data providers. The guideline also states that federal agencies should, when possible and appropriate, cooperate with state and local statistical agencies in the provision of subnational data. We found that the four agencies cooperated with state and local governments to the extent necessary to obtain the subnational data they needed.

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## Data Sharing Limited by Confidentiality Statutes

According to the NAS guideline:

“Data sharing and statistical uses of administrative records make a statistical agency more effective as well as efficient.”

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 statistics production. For example, Census conducts the Current Population Survey, which is the source of the nation’s monthly unemployment estimates, but BLS calculates and releases these estimates. Decentralization also results in different agencies’ obtaining data from the same source; for instance, both Census and the Department of Agriculture survey farm owners.

However, agency confidentiality provisions discussed earlier that permit data to be seen only by the employees of a single agency present a formidable barrier to meeting the data sharing envisioned by the NAS guideline. In some instances, to comply with confidentiality requirements, agencies must duplicate the work being done by other agencies. For example, the National Agricultural Statistics Service of the Department of Agriculture must compile its own list of farms because it does not have access to the list of farms compiled by Census for conducting the agricultural census. Similarly, other agencies are not allowed access to Census’ Standard Statistical Establishment List for statistical sampling purposes. 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. While BLS and BEA have recently been

allowed more access to these data from the Census Bureau, the problem still exists for other statistical agencies, including NCHS.

Over the past decade, OMB has sought legislative changes that would allow greater sharing of data and information on data sources among agencies, but its efforts have met with little success. 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, 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.

During the Bush administration, OMB drafted legislation that would have permitted disclosure of information to statistical agencies on a case-by-case basis and only for statistical purposes. The legislation was not introduced in Congress.

Some recent laws that established new statistical agencies or data requirements do permit data sharing among federal statistical agencies. The confidentiality provisions of the laws that created the National Agricultural Statistics Service<sup>11</sup> and the National Center for Education Statistics<sup>12</sup> allow these agencies to share their data with other agencies as long as confidentiality is maintained. The National Agricultural Statistics Service, for example, has used its statutory authority to facilitate data exchange agreements with Census. Similarly, to improve the quality of data on foreign direct investment in the United States, the Foreign Direct Investment and International Financial Data Improvements Act of 1990 required BEA and Census to share data and required BEA to provide data to BLS to develop establishment-level information on foreign direct investment in the United States. The act stipulated that the agencies maintain the confidentiality of data providers.

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<sup>11</sup>See 7 U.S.C. 2276.

<sup>12</sup>See 20 U.S.C. 1221e-1.

The National Performance Review (NPR) recommended the elimination of legislative barriers to the exchange of business data among federal statistical agencies, and we agree with this recommendation.<sup>13</sup> The NPR recommendation does not address the sharing of information on individuals. The NAS guideline on data sharing does not distinguish between data on businesses and data 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 note that breaches of confidentiality protection for personal information may be more serious.

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**Federal Agencies' Contact  
With State and Local  
Governments to Cooperate  
in the Collection and  
Dissemination of Data  
Varies**

According to the NAS guidelines:

“When possible and appropriate, federal statistical agencies should cooperate with state and local statistical agencies in the provision of data for subnational areas.”<sup>14</sup>

Each of the four agencies had cooperative arrangements with state and local governments for obtaining and disseminating statistical data. However, the extent and nature of these relationships differed by agency. BEA received most of the data necessary for its estimates on the domestic economy from other federal agencies and, as a result, had less direct contact with state agencies. BEA's contacts with state and local governments were entirely focused on data dissemination. BEA provides state and county personal income estimates to over 200 state offices that disseminate the data to users within each state. BEA also makes its long-term regional projections of employment available before they are finalized to state planning offices to aid them in preparing their own projections.

Census has extensive contact with state and local governments to cooperate in both disseminating and obtaining data. Census makes data available to state and local governments through designated State Data Centers at state statistical agencies or universities. Census also relies

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<sup>13</sup>See *Management Reform: GAO's Comments on the National Performance Review's Recommendations* (GAO/OCG-94-1, Dec. 3, 1993), p. 23.

<sup>14</sup>The NAS guidelines also note that statistical agencies should cooperate with foreign and international agencies to exchange information and to develop common classifications and procedures to promote international comparability of information. Because international cooperation is not relevant to all of the agencies that are the subject of this review, we did not include a discussion of this aspect of the guidelines in this report. However, in our previous work at Census and BEA, we found several instances where these agencies worked with foreign and international statistical agencies. For example, BEA and Census have been working with foreign statistical agencies through the United Nations to develop a system of national accounts that would conform with international guidelines.

heavily upon state governments as data sources for data needed for population estimates, apart from the decennial census, and obtains financial and employment data from state and local governments for the economic census (including the Census of Governments) as well as for current economic reports. It also obtains comments from state and local governments on preliminary decennial census counts. Census does not, however, provide funding to state and local governments for any of the assistance they provide.

NCHS has extensive contact with states to cooperate in collecting and disseminating health statistics. NCHS relies heavily on states for health-related information from birth, death, and marriage certificates. In 1995, NCHS provided \$12.9 million to states to support their health statistical systems. NCHS also works with the states to develop designated state centers for health statistics that collect and disseminate data, but it does not provide direct funding for these centers.

BLS has had extensive contacts with states since 1917 when BLS inaugurated its current employment statistics program. This program encouraged states to develop their own statistical offices to standardize, increase coverage of, and prevent duplication of data on the part of federal and state governments. BLS relies on states to collect data for the Labor Market Information program and the Occupational Safety and Health Statistics program. BLS provides guidance, training, and federal funds for operational expenses. BLS' fiscal year 1995 budget proposed purchasing \$80.8 million in statistical services from state and local governments.

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## A Strong Measure of Independence

This NAS guideline emphasizes that statistical agencies must be independent in order to assure users that the data they produce are free from political interference and policy advocacy. The NAS guideline on independence states:

“Circumstances of different agencies may govern the exact form independence takes. Some aspects of independence, not all of which are required, are the following:

— independence mandated in organic legislation or encouraged by organizational structure. In essence, a statistical agency must be distinct from the enforcement and policy-making activities carried out by the department in which the agency is located. 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,

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**Chapter 2**  
**The Four Agencies Generally Followed**  
**Selected Guidelines, With Some Exceptions**

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regulatory, or enforcement purposes.

