

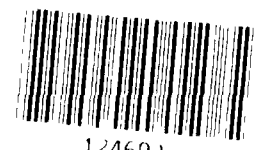
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STUDY BY THE STAFF OF THE U.S.

General Accounting Office

Status Of The Statistical Community
After Sustaining Budget Reductions



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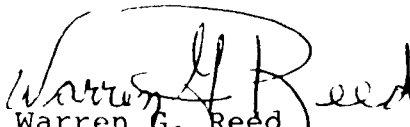
INFORMATION MANAGEMENT
& TECHNOLOGY DIVISION

FOREWORD

The federal statistical agencies provide the government and the private sector with much of the statistical data they use in making policy and program decisions. When the administration initiated major budget reductions in the early 1980's, users of that data were concerned about the data's possible deterioration if various statistical programs were cut back or eliminated. Such a deterioration could impair the ability of those users to make appropriate decisions.

This staff study reviews the changes that nine of the more prominent federal statistical agencies made to accommodate the budget reductions. The study also discusses the rationale the agencies used in deciding on the changes and provides information on users' reactions to the changes.

We wish to acknowledge the cooperation provided to our staff by the statistical agencies and data users contacted to complete the study. Questions regarding the content of this study should be addressed to Jack Kaufman or Vincent DeSanti of our Information Management and Technology Division on (202) 275-3209.


Warren G. Reed
Director

STATUS OF THE STATISTICAL COMMUNITY
AFTER SUSTAINING BUDGET REDUCTIONS

EXECUTIVE SUMMARY

The federal agencies that provide much of the statistical data in this country are referred to jointly as the federal statistical community. This community provides a rich body of data that the government and private sector use in policy and program decisionmaking. Statistical programs produce data that measure the well-being of our society. Among many others, those measures include the gross national product, employment and unemployment statistics, and price indexes.

When the administration initiated major funding reductions in the early 1980's, users of the statistical data expressed great concern that the quality and availability of that data might deteriorate if the statistical community's operations were cut back. Such concern was echoed in congressional hearings and in the news media. Deterioration of the data could impair users' ability to make appropriate decisions.

BACKGROUND

The responsibility for providing statistical data is diffused among a number of agencies--each providing a different type of data or service. This study covers nine of the more prominent statistical agencies. The largest collector and publisher of the most diverse data is the Bureau of the Census. It provides general purpose demographic and economic data. Other agencies collect and publish more specialized data. Those agencies include the Bureau of Labor Statistics, the Department of Agriculture's Statistical Reporting Service, the National Center for Health Statistics, the Bureau of Justice Statistics, and the National Center for Education Statistics. The Bureau of Economic Analysis aggregates and analyzes data provided by other agencies but, with minor exception, does not collect its own. Statistical units of the Internal Revenue Service and the Social Security Administration compile data for their respective agencies and serve as a repository of administrative records used by other government agencies. According to the Office of Management and Budget, for fiscal years 1982 through 1984, the federal government will

have spent an average of \$1.3 million a year on their principal statistical programs.

PURPOSE OF
THE REVIEW

GAO's review focused on

the changes made to the statistical programs and activities from the end of fiscal year 1980, the starting point of most of the concern about budget cuts, through the budget authorization for fiscal year 1984;

--the rationale for changes; and

--the effect of the changes on the statistical programs and activities.

RESULTS IN
BRIEF

Although program reductions were made by the statistical agencies, mainly affecting fiscal year 1982, the statistical system generally has survived. Since fiscal year 1982, funding has been restored for several important data programs and for some delayed improvements of other programs.

WHAT GAO
LEARNED

Program Changes

The statistical agencies made many changes to their programs and activities during the 3-year period covered by this study, and those changes varied by agency. The Census Bureau was not permitted to proceed with the legally mandated mid-decade census, and it deleted portions of the 1982 Census of Agriculture. The Bureau temporarily suspended work on two activities--the Survey of Income and Program Participation and the redesign of the sample for various household surveys. The Bureau of Labor Statistics eliminated several data series and reduced the sample size of the Current Population Survey.

The Department of Agriculture's Statistical Reporting Service reduced geographic coverage of some series on crops and livestock, it eliminated some others, and in several cases, it reduced the frequency of certain data. Several of these changes which initially affected 1982 were reversed the following year when additional funds were provided.

The National Center for Health Statistics revised the frequency of several of its data series. The National Center for Education Statistics reduced its technical assistance to states and its

statistical research. The statistical unit of the Internal Revenue Service reduced the sample sizes of several data series, but retained the samples at a level needed for tax administration.

Not all changes during the period were reductions. A few programs received increased funds. A notable example was the funding provided for the revision of the standard industrial classification.

Rationale for the Changes

In accommodating the budget cuts, the statistical agencies protected their core programs, preserved national level data, and attempted to minimize the difficulties for data users.

Effects of the Changes on Data Users

In an attempt to assess the effects of the program changes, we contacted data users to obtain their views. User reaction was mixed and inconclusive. In a number of cases, users had no reaction because they either were unaware of the changes or had not yet been affected by them. Some users overcame the changes by financing data series proposed for deletion or reduction. For instance, two federal agencies contributed funds to another agency to continue producing the data they formerly received cost free. And some private sector users paid for data they formerly received at no cost.

SUMMARY OF FUNDING ISSUES AND QUESTIONS THEY RAISE

As a result of the administration-initiated budget cuts, the methods of financing some statistical data series have changed since 1982. These changes may be indicative of a trend for the future and may raise questions about how statistical programs in general are financed. In a couple of cases, direct funding replaced cost sharing and, as a result, one agency now has funding control over a data series. In several cases, agencies that had formerly provided data cost free now require the federal agencies and the private sector users to reimburse them for that data. That raises the question about what rules will govern the marketplace for data. Will the ability to pay determine what data will be provided? And should the federal government, in the absence of adequate funding, limit its statistical activities to providing data needed only to administer federal programs?

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ABBREVIATIONS

BLS	Bureau of Labor Statistics
GAO	General Accounting Office
GNP	Gross National Product
IRS	Internal Revenue Service
OMB	Office of Management and Budget
SIPP	Survey of Income and Program Participation
SSA	Social Security Administration

CHAPTER 1

INTRODUCTION

The federal statistical agencies, like other activities of the federal government, were subjected to budget cutbacks in the early 1980's. Federal statistical data users throughout the nation were alarmed over the crisis facing the federal statistical system because of the cutbacks. They feared that the quality and timeliness of the data would be significantly impaired if smaller sample sizes were used, quality assurance procedures were reduced, or data series were eliminated or their frequency reduced. Congressional hearings and reports focused on the impending statistical crisis¹, and the news media provided accounts of the possible adverse effects that reduced funding might have on statistical data.

This study focuses on the effects of the budget cutbacks and other difficulties faced by the federal statistical community. Particular emphasis is given to how the agencies coped with the funding reductions. We performed the study both to identify the changes federal agencies made and to assess the overall effects of those changes.

Most government agencies collect some statistical information in the course of their operations. However, most federal agencies could not be classified as statistical agencies, because the statistical data they produce are a byproduct of their primary mission. Statistical agencies, on the other hand, are involved in the production of statistics as part of their mission. They define and coordinate data needs, collect statistical information, and/or provide some analysis of that information. According to the Office of Management and Budget (OMB), for fiscal years 1982 through 1984 the government will have spent an average of \$1.3 billion a year for principal statistical programs.

AGENCIES INCLUDED IN THE STUDY

The chart on the following pages summarizes information about the agencies and activities covered in this study.

¹Congressional hearings and reports on the subject are listed in app. II.

STATISTICAL AGENCIES INCLUDED IN THE STUDY

<u>Agency</u>	<u>Mission</u>	<u>Principal statistical products</u>	<u>Fiscal year 1984 appropriation (\$000)</u>
Bureau of the Census (Department of Commerce)	Collects and publishes basic statistics concerning the population and the economy of the nation for the Congress, the executive branch, and the general public for the development and evaluation of economic and social programs.	<p>Periodic censuses/programs</p> <ul style="list-style-type: none"> --Decennial census of population and housing --Economic censuses (quinquennial) --Census of governments (quinquennial) --Census of agriculture (quinquennial) --Intercensal demographic estimates <p>Annual or more frequent programs</p> <ul style="list-style-type: none"> --Business statistics (includes retail, wholesale, services, etc.) --Construction statistics (includes permits, starts, alterations, and repair data) --Manufacturing statistics (includes current industrial reports, annual survey of manufacturers, inventory improvements, manufacturers' shipments, inventories, and orders) --General economic statistics (includes county business patterns, quarterly financial reports, and the industrial directory) --Foreign trade statistics (includes import/export statistics and trade monitoring) --State and local government statistics (includes Government Finance Survey, Survey of Government Employment, and data for revenue sharing) --Cotton ginning statistics --Demographic surveys and reports (includes Current Population Survey, Survey of Income and Program Participation, population characteristics and social indicators) --International statistics --Housing statistics 	<p>a \$155,727</p>

a/The Census Bureau's budget requests are greatly affected by the periodic censuses, particularly the decennial census. For example, the Census Bureau received \$720.2 million for fiscal year 1980, the high point of activity for the 1980 decennial census. Much of the Bureau's funding is received from other government agencies for reimbursable work. For fiscal year 1984, the Bureau anticipates receiving \$80.2 million for such work in addition to its own fiscal year 1984 appropriation.

Agency	Mission	Principal statistical products	Fiscal year 1981- appropriation (\$000)
Bureau of Labor Statistics (Department of Labor)	Provides general purpose statistics about American workers for use in developing economic and social policies, making business and labor decisions, and developing legislation and programs affecting labor and research on labor market issues. Most of the data is derived from voluntary responses to surveys of businesses or households. The Bureau is responsible for preparing, presenting, and interpreting employment and unemployment data.	Core programs --Employment and unemployment statistics, --Consumer Price Index. --Employment Cost Index. --Producer Price Index. --International price indexes.	\$135,837
Statistical Reporting Service (Department of Agriculture)	Administers the Agriculture Department's program of collecting and publishing current national and state agricultural statistics, and coordinates the Department's statistical requirements. This includes preparing estimates on the current year's crops, livestock, poultry, dairy products, prices, and other aspects of the agricultural economy. Most of the data is collected through numerous surveys on specialized topics, such as individual crops rather than comprehensive surveys of entire farm operations.	Provides national and state commodity, price, and labor estimates in about 300 reports on 165 crop and livestock products.	\$ 53,303

Agency	Mission	Principal statistical products	Fiscal year 1984 appropriation (\$000)
National Center for Health Statistics (Department of Health and Human Services)	Identifies and measures characteristics in health status, identifies through statistical analyses determinants of health and disease, and identifies efficiencies of health care resources and services. Comparable and uniform health data and statistics are developed by the Center at the national, state, and local levels.	Four major statistical projects --National Health Interview Survey. --National Vital Statistics System. --National Health and Nutrition Examination Survey. --Health resources statistics.	\$46,121
Bureau of Economic Analysis (Department of Commerce)	Prepares and interprets the economic accounts and related estimates. The measures and analyses produced by the Bureau are used by all levels of government and the private sector for economic decisionmaking.	The data and analyses provide economic information on the U.S. economy through the preparation, development, and interpretation of --the national income and product accounts, summarized by the gross national product (GNP), --the wealth accounts, --the input-output accounts, --the balance of payment accounts, --the international transaction accounts, and --the regional accounts.	\$21,129

