

# ***Challenges with Data Sharing Economic Programs***

## **APDU**

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# Benefits of Data Sharing

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- **Reduce survey costs**
- **Reduce respondent burden**
- **Improve quality of survey methods**
- **Reflect universe comparability with sources such as tax records**
- **Add detail / timeliness to existing products**

# We are asked to use available records

- **Title 13, Chapter I, Subchapter I, Sec 6:**
  - (b) The Secretary may **acquire, by purchase or otherwise**, from States, counties, cities, or other units of government, or their instrumentalities, or from private persons and agencies, such **copies of records, reports, and other material as may be required for the efficient and economical conduct of the censuses and surveys provided for in this title.**
  - (c) **To the maximum extent possible** and consistent with the kind, timeliness, quality and scope of the statistics required, the Secretary shall acquire and use information available .....**instead of conducting direct inquiries**

# Long standing use of administrative records

- **60 years of IRS records for business register, economic census and ongoing programs**
  - Example: Of the 28 million establishments, only 4.6 million receive an economic census form
- **20 years of industry classification codes from Bureau of Labor Statistics for business births**

# CIPSEA brought promise of more data sharing...

- **Confidential Information Protection and Statistical Efficiency Act (CIPSEA) -- Passed in 2002**
  - Standardized safeguards to protect confidentiality of information collected by federal agencies for statistical purposes
  - Authorized sharing of business data among Census, BLS, and BEA
    - Improve the comparability & accuracy of Federal economic statistics by allowing the agencies to
      - reconcile differences in business lists
      - develop consistent classifications of businesses into industries
      - improve coverage

# Business List Comparison

- **Business List Comparison Project: 2004 – 2009**
  - High-level strengths and weaknesses identified in both business lists.\*
  - Project challenges:
    - Significant effort preparing files for matching BLS and Census lists
    - Timing of data (2001 as base year) for fact checking companies
    - Business knowledge associated with other agency files
    - Lack of standards – e.g., EIN varied for identifying establishments, enterprises or firms
    - Only broad discrepancies identified

\* Three JSM papers published results

# Progress: New BLS/Census MOU

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- **Three years to develop and sign MOU 3/2012**
- **Exchange of information limited to multi-unit data**
  - BLS cannot receive IRS data
  - Need “data synchronization” legislation
- **Implementation Planning: In progress**
  - Data not yet exchanged
  - Establish data, technology and security infrastructure time consuming!

# Benefits to Census

- **Multiunit data for small and medium-sized firms operating within States**
  - Provide more consistent detail for smaller multiunits in non-Census years
    - Provide detailed breakouts to produce county-level receipts estimates
  - Reduce mailout for the Company Organization Survey
- **Administrative solution for client data for Professional Employer Organization**

# Challenges with Data Sharing

(As Acknowledged in Prior APDU Sessions)

- **Time consuming process**
  - competes with specific agency priorities
  - like most change, requires resources to speed up the process
- **Not a quick fix**
  - Data from available records needs to be worked with to fit into operational needs (different concepts, timing)

# Challenges with Data Sharing

(As Acknowledged in Prior APDU Sessions)

- **Infrastructure challenges:**
  - Interpretations of legislative authority; implementations of confidentiality and security vary
  - Technology infrastructure and data flows
  - Operationalizing the data into systems
  - Agency support after data exchange for knowledge and expertise

# What can we do?

## Data Synchronization Legislation

- Any use of Federal Information beyond tax administration must be authorized in the tax code.
- Data synchronization legislation would provide:
  - BLS access to Census business data commingled with tax information
  - BEA access to industry data on non-corporate business data (partnerships and sole proprietorships)

# Report Recommendations for Data Synchronization

(As Acknowledged in Prior APDU Sessions)

- **2006**  
*Improving Business Statistics through Interagency Data Sharing*  
National Academies of Science - CNSTAT
- **2007**  
*Understanding Business Dynamics*  
National Academies of Science – CNSTAT
- **2008**  
*Innovation Measurement: Tracking the State of Innovation in the American Economy*  
A report to the Secretary of Commerce by the Advisory Committee on Measuring Innovation in the 21<sup>st</sup> Century
- **2012**  
*Greenbook for FY 2013*  
Treasury Department

# What else can we do?

- **Create common statistical framework:**
  - Common set of safeguarding principles and practices across agencies, e.g., Pub 1075
  - Create technology and associated tools that allow sharing.
  - Build knowledge base at the operational level.