Federal Statistical Coordination Today: A Disaster or a Disgrace?

JAMES T. BONNEN

Michigan State University,
formerly Director of the President's Reorganization Project for the Federal Statistical System

Sir Claus Moser, then Director of the Central Statistical Office of the United Kingdom, once observed that "statisticians must suffer disasters as a hazard of their profession. But, they should never allow disgraces to occur." He paused at the puzzled expressions in his audience and added, "You know what a disgrace is?—It is a disaster that is allowed to continue" (Moser 1978). We now have such a disgrace.

Central coordination of federal statistical policy is dead. Its burial was arranged by the current political managers of the Office of Management and Budget (OMB) who, in early May 1982, dissolved OMB's Statistical Policy Branch. The pallbearers and grave diggers, however, include the last several decades of OMB bureaucratic leadership and OMB—White House political managers who, generally lacking any understanding of statistical policy or its necessity, fashioned the disasters that slowly stripped personnel and authority from the 1939 Division of Statistical Standards and its successors. Having had most of its capacity for the coordination of statistical policy destroyed, the surviving but greatly weakened unit was finally killed by OMB, an organization that may not even understand what it has destroyed!
Central Coordination of Statistical Policy

Let me make it clear what central coordination of statistical policy is, and, thus ideally, what has been lost. In a very decentralized statistical system, central coordination of statistical policy is managed by the office of the chief executive to achieve the desired system performance that cannot be attained by statistical agencies acting independently. It means that, under the leadership and direction of a central policy unit, various agencies "cooperate in the one or more aspects of statistical planning, design, collection, classification, or analysis" (Martin 1981). The central statistical policy unit will not execute the activity in many cases, but it bears the responsibility to see that it is done. To be specific, but brief, this includes:

1. Coordinating and linking statistical policy with public policy decisions at the highest level;

2. Determining data needs so that cooperative planning and budgeting of statistical output are possible, and anticipating information needs in time to result in the gathering of relevant statistics as well as avoiding gaps and duplicate data;

3. Analyzing prospective uses of data so that statistical designs are appropriate, and misuses of data are avoided;

4. Maintaining the quality of existing federal statistics through statistical audits and clearance, assuring the use of appropriate, state-of-the-art statistical methods in the design and collection of data;

5. Assuring privacy and the confidentiality of statistical collections;

6. Protecting the integrity of statistical decisions;

7. Facilitating user access to an extremely decentralized statistical system by assuring (a) the means to locate and retrieve relevant data, and (b) access to information on the nature and limitations of the retrieved statistics with a minimum of delay and at reasonable cost;

8. Reducing respondent burden through appropriate statistical design, standards, synthetic estimates, and greater use of administrative records for statistical purposes, as well as the application of statistical methods to administrative and regulatory records;

9. Establishing standard concepts, classifications, and procedures (a) to assure comparability and permit integration of data from diverse sources to serve multiple decision levels and diverse users, and (b) to provide...
common data classifications and detailed building-block definitions allowing multiple uses to be served from single collections;

10. Monitoring federal-state-local statistical systems and facilitating linkages and coordination of federal statistical activities with the statistical activities of states, local governments, other countries, universities, private corporations, and so on.

While there are other activities and goals, if you have achieved all of these purposes of statistical coordination, you have also accomplished the final purpose: the most efficient use of the resources of a very decentralized statistical system. While we have never attained the full potential of statistical coordination, this is what we have lost.

The Decline and Fall of Statistical Coordination

Efforts to provide central coordination of statistical policy and standards go back as far as 1908. (From this point on I shall use the term “statistical policy” or “statistical coordination” in place of this long and awkward description of the central statistical function.) Successfully sustained coordination began with the 1933 Social Science Research Council—American Statistical Association Committee on Government Statistics and Information Services. On the basis of that committee’s analysis and recommendations, the federal government established the Central Statistical Board in 1933. This independent agency was merged with the Bureau of the Budget (BOB) in 1939, when the BOB was transferred to the executive office from the Treasury Department. By 1947 the BOB Division of Statistical Standards had become a 69-person unit managing statistical policy coordination and forms clearance under the 1942 Federal Reports Act and the 1921 Budget and Accounting Procedures Act. This unit was composed of and led by statistical professionals (Duncan and Shelton 1978; President’s Commission on Federal Statistics 1971).

Thirty years later, by 1977, the Bureau of the Budget had become the Office of Management and Budget and increased greatly in size, but its Statistical Policy Division had lost 40 of its original 69 positions. This personnel reduction of nearly 60 percent occurred in
the face of an immense expansion in new statistical programs. In 30 years federal statistical budgets expanded tenfold in real dollar terms to about a billion dollars a year, while the number employed in statistical units and programs grew fivefold to about 30,000 positions (Bonnen et al. 1980). Regulatory and administrative record collections have grown several times faster than statistics. We now have a backlog of statistical standards work comparable to or exceeding that generated by the program initiatives of the Great Depression and World War II. Many public and private decision makers frequently express the need for standards to bring greater order to some of the important data bases they use. This need is especially obvious in energy, health, justice, environmental, natural resource, and various other regulatory policy areas.

The Beginning of the End

The federal bureaucracy has been under pressure at least since the Nixon Administration's effort to exclude the bureaucracy from policy making by centralizing policy decisions and by increasing the number of political appointees, often at the expense of senior civil service positions in an agency. Subsequent administrations have added to this politicization of the bureaucracy and displacement of experience—all too frequently with political appointees lacking in both relevant technical skills as well as national political experience. Criticism of bureaucrats and controlling the bureaucracy have become the common coinage of political campaigns.

In early 1977 the new Carter White House declared war on the bureaucracy it had captured. Before he had any understanding of the operational requirements of the White House and executive office, the president ordered a reorganization and reduction in White House and executive office personnel. Faced with a White House directive to reduce OMB personnel numbers, OMB's reorganizers decided that statistical policy and several other activities from the "M," or management side, of OMB were expendable, since they did not "bear a close relationship to the work of the president" (Office of Management and Budget 1977). They shattered institutional arrangements that had prevailed for three decades by transferring the central statistical policy functions (and 15 positions) from OMB and the executive office of the president to the Department of Commerce. OMB retained the
forms clearance function (14 positions), the activity of the Statistical Policy Division with the most bureaucratic and political clout.

Similar OMB–White House decisions between 1947 and 1977 had earlier stripped personnel, institutional access, and authority from central statistical policy. These decisions led inexorably, "disaster" after "disaster," to the current "disgrace." No direct desire to "do in" statistics or statistical coordination was exhibited in the 1977 decision. In fact, the director of OMB, persuaded of the long-run importance of statistical policy, initially reversed the reorganization decision, but under pressure to reduce OMB's size he eventually succumbed. Thus, statistical policy, with its low political sex appeal, long planning horizons, and low short-run payoffs, when ranked by the crisis-driven values of most political decision makers, was found to be less important than the activities supporting budget and other policy decisions (Berman 1979, 46–47). These latter are the activities and decisions where day-to-day political pressures are most intense and upon which the OMB's performance is judged in the White House. With very few exceptions, whenever push has come to shove in OMB, statistical policy has lost.

