
THE GEORGE WASHINGTON UNIVERSITY

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Submitted Comments Regarding Federal Economic Statistics Programs: 2011

Andrew Reamer, Ph.D., Research Professor

Federals Statistical System

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Fiscal Year 2012 Appropriations for the Census Bureau, the Bureau of Economic Analysis, and the National Center for Science and Engineering Statistics – submitted to the Subcommittee on Commerce, Justice, Science, and Related Agencies, Appropriations Committee, U.S. House of Representatives

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Testimony of Andrew Reamer, Research Professor, George Washington Institute of Public Policy, George Washington University to the House Appropriations Subcommittee on Commerce, Justice, Science, and Related Agencies. Honorable Frank Wolf, Chairman. March 11, 2011.

Mr. Chairman and Members of the Subcommittee:

My name is Andrew Reamer and I am a research professor at the George Washington Institute of Public Policy, George Washington University. The focus of my work is on federal policies that promote national economic competitiveness and job creation.

I appreciate the opportunity to comment on the proposed FY 2012 budgets for statistical programs in three agencies under this subcommittee's jurisdiction:

- **Census Bureau – I recommend \$278.5 million for salaries and expenses and support the president's request for \$752.7 million for periodic censuses and programs**
- **Bureau of Economic Analysis – I support the president's request of \$108.9 million**
- **National Center for Science & Engineering Statistics – I support the president's request of \$38.01 million**

Data produced by these three agencies guide millions of public and business decisions that determine the safety of \$69 trillion in household assets and \$36 trillion in nonfinancial business assets and the health of the nation's \$14 trillion economy. Consequently, the nation's return on the proposed \$1.14 billion investment in these agencies will be extraordinarily high.¹

Federal statistics are essential to the nation's ability to emerge from the Great Recession and achieve growth and stability over the long-term. Current, accurate, detailed data are needed by

- federal economic and budget policymakers and independent research institutions to assess national economic conditions and propose policies that effectively stimulate growth, jobs, and profits
- state and local economic development organizations to identify and address concerns and opportunities for business creation, retention, expansion, and attraction
- education and training organizations to track labor market conditions and occupational supply and demand, including in science and engineering
- businesses to make decisions regarding location, markets, products and services, capital investments, research and development, and hiring

In the pre-Internet age, the primary purpose of federal economic statistics was to serve federal economic policy makers, particularly around economic cycle management. For nearly all non-federal users, data were not timely, readily accessible, or easily useful. Now, however, quantum leaps in information technology allow the federal government to quickly analyze and electronically disseminate large volumes of data for use in decision-making by a vast, diverse array of non-federal public and private sector users.

¹ For point of comparison, the 2010 payroll for Major League Baseball was \$2.75 billion.

Further, jumps in statistical agency IT capacities are just beginning to let federal policymakers have a deeper understanding of the structure and dynamics of the economy. If funded, these new data products are poised to contribute to more effective economic and fiscal policies.

Good federal economic statistics, then, make for more informed decision-making, enabling smarter public spending and business choices that enhance the nation's competitiveness and fiscal condition. Data-driven economic intelligence is like military intelligence, it is a necessity, not a luxury, if this nation is to sustain a stable path of economic growth.

Census Bureau

The Census Bureau is the nation's primary data collector, responsible by congressional mandate for a substantial array of demographic and economic statistics at the national, state, county, and neighborhood levels. Data products include the decennial census, annual population estimates, socioeconomic characteristics and conditions of our communities, economic activity by industry and type of owner, and revenue sources and uses at all levels of government.

Census Bureau data are critical to business and government decision-making. Small and large businesses use demographic data to select locations, understand markets, and determine products and services. State and local economic development organizations use socioeconomic data to shape business attraction and job creation strategies. The Census Bureau's data on business activity are the primary inputs to Bureau of Economic Analysis (BEA) estimates of Gross Domestic Product (GDP) and related indicators.

From an economics perspective, I support full funding of the Census Bureau and its key initiatives. Continuation of the 2010 Census data publication process will ensure that decision-makers have current population-based data. Research and testing for the 2020 Census need to begin in FY2012 in order for the Census Bureau to conduct a cost-efficient, accurate census in nine years. The sample size of the American Community Survey (ACS) needs to grow with our population so that estimates are reliable. The Census Bureau needs to prepare for the 2012 Economic Census and Census of Governments, as mandated by Congress. The Bureau's proposal to create a new set of in-depth measures, including unfunded liabilities, regarding state and local government pension programs and other post-employment benefits (e.g., health insurance) is necessary and timely. The preparation of supplemental poverty measures will give policy analysts alternative indicators to traditional poverty numbers based on the relative size of 1950s food budgets. The proposed effort to test the use of administrative records will boost the capability of the Bureau to take advantage of information in-hand, lessening reliance on costly, labor-intensive household surveys.

I also recommend that the Subcommittee provide funding for two programs slated for termination in the president's budget, at a cost of \$6.5 million above the president's request for salaries and expenses.

Current Industrial Reports (\$4 million): In existence for over half a century, the Census Bureau's Current Industrial Reports (CIR) program surveys 40,000 firms in 47 manufacturing sectors (e.g., computers, aircraft, chemicals, machinery, steel, and pharmaceuticals) on a regular basis regarding their production and shipment activities. These data are used by BEA to estimate GDP, by the Bureau of Labor Statistics (BLS) to develop price indices and estimate productivity, and

by Federal Reserve Board of Governors to estimate industrial production. The loss of the CIR program would result in the substitution of less frequent, less detailed data, resulting in less reliable economic estimates. I encourage the Subcommittee to retain this high impact, low-cost program.

Consolidated Federal Funds Report (\$2.5 million): For 30 years, the Census Bureau has produced the annual Consolidated Federal Funds Report (CFFR), which provides detailed data on federal expenditures and obligations in all categories (e.g., contracts, grants, federal salaries, Social Security and other federal retirement/disability programs, Medicare and other direct payments to individuals, loans, and insurance) for the nation and every state and county. This effort is an essential resource for members of Congress and the public (42,000 website visits in 2010) who want to see the categorical, programmatic, and geographic distribution of federal spending. While the 2006 Coburn-Obama bill mandated the creation of USASpending.gov, that web tool only covers federal grants and contracts, not other categories of federal spending. I believe that the termination of the CFFR will leave congressional members with reduced understanding of the details of federal spending at the national, state, and district levels, to the detriment of sound fiscal management.

The annual cost of producing the CFFR in its current state is minimal, \$700,000. However, for congressional purposes, the current state is not sufficiently accurate. The majority of federal grant funds “pass through” state governments, which then spend the money around the state. At present, the Census Bureau estimates the county distribution of pass-through funds on the basis of percentages identified in a 1995 survey of states. As state population and transportation patterns have changed greatly in the last 16 years, the Census Bureau’s distribution formulas are not reliable. For House members to have an accurate picture of federal spending in their districts, the Census Bureau needs to conduct a new state pass-through survey, at a cost of \$1.8 million. Further, I suggest that Congress instruct the Census Bureau to provide on-line CFFR tables by congressional district, which are not available now.

Bureau of Economic Analysis

The data produced by BEA are directly responsible for moving the direction of the nation’s economy: through the monetary policies of the Federal Reserve, through the budget decisions of the president and Congress, through the actions of financial markets, through the decisions of businesses, and through state and local economic development efforts. The president’s request for \$108.9 million for BEA is an excellent use of taxpayer funds and I ask this Subcommittee to approve it.

In particular, I strongly recommend Subcommittee endorsement of the four BEA budget initiatives, totaling \$13.2 million. Collectively, they will allow BEA to address key blind spots in understanding of the nation’s current economic condition and activities and improve the reliability of traditional estimates. New and better data will make possible more intelligent, effective economic and fiscal policies and business decisions more likely to lead to jobs and profits. Further, the data will deter financial market surges based on misinformation about household or industry conditions, which, as recently witnessed, can have ruinous effects on the nation’s economic wealth.

