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**Testimony**

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**STATISTICAL AGENCIES**

**Proposed Consolidation and  
Data Sharing Legislation**

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# Statistical Agencies: Proposed Consolidation and Data Sharing Legislation

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Mr. Chairman and Members of the Subcommittee:

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

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## Background

Statistical activities are dispersed throughout the federal government. The Office of Management and Budget (OMB) has identified 70 federal agencies that each spend at least \$500,000 annually on statistical activities as comprising the federal statistical system. Together, these agencies requested over \$3.13 billion for fiscal year 1998 for statistical activities. Of the 70 agencies, 11 are considered to be the principal statistical agencies because they collect, produce, and disseminate statistical information as their primary mission. As part of their missions, they are to ensure that the statistical information they collect, produce, and disseminate is accurate, reliable, and free from political interference. They are also to ensure that they impose the least possible burden on individuals, businesses, and others responding to requests for data. Most of the other agencies that produce and disseminate statistical data do so as an ancillary part of their missions. Together, the principal statistical agencies spend approximately \$1.6 billion annually on statistical activities. Of these agencies, three—the Bureau of the Census and the Bureau of Economic Analysis (BEA) in the

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

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Department of Commerce and the Bureau of Labor Statistics (BLS) in the Department of Labor—account for about \$1.1 billion of this total.<sup>2</sup>

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## Reorganization Principles

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

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

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

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## Title I: The Federal Commission on Statistical Policy

The bill's proposed Federal Commission on Statistical Policy would have a charter that is quite different from most previous commissions, in that it embodies a fairly explicit understanding that the result of its work will be a detailed series of recommendations on "how" (not "whether") to consolidate the Bureau of the Census, BEA, and BLS into a new and independent Federal Statistical Service. Also, the Commission is given a firm, 18-month timetable to devise and get accepted by Congress, under fast-track consideration priority, a reorganization plan that is limited to implementing its recommendations for consolidation. Then, and only if its recommended plan is accepted by Congress, would the Commission continue in existence, with such further assignments as recommending appointment nominations and solutions to key policy issues. These issues include data sharing with other agencies and levels of government,

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

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

enhancing the quality of key statistical indicators, and setting priorities among various statistical programs. In specifying its presumption that consolidation will be the Commission's outcome and providing both a firm deadline for action and incentives to devise a plan likely to gain congressional approval, Congress would provide a broad policy mandate along with a novel solution to the implementation problems that have often mired down reorganization proposals in the past, particularly in the years since the presidential reorganization authority expired in 1984.

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

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

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

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

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

Our past work has shown that implementation is critical to the success of any reorganization. This is properly a task for the Commission itself to address in its recommended reorganization plan. When presidential reorganization authority was still in existence, we recommended that any reorganization plans presented to Congress under its fast-track authority should have detailed provisions for implementation as an integral part of the plan itself.<sup>5</sup>

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

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## **Title II: Efficiency and Confidentiality of the Federal Statistical System**

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

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<sup>5</sup>Implementation: The Missing Link in Planning Reorganizations (GAO/GGD-81-57, Mar. 20, 1981).

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

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

More recent proposals concerning data sharing have called for enactment of legislation that would allow statistical agencies to share data and information with appropriate safeguards to protect against breaches of confidentiality. These proposals were not adopted, in part because of general concerns that greater data sharing might endanger the privacy of individuals. Both the Economic Statistics Initiative under President Bush and the National Performance Review (NPR) under President Clinton have recommended such actions. NPR recommended the elimination of legislative barriers to the exchange of business data among federal statistical agencies, and we agreed with this recommendation.<sup>7</sup> The NPR recommendation did not address the sharing of information on individuals. Some officials of statistical agencies and Members of Congress, however, have argued that a distinction should be made

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

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

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between the sharing of business data and the sharing of personal data about individuals. They noted that breaches of confidentiality protection when personal information is involved may be more serious. The National Academy of Sciences has made recommendations regarding the need for appropriate legislative provisions on data sharing that the Subcommittee may wish to consider in its deliberations on S. 1404.<sup>8</sup>

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

We as well as others who have studied the federal statistical system believe that the inability of statistical agencies to share data is one of the most significant issues facing the statistical system and one of the major factors affecting the quality of data, the efficiency of the system, and the amount of burden placed on those who provide information to the agencies. Since the current inability of federal agencies to share data is one of the principal arguments for statistical agency consolidation, it is possible that enacting title II of S. 1404 may lessen the urgency of the consolidation which is the presumed purpose of title I.

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

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



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# Related GAO Products

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

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

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

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

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

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

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

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

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

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

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

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

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