- independence of the agency head and recognition that he or she should be professionally qualified. Appointment by the President with approval by the Senate, for a specific term not coincident with that of the administration, strengthens the independence of an agency head. Direct access to the secretary of the department or head of the independent agency in which the statistical agency is located is important.
- broad authority over scope, content, and frequency of data collected, compiled, or published. Most statistical agencies have broad authority, limited by budgetary restraints, departmental pressures, Office of Management and Budget (OMB) review, and congressional mandates.
- primary authority for selection and promotion of professional staff.
- recognition by policy officials outside the statistical agency of its authority to release statistical information without prior clearance.
- authority for statistical agency heads and qualified staff to speak on the agency's statistical program before Congress, with congressional staff, and before public bodies.
- adherence to predetermined schedules in public release of important economic or other indicator data to prevent manipulation of release dates for political purposes.
- maintenance of a clear distinction between the release of statistical information and the policy interpretations of such statements by the secretary of the department, the President, or others.”

Since the guideline states that agencies need not meet all the aspects to be independent, we generally examined how each agency safeguards its independence. We found that for each agency laws and/or regulations existed to protect the agency's independence. However, we found that BEA has had problems in one of the most important aspects of this guideline—avoiding the appearance that its data are subject to manipulation. Although we found no evidence that BEA's data have been subject to political manipulation, BEA at times has had to address allegations that the data were politically tainted.

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Agencies Generally  
Complied With Most  
Aspects of the  
Independence Guideline

Legislative mandates and organizational placement afford a degree of independence to each of the four agencies. Each agency is organizationally distinct from its department's enforcement and policymaking activities. Officials from each of the four agencies told us that the agencies were not directly involved in their respective department's policymaking or program implementation. However, the agencies differ in their organizational placement within their parent departments, ranging from BLS at the highest organizational level to NCHS several levels lower. We were unable to establish whether the level of organizational placement affected the independence of the four statistical agencies.

The BLS Commissioner and the Census Director are appointed by the president and confirmed by the Senate, while the directors of BEA and NCHS are appointed within their respective departments and are not subject to Senate confirmation. The BLS Commissioner reports directly to the Secretary of Labor. Census and BEA are in the Economics and Statistics Administration of the Commerce Department, and their directors report to the Under Secretary in charge of that Administration. NCHS is a division of the Centers for Disease Control and Prevention of the Public Health Service, which are all within the Department of Health and Human Services. From its inception in 1977 until 1987, NCHS was placed in the Office of the Assistant Secretary for Health. Some observers argue that a statistical agency is more appropriately placed at an assistant secretary level, primarily because this is a higher level within the department and can exercise more budgetary control. We were unable to determine the amount of access the four agency heads had to the secretaries of the departments in which their agencies are located.

According to members of the CNSTAT panel that wrote the guidelines, BLS served as a model for CNSTAT in fashioning those aspects of the guideline dealing with the process for appointing agency heads. The BLS Commissioner is appointed by the president, confirmed by the Senate, and has a 4-year term, which is renewable. The fact that the Commissioner can be reappointed has helped BLS maintain its continuity of leadership over the years. The previous Commissioner, who was appointed in 1979, served three terms until December 1991. Since its inception in 1884, BLS has had only 11 commissioners.

The Census Director is appointed by the president and confirmed by the Senate, but the term traditionally has been concurrent with administrations, and the director has served at the "pleasure of the President." The Director of NCHS is a career position and not a presidential

appointment. The BEA Director also is a career position and is appointed by the Under Secretary of Commerce for Economic Affairs.

Although the NAS guideline indicates that independence is best ensured when a statistical agency head is appointed by the president and confirmed by the Senate, BEA and NCHS have benefited from the continuity of having career directors, particularly BEA. Throughout its history, BEA has had stable leadership from career civil servants who have been experts in the field of economic statistics. BEA's first Director was also Director of BEA's predecessor, the Office of Business Economics, and he served from 1950 to 1964. The second BEA Director served from 1964 to 1985. The third Director served until 1992, and the fourth Director, who left office this year, previously served as Deputy Director.

In contrast to BEA, the recent experiences of Census and BLS illustrate that presidential appointment and confirmation procedures can take a year or longer, leaving an agency without a formal head for extended periods of time. For example, for the last 15 years Census has had an acting director for 42 months (23 percent of the time); in the last 5 years, Census has had an acting director for 23 months (38 percent of the time). The position of Director of the Census Bureau was vacant from January 1993 until October 1994. Similarly, BLS was without a Commissioner from the previous Commissioner's retirement in December 1991 until the current Commissioner's confirmation in October 1993. Currently, BEA and NCHS have acting directors.

The recent heads of the four agencies have professional qualifications for their positions. Each had advanced degrees in statistics, economics, or other relevant fields (e.g., medicine). Each also came from a profession that entails extensively dealing with statistical data and measurement issues.

Congress is a major user of the statistics produced by all four of the agencies. The heads of the agencies testify before congressional committees about the results of their statistical activities and to explain their budget requests. The agency heads also appear regularly at user conferences to discuss aspects of their statistical programs.

As the NAS guideline indicates, one of the ways in which the federal statistical system can guard against the perception of political interference is by carefully controlling the release of important statistical data. The release of economic statistical data produced by Census, BLS, and BEA is

governed by OMB Statistical Policy Directive No. 3. (Because NCHS produces health and not economic data, it is not subject to this policy directive.)

Statistical Policy Directive No. 3 provides guidance to federal statistical agencies on the compilation, release, and evaluation of principal federal economic indicators. The directive establishes the authority of the agencies to release statistical information without prior clearance or policy interpretations. Procedures established by this directive were designed to ensure that key economic data that are the basis for government and private sector actions and plans are released promptly and on a regular schedule, that no one benefits from “inside” access to the data before they are available to the public, and that there is public confidence in the integrity of the data. Also, the directive does not limit the authority of the agencies over the scope, content, and frequency of economic data collected, compiled, or published.

Statistical Policy Directive No. 3 has established procedures to protect against manipulation of the timing or content of major economic data. The procedures are also designed to defend against accusations of political interference.<sup>15</sup>

NCHS also controls the release of its data, makes the data available through the National Technical Information Service, and publishes its data in other federal publications (e.g., Census’ Statistical Abstracts).

Each December, OMB publishes a schedule of the major economic statistical releases for the next year. For example, OMB has announced release dates for quarterly data, such as the GDP and personal income, before the beginning of each calendar year. The agencies responsible for economic statistics provide the information on release schedules to OMB in accordance with the directive. Because most major federal statistics are released according to a set schedule, the four statistical agencies do not need to seek clearance from policy officials in their respective departments. Similarly, these release schedules help to maintain a distinction between the four agencies’ statistical releases and the policy interpretations of the statistics by department or administration officials.