Specifically, the four BEA initiatives are:

- A New Economic Dashboard, providing a more timely, detailed understanding of the condition of nation's major industries (e.g., finance), industry productivity trends, the drivers of sustained economic growth (e.g., net new investment), and the economic role of small businesses (\$5.2 million)
- Everyday Economics, producing a clearer picture of the economic position of American households in terms of savings, assets, liabilities, and spending, with a particular focus on home ownership (\$3.9 million)
- Modernization of Statistical Production, allowing more timely, reliable data with less economist staff hours (\$2.9 million)
- Energy's Economic Impact, yielding more detailed information on energy's role in economic growth, productivity, inflation, trade, and income distribution and on changes in energy supply, consumption, and cost (\$1.2 million).

Collectively, these initiatives will serve to enhance the safety of \$105 trillion in household and corporate assets and the soundness of nation's economy in five ways.

First, they will remove statistical blind spots in macroeconomic policymakers' abilities to see emerging economic risks and vulnerabilities. To quote BEA's request: "The federal economic statistical system – charged with providing key actionable intelligence on the status, trends, and dynamics of the American economy – fell short in providing the advanced warning signs of a building economic crisis. In no small part, this failing was due to an inability to see, both at the detailed and aggregate levels, warning signs of systematic risk. This failing was not a result of a lack of attention, competence, or focus, but rather the exceptional tempo of change and evolution occurring in the economy and the existing statistical system's inability to keep pace."

Specifically, the initiatives will produce the following new data series that will enhance economic monitoring: quarterly GDP-by-industry (allowing faster identification of sectoral issues, e.g., in financial institutions, than existing annual data allow); net domestic product and net investment (allowing observation of new additions to wealth and productivity capacity beyond replacement); productivity indicators across all major sectors; quarterly indicators of household liabilities compared to assets (giving early warning to overinvestment in housing); quarterly indicators of household income after taxes and essentials (enabling better monitoring of spending power and patterns); and the detailed role of energy in the national economy, by energy type (helping understand economic vulnerabilities to volatility in specific energy markets, e.g., oil). Statistical modernization will let policymakers act on the data more quickly.

Second, the BEA initiatives will result in more reliable forecasts of federal deficits under various scenarios. Current GDP estimates provide the foundation for economic and fiscal forecasting. Quarterly GDP-by-industry data availability and statistical modernization, with its improved checking procedures, will result in more accurate, reliable estimates of total GDP.

Third, the initiatives will provide financial markets with new data by which to better assess investment risk and opportunity. Financial market blind spots, and the resulting economic turmoil, resulted in the loss of \$10 trillion in U.S. household assets between 2007 and 2010, a 12 percent decline. New BEA measures of household economics, including the size and nature of assets and liabilities, would help prevent such catastrophes in the future.

Fourth, data produced by the initiatives will enhance the ability of the nation's corporations to make decisions more likely to lead to greater competitiveness, higher profits, and more jobs. Firms will be able to better understand economic conditions and competitive dynamics within their industries, household capacity to participate economically, the relative cost of doing business in various locations, and firm vulnerability to energy market activity. In particular, small businesses will benefit from direct electronic access to these measures.

Finally, detailed new data on small business activity will allow members of Congress and administration policymakers to take more informed, effective actions to catalyze the vitality of this key component of the U.S. economic base. In particular, the initiatives would produce new financial data by type of small business (S-type, limited liability, noncorporate partnerships, sole proprietorships) and identify energy market issues and opportunities for small firms.

I believe that the nation's return on investment in these initiatives will be so high that I invite the Subcommittee to ask the Government Accountability Office to ascertain this return to the extent possible.

National Center for Science and Engineering Statistics

To emphasize the importance of data to innovation, the America COMPETES Reauthorization Act of 2010 (P.L. 111-358) designated the National Science Foundation's Division of Science Resources Statistics as the National Center for Science and Engineering Statistics (NCSES) with the legislative mission to "...serve as a central Federal clearinghouse for the collection, interpretation, analysis, and dissemination of objective data on science, engineering, technology, and research and development."

NCSES produced detailed statistics on industry, academic, and federal research and development efforts; innovation outputs and outcomes; the science and engineering (S&E) workforce, and S&E education. These data are essential for guiding government, university, and corporate decisions regarding R&D, innovation, and education that will determine the nation's economic competitiveness in the years ahead. Consequently, I strongly encourage this Subcommittee to fully fund the president's request of \$38.01 million for NCSES.

The agency has proposed four initiatives worthy of the Subcommittee's support.

- More accurate estimates of the size and characteristics of the nation's S&E workforce—through a sample redesign of the National Survey of College Graduates that relies on new Field of Degree data from Census Bureau's American Community Survey (\$1.19 million)
- Improved methods for data collection, analysis, and dissemination (\$0.4 million)
- Feasibility test using administrative records from other federal agencies to measure R&D activity and improve data quality and timelines (\$0.3 million)
- Cyberinfrastructure investment to enable linking traditional NCSES R&D data with innovation outcomes data (\$1.5 million)

I very much appreciate the opportunity to present my views before the Subcommittee on the importance of fully funding the economic statistics efforts of the Commerce Department and the National Science Foundation.



June 11, 2011

President's Council on Jobs and Competitiveness
c/o Office of the Under Secretary for Domestic Finance
Department of the Treasury
1500 Pennsylvania Ave., NW
Washington, DC 20220
by email: PCJC@treasury.gov

Dear Members of the President's Council on Jobs and Competitiveness,

I appreciate the opportunity to submit this statement for consideration during your June 13th discussion of policies and initiatives to strengthen the economy, promote and accelerate job growth, and bolster U.S. competitiveness. My background includes twenty years aiding state and regional economic development organizations in their efforts to be competitive in the global economy; time at the Brookings Institution focusing on the federal statistical system and co-authoring, with now SBA Administrator Karen Mills, the white paper on federal regional clusters policy that provided the foundation for current Obama Administration efforts; and recently joining the George Washington Institute of Public Policy, George Washington University to examine federal policies that support economic competitiveness. I also serve as chair of the Bureau of Labor Statistics Data User Advisory Committee and a member of the Bureau of Economic Analysis Advisory Committee.

I am writing to request that you strongly encourage President Obama to place a very high priority on seeing that federal statistical agencies produce the data needed to craft intelligent, effective federal macroeconomic and competitiveness policies, state and local economic and workforce development efforts, and U.S. business decisions that enhance global competitiveness. Below, I offer the rationale for my request and specific recommendations for near-term action.

Effective public and private sector decisions depend upon good information. At present, however, the nation's federal statistical system does not adequately produce the current, reliable, relevant data required to produce intelligent decisions. As a consequence, the nation's capacity to respond to the challenges of the recession and global competitive forces is diminished. In this time of tight budgets, the PCJC should know that annual cost of providing the needed improvements is relatively small, about the cost of fighting our wars for one day, and the returns on that investment can be measured in multiple orders of magnitude—in growth in GDP, jobs, income, and federal tax revenues.

The federal government does not adequately produce the needed data for two reasons. The first is underinvestment. At present, the federal government spends about \$1.25 billion annually to track and guide the workings of our \$14 trillion economy, an enormous return on a very modest investment. However, senior executive and legislative branch budget decision-makers tend not to accord statistical programs the priority they deserve on the basis of these returns, rather viewing them on par with other forms of federal spending, such as grants. Consequently, and particularly because statistics lack a vocal constituency with the clout, say, of that for highway spending, executive budget decision-makers tend to ask for too little money and congressional appropriators often cut back on the president's request.

The second reason the federal government does not produce the necessary data is that our statistical system is oriented to serving the needs of federal policymakers who manage fiscal and monetary policy (at Treasury, the Fed, and OMB), but not policymakers directly focused on competitiveness. This orientation has been in place since the 1940s, when Keynesian economics was new, experience of Depression and inflation were recent, and concerns about national competitiveness close to non-existent. At the time of the passage of the Employment Act of 1946, which provided the framework for federal macroeconomic policy, there was no concern that U.S. industrial prowess would be vulnerable to overseas competition. Macroeconomic policy is designed to address cyclical, not structural, economic issues. While cyclical stability is critical to competitiveness, the absence of a coherent structural policy is a major reason why our recovery has been sluggish to date. President Obama's new high-level focus on U.S. competitiveness has not been seen since the last two years of the Carter Administration; our statistical system reflects that long-standing low level of presidential attention.