Agency	<u>Mission</u>	<u>Principal statistical products</u>	<u>Fiscal year 1984 appropriation</u> (\$000)
Bureau of Justice Statistics (Department of Justice)	Collects data on crime and the criminal justice system. The Bureau is responsible for collecting, analyzing, and disseminating statistical data concerning crime, juvenile delinquency, and the operations of the criminal and juvenile justice systems at the federal, state, and local levels.	<ul style="list-style-type: none"> --The National Crime Survey (provides data obtained from the victim rather than providing data only on crimes known to the police) --National Prisoner Statistics --Uniform Parole Reports --National Probation Reports 	\$18,430
National Center for Education Statistics (Department of Education)	Collects current statistical data on the condition and quality of federally sponsored education programs and analyzes this information to identify trends and policy issues at the federal, state, and local levels. The Center also documents and prepares statistical analyses of the condition of American education.	Core programs include the collection of data on elementary/secondary education (Common Core of Data) and postsecondary education (Higher Education General Information Survey).	\$ 8,747

Agency	Mission	Principal statistical products	Fiscal year 1984 appropriation (\$100)
Statistics of Income Division/ Internal Revenue Service (Department of the Treasury)	Develops and evaluates data on taxpayers' filing characteristics, based on returns filed, and provides statistical and economic analyses as requested. As the tabulator of income tax and information returns, the Division plays an important statistical role for other offices within the Treasury Department and the Congressional Joint Committee on Taxation which are concerned with analysis and forecasting of tax receipts and development of tax policy. In addition, the Division supplies income and related data to other agencies. The Bureau of Economic Analysis, for example, uses profit, income, and inventory data from the Division's tabulations in its national income and product accounts.	The principal products of the Statistics of Income Division include four major published annual core data series on individuals, corporations, partnerships, and sole proprietorships.	\$13,417

<u>Agency</u>	Mission	<u>Principal statistical products</u>	Fiscal year 1984 <u>appropriation</u> (\$000)
Office of Research and Statistics--Social Security Administration (Department of Health and Human Services)	Collects statistical data and administers the Social Security Administration's research activities by performing and coordinating research and demonstration projects to improve the agency's program effectiveness.	<p>Compiles statistical data used to formulate Social Security Administration policy, with administrative data and analyses on four major programs</p> <ul style="list-style-type: none"> --Old Age and Survivors Insurance. --Disability Insurance. --Supplemental Security Income. --Aid to Families with Dependent Children. <p>In addition to tabulating and analyzing data available from Social Security Administration program statistics, the Office periodically supplements these data through special surveys. Social Security administrative records also provide data for analyses performed by other agencies. For example, the Continuous Work History Sample has been used by the Bureau of Economic Analysis to analyze employment and migration patterns.</p>	\$12,719

OBJECTIVES, SCOPE, AND METHODOLOGY

Our study's four objectives were to

- identify the statistical programs and activities of the major statistical agencies,
- inventory the changes to those programs and activities since September 30, 1980, with particular emphasis on budget-related changes,
- identify and assess the processes management followed in making budget-related decisions that affect statistical activities, and
- comment on the effects of those decisions on users.

We selected the seven² most prominent agencies that produce statistics as their mission rather than as a byproduct of their mission. The selection was based mostly on prior studies prepared by and for congressional committees, discussions with knowledgeable persons in the statistical community, and our prior work in the area. Agencies selected on this basis include the Bureau of the Census, Bureau of Labor Statistics (BLS), National Center for Health Statistics, National Center for Education Statistics, Bureau of Economic Analysis, Bureau of Justice Statistics, and the Statistical Reporting Service. In addition, we selected two agencies, the Internal Revenue Service (IRS) and the Social Security Administration (SSA), which are major repositories of administrative records used as the source for statistical data. Fiscal year 1980 was selected as the base year against which to compare funding and program changes because most of the concern about the statistical community was generated by budget cuts beginning in fiscal year 1981.

We obtained general information from prior reports on the subject by congressional committees and the Congressional Research Service. To obtain specific information on the agencies included in our study, we administered a questionnaire and interviewed agency administrators, statistical program managers, budget officers, and OMB analysts. We also reviewed agency budget requests submitted to the Congress for the past several years and other budget documents. To determine the effects of the budget reductions, we contacted users of the statistical data. Our selection of the users was based primarily on information provided by the statistical agencies.

²We originally selected eight statistical agencies but decided to exclude the Energy Information Administration because another GAO division had work underway or planned on the changes in that agency's activities. (See GAO/RCED-84-128, May 4, 1984.)

CHAPTER 2

FISCAL CONSTRAINTS HAVE AFFECTED FEDERAL STATISTICAL PROGRAMS, BUT THE BASIC SERIES REMAIN VIABLE

Fiscal constraints have caused the federal statistical agencies to make changes in their programs. The agencies have eliminated and cut back statistical programs, and deferred planned improvements; and stopped or cut back on research and technical assistance. However, the agencies have protected their core programs and seemed to make an honest effort to cause the least number of problems for data users. Some previously canceled or deferred programs have been restored with recent funding increases or have been financed differently, and some new programs have been initiated. In at least two cases, the budget cuts inspired program efficiencies.

ADMINISTRATION-DIRECTED CUTS FORCED CHANGES BY STATISTICAL AGENCIES

Statistical agencies were forced to make program changes to accommodate administration-directed budget reductions. This was particularly the case in fiscal year 1982, when the administration required a 12-percent, across-the-board reduction. However, because the Congress in many cases did not enact appropriation bills for 1982 and 1983, the agencies were provided funding through continuing resolutions. Most of the resolutions provided funding at the previous years' levels. In some cases, however, they provided more funds than the administration initially allowed in the agencies' budget requests.

A comparison by year of funds provided to each statistical agency does not reveal the extent of the budget cutbacks. Inflation and requested program improvements or enhancements are not apparent from a financial comparison alone. The table on the next page shows the funds provided to the selected nine agencies for the five-year period ending in fiscal year 1984. The table serves as a starting point for analyzing program changes.

To understand the significance of the budget cutbacks, one must look at the changes the statistical agencies made in response to the cuts. (See app. I for a detailed list of program changes.)

CENSUS BUREAU MADE CHANGES BUT MAINTAINED CORE PROGRAMS

The Census Bureau, the largest statistical agency by almost any standard, reduced enhancements planned for some surveys, eliminated the mid-decade census, and either eliminated or reduced the frequency of other surveys. However, the Bureau

Funds Authorized in Fiscal Years 1980-1984

Federal agency	FY'80	FY'81	FY'82	FY'83	FY'84
	(\$000)				
Bureau of Labor Statistics	\$102,890	\$111,081	\$113,067	\$121,747	\$135,837
Statistical Reporting Service	a/47,560	53,827	51,636	51,830	53,903
National Center for Health Statistics	43,389	38,006	38,145	40,294	46,121
Bureau of Economic Analysis	15,760	17,053	18,019	19,096	21,029
Bureau of Justice Statistics	15,758	14,112	16,007	16,529	18,430
National Center for Education Statistics	7,080	8,947	8,471	8,589	8,747
Statistics of Income Division	14,758	13,090	13,582	12,649	13,407
Office of Research and Statistics	7,310	8,964	5,500	11,314	12,019
Subtotal	\$254,002	\$265,080	\$264,427	\$282,048	\$309,493
Bureau of the Census					
Salary and Expenses (note b)	53,690	57,200	57,200	69,232	78,507
Periodic Censuses and Programs (note c)	d/666,491	177,850	87,898	98,944	77,220
Total	\$974,686	\$500,130	\$409,525	\$450,224	\$465,220

a/The Statistical Reporting Service was part of the Department of Agriculture's Economics and Statistics Service in fiscal year 1980.

b/Included are the costs of the following programs: current economic statistics programs, current demographic statistics programs, other programs and publications, capital investment, and general research.

c/Included are the costs of the following programs: decennial census, economic censuses, census of governments, census of agriculture, intercensal demographic estimates, data processing equipment, and periodic programs geographic support.

d/Includes \$644,480,000 for the decennial census.

added a few projects and, in some notable cases, later received funding to restore major activities which had been previously cancelled or deferred because of budgetary constraints. Overall, it retained its core programs.

Demise of the mid-decade census

The demise of the mid-decade census was the most significant dollar change that occurred in the statistical community in the early 1980's. The feasibility of a mid-decade census to provide data between decennial censuses had been explored in several congresses. While the need for the mid-decade data was widely accepted, its use was opposed on the basis of cost. In 1976, Public Law 94-521 (13 U.S.C. section 141 (d)) was enacted requiring that a mid-decade census be taken beginning in 1985. A major factor in passage of the legislation was the intent that the cost of conducting such a census would generally be offset by reductions in other statistical series.

However, the impetus for establishing the census was lost almost immediately after the bill's passage. In fiscal year 1979, Commerce refused the Bureau's initial request of \$800,000 for mid-decade census planning activities. Eventually, \$379,000 was appropriated for 1979, and in fiscal year 1980 another \$450,000 was allowed. By 1981, however, the costs to fund this census had, in the administration's view, become prohibitive, and all appropriations ceased. Estimates to complete the 1985 census ranged from several hundred million to a billion dollars, and no substantial cost offsets had been found.

As an alternative means of meeting the data needs the mid-decade census was to satisfy, the administration proposed making extensive use of administration records, at a cost of about \$100 million. However, accurate data at lower levels of geography could not be obtained through such means. In order to maximize the value of the data developed from these records, the Bureau requested and was denied about \$1.8 million for fiscal year 1982. In fiscal year 1983, the Bureau was provided \$2 million¹ for the project. The Bureau did not, however, request funds for fiscal years 1984 and 1985 to further develop this plan, thus bringing it to a standstill and eliminating the possibility that the legislative mandate of Public Law 94-521 will be fulfilled in this decade.

Agricultural census reduced

When the administration proposed its fiscal year 1982 budget cuts, the Bureau considered eliminating the 1982 agricultural

¹The administration excluded funds for this activity in the Census Bureau's budget request, but the Congress added the funding through appropriation actions. The action was taken in response to a study published by the Joint Economic Committee.

census rather than impairing several other statistical programs. Its final decision, however, was to simply defer this census by five years. Its choice of the agricultural census to suffer the brunt of the reductions was due largely to a process of elimination.

In identifying possible targets, the Bureau believed that (1) funds taken from the 1980 decennial census program would reduce data quality, (2) the computer area could not prudently be reduced, and (3) further reductions in the current statistical program area would damage data credibility. The Bureau also believed that reducing or deleting the economic censuses would have an adverse effect on many key data series, such as the national income and product accounts, that use the results as benchmarks. So, to absorb the cuts, the Bureau opted to defer the agriculture census from 1982 until 1987, making it a 10-year rather than a 5-year census.

