

THE PRESIDENT'S PLAN TO BOOST EFFICIENCY OF FEDERAL STATISTICAL PROGRAMS

TODAY'S PRESIDENTIAL ACTION

Today, the President is proposing an initiative to raise the quality of economic statistics. It would authorize enhanced data sharing among major statistical agencies and the protection of confidential statistical information provided by the public to Federal agencies.

The President looks forward to working with Congress in a bipartisan fashion so that the American public can start benefiting from greater Federal Government efficiency, higher quality economic statistics for public and private decision-making, and increased protection of confidential statistical information.

PROBLEMS

Statutory barriers currently restrict data sharing among the Bureau of the Census, the Bureau of Economic Analysis, and the Bureau of Labor Statistics thereby hindering innovation and limiting the improvements in the quality of economic statistics. Data sharing would allow these agencies to resolve existing and growing data anomalies that raise questions about the accuracy of economic statistics. Examples of such anomalies that could be reduced or eliminated are:

- Gross Domestic Product has recently experienced an historically-high measurement error approaching \$200 billion.
- Nearly 30 percent of single-establishment businesses had inconsistent 4-digit standardized industry classification codes in the separate business lists maintained at the Census Bureau and at the Bureau of Labor Statistics, bringing into question the ability to track accurately industry output, employment, and productivity trends.

When the public provides sensitive statistical information under a pledge of confidentiality to Federal agencies, the information should be held confidential and the public should rest assured that it is protected.

SOLUTIONS

The President's proposal would remove statutory barriers to the sharing of business data among the Bureau of the Census, the Bureau of Economic Analysis, and the Bureau of Labor Statistics. Enhanced data sharing would improve the reliability and accuracy of key business statistics such as GDP, employment, productivity, and industrial production at no additional cost to the taxpayer. Enhanced data sharing should also help reduce reporting burdens. Businesses spend roughly 2 million hours on economic surveys in most years, and an additional 5 million hours in years when an economic census is conducted. **As the *President's Management Agenda* stresses, removing statutory barriers is an effective way to increase efficiency in Federal Government management.**

The President's proposal would strengthen the safeguards that protect the confidentiality of the public's statistical information. The safeguards are common sense—if the government collects information under a pledge of confidentiality, then that data will be held confidential. Moreover, the President's proposal calls for a clear and consistent set of minimum statutory safeguards so there should be no doubt about the Federal Government's obligation.

And, if anyone in a Federal agency violates this trust, the individual will be subject to stiff penalties. The Administration is making it clear that breaching the public's trust is unacceptable. Fewer than 25 percent of businesses believed that penalties were adequately enforced for unauthorized disclosure of business data by Federal statistical agencies, according to a recent study. **The President's proposal reaffirms to the public—in words and deeds—that when the Federal Government makes a pledge of confidentiality, that pledge will be kept.**

The President's priority is to ensure that the resources entrusted to the Federal Government are well managed and wisely used. And, now with all the demands on our resources, better management is needed more than ever. The Federal statistical programs are a valuable resource, especially in a world where information is playing an increasingly important role in raising standards of living and transforming our economy for the 21st century. In addition, the challenges that the Nation faced in the past year have highlighted the importance of maintaining and improving our premier Federal statistical system that produces high-quality economic statistics for public and private decision making. It is critical for Federal statistical programs to improve continuously and to serve the needs of the public.

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