Macroeconomic policy, by its very nature, is "top-down," developed and implemented by the President, a small number of experts in a handful of federal agencies, and Congress. To make an analogy, macroeconomic policy is analogous to Newtonian physics, with the economy seen as a machine and economic wizards working the levers of fiscal and monetary policy to bring about smooth operation.

The nation's competitiveness, on the other hand, stems from the day-to-day decisions and behaviors of millions of businesses, thousands of education, training, and research institutions, and hundreds of millions of individual workers and students figuring out what occupations to enter and skills to attain. Moreover, competitiveness also depends on the relationships among these various actors within regions, within individual sectors, and particularly within regional industry clusters.

Numerous federal program agencies, such as the International Trade Administration and the National Science Foundation, and state and regional economic and workforce development organizations seek to stimulate and catalyze market actor behaviors that enhance competitiveness, but none have the "top down" power to influence behaviors that the Fed has for monetary policy. In reality, the workings of our economy are more analogous to quantum physics, with billions of seen and unseen variables and substantial uncertainties. To be effective, federal competitiveness policies must seek to increase the probabilities that market actors create productive relationships and make good decisions.¹

Such policies require a different type of statistics than those required by macroeconomists, statistics that focus on regional economies and clusters, industry competitiveness, R&D, technology transfer and innovation, entrepreneurship, education and training, and other dimensions of economic activity outside the usual purview of macroeconomists. That said, the federal tendency to underinvest in statistics has resulted in deficiencies in the macroeconomic realm as well.

The availability of numbers determines the understanding of issues and opportunities that drive policy. Consequently, relatively modest additional investments in federal statistics will yield substantial benefits.

Below, I lay out ten relatively low-cost, high-impact initiatives that can be quickly implemented. These ideas are drawn from a draft policy brief that will discuss these and other recommendations in greater

¹ See Andrew Reamer, ["The Federal Role in Encouraging Innovation: The 'I's' Have It,"](#) December 17, 2010.

detail. Some have been proposed by the Administration. Several require very modest Congressional appropriations (I believe that total new costs would be under \$50 million).

Labor Markets. The federal statistical system can provide the data to help make labor markets work better so that students and workers get training that leads to jobs and employers get workers with skills they need.

- 1) Implement the National Employment Statistics System mandated by Congress. The Workforce Investment Act of 1998 directs the Secretary of Labor to maintain a National Employment Statistics System that meets the decision-making needs of students, workers, educators and trainers, businesses, and economic and workforce developers ([29 USC 491-2](#), attached). Serious implementation ended with the Clinton Administration. The good news is that, in the meantime, the departments of Labor, Education, and Commerce have invested in a series of prototype IT tools for labor market decision-making that, if brought to scale, could serve as the backbone for the mandated system and significantly improve the workings of U.S. labor markets.² I recently laid out an approach to revitalizing the mandated employment data system in a Brookings Institution report, [“Putting America to Work: The Essential Role of Federal Labor Market Statistics”](#) (attached). The first, most important step is for the President to direct the Secretary of Labor to make full implementation of the mandate a high priority and to make full use of innovative LMI tools in doing so.
- 2) Update and expand O*NET, the Department of Labor’s occupational classification database. O*NET is the Department of Labor’s highly valued database that classifies and describes occupations in greater detail, including skills and educational requirements. O*NET is a foundational asset for career and training decision-making and occupational projections. See, for instance, [MySkillsMyFuture](#) and [Skills-based Projections](#). However, O*NET is underfunded, making it prone to being out-of-date and lacking sufficient detail and so diminishing its value in decision-making. The addition of a few million in funding would address this problem.
- 3) Generate state-specific data on job openings and labor turnover by allowing states to “buy” sample from the Bureau of Labor Statistics (BLS). The BLS [Job Openings and Labor Turnover Survey \(JOLTS\)](#) is a powerful tool for understanding current labor market conditions nationally by measuring job openings, job hires, and separations. However, the JOLTS sample is too small to produce estimates for individual states, hobbling the ability of state governors to serve as effective partners with the federal government in the economic recovery process. State-specific data could be produced if individual states were allowed to pay BLS to “oversample” establishments. There is precedent for this approach—state “add-ons” are used in federal survey programs on adult literacy and household travel.

² See the “Innovations in LMI” presentations at http://www.brookings.edu/speeches/2010/0927_labor_statistics_reamer.aspx.

Competitiveness. With proper guidance and modest investments, the federal statistical system has the capacity to paint a much more complete picture of the current state of national economic competitiveness, one that could serve as the basis for more effective policy.

- 4) Identify the composition of and trends in the nation's traded sector, by industry. The nation's economic wealth is generated by those industries that compete with foreign suppliers of goods and services abroad (through exports) and at home (through import substitution). Unfortunately, the government lacks a full picture of the industry composition of our traded sector, the relative contribution of each industry in terms of jobs and income, global market share, and trends over time. Creating such a picture is essential for effective policy-making and can be done quickly and at very low cost.
- 5) Produce detailed industrial R&D data beyond 2005. For decades, the National Science Foundation has surveyed U.S. firms regarding their R&D activities—these data are essential for effective federal innovation policies. However, due to lack of funding, NSF has been able to publish only the headline findings, not the detailed data tables, from 2006 forward.³ Again, correcting this problem would cost a relatively small amount of resources.
- 6) Restore lost detail regarding foreign direct investment (FDI) by state. Foreign firms employ substantial numbers of U.S. workers. The ability of state governments to recruit these firms was hampered by a budget-driven decision by the Bureau of Economic Analysis to cut back on the detail of FDI data, particularly for manufacturing and commercial property. Data restoration would cost a few million dollars and reap job benefits orders of magnitude greater.⁴
- 7) Improve productivity measurement by creating an input price index. Accurately measuring industrial productivity is essential for effective macroeconomic and competitiveness policies. However, BLS indicates that it overestimates industrial productivity increases by 10-20% because it treats a shift from a domestic to lower-cost foreign supplier as an increase in productivity rather than a drop in price. BLS says it can correct this problem by creating an input price index, again at relatively low cost.⁵
- 8) Allow the Census Bureau to share its data with the Bureau of Labor Statistics and the Bureau of Economic Analysis. Current law prevents the Census Bureau from sharing data derived from IRS records with other statistical agencies, despite the fact that these agencies are already bound to protect confidentiality. The consequences of this prohibition are multiple. For instance, about 30 percent of U.S. establishments are classified by the Census Bureau in one industry and by BLS in another, resulting in serious confusion regarding the actual industrial structure of the U.S. economy. The Bush and Obama Administrations have worked with Congress to remove this prohibition to “data synchronization”—good progress has been made and hopefully a law will pass this year. In

³ See <http://www.nsf.gov/statistics/industry/>.

⁴ See <http://www.bea.gov/international/di1fdiop.htm> and note loss of state detail after 2007.

⁵ See the work of Susan Houseman at http://research.upjohn.org/productivity_measurement/.

addition to allowing a single picture of U.S. economic structure, the proposed change will allow the Bureau of Economic Analysis (BEA) to produce quarterly GDP by industry (to better see economic turning points) and significantly improve statistics on innovation and self-employment income and BLS to improve its producer price indices.

- 9) Expand the BLS International Price Program to better enable competitive analysis. The International Price Program (IPP) is an important means for the federal government to gain a true picture of the nation's competitiveness, in general and in specific industries. To serve this role, the IPP needs to fill coverage gaps in the rapidly growing international services sectors, particularly health care and business services. Doing so would allow the construction of "real" trade flows. Further, price indices for imported international services would allow comparisons of price trends between similar imported and domestic U.S. service industries. Price indices for exported U.S. services would allow comparisons with priced trends of similar services in other countries. IPP also needs a foreign currency price index, which would be used to assess price trends in U.S. exports and imports from the perspective of foreign buyers and sellers and so help ascertain shifts in U.S. competitiveness in response to fluctuations in the value of the dollar.

Macroeconomic stability. Better federal macroeconomic indicators will aid recovery from this recession and help prevent future ones.

- 10) Implement a series of new macroeconomic indicators to more quickly identify concerns and risks. In President's FY2012 budget request, BEA proposes to develop new indicators that will facilitate a more effective macroeconomic policy.⁶ These include new quarterly measures of net investment and GDP by industry and new risk indicators, particularly regarding excessive financial leveraging through mortgages and overinvestment in housing. The absence of such indicators caused the federal government to not see key danger signals and turning points into the current recession.