When the anticipated massive budget reduction was avoided and replaced by a smaller cutback, the Bureau decided to eliminate only parts of the 1982 agricultural census. The core elements of that census, including the outlying areas covering Puerto Rico, Guam, and the Virgin Islands, continued to be carried out.² The major part of the census eliminated was the area sample, which saved between \$5 and \$6 million. The Bureau had first included the area sample in the 1978 agricultural census to supplement the Bureau's list of farms and thus improve the census coverage. To conduct the area sample, enumerators canvass randomly selected areas having rural characteristics. By this method, the Bureau's farm count in the 1978 census was increased by 221,000, or about 9 percent. However, the farms added were mainly smaller ones accounting for only 1 percent of the total farmland and sales.

In addition to eliminating the area sample, the Bureau saved funds by excluding some follow-on activities to the census. The major ones were the Farm Finance Survey and the Census of Agricultural Services which, through an amendment to the Bureau's appropriations bills, were not included in the 1982 census program. They were eliminated primarily to reduce respondent burden, but budgetary constraints were also a factor.

The Farm Finance Survey had been heavily relied on by some users of agricultural data. For example, the Agriculture Department's Economic Research Service had used Farm Finance Survey data concerning non-real-estate debt to prepare reports on the farm economy, and indirectly used other survey data to benchmark balance sheet statistics. The Farm Credit Administration had

²The administration excluded funds for the outlying areas, but the Congress added the funding through appropriation actions.

used survey data to determine farmers' debt, particularly on loans made by nonbanking sources. The Department of Agriculture considered the survey important enough to provide the Bureau partial funding to perform it in 1979. The Census of Agricultural Services collected data on businesses that provided services for a fee, including veterinary medicine, landscaping, and crop harvesting. Other follow-on collection activities that were dropped were the Farm Energy and the Farm and Ranch Irrigation Surveys.

Survey of Income and Program Participation (SIPP) restored

A major new statistical series, SIPP, illustrates one of the more significant events that took place in the statistical community in the early 1980's. After spending about \$20 million over several years to plan for SIPP, it was not funded in fiscal year 1982. Funding was again provided starting in fiscal year 1983.

SIPP is designed to provide improved data on the economic situation of persons and families in the United States. Information will be collected on various sources of income and assets and liabilities to produce improved estimates of income distribution, poverty, and wealth. The government will use the data to (1) evaluate the efficiency of multi-billion-dollar service, transfer payment, and tax administration programs; (2) estimate future costs and coverage of such programs; and (3) estimate the effects of welfare, tax, and social security reform proposals.

SIPP was initially sponsored by the Social Security Administration, Department of Health and Human Services, in collaboration with the Census Bureau. During the initial planning stages most of the funds for SIPP were provided directly to the Social Security Administration. In fiscal year 1983, however, all funding was provided to the Census Bureau to complete the planning activities and move into the developmental and operational stages.

Both SSA and the Census Bureau eliminated SIPP funding from their revised budget requests for fiscal year 1982 because of administration pressures to reduce expenditures. Initially, SSA had planned to request \$8 million and the Census Bureau \$1.3 million for SIPP in 1982. Then, because of continued funding constraints, both agencies did not include funds for SIPP in their fiscal year 1983 budget requests. However, at the urging of the Joint Economic Committee, the congressional appropriations committees responsible for Census Bureau funding added \$2.6 million for SIPP. And, in fiscal year 1984, the Census Bureau requested and was funded \$11.4 million to actually begin SIPP operations. When fully operational, SIPP will cost about \$20 million annually.

Sample redesign: Change in financing

After each decennial census of population and housing, and on the basis of the census data collected, the Census Bureau redesigns the samples to be used in several household surveys which it conducts for other government agencies on a reimbursable basis. In the early 1980's, the Census Bureau feared it might not receive sufficient funding to do this redesigning. This concern was substantially reduced when funds were provided for the samples in 1983. Surveys directly affected by this redesign program include: the Current Population Survey, mainly financed by the Bureau of Labor Statistics; the Annual Housing Survey, financed by the Department of Housing and Urban Development; the National Crime Survey, financed by the Bureau of Justice Statistics; and the Health Interview Survey, financed by the National Center for Health Statistics.

Redesigning the samples generally is a cost efficient project which requires a few years to complete. According to the Bureau, redesigning these surveys at a cost of \$11.9 million, rather than using an alternative, initially less costly redesign approach costing \$2.2 million, would enable it to save \$22.7 million. The Bureau also believes the redesign would enable it to provide better data on minorities. The redesign is needed because changes in the location of the population in the 10-year period between decennial censuses make a sample based on the former census inefficient. A larger than necessary sample would be required to maintain the same level of reliability.

Historically, most of the redesign effort has been financed by the sponsors of the household surveys. Based on an early 1982 review of sponsors' fiscal year 1983 budgets, the Census Bureau had no assurance that sufficient funds would be provided for the redesign effort. And it had insufficient funds to carry out the redesign effort on its own.

Despite the administration's refusal to include sufficient money in the sponsoring agencies' fiscal year 1983 budget requests for the redesign effort, the Census Bureau did receive funding. In the December 1982 continuing resolution for the fiscal year 1983 appropriations, the Census Bureau was provided \$550,000 for the redesign effort. This infusion of funds was added to the \$3 million available to the Bureau from the 1980 decennial census. In its fiscal year 1984 budget the Bureau requested and obtained \$4.8 million for the redesign effort. This request was made at the direction of OMB and represents the consolidation of all federal funds to redesign the household samples. The direct funding, a change in financing methods from prior periods, was used to ensure the completion of the work regardless of the ability of sponsoring agencies to provide funds.

Economic censuses changed

Two surveys planned as part of the Census of Transportation, which is part of the quinquennial 1982 Economic Censuses, were affected by funding changes, although in opposite ways. The National Travel Survey, which estimated the volume and characteristics of long distance travel by the civilian population, was eliminated because of a lack of support; the Commodity Transportation Survey, which measures the distribution and characteristics of shipments made by manufacturers, received increased funding.

The Bureau received \$1 million to finance the National Travel Survey in fiscal year 1983. The contributing agencies, however, withdrew their financial support from the planned survey. The Bureau did not go ahead with the survey because it believed that the \$1 million would not support the size survey that was necessary to provide data at the geographic levels that users needed.

The Commodity Transportation Survey, meanwhile, was deferred for a year because of methodological problems discovered during the previous survey and because of funding constraints. Because the Bureau had decided not to proceed with the National Travel Survey, it opted to use the \$1 million appropriation to improve the Commodity Transportation Survey.

Other changes

The Census Bureau took other money saving actions by eliminating some surveys, reducing the frequency of others, and decreasing the amount of data processed for still others. These changes are discussed in appendix I.

While the Bureau was cutting its budget, it received two increases in funding. Starting in fiscal year 1983 it was appropriated \$2 million to carry on two statistical activities transferred from other agencies--the Quarterly Financial Report, formerly prepared by the Federal Trade Commission, and the Federal Assistance Award Data System, formerly prepared by the Community Services Administration. The second increase came in 1984 when the Bureau was provided \$1 million to revise the standard industrial classification code. An interagency committee had initiated a project in 1977 to revise the code, which had last been updated in 1972. The project had been postponed because of budget constraints.

BUREAU OF LABOR STATISTICS FORCED TO MAKE CHANGES

The Bureau of Labor Statistics is the second largest statistical agency. BLS made several cuts in its programs in the

early 1980's to accommodate administration-ordered cost reductions. The major cutback was reducing the size of the sample used in the Current Population Survey. BLS also (1) eliminated two statistical activities, the Family Budget Program and the Labor Turnover Survey, (2) reduced research and planned improvements, and (3) eliminated or significantly reduced some other programs.

BLS's main objective in accommodating a large budget reduction in fiscal year 1982 was to preserve its core programs. It also considered how much money was needed to improve a program to a level of statistical acceptability, whether a program was in the developmental stage or was already producing data, and whether the program was legally mandated. The Bureau defines its core programs as those providing major economic indicators and includes such programs as: the employment and unemployment statistics, the Consumer Price Index, the Employment Cost Index, the Producer Price Index, and the international price indexes. BLS did reduce funding for these core programs, but made no changes it believed would reduce the data's reliability as national indicators.

Change to Current Population Survey
did not significantly affect
national level data

The reduction in the Current Population Survey saved about \$4.6 million annually starting in fiscal year 1982. The survey is conducted monthly by the Census Bureau on a contractual basis for BLS. The survey provides estimates of employment, unemployment, and other characteristics of the general labor force. It has been conducted monthly since 1942 in response to a need that emerged in the late 1930's for reliable and up-to-date estimates of unemployment. In its 40-year history, the survey has been redesigned several times. For example, between fiscal years 1976 and 1980, the sample was expanded incrementally from about 56,000 to about 85,000 assigned households per month. This change was made to improve the reliability of annual average employment and unemployment data for states, standard metropolitan statistical areas, and central cities. In fiscal year 1981, however, the sample size was reduced to 71,000 households because of budget constraints. Because the reduction was confined to a sample that had recently been added to improve the reliability of state and substate data, it had virtually no impact on the reliability of national level estimates.

Needed improvements to two programs
viewed as too costly

In fiscal year 1982, the Bureau scrapped the Family Budget Program. That program provided annual estimates of the cost of purchasing hypothetical "market baskets" of goods at low,

intermediate, and high standards of living at various geographic areas for a four-person-family and for a retired couple. The problem, according to the Bureau's Director, was that BLS had been basing the family budget on a 1960-61 market basket that had not been updated through specifically conducted price collection for about a decade. The Director believed the needed updating would require several million dollars, and the Bureau was unwilling to spend that amount of money, given the austere financial environment. The program was eliminated at an annual savings of \$448,000.

Another Bureau program eliminated in fiscal year 1982 was the Labor Turnover Survey. When the budget crunch occurred, the Bureau decided that the survey, which provided national data on "hires and quits" among wage and salary workers in manufacturing industries was less essential than other programs on employment, unemployment, and prices. The Bureau pointed out that the survey was essentially limited to the manufacturing industries, and thus was not representative of the changing jobs of all American workers. The cost of improvements to make it representative of all workers was prohibitive. These data were used mainly by the Bureau of Economic Analysis to tabulate the leading economic indicators. In the absence of the data, the Bureau of Economic Analysis believed it could continue the tabulations using data on initial claims for unemployment. The program was eliminated at an annual savings of \$646,000.

In addition to the Family Budget Program and the Labor Turnover Survey, BLS eliminated other activities that needed improvement. These included the Job Openings Survey and the Tuesday Index of Spot Market Prices.

Research and program improvements curtailed; other programs reduced or eliminated

As a result of the budget crunch, BLS also cut back on research and planned improvements in some programs. According to Bureau officials, developmental work was less important than maintaining statistical series already producing data. BLS budgets since 1982, however, restored some of these programs. In fiscal year 1982, the Bureau cut back on two parts of its local area unemployment statistics program. First, it reduced the research contracts for investigating (1) weaknesses in the estimating methodology and (2) alternative approaches to improving state and local area labor force and unemployment estimates. Secondly, the Bureau cut back its efforts to improve the quality of information on nonresident unemployment insurance claims. The BLS fiscal year 1984 budget request, however, includes funds for a long range effort to improve the consistency of state unemployment data. Resources from the Department of Labor's Employment and Training Administration will also be used to improve the state data.