Almost immediately, however, the Carter administration decided to examine the problem of statistical policy, and it asked me to direct a somewhat misnamed "Statistical Reorganization Project." The title is a misnomer in two senses. Statistical policy had already been reorganized—out of OMB. The project might better have been called the "Statistical Policy Recovery Project." Since it was sponsored by the regular "M" side of OMB (and not the new president's Reorganization Project staff), philosophically it was a management improvement project.

The purpose of the project was to explore the current problems and functions of statistical policy, to recommend the most appropriate location for the statistical policy office, and to design the institutions and recommend the resources necessary to obtain a coordinated national-level performance from a very decentralized statistical system. This we did in 1978–1979.

The question that proved most difficult was where to place responsibility for central statistical policy. The general options were to (a) put it back in OMB, (b) leave it in the Commerce Department, (c) put it somewhere else outside the executive office, or (d) establish it as a separate agency in the executive office of the president. Conventional wisdom would have returned statistical policy to OMB.
However, it had not fared well there. As our project report (Bonnen et. al. 1980) put it:

Sound statistical policy requires long-time horizons for highly technical coordination and planning, and a corresponding measure of freedom from short-run political and economic events, of whatever significance. OMB’s primary function—presidential budget development and oversight— involves immediate, often crisis-driven, decisions of great political and economic significance, which dominate OMB’s internal agenda and resource priorities. Statistical policy was not perceived as important in such an environment, was not understood, and slowly eroded in personnel and institutional strength.

The fact is that OMB is no longer the same environment in which the coordination of statistical policy and standards began. OMB has been thoroughly politicized since the early 1950s. It has been transformed from an objective servant of the institutional presidency into a highly political servant of the personal presidency (Berman 1979, 100–125). In the process, it surrendered not only its reputation and capacity for objectivity but also its ability to consider the longer and larger view. Today it is a crisis-driven, political enforcer of the president’s personal priorities. Organizational separation of these incompatible functions has repeatedly been recommended in the past (Berman 1979, 85–88, 105–10). In interviewing experienced veterans of the executive office, I asked a former senior OMB official for his opinion on why statistical policy had slowly atrophied in OMB. He responded, “When you are up to your armpits in alligators you don’t worry much about statistics.”

After an exhaustive examination of alternatives, the project recommended establishing a separate agency in the executive office of the president. This option, contrary to our initial expectations, turned out to be “the least worst solution” in a terrible tangle of tradeoffs between second- and third-best solutions to specific problems, which allowed the final combination to exclude all known fatal flaws. The proposed legislation also involved a substantial strengthening of the institutional capacity of statistical policy. This, of course, did not happen. Executive office agency leadership, federal statistical agencies, the cabinet departments, and the White House were persuaded, but we got to the Congress late in its 1979–1980 session and were unable to convince the appropriate committees to act on our solution.

What did happen was that the statistical policy functions were
returned without any institutional improvements or safeguards to OMB in August 1981 by the Paperwork Reduction Act of 1980. The functions came back, moreover, into a vastly different environment, the Office of Information and Regulatory Affairs (OIRA). Statistical policy was now expected to function in a regulatory agency run by regulatory lawyers and economists. Besides statistical policy, the Office of Information and Regulatory Affairs manages seven other functions, at least five of which have more immediate political significance than does statistical policy. These other functions of OIRA include: (1) clearance of forms, (2) the paperwork budget, (3) regulatory policy (i.e. deregulation), and, in addition, government-wide policy and oversight for (4) administrative records, (5) privacy of records, (6) sharing of records, and (7) regulation of the acquisition and management of automatic data processing (ADP) and telecommunication facilities. Functions (1), (2), (3), (6), and (7) attract more intense political interest than statistical policy usually does. Even with the best of intentions the odds were low that statistical policy could be made to work in such an environment. We drew that conclusion in the final report (Bonnen et al. 1980) of our project, well before the Paperwork Reduction Act had passed. Congress did not accept our analysis or share our concern. Unfortunately, subsequent events proved we were right.

The negotiated transfer of personnel from the Commerce Department to OMB in the Reagan administration was a long and demoralizing experience, extending from February to late August 1981. The conditions of return changed almost weekly, varying from returning the entire unit or only part of the unit to returning positions but none of the existing personnel. One early prescient plan proposed to scatter the statisticians around the Office of Information and Regulatory Affairs, thus avoiding the necessity for providing a statistical policy unit within OIRA. It ended, finally, in August with the establishment of a Statistical Policy Branch in OIRA and the return of only 15 of the 26 people (25 positions) who had composed the Office of Federal Statistical Policy and Standards in the Commerce Department. Left behind were 10 people—among whom were some of the most experienced, longtime members of the unit—and the unit was downgraded from the separate division that left OMB to a branch.

In OMB, 4 of the 15 positions were immediately assigned to a new White House indicators project leaving 11 to manage government-
wide statistical policy. The White House indicators project was designed to provide a computerized, interactive capability for background briefing in current issues for the White House. Though a good idea, it faded away through lack of White House use. By early February 1982, 3 of the original 15 people transferred to OMB had departed, including the unit's director. This left something on the order of 2 secretarial and 10 statistical positions (11 professional statisticians, 3 of whom work part-time) with which to conduct government-wide statistical policy, run the indicators project, and support forms clearance, plus all other functions of the Office of Information and Regulatory Affairs.

So few professionals cannot be expected to cover a statistical system as large and as decentralized as ours, especially when their biggest problem is persuading OMB that statistical policy is important and requires more, not fewer, resources and attention. The unit was in a situation where all the senior management roles in statistical policy had turned over, and after a four-year absence, statistical policy needed to reestablish complex and informal institutional linkages within OMB.

Two of the most important communication devices for statistical policy were discontinued. The Statistical Policy Coordinating Committee, the only government-wide forum for statistical policy, on which all cabinet departments, the Council of Economic Advisers, the Federal Reserve Board, and OMB were represented, was eliminated in August of 1981 at the time of the transfer to OMB. A few months later, in January 1982, the Statistical Reporter, a highly valued monthly publication, was dropped without warning or evaluation. For over four decades this publication served as an instrument of communication and coordination and as a forum for the widely scattered, often professionally isolated government statistician. Its net cost was $18,600, its benefits many times that (see Reuss 1982).

The End

The final ax fell in April 1982, when the director of OIRA announced to his staff that the Statistical Policy Branch would be abolished and statistical personnel distributed to other branches. An after-the-fact press release was issued in May. This OIRA decision had been reviewed and approved by OMB's director and deputy director. It was made after OMB had posted the position of director of the Statistical Policy Branch and had asked the American Statistical Association (ASA) to
recommend names for consideration. The director of OIRA had met with the ASA Standby Committee on Appointments to Senior Federal Positions for its suggestions in March 1982, just four weeks before he announced the dismantling of statistical policy.