I hope you find these ideas of value in the near term and beyond in light of their minimal costs and potentially substantial impact. More generally, I ask that the PCJC strongly encourage President Obama to place a very high priority on ensuring that federal statistical agencies produce the data needed to craft intelligent, effective public and private sector decisions that promote jobs and competitiveness.

Thank you for the opportunity to submit my thoughts. If useful, I am available to discuss them in more detail with you or staff. I wish you all the best in your important work.

Sincerely,



Andrew Reamer
Research Professor

⁶ See http://www.osec.doc.gov/bmi/budget/12CJ/ESA_FY_2012_Congressional_Submission.pdf, pp. 40-46.



May 11, 2011

Brian Harris-Kojetin
OMB Desk Officer

Via e-mail: bharrisk@omb.eop.gov

Dear Mr. Harris-Kotejin,

I am pleased to respond to the Census Bureau's Federal Register notice of April 11, 2011 inviting comments on the information collection request for the Automated Export System (AES).

As a research professor at the George Washington Institute of Public Policy, George Washington University, I focus on federal policies that support the nation's economic competitiveness. Capacity to export is an important dimension of competitiveness. AES-generated measures of the size and nature of U.S. export activity are valuable resources in assessing competitiveness and framing policy responses. More specifically, the proposed AES collection enables competitiveness efforts by providing data that:

- measure total U.S. export activity—so that trade balances and changes in the demand for U.S. goods can be determined
- disaggregate export activity by commodity, value, and weight—so that the nature of demand for U.S. goods can be determined
- disaggregate export activity by country of destination, and country of origin if outside the U.S.—so that the nature of bilateral trade patterns can be determined
- disaggregate export activity by state of origin—so that the relative competitiveness of individual states can be determined and so help guide state economic development efforts
- disaggregate export activity by port of export and mode of shipment—so that transportation patterns can be determined
- provide the basis for the Bureau of Labor Statistics export price index—so inflation-adjusted trade statistics can be developed

In consequence, I strongly support the Census Bureau's proposed AES data collection. Thank you for the opportunity to provide comments. I look forward to OMB's decision.

Sincerely,

A handwritten signature in black ink that reads "Andrew Reamer". The signature is written in a cursive, flowing style.

Andrew Reamer
Research Professor



May 5, 2011

Ms. Diana Hynek
Departmental Paperwork Clearance Officer
Department of Commerce, Room 6616
14th and Constitution Avenue, NW
Washington, DC 20230

Via email: dHynek@doc.gov

Re: Comments on the proposed data collection for the American Community Survey

I am pleased to respond to the notice in the March 9, 2011 Federal Register asking for comments regarding plans to renew OMB clearance for the American Community Survey (ACS).

As a research professor at the George Washington Institute of Public Policy, I focus on federal policies and programs that support the nation's economic competitiveness. From this perspective, I believe that the continuation of the ACS is critically important to U.S. economic well-being.

That well-being depends in large part on the competitiveness of its various regions. However, for several decades now, the strength of these regional economies has been increasingly challenged by firms located outside the U.S., technological innovations, mergers and acquisitions, mismatches between employer needs and workforce skills, and asset bubble-induced recessions. As a consequence, many U.S. regions have suffered significant job loss and are struggling to regain their footing.

President Obama rightly understands that [“Winning the Future”](#)—building and sustaining the nation's economic base by successfully competing with other nations—substantially depends on “bottom-up” economic development, the day-to-day decisions of public and private sector organizations to invest in land, physical infrastructure, capital equipment, research, product development, workforce, and education and training. The principles behind this approach are reflected in a number of federal program initiatives, for example, the [Jobs and Innovation Accelerator Challenge](#), an initiative of 16 federal agencies and bureaus to accelerate innovation-fueled job creation and economic prosperity through public-private partnerships.

With 30 years' experience in regional economic development, I attest that ACS data are essential to public and private sector decisions that provide the basis for sustained competitiveness. Businesses of all sizes use ACS data to identify markets, determine site location and product mix, and assess labor force availability. In light of [research](#) that shows the critical role of new firms in job creation, it is important to know that entrepreneurs rely on ACS data to make key business start-up and development decisions. State and local governments and public-private partnerships analyze ACS data to determine the need for, the design of, and the impacts of programs in economic and workforce development, transportation, and housing. My recent study for the Brookings Institution indicates that the federal government uses the ACS to distribute

about \$100 billion annually to states and communities for the purposes of economic development, employment, education and training, transportation, and commerce and housing credit.

ACS data at the state, metro, county, place, and neighborhood level of particular importance to decisions that enhance regional competitiveness include:

- demographic characteristics (particularly age, gender, ethnicity, language, country of origin)
- job characteristics (industry, occupation, earnings)
- educational attainment
- migration
- journey-to-work
- housing characteristics

While the ACS is relatively new, it is the latest incarnation of a long-standing federal tradition, going back to 1810, of using census surveys to gather data for economic and other forms of public policy. A number of questions on the ACS can be traced back to 1850. Its immediate predecessor, the decennial long form, was initially developed as an innovative tool in 1940 to respond to the Great Depression. For two centuries, Congress and the Executive Branch have recognized that only the federal government has the knowledge, objectivity, resources, and authority to regularly collect and publish data consistent over time and space. OMB's renewed approval of the ACS would maintain the valuable tradition of American households periodically describing their characteristics in service to the national, state, and community economic good.

References that support the above argument about the importance of the ACS for regional competitiveness include:

- Patrick Jankowski Vice President, Research Greater Houston Partnership, [“Economic Development and the American Community Survey,”](#) March 2010
- Purdue Center for Regional Development and the Indiana Business Research Center at Indiana University's Kelley School of Business, [”Crossing the Next Regional Frontier: Information and Analytics Linking Regional Competitiveness to Investment in a Knowledge-Based Economy,”](#) October 2009
- Andrew Reamer, Brookings Institution, [“Surveying for Dollars: The Role of the American Community Survey in the Geographic Distribution of Federal Funds,”](#) July 2010
- Rachel Carpenter, Brookings Institution, [“Socioeconomic Characteristics on Decennial Census Program Questionnaires, 1850-2010,”](#) July 2010

In conclusion, I strongly support the continuation of the ACS in light of its importance to national and regional economic competitiveness. I hope you find my comments of value and thank you for the opportunity to provide them.

Sincerely,

A handwritten signature in black ink that reads "Andrew Reamer". The signature is written in a cursive style with a large initial 'A' and a long, sweeping underline.

Andrew Reamer, Research Professor
George Washington Institute of Public Policy
George Washington University



July 25, 2011

Mr. Brian Harris-Kotejin
OMB Desk Officer
Washington, DC

Via email: bharrisk@omb.eop.gov

Re: Comments on the proposed data collection for the American Community Survey

I am pleased to respond to the notice in the June 23, 2011 Federal Register asking for comments on the Census Bureau's request for renewed OMB clearance for the American Community Survey (ACS).

As a research professor at the George Washington Institute of Public Policy, I focus on federal policies and programs that support the nation's economic competitiveness. From this perspective, I believe that the continuation of the ACS is critically important to U.S. economic well-being.

That well-being depends in large part on the competitiveness of its various regions. However, for several decades now, the strength of these regional economies has been increasingly challenged by firms located outside the U.S., technological innovations, mergers and acquisitions, mismatches between employer needs and workforce skills, and asset bubble-induced recessions. As a consequence, many U.S. regions have suffered significant job loss and are struggling to regain their footing.

President Obama rightly understands that "[Winning the Future](#)"—building and sustaining the nation's economic base by successfully competing with other nations—substantially depends on "bottom-up" economic development, the day-to-day decisions of public and private sector organizations to invest in land, physical infrastructure, capital equipment, research, product development, workforce, and education and training. The principles behind this approach are reflected in a number of federal program initiatives, for example, the [Jobs and Innovation Accelerator Challenge](#), an initiative of 16 federal agencies and bureaus to accelerate innovation-fueled job creation and economic prosperity through public-private partnerships.