The four agencies, for the most part, adhere to the other aspects of this guideline. According to officials from each of the agencies, their agencies have some authority over the scope, content, and frequency of data collection, compilation, or publication. However, this authority is limited

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<sup>15</sup>See GAO/GGD-93-58, March 10, 1993, p. 24.

by budgetary constraints and federal regulations, such as those intended to reduce paperwork burdens on businesses and individuals. Officials from the four agencies also noted that the heads of their agencies had primary authority for selection and promotion of professional staff.

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### Accusations of Political Interference Occasionally Occur

Data such as those issued by the four agencies shed light on economic and social conditions prevailing in the country. The press and public use these data as indicators of the impact of the policies of the administration in office. Political leaders recognize this impact and have occasionally considered attempting to control the release of statistical data in advantageous ways. It is therefore important that the data released by statistical agencies not be manipulated for political purposes nor tainted by a perception that such manipulation may have occurred. However, we noted in our 1993 report<sup>16</sup> that some BEA and BLS actions may have contributed to the perception of interference.

In this 1993 report, we examined how BEA had come to be falsely accused of manipulating economic data and how it dealt with these allegations. The incident began in October 1991 when an article appearing in Barron's alleged that BEA, in order to inflate the first quarter 1991 GDP for political purposes, did not incorporate BLS' downward revision of employment levels into its estimates of state personal income growth. Another Barron's article appeared in December 1991 asserting that BEA increased other components of the GDP to ensure that there was no economic impact from the employment revision in the GDP. Through the rest of 1991 and 1992, the press continued to raise questions and concerns about the integrity and accuracy of BEA's economic statistics as well as BLS employment data.

Our 1993 review revealed no evidence of political interference or manipulation of the first quarter GDP estimates. We found that BEA had properly incorporated employment revisions in its GDP estimates. We also noted that both BEA and BLS followed their standard data release policies and that the integrity of the GDP statistics was sound. However, we concluded that BEA had not adequately publicly documented or explained its procedures for incorporating employment data into its GDP estimates. We also concluded that BEA had not responded to the allegations when they first occurred, which fueled suspicions that the estimated GDP had been manipulated. We recommended that BEA formulate a strategy to provide better explanation and documentation of its procedures to general

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<sup>16</sup>See GAO/GGD-93-58, March 10, 1993, which contains an appendix on the chronology of events for first quarter 1991 data.

users and assure Congress and the general public of the integrity and credibility of its estimates. Fulfilling this recommendation in May 1993, the Director of BEA forwarded to the Secretary of Commerce “A Strategy to Improve the Perceived Integrity of BEA’s Estimates.” This strategy calls for BEA to communicate more clearly and widely about technical factors affecting its estimates through a combination of new technical notes, testimony, briefings, and availability of the Director to talk with the media. This strategy is to include greater communication about BEA’s procedures and safeguards to protect the independence and integrity of its statistical estimates.

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## Conclusions

All four statistical agencies generally followed most aspects of the NAS guidelines discussed in this report. Each agency had a clear and well-defined mission and procedures designed to enhance cooperation with data users. Each agency had procedures to maintain the confidentiality of data providers, inform respondents of data collection rights and uses of the data, and minimize the time and effort asked of respondents. In addition, each agency was open with data users in describing the statistics available, methodology used, and related information. We found that the four agencies had policies that generally provided for the dissemination and preservation of their data.

One of the NAS guidelines calls for coordination among federal statistical agencies. Although the four agencies generally followed this guideline, coordination among federal agencies was sometimes hampered by legal restrictions designed to protect the confidentiality of data providers. OMB and the statistical agencies have unsuccessfully sought legislative changes that would lessen data-sharing restrictions among federal agencies. Finally, while each agency has policies and procedures to ensure its independent authority to release statistical information, we found that a statistical agency can sometimes communicate data in such a way that may leave users with the misperception that the data had been manipulated for political purposes.

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# Coordination of Statistical Agencies' Budgets Is Limited

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NAS' guidelines focused on the principles and practices that NAS determined were essential for the effective operation of federal statistical agencies. However, these agencies do not carry out their statistical activities in isolation but as part of an interdependent federal statistical system. An interdependent system requires good coordination to operate effectively. Such coordination is especially important considering funding limitations faced by all federal agencies. Legislation requires that OMB, among other responsibilities for the statistical system, coordinate the budgets of the statistical agencies to ensure that the budgets conform to governmentwide statistical priorities.

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## Federal Statistical System Is a Large Collection of Interdependent Agencies

Many of the agencies in the federal statistical system produce statistics to aid only in the administration of mission-related programs for which they are responsible. However, several, including the four agencies that are the focus of this report, produce statistics as their primary missions. Since no one agency is responsible for the collection and production of all of the nation's statistical needs, agencies often must work together to ensure that these statistical needs are met efficiently. Thus, agencies that collect information in a particular statistical area often must coordinate with the agencies that analyze and disseminate this information. For example, BLS relies on Census to conduct the monthly Current Population Survey from which BLS derives monthly unemployment statistics. Similarly, although the U.S. Customs Service collects information on the country's imports and exports, Census is responsible for analyzing and disseminating this information as the nation's merchandise trade statistics. The agencies of the federal statistical system also must share the limited funds available for performing statistical activities.

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## Agencies in the Federal Statistical System Are Financially Interdependent

