



THE AMERICAN ECONOMIC ASSOCIATION

Committee on Government Relations

Response to the Notice of Proposed Rulemaking:

Fundamental Responsibilities of Recognized Statistical Agencies and Units

The American Economic Association (AEA) is a 20,000+ member organization dedicated to promoting vibrant economic research. The AEA's Committee on Government Relations (CGR) is charged with representing the interests of the economics profession in Washington, D.C., and around the country, without taking a position on questions of economic policy or on any partisan matter. The AEA's CGR welcomes this opportunity to comment on the office of Management and Budget's notice of proposed rulemaking (NPR) on the "Fundamental Responsibilities of Recognized Statistical Agencies and Units" (OMB-2023-0015-0001). In an era of eroding public trust in government institutions, we strongly agree that maintaining and strengthening "public trust in Federal statistics is essential to their value and use in informing decisions across public and private sectors." We agree that provisions of the proposed "Trust Reg" that clarify and codify how statistical agencies and units are expected to work with their parent agencies and with each other will make important progress to this end. We also view the proposed rule as laying down some important foundations for implementing two other provisions of the 2019 Evidence Act -- (a) the Presumption of Accessibility, and (b) Expanding Secure Access to CIPSEA Data Assets -- which hold substantial promise for increasing the value of confidential federal data assets for evidence-based policymaking.

The NPR solicits comments on the question of, "How can OMB best articulate the known and expected benefits of this regulatory action?" As intensive users of federal statistics, economists are well-suited to offer comments in this area. Federal statistics are known to be key inputs into family and business decisions, the functioning of capital markets, and numerous public policy decisions. Examples often cited in this respect¹ include:

- The Federal Reserve relies on the statistical agencies' estimates of output, employment, and inflation to set interest rates, which in turn affect everything from households' grocery bills to new housing starts;
- Businesses use federal statistics in deciding where and when to expand and innovate;²
- Investors use industry-specific statistics to identify rapidly growing sectors with profitable investment opportunities;
- The federal government uses federal statistics to set spending levels -- as when, for example, BLS's Consumer Price Index is used to set cost-of-living adjustments for 65+ million Social

¹ E.g., American Economic Association, "[Principles of Economic Measurement](#)."

² E. Hughes-Cromwick and J. Coronado (2019), "[The value of U.S. government data to U.S. business decisions](#)," *Journal of Economic Perspectives*, 33(1): 131-146.

Security beneficiaries,³ and the Census Bureau’s annual American Community Survey is used to allocate \$400+ billion in funding to state and local areas each year;⁴

- State and local governments rely on federal statistics for their geographic areas to set economic development strategies; and
- Researchers use federal data collections to build evidence on the effectiveness of workforce, trade, education, housing, financial, and other types of policies.

Implemented effectively, the provisions of the proposed rule should go a long way towards maintaining the multifaceted streams of public benefits from federal statistics. Notably,

- Well-maintained, public-facing websites can help maximize the value of federal statistics to households, businesses, communities, policy makers, and capital markets, as the value of federally supported data collections depends on the public’s ability to find, interpret, and use the system’s output.
- Provisions ensuring that statistics are released on schedule builds trust in the agencies’ ability to use public funds effectively to produce high-quality data products.
- Securing parent agencies’ commitment to the agencies’ access to productive resources – trained and skilled staff and 21st century hardware and software – will help avoid fluctuations in the quality, accuracy, and timeliness of data releases, which undercut confidence in the system’s effectiveness.
- Reinforcing the federal statistical system’s reputation for objectivity, and independence – with rock-solid ability to protect private data against disclosure risk – will help offset households’ and businesses’ decreasing willingness to respond to federal data collections.

At the same time, the proposed rule leaves unaddressed some foundations of public trust in the statistical system that AEA’s CGR views as central. Even if agencies and units are able to operate independently of “political and other undue external influence” and can effectively protect the confidentiality and exclusive statistical use of the data they collect, public trust in the statistical system is at risk of eroding if the agencies’ output is not viewed as accurately tracking actual trends. A concern in this respect is current questioning about the extent to which declining survey response rates tilt labor-market statistics towards unreliability.⁵ In response, statistical agencies and units are actively exploring how new technologies – machine learning, ‘naturally occurring’ data such as cell-phone signals and payments processing, cloud computing, and artificial intelligence – can be used to improve their ability to produce relevant, reliable, and representative measures of the changing conditions of U.S. households and businesses. That “continual improvement and innovation” is central to public trust in federal statistics is shown by its inclusion in the National Academy of Sciences, Engineering, and Medicine’s *Principles and Practices for a Federal Statistical Agency*, to which OMB’s NPR points:

Continual Improvement and Innovation -- Federal statistical agencies must continually seek to improve and innovate their processes, methods, and statistical products to better measure an ever-changing world.

With the decentralized character of the U.S. federal statistical system, innovation efforts are housed within individual agencies and units. While this decentralized approach allows agencies to focus on solving problems affecting their own data products, it also misses valuable opportunities for

³ Social Security Administration, “[Cost of Living \(COLA\) Information](#).”

⁴ U.S. Census Bureau, “[American Community Survey: Key Facts](#)”

⁵ J. Zumbun, “[Falling Survey-Response Rates Undermine Economic Data](#),” *Wall Street Journal*, March 10, 2023.

coordination and alignment across agencies – as, for example, in the domain of business statistics, where there are well-recognized, unresolved discrepancies between Census Bureau and BLS statistics that coordinated innovation could help address.⁶ Thus, AEA’s CGR would favor, in the final version of the rule, clarifying that the responsibilities of the Chief Statistician of the United States and the Interagency Council on Statistical Policy include leading efforts within the statistical system to continually improve its outputs via innovation, including coordinating innovation programs across agencies as needed. Maintaining public trust in federal statistics depends on it.

Kenneth Troske

Kenneth Troske, PhD, Chair, AEA Committee on Government Relations on behalf of CGR
Professor of Economics, University of Kentucky

⁶ AEA Committees on Economic Statistics and Government Relations, “[Data Synchronization: The Time is Now](#),” June 2023.