With 30 years' experience in regional economic development, I attest that ACS data are essential to public and private sector decisions that provide the basis for sustained competitiveness. Businesses of all sizes use ACS data to identify markets, determine site location and product mix, and assess labor force availability. In light of [research](#) that shows the critical role of new firms in job creation, it is important to know that entrepreneurs rely on ACS data to make key business start-up and development decisions. State and local governments and public-private partnerships analyze ACS data to determine the need for, the design of, and the impacts of programs in economic and workforce development, transportation, and housing. My recent study for the Brookings Institution indicates that the federal government uses the ACS to distribute

about \$100 billion annually to states and communities for competitiveness-related purposes of economic development, employment, education and training, transportation, and commerce and housing credit.

ACS data at the state, metro, county, place, and neighborhood level of particular importance to decisions that enhance regional competitiveness include:

- demographic characteristics (particularly age, gender, ethnicity, language, country of origin)
- job characteristics (industry, occupation, earnings)
- educational attainment
- migration
- journey-to-work
- housing characteristics

While the ACS is relatively new, it is the latest incarnation of a long-standing federal tradition, going back to 1810, of using census surveys to gather data for economic and other forms of public policy. A number of questions on the ACS can be traced back to 1850. Its immediate predecessor, the decennial long form, was initially developed as an innovative tool in 1940 to respond to the Great Depression. For two centuries, Congress and the Executive Branch have recognized that only the federal government has the knowledge, objectivity, resources, and authority to regularly collect and publish data consistent over time and space. OMB's renewed approval of the ACS would maintain the valuable tradition of American households periodically describing their characteristics in service to the national, state, and community economic good.

References that support the above argument about the importance of the ACS for regional competitiveness include:

- Patrick Jankowski Vice President, Research Greater Houston Partnership, [“Economic Development and the American Community Survey,”](#) March 2010
- Purdue Center for Regional Development and the Indiana Business Research Center at Indiana University's Kelley School of Business, [”Crossing the Next Regional Frontier: Information and Analytics Linking Regional Competitiveness to Investment in a Knowledge-Based Economy,”](#) October 2009
- Andrew Reamer, Brookings Institution, [“Surveying for Dollars: The Role of the American Community Survey in the Geographic Distribution of Federal Funds,”](#) July 2010
- Rachel Carpenter, Brookings Institution, [“Socioeconomic Characteristics on Decennial Census Program Questionnaires, 1850-2010,”](#) July 2010

In conclusion, I strongly support the continuation of the ACS in light of its importance to national and regional economic competitiveness. I hope you find my comments of value and thank you for the opportunity to provide them.

Sincerely,

A handwritten signature in black ink that reads "Andrew Reamer". The signature is written in a cursive style with a large initial 'A' and a long, sweeping underline.

Andrew Reamer, Research Professor
George Washington Institute of Public Policy
George Washington University



July 15, 2011

Mr. Paul Bugg
OMB Desk Officer
Office of Management and Budget
Washington, DC 20230

Via email: Paul_Bugg@omb.eop.gov

Re: Comments on the proposed renewal of Annual Survey of Foreign Direct Investment in the U.S.

I am pleased to respond to the notice in the June 8, 2011 Federal Register asking for comments regarding plans to renew OMB clearance for the Annual Survey of Foreign Direct Investment in the U.S. conducted by the Bureau of Economic Analysis (BEA).

As a research professor at the George Washington Institute of Public Policy, I focus on federal policies and programs that support the nation's economic competitiveness. From this perspective, I believe that the continuation of the Annual Survey of Foreign Direct Investment (FDI) is critically important to U.S. economic well-being.

The annual FDI survey has several important uses. One is to provide FDI data for BEA's national economic accounts. BEA's survey tells us, for instance, that U.S. affiliates of foreign firms provide 5 percent of all U.S. private sector jobs. The second use is to inform federal policy on FDI as conducted by the Commerce Department, Treasury Department, State Department, Office of the U.S. Trade Representative, and Federal Reserve Board. The [SelectUSA Initiative](#) recently created by [presidential executive order](#), an effort to attract foreign firms to our shores, is an example of a high-level program effort that relies on BEA annual FDI data to guide decisions.

Thirdly, BEA state-level FDI data enable state departments of economic development to better attract foreign investors. While the federal government can play a "wholesale" role in creating foreign interest in a U.S. location, state governments are the public entities that close the deals at the "retail" level. In fact, the new SelectUSA Initiative notes that individual states' economic development agencies are foreign firms "principal partners in the site selection process." Fourth, non-government researchers use BEA FDI data to ascertain the impact of foreign direct investment on the U.S. economy and the implications for public policy.

Unfortunately, the lack of detail at the state level of FDI activities is hampering the ability of states to attract foreign investment. A review of BEA's [FDI data tables](#) indicates that BEA has stopped producing data on state FDI for manufacturing; gross property, plant, and equipment; and commercial property. BEA did so in response to congressional budget cuts in FY2008. Consequently, as the attached statement from the State International Development Organizations (SIDO) indicates, states are unable to fully understand FDI within their boundaries and so

cannot craft fully effective attraction strategies. Moreover, the lack of state FDI detail will diminish the effectiveness of the SelectUSA Initiative.

BEA understands that the lack of state FDI data detail is of concern. In its budget requests for FY2010 and FY2011, the agency sought funds from Congress to restore state FDI data detail. However, appropriations for data restoration were not forthcoming.

In light of this issue, I ask that OMB approve the BEA request to renew the clearance for the Annual Survey of FDI in the U.S. with a request to BEA that it provide OMB with a report on the estimated impact that restoration of state FDI detail would have on the effectiveness of the president's SelectUSA Initiative.

I appreciate the opportunity to respond to request for comments on the BEA Annual Survey of FDI in the U.S. and look forward to OMB's decision.

Sincerely,

A handwritten signature in black ink that reads "Andrew Reamer". The signature is written in a cursive, flowing style.

Andrew Reamer, Research Professor
George Washington Institute of Public Policy
George Washington University



July 18, 2011

Ms. Diana Hynek, Departmental Paperwork Clearance Officer
Department of Commerce
Room 6616
14th and Constitution Ave., NW
Washington, DC 20230

Via email: dHynek@doc.gov

Re: Comments on the proposed renewal of Business R&D and Innovation Survey

I am pleased to respond to May 18, 2011 Federal Register notice asking for comments on the Census Bureau's plan to request renewed OMB clearance for the Business R&D and Innovation Survey (BRDIS).

As a research professor at the George Washington Institute of Public Policy, I focus on federal policies and programs that support the nation's economic competitiveness. From this perspective, I believe that the continuation of BRDIS is highly desirable. The survey is the nation's primary means for measuring the size and characteristics of business investments in R&D and the intellectual property generated from those investments. Consequently, the survey's data are essential to the development of intelligent federal science, technology, and innovation policies.

BRDIS is primarily designed to produce R&D and innovation estimates for the nation as a whole. However, research indicates that U.S. R&D and innovation activities are very much affected by the regional innovation systems within which they take place. It is useful, then, for BRDIS to have the capacity to generate R&D and innovation statistics for economically meaningful U.S. regions such as metropolitan areas. Regional technology councils, regional economic development partnerships, and state governments can use such data to better grasp the foundations of regional competitiveness and design policies and programs to enhance that foundation.

Consequently, I have two requests. One is that the Census Bureau's ICR supporting document for BRDIS discusses plans to produce data useful for subnational technology-based economic development. My understanding is that such discussion would include mention of numbers generated by questions 2-17 and 3-19 for state and 2-18 for metro areas.

My second request is that the Census Bureau explore the possibility of modifying the 2012 or 2013 BRDIS to capture information on the location of R&D performers, sponsors, partners, collaborators, and technology transfer providers and recipients. Analysts are interested in understanding the extent to which R&D takes place within regional innovation systems; BRDIS-based findings could have a substantial influence on federal, state, and local policies and programs.

