

## **Notes for July 10, 2014 Meeting of the Friends of the Bureau of Labor Statistics**

The meeting was hosted by the National Association for Business Economics. Eleven “Friends” attended in person; another 4 participated by phone. The focus of the meeting was a visit by BLS Commissioner Erica Groshen and Deputy Commissioner, Jack Galvin, who talked about the opportunities and challenges facing BLS, the budget cycle under which the President’s request for 2016 funding occurs, and the criteria BLS uses to prioritize its programs when prioritization is needed. The following is a summary of their remarks and answers during Q&A.

Commissioner Groshen expressed her delight at the formalization of the Friends of BLS. She likes the kinds of activities that we are planning (as described at <http://www.copafs.org/projects/BLSFriends.aspx> ). An additional Friends of BLS activity she mentioned would be useful is the organization of an external rapid response capability to combat unreasonable attacks on the accuracy and objectivity of BLS (such as the 2012 tweet by Jack Welch).

Groshen identified that among the current advantages that present opportunities for BLS are:

- The current national interest in labor issues;
- BLS’ position of expertise in taking best advantage of new methods, such as webscraping, to obtain supplemental data;
- A terrific staff; and
- A good relationship with the users of BLS data and information.

Groshen classified the challenges that BLS faces under three items:

- Budgetary – insufficient resources to cover all of BLS’ programs and maintain quality
- Mistrust of government – suspicion leading to lower response rates by individuals or establishments than in the past; and
- Human resources – difficulty in competing with non-governmental employers for highly demanded top-notch mathematical statisticians and data scientists.

### **BLS Budgets**

**Fiscal Year (FY) 2014** appropriations were \$592 mil., which was insufficient to cover the expenses of all of BLS programs. As a consequence, BLS:

1. Cut back on the Quarterly Census of Employment and Wages (QCEW) by updating establishments’ locations and other basic descriptors less frequently, cutting frequency first/most for establishments in relatively stable circumstances. In response to a question, Groshen said that even if BLS had access to the establishment data Census gets from IRS, QCEW updating would still be needed since it is the benchmark for the payroll and other surveys and is timelier than Census data.
2. Proposed to discontinue the BLS Export Price Index program. Ultimately, however, the Commerce Department offered to cover the cost of one fiscal quarter (out of the 8 quarters in FY2014 and FY2015) and BLS cut back on hiring, travel, investment in

training, and other routine necessities of a research and statistical agency to cover the cost of the remaining 7 fiscal quarters through end of FY2015.

**For fiscal year 2015**, which begins October 1, 2014, the President's request to Congress for BLS funding is at the level of \$610 mil., which is what BLS would need to retain all programs other than Export Prices. The President's request carries with it new initiatives to support Census in its development of a supplemental poverty measure and to fund an Annual Current Population Survey Supplement on labor force trends. Groshen and Galvin did not discuss the fact that the Senate Appropriations Subcommittee mark-up bill, at \$602 mil., includes less than the President's request.

**Fiscal year 2016's budget** is in early planning stages, still within the Department of Labor as of July 10, 2014. Galvin handed out information (attached) on the 2016 budget process, indicating the chain of events that will lead up to the presentation of a President's FY2016 request in February 2015.

### **Criteria for Program Decision Making**

Galvin also supplied and walked through a list of BLS programs (attached) and reviewed BLS' approach to budget reductions. Specifically:

- Across-the-board cuts generally do not work for the BLS, because that would jeopardize the quality of all BLS data.
- Instead, BLS utilizes a strategic approach by eliminating certain surveys or products in order to maintain high levels of quality across remaining programs and products
- When deciding on program reductions, BLS considers a variety of factors:
  - Whether the program's use is required by or referenced in law.
  - Whether the program is a Principal Federal Economic Indicator
  - The size of reductions required
  - Local versus national data
  - Users and uses of the data
  - Availability of other data sets
- This is not a rigid set of priorities, but the framework informs the BLS strategy for evaluating and implementing reductions.

Questions were asked of Groshen and Galvin about how, given these priorities, they could have proposed to eliminate the Export Price program, which provides a Principal Federal Economic Indicator. They responded that all BLS program are important. The agency has limited flexibility because a large number of its "Other BLS Programs" are mandated by authorization or appropriations language. Still, if ultimate FY2016 appropriations require decisions about reductions, BLS priorities suggest that the two budget initiatives would be the first to go and further choices are most likely to be made from the "Other BLS Programs" list.

## Internal BLS Initiatives Looking toward the Agency's Future

A recent BLS retreat led to the identification of four long-term initiatives to prepare for a rapidly changing future:

- Expanding the responsible use of “Big Data” to supplement BLS survey data;
- Building a quick response function allowing BLS to provide answers related to emerging topics on a timely basis;
- Increasing consistency in the language used to describe the same phenomena across BLS programs; and
- Enhancing career development and creating a “One BLS” climate by rotating staff to work on different programs.

During the Q&A discussion, Groshen indicated that the BLS would be advantaged by:

- Synchronization of BLS and Census establishment lists, which requires a change in legislation since the Census list is based on IRS information and, under current law, cannot be shared.
- Access to the National Directory of New Hires would also be valuable to BLS in that it contains the most current wage record information on employment, wages and unemployment insurance.

Groshen said it would be useful for BLS to know how many firms that, like data repackaging firms, are in business only because they get free data from BLS (which is not always recognized as the source of the data).

In response to a question about what BLS knows about who uses its data and how they use it, Galvin referred to a recent summary report that is available at:  
[http://www.bls.gov/bls/bls\\_pubs\\_annual/2013\\_annual\\_summary.htm](http://www.bls.gov/bls/bls_pubs_annual/2013_annual_summary.htm)

In response to questions about how the newly passed Workforce Innovation and Opportunity Act would affect BLS, Groshen and Galvin said did not think that it would make a lot of difference to BLS programs, but are aware that the current Workforce Information Council will be changed as a result of the new law.

The discussion went on beyond the time allotted for it, meaning that the business meeting of the Friends of the BLS is postponed. Stay tuned for announcement of a conference call or interactive session to facilitate a “Friends” meeting in the near future.