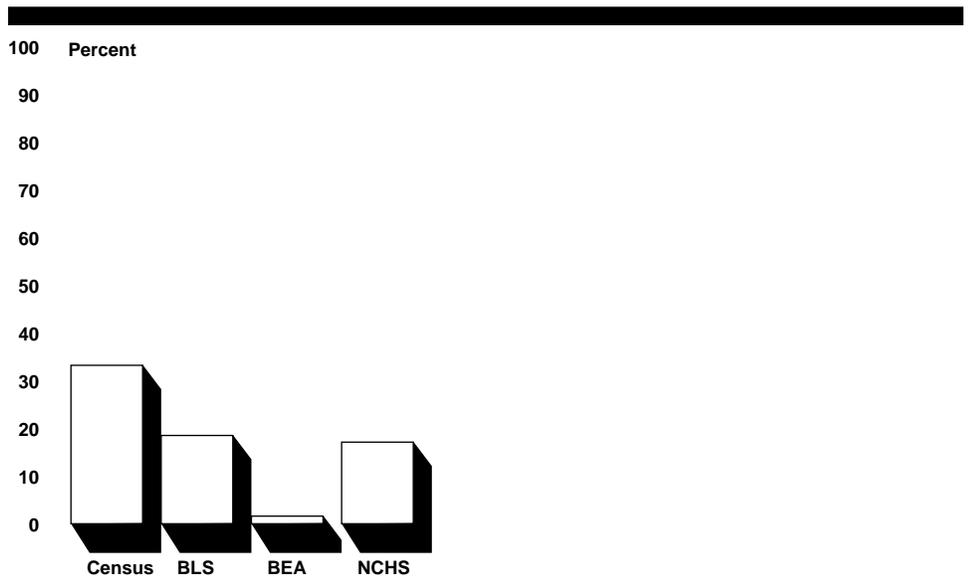
The financial interdependence of the federal statistical system is illustrated by the flow of funds among the four agencies and between these and other agencies throughout the government. For example, NCHS pays Census to conduct NCHS' National Health Interview Survey, which is a source of much of the health data that NCHS issues. Similarly, BLS pays Census for a major part of the cost of the Current Population Survey, which BLS uses to produce unemployment estimates. BEA relies greatly on the data provided by BLS, Census, and other agencies to produce the National Income and Product Accounts.<sup>1</sup> OMB estimated in the President's 1995 budget that federal agencies provided \$467 million to the federal

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<sup>1</sup>The National Income and Product Accounts provides a statistical depiction of the production, distribution, consumption, and saving undertaken in the U.S. economy.

statistical agencies through reimbursements for statistical work, such as conducting surveys. This amount represents about 15 percent of total federal funding for the 72 statistical agencies. Moreover, these statistical agencies were collectively budgeted \$232.5 million, which is 9.1 percent of their total direct funding, to purchase, through reimbursable agreements, statistical services from each other. Figures 3.1 and 3.2 show fiscal year 1995 reimbursable services and purchases of statistical data, respectively, as a percentage of total funding among the four agencies discussed in this report.

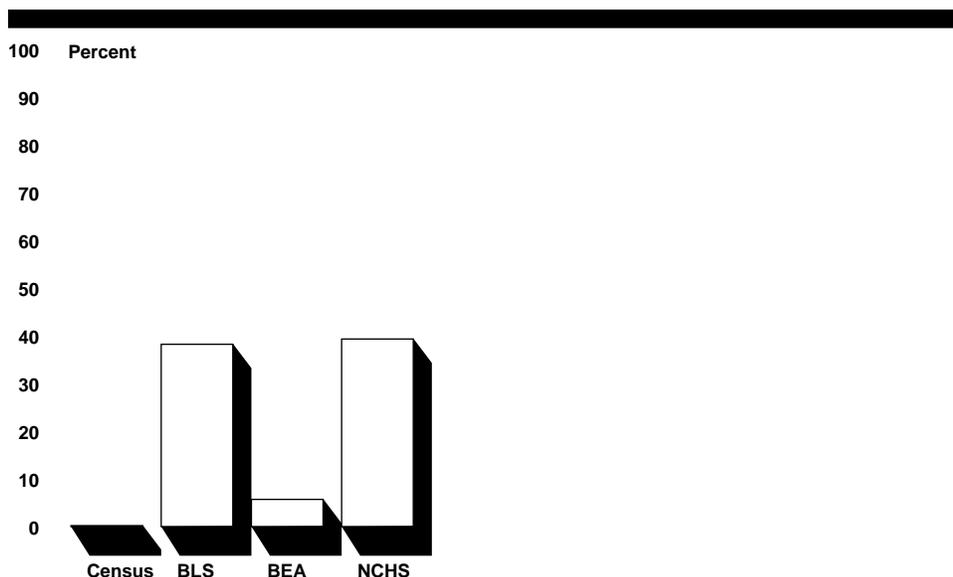
Figure 3.1: Fiscal Year 1995 Reimbursable Services as a Percentage of Total Funding Among the Four Agencies



Note: According to OMB budget-scoring rules, BLS' reimbursable services includes \$56.3 million that it receives in Treasury trust funds for state cooperative agreements. Excluding these trust funds would result in BLS' reimbursable services being 3.8 percent of its total funding.

Source: OMB estimates.

Figure 3.2: Fiscal Year 1995 Purchases of Statistical Data as a Percentage of Total Funding Among the Four Agencies



Source: OMB estimates.

## Funding for Statistical Activities Limited

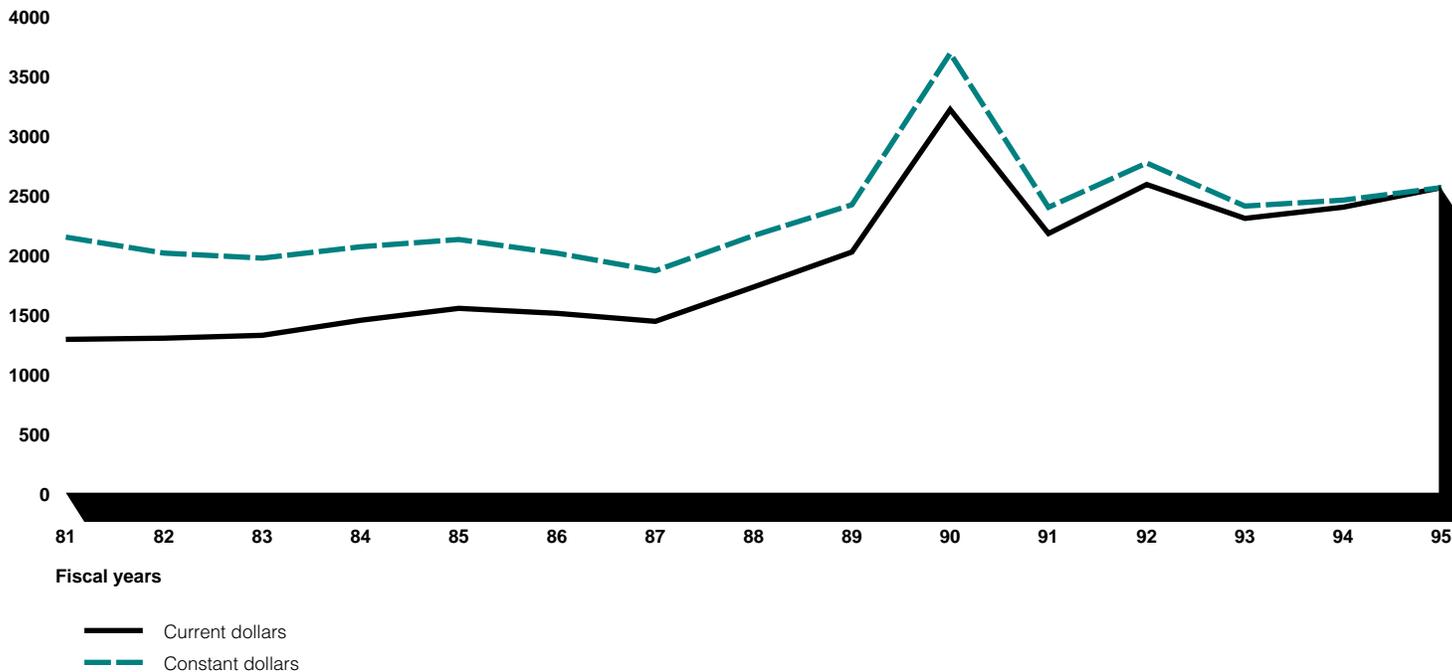
In the past few years, limited funding has been available for all statistical activities, and, as discussed earlier, some statistical agencies reimburse other agencies for performing statistical services. Figure 3.3 shows actual budgets for all federal statistical activities, including decennial censuses, for the period from 1981 through 1995 in current dollars<sup>2</sup> for the year when the budgets were approved and in constant 1995 dollars<sup>3</sup> to adjust for inflation over time. Figure 3.4 shows the same information, excluding the 10-year cycle of spending for decennial censuses, which peaks during the year the census is conducted. (The 10-year cycle of the decennial Census of Population and Housing is not the only periodic cycle in the data. Several other Census programs, such as the Economic Census and the Census of Agriculture, are conducted on a 5-year cycle, including 1992.)