My suggestion is that the Census Bureau examine if questions 2-18 (performers), 3-14 (sponsors), 4-7 (partners), 4-19 (universities), and 6-8 (technology transfer providers and recipients) could be modified to obtain regional location information while minimizing respondent burden. As a for instance, the Census Bureau could examine if:

- the categories in questions 2-18, 3-14, and 4-7 that concern domestic organizations might ask if at least half of the activity was in one region and, if so, its name
- question 4-19 might ask if universities in one region had dominant involvement across the various categories and, if so, its name
- question 6-8 might ask if technology transfer sources and recipients were predominantly located in one region and, if so, its name

Thank you for consideration of my suggestions. I appreciate the opportunity to respond to the Census Bureau's request for comments, very much support its continuation of BRDIS, and look forward to reading its submission to OMB.

Sincerely,

A handwritten signature in black ink that reads "Andrew Reamer". The signature is written in a cursive, flowing style.

Andrew Reamer, Research Professor
George Washington Institute of Public Policy
George Washington University



July 25, 2011

Office of Information Regulatory Affairs
Attn: Education Desk Officer
Office of Management and Budget
725 17th St., NW, Room 10222
New Executive Office Building
Washington, DC 20503

Via email: oir_submission@omb.eop.gov

Re: Comments on the proposed revision of National Reporting System for Adult Education

I am pleased to respond to the notice in the June 24, 2011 Federal Register asking for comments on the Department of Education Office of Vocational and Adult Education (OVAE) request for OMB approval of revisions to the National Reporting System (NRS) for Adult Education.

As a research professor at the George Washington Institute of Public Policy, I focus on federal policies and programs that support the nation's economic competitiveness. From this perspective, I believe that the programs authorized by the Adult Education and Family Literacy Act (AEFLA) can play a valuable role in seeing that a greater proportion of U.S. adults have the basic skills necessary to participate in a globally competitive workforce. Further, I believe that the proposed revisions to the NRS will lead to more meaningful assessments of the performance of state programs funded under AEFLA.

That said, after looking over the revised NRS Reporting Tables, I believe that tables 5, 5A, 8, 9, 10, and 13 could be further improved with the addition of information on participant earnings before and after adult education, e.g., data on mean, median, and distribution of earnings. Such information need not be part of goal attainment assessment, at least initially. Each state program could obtain participant job wage information from the state's labor market information (LMI) agency, which has access to individual employee wage records.

I recognize that consideration of the addition of participant wage information is outside the purpose of this particular proposed revision of NRS. Still, I suggest that OMB, as part of the clearance process, ask OVAE to carry out a study to ascertain the desirability and feasibility of adding participant wage data to report tables.

I hope you find my comments of value and thank you for the opportunity to provide them.

Sincerely,

A handwritten signature in black ink that reads "Andrew Reamer". The signature is written in a cursive, flowing style with a prominent initial 'A'.

Andrew Reamer, Research Professor



June 24, 2011

OMB Desk Officer for the Department of Labor, Employment and Training Administration
Office of Management and Budget, Room 10235
Washington, DC 20503

Via email: OIRA_submission@omb.eop.gov

Re: Comments on the proposed information collection for High Growth and Community-Based Job Training Grants

I am pleased to respond to the notice in the May 25, 2011 Federal Register asking for comments regarding the Employment and Training Administration (ETA) information collection request “High Growth and Community-Based Job Training Grants.”

As a research professor at the George Washington Institute of Public Policy, I focus on federal policies and programs that support job creation and economic competitiveness. From this perspective, I believe that ETA’s High Growth and Community-Based Job Training Grants, properly invested, address underinvestment in skilled worker training and so improve the capacity of labor markets to meet business needs for skilled workers. The collection of information needed to assess grantee and program performance is an important part of grant program operation, enabling an understanding of the return on the federal investment and identification of opportunities for improvements in program operations. Consequently, I am pleased to support ETA’s request to collect information concerning the High Growth and Community-Based Job Training Grants.

That said, I have three recommendations regarding the information collection request. The first is that each row of section 2c (including 2c.i and 2c.ii) of the quarterly performance report (ETA-9134) include information on quarterly wages earned by the workers identified. Having wage totals would allow determination and analyses of the labor market value of investments made through the High Growth and Community-Based Job Training Grants. The wage data are obtainable through the same resource used to determine number employed, the Common Reporting Information System managed by the State of Kansas. In particular, I recommend that for columns A, B, and C in section 2c each have two subcolumns, number of workers and total wages earned.

Second, I recommend that the High Growth and Community-Based Job Training Grants general quarterly reporting forms and instructions, Section D, subsection D.1, part E (p. 9), the last sentence of the first paragraph be amended to read:

These strategies include (a) developing and disseminating career awareness information; (b) effectively utilizing recently released labor market and other workforce information to adjust training program offerings as appropriate; (c) developing adequate numbers of

qualified instructors, such as through train-the-trainer and professional development activities; (c) (d) identifying occupational competencies and developing competency-based curricula; (d) (e) developing applied learning and clinical experiences, such as internships or the use of simulations; and (e) (f) developing innovative learning models and environments and ways of structuring the education process, such as distance learning and blended-learning models.

While High Growth and Community-Based Job Training Grant applicants may have used workforce information to identify the initial need for training, local labor markets can change significantly between the time of the proposal and the implementation period. Consequently, I believe that, to build capacity, grantees should be asked to regularly review updated workforce information (e.g., [occupational projections by state](#), the Conference Board [Help Wanted OnLine](#)) and adjust training efforts accordingly. I think such action is particularly desirable as ETA invests over \$30 million annually in state LMI agencies to produce workforce information; training grantee use of ETA-funded workforce information increases the return on investment in both forms of federal funding. Most important, adjusting training efforts in light of new information should result in improved trainee outcomes.

Third, I recommend that OMB, as a condition of clearance, direct ETA to prepare a report for OMB on the potential for use of statewide longitudinal data systems (SLDS) to improve common performance measures reporting by ETA grantees. Since 2005, the National Center for Education Statistics (Department of Education) has invested a half billion dollars in SLDS through the [SLDS Grant Program](#); aims include tracking the workforce outcomes of secondary and postsecondary education and training programs. In 2010, through the [Workforce Data Quality Initiative](#) (WDQI), ETA provided over \$12 million to 13 state labor market information agencies to facilitate the linkage of workforce data to SLDS. The May 17, 2010 Federal Register notice inviting proposals for WDQI funds indicated that:

At a minimum, the data systems should include disaggregated individual record data for the following programs: (1) WIA Title I, (2) Wagner-Peyser Act, (3) Trade Adjustment Assistance program data, (4) UI wage record data, (5) UI benefit data including demographic information associated with UI benefit payments, and (6) linkages to existing State education agency longitudinal data. Applicants are also encouraged to include data from other workforce programs such as Vocational Rehabilitation or RA programs.

A second round of WDQI funding is expected to be announced this summer. Further, efforts are being explored to link SLDS to CRIS and/or the Census Bureau's Local Employment Dynamics Program, both of which have access to employee UI wage records nationwide. In light of the substantial breadth of education and workforce data intended to be in SLDS, and the substantial amount of funds invested in SLDS by taxpayers, I believe it quite desirable for ETA to ascertain the extent to which SLDS can be leveraged as a resource for grant reporting, particularly regarding common performance measures. Consequently, I recommend that OMB direct ETA to provide such an assessment to OMB.

Thank you for your consideration of my support and suggestions regarding information collection for ETA's High Growth and Community-Based Job Training Grants. I look forward to your decision.

Sincerely,

A handwritten signature in black ink that reads "Andrew Reamer". The signature is written in a cursive style with a large initial 'A' and a long, sweeping tail.

Andrew Reamer
Research Professor



June 13, 2011

OMB Desk Officer for the Department of Labor, Employment and Training Administration
Office of Management and Budget, Room 10235
Washington, DC 20503

Via email: OIRA_submission@omb.eop.gov

Re: Comments on the proposed data collection for One-Stop Workforce Information Grant Plan and Annual Performance Report

I am pleased to respond to the notice in the May 13, 2011 Federal Register asking for comments regarding the Employment and Training Administration (ETA) information collection request "One-Stop Workforce Information Grant Plan and Annual Performance Report."

As a research professor at the George Washington Institute of Public Policy, I focus on federal policies and programs that support job creation and economic competitiveness. From this perspective, I believe that ETA's Workforce Information Grant program significantly improves the operation of state and local labor markets, increasing the likelihood that students and workers choose education and training that lead to jobs with labor market value and that employers can hire workers with the desired skills. (I discuss the value of this grant program in my 2010 report "[Putting America to Work: The Essential Role of Federal Labor Market Statistics](#)," attached.) Consequently, I am pleased to support ETA's request to collect information through the Workforce Information Grant Plan and Annual Performance Report.

