Challenges with Data Sharing Economic Programs

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Benefits of Data Sharing

- 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

- 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)
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• 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 21st 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.