<sup>2</sup>The term current dollars refers to the value of a good or service in terms of the time under consideration, which reflects the then-prevailing prices of the good or service.

<sup>3</sup>A constant dollar value is measured in terms of prices of a base period to remove the influence of inflation. The resulting constant dollar value is the value that would exist if prices had remained the same as in the base period.

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**Budgets Is Limited**

**Figure 3.3: Actual Budgets for All Federal Statistical Activities From 1981 Through 1995 in Current and Constant Dollars**  
(Dollars in Millions)

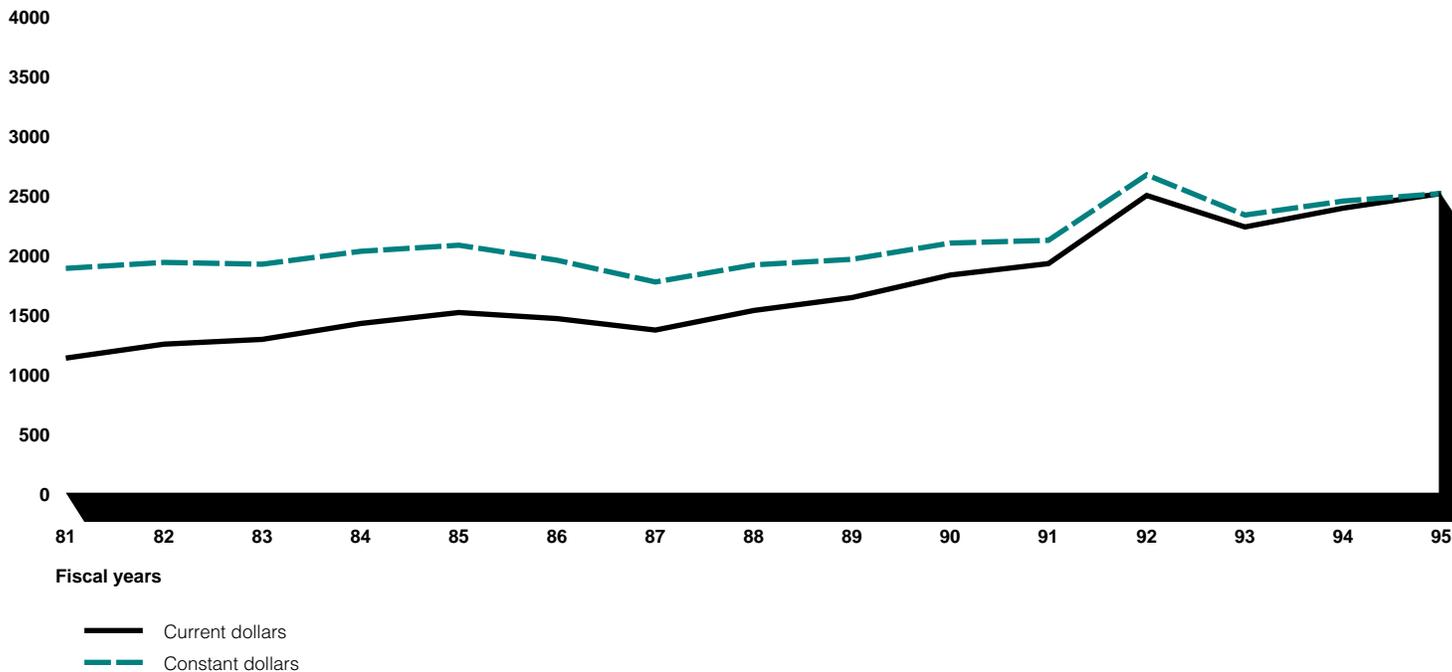


Note 1: Constant dollars are in 1995 dollars.

Note 2: Amounts for 1994 and 1995 are estimated for both current and constant dollars.

Source: OMB data.

**Figure 3.4: Actual Budgets for All Federal Statistical Activities From 1981 Through 1995 in Current and Constant Dollars Excluding Decennial Censuses** (Dollars in Millions)



Note 1: Constant dollars are in 1995 dollars.

Note 2: Amounts for 1994 and 1995 are estimated for both current and constant dollars.

Note 3: Totals include funding for the 5-year Agriculture and Economic Censuses. The total cost for the 1992 Agriculture and Economic Censuses were \$80 million and \$162 million, respectively.

Source: OMB data.

