

The August Review

One important part of the mission of a statistical agency like the Bureau of Labor Statistics is to provide clear and complete documentation and discussion about its programs, methods, and data. Two articles this month, like others that appear regularly in the *Review*, are intended to help meet that goal.

The first, by John S. Greenlees and Robert B. McClelland, is in regard to the Consumer Price Index (CPI). The CPI is the Federal Government's principal measure of inflation at the retail level in the United States and, as such, is one of the most watched economic statistics in the world. Its publication each month is awaited closely by analysts, investors, securities traders, and policymakers around the world. Interest in the CPI is heightened by its use to adjust salaries and benefits, contracts, rents, government programs and other financial arrangements. Movements in prices as measured by the CPI therefore have enormous impact on real-world pocketbook issues, for governments, businesses, and individuals.

Due to its prominence, there have been a number of formal reviews of the index, its data, and its methodologies from the academic, public, and private sectors. Within the last few years, as the authors note, commentary on the CPI has extended well beyond the usual circle of economists and statisticians to include journalists, bloggers, and other writers publishing in forums targeted to more general audiences.

Accompanying this widening pool of commentary has been the continued circulation of some misconceptions about the CPI, a few of which are longstanding. The authors attempt to

improve public understanding of this most important statistic by providing detailed context, clarification or rebuttal to some claims about key aspects of the CPI that are erroneous or misunderstood. Topics include how adjustments are made in the measurement of prices of goods to account for changes in quality; how the costs of homeownership are reflected; and how the CPI accounts for consumer substitution of goods whose relative prices have changed.

Continuing the theme of transparency in program assessment, John W. Ruser examines evidence of undercounting in the Bureau's Survey of Occupational Injuries and Illnesses. As he acknowledges, there has been criticism of the survey for potentially missing some work-related injuries and illnesses, and he discusses how widely estimates differ on the possible scope of the problem. He also lays out an agenda for additional research that BLS plans to undertake and, where feasible, how the survey may be expanded to provide a more complete accounting of these sensitive cases.

In the final article in this issue, Alison Aughinbaugh analyzes estimates from the National Longitudinal Survey of Youth 1997 to see what evidence is available to answer a simple but powerful question: who goes to college?

BLS budget update

We have written previously in this space about the status of the budget of the Bureau of Labor Statistics, and, as the current fiscal year draws to a close, perhaps it's time for an update. As part of its budget submission for Fiscal Year 2009 (which begins October 1, 2008) to Congress, the Ad-

ministration requested about \$593 million in funding, some of which is intended to restore funds that had been requested for BLS for the current year but which, at the end of the Congressional appropriation cycle, were not received.

The 2009 budget request seeks funds for a project vitally important to updating the Consumer Price Index, an inflation measure discussed elsewhere in this issue. This initiative would substantially improve the accuracy of the CPI by allowing the statistical samples taken for housing and geographic areas to be continuously updated. An earlier effort at introducing continuous updating of other major components of the CPI also would be able to be completed.

Other key economic measures produced by BLS are national unemployment and labor force participation rates and earnings for different demographic groups. The expense of operating the Current Population Survey (CPS), which is the source of these and other important data, is rising. Without additional budgetary support, the size of the monthly sample may have to be curtailed, thereby deleteriously affecting the statistical quality of the estimates produced from the survey.

Additional information about the 2009 budget request for BLS can be found at www.bls.gov/bls/budget2009.htm. □

Communications regarding the *Monthly Labor Review* may be sent to:

Editor-in-Chief
U.S. Bureau of Labor Statistics
Washington, DC 20212
Telephone: (202) 691-5900
E-mail: mlr@bls.gov