If one is to believe a report in the Washington Outlook column of Business Week (1982), the unfortunate appearance of bad faith is the result of the intervention of Vice President Bush, who pressured OMB to devote more manpower to revision of "100 targeted regulations" in the administration's deregulation campaign. The report states that business had complained about OMB's slow progress and that as a consequence of the vice president's efforts, "a number of analysts and statisticians are being shifted in the office of Christopher DeMuth, head of OMB's regulatory affairs shop. And OMB aides have been directed to expedite the review of regulations and to spend more time in direct contact with regulatory agencies."

This is an old story in OMB's management of statistical policy; we see again the pressure on OMB division chiefs to do more things with too few people (Berman 1979, 102). This combines in a devastating way with OMB's incomprehension of the connection between the quality of data and the quality of decisions, and it is then made lethal by OMB's indifference to its ultimate responsibility for the quality of federal data. That indifference today verges on gross negligence.

The reason given in OMB, I am told, for disbanding the Statistical Policy Branch is that it was ineffective. I agree that increasingly it was. How possibly could the bruised, decimated band that survived the last decade or so of OMB—White House decisions be fully effective? Even if it was not OMB's intent to run off the leadership and discredit and demoralize those who remained, this is their accomplishment.

Of course, OMB says it has the same continuing capacity to coordinate statistical policy because it still has the personnel. Indeed, OMB alleges that statistical personnel are being better used as a result of the reorganization of OIRA. But to what end? Certainly not statistical policy.

Look at the disposition of personnel. Of the original 15 positions transferred back to OMB in 1981, 3 disappeared as people left for other jobs and were not replaced. Four statisticians are now assigned as desk officers in the paperwork and regulatory policy wars and are lost to government-wide statistical policy. A "desk officer" is responsible for all 8 OIRA functions (statistical policy, clearance, burden budget,
ADP, records management, privacy of records, records matching, and regulatory policy) for a specific agency. The 5 other statistical positions were assigned to regulatory analysis and statistical policy. These 5 positions are filled by 6 statisticians, only 3 of whom are full-time. This comes to 4.5 full-time statisticians. Given OIRA's primary mission to deregulate and reduce regulatory complexity and costs, and given the great pressure from the White House and the vice president for action on revision of regulations, it will be remarkable if many of these remaining positions are long devoted fully to statistical policy—even with the best of intentions. The position of chief statistician and director of the unit was left unfilled for 18 months until finally, in June 1983, following direct instructions from the Congress to fill the position, OMB appointed a private economic consultant as chief statistician. Without a separate statistical policy unit, no more personnel than are left, and lacking any real understanding and support from OMB, it is difficult to see how this appointment will change either the capacity for statistical policy or its performance.

Even if the positions are used as specified, how long does OMB expect to keep skilled statistical analysts in jobs that are only partially statistical or where there is no real commitment to statistical policy? This is such an abuse of professional skills that as soon as these individuals can find jobs commensurate with their skills, they will leave OMB. How then will OMB recruit replacements with the high quality and skills necessary for effective statistical policy? This is precisely why the Statistical Reorganization Project predicted the demise of statistical policy if it were placed in the kind of organization envisioned by the Paperwork Reduction Act of 1980.

Thus, it took three actions to produce this final mess. The first was the 1977 transfer out of OMB, which weakened the institutional authority of statistical policy by removing it from the executive office—White House policy and reports-clearance machinery. The better resource treatment and understanding of statistical policy in the Commerce Department could not compensate for this loss.

The second action was Congress's failure in 1980 to accept the administration's proposed separate Office of Statistical Policy (in the executive office) and the subsequent inclusion of the statistical policy function in the Office of Information and Regulatory Affairs established in OMB by the Paperwork Reduction Act of 1980. Stripped of its earlier institutional authority and policy access by the move to the Commerce Department, statistical policy was then returned to OMB
by Congress without any thought for institutional safeguards, and was embedded in a regulatory environment run by political appointees who had little or no understanding of statistical policy or its necessity. Congress shares the responsibility for this failure. It thrust into OMB a set of "information management" functions with a clear directive to OMB to improve its performance, without recognizing the great differences between those functions and without insisting that an adequate staff be recruited for the purpose. Excess capacity rarely exists in OMB since OMB always prefers to manage its agenda, with each 100 of its staff members working 55 hours a week rather than with 137 working 40 hours a week. Most presidents are politically sensitive about the size of their staff in both the White House and the executive office and periodically try to pare down the real or apparent size. OMB, as the president's policy policeman, budget naysayer, and enforcer of personnel reductions, believes it must set a good example by remaining a lean organization.

The third action was then almost inevitable. The Reagan OMB, not to be outdone by Carter's, proceeded step by step to dismantle what little was left of statistical policy. These three actions in a period of five years were all the kind of triumph of form over substance that earns continuing public skepticism of our governing institutions.

The greatest industrial nation in the world with the largest, most complex society and economy now lacks effective capacity for central coordination of its statistical activities. This is a crippling loss since ours is the most decentralized, if not fragmented, statistical system in the industrial world. Alone among the industrial countries and for the first time in fifty years, the United States is without credible statistical leadership above the level of the agencies. When the slowly rising tide of disorder in statistics begins to undermine and disrupt national decisions, I want it remembered that the final act in this national disgrace is an OMB accomplishment. Who can possibly believe any longer that statistical policy belongs in OMB?

Central coordination of statistical policy is dead in the United States. It has been interred in OIRA, OMB's tomb of the unknown statistician.

What Difference Does It Make?

The immediate serious threat is to integrity. Otherwise, in the short run the loss of central coordination will probably not create many
immediately obvious problems. Past investments may carry us for a while. In the long run, however, we are in serious trouble in all major functions of statistical coordination.

In a statistical system as decentralized as ours, significant central coordination is essential if we are to have national-level statistics that are of sufficient quality and relevance to sustain national decision needs, both public and private. The final dismantling of the central coordination of statistical policy in the United States by the current administration has already had the effect of reducing the commitment of individual statistical agencies to coordination. Why should an agency make any effort beyond its mandated mission when real budget resources are declining and the White House does not care about coordination? This disappearance of political commitment to statistical coordination creates a negative environment for any effort to provide multipurpose national statistics.

There is an immediate threat to the integrity of federal statistics. To begin with, few realize today the extent to which statistical formulas and price indexes are now used by Congress to allocate public resources. Two recent studies establish this clearly. In fiscal 1979 more than $122 billion or about one-fifth of total federal budget obligations were committed through statistical formulas (see Emery, Campbell, and Freedman 1980). About 30 percent of all budget expenditures ($195 billion) were automatically indexed to the Consumer Price Index (CPI) in fiscal 1981. In addition, another 27 percent ($177 billion) were indexed less directly to the CPI or to some other index (DeMilner 1981, xiii, 22, 25). While these studies are for different fiscal years, and one is based on obligations, the other on outlays, conservatively at least one-half of the federal budget, and depending on how you view it, as much as three-quarters of the budget is now allocated through statistical formulas or price indexes. The rate at which this practice and its impact have grown is phenomenal. Up through the mid-1960s the use of statistical formulas for federal budget allocation purposes was quite limited. In 1966, only 2 percent of the budget was automatically indexed (DeMilner 1981).