Funding for federal statistical activities, excluding the 10-year large spending cycle for decennial censuses, has increased in the past 10 years in constant dollars, from \$1,947 million in 1986 to an estimated \$2,508 million in 1995. However, the increase was less than the amount of funding that federal statistical agency officials believed would have been needed to adequately maintain the federal statistical system, given the changes in the economy and society. In 1990, the Bush administration introduced the Economics Statistics Initiative to improve the coverage and

quality of economic statistics.<sup>4</sup> In fiscal years 1993 and 1994, Census, BLS, and BEA collectively received 51 percent of their requests for funds for Economics Statistics Initiative work. In its 1993 budget message, the Bush administration noted that, because parts of the Economics Statistics Initiative were not funded by Congress, some statistical activities had to absorb reductions in order to provide funding for limited improvements in economic statistics. The message went on to state that further improvements in economic statistics would require more resources.

The Clinton administration also supported improving economic statistics, and its budget included improvement initiatives proposed by Census, BLS, and BEA. In its fiscal year 1995 budget, the administration requested \$38.3 million in additional funding for economics statistics improvements. The budget states:

“Our measurements of economic performance are perforated with gaps in areas of vital importance, areas of public policy concern are poorly measured if measured at all, the data gathering system imposes too great a workload on both the agencies that gather the data and the firms that provide it, and the resulting product goes underutilized in a world in which timely and accurate information is often the key to competitive business success.”

As a consequence, the budget proposed increases of \$8.6 million for Census, \$17.2 million for BLS (including \$5.2 million for its 10-year CPI revision), \$8.1 million for BEA, and \$4.4 million for other statistical agencies.

The two administrations requested a total of \$94 million for fiscal years 1990 through 1994 for improving the quality and coverage of economic statistics; Congress appropriated about \$49 million.

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## OMB Is Responsible for the Coordination of the Federal Statistical System Budget

Because agencies often share responsibilities for the production of federal statistics, it is important that they closely coordinate their efforts to the extent permitted by law so that the quality of the end statistical product is maintained. It is also important that the efforts of these agencies be coordinated in order to avoid duplication and to ensure that the limited funding available for statistical activities is used as effectively and efficiently as possible. The Paperwork Reduction Act of 1980 assigned responsibility for coordination of the federal statistical system to OMB. Budget reviews are one way to ensure such coordination among statistical agencies. The Statistical Policy Branch in OMB is responsible for, among

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<sup>4</sup>See *Economic Statistics: Status Report on the Initiative to Improve Economic Statistics* (GAO/GGD-95-98, June 7, 1995).

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other responsibilities, coordinating the budgets of these agencies. The Branch prepares a consolidated report on budgets for agency statistical programs that have recently been submitted to Congress after it has begun acting on individual agency budgets. In many respects, this is due to the difficulty in determining resources allocated for statistical programs in the 60 or so agencies that are not primarily statistical in character. Consequently, Congress has not had a current consolidated picture of federal statistical activities during its budget deliberations that would provide a basis for setting priorities and allocating funding accordingly. The Paperwork Reduction Act of 1995<sup>5</sup> reauthorizes OMB's budget coordination responsibilities for statistical activities.

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## OMB Is Responsible for Coordinating Statistical Budgets

OMB and its predecessor, the Bureau of the Budget, have been responsible for oversight of the federal statistical system by coordinating federal statistical agency budgets for decades. During the 1960s, OMB's Statistical Policy and Coordination Office had a staff of about 50 and was responsible for setting statistical policy and budgetary priorities. The broad-based, detailed budget reviews by the Bureau of the Budget, and later by OMB, were in part intended to determine if agency budgets supported these priorities. OMB also prepared an analysis of budgetary needs for the federal statistical system that was included in the Presidents' budgets when they were submitted to Congress in January every year. The Statistical Policy and Coordination Office at OMB was abolished in 1977, and its functions and some staff were transferred to the Department of Commerce. While at the Department of Commerce, staff attended OMB decision sessions, but they had little input in decisionmaking. Before the functions were transferred, the office employed 25 staff. In 1980, the Paperwork Reduction Act returned to OMB the statistical policy and coordination functions and the staff to carry them out. Currently, OMB's Statistical Policy Branch is responsible for these functions and has a professional staff of five.<sup>6</sup> The act does not determine the number of employees needed to carry out these functions. The former broad-based, crosscutting review of statistical programs was not part of the budget process after the 1980 act was implemented.

The need for strong oversight and coordination of the decentralized federal statistical system was recognized in law by the enactment of the

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<sup>5</sup>P.L. 104-13.

<sup>6</sup>For a detailed history, see Griffith, Jeanne E., "Oversight of Statistical Policy," *Office of Management and Budget: Evolving Roles and Future Issues*, Senate Committee on Governmental Affairs (Senate Print 99-134, Feb. 1986), pp. 245-255.

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Paperwork Reduction Act of 1980.<sup>7</sup> The act created the Office of Information and Regulatory Affairs (OIRA) in OMB and assigned the Director of OMB and the Administrator of OIRA the responsibility for overseeing the federal statistical system and coordinating its activities. OIRA's Statistical Policy Branch functions include the following:

- developing and reviewing long-range plans for the improved coordination and performance of federal statistical activities and programs;
- reviewing agencies' budget proposals to ensure that the proposals are consistent with the plans;
- coordinating the functions of the federal government that concern gathering, interpreting, and disseminating statistical information;
- developing and implementing governmentwide policies, principles, standards, and guidelines concerning data sources, data collection procedures and methods, and data dissemination;
- evaluating statistical program performance and agency compliance with governmentwide policies, principles, standards, and guidelines; and
- integrating these functions with other information resources management functions of the government.

The Statistical Policy Branch is headed by a chief statistician who is appointed by the Administrator of OIRA. The Statistical Policy Branch currently has a professional staff of four working with the chief statistician, whose professional responsibilities are divided as follows:

- An economist is responsible for economic statistics, statistical policy directives, standard industrial classification, standard occupational classification, and the definition of poverty and serves as the BEA paperwork clearance desk officer.
- A mathematical statistician is responsible for methodology; natural resource, energy, environment, and agriculture statistics; and statistical legislation and serves as the Bureau of the Census' economic surveys paperwork clearance desk officer.
- A policy analyst is responsible for international statistical coordination; health and education statistics; the Survey of Income and Program Participation; the Branch's annual report, Statistical Programs of the U.S. Government; a schedule of release dates for principal economic indicators; and classification of race and ethnicity.
- A statistician is responsible for demographic statistics, the decennial census, metropolitan areas, and the Federal Committee on Statistical

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<sup>7</sup>P.L. 96-511.

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Methodology and serves as Census' demographic surveys paperwork clearance desk officer.