The Bureau also cancelled for 1982 all developmental work on new indexes for the Producer Price Index. The new indexes were being designed to measure price changes in the service sector of the nation's economy. Funds were provided, however, in subsequent budgets to allow a somewhat scaled down revision of the index to continue.

To protect its basic core programs, BLS had to eliminate or significantly reduce some other programs, including the construction labor material requirement surveys, statistics on work stoppages, and the public file on collective bargaining agreements. BLS action on the public file illustrates how a legislative requirement influenced the program reductions. The file is required to be maintained by the Labor Management Relations Act. The Bureau, therefore, could not eliminate the file, but was able to effect some cost savings by curtailing its analysis of the collective bargaining agreements.

STATISTICAL REPORTING SERVICE REDUCED SOME AGRICULTURAL REPORTING

The Department of Agriculture's Statistical Reporting Service's objective in the budget cutback era was to maintain the quality of its basic series. To accommodate a 10-percent, administration-ordered budget cut, top Service officials initially identified what they considered the lowest priority programs. A list of those programs was provided to the other Department of Agriculture agencies for their review. Some revisions were made as a result of this review, and Service officials met with top Agriculture officials and the Office of Management and Budget before the program changes were officially designated.

As a result of these actions, the Statistical Reporting Service reduced the geographic coverage for some series on crops and livestock, eliminated others, and reduced the frequency of several others. The Service maintained, as a minimum, an annual report on the various crops and livestock of national importance. In a number of cases, funds were restored in subsequent years to allow the prior level of reporting. For example, in fiscal year 1982, the Service's monthly reports on catfish were eliminated; the following year the administration restored the funds to issue the reports at the original reporting frequency. And in fiscal year 1982, the frequency of reports on the amount of food in the nation's refrigerated storage was changed from monthly to quarterly; the next year, the original frequency was resumed.

Another reduction was in the frequency of Statistical Reporting Service reports on farm labor. The reports, which provide data on wage rates paid family and hired employees working on farms, were changed from quarterly to annually. The Agriculture Department's Economic Research Service uses these data in its analytical work on the farm economy and, in turn, provides some of its results to the Bureau of Economic Analysis,

which uses the data in the national income and product accounts. According to the Economic Research Service, the change in the frequency of the farm labor report impaired the Research Service's ability to provide reliable data estimates. Research Service officials said it is easier for data users to overlook errors in data when an annual rather than a quarterly survey is used. Although efforts are underway to restore the original frequency of the report, Research Service officials said that problems may exist even after the frequency is restored because gaps in data are often difficult to fill in after a long time has passed.

NATIONAL CENTER FOR HEALTH STATISTICS OPERATIONS WERE AFFECTED

When confronted with budget cuts, about \$7 million for fiscal year 1981, the National Center for Health Statistics decided to accommodate the major portion of those cuts by changing the frequency of its surveys. The Center also eliminated technical assistance for states and local governments and initially reduced the sample size of the Health Interview Survey.

Many of the changes in frequency stemmed from a planning effort begun in the fall of 1979. The purpose of that effort was to develop a plan that would cut the costs of existing operations as well as serve to change program emphasis and begin new initiatives in response to emerging needs for health data. As the planning process progressed, budget constraints became more severe and reduced frequencies for surveys were suggested to allow for new initiatives while accommodating the funding cut-backs.

The frequency of the National Health and Nutrition Examination Survey was changed from every 5 to every 10 years. First conducted in 1970, it is the only mechanism within the Department of Health and Human Services that assesses nutritional status as it relates to the general population's health. Successive surveys have focused on different sets of conditions in various segments of the population. The first survey focused on selected chronic diseases by examining a sample of adults. The second and third surveys were directed, respectively, at children of 6-11 years and youths of 12-17 years of age. Both emphasized growth and development data and sensory defects.

The National Master Facility Inventory, formerly conducted every 2 years, is now developed only every 3 years, and its coverage was reduced by eliminating the "other custodial or remedial care facilities" and by reducing the number of data items collected on nursing facilities. Also, the National Center for Health Statistics began using hospital data collected by the American Hospital Association instead of collecting the data directly from hospitals. The Center initiated the inventory in 1962 by combining lists of health facilities maintained by four

federal agencies, directories of various national associations, and files from state licensing agencies. The inventory includes such information as facility location, ownership, size, and staffing, as well as basic utilization and cost data.

Another way the Center cut back on expenditures in fiscal year 1981 was to terminate its financial contributions to the cooperative health statistics system. That system was established to produce high quality comparable and uniform health information and statistics at all government levels. In the early years of the system's development, the National Center for Health Statistics provided funds to the states to help them build a statistical capacity and to finance the collection of specific data sets. By 1978, the Center was providing about \$10 million to help the states perform data activities relating to vital statistics, health professions, health resources, and hospital care. As resources became limited, the Center was unable to continue its prior level of support, and narrowed its focus to providing technical assistance to the states to develop and maintain state centers for health statistics. In 1982, in view of its limited resources and the proposed change in the federal funding mechanisms for health programs, the Center terminated its support for the cooperative health statistics system.

In addition, the Center reduced the sample for the Health Interview Survey, but by 1984 the sample was restored to its original size.

BUREAU OF ECONOMIC ANALYSIS AFFECTED INDIRECTLY BY CUTS

The Bureau of Economic Analysis uses many data series to produce its reports on the national and regional economic accounts. Therefore, although the Bureau itself did not sustain budget cutbacks during the period covered by this study, cutbacks overall in statistical agency programs affect the Bureau's statistical products. The Bureau conducts only two surveys, the Survey of Expenditures for Plant and for Equipment, and the Survey of U.S. International Investment. The two surveys were not cut back; however, the administration denied funds to improve them.

The Bureau did receive additional funds for some of its activities. It was provided \$200,000 in additional funding in the December 1982 continuing resolution for fiscal year 1983 for a study on the reliability of estimates of the gross national product. The administration also allowed the Bureau to include \$500,000 in its fiscal year 1984 budget to pay IRS for data, including information on non-farm, sole proprietorships formerly provided cost free. And, in its fiscal year 1984 appropriations, the Bureau was provided \$950,000 to update the revision of the standard industrial classification code relating to services.

BUREAU OF JUSTICE STATISTICS
AFFECTED MINIMALLY

The Bureau of Justice Statistics sustained no major, long lasting harm from the budget cutbacks. The Bureau did reduce some of its statistical activities early in fiscal year 1981, but these were generally reinstated in the latter part of the year when the agency received funds from a supplemental appropriation.

Several program changes were made in the Bureau's largest statistical activity, the National Crime Survey. This annual survey provides information from a general population sample on crime victimization including data on types and incidence of crime, monetary losses and physical injuries, and characteristics of the victims. Because of the budget constraints, the Bureau eliminated reinterviews which were conducted to improve the quality of the data collected, interviewer refresher training, and monthly home study material for interviewers. The Bureau also reduced the number of personal interviews in the survey by increasing the use of less expensive telephone interviews. The percentage of telephone interviews increased from 25 to 50 percent of the sample. When additional funds were obtained from the supplemental appropriation late in fiscal year 1981, all eliminated procedures were reinstated, with the exception of the increased use of telephone interviews, which the Bureau is studying for its effect on the data series.

Several Bureau surveys that were suspended or eliminated because of the budget reduction in fiscal year 1981 were reinstated after the supplemental funds were received. Included in this category were: the Admissions and Releases of Prisoners series, the Jail Inmate Survey, and two quinquennial correctional surveys--the Census of State Prison Facilities and the Survey of Inmates of State Correctional Facilities--and the Census of Local Jails and Survey of Inmates of Local Jails.

NATIONAL CENTER FOR EDUCATION STATISTICS
SAVED ITS CORE PROGRAMS

Similar to other statistical agencies, the National Center for Education Statistics protected its core survey programs when budget cuts were required. The Center also considered whether programs were necessary because of congressional mandates or because of Departmental requirements. As a result of applying these two criteria, the Center made most of its reductions in the areas of technical assistance to states and library services.

The Center considered the core programs its first priority, including the Common Core of Data in the elementary/secondary education program and the higher education information system. It considered these two data surveys very important because they provided the basic information the Center needed--student, staff,

and institutional characteristics--to carry out its basic mission of examining the general status of education.

Technical assistance and statistical research were reduced, and new initiatives were put on hold. For example, a small discretionary grant program (\$350,000 per year), which between fiscal years 1978 and 1981 helped states improve and automate their data collection programs, was discontinued. Also, the Center significantly reduced its efforts in statistical methodology. In 1980, the Center had spent about \$1.5 million, or 15.1 percent of its funds, on statistical methodology. In the following year, this was reduced to about \$239,000, or 2.7 percent of the Center's budget. Program initiatives that were put on hold included obtaining data on international education and measuring adult functional literacy.

INTERNAL REVENUE SERVICE CHANGES AFFECTED OTHERS

The Internal Revenue Service's Statistics of Income Division accommodated the budget reductions by streamlining its activities and promoting operating efficiencies. Some of these adjustments, however, reduced the quality and availability of its products. For example, it cut back on the size of the sample of tax returns selected to prepare various data estimates to the point that quality data could be made available only at the national level. National level statistical data meets the needs of the Congressional Joint Committee on Taxation and the Department of Treasury, particularly the Office of Tax Analysis. But the reductions in sample size and in the information obtained on some tax returns³ has impaired the quality of data at the state and county levels and has reduced the amount of industry detailed data that is useful to other government agencies. In addition to the reductions in the sample, IRS reduced its costs by making greater use of data already compiled from its regular tax return processing and from employing more sophisticated processing techniques.

The reduced quality and availability of data has affected government agencies that use information at state and county levels and that use industry-detailed statistics. Some federal agencies affected by the IRS cutbacks have agreed to reimburse IRS for data previously available cost free. For example, the Bureau of Economic Analysis, which uses IRS data extensively in its reports on the national and regional economic accounts, has contracted to reimburse IRS for data on nonfarm sole proprietorships. Also, the Agriculture Department's Economic Research Service, which analyzes the farm sector economy, has agreed to reimburse IRS for information on farm sole proprietorships.

³The reduction of information on tax returns was prompted by the Paperwork Reduction Act of 1980 (P.L. 96-511).

SOCIAL SECURITY ADMINISTRATION
ELIMINATED PROJECTS BUT SAVED
CORE PROGRAMS

The Social Security Administration's Office of Research and Statistics did not impair its core data series during the period of budget reductions. Two projects, however, were eliminated; one of which was eventually transferred to the Census Bureau. Conversely, the Office of Research and Statistics received funding for five one-time projects during the same period.

The Survey of Income and Program Participation, discussed previously, was eliminated by the Office of Research and Statistics, but it was subsequently funded through appropriations provided to the Census Bureau. The Survey on Supplemental Security Income was also cancelled because of funding constraints. This survey was designed to be a one-time project to update and increase the data base on aged and disabled adults receiving supplemental security income. At the time the project was planned, the 10-year-old data base was considered outdated, although it had been supplemented from other data sources over the 10 years. The survey planned for 1983 was delayed for budgetary reasons. OMB rejected a plan to conduct the survey in 1984 because it believed the survey would duplicate data available from other sources.

