

The Importance of the U.S. Bureau of Labor Statistics and its Critical Budget Shortfall

Introduction

The Bureau of Labor Statistics (BLS)—the 2nd largest federal statistical agency--produces vital information about jobs and unemployment, wages, working conditions and prices. These statistics help government and private entities make sound decisions, producing a more dynamic economy. BLS produces the following seven Principle Federal Economic Indicators (PFEI), designated by the Office of Management and Budget as the most influential on national financial markets.

- The Employment Situation
- Producer Price Index
- Consumer Price Index
- Real Earnings
- Productivity and Costs
- Employment Cost Index
- U.S. Import and Export Price Indices

BLS data have real economic consequences because the financial markets they inform provide funding for business investments that create jobs and sustain household wealth. Yet a decade of nearly flat funding has dramatically eroded BLS's capacity to provide the modern gold standard data that public and private decisionmakers need to ensure our national economic vitality.

Recent Funding History

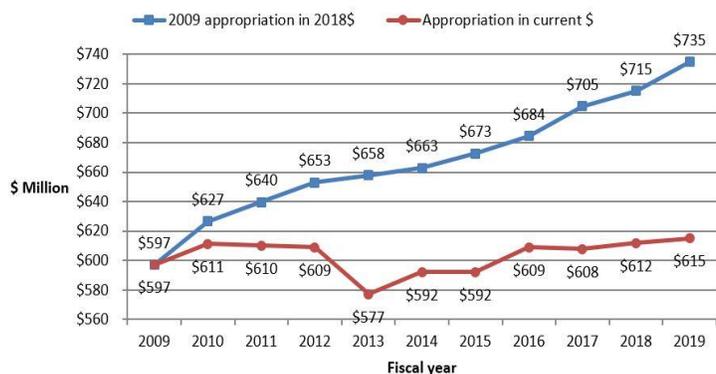
Funding for BLS has remained almost flat for the past decade (from \$611 in FY 2009 to \$615 M in FY 2019). In that time, BLS's purchasing power has fallen by \$120 M in real dollars while costs and demand for data have risen.

As its budget has been squeezed, BLS has found efficiencies, eliminated programs and made reversible cuts.

Despite these steps, BLS also has needed to delay improvements and understaff its programs. Consequently, it cannot devote enough staff, data purchases, IT hardware and software to better cover emerging economic trends and expand use of "big data." In addition, short staffing risks serious errors or last-minute delays in major statistical releases that could ill-serve the public and disrupt financial markets.

If the decline in funding is not reversed, BLS will soon need to cut or shrink its core programs in order to avoid impending irrelevance and operational failures.

Recent BLS Budget History



The Long Term Effects

To maintain the quality of its data, BLS will need to take a strategic approach on which product lines to eliminate. In the past, BLS has been able to preserve its PFEIs and programs that are written into or referenced by law for allocation or other purposes. Together, these prioritized programs now account for 85% of the BLS budget. The remaining programs (the National Longitudinal Surveys, JOLTS, the American Time Use Survey and Employee Benefits Survey, which provide unique information on dynamism, composition, causes and effects) account for less than 10% of the budget. Cross-program technical and management activities account for the remainder.

The situation is now so severe **that eliminating all BLS's non-PFEI and non-legally required and referenced programs would be insufficient to close the current budget shortfall.**

Benefits of Reinvesting in BLS

With a return to full funding and additional funds for improvements, BLS could restore temporary cuts, reduce risks of operation failure and accomplish essential modernizations of its statistical programs. Key potential improvements include:

- Measure the gig economy on an ongoing basis
- Support the Workforce Innovation & Opportunity Act
- Develop and publish Input Price Indexes by industry
- Modernize the Consumer Expenditure Survey
- Expand quality-adjustment efforts for services and tech industry prices
- Measure employer-provided training
- Reinforce cybersecurity and confidentiality protections
- Develop regional Producer and Consumer Price Indexes
- Establish second Electronic Data Center to improve resilience
- Increase capacity for computationally intensive estimation
- Support recommendations from the Commission on Evidence-Based Policymaking

Conclusion

BLS continues to provide essential, trustworthy, highly visible statistics that promote efficiency in our rapidly changing economy. However, its ability to do so is threatened by its dire funding situation.

Failure to reinvest in BLS risks serious degradation of data coverage and quality, leaving our nation in the dark about the state of the economy.

BLS and the US Workforce

With additional funding, BLS could better inform a national strategy for training and retraining the workers in high-demand occupations with these steps:

- **Measure employer-provided training**
BLS last measured employer-provided training in 1995. This serious information gap needs to be addressed to ensure that our workers have the skills they need to succeed in current and future jobs.
- **Support the Workforce Innovation and Opportunity Act**
BLS could meet expanding needs for timely workforce information by redesigning the Occupational Employment Survey, expanding JOLTS to provide more regional and industry detail, updating Occupational Projections, and developing capacity for quick response surveys and supplements.