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### Previous Studies Cited Concerns About OMB's Resources for Statistical Coordination

The resources OMB devotes to carrying out its statistical policy responsibilities have been a subject of controversy since the Paperwork Reduction Act returned these responsibilities to OMB in 1980. Before the act established the chief statistician position in OMB, a commission appointed by President Carter to study the reorganization of the federal statistical system recommended that the responsibility for coordinating the system be placed in an office in the Executive Office of the President. The commission further recommended that such an office should have a staff of about 200 to carry out this coordinating function. After the act returned responsibility for both policy and statistical coordination of the federal statistical system to OMB, several members of the statistical community voiced concern that the professional staff of five OMB assigned to its Statistical Policy Branch lacked the capacity for such a challenging task. For example, the Executive Director of President Carter's commission wrote in 1983 that:

"The greatest industrial nation in the world with the largest, most complex society and economy now lacks effective capacity for central coordination of its statistical activities. This is a crippling loss since ours is the most decentralized, if not fragmented, statistical system in the industrial world."<sup>8</sup>

In the decade since this statement was made, the controversy over the ability of the Statistical Policy Branch to adequately coordinate the federal statistical system has continued. According to an Office of Technology Assessment report:

"Economic policy will require the best possible measure of the factors critical for growth and an awareness of areas where uncertainty prevails. Serving the needs of policy makers in a time of change will require a coordinated response of the Nation's statistical agencies. The present management of the statistical agencies makes such a response difficult."<sup>9</sup>

In a 1991 report, NAS noted that in addition to budget and staffing constraints, the interagency coordination of the federal statistical system in the previous decade had suffered a reduction in its ability to draw on

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<sup>8</sup>Bonnen, Dr. James T., "Federal Statistical Coordination Today: A Disaster or a Disgrace?" The American Statistician, Aug. 1983, vol. 37, no. 3.

<sup>9</sup>Office of Technology Assessment, Statistical Needs for a Changing U.S. Economy (Washington, D.C.: 1989), p. 1.

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and integrate information from a range of databases, particularly administrative records, and a lag in the reporting of the classification of business categories, such as the service industry.<sup>10</sup> NAS concluded that the results of this reduction and lag were reductions in the timeliness, quantity, and quality of policy-relevant data and an inaccurate portrayal of the nation's economy.

In a 1992 report, the Congressional Research Service (CRS) came to a similar conclusion. It characterized the coordination of the federal statistical system as "an opera without a conductor."<sup>11</sup> CRS stated that one of the major barriers to coordinating the statistical system was OMB's insufficient funding to maintain adequate staff to carry out this coordination responsibility. CRS noted that OMB's responsibilities for the oversight and coordination of the statistical system and those for the reduction of paperwork competed against other OMB responsibilities for funding and staff.

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## OMB Compiles Statistical Agency Budgets

As part of its responsibility for coordinating the federal statistical system, the Statistical Policy Branch is to coordinate the statistical agencies' budget requests, which it does in detail for the 10 largest statistical agencies. The budget process can be one of the primary tools for ensuring that the nation's statistical needs are being addressed effectively and efficiently by federal statistical agencies. However, according to published studies of OMB's coordination role, including those by CRS, the Office of Technology Assessment, and NAS, the Branch does not do the detailed, systemwide budget reviews required by the act. These reviews are to enable OMB to determine if the budgetary resources available for statistical programs are being directed where they are most needed.

The Branch's current role in coordinating federal statistical agency budgets consists of reviewing budget submissions from the major statistical agencies and coordinating with OMB Resource Management Offices responsible for individual agency accounts to promote compliance with the administration's funding priorities for statistical agencies. The Branch also reviews some other budget requests on an *ad hoc* basis determined by the importance of the statistical product being funded. For

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<sup>10</sup>Citro, Constance F. and Hanushek, Eric A., *Improving Information for Social Policy Decisions: The Uses of Microsimulation Modeling*, National Academy Press (Washington, D.C.: 1991).

<sup>11</sup>Morrison, Sylvia, *Federal Economic Statistics: Would Closer Coordination Make for Better Numbers?* (92-784E), Congressional Research Service, 1992.

example, the Branch reviews budget requests relevant to data feeding into National Income and Product Accounts estimates.

The Branch also compiles agency budget requests for an annual report to Congress on funding for statistical activities. However, this report is basically a compilation of the budgets for the statistical agencies approved by Congress and the current budget requests that the administration sent to Congress for statistical activities. The report is not the product of a systematic review of statistical activities. Since the Branch was established in 1981, it has delivered the report several months after the individual statistical agencies have submitted their budgets to OMB and then to Congress. According to OMB officials, the delay is attributable to delays in getting necessary data from agencies whose statistical functions are incorporated in other programs. The officials note that such data are readily available for the approximately 10 agencies that are the major components of the federal statistical system. Thus, congressional committee deliberations have already begun or even, as in fiscal year 1995, have ended before Congress has received the report. Therefore, Congress has not had a current, comprehensive picture of all resources the administration has requested for statistical activities during budget deliberations. As a result, Congress is handicapped in its ability to direct funding where it is most needed, particularly with respect to funding for agencies that are not among the major statistical agencies.

As noted earlier, for a staff of five, the Statistical Policy Branch has broad responsibilities. Consequently, according to Branch officials, the Statistical Policy Branch is sometimes required to adjust its priorities on the basis of such factors as the imposition of new administration initiatives or a general shortage of staff.

Statistical Policy Branch officials told us that resources for federal statistical activities could be allocated more effectively if a strengthened process were instituted for reviewing statistical agency budgets. The officials said that they would like OMB to reinstate its crosscutting review of statistical agency budget requests to help the administration make any necessary reallocation of resources within the federal statistical system. Until 1978, such a review appeared when the president's budget was submitted to Congress. As the federal government continues to face budget constraints, it is likely that there will be an increasing need to reallocate the limited funding available for statistical activities. In a speech at a recent symposium sponsored by BEA, the Vice Chairman of the Federal

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Reserve Board called for a reallocation of funding for statistical activities.<sup>12</sup> He noted that as a policymaker, he recognized the importance of accurate statistics on the economy. He went on to state that reallocating funding resources could help close some of the gaps in economic statistics, particularly gaps in statistics on the increasingly important service sector.

OMB is currently settling into a major reorganization, OMB 2000, that is partly designed to encourage crosscutting reviews of federal programs. It remains to be seen whether OMB 2000 or other actions will result in the Statistical Policy Branch leading a crosscutting review that would coordinate the analysis of statistical agency budget requests. The Paperwork Reduction Act of 1995 reauthorizes (1) OMB review of statistical agencies' budget proposals to ensure that the proposals are consistent with long-range plans and (2) the development of an annual report to Congress summarizing and analyzing statistical activities. However, the act does not necessarily provide additional staff to OMB to perform these responsibilities.