Of the five one-time statistical projects the Office of Research and Statistics was to initiate, four were mandated by legislation. The sole, self-initiated project was a survey of persons who recently started receiving social security benefits. The survey was initiated in fiscal year 1981 and a supplement was conducted the following year to provide more data on widows and divorced women.

CHAPTER 3

MEASURING EFFECTS OF BUDGET REDUCTIONS

IS DIFFICULT, BUT DATA USER REACTION INDICATES

THE FEDERAL STATISTICAL SYSTEM HAS SURVIVED

Budget cuts in the early 1980's forced statistical agencies to make adjustments in their operations. Assessing the effect of these adjustments is very difficult, largely because quantifying the value of statistical information in most cases is difficult in the first place. Statistical data are used by many and for a variety of purposes. And in many cases, the influence of the data is indirect and cannot be measured.

User reaction to the program changes has been mixed and inconclusive. Usually, considerable time elapses between the collection of data and their publication. So in a number of cases, users had no reaction to a change because they were either unaware of it or had not yet been affected by it. However, overall early data user reaction indicates that the federal statistical system has survived the budget cuts.

MEASURING THE EFFECTS OF PROGRAM ADJUSTMENTS IS DIFFICULT

Although we know the adjustments to statistical programs had an impact, measuring the actual effects of the adjustments is difficult. In only a relatively small number of cases can user actions be directly linked to federal statistical data. Thus, measuring the effect of the program adjustments is even more difficult. Further, changes in the validity of the data as a consequence of the program adjustments is often difficult to measure.

If the sample size of a statistical survey is reduced, the resulting decrease in its precision and reliability can be estimated. If the frequency of a data series is lengthened, there is a larger data gap in intervening periods. Reducing statistical research, quality controls, and technical assistance to states and communities presumably should reduce the quality of a data series. And reductions in the amount of data collected and reported must affect some data users. But what is the bottom line? Have statistical program changes had a direct effect on policy or financial decisions? And precisely what level of data quality and timeliness is needed? These are difficult questions to answer.

Few statistics bear directly on government decisions

A few notable statistical data products can be directly related to government decisions, but these are exceptions. The decennial census is a prime example. Population counts from

decennial censuses determine the number of seats allocated to each state in the House of Representatives. Moreover, the states use the counts to distribute these congressional seats equitably among their populations. States also use the population counts to determine the boundaries of state legislative and local political districts. Federal and state governments use the population figures along with other data elements such as per capita income to distribute many billions of dollars annually. Most of the base data is obtained from the decennial census and is updated periodically through statistical estimating procedures. The data are incorporated in formulas for such programs as general revenue sharing and community development block grants.

Bureau of Labor Statistics unemployment data is another statistical product that directly affects government actions. These data have been used in determining the distribution of antirecession and Comprehensive Employment and Training Act funds. Further, state and county personal income data from the Bureau of Economic Analysis are used in determining the federal fund distribution for such programs as medicaid and general revenue sharing.

Aside from these and a few other notable exceptions, identifying the relationship between statistical data and decisions reached is difficult. Therefore, it is even more difficult to measure the effect of statistical program adjustments. As a consequence, establishing a standard for the quality of data and frequency of reporting needed for a data series is nearly impossible.

A prior GAO report¹ explored the degree of accuracy needed in the much cited gross national product (GNP) statistics. Inaccurate estimates in these statistics may affect the nation's economy. Data that contribute to poor economic policies and business decisions can exact costs in terms of idle or misallocated resources. However, due to the number and complexity of economic and political factors affecting economic policy decisions and the economy, it is difficult to determine the extent to which inaccurate estimates of the GNP may affect the level of output, incomes, employment, and prices in the economy. It is generally agreed that estimates of the GNP should, within reason, accurately represent trends and turning points in economic activity to avoid the chance of being used to set ill-advised economic policies. However, how precise these data can be or must be to be adequate for economic policymaking is uncertain.

Assessing the effect of the budget cuts is difficult also because the nature of users and uses of statistical data vary.

¹A Primer on Gross National Product Concepts and Issues,
GGD-81-47, Apr. 8, 1981.

And as discussed above, in many cases the influence of the statistical data is indirect and cannot be measured. An example of the problem posed by the varied users and uses is demonstrated by work we performed in 1971 and 1972 in response to a congressional subcommittee's concern about a proposed mid-decade census.² Based on a survey of a variety of federal program officials and state governors, we concluded that it was difficult to evaluate the merits of the several proposals for the mid-decade census as well as alternatives to them because the needs of each user were different and because the benefits to be derived could not be quantified.

DATA USERS' REACTIONS VARIED

In this study we contacted various data users identified by the statistical agencies to help assess the damage done to the federal statistical system by the budget reductions. Those users included government agencies, congressional staff members, and representatives of the private sector. Overall, the reaction was that the statistical system has survived. In many cases, however, the users had no reaction. This is understandable because it usually takes more than a year to publish a statistical report after the data are collected. As a result, the users may not feel the effects of an adjustment to, or the elimination of, a data series until a few years later when they realize they have not received the data.

Bureau of Economic Analysis has a good vantage point

One data user, the Bureau of Economic Analysis, is in a position to provide an overall assessment of the effects of the program adjustments on economic statistics because it uses a multitude of data provided by other government agencies in its construction of the national and regional economic accounts. About one-third of the data the Bureau uses comes from the Census Bureau; most of the rest is obtained from the Treasury and Labor Departments and from OMB. In addition, the Bureau advised that it uses data from most other government agencies.

The Bureau commented that it has not been materially affected by program adjustments. It has experienced many reductions in the availability, utility, and reliability of data from other agencies since September 30, 1980, but has adjusted to the adverse changes by relying on secondary sources and/or by employing statistical estimating techniques.

²Appraisal of Mid-Decade Census Proposals, B-78395, Jan. 31, 1972.

The Bureau of Economic Analysis further believes the statistical agencies have done a respectable job throughout the budget reduction period of protecting the source data used to develop estimates of the GNP. The approach these agencies have used is to cut back or cut out programs that serve uses other than developing the GNP.

Reaction mixed to BLS data series changes

Illustrative of other user reactions are the responses we received from users of BLS' data series. A top official of one user, the Bureau of Economic Analysis, commented that none of the BLS program cuts adversely affected its core programs that use the BLS data. On the other hand, an official of the Congressional Budget Office said BLS' elimination of labor turnover statistics, which are an indicator of labor market conditions, adversely affected his office. When they were eliminated, the Budget Office lost input to its macro-economic forecast model on wages because the data are not available from any other source.

Congressional committee and subcommittee staff expressed mixed reactions about BLS program adjustments. Staff members from one committee said they could discern no reduction in the quality of BLS data. A staff member from BLS' Senate oversight committee agreed. Moreover, he had received no complaints from other data users about changes BLS has made in its statistical programs. Accordingly, these staff members believed that the budget cuts apparently had had no effect.

Conversely, staff members of BLS' House oversight subcommittee registered concern about some program reductions. They cited delays in updating the "market basket" for the Consumer Price Index and delays in changes to the Producer Price Index. They also referred to cutbacks in BLS' analysis of collective bargaining agreements and in work stoppage information. They believed these developments made BLS data less useful. A staff member from another subcommittee said that the most significant change in BLS' statistics was the elimination of data on unemployment for small areas. He advised that, as a result, congresspersons who represent rural areas feel their areas are being shortchanged in federal program fund allocations.

The private sector officials we contacted in connection with BLS data included representatives from labor and business who were members of BLS' advisory committees. The union officials who represented labor identified data deficiencies resulting from BLS program changes. In contrast, the business officials, who represented two of the country's largest corporations, were generally receptive to the changes BLS made.

The union official was critical of BLS' elimination of the special construction studies. These studies provided data on productivity and growth in various construction categories such as sewer and water facilities, hospitals, nursing homes, and schools. The data can be used to measure the employment-generating effects of public works programs. The union official said he had been using these data to assess trends in the construction industry. He also said that the data were not available from any other source. The union has not yet had to revise its estimates because the last BLS construction study had just been completed a few months ago.

Another union official was critical of BLS' program cuts to wage and industrial relations data programs. He said that, as a result of these cuts, the union does not know the status of health care and pension plan costs. He also said that without these data, the union cannot provide informed input for government policymaking decisions. This union official also pointed out that reductions in BLS wage data adversely affect labor. He added that, in the absence of BLS data, management is at an advantage over labor because it has access to wage data from other sources that is not available to labor. As a result, the union could enter into collective bargaining sessions with unrealistic expectations which could hamper negotiations. This union official also said that the BLS Employment Cost Index, recommended by some as an alternative for some of the eliminated wage data, is not a good substitute because its sample size is too small and because it is insufficiently detailed.

A third union official was critical of BLS' elimination of the Family Budget Program. As described earlier, that program provided data on living costs for a four-person family at various standards of living. As a substitute for this program, the union is attempting to use the Consumer Price Index to arrive at "ballpark" estimates of living costs. However, according to the official, this alternative is not reliable.

The two representatives of big business we contacted were less critical of the BLS program changes than were the union representatives. A representative of a major bank identified the elimination of the Family Budget Program as the most notable change in BLS programs. The bank had frequently used the Consumer Price Index, the Producer Price Index, employment and unemployment statistics, and the family budget data to monitor regional economic conditions. The bank official said that members of BLS' Business Research Advisory Council, of which she is a member, considered the Family Budget Program data useful, but not essential. A representative from a major oil company, another member of BLS' Business Research Advisory Council, said the changes in BLS programs have had no dramatic effect on his activities. He uses the Consumer Price Index, wage series, and productivity data.

Effects of other data changes
may not be felt immediately

In a number of cases, data users either were not aware of or did not express great concern about program changes because the current changes will affect only future survey publication data. Illustrative of this reaction were the comments made by users of data published by the National Center for Health Statistics, one of the statistical agencies most affected by the budget cuts. The Center accommodated most of the fund reductions by decreasing the frequency of its surveys. Several users of the Center's data commented.

A top official of the National Institute on Aging--who uses data from the Health Interview Survey (the sample of which was temporarily reduced), the National Ambulatory Medical Care Survey (the frequency of which was changed from annual to triennial), and the vital statistics program (the frequency of its followback surveys was changed from biennial to triennial)--was not aware of the changes in the Center's programs as long as 2 years after the changes were instituted. The Division Director of the private sector Health Service Development of the American Academy of Pediatrics said, almost 2 years after the changes, that she had not noticed any changes in the data that the Center provided. The Academy uses the Center's data series previously cited and the National Medical Care Utilization and Expenditure Survey (frequency changed from triennial to quinquennial). She believed that it was too early for changes in frequency to have had an effect. Moreover, she added that a change in frequency would not likely be a major concern because the data have not fluctuated over time.

The Vice President of Marketing and Planning for a major soup company was not aware that the frequency of the National Health and Nutrition Examination Survey, which he uses, was changed from every 5 to every 10 years. However, when asked to consider potential consequences of the change, he said that he considered the revised time interval to be too long.

An official of the Alcohol, Drug Abuse, and Mental Health Administration said the decreased frequency of surveys has not affected his agency yet because it takes about 3 years to convert survey information into data useful to his agency. He added that the decreased frequency may have serious effects on his agency in the future because the frequency may be inadequate for developing trends in a service industry. His agency uses data from the National Master Facility Index (frequency changed from biennial to triennial), and the National Nursing Home Survey (frequency changed from quadrennial to sexennial).