This growing, intimate embrace between statistics and public policy decision making has greatly increased the significance and decision value of the statistics we produce. It also has added to the complexity of the problem of coordination of statistical policy and has increased by several orders of magnitude the need for integration of various
data bases as decision making has become more interactive and complex. Most importantly, it greatly compounds the problem of protecting the integrity of federal statistics. In short, it increases the need for stronger central coordination.

With one-half to three-quarters of all federal expenditures allocated through indexes or formulas, a very substantial part of our most important statistics have the potential of being held hostage to political ends because of their visible and direct impact on politically important decisions. When the consequences that flow from those statistics are viewed as important by some politically potent interest group, the political temptation to manipulate those statistics or, more commonly, to prevent needed conceptual or measurement revisions, is often difficult to resist. Individual agencies can be quite vulnerable. With the loss of effective statistical policy oversight from the executive office, this threat is even greater. Who now will support the agencies when issues of integrity arise?

Indeed, with the authority for central coordination of statistics in the hands of a regulatory policy group, one of the open questions is whether that authority may not itself be used some day to impair the integrity of the statistical system. One of the basic experiences learned in all statistical systems is that it is dangerous to mix statistical policy decisions with the politically radioactive regulatory policy decisions. These two universes mix like oil and water, almost invariably to the detriment of the integrity of statistical collections.

In the future, without an organization responsible solely for central statistical policy independent of regulatory matters, who will believe that a statistical policy decision made in OMB has statistical integrity? There no longer are any institutional safeguards or formal procedures to protect the integrity of statistical policy decisions because these matters are now all intimately intermixed with regulatory policy. We are already in trouble.

I should not leave the impression that we have declined either slowly or suddenly from some golden age of statistical coordination. Such an age never existed. The effectiveness as well as the fortunes of the OMB statistical policy unit have gone up and down over the years. Never has the ideal or the full capacity of statistical policy coordination been realized. While there have been many substantial, even brilliant accomplishments, there are many continuing unresolved problems and relevant but unaddressed goals. Much of this can be
attributed to the lack of support in OMB, the White House, and Congress as recounted here. The rest can be attributed to the resistance of statistical agencies to the coordination of their activities and to periodic inadequacies in the performance and leadership of the central coordinating unit itself. This, at least, is the general view that developed from interviews the author had in 1978–1979 with a rather large number of experienced statisticians who were long-time observers of or participants in federal statistical activities.

I also do not want to leave the impression that OMB is currently doing nothing on statistical policy. About 4.5 professionals are, for now, working most of the time on statistical matters. The Federal Committee on Statistical Methodology continues to work on several projects. These include, among others, a study of interagency contracting of statistical product, a review of agency policies on revision of time series, as well as a study on improving the quality and comparability of the many varied industry codes used in government statistics and administrative records. The respecification of Standard Metropolitan Statistical Areas (SMSA) is under way based on the revised SMSA standard and the 1980 population census. Work is being done on user access. A belated effort is being made to coordinate agency redesign of household surveys following the 1980 census. Most of the statisticians working on these issues come from agencies other than OMB.

The government-wide confidentiality legislation developed by the President’s Statistical Reorganization Project in 1978–1979 has been revived by OIRA and is being considered for submission to Congress. This legislation in its original form held great potential for improving the quality of federal statistics while reducing budget costs. The legislation would permit authorized statistical agencies to share microdata for statistical purposes in developing survey and census frames and in cooperating to produce integrated data sets. For most agencies it also would substantially strengthen the legal basis for the promise of confidentiality to respondents. It would also greatly enlarge the ability to reduce respondent burden through more comprehensive control of the incidence of a given respondent falling into repeated surveys of the same universe. In the revised version circulated by OMB in late 1982, some of the most important features and benefits of the original concept were discarded.

In any case, getting this kind of legislation through Congress requires
the support of the private sector. Since great power is concentrated in the legal right to authorize the sharing of records, business views that authority as an insupportable risk unless it is lodged by legislation in a politically neutral role that is highly visible and accountable and is invested with a public expectation of great integrity.

By destroying any recognizable statistical policy unit, thus eliminating the possibility of a credible chief statistician, OMB has unwittingly destroyed the primary political prerequisite for passage of confidentiality legislation. Where can they now place the power to authorize record sharing? In the director of OMB? Impossible! This is one of the most political positions of policy advocacy in one of the most politicized agencies in Washington. Assign responsibility to the director of the Office of Information and Regulatory Affairs in OMB? Worse! Here you are putting the power to force the sharing of data in the hands of someone who is primarily the regulatory policy officer for the president. Mixing of regulatory policy and statistical policy authority destroys the perception of political neutrality in statistical policy decisions while grossly undermining the reality. Business would view this as putting a fox in the hen house to protect the chickens.

OMB appears oblivious to other effects of dismantling the statistical policy unit. There is now no credible national-level focal point where users and other affected parties can express nonfederal public and private data needs. While this kind of access may not sound like much, it combines in a lethal way with the OMB's 1983 budget push to eliminate all federal data collection and processing that does not serve federal policy makers. The director of OIRA was recently quoted as follows:

In the past agencies collected much greater detail than was needed for national policymaking purposes. It is understood now that agencies justify their data collecting programs to OMB in terms of the needs of federal agencies alone, not of states, local governments, or private firms for their own marketing purposes (New York Times 1982).

This appears even to exclude the Congress and exhibits OMB's current confusion over the nature of and distinction between public and private goods. It also exhibits an ignorance of the fact that many, if not most, of the early federal statistics collected were for private sector uses. Why should this be? The fact is that many nonfederal uses of
Federal statistics are in the national or the public interest and in some cases involve data only the federal government can collect. OMB has grossly confused federal bureaucratic needs with both national and public needs for data. The fundamental statistics of the nation are in harm's way.

With some exceptions the departmental pressures on most federal statistical agencies are such that when budgets are cut the agencies tend to sacrifice small area data, subnational samples, and the activities and commodities that are minor elements nationally. This is explicit in the decisions many agencies made in facing reduced real budgets in 1981–1982. It does not take much foresight to see how disruptive this will be to any new or old federalism, especially with the federal government defaulting on its responsibility for nonfederal uses of statistics.

With little or no ability and even less will to retain statistical capacity in OMB, even the effort to reduce the burden of paperwork on respondents is likely to suffer. Statistically unsophisticated staff will often not even see the duplication, or if they see it they will not know how to approach its reduction effectively through redesign that achieves multiple goals. Without statistical sophistication even the accurate measurement of the resource costs of respondent burden is not possible. The burden budget meat ax will progressively disorder statistical and other data collection priorities.