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## Conclusions

The federal statistical system is a collection of agencies with interrelated responsibilities for meeting the nation's statistical needs. For the federal statistical agencies to work effectively, it is important that they closely coordinate their activities. The Paperwork Reduction Act of 1980 assigned OMB the responsibility for, among other things, coordinating the federal statistical system. The act specifically directed OMB to review statistical agencies' budget submissions to ensure that the proposals are consistent with systemwide priorities.

OMB's Statistical Policy Branch currently reviews the major statistical agencies' budget submissions. It also prepares a summary of individual agencies' statistical budgets as submitted in the president's budget to Congress. Since the Branch was established in 1981, the report has been issued after Congress has already started to determine the agencies' budgets. To adequately coordinate the systemwide activities of federal statistical agencies, OIRA would also need to closely review budget submissions of the smaller statistical agencies before they are sent to Congress. Such reviews could identify such inefficiencies as duplication of effort and help to ensure that the limited federal funds for statistical activities are spent as effectively as possible.

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<sup>12</sup>Remarks by Alan S. Blinder, Vice Chairman of the Federal Reserve Board, before the Symposium on Mid-Decade Strategic Review on Economic Accounts, reprinted in *Regulation, Economics and Law*, Bureau of National Affairs, Washington, D.C.: (Mar. 21, 1995).

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OMB's current reorganization is intended to improve its ability to review federal programs. Recent legislation also addresses OMB's responsibilities. Because of the reorganization, recent legislation, and the fact that we did not analyze the many other priorities competing for OMB's attention and resources, we are not making any recommendations in this report.

# Listing of Federal Statistical Agencies With Budgets for Statistical Activities of \$500,000 or More

<b>Department</b>	<b>Agency</b>
Agriculture	Economic Research Service Foreign Agricultural Service Food and Nutrition Service Forest Service Human Nutrition Information Service National Agricultural Statistics Service Soil Conservation Service
Commerce	Bureau of Economic Analysis Bureau of the Census International Trade Administration National Marine Fisheries Service National Oceanic and Atmospheric Administration Office of Business Analysis
Defense	Army Corps of Engineers Defense Manpower Data Center Office of the Secretary of Defense, Deputy Assistant Secretary for Administration
Education	National Center for Education Statistics
Energy	Energy Information Administration Office of Energy Research Federal Energy Regulatory Commission Office of the Assistant Secretary for Environment, Safety and Health
Health and Human Services	Administration for Children and Families Agency for Health Care Policy and Research Administration on Aging Substance Abuse and Mental Health Services Administration Agency for Toxic Substance and Disease Registry Centers for Disease Control and Prevention National Center for Health Statistics Health Care Financing Administration Health Resources and Services Administration Indian Health Service National Institutes of Health (16 components reporting) Office of the Assistant Secretary for Planning and Evaluation Social Security Administration
Housing and Urban Development	Community Planning and Development Office of the Assistant Secretary for Housing Office of the Assistant Secretary for Policy Development and Research Office of Fair Housing and Equal Opportunity
Interior	Bureau of Mines United States Fish and Wildlife Service Minerals Management Service National Park Service United States Geological Survey

(continued)

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**Appendix I**  
**Listing of Federal Statistical Agencies With**  
**Budgets for Statistical Activities of \$500,000**  
**or More**

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<b>Department</b>	<b>Agency</b>
Justice	Bureau of Justice Statistics Bureau of Prisons Drug Enforcement Administration Federal Bureau of Investigation Immigration and Naturalization Service
Labor	Bureau of Labor Statistics Employment Standards Administration Employment and Training Administration Mine Safety and Health Administration Occupational Safety and Health Administration
Transportation	Bureau of Transportation Statistics Federal Aviation Administration Federal Highway Administration Federal Transit Administration Maritime Administration National Highway Traffic Safety Administration Office of the Secretary of Transportation Research and Special Programs Administration
Treasury	United States Customs Service Internal Revenue Service Statistics of Income Division
Veterans Affairs	Department of Veterans Affairs
Other	Agency for International Development Consumer Product Safety Commission Equal Employment Opportunity Commission Environmental Protection Agency National Aeronautics and Space Administration National Science Foundation Small Business Administration

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Source: OMB.

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**Appendix II**  
**Major Contributors to This Report**

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**Appendix II**  
**Major Contributors to This Report**

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# Related GAO Products

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Economic Statistics: Status Report on the Initiative to Improve Economic Statistics (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).

Implementation of the National Performance Review's Recommendations (GAO/OCG-95-1, Dec. 5, 1994).

Measuring U.S.-Canada Trade: Shifting Trade Winds May Threaten Recent Progress (GAO/GGD-94-4, Jan. 19, 1994).

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

Decennial Census: Focused Action Needed Soon to Achieve Fundamental Breakthroughs (GAO/T-GGD-93-32, May 27, 1993).

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

Census Reform: Major Expansion in Use of Administrative Records for 2000 is Doubtful (GAO/T-92-54, June 26, 1992).

Decennial Census: Opportunities for Fundamental Reform (GAO/T-GGD-92-51, June 10, 1992).

Decennial Census: 1990 Results Show Need for Fundamental Reform (GAO/GGD-92-94, June 9, 1992).

Formula Programs: Adjusted Census Data Would Redistribute Small Percentage of Funds to States (GAO/GGD-92-12, Nov. 7, 1991).

1990 Census: Reported Net Undercount Obscured Magnitude of Error (GAO/GGD-91-113, Aug. 22, 1991).

Expanding the Role of Local Governments: An Important Element of Census Reform (GAO/T-GGD-91-46, June 15, 1991).

1990 Census Adjustment: Estimating Census Accuracy—A Complex Task (GAO/GGD-91-42, Mar. 11, 1991).

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**Related GAO Products**

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The Decennial Census: Potential Risks to Data Quality Resulting From Budget Reductions and Cost Increases (GAO/T-GGD-90-30, Mar. 27, 1990).

1990 Census: Overview of Key Issues (GAO/GGD-89-77BR, July 3, 1989).

Decennial Census: Local Government Uses of Housing Data (GAO/GGD-87-56BR, Apr. 8, 1987).

Status of the Statistical Community After Sustaining Budget Reductions (GAO/IMTEC-84-17, July 18, 1984).

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