The Associate Director for Nutrition and Food Sciences of the Food and Drug Administration commented that his agency is a big user of the data from the National Health and Nutrition

Examination Survey. However, he was not aware, almost 2 years after the effective date of the revised frequency, of the change in the survey from every 5 to every 10 years. He believed that the survey should be conducted more frequently than every 10 years but recognized the reality of budget constraints. He did not consider the change catastrophic to his agency because most of the areas that his agency studies evolve and change very slowly.

CHAPTER 4

METHODS OF FINANCING CHANGED IN THE

AUSTERE BUDGET ERA

The methods of financing some statistical activities were changed in the early 1980's as a result of budget reductions. If the statistical data were critically needed, funds were found. In some cases statistical agencies received direct funding instead of relying on reimbursable financing from other government agencies. In other cases government users were required to reimburse other government agencies who had formerly processed the data cost free--if the data were not essential to the processing agency's needs. And, in other cases, private users were required to pay for data they had formerly received free. These changes reflected an attitude that users--government agencies, the Congress, the administration, and the private sector--had to begin to more realistically determine their data needs and be willing to pay to have those needs met.

DIRECT FUNDING REPLACED REIMBURSABLE FINANCING

The switch from reimbursable financing, or cost sharing, to direct funding for two major statistical activities illustrates how the budget crunch forced a change in financing methods when the data were considered critical and must continue to be produced. The research and development work on the Survey of Income and Program Participation was financed mainly by the Social Security Administration and partly by the Census Bureau. Much of the work on SIPP was accomplished by the Census Bureau. As discussed in chapter 2, the administration denied funding for SIPP in fiscal year 1982, but restored it in fiscal year 1983 as recommended by the Joint Economic Committee.¹ By fiscal year 1984 the administration believed SIPP had become a critically needed data series. To assure the survey would continue, the administration reversed its position and included all needed funding in the Census Bureau's fiscal year 1984 appropriation request.

Like the change in funding for SIPP, the method of financing the redesign of samples used for household surveys switched from agency cost sharing to direct Census Bureau appropriations. As discussed in chapter 2, the redesign is performed after each decennial census to increase sampling efficiencies; the most recent census is used as the universe for new samples, and

¹Statistics for Economic Analysis: 1983 Budget Requirements, July 19, 1982. The study was prepared by Dr. Courtenay Slater, former Chief Economist, Department of Commerce.

sampling techniques are improved. The redesign is a multi-year and traditionally a multi-agency effort that requires agencies benefiting from the redesign to provide the funding. The Census Bureau performs the actual redesign work.

In recognizing the need for the redesign, the administration initially believed the financing should be coordinated among the sponsoring agencies. The administration's fiscal year 1983 budget, however, did not provide redesign funding for several benefiting agencies. Additional money, however, was provided during the year through congressional action. In a study prepared for the Joint Economic Committee, various funding recommendations for maintaining the quality of statistical data were identified. The study also advocated that funding for the redesign be provided directly to the Census Bureau beginning in fiscal year 1983. According to the study, direct funding would be more efficient than agency cost sharing. The study also noted that the redesign would save upwards of \$20 million over the next decade after allowing for the cost of about \$14 million.

To ensure completion of the redesign effort, the administration placed all funding for the project in the Census Bureau's fiscal year 1984 budget. The Bureau's budget request, which was appropriated, included \$4.8 million, the balance of the amount identified by the Joint Economic Committee as needed for the redesign through fiscal year 1984.

GOVERNMENT DATA USERS NOW HAVE TO PAY FOR THEIR DATA

One result of the budget cutbacks was a trend toward requiring government user agencies to reimburse government provider agencies for data that previously had been provided cost free. This was particularly true in cases where providers of the data did not use the data themselves. For example, the Bureau of Economic Analysis and the Department of Agriculture's Economic Research Service were required to reimburse IRS for the cost of processing data it prepared for them. Formerly, IRS had provided the data free.

As part of IRS' strategy of accommodating budget cuts, its Statistics of Income Division emphasized processing the data that would be used for specific analysis of the tax structure and policies, and gave less priority to the data needed for such uses as the national economic accounts. Consequently, the Division processed smaller samples of individual and partnership returns and processed industry data on farming every 5 years instead of annually.

These reductions directly affected the Bureau of Economic Analysis' work on the economic accounts as well as the Economic

Research Service's analysis of the farm economy. So the Bureau arranged to reimburse IRS \$500,000 and the Department of Agriculture planned to pay \$150,000 so that IRS would continue to produce the needed nonfarm sole proprietorship and partnership data and farm proprietorship data.

PRIVATE SECTOR DATA USERS ALSO
BEGAN PAYING FOR THEIR DATA

Another result of the budget cuts was a requirement that the private sector defray some of the costs federal agencies incur in providing data that formerly were made available at no cost. Among users, we found mixed reactions to this policy. Secondly, nonfederal organizations were in some cases obliged to finance data collections or analyses which they had formerly received cost free.

User fees for publications

The Statistical Reporting Service is a prime example of an agency that has made effective use of a policy of charging for publications. Since 1982, the Service's statistical reports have been distributed to many users for a fee. This practice has helped the Service to operate within the available funding levels and to respond to administration efforts to implement user fees governmentwide. Under the new procedures, reports are provided free to respondents to Service surveys, news media, congressional offices, and other federal agencies. All others must pay a subscription fee for the reports.

The Administrator of the Statistical Reporting Service testified before the Senate Subcommittee on Appropriations for Agriculture, Rural Development, and Related Agencies,² that the user fee procedure has operated very satisfactorily and has produced the savings anticipated. He also testified at that hearing that 20 percent of the persons on the mailing list were at that time paying for the reports. The administrator also said that the Service's mailing list has been cut by 80 percent.

We received mixed reactions to our inquiries about the subscription fee policy. On one hand, the Administrator of the Statistical Reporting Service has received few complaints about the fees. And according to comments made at data users meetings, users believe the policy of charging fees for publications is appropriate, and they are willing to pay subscription fees for publications, providing the data are accurate and timely. However, some data users were critical of the new policy. For instance, a representative from a corporate user of SRS reports

²Testimony provided in connection with SRS' fiscal year 1984 budget request.

said that because of budgetary limitations, her company could not subscribe to all the publications needed. As a result, she had to supplement the company-subscribed reports with those available at the public library. Even then, she could not obtain all the desired information. A professional staff member of a Senate committee, who is a frequent user of SRS reports, said he did not believe the government should charge user fees for public information. In addition, he said the procedures used to implement the user fees had caused some confusion.

Nonfederal data users have financed some information

In some cases, nonfederal data users have financed the production of some information they previously received free. These users include trade associations, private companies, and state and local governments. Trade associations have financed several of the curtailed Statistical Research Service reports on agricultural products. For example, the National Peanut Council provided funds for data collection, summarization, and publication of annual and biannual reports on peanut stocks. The National Turkey Federation likewise funded a special report on the number of turkeys in cold storage as of July 31. And monthly reports of dry milk and whey products for nine states were paid for by the Dry Milk and Whey Institute.

Because of budget reductions, the Census Bureau canceled its plan to tabulate 1980 Decennial Census data by zip code. These data are used by national commercial firms that do business by mail. Because of the usefulness of these data, a consortium of firms was formed to finance the canceled project. And for underwriting the project, these firms will be entitled to certain proprietary rights to these data for a specified time period.

State and local governments are major users of the Bureau of Economic Analysis' statistical products, especially its regional economic measures. Because of budget cuts, the regional program has relied more in recent years on reimbursable financing to meet state and local governments' special requirements for information.

SUMMARY OF FUNDING ISSUES AND QUESTIONS THEY RAISE

The method of financing some statistical programs changed during the period covered by this study. These changes may be indicative of a trend for the future, and suggest certain principles and questions about the financing of statistical programs. Statistical programs that were considered important by the administration and that were formerly funded by two or more agencies, were switched to direct funding. This direct funding could provide greater assurance of completion and continuity of programs.

As noted in our study, where the collector and processor of data did not use the data, and the administration did not place a high priority on the data, a different principle applied. In those cases, market demand played a distinct role in shaping the products of the statistical community. When the demand was well defined and identified as an important need, a way was found to satisfy this need if the cost was within reason. On the other hand, the mid-decade census, discussed in chapter 2, was not funded regardless of the need and statutory requirement because the cost was unacceptable.

The Bureau of Economic Analysis and the Economic Research Service collect limited data themselves, relying mostly on data collected by other federal agencies. The Bureau's reliance on data which were collected for purposes other than the GNP made preparing that indicator relatively inexpensive but left the data base for the GNP subject to program changes and budget reductions at the data collection agencies. Overall, however, agencies did not adjust their statistical activities to significantly affect the Bureau's production of the economic accounts. Also, when IRS began charging for its data, both the Bureau and the Service were provided funds to reimburse IRS, thus avoiding disruption of their statistical programs. Consequently, in the period covered by our study, these analytical agencies were not materially affected by the budget reductions. However, there is no assurance that future changes would leave them similarly unaffected.

With regard to the private sector, we have cited examples of organizations that were willing and apparently able to reimburse federal agencies for data formerly provided cost free. But what about private sector organizations that need the data, but cannot afford the price? And that question raises the issue of how the level of need for data and the priority of that need should be determined. What part should the private sector and state and local governments play in determining need? Moreover, in the absence of adequate funding, should the federal government limit its statistical activities to providing information for only the administration of federal programs?

CHANGES IN STATISTICAL ACTIVITIES

FISCAL YEARS 1981 THROUGH 1984

<u>Federal agency</u>	<u>Fiscal year</u> (note a)	<u>Dollar value of change</u> ((\$000) (note b)	<u>Effect on data</u>	<u>Additional information</u>
Bureau of the Census (<u>Department of Commerce</u>)				
The monthly department store sales data were eliminated.	1982	\$212	Limited current sales estimates and limited data on a number of geographic areas.	Alternative data can be obtained from other national department store sales within the Bureau's retail trade statistics program.
The estimates of population for congressional districts were eliminated.	1982	\$168	Reduced data estimates at low geographic levels.	Alternative data from the subcounty population and the annual estimates are available.
The frequency of voting data estimates (Survey of Registration and Voting Statistics) on voter participation in national elections was changed from biennial to quadrennial.	1982	\$ 50	Data gap.	
The frequency of fertility data (Fertility and Birth Expectations Supplement to the Current Population Survey CPS) was initially changed from annual to biennial.	1982			In 1982 funding was restored to continue this program as an annual survey.

a/Year in which funding change went into effect.

b/Unless otherwise stated, dollar value relates to the fiscal year of the change.