**Trends That Compound Statistical Problems**

There are several other trends that have already resulted in serious failures in decision making. Disorder is growing in the political and policy-making process. When combined with the effective elimination of central statistical coordination, these trends increase the chances that we will experience fundamental failures both in statistics and in statistical policy.

Statisticians, in their professionalism and admirable effort to maintain the objectivity of the statistical enterprise, tend to abhor politics and most of its works. This frequently leads to a philosophic position and behavior that precludes even thinking about the relationship between statistical matters and public policy with its political base. Today no agency head can long ignore politics. We as a profession need to
think seriously about how statistical institutions and practices can be modified to manage with effectiveness and with integrity the growing direct use of statistics in politically sensitive decisions. We are trapped in an intense dilemma. Statistics are far from neutral in their political impact. Nevertheless, we must convince politicians that statistical policy must be made in a politically neutral way to protect the integrity and, thus, the value of federal statistics. The relationship between statistics and politics has grown too important and intimate to ignore.

The various trends and problems briefly discussed in this and the next section are in part sifted out of the author's personal experience of over twenty years as an analyst and participant in, as well as a student of, federal policy processes. These trends and problems also arise from analysis done by the President's Reorganization Project for the Federal Statistical System and from interviews the author and others held with senior policy makers in 1977–1978 about their uses of statistics and perceptions of the problems of federal statistics. Some are also based on published research on the political and policy institutions and processes (see Auspitz 1982; Caplan, Morrison, and Stambaugh 1975, 23–40; Fairlie 1980; Lynn 1978, 12–81, 126–44; Nie 1982; Polsby 1983; Sundquist 1980, 531–63).

The first of these trends is a growing complexity of society and the effect this has on policy making and ultimately on statistics. Since World War II, the society and economy of the United States have become very much more complex, specialized, and interdependent. Their various sectors interact, each sector creating many kinds of conflicts and effects external to itself. This, in turn, has led to a complete transformation of the role of government in society. In responding to these growing problems and conflicts, government has intervened in a pervasive manner, with immense impact and not always wisely. Federal policy decision making has also become far more extensive, interactive, and complex. The distinction between public and private sectors has become blurred. As a result of this greater complexity and interdependence, national policy decisions today are decisively dependent on quantitative measures to identify and understand complex problems, problems that have gotten beyond the capacity of "seat-of-the-pants" decision making. In addition, since many problems now interact with one another,
policy decisions more frequently involve choices that cut across present departments, government policy decision structures, and their data bases. Growing numbers of these crosscutting issues involve so many diverse conflicting participants that more and more executive branch decisions are being forced to the White House for resolution (Bonnen et al. 1980).

The crosscutting issues that are forced to the White House for decision involve tradeoffs between conflicting goals and interests. Examples include conflicts between energy development and environmental and resource conservation, between agricultural trade policy and national security, and finally between the broad goals of welfare policy and the various conflicting effects of different specific programs such as aid to families with dependent children (AFDC), low income housing, and food stamps. In the latter case, the Survey of Income and Program Participation, which was dropped from the president's 1983 budget, is designed to provide objective data for analysis to establish where social benefits might equitably be modified. It would provide ammunition to defend such decisions. Congress has wisely restored this and several other cuts in statistical budgets.

Resolution of broad, crosscutting policy questions frequently creates the need for new statistical data or requires complex new combinations of older data. These data requirements were difficult to meet under previous statistical policy institutional arrangements. Now, without the commitment to and the capacity for central coordination, it will be nearly impossible to deal with them effectively. Yet, meeting such data requirements is essential if national policy decisions are to be based on a firm factual foundation.

Another growing problem is the changed attitude of modern political appointees and elected officials toward statistics. In the 1930s there were very few reliable statistical data bases, and respect for good statistical data was generally high. Much federal effort went into improving the scope and quality of public policy data bases. Today we have an enormous range of statistical numbers, and many policy makers have come to view them as if they came from the horn of plenty or were Elijah's gift to the widow (1 Kings 17:10-16). That is, with millions of numbers around they have the comfortable feeling that statistics arise without effort from an inexhaustible source—a source from which, at the last minute, they can extract data to suit any information need, however specialized or unique. Such behavior
guarantees frustration. Without conscious statistical planning at all levels of decision making, this failure and its psychological self-perpetuating behavior will continue to prevail. The planning to provide statistics involves a substantial lead-time.

This misunderstanding of the nature of the process from which statistics arise is compounded by a growing negative perception of statistical agency performance. Many policy makers perceive statisticians and their organizations as unresponsive, producing lots of unused numbers and chronically unable to provide appropriate numbers when called upon. Therefore, they ignore statisticians and distrust statistical agencies. Statistical agencies and statisticians are at least partially responsible for this perception and, thus, can do something about it.

Most policy makers also demonstrate that they have little notion where most of the numbers come from in the decision memoranda that their staff provide and upon which decisions are based. While they may have no negative attitude toward statisticians, they are totally innocent of any statistical knowledge or knowledge of the statistical system. In short, there is little appreciation among many policy makers of the problem of providing statistics or even of the need for statistics. This attitude is not new and is not characteristic of all policy types, but it is, in my experience, characteristic of a large proportion of policy makers. This problem is compounded by and related to two other trends.

Even more than in the past, the American people today are sending amateurs with no prior national experience to Washington. These Washington amateurs have learned to win elections but do not have the skills or experience to govern the nation. This decade-old trend arises from a far more profound distrust and disillusion with government caused by the abuse of power during the Vietnam War and the Watergate activities of the Nixon White House. This has been compounded by the explosive growth of federal regulation and a growing resentment of excessive intrusion of the federal government into everyday life. Repeated exposures of scandals and corruption in federal, state, and local government have not helped. Americans have always tended to view experienced politicians as dishonest, conniving types who do not deserve to hold office and so we turn them out. Never before in this century has the phenomenon been so intense and general. Candidates for offices from county commissioner to president run against government and its "evil" bureaucracy. The amateurs we elect, in turn, fill the
congressional staffs and executive branch with political appointees who are also Washington novices. This, perhaps, is not so bad, if they are capable, for they eventually can learn enough about their decision-making environment to be effective. After all, you have to start somewhere. The problem is that the incidence of amateurs in Washington has become so great that there are too few real political pros around today from whom the amateurs can learn. Competence and stability of government erode. Policy direction is erratic. This “government of strangers” invariably distrusts the bureaucracy, which has much of the knowledge necessary to govern; this means they are unable generally to manage (control) the bureaucracy and inevitably fail in governing. Controlling the bureaucracy and destroying it are two different things that have been greatly confused since 1977.

