

**OUTCOME
GOAL 1.3 -
IMPROVE THE
EFFECTIVENESS
OF
INFORMATION
AND ANALYSIS
ON THE U.S.
ECONOMY**

BLS data are published in a variety of printed and electronic formats. The BLS Customer Service Guide provides information on how to obtain data and who to ask for more information.

Photo by: Shawn Moore



Overview

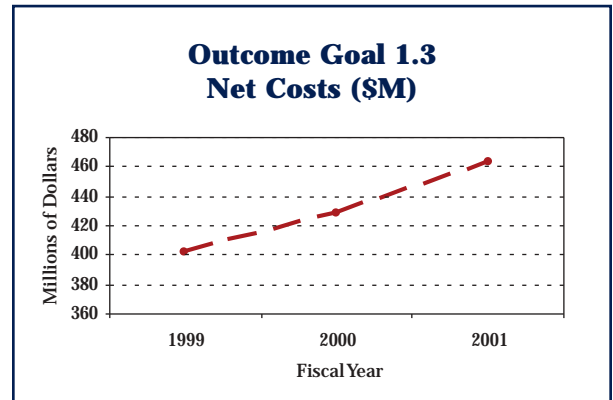
The Department of Labor's Bureau of Labor Statistics (BLS) is responsible for producing some of the Nation's most sensitive and important economic indicators. These indicators are key sources of data used for economic planning and analysis by the President, Congress, and other Federal policy-makers, as well as public and private institutions. Seven BLS data series have been designated as Principal Federal Economic Indicators by the Office of Management and Budget: the Employment Situation, Consumer Price Index (CPI), Producer Price Index (PPI), U. S. Import and Export Price Indexes, Employment Cost Index, Real Earnings, and Productivity and Costs.

BLS data are also used by individuals seeking to improve their chances to succeed in the 21st Century workforce. Rapid technological changes, the globalization of world markets, and profound demographic shifts are reshaping the American workplace and changing the composition of America's workforce. BLS has been and will continue to be responsive to users' needs to understand these changes by providing timely and accurate economic information in several different formats. Users can obtain BLS data through the Bureau's web site, a recorded message phone system, or hard copy press releases.

Serving the Public

The effectiveness of BLS data is determined through a number of criteria pertaining to timeliness, quality, and access. BLS also continuously improves its statistical processes and products to ensure that its data and dissemination methods are useful and relevant to its customers. Below are a few examples of such improvements:

- The CPI program continued updating samples of retail stores and other business establishments (outlets) in the 87 geographic areas for which the CPI is calculated. This process, known as outlet rotation, introduces new outlets and items into the samples that are used to calculate the CPI, making the CPI more reflective of the current marketplace. Prices of items from these newly initiated outlets were used in the November 2001 CPI released in December.
- BLS began work on a new survey measuring how Americans spend their time. The American Time Use Survey (ATUS) will measure the amount of time people spend doing various activities, such as paid work, childcare, volunteering, commuting, and socializing. This information, which currently is lacking for the United States, will be collected starting in 2003, with the first annual estimates being published in 2004.
- BLS substantially improved its website. The primary goal was to make the site faster and easier for users to find needed information. Feedback from users as well as extensive cognitive testing with librarians, journalists, researchers, and other users led to the launch of the revised site on October 16, 2001. Some of the new features include more topics on the BLS home page, more maps, and enhanced navigational aids.



Program Costs

In FY 2001, net costs for Outcome Goal 1.3 were \$463 million. BLS' budget and costs grew incrementally from 1999 to 2001. This trend is attributed primarily to mandatory cost increases; the creation of new programs, such as the Job Openings and Labor Turnover Survey and the ATUS; and important improvements to the CPI and the PPI.

DOL Challenges for the Future

Substantial challenges face BLS, including the changing economy, maintaining sufficient response levels, and evolving technology. To respond to the challenge of changing technology, BLS must remain on the cutting edge and adapt emerging technology to BLS processes, such as an Internet data collection facility, while maintaining a steady flow of economic information. Keeping abreast of improvements and using these improvements to deliver data in a more timely and useful manner are essential ingredients to providing the quality of service our customers expect.

TIMELY, ACCURATE, AND RELEVANT ECONOMIC INFORMATION

Produce and disseminate timely, accurate, and relevant economic information.

The Bureau of Labor Statistics reports performance for this goal using such measures as timeliness, output, quality, relevancy, accuracy, and access. Extracted from those measures and presented here are the following measures: timeliness, quality, and access. The first, timeliness, addresses how often the Department's Bureau of Labor Statistics (BLS) meets the release dates in the published schedule of its Principal Federal Economic Indicators. The second measure is reliability. Decision-makers need to know how well BLS statistics reflect the economic activity described. The third, access, is measured by customer usage of the BLS Internet site.

FY 2001 Results: The goal was achieved. Performance measures were fully met for all three of the goal's dimensions.