	The postcensal population characteristics program; the frequency of the sub-county estimates was changed from annual to biennial.	1982	\$141	Less frequent estimates on small areas.	
	The employer identification export data program was eliminated.	1982	\$ 75	Eliminated descriptive data about the exporting company.	
	Alternative method of import valuation (arms length value of imports) was eliminated.	1982	\$348	Nominal.	This method was replaced due to the Trade Agreements Act of 1979.
	The import data program will use computer estimates for missing data rather than obtaining actual data.	1982	\$284	Uncertain.	
37	The Annual Housing Survey is conducted on a reimbursable basis by the Bureau. Its national sample frequency was changed from annual to biennial and the sample size was reduced from 82,000 housing units in 1980 to 60,000 in 1981.	1981	(note c)	Data gap and reduced data quality at lower geographic levels.	In 1983 the sample was increased to 77,000 due to the restoration of the rural supplement data.
	The Survey of Income and Program Participation was eliminated as a joint project with the Department of Health and Human Services.	1982	\$1,266	Delay of data.	In 1983 this program was reinstated, with the Census Bureau as sponsor.

c/Dollar value data was not available.

The 1982 Economic Censuses had various changes:

--The National Travel Survey was eliminated.	1982	\$1,000	Data gap.	Only partial funding for this survey was obtained in 1983. This funding was insufficient and the survey was cancelled.
--The Commodity Transportation Survey was delayed for one year.	1982	\$700	Data delay.	The additional year was used to redesign the survey and attempt to find outside funding. The additional funding provided for the National Travel Survey was used.
--Several data characteristics were eliminated from the Census of Service Industries and the geographic detail in the Census of Puerto Rico was reduced.	1982	\$115	Less detailed data.	Some alternative data are available from other sources.
The current industrial reports (Current Commodity Reports): Several surveys were eliminated and the frequency of those remaining changed from monthly to quarterly or from quarterly to annually.	1982	\$824	Less current data.	Originally, the monthly apparel survey was eliminated but was reinstated in 1983 after additional funding was obtained

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<p>The sample size of the government finance survey was increased from 15,000 to 20,000, but the environmental quality control data was eliminated.</p>	<p>1982</p>	<p>(note c)</p>	<p>General quality of the data improved but a data gap on environmental information was created.</p>
<p>The Annual Survey of Manufacturers: Reduced data from states and below.</p>	<p>1982</p>	<p>\$150</p>	<p>Less detail of data on lower geographic levels.</p>
<p>The 1982 Census of Agriculture had several changes:</p>			
<p>--The area sample survey was eliminated.</p>	<p>1982</p>	<p>\$5,000 to \$6,000</p>	<p>Less data. This survey is designated to provide data on smaller farms missing in the Bureau's list of farms.</p>
<p>--The follow-on surveys were eliminated.</p>	<p>1982</p>	<p>(note c)</p>	<p>Data gap. Both the Farm Finance Survey and the Census of Agricultural Services were eliminated by an amendment to the Census Bureau's appropriations bills, primarily because of the burden placed on respondents.</p>
<ul style="list-style-type: none"> ● Census of Agriculture Services ○ Farm and Ranch Irrigation Survey ○ Farm Energy Survey ○ Farm Finance Survey 			<p>The farm finance survey is relied on heavily by users of agricultural data, particularly for non-real-estate debt.</p>

--The outlying areas portion was eliminated.	1982	\$2,200		Funding for the outlying areas was restored in 1983.
The frequency of the service industry trade data was reduced from monthly to annually.	1982	\$424	Less current data.	In the 1984 appropriations act the Congress provided \$450,000 for the Bureau to resume and modernize the monthly survey.
The wholesale trade data was reduced.	1982	\$96	Less detailed data.	
Mid-decade Census was mandated by P.L. 94-521; however, costs became high so further funding was denied by OMB in 1981. The program was eliminated. Funds had been provided for its planning in 1979 and 1980.	1981	(note c)	Data gap.	
The intercensal demographic estimates program received an enhancement in 1981; the 1982 request, however, was eliminated.	1982	(note c)		The Congress restored the request in 1983 for the Bureau to develop better estimates by using administrative records.
In the 1984 appropriations act additional funding was provided for revision of the standard industrial classification code.	1984	\$1,000	More current industrial classification.	
<u>Bureau of Labor Statistics</u> (Department of Labor)				
The Current Population Survey sample size was reduced from 85,000 to 71,000 assigned households.		\$4,605	Reduced accuracy for local data.	The need for sub-state accuracies has not been demonstrated.

In addition, the May supplement of the Current Population Survey for the Multiple Job Holding Survey was eliminated.	1982	\$544	Data gap on multiple job holders.	
The Labor Turnover Survey was eliminated.	1982	\$646	This survey provided data on "hires and quits" among workers in manufacturing industries.	Lack of funding prevented any adjustments required to correct the data problems in the survey. The Bureau of Economic Analysis uses data from other available sources.
The Family Budget Program was eliminated.	1982	\$448	This study measured the hypothetical cost-of-living for a 4-person family at different standards of living.	Major revisions were needed which required a substantial amount of resources.
The Consumer Expenditure Survey: The rural coverage was eliminated.	1982	\$300	This survey would have provided data on income and consumption patterns of rural customers.	The rural coverage data will be restored as part of the Consumer Price Index revision budget requested for 1984.
The Consumer Price Index (CPI)		\$1,000		
--for Fairbanks, Alaska, was eliminated	1982		Data gap.	
--for an independent sample of outlets and prices for the urban wage earners and clerical worker was eliminated	1982		Data gap.	

--rebasings of the CPI was
delayed (rebasings to
1977=100)

Revision delay. Work on the CPI revision will now begin in 1984. There have been major shifts in population, changes in consumer purchasing habits, and advances in technology. BLS officials place a high priority on incorporating these changes in the index.

--for the rent sample will be expanded 1983 (note c)

This changed the home ownership component of the CPI to a rental equivalency.

The multifactor productivity data series started in fiscal year 1981 was expanded in fiscal year 1983. 1981 \$367

These data will measure and assess the condition of the economy both internally and in relation to other major industrialized countries on private business, non-farm business, and manufacturing sectors.

Local area unemployment statistics (LAUS): Research contracts and the nonresident claims data exchange system were eliminated.	1982	\$702	Reduced the reliability of the local data.	The 1984 budget request included funds for improving the consistency of state data.
Five of the surveys included in the industry wage survey program (Five Industry Wage Surveys) were eliminated.	1982	\$1,113	Loss of data for use in collective bargaining and reduced geographical detail.	
Work stoppages in the United States: Reduced scope of the survey from 6 or more workers to stoppage of 1,000 or more employees.	1982	\$468	This survey will now provide information only on strike activity and data characteristics on large work stoppages.	
The Directory of National Unions and Employee Associations (Directory of Union Membership) was eliminated.	1982	(note c)	This biennial program measured membership changes in industry and occupational groups.	
The construction labor and material requirements studies (Survey of Labor and Materials Requirements in the Construction Industry) was eliminated.	1982	\$783	Reduction of data.	
The Occupational Employment Statistics Survey (OES) was redesigned to decrease the level of detail.	1982	(note c)	Reduced level of detail.	Funding to improve this program has been requested for 1984.

Several interim surveys of the Area Wage Survey (AWS) were eliminated.	1982	(note c)	Less detailed data.
The Union Wage Survey was eliminated.	1982	(note c)	Loss of data.
The municipal government wage surveys were eliminated.	1982	(note c)	Loss of data.
The Producer Price Index (PPI):	1982	\$600	

--development of additional service industry indexes was eliminated

The 1984 budget request provides resources for additional commodity indexes and for the revised mining and manufacturing indexes.

--revision of the mining and manufacturing indexes was delayed

This revision was rescheduled for completion by the end of 1983.

--rebasings of the PPI was delayed

Outdated data base will not be updated from the 1972 economic censuses to measure price movements which are weighted by value of shipments.

Reduced product detail coverage on U.S. foreign trade in the international price indexes.	1982	\$322	Less data to measure price changes of products imported and exported.	The fiscal year 1983 revised budget provides for the expansion of indexes, but at a reduced level of detail.
The Employment Cost Index (ECI) was expanded in 1982 to include data on state and local governments.	1982	(note c)	Increased coverage.	
The collective bargaining agreement file and related studies will continue to be maintained; however, the analyses of these agreements have been eliminated.	1982	\$480	Data analyses not provided.	
The Level of Employee Benefits Survey had several procedural changes.	1982	(note c)	Uncertain.	
The National Survey of Professional Administrative, Technical, and Clerical (PATC) had procedural changes to conserve resources.	1982	(note c)	Reduction in the number of schedules reflects new efficiencies in the sample design.	
Job Opening Pilot Surveys were eliminated.	1982	(note c)	Reduced data.	
Tuesday Index of Spot Market Prices was eliminated.	1982	(note c)	Reduced data.	

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The Occupational Outlook Handbook, and the Economic Growth and Occupational Outlook Program: Reduced number of occupations in research activities on the growth model.	1982	\$592	A more flexible and cost-effective model will be used to develop projections.	The 1983 budget request includes funds for the alternative model to be developed.
The Current Employment Statistics Survey (CES 790): 1982 improvement plans delayed.	1982	\$27	Improvement delayed.	The 1984 budget resumes program improvements.
Statistical Reporting Service (Department of Agriculture)				
The following data series were eliminated:	1982			
--poultry statistics on hatchery productions		(note c)	Data gap.	
--statistics on the number of operating farms		(note c)	Data gap.	
--field crops statistics on the field seed stocks, and floriculture crops		\$320	Data gap.	Data from industries' in-house programs could be used to develop these statistics.
--gum naval stores		(note c)	Data gap.	
--honey statistics, maple syrup, etc.		(note c)	Data gap.	

--sheep and lambs on feed	(note c)	Data gap.	
--mink statistics	\$50	Data gap.	In 1983, mink statistics were restored.
--acreage data series including white corn, dry edible peas, and popcorn	\$70	Data gap.	
--catfish statistics	\$275	Data gap.	In 1983, Congress appropriated funds to continue this data series.
--butter and American cheese statistics	(note c)	Data gap.	
--trout statistics	(note c)	Data gap.	
--commercial fertilizers	\$45	Data gap.	The Tennessee Valley Authority is now compiling the data through the use of state regulatory agencies.
The frequency of the following reports was changed: 1982			
--poultry statistics on eggs, chickens, and turkeys from monthly to quarterly	\$80	Less current data.	The 1982 changes to the report were restored in 1983.
--the cold storage statistics changed from monthly to quarterly	\$30	Less current data.	The 1982 changes to the report were restored in 1983.

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--the dairy products statistics changed from monthly to quarterly		\$35 .	Less current data.	The Dry Milk and Whey Institute funded the continuation of the monthly report for 1982. SRS received funding for 1983 to restore the monthly report.
--the lamb crop and wool report was changed from semiannual to annual		(note c)	Less current data.	
--the livestock slaughter statistics were changed from monthly to quarterly		\$30	Less current data.	The 1982 change in frequency was restored in 1983.
--the milk production report was changed from monthly to quarterly		\$85	Less current data.	The 1982 change in frequency was restored in 1983.
--the peanut stock and processing report was changed from monthly to semi-annually		(note c)	Less current data.	
--the prospective planting statistics report was changed from monthly to annually	1981	(note c)	Less current data.	
--the report on farm labor was changed from quarterly to annually	1982	(note c)	This report provides current employment statistics on farm labor and wage rates.	SRS and the Department of Labor are negotiating to restore this report to a quarterly basis.
--Crop production reports on tobacco were reduced from 6 to 2.	1982	\$76	Data gap.	