However, another trend now appears to make learning or factual knowledge unnecessary. An increasing percentage of those who end up in appointed or elected office today are so ideological that they appear to need no factual knowledge for decision making. Increasingly, we have what Goethe described as the worst situation in the governance of a state—ignorance in action. When facts are called for, it is only to provide self-serving support of ideological conclusions. Both of these trends reduce the proportion of elected and appointed officials with sufficient experience or knowledge to appreciate the role that statistics and objective analysis can and should play in policy and decision.

The Integrity of Statistics

All of these trends in politics and policy create a difficult environment for statistical policy and make even more dangerous another problem—the growing threat to the integrity of federal statistics.

Statistical policy and public policy decision making find themselves today in an embrace, the intimacy and immediacy of which are very new. This embrace is enforced by the growth of government intervention in society and the increasing interdependence of economic and social sectors. . . . [This] in turn causes public policies to be more interactive and also to demand more immediate decisions. The consequence is that statisticians can no longer do their quiet thing quietly (Bonnen 1981).
This occurs at a time when individual agencies are made more vulnerable by the extensive use of statistics to allocate resources, as well as by the rising level of raw political ideology driving the decision process. Now we even lack a statistical policy office to back up the agencies in issues involving integrity.

It is worth asking why politicians have chosen to move half to three-quarters of the federal budget into automatic, or nearly automatic, statistically determined allocation processes (DeMilner 1981; Emery, Campbell, and Freedman 1980). In the 1950s, policy makers extracted a substantial amount of political power from the direct annual control of these decisions. This shift in decision style is not a search for objective decision making. Rather, it is a political flight from direct responsibility for public decisions. Beside the growth in statistics to allocate resources, the element that is different from the past is the instability of the political and policy decision process, which leaves congressmen quite vulnerable as individuals. This has complex multiple roots but is due primarily to the decline of institutional power in the party and in the management of Congress, combined with the growth of single interest lobbies (Auspitz 1982; Fairlie 1980; Nie 1982; Polsby 1983; Sundquist 1980). Federal expenditure decisions have become zero-sum games in which, if half-a-dozen conflicting interests are focused on a decision, the politician will usually make more enemies than friends no matter what decision is made. The effect is to make every allocative decision controversial, unstable, and politically costly to politicians, often no matter which way the decision goes; every decision becomes a no-win situation. The annual allocation of federal expenditures has become so politically costly that politicians attempt to push these decisions away from themselves by establishing "automatic" statistical procedures for making political decisions. It is politically safer and more expedient to use statistical formulas and indexes to avoid annual brawls. Once the formula or index is established in law, this flight from political responsibility dumps many political conflicts onto the statistics and the statistical agency involved.

As long as politicians are rational, wish to be reelected, and face no-win decisions in allocating federal expenditures, they will use statistics to allocate those expenditures. Politicians are just trying to survive in the midst of the fragmentation of our political institutions and of federal decision making. There has been a steady erosion over
the last three decades in the stability and authority of public institutions, including the political parties, the executive branch, and the Congress (Auspitz 1982; Fairlie 1980; Nie 1982; Polsby 1983). This has led to a decline in the capacity for making public decisions and, most importantly, in the capacity to make them stick (Sundquist 1980).

The hierarchical structure of government and the stable political coalitions formed after World War II at one and the same time limited and protected all government agencies. There were things good and bad upon which one could depend in dealing with Congress and the political process. For at least a decade, however, institutional instability and disorder have increasingly characterized the forces that affect the policy decision process. One is continually buffeted in one direction and then another (Bonnen 1981).

Single interest groups have proliferated and engage in an unending war in which there is no final resolution. Permanent coalitions do not evolve. The day-to-day processes of politics and of governance have become unstable while the authority in political leadership roles has been weakened by party and congressional reform which has opened these institutions to greater voter and interest-group influence, and diffused their power of decision. As a consequence, individual politicians have been made quite vulnerable. Today, neither the party nor the leadership in Congress can protect individual members from destructive exposure in the conflicts between single-interest groups. As a result, the environment of government is becoming much more politicized, unstable, and lacking in accountability (Auspitz 1982; Nie 1982; Polsby 1983; Sundquist 1980). Consequently, “statistical agency leadership today is on its own in a stormy environment and with more cannon loose on deck than anyone else has had to face in this century” (Bonnen 1981). It is not likely that this will change much in the very near term.

Politicizing statistics only rarely involves “cooking the numbers.” Data are politicized whenever technical statistical decisions and their timing are removed from the control of statisticians. This is a large class with many examples where the temptation to tamper has become too great to resist. Statistics have never been widely or well understood. Today, however, they are much more broadly used in a governmental environment that has become so politicized and ideological that factual
descriptive capability and objective analysis are eroding. Romantic imagination and wishful thinking increasingly dominate decisions. The Reagan administration did not begin this trend but it is now also contributing toward greater politicization and ideological conflict in governance.

The protection of the integrity of statistics and their use has its foundation in the integrity and courage of the statisticians, demographers, economists, and other analysts who design and produce statistics. Since isolation from the policy process is no longer possible, new institutional safeguards to integrity should involve stronger appropriate processing and publication standards, insistence on publication of methods, a well articulated legislative mandate for individual statistical agencies, a strong common confidentiality statute covering all major agencies, high visibility and multiple accountability for statistical policy, a central unit for statistical policy and coordination with statutory responsibility including the integrity of federal statistics, and a single committee in each house of Congress for legislative oversight of multipurpose statistics and government-wide statistical policy and priorities.

The actors who care enough to protect the integrity of statistics and their uses are usually professional statisticians, economists, and other professionals responsible for major policy decisions or advisory activities, especially those decisions and activities that depend on some form of forecasting or specialized modeling. Statisticians care because their professional integrity is at hazard. On far too many occasions this is the only obstacle that stands between the integrity of data bases and politicization. Today, most economists are trained in a deductive tradition. Consequently, not many economists would be as sensitive to problems of data as they are if it were not for the discipline of forecasting, for other specialized modeling, and for the existence of the national income accounts. We owe this integrating analytical capacity not just to the theorists who created these conceptual structures but also to people like Arthur Burns, George Jaszi, Wassily Leontief, and many others working in the tradition of Wesley C. Mitchell, who operationalized the abstract concepts and made measurement possible. These economists understand the empiric and know the importance of being careful about one’s numbers. It is very difficult for statisticians to communicate or collaborate with those who do not care and are not careful about their numbers.
The Behavior of Statisticians

Before leaving this topic, it is also worth asking ourselves as statisticians if in any way the behavior of statisticians has contributed to the perception by policy decision makers that statistics and its coordination are less than useful. I believe it has. I would suggest three possible kinds of behavior to think about, and on which we might work to change these perceptions. There are undoubtedly others. The first is the failure to recognize the important tradeoff between accuracy and relevance. Too frequently, statisticians expend all their energy on reduction of measurement error, behavior that can lead to zero relevance, either because it takes too much time to reach the accuracy goal or because accuracy is associated with a format or product that is not as relevant. Even in the reduction of measurement error there is a tendency to focus on sampling error and to ignore other forms of measurement error. Not enough effort is spent on bias in sampling and measurement, on conceptual inadequacies and obsolescence, and on problems in operationalizing concepts. This behavior is not limited to federal statistics. As John Tukey (1979) has pointed out, statisticians are quite as responsible for the relevance of numbers as for their accuracy.