Timeliness

Analysis of Results: The Department met the timeliness measures for all programs.

An evaluation of the Office of Publications and Special Studies report of release dates against the release schedule of BLS Principal Federal Economic Indicators provides the data for measuring the results of the timeliness indicator. The report includes the results of four of the seven Principal Indicators — the Employment Situation, Consumer Price Index (CPI), Producer Price Index (PPI), and Employment Cost Index (ECI).

The Department scheduled 40 releases in 2001, comprised of quarterly releases of the ECI and separate monthly releases of the Employment Situation, CPI, and PPI. The Department made no changes to its strategies for achieving this performance measure.

Quality

Analysis of Results: The four economic indicators met the established quality targets.

In order to increase the relevance of BLS information, BLS consults with advisory councils and other researchers. In FY 2001, BLS continued the second year of the Federal Economics Statistics Advisory Committee (FESAC), composed of



Dave Adams, the webmaster for the Youth Motivation Task Force (YMTF) in Orange County, California, regularly downloads data from DOL's Bureau of Labor Statistics (BLS) website to support the YMTF's goal of reducing the high school dropout rate. One strategy the YMTF uses is to send volunteers, like Andrew Gallagher, pictured here, into high school classrooms to discuss the value of education using information on how the unemployment rate and earnings differ by educational attainment. These volunteers also use household expenditure data to discuss the cost of living. Mr. Adams says, "One of our major problems has been the gathering of reliable/accurate ... statistics. With the advent of the Internet, we discovered last year that the Bureau of Labor Statistics and the Monthly Labor Review: The Editor's Desk (T.E.D.) publish precisely the types of reports, articles, and charts that we can use in our presentations." T.E.D. is a daily "e-newsletter" that highlights interesting BLS data and can be found on the BLS website at: <http://www.bls.gov/opub/ted/tedhome.htm>.

Photo courtesy of Youth Motivation Task Force

economic, statistical, and behavioral science researchers. Additionally, meetings of the BLS Business and Labor Research Advisory Councils took place. These committees provide advice and recommendations in areas such as statistical methodology, survey design, and data collection and analysis. For example, the FESAC recommended improved measurements of service sector prices, particularly for investment advice and banking services.

Each of the four Principal Federal Economic Indicators addressed in this goal has a unique quality measure. Appendix 4 provides information on individual program quality measures and performance.

Access

Internet User Sessions		
Fiscal Year	Sessions	Increase
1999	707,347	--
2000	939,561	33%
2001	1,216,698	30%

Analysis of Results: The average number of Internet site user sessions each month serves as a proxy measure of the number of customers accessing BLS information. In FY 2000 and 2001, the number of user sessions increased 33 and 30 percent, respectively.

Goal Assessment and Future Plans: The performance goals for the timeliness and quality dimensions remain the same in FY 2002 except for the addition of another Principal Federal Economic Indicator, the U.S. Import and Export Price Indexes. The access measure will change to reflect the continued improvements to the BLS Internet site. A new performance indicator for FY 2002 is:

Improve the BLS Internet site, including output functionality for users retrieving data. For example, users will have the ability to obtain data from the website and view it in a graphical format, which will provide a more intuitive visual mechanism for recognizing long-term trends and anomalies in large data sets.

Audits and Evaluations: OIG completed an evaluation of the International Price System mandated under the Government Information Security Reform Act. The findings and recommendations demonstrate that the appropriate management controls are in place to ensure the timely and accurate processing of data. A General Accounting Office (GAO) review completed of the Consumer Price Index raised concerns about oversight of commodity analysts' substitution determinations, but did not identify errors or inconsistencies that materially affected the calculation of the Index. BLS continues implementing a periodic review process to improve the consistency and accuracy of analysts' decisions in response to the GAO review. Appendix 3 provides further details on the evaluations. ■

(Goal 1.3A — FY 2001 Annual Performance Plan)

Douglas West, Certified Purchasing Manager (C.P.M.), the Operations Purchasing Manager for Opryland Hotel in Nashville, Tennessee, has saved his employer hundreds of thousands of dollars by using Producer Price Index (PPI) statistics from the DOL's Bureau of Labor Statistics to negotiate contracts. After establishing the initial terms of a contract, Mr. West periodically reviews these terms against the changes to the market prices of raw materials and final products, as shown by the PPI, to determine if he needs to re-negotiate cost adjustments under contract provisions. For example, he may re-negotiate a contract for bath tissue based on cost changes to the final product or to the raw materials (such as recycled waste paper or virgin fiber). He sees the PPI data as a useful tool in ensuring fairness for both parties of a contract. PPI information can be found on the BLS website at: <http://www.bls.gov/ppi>.

IMPROVE ECONOMIC MEASURES

Improve the accuracy, efficiency, and relevancy of economic measures.

This goal measures achievement of significant milestones that reflect the Department's Bureau of Labor Statistics (BLS) commitment to continuous improvement of its statistical processes and products.