That said, I request that OMB direct ETA to modify the Training and Employment Guidance Letter (TEGL) for PY2011 Workforce Information Grants to States to require states to use workforce information to guide the expenditure of ETA training and employment grants to states. In FY2011, ETA will provide over \$3 billion in training and employment grants to state and local governments; the President requested a similar amount for FY2012. In light of the slow recovery from the recession and the need to close budget gaps, it is imperative that ETA training and employment funds be spent in ways that maximize impact. With appropriate direction from Assistant Secretary Oates, ETA's \$32 million workforce information grant program can lead to the generation of state reports on labor supply and demand that can guide such wise, effective expenditures a thousand times greater in magnitude. However, at present, ETA does not require that workforce information generated by the former to inform the latter.

Consequently, I request that OMB direct ETA to add language in the TEGL that requires grantees to develop and use workforce information to guide the state's expenditure of ETA training and employment grant funds. For your consideration, I have inserted suggested language in the TEGL, attached.

Thank you for your consideration of my support and suggestions regarding ETA's important workforce information grant program. I look forward to your decision.

Sincerely,

A handwritten signature in black ink that reads "Andrew Reamer". The signature is written in a cursive style with a large initial 'A'.

Andrew Reamer, Research Professor
George Washington Institute of Public Policy
George Washington University



Memo to: Scott Cheney, Senate HELP Committee
From: Andrew Reamer
Re: Comments on WIA reauthorization, Section 409
Date: June 20, 2011

In general, I appreciate the expansion of the scope of this section from employment statistics to workforce and labor market information, the inclusion of users in an advisory council, and more workable planning system. I make the following suggestions to strengthen the principles that appeared to guide the first draft of section 409.

1) Section (a)

I strongly encourage the HELP Committee to define the boundaries of the workforce and labor market information system as including non-statistical information as well as the statistical data currently identified. I would put greater emphasis on the role of the workforce and LMI system on informing the decisions of labor market participants (workers, students, educators, employers) and include a more explicit connection between workforce and education. Thus, I would like to see included: O*NET, decision tools like MyskillsMyfuture, resources such as Career One-Stop and training exchange, and career management tools (such as now being carried out for health care on an experimental basis, with ARRA funds). I also would make explicit the value of the system for regional economic development.

Specific suggestions

- Reverse subsections (A) and (B) so that the criteria for the system's content is laid out first, followed by the content itself
- In relettered subsection (A),
 - rewrite the opening to say "information and data on occupations, skills, and jobs at the national, State, and local levels, which"
 - subsection(A)(ii), I recommend modifying subsection (e)(2) to add required consultation with education and training institutions, economic development organizations, and employers
- In relettered subsection (B),
 - in (B)(iii), remove the stray comma after "by"
 - insert a new (iv) "the relationship between educational attainment and employment conditions and outcomes"

- amend the new (v) to say “employment and earnings information maintained in a longitudinal manner to be used for research and program evaluation and for web-based decision tools for use by labor market participants;”
 - The point here is that, unlike in 1998, longitudinal data can be made available to students, workers, educators, and employers through web-based tools to help guide career, program, and location decisions
- Insert in a new subsection (C) that says “information on (i) the education, skills, and abilities required by individual occupations, organized in a standardized database, (ii) career options in light of a worker’s current occupation, (iii) education and training programs available to obtain specific degrees, certifications, and skills
- Insert a new subsection (G) “a current, comprehensive, standardized on-line database of occupations;”
- In relettered subsection (H) [old F],
 - (i) “national, State, and local workforce, economic development, and education policy-making”
 - (ii) “implementation of Federal workforce, economic development, and education policies and programs (including allocation formulas)
 - add “(v) workers managing career paths, (vi) education and training institutions deciding the nature and size of program offerings, (vii) businesses making site selections
- In relettered subsection (I) [old G], “wide dissemination of such data, information, and analysis
 - (i) in a user-friendly manner
 - (ii) to the extent possible, in the form of microdata public use files for the purposes of research and program evaluation, while fully protecting confidentiality

2) Section (b)

- (2)(B) “Actively seek the cooperation of heads of other Federal agencies, including, but not limited to, the Department of Commerce and the Department of Education, to establish and maintain mechanisms . . .

Naming the Dept of Education is critical to ensuring the integration of education and workforce data in SLDS.

3) Section (c)

- Having a two-year plan is fine. However, the section does not provide guidance on the process for updating the plan (is it updated every two years or every year as a rolling two-year plan?)

and for evaluating DOL's plan implementation. Also, I suggest making clear if the two years should be based on fiscal or calendar years.

- (c)(5) "a description of the written recommendations received from the Workforce Information Advisory Council . . . , and the extent to which those recommendations . . . , and the reasons why any recommendations were not adopted."

4) Section (d)

I would like to see broader representation on the Advisory Council so that DOL works more closely with other agencies (Education, Commerce) and so that users of the workforce and LMI system are fully represented

- In subsection (d)(1), ". . .and how the Department of Labor and the States . . . , and how the Department of Labor will work with the Departments of Education and Commerce in building the workforce and labor market information system"
- I encourage the addition of four ex officio members of Council, two each from Education and Commerce, and within each department one from a statistical agency (NCES, Census) and one from a program agency or division (e.g., EDA, Under Secretary for postsecondary)
- I suggest adding to the council representatives from education, one each from K-12 education agencies, community colleges, and universities

5) Section (e)

As noted above, I think the required consultations in (e)(2)(A) and (B) should be expanded to include education and training institutions, economic development agencies (which are represented on the Council), and employers.



August 22, 2011

OMB Desk Officer for the Department of Labor, Bureau of Labor Statistics
Office of Management and Budget, Room 10235
Washington, DC 20503

Via email: OIRA_submission@omb.eop.gov

Re: Comments on proposed renewal of BLS Report on Current Employment Statistics

I am pleased to respond to the notice in the July 27, 2011 Federal Register asking for comments regarding the Bureau of Labor Statistics (BLS) information collection request "Report on Current Employment Statistics."

As a research professor at the George Washington Institute of Public Policy, George Washington University, I focus on federal policies and programs that support job creation and economic competitiveness. From this perspective, I believe the BLS Report on Current Employment Statistics (CES) is essential to effective national economic policy and state and local economic and workforce development policies. In providing very timely snapshots of net changes in labor markets, by industry, at multiple levels of geography, CES allows policymakers to quickly assess and respond to current economic circumstances. Larger, more comprehensive employment datasets, such as the Quarterly Census of Employment and Wages (BLS) and the Regional Economic Information System (BEA), take many more months to appear.

For many decades, CES has been operated as a federal-state cooperative program, with substantial involvement of state labor market information (LMI) agencies in data collection, adjustment, and analysis. Of late, however, errors by several state LMI agencies in measuring jobs at the beginning of the recession (which caused the sum of states to diverge from the national jobs figure), substantial advances in information technology, and budget constraints have led BLS to centralize the CES program, removing much state LMI involvement and discretion. As you can see from letters, the National Association of State Workforce Agencies and several state LMI directors have expressed concerns about the direction of the CES program. Anecdotally, several LMI directors have told me that they believe the CES numbers produced by BLS for their state are inaccurate and find them difficult to defend before the staff in the Governor's office, the economic development agency, and the workforce development agency.

Being an outside observer and not a methodologist, I can only note, not vouch for, the perspective of LMI directors. That said, that BLS and a number of LMI directors have divergent perspectives leads me to wonder if methodological issues and/or BLS-state tensions will impinge the future reliability of the critically important CES program, particularly at the state and substate level.

I also note that that CES program issues seem to have grown, at least in part, out of budgetary constraints. BLS grants to states in support of the cooperative statistics program have been stagnant for a decade; I understand that the decline in real funding led to a decline in state analyst training, which in turn may have led to state LMI estimation errors of several years ago. BLS explicitly says that its decision to centralize the program is in part to save \$5 million.