A second behavioral dimension that I would point to is the degree to which we sometimes isolate ourselves from the policy process in our attempt to protect the integrity of statistics. If the policy environment is as interactive and the embrace between politics and statistics is as intimate as I have alleged, protecting integrity with isolation is a game that is over. We must learn how to work more effectively with politicians, political appointees, and their staffs. Isolation may in the short run protect statisticians, but it will not protect statistics because such isolation no longer really exists. The only solution today is multiple accountability, standards, and high visibility for the statistical policy process. Isolation often worked in the past and it has led to a statistical tradition filled with confrontation, resignations, and many colorful stories. It will take more today to maintain integrity.

Finally, a third behavioral pattern that is quite closely related should also perhaps be examined. That is the very strong institutional reluctance of multi-purpose statistical agencies to adjust their product, its mix, or its integration. I realize nine out of ten user complaints or suggestions make little sense, since users commonly do not understand how the data are designed or produced. Consequently, we often grow callous
and insensitive to that tenth suggestion or request. This is closely related to former census director Vincent Barabba's insistence that we need to do a better job of analyzing and marketing our product.

These are problems on which I think we need to work, if we are to change policy makers' perceptions of statistical agencies. These are also problems that are going to be much more difficult to manage without effective central coordination of federal statistics. We now have no place to stand even to discuss or evaluate these kinds of problems, which are rarely limited to a single agency. The occasions as well as the rationale for routine, systematic relations among statistical agencies have been destroyed by OMB.

What Should We Do?

This is not an unexamined subject. We do know how statistical policy and coordination should be organized. After more than 40 years of experience we certainly know what its functions are and how it should be done.

The Organization of Statistical Policy

First, I submit we know that central coordination of statistical policy must be lodged in the executive office of the president with a legislated mandate, if it is to function effectively. Second, while it belongs in the executive office, it is equally clear that it does not belong inside OMB. OMB would only kill it again. Third, you cannot expect to assign 200 statisticians, economists, or anything else to the executive office of the president. Fourth, without a unified focus for legislative oversight of all federal statistics in the Congress, any executive branch structure for statistical policy will lack durability and effectiveness. Let me speculate on the general form this suggests for the coordination of federal statistics.

Especially in a decentralized system such as ours, conscious coordination must begin at lower levels, or efforts to coordinate the system as a whole become extremely difficult, requiring inordinate effort and staff size in the central unit. Historically, most of the resources devoted to coordination of federal statistics are to be found at the agency level. What is missing, usually, is any organized statistical policy effort at
the departmental level and now, of course, there is essentially a void at the White House—executive office level. Congress should by law require each department to establish as a function of the secretary's office the coordination of the department's statistical policy activities. In those departments with a strong statistical agency, this could be staffed and managed by the statistical agency. In an average-size department this might require 10 to 12 positions. With this capacity, each department would also have the skills necessary to collaborate with other departments and the executive office in setting standards, reducing statistical burden, organizing access and user services, and maintaining confidentiality and privacy, as well as coordinating their respective statistical policies. Under these conditions, the personnel required in the executive office statistical policy unit would be modest, perhaps less than the 40 positions in the legislation sent to Congress, but not acted on, in 1979. In short, what is needed is not one large central unit, but a system of small statistical policy coordinating units organized to match the decentralized structure of federal statistics and decision making.

Other nagging problems remain about which we know less. Is statistical policy still unduly vulnerable if established in separate, small units in the departments and the executive office? The internecine bureaucratic and political conflicts that often rage around cabinet officers and in the executive office do not create an environment in which fragile organizations survive long. We know from experience that a legislative mandate is necessary to assure durability in such an environment. Otherwise, activities such as statistical policy, where decisions should be politically neutral, which have low, short-run political visibility and involve long-run technical planning (i.e., are deferrable in the short run), will disappear.

The design of appropriate institutions for statistical policy is inherently one of balancing conflicting goals. These goals include being close to policy decisions yet free of partisan political influence, assuring high quality, yet timely and relevant data, protecting confidentiality, yet providing easy user access, and being responsive to White House and congressional information needs while also serving program and agency goals.

Creating legislatively mandated organizations in the executive office is something one should resist unless it is quite certain that the function is both necessary and of major long-term importance requiring
legislation for durability. Otherwise, we are unnecessarily reducing the options and flexibility of future presidents in organizing their staff.

Legislated functions and organizational proximity to the policy process of the executive branch are necessary but not sufficient. One essential organizational element is missing. A single responsible forum in the House and one in the Senate for legislative oversight of the federal statistical system and its performance is needed. None with a clear, exclusive mandate exists, and statistical policy and oversight in Congress are as fragmented as the statistical system. These two committees should be responsible for policy and oversight of the statistics needed to support the decisions of Congress, the White House, and the cabinet secretaries. This is necessary in our political system before any area of government-wide policy can have coherence and, therefore, potential effectiveness.

An Information Management Approach

The system just described could be organized in another way. Instead of a structure solely for statistical policy coordination, it could be set up the way the Paperwork Reduction Act envisioned, as an information management system in which statistical policy, clearance, and the burden budget plus policy for administrative records, sharing of records, privacy of records, and the acquisition and management of automatic data processing and telecommunication equipment are managed in the same policy unit at departmental and executive office levels. It is a fatal mistake to have combined information functions with regulatory policy as they are now in OMB.

As has been argued before, there is a substantial potential for destructive competition for resources and policy access among these information functions even without the presence of regulatory policy (Bonnen 1981). In any crisis management atmosphere, statistical policy, policy for administrative records, privacy of records, and perhaps the sharing of records will tend to lose support while control functions such as forms clearance, paperwork burden budgeting, and ADP-telecommunications policy activities will tend to gain. Only a unit governed by strong philosophic commitment to integrated information management would be capable of protecting the long-term planning and coordination functions from activities with greater short-term
political significance. This presents a difficult challenge and is unlikely to work. However, the gains from integration of these policy functions could be significant. Neither approach is viable without strong congressional concern for and continued oversight of the integrity of each of the multiple information functions. This responsibility must be lodged in one specific committee in each house.

Before modifying the Paperwork Reduction Act, Congress should analyze each information function for its compatibility with the others. Only those functions that institutionally or as a matter of public policy require high integrity and some protection from political or policy advocacy should be managed with statistics. A combined information management system formulation raises in a different form the question of whether the central unit of the system should be left in OMB or established as a separate executive office agency. Since there is some need to coordinate ADP-telecommunications policy decisions, as well as clearance, burden budget, and even some statistical policy decisions with the budget process, a case can be made for an OMB location, if all these functions are combined, but even then only if major institutional safeguards are created by legislation.

