

Statistical Consolidation

Testimony of Janet L. Norwood before Subcommittee on Government Management, Information and Technology Committee on Government Reform and Oversight, U.S. House of Representatives on U.S. Statistical Agency Improvement

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Document date: March 22, 1996
Released online: March 22, 1996

Mr. Chairman and Members of the Subcommittee:

It is a pleasure to be here this morning to discuss methods to improve the organization and efficiency of the agencies which produce our nation's statistics. I especially want to commend this Committee—and you, Mr. Chairman and your staff—for your desire to understand the way statistical agencies operate before proposing changes in their organizational structure. All too often today, in our efforts at deficit reduction, we take action without consideration of the long run effects. Most statistical programs take many years to put in place, and we must take a long range approach in proposing changes.

I approach these issues with several strong convictions. First, I am convinced that the effective operation of democracy requires that our citizens have access to an accurate and objective data base of high quality that is relevant to the policy issues that confront them. Second, those responsible for producing the nation's statistical data base must be professionally competent and completely free from political pressures. Third, an effective statistical system must be grounded in an institutional and legal framework which provides the authority and public credibility to permit the setting of priorities, the protection of confidentiality, and the flexibility to conduct research for improvement.

As you know, I spent many years of my professional life at the Bureau of Labor Statistics and served as its Commissioner from 1979 through the end of 1991. During that period the uses of federally produced data by the private and public sectors increased greatly, and the data themselves became more and more complex. At the same time, however, the system producing the data became increasingly decentralized and the staff responsible for coordinating it was consistently reduced.

Under these circumstances, we must ask whether our current federal statistical structure is efficient enough to provide the kind of information base needed for the economic and social challenges of the future. We have one of the most decentralized systems in the world. Most countries have a cohesive, centralized statistical agency with the legislative authority and the mandate to lead the compilation and distribution of statistics. Until recently, the only other major country with similar decentralization (although somewhat stronger coordination power) was the United Kingdom. Now, that is no longer the case. The British have begun a series of major organizational changes which have resulted in the consolidation of several, although not all, of the statistical agencies from different Ministries into the Central Statistical Office (CSO). The consolidation began with transfer to the CSO of the retail price index, then the consolidation into the CSO of those responsible for the country's national accounts and business statistics, and then employment and other labor statistics. The current plan calls for the office which compiles Census and population statistics to be transferred to the CSO later this spring.

H.R. 2521 establishes a Federal Statistical Service as an independent executive agency and brings together in the new service the U.S. agencies which are comparable to those that by late spring will reside in the U.K. Central Statistical Office. But there is a major difference between the British approach and that of H.R. 2521. In the United Kingdom, the coordinating arm—the CSO— is the nucleus of the system. H.R. 2521, however, leaves the U.S. coordinating arm, the Statistical Policy Branch, in the Office of Management and Budget, outside the new statistical service. The bill, therefore, does not result in creation of a clear "place in the sun" for statistics in our government. Rather, it continues much of the decentralization that currently exists in this country, does little to strengthen the Chief Statistician's role and staff, and does not clarify the authority and relationship of Statistical Policy to the new Federal Statistical Service.

The three agencies brought together into the new Federal Statistical Service are very different. But each produces data that are used across the entire government, and each of the agencies is in some way dependent on the other. Although the Bureau of Labor Statistics produces data important to policy makers in

its Department, the BLS is, like Census and BEA, a general purpose agency. Nevertheless, integration of these agencies will come very slowly because the internal culture of each is quite different from that of the others, and because combinations of programs and possible economies must be based on careful research that takes time. I am concerned about the large size of some of the budget reductions for these agencies that are currently under discussion. Reductions in statistical agency budgets must be carefully weighed; the long lead time for efficient survey design and high quality conceptual research makes it very difficult, if not impossible, to turn statistical series on and off.

I applaud the provisions in the bill establishing a fixed term of office for the Census Bureau Director. I am somewhat surprised, however, that H.R. 2521 does not seem to provide fixed terms of office for the Administrator and the Deputy Administrator of the new Federal Statistical Service. I believe strongly that efficient statistical operations requires continuity of leadership and freedom from political interference. My experience as Commissioner of Labor Statistics, in both Republican and Democratic Administrations under six Labor Secretaries, made very clear to me that a fixed term of office was an important element in the Bureau's ability to remain free from political interference.

In addition, I strongly support the provisions of the bill which state the sense of the Congress on the need for "uniform confidentiality standards that permit the sharing of data for statistical purposes" and am pleased to note that OMB has already begun action in that direction. For 20 years, I worked within the statistical system to secure uniform confidentiality protection and data sharing for statistical purposes. But I was unsuccessful. Katherine Wallman, Sally Katzen, and Alice Rivlin have accomplished a great deal in developing the OMB order and initiating discussion of it. This OMB order appears consistent with Section 102 (b) (1) of H.R. 2521. I hope that the order will move quickly to final issuance and that it will be followed quickly by legislation permitting the sharing of micro data for statistical purposes which seems contemplated by Section 102 (b) (2) of H.R. 2521.

Several other sections of the Statistical Consolidation Act of 1995 make a large number of important points which I believe could improve the nation's statistical system. One example is the finding in 101 (5) about statistical agency head reporting relationships, and the sense of the Congress in 102 (a) (3) and (5) on staff resources and reporting relationship for the Chief Statistician.

But H.R. 2521 focuses entirely on the organization of the Executive Branch. While I realize how difficult the legislative process can be, it would be useful for the bill to include at least some consolidation of Congressional Committee jurisdiction over the nation's statistical system. I can tell you from my own experience how difficult it was to develop efficient plans for redesign of the important labor force survey, a fine example of cooperation between two statistical agencies—BLS and Census. All plans and appropriation requests had to be reviewed by two different appropriations subcommittees and two different subject matter committees of the Congress. Sometimes, the Congressional Committees came to the same conclusion, but at times, BLS would secure the required approval for its part of the work while the Census request was turned down, or vice versa. In our system, statistical agencies in each Department must deal not only with their own subject-matter and appropriations Committees and Subcommittees, but also with a number of Committees with broader jurisdiction concerned with paperwork reduction, general government operations, and individual agency oversight. Under such circumstances, it is difficult, if not impossible, for the Congress to consider such broad and important issues as data integration, research needs, and data requirements for the system as a whole. In these days of serious budget reduction, we cannot afford inefficiencies of that kind.

I am especially pleased to be here this morning because the bill before this Committee is, in my view, a constructive effort by the Congress to look at how the system operates and how its functioning might be made better. While I do not agree with every item in the bill, I believe its approach is an important step toward improving the system. I would be happy, Mr. Chairman, to work with your staff in going over the bill in further detail.

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