Results: This goal was not achieved. The Department achieved four of the six milestones for improving the accuracy, efficiency, and relevancy of the economic measures, but did not meet all FY 2001 milestones established for the American Time Use Survey and the Producer Price Index.

Analysis of Results:

Milestones for Significant New or Enhanced Efforts in FY 2001

ATUS: Development of the new American Time Use Survey (ATUS) began with the Department completing cognitive testing on the survey elements; collecting and analyzing field test data; and finalizing the survey's core questionnaire. The Department expects to receive the Office of Management and Budget's clearance of the survey in FY 2002 rather than FY 2001 as originally planned, but this delay should not postpone the start of full survey production in 2003.

LAUS: To fulfill requirements of the Workforce Investment Act of 1998 that calls for continuous improvement of the employment statistics system, the Department is enhancing the Local Area Unemployment Statistics (LAUS) program with several activities including the creation of a research database for modeling sub-State labor market areas. DOL has signed

agreements with the States to obtain county unemployment insurance claims data to include in the research database.

PPI: The Producer Price Index (PPI) program began work to establish output price indexes for selected nonresidential buildings and construction trades. Currently no reliable aggregate output price data exist for the nonresidential construction sector of the U.S. economy to permit accurate measurement of real output and productivity. DOL researched sample frames; consulted with potential users and project partners, including the Bureau of Economic Analysis and the Census Bureau, on publication goals and data needs; and researched industry marketing and discounting practices. The Department encountered unanticipated delays in purchasing the data needed for the research phase of the project, and will reschedule future activities in parallel rather than consecutively in order to keep the project on schedule to publish the first of the nonresidential construction indexes in 2005, as originally planned. The last of the construction indexes remains scheduled for 2008 publication.

CPI: As part of a multiyear effort to improve the timeliness and accuracy of the Consumer Price Index (CPI), in FY 2001, the CPI program had underway updating of retail store and other establishment samples in which prices are collected in all 87 CPI pricing areas. The new rotation design allows some new outlets in every geographic area to be included in the CPI every year in order to reflect changes in stores and items in the marketplace.

Improvements from Sustained Efforts in FY 2001

Employment, Hours, and Earnings:

To improve the accuracy of survey estimates of the Current Employment Statistics program, DOL is moving from a quota-based to a probability-based sample. In contrast to quota sampling, probability sampling uses randomized selection to ensure a representative cross section of the population is sampled. Probability sampling will significantly reduce the risk of non-sampling error or bias in the estimates. The three-year phased implementation began in June 2000 with the publication of wholesale trade estimates computed under the new design. In FY 2001, DOL converted all Current Employment Statistics series for industries that produce goods to the new design, providing for 23 percent of all payroll employees to be covered by the published national estimates based on the probability-based sample and estimator.

Consumer Prices and Price Indexes:

DOL continued work on improving CPI quality adjustment measures to account for changes in the quality of consumer goods and services and for the emergence of new goods and services in the marketplace. Although work was slowed in early 2001 due to staff turnover, work resumed by the end of the year on reviewing and evaluating data collected in 2000.

Goal Assessment: The performance indicators for this goal in FY 2002 are:

- Publish the first superlative Consumer Price Index (C-CPI-U).
- Beginning with January 2002 data, update expenditure weights in the Consumer Price Index every two years.
- Complete a full field test of the operational computer-assisted data

collection (CADC) system for Consumer Price Index items other than rent.

- Reweight Producer Price Indexes using 1997 shipment values and updated input/output ratios.
- Reweight Import and Export Price Indexes using 2000 trade values.
- Begin releasing monthly data as a developmental series for the Job Openings and Labor Turnover Survey.
- Publish the first Covered Employment and Wages data (ES-202) under the North American Industry Classification System.
- Produce measures of labor productivity and unit labor costs for 15 additional service-producing industries.

Program Evaluations: Program evaluations pertaining to the Department's economic information are described in the narrative for goal 1.3A. ■

(Goal 1.3B — FY 2001 Annual Performance Plan)

The National Longitudinal Surveys (NLS) data, produced by DOL's Bureau of Labor Statistics, are a rich source of information about the American labor market. Researchers like James J. Heckman, Henry Schultz Distinguished Service Professor of Economics at the University of Chicago, use these data to study the kinds of decisions that private citizens make over the course of their lives and the long-term consequences of those decisions. Using the NLS data, Professor Heckman determined that a General Education Development (GED) certificate does not provide the same opportunities as a high school diploma. Further, he found GED recipients are only marginally more successful than high school dropouts, a finding that has prompted policymakers to debate the merits of obtaining GEDs and to investigate ways to make high school education more accessible to at-risk young people. Professor Heckman also used NLS data to demonstrate sophisticated statistical methods he developed that are now widely used by social science researchers. For these contributions to the theory and methods of studying pressing social issues, Professor Heckman received the Nobel Prize in Economics in 2000. NLS information can be found on the BLS website at: <http://www.bls.gov/nls>.