Proposed Reorganization for the U.S. Bureau of Labor Statistics

September 7, 2018

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Cornell University—ILR School
Upjohn Institute for Employment Research
Agenda

• BLS mission and history
• Consolidation proposal
• Rationale and conditions for success
BLS mission

• ... principal Federal agency responsible for measuring
  • labor market activity
  • working conditions
  • price changes in the economy

• ... collect, analyze, and disseminate essential economic information

• ... support public and private decision making.
BLS history

1876: First calls for establishment of BLS
1884: Legislation creates Bureau of Labor in the Department of the Interior
1903: BLS* moves to new Department of Commerce and Labor
1913: BLS moves to new Department of Labor

*Not yet called “BLS.”
Previous consolidation recommendations

**1896**: BLS Commissioner Wright says: “The work of the [BLS] and that of the Census office could be carried along together” as separate agencies within a department

**1995**: Former BLS Commissioner Janet Norwood’s book “Organizing to Count”
  - Recommends consolidating major statistical agencies
  - Cites many previous recommendations

**2008**: President Obama recommends moving BLS to Commerce Department
2018 Consolidation proposal in Delivering Government Solutions in the 21st Century (p. 60-62)

“There is general agreement within the statistical community, the Administration, and among private stakeholders that consolidating these three agencies would

• reduce public burden and end duplicative practices,
• while simultaneously enabling a more coherent approach to developing the Nation’s principal statistics....”

“Reorganization would focus on the following goals:

• achieving increases in operational efficiencies;
• reductions in respondent burden;
• enhancements in privacy protections;
• improvements in data quality and availability.”
Current consolidation vision

• Major statistical agency within Commerce
  • Maintain three separate agency identities
  • Organization and process to be determined

• Timeline
  • Now-2019: Stakeholder meetings to inform process and outcome
  • 2020: Draft and pass legislation
  • 2021-2022: Implement
Consolidation rationale

• Better statistics
  • Single establishment register
  • Single set of productivity and inflation measures
  • Less duplicative, inconsistent labor market statistics

• Share data among 3 agencies
  • Legal changes to expand data-sharing more likely, break no precedent
  • Simpler MOUs within Commerce

• Efficiencies and synergies
  • Avoid compromising confidentiality and independence or appearance thereof
  • Meet needs common across stats agencies
    • Reduce respondent burden
    • Develop and transfer scarce skills
    • Enhance confidentiality, IT, communications, legislative affairs, software licenses, Federal-state partnerships...
Elements to watch for

• Preserve statistical independence
  • No dilution of objectivity (CIPSEA, etc.)
  • Undersecretary for Economic Affairs
    • Rename to omit “Affairs” from title
    • Fixed-term appointee, professional expert
    • Eject Chief Economist for Commerce

• Maintain BLS mission

• Enhance BLS funding
  • Not a means to lower budget

• Continue good BLS service
  • States
  • Department of Labor agencies and Secretary
Bottom line on consolidation: BLS needs your help

• Recognize and explain potential benefits within your community
• Share insights, needs and suggestions as OMB gathers stakeholder information
• Vet the bill when it is written
• If not beneficial—resist strongly
• If beneficial—support strongly
Recent BLS Budget History

- 2009 appropriation in 2018 $
- Appropriation in current $

Fiscal year:

- 2009: $597
- 2010: $611
- 2011: $610
- 2012: $609
- 2013: $577
- 2014: $592
- 2015: $592
- 2016: $609
- 2017: $608
- 2018: $612
- 2019 est.: $612

$ Million

- 2009: $597
- 2010: $627
- 2011: $640
- 2012: $653
- 2013: $658
- 2014: $663
- 2015: $673
- 2016: $684
- 2017: $705
- 2018: $715
- 2019 est.: $735
Why low funding?

- No congressional champions
- Austerity environment
- Hill dysfunction
- Lack of home agency support on Hill
- Classic public goods problem—no business voice
How BLS copes

• Program eliminations
• New efficiencies
• Small cuts (LAUS, OES)
• Extend vacancies
• Cut training
• Defer maintenance and upgrades
• Delay modernization (CES, CPI, PPI, MXP, etc...)

= Irrelevance + Operational failures
What could BLS do with additional funds

• Measure gig economy
  • Update Contingent Worker and Alternative Employment Arrangements Supplement
  • Collect data on employer perspective (incentives, type and degree of use, etc.)

• Improve labor market efficiency
  • Improve timeliness, regional and job detail in OES and JOLTS
  • Revamp Occupational Projections and Outlook Handbook
  • Conduct quick response surveys

• Expand use of administrative and corporate data

• Upgrade website, systems and electronic collection
  • Reduce risk of failure (timeliness, security, errors)
What could BLS do with additional funds, cont’d.

• Measure employer-provided training, first time since 1995
• Develop Input Price Index by industry to improve industry productivity estimates and measure competitiveness and outsourcing
• Modernize Consumer Expenditure Survey to reduce response burden, improve quality and use new technologies
• Expand quality-adjustment efforts and coverage for services and tech industry prices
• Develop regional Producer and Consumer Price Indexes to improve accuracy of BEA GDP by State and Metro Area
### PRINCIPAL FEDERAL ECONOMIC INDICATORS

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### OTHER BLS PROGRAMS

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### TOTAL BLS

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<td>TOTAL BLS</td>
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Challenges

- Measuring dynamic economy
- Maintaining survey participation
- Preserving public trust and independence
- Protecting cybersecurity and confidentiality
- Attracting people to public service
Uses and users of BLS statistics

• Federal government
  • Index IRS categories, Social Security benefits,…
  • Allocate program funding geographically (training, SNAP…)
  • Trigger aid (Unemployment benefit extensions)
  • Monetary policy

• State and local governments
  • Economic development
  • Allocate aid

• Businesses
  • Escalate multi-year contracts
  • Sales and location planning
  • Industry and financial trend analysis

• Households
  • Career and financial plans