**Testimony of Erica Groshen, Industrial and Labor Relations School, Cornell University
Chair, The Friends of the Bureau of Labor Statistics, former Commissioner of the Bureau of Labor
Statistics (2013-2017)**

on behalf of the Bureau of Labor Statistics

**to the Senate Appropriations Subcommittee on Labor, Health and Human Services in support of
increased funding for FY 2019.**

June 1, 2018

Chairman Blunt, Ranking Member Murray, and members of the subcommittee, thank you for taking the time to consider my testimony on behalf of the Bureau of Labor Statistics. I speak to you as the Chair of the Friends of the Bureau of Labor Statistics (BLS), and as a former commissioner of the BLS, regarding the FY 2019 Appropriation for that agency. I urge you to provide $650 million in funding. This is a 6% percent increase over the FY 2018 appropriation, but represents an important, efficiency-enhancing investment in America's data infrastructure.

Accurate, timely, and readily available statistics are an essential public good in a free enterprise economy. Good statistics help private entities and governments make better decisions and investments, while bad or missing statistics can undermine efficiency in private markets and lead to bad choices that waste tax payer dollars. Federal investment in the agencies that gather the most essential data for America's economic and social wellbeing have flatlined, and we are funding our federal data infrastructure at irresponsibly low levels. The additional funding provided for BLS in FY 2018 was a good start, but we must increase the fiscal support of the BLS to maintain American's position as the world's leading economy, and to advance the wellbeing of our children, families, businesses and communities.

For more than 125 years, the BLS produced vital information about jobs and unemployment, wages, working conditions and prices, serving as a key pillar of the data infrastructure of the nation. The incredible importance of these data can be seen in their use for consequential policy and private decisions. I have provided an appendix to this testimony that include numerous examples of the uses and users of BLS data, from the federal government, to nonprofits, to university, and families. I will only highlight a few here.

First, the Federal Reserve System's (Fed) dual mandate requires it to pursue price stability and full employment. The inflation measures produced by the BLS such as the Consumer Price Index, Producer Price Index, Employment Cost Index, and the U.S. Import and Export Price Indices are central to Fed policy decisions regarding prices. Similarly, the Fed's assessment of employment conditions are most strongly informed by the monthly measures of payroll jobs (from the Current Employment Statistics) and the unemployment rate (from the Current Population Survey), both produced by BLS.

In addition to helping the Fed make good decisions, changes to the Consumer Price Index help the Social Security Administration make cost-of-living adjustments to payments for its retirees and other beneficiaries, which helps nearly 62 million Americans. In these cases, the accuracy of BLS data is paramount.

Local Area Unemployment Statistics (LAUS) estimates are used by federal agencies to transparently allocate funds for important programs such as the SNAP, Temporary Emergency Food Assistance Program, and Temporary Assistance for Needy Families.

But it's not just the federal government that depends on data from the BLS. State and Local governments use Employment Projections, Occupational Employment Statistics and the Occupation Outlook Handbook to make occupation projections, identify skill gaps and market geographic areas to prospective employers. Thus, the data collected and shared by the BLS provide a stable foundation for government decision making.

When urban and rural communities, as well as businesses of all sizes, and families use on the data produced by BLS, they fuel economic development. Business can find the right workers, pay them competitive wages, while job seekers and students can make career decisions that will lead the right workers to the right employees.

The burgeoning new world of "Big Data" analytics relies heavily on official statistics to reach their conclusions as they benchmark estimates, weight samples and validate results. Many of the most well-known examples, including the Billion Prices Project, and products from Indeed and Burning Glass depend on data infrastructure provided by BLS.

The increase in funding BLS received in FY 2018 was beneficial, but it cannot reverse nearly a decade of flat funding. The BLS's purchasing power has fallen by nearly 14% since 2009. The BLS has taken many steps to implement cost saving measures to make the most of its budget. Currently, BLS is exploring options that include centralizing more data collection, moving to a multi-year sampling and collection protocols, using a combination of collected and modeled data, expanding web scraping techniques and autocoding. Even though these efforts have gone a long way, the current level of funding is not sustainable, and means BLS cannot adequately innovate and rise to new challenges in understanding our changing economy.

First, BLS cannot devote enough staff, data purchases, IT hardware and software to better cover emerging economic trends, including the growing service sectors and the gig and digital economies and expand the use of big data. Without these, BLS data risks becoming irrelevant, and the businesses and communities will lose the ability to make informed, evidence-based decisions that fuel the economy.

Second, short staffing risks serious errors or last-minute delays in major statistical releases. Less training, outdated equipment and software, and fewer back-ups raise risks from mistakes and unforeseen events. And these mistakes can be costly. A mistake of just 0.1% in the CPI would result in an over- (or under-) payment of almost $1 billion in annual Social Security benefits. Financial markets could also be roiled by sudden delays or large errors in jobs or inflation data releases. BLS staff works hard to make sure this does not happen, but the risk is growing.

With a return to full funding, BLS could reduce the risk of operational failure, and accomplish many improvements to its programs, and help ensure the wellbeing of American families.

Some key examples are:

- *Measure the Gig Economy*. The May 2017 fielding of the CPS Continent and Alternative Employment Arrangement Supplement (CWS) was funding as a one-time reimbursable by the DOL Chief Evaluation Office. Without continual funding, the BLS cannot residing the questions in the CWS and other supplements to track emerging trends in the labor market. In addition, the employer perspective (incentives, type and degree of use) is still missing.
- *Modernize the Consumer Expenditure Survey*. BLS is redesigning the Consumer Expenditure Survey to take advantage of new technologies that reduce the high respondent burden and improve data quality.

- *Measure employer-provided training.* BLS last measured employer-provided training in 1995. So, our country has no gold-standard information on whether employers are providing more or less training than in the past. What sort of training to they provide? To whom? How do they provide it? Gathering this type of data can help policy makers, educators and businesses understand and address our national skills needs.
- *Increase capacity for computationally intensive automation.* Funds to enhance BLS hardware, software and expertise would advance BLS's ability to produce more detailed and improved products from its existing programs and administrative data. This capacity would increase the use of autocoding (to improve data quality and reduce reporting burden) and data matching, regional modeling, and merging.
- *Design surveys to answer new questions about our economy.* BLS seeks to add the capacity to field survey modules that can provide gold-standard answers to urgent questions as they arise. These modules will address key questions as they arise, such as who employs gig workers, impacts of capital constraints, effects of natural disasters, etc.

Good data fuels the national economy and empowers good decision-making. It is essential to any effort to advance the well-being of our children as they prepare for the labor market, for families as they plan for their living arrangements, small and large business owners as they plan for their future, and for policy makers as they evaluate programs and policies.

Funding the BLS is an investment in efficient government. Public officials and policy makers need reliable data and tools to advance sound and responsible policies. As a producer of gold-standard data, BLS has had a long history of independence and impartiality. Since its inception in 1884, BLS Commissioners have always supported the impartial and objective role of the agency. BLS follows the Office of Management and Budget directives to adhere to objective presentation of facts, as well as explicitly protecting data integrity and transparency with respect to its methodologies and practices.

The statistics collected by BLS provide a stable foundation for decision making. Every community, including businesses both large and small, relies on federal data to fuel economic development. The BLS's user metrics attest to the usefulness of their data. The BLS website averages 19 million page views per month, as people access more than 107 million BLS data series.

Re-investing in BLS means the agency will continue to gather, analyze and share the trustworthy data needed for the evidence-based decisions that will move our economy forward. Please provide the BLS with $650 million in FY 2019 so that America's economy can work at its best for all Americans.

Thank you for your time and consideration of this important agency.