Reports on cattle feed statistics were reduced and the July inventory from the individual states was eliminated. 1982 \$385

Geographic coverage was reduced to provide limited data at the national level on inventorying the cattle and the expected calf population estimates.

The sugar market statistics reports were to be eliminated. 1982

In late 1982, JSDA transferred funds to restore publication of the reports on a quarterly basis.

Only the "top ten" vegetables were to be reported while the others were deleted. 1982 \$125

Data gap.

The Agriculture Statistics, which was an annual report providing current and historical data, was to be eliminated. 1982

SRS continued its publication due to requests made by OMB and congressional staff.

National Center for Health Statistics
(Department of Health and Human Services)

The Applied Statistics Training Institute and the Co-operative Health Statistics System (State Agency Development Program) programs were eliminated. 1982 \$893

Health programs and services by state and local representatives no longer identified through a coordinated data system.

The National Reporting System for Family Planning Services was eliminated as a reimbursable from HHS.	1981	(note c)	Provided 100 percent coverage of service sites on health data.	HHS has requested to maintain control of this program by itself.
The sample size of the National Health Interview Study was reduced from 40,000 to 37,000 households.	1982	(note c)	The sample size reduction permits the continuance of the study with only a slight sampling error increase.	The sample size was restored to 40,000 for 1984.
Both the National Survey of Family Growth and The National Medical Care Utilization and Expenditure Survey had their frequency extended from triennial to quinquennial.	1982	(note c)	Data gap.	The surveys are to be integrated into the data system of the National Health Interview Study.
The frequency of the National Health and Nutrition Examination Survey was changed from quinquennial to decennial. However, the establishment of an Hispanic Health and Nutrition Examination Survey was authorized under the fiscal year 1981 revised budget.	1982	(note c)	Data gap.	
The following surveys had frequency changes:	1982			

	Vital Statistics Followback Surveys, biennial to triennial.		(note c)	Data gap.	
	National Ambulatory Medical Care Survey, annual to triennial.		(note c)	Data gap.	
	National Nursing Home Survey, quadrennial to sexennial.		(note c)	Data gap.	
	National Master Facility Inventory, biennial to triennial.		(note c)	Data gap.	
	Bureau of Justice Statistics (<u>Department of Justice</u>)				
5	The National Crime Survey quality control procedures were suspended in early 1981.	1981			Most of the quality controls were restored after the Bureau received the supplemental appropriation for fiscal year 1981.
	The updating of the National Justice Agency List was cancelled in fiscal year 1981.	1981	(note c)	Data gap in period delayed the national canvassing of justice agencies.	This was rescheduled for 1983.
	Expenditure and employment data on law enforcement were eliminated in 1981.	1981	\$400	Estimates of national data rather than the detailed estimates at the local level will be provided.	These data are to be extracted from the Census Bureau's Survey on Governmental Finances and Public Employment in 1982.

Several data series tabulations were delayed from the National Prisoner Statistics.	1981			The data series were produced after the Bureau received the supplemental appropriation in fiscal year 1981. Also, the Bureau expanded the production of quarterly data on the Year End Count data series.
Congress provided funds for the establishment of the D.C. Victimization Study.	1981	\$450	More data provided.	
The quinquennial Census of State Prisoner Facilities and the Survey of Inmates of State Correctional Facilities data tabulations were delayed.	1981			The supplemental appropriation provided funds to continue these tabulations.
National Center for Education Statistics (Department of Education)				
Sample size of first followup of the National Longitudinal Study of High School and Beyond was reduced from 58,000 to 52,000.	1982	(note c)	Reduced precision in data estimates.	
Noncollegiate Postsecondary School Survey was delayed.	1982	\$225	Data gap.	The survey was re-established in 1983 to provide characteristics of students in occupational programs. Plans are to add supplementary questions to the Current Population Survey.

The fifth followup of the Survey of the High School Class of 1972 was initially cancelled.	1982		Private and public institutions contributed monies for the continuation of this program.
State Technical Assistance Grants were eliminated.	1982	\$350	No direct assistance to states for development of statistical education data capabilities at the elementary/secondary and postsecondary education levels.
The Private School Survey data compilation was delayed.	1982	\$200	Data gap. This survey is rescheduled for 1984.
53 The Survey of Recent College Graduates was eliminated.	1982	\$224	Data gap. This survey was rescheduled for 1984. OMB believed that a biennial survey was too frequent.
The Teacher Demand and Shortage Survey was eliminated.	1982	\$175	Data gap. This survey was rescheduled for 1983.
Several components of the Higher Education General Information Surveys were reduced:	1982	(note c)	The components were rescheduled with a 50% reduction for 1983.
--students enrolled for advanced degrees			Reduced data.

--institutional characteristics for 1982

Reduced data.

The Current Population Survey Supplement includes education statistics collected in the October 1982 survey as the Survey of Postsecondary Education. The latter survey replaces the Survey of Students in Noncollegiate Postsecondary Schools which was discontinued after Fiscal Year 1981.

1982

Common Core of Data (CCD) eliminated some state level aggregate data from the annual collections.

1982

(note c)

Data gap.

The frequency of the Library General Information Survey was decreased.

1982

(note c)

Data gap.

The frequency of the Student Residence and Migration Survey was changed from biennial to triennial.

1982

(note c)

Data gap.

This will provide time for improvement in the quality of data among the states' various tracking methods.

Statistics of Income Division
(Internal Revenue Service)
(Department of Treasury)

The tax exempt organization data series was reduced by increasing the filing requirement for organizations from \$5,000 to \$10,000 in gross receipts.

1982

(note c)

Loss of detailed statistics on smaller organizations.

	Reduced sample size on data series for sole proprietorships which includes both farm and non-farm sole proprietorships.	1982	(note c)	The state estimates have a higher rate of sample error.	In 1984, the Bureau of Economic Analysis will reimburse IRS for non-farm sole proprietorship data and the Department of Agriculture will reimburse IRS for farm proprietorship data.
	Reduced sample size on partnership data series and elimination of preliminary data reports.	1982	(note c)	The national level estimates are minimally affected, but the precision of data below the national level is impaired.	In 1984, the Bureau of Economic Analysis will reimburse IRS for partnership data.
55	Reduced sample size on individual income data series and elimination of preliminary data reports.	1982	(note c)	The emphasis has been to publish the data sooner. Precision was minimally affected.	Budget reductions created new processing initiatives and an increased reliance on the use of data already on file for tax administration purposes.
	The sample size of the corporate data series was to be reduced.	1981			The sample size was restored. The data included additional detail on depreciation estimates.
	The employee plans data series was eliminated.	1982	(note c)	Data gap.	Lack of Department of Labor reimbursable funds to IRS due to budget reductions.

The sample of returns of foreign corporations was reduced from 1,500 to 1,000 by including only corporate returns with \$250 million or more in total assets.

1982

(note c)

Loss of detailed statistics on smaller corporations.

IRS has planned new processing initiatives to include an integrated program between the controlled foreign corporations and the corporation foreign tax credits.

Bureau of Economic Analysis
(Department of Commerce)

Enhancements for the Survey of Expenditures for Plant and for Equipment were denied.

1982

\$604

Improvements were eventually made without additional funds when the Bureau of Economic Analysis eliminated three of its projects to finance these improvements.

Study on the reliability of the estimates of the gross national product was initiated.

1983

\$200

Possible improvements in the estimates.

Funds were provided by the Congress in the December 1982 continuing resolution.

In the 1984 appropriations act, funding was provided for revision of the standard industrial classification code relating to services.

1984

\$950

More current industrial classification.

APPENDIX I

APPENDIX I

Office of Research and Statistics
 (Social Security Administration)
 (Department of Health and
 Human Services)

New Beneficiary Survey	1981	\$2,260	To study (1) benefits received by retired workers and (2) patterns that might change significantly in the future.
(a one-time project) was initiated.	1982	\$ 300	

A survey on supplemental security income was initially delayed and subsequently canceled.	1982/83	\$2,910	Outdated data base (currently 10 years old) will not be updated. The data base in- cludes informa- tion on the aged and disabled re- cipients of supplemental security income.	OMB believed the data needed could be pro- vided from other sources.
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The Survey of Income and Program Participation was eliminated.	1982	(note c)	The survey is designed to pro- vide data on the country's house- holds regarding income and wealth characteristics and government program partici- pation.	The survey was rein- stated in fiscal year 1983. Responsibility and funds to conduct the survey were pro- vided to the Census Bureau.
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Medical Exam Study, a one-time survey, was eliminated.

1982 1982 \$500

This survey would provide an estimate of the population potentially eligible for disability insurance and supplemental security income.

As of the fall of 1983, the Social Security Administration had not decided whether to ask OMB to reinsure the study.

Four (one-time) projects were initiated to satisfy provisions of P.L. 96-265

A survey on work incentive experiments.	1984 1985	\$1,500 \$1,000	Collects data necessary to determine the effect of various alternative program provisions for beneficiaries to return to work and leave the benefit rolls, and therefore save trust funds.
A survey on vocational rehabilitation.	1984	\$2,341	This survey would provide data on the methods for testing the rehabilitation of the beneficiaries of disability insurance in order to save trust funds.

CONGRESSIONAL HEARINGS AND REPORTS
ON THE FUNDING CHANGES FOR STATISTICAL AGENCIES

1. Committee on Government Operations, House of Representatives

September 30, 1982, Report:

Reorganization and Budget Cutbacks May Jeopardize
the Future of the Nation's Statistical System

April 8, 1982, report by the Congressional Research Service, the Library of Congress, prepared at the request of the Committee:

Recent Changes in the Federal Government's Statistical Programs: An Overview of the President's Budget for FY 1983 and Analysis of the Departments of Energy, Labor, and the Bureau of the Census

2. Subcommittee on Legislation and National Security, Committee on Government Operations, House of Representatives, hearing on June 3, 1982:

Federal Government Statistics and Statistical Policy

3. Joint Economic Committee.

November 1981 report prepared by Dr. Courtenay Slater:

Maintaining the Quality of Economic Data

July 19, 1982, report prepared by Dr. Courtenay Slater:

Statistics for Economic Analysis: 1983 Budget Requirements

September 2, 1982, report prepared by the Congressional Research Service, the Library of Congress:

Maintaining the Quality of Energy Statistics for Economic and Energy Analysis

4. Subcommittee on Census and Population, Committee on Post Office and Civil Service, House of Representatives.

Hearing on February 25, 1982:

Bureau of the Census Fiscal Year 1983 Budget

Hearing on March 16, 1982:

Impact of Budget Cuts on Federal Statistical Programs

The Congressional Research Service¹ assisted in the preparation of this September 21, 1982, report at the request of the subcommittee:

Results of a Survey of Federal Statistical Agencies on Changes in Data Collection Efforts

5. Subcommittee on Labor-Management Relations, Committee on Education and Labor, House of Representatives.

Hearings on December 8, 1981:

The Effects of Budget Cuts on the Bureau of Labor Statistics and Changes in the Consumer Price Index

¹The Congressional Research Service also prepared a report entitled Recent Changes in the Coordination of Federal Statistical Data Collection, Sept. 15, 1982.

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