In light of the critical importance of the CES program to the nation and the different perspectives of BLS and the states, I suggest that OMB approve the information collection request for the Report on Current Employment Statistics with one condition of clearance—that BLS agree to explore the possibility of co-sponsoring, with the state LMI agencies, a joint review of the methods, structure, and reliability of the CES program by the National Academies of Science and the National Academy of Public Administration.

Thank you for your consideration of my support and condition of clearance recommendation for the valuable CES report. I look forward to your decision.

Sincerely,

A handwritten signature in black ink that reads "Andrew Reamer". The signature is written in a cursive, flowing style.

Andrew Reamer
Research Professor



June 23, 2011

OMB Desk Officer for the Department of Labor, Bureau of Labor Statistics
Office of Management and Budget, Room 10235
Washington, DC 20503

Via email: OIRA_submission@omb.eop.gov

Re: Comments on proposed Green Technologies and Practices Survey

I am pleased to respond to the notice in the May 24, 2011 Federal Register asking for comments regarding the Bureau of Labor Statistics (BLS) information collection request “Green Technologies and Practices Survey.”

As a research professor at the George Washington Institute of Public Policy, George Washington University, I focus on federal policies and programs that support job creation and economic competitiveness. From this perspective, I believe the BLS Green Technologies and Practices (GTP) Survey will be valuable in two ways. First, in quantifying the extent to which U.S. establishments are using green technologies and practices, the survey will provide insight about the extent to which the competitive position of individual U.S. industries is or might be enhanced through the use of such technologies and practices. Second, in quantifying the number of employees, by occupation, who spend more than half their time on green technologies and practices, the GTP survey will lead to more efficient labor markets by informing education institution decisions about program offerings and student and worker decisions about career paths. Consequently, I am pleased to support BLS’ request to collect information through the GTP survey.

That said, I ask OMB, as a condition of clearance, to direct BLS to examine the extent to which the aims of the GTP data collection might be supported through the use of “real-time labor market information (LMI)” on green jobs. Real-time LMI is derived from the analysis of Internet job boards to determine employment demand by occupation, industry, and geography and identify the task content and educational requirements of such jobs. The most well-known real-time LMI product published on a regular basis is the Conference Board’s [Help Wanted On-Line](#) (HWOL). The real-time LMI field is in its infancy, but shows promise to provide timely, useful, low-cost information on U.S labor markets.

In February 2010, the Department of Labor’s Employment and Training Administration (ETA) funded a \$4 million effort by a Northeast Consortium (including eight Northeast state LMI agencies, the Conference Board, Georgetown University, and the Direct Employers Association/NASWA/National Labor Exchange (NLX) partnership [JobCentral]) to use real-time LMI techniques to conduct a research project on demand for green jobs, with four elements:

- develop current demand numbers by occupation and labor market for each of the SOC/O*NET occupations, listing current vacancies and those that have occurred over the last 3 months
- prepare short term job vacancy projections (6-12 months in the future) for the same occupations and in all labor markets where there is sufficient real time demand flow to allow for the projection
- develop lists of “green” skills, detailed work activities, knowledge elements, specific technologies, and education requirements including degrees, certificates, and industry certifications through direct analysis of the text
- look at the distribution of the “green” job vacancies between “green” and “non-green” industries

The consortium’s “Making Green Real” proposal to ETA and PowerPoint presentations of interim findings are attached. The project will run through December 2011.

In its GTP survey proposal to OMB, BLS indicates “This special survey will be conducted in 2011 and 2012. BLS intends to assess the practicality and usability of collecting occupational employment and wages related to green technologies and practices.” Given the implementation of the ETA-funded Northeast Consortium project, I ask that OMB approve the GTP survey with a condition of clearance that BLS review the consortium’s methods and findings and include as part of its GTP survey assessment an examination of the potential use of real-time LMI techniques to support GTP survey aims. In other words, I ask that OMB direct BLS to look into the “practicality and usability of collection occupational employment and wages related to green technologies and practices” through both an establishment survey and web job board scraping. I further recommend that the BLS assessment be provided to OMB as a written report.

The reasons for my request are several. As the Department of Labor is funding two separate and quite different efforts to collect information on green jobs, it would be valuable to assess the strengths and weaknesses of each approach and the potential for synergy and complementarity. (I am not suggesting that the GTP survey is duplicative of the ETA-funded effort—the latter is quite experimental and with numerous problems, as the attached presentations show, and not intended for use as official federal statistics.) As George Werking, former BLS assistant commissioner, advises the Conference Board on its HWOL series, relationships are in place to facilitate a broader assessment.

Real-time LMI offers the potential for in-the-moment, low-cost, high coverage administrative data collection that could be used to enhance, extend, or possibly replace more expensive, less quick survey-based methods; this potential is attractive in a time of tight federal budgets. At the same time, as the attached presentations make clear, a number of issues need to be addressed before real-time LMI can produce reliable statistics. Thus, it would be particularly valuable for BLS to provide its knowledgeable perspective on issues and opportunities for the use of real-time LMI.

The lead agencies in the Northeast Consortium are eight state members of the BLS-state cooperative statistics system and a partner is the National Association of State Workforce Agencies. I understand that over 25 state workforce agencies are currently experimenting with

the use of real-time LMI techniques, not limited to green jobs. Further, the ETA-funded state occupational projections consortium is beginning to use real-time LMI to inform its products. Consequently, an assessment could more broadly inform the appropriate place of real-time LMI in federal-state cooperative efforts.

Thank you for your consideration of my support and condition of clearance recommendation for the valuable GTP survey. I look forward to your decision.

Sincerely,

A handwritten signature in black ink that reads "Andrew Reamer". The signature is written in a cursive style with a large, looping initial "A".

Andrew Reamer
Research Professor



September 28, 2012

OMB Desk Officer for the Department of Labor, Bureau of Labor Statistics
Office of Management and Budget, Room 10235
Washington, DC 20503

Via email: OIRA_submission@omb.eop.gov

Re: Comments on the proposed data collection for U.S. Export and Import Price Indexes

I am pleased to respond to the notice in the *Federal Register* (August 29, 2012) asking for comments regarding the Bureau of Labor Statistics (BLS) information collection request “International Price Program U.S. Export and Import Price Indexes.”

As a research professor at the George Washington Institute of Public Policy, I focus on federal policies and programs that support U.S. economic competitiveness. From this perspective, I believe that BLS’s Export and Import Price Indexes are essential for understanding the nation’s competitive position in global markets. Consequently, I strongly support BLS’s request to collect information for the purpose of constructing and publishing the Export and Import Price Indexes.

That said, I wish to note that BLS Export and Import Price Indexes are woefully inadequate in their coverage of U.S. exports and imports of services, due to insufficient appropriations. At present, the indices cover only air passenger fares and air freight charges, which amount to just ten percent of U.S. services imports and seven percent of U.S. services exports. Missing is price information on exports and imports in important sectors such as business, professional, and technical services (including management and consulting services, R&D and testing services, and computer and data processing services); financial and insurance services; education services; and telecommunications. As a consequence, economists have a limited understanding of the true global competitiveness of these sectors.

Because of fiscal year 2008 budget cuts, BLS was forced to drop coverage of prices of export travel and tourism, ocean liner freight, and postsecondary education (foreign students coming to the U.S.). Prior to these cuts, the indices still covered only 20 percent of imported services and 35 percent of exported services.

The BLS indices continue to cover 100 percent of U.S. goods imports and exports. However, due to limited coverage of traded services, the indices track prices for 84 percent of total imports (all goods and services) and just 72 percent of total exports.

Effective federal economic policy depends on having the capacity to make accurate comparisons of U.S. and foreign prices for all types of services. BLS estimates that the additional annual cost

to expand price index services coverage would be \$12 million, a sum many orders of magnitude smaller than the economic and fiscal returns on such an investment. By FY2017, services coverage would reach 52 percent for imports and 34 percent for exports and would grow in succeeding years until coverage is complete.

Consequently, I encourage OMB not only to approve the BLS information collection request for Export and Import Price Indexes, but also, come budget time, to support the very modest amount of additional funds necessary to provide our nation with a more complete picture of its economic competitiveness.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Andrew Reamer". The signature is written in a cursive, flowing style.

Andrew Reamer, Research Professor
George Washington Institute of Public Policy
George Washington University