That Jobs Report Won’t Generate Itself

The business community needs to speak up for the Bureau of Labor Statistics.

By Erica L. Groshen
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Business owners, investors and policy makers hold their breath each month before the Bureau of Labor Statistics releases its latest jobs report. Crucial decisions—whether to build a new factory, buy a security or tighten monetary policy—depend on an accurate picture of the economy.

But the BLS, which I led for four years, may be headed toward failure. Imagine a jobs report that contains consequential errors or is late by hours or days. Sources tell me that when Congress draws up the BLS's next budget, lawmakers plan to underfund the agency substantially. If so, Americans could experience the economic equivalent of flying
blind.

The BLS is considered one of the world’s premier statistical agencies. It provides objective data, produced using transparent, state-of-the-art methods, on many aspects of the U.S. economy: unemployment, payroll jobs, inflation, wage and benefit costs, productivity. This data moves markets, and many of the business leaders I talk to say that the need for official statistics is only growing.

The BLS is a modest agency, with a 2016 budget of only $609 million. That’s less than $2 per U.S. resident and not even 0.02% of the federal budget. The BLS’s only presidential appointee is the commissioner, who never sees the agency’s data until it is final. All other employees are career civil servants, mostly economists and information-technology specialists. In other words, the BLS isn’t a political body.

Yet it hasn’t been fully funded for the past decade. This has forced the elimination of useful work. The International Labor Comparisons program helped put America’s economic performance in a global context. The Mass Layoff Statistics program tracked major employment cutbacks. Both were dropped in 2013. This underfunding isn’t sustainable. Even holding the BLS budget flat at its 2016 level would provide $25 million less than needed to continue current activity.

To adjust temporarily, the BLS has slowed improvements and left vacancies unfilled—with two consequences. First, the agency can’t devote enough staff, money, IT hardware and software toward improving its coverage of emerging economic trends and expanding its use of “big data.” This is the path to irrelevance. Second, leaving the BLS short-handed risks serious errors or delays in its statistics. It hasn’t happened yet, thanks to the BLS’s dedicated staff, but sooner or later it will.

Why has the BLS been underfunded? Few legislators, if any, harbor a grudge against the agency or consider its data unimportant. But the BLS lacks congressional champions and so has suffered collateral damage in the budget wars. These days, silence results in budget cuts.

Business leaders in particular have not spoken up for the BLS. Their legislative affairs staffs and associations communicate with
lawmakers about taxes and regulation. But few instruct these offices to vouch for the importance of official data in making good decisions.

Academics, think tanks, professional associations and state and local officials have tried to raise a ruckus on behalf of the BLS and other statistical agencies. But what the agency needs is the clout of the business community behind it. CEOs should stand up, before it’s too late, in defense of the information we all need to sustain America’s economic vitality.

Ms. Groshen served as BLS commissioner, 2013-17.

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