For an Office of Information Policy to function and survive in OMB, its director would have to hold a presidential appointment confirmed by the Senate (an arrangement OMB understandably dislikes). In the establishing legislation the director should be designated director of the office as well as the chief statistician of the U.S., and should be required to report both to the president and to the Congress. In addition, the legislation should establish an Executive Office Council on Information Policy (composed of representatives of each cabinet secretary, the Federal Reserve Board, and executive office agencies as designated by the president). The council should be chaired by the director of the Office of Information Policy. The law should also create two external advisory committees to the Office of Information Policy, one composed of nonfederal users and the other of technical experts. The legislation should establish a common confidentiality statute to cover major statistical agencies with administration of the statute vested in the chief statistician. The personnel and budget functions of the Office of Information Policy should be the sole responsibility of the director of the office. If these institutional safeguards cannot be provided by legislation, the Office of Information Policy should be located outside OMB as a separate agency in the executive office
of the president. The institutional integrity of the office must be protected within OMB, or the crisis management environment of budget and regulatory policy will erode and ultimately destroy this information policy and coordination unit.

Even with proper congressional and executive branch organization and a legislative mandate, the office may still lack an effective presence. Only when statistical policy or information policy maintains a clear relevance to the decision agenda of current political leadership, in both Congress and the executive branch, will that policy be assured some degree of influence and effectiveness.

This is the gap that statistical leadership has always had to bridge. Policy makers must be persuaded to include statistical agency leadership in appropriate policy councils so that statistical planning can anticipate decision needs. Failure to do so all too often leaves statistical agencies to learn about new policy initiatives from the newspapers. It is amazing to me that even without appropriate access or institutional arrangements, statistical policy leadership and staff have often successfully bridged this gap in the past.

We are failing to provide the coordination necessary to make a very decentralized statistical system function effectively and efficiently. At some point when the costs of cumulative failures in coordination result in sufficient political distress, an exasperated White House or Congress is likely to centralize the statistical system itself. This would be preferable to a future of continuous failure to achieve adequate central coordination of decentralized statistical activity. While the question of decentralized versus centralized organization of statistics is beyond the scope of this article, it should be clear that these are the only choices (see Duncan and Clemence 1981, and Bonnen et al. 1981, ch. 2, for an assessment of this issue). Failure to make one approach effective is likely to lead eventually to the imposition of the other.

Epilogue

Over a year has passed since the above assessment of statistical coordination was rendered at the 1982 annual meeting of the American Statistical Association. Subsequent events have not modified in any substantive way the conclusions drawn. The capacity for coordination of statistical policy remains minuscule and the commitment of the
government to statistical coordination has vanished into grudging reactions to critics.

A broad and intense public expression of concern for the impact of reorganization and budget cuts on the nation’s data base has occurred. Federal statistics experienced a 20 percent decline in real resources over the fiscal years of 1981–1983 with reductions in sample size, detail, and frequency of collection, as well as the elimination of many specific surveys and reports. Across-the-board reductions in dollar resources and in paperwork burden have caused random destruction. This was permitted and compounded by the failure of OMB to establish and act on national statistical priorities during the budget process in these years. In addition, deregulation has eliminated the sources of many statistics widely used in and out of government. User fees have been and are being imposed. Federal policy, as proclaimed by OMB, now limits federal responsibility for the provision of statistics solely to the support of federal decision makers, thus excluding other public and all private users.

In January 1982 Representative Robert Garcia, chairman of the House Post Office and Civil Service Committee’s Subcommittee on Census and Population, asked the Council of Professional Associations on Federal Statistics to organize a hearing on the impact of budget reductions on the utility and quality of federal statistics. At the hearings held in March 1982, over 100 representatives of business, labor, public and private research organizations, the United States Commission on Civil Rights, education, and state and local government submitted testimony about the impacts and urged remedial action by Congress. Representative Garcia said of the hearing: “This is probably the largest response that this subcommittee has ever had, including the days just prior to the taking of the 1980 Census” (U.S. Congress. House. Committee on Post Office and Civil Service, Subcommittee on Census and Population 1982, 1).

Katherine Wallman (1982), director of the Council of Professional Associations, has described the evidence of these hearings in some detail:

Already obvious to many users of statistics are the delays in processing of available data and the reductions in publication and dissemination services of many statistical agencies [e.g., delays in processing 1980 Census data]. A second major effect of the reduced
resources for federal statistical programs is the elimination of some long-standing programs [in almost all major statistical agencies] and the loss of geographic detail [particularly for states and metropolitan areas] in other series [e.g., reduction in sample size for the Current Population Survey (CPS) and the Annual Housing Survey, to name but two]. Likewise, the periodicity of many federal surveys and reports will be reduced, leading to greater erosion in the timeliness of federal statistics [e.g., National Nursing Home Survey and several other National Center for Health Statistics surveys]. Perhaps less obvious, but equally as serious, are threats to the quality and reliability of federal statistics which will occur as a consequence of smaller sample sizes, delays in sample redesign, and reductions in quality control activities [in almost all agencies]. Most serious of all, from the perspective of many producers and users of federal statistics, are those effects of the budget reductions which Janet Norwood, Commissioner of Labor Statistics, has characterized as "mortgaging the future"—the elimination of statistical and survey research, the delay of methodological improvements to ongoing programs, and the loss of highly qualified staff, particularly at the junior and mid-professional levels [again in almost all agencies]. (Parenthetical examples drawn from the hearings have been added.)

Subsequently, on June 3, 1982, Representative Jack Brooks, chairman of the House Committee on Government Operations, held hearings on "Federal Government Statistics and Statistical Policy" to examine the effect of budget cuts and the dismantling of the statistical policy office on the government's ability to provide the statistical data used in public and private sectors. Testifying were Christopher DeMuth, director of OMB's Office of Information and Regulatory Affairs; Steven Feinberg of Carnegie-Mellon University, and chairman of the Committee on National Statistics of the National Academy of Sciences; Peter Francese, publisher of American Demographics magazine; Courtenay Slater, president of CEC Associates and former chief economist of the Department of Commerce; and Joan Wills, representing Governor Richard Snelling of Vermont, chairman of the National Governors' Conference. In the appendix to these hearings are Congressional Research Service reports on the current situation in federal statistics. This includes the 1981–1983 statistical budget changes for individual agencies and a detailed overview of what has been happening to the nation's statistics. This review covers health statistics (U.S. Congress. House. Committee on Government Operations, Subcommittee on Legislation and National Security 1982, 290–315) plus those for the departments of Energy,
Labor, Justice, Agriculture, and Education. Also reviewed are income statistics, Census Bureau programs, and statistical coordination.

Then in July 1982 the Joint Economic Committee of Congress transmitted to House and Senate appropriation committees a report based on a study done for it by Courtenay Slater (1982). The committee report, *Statistics for Economic Analysis: 1983 Budget Requirements*, recommended $18 million in restorations and additions to the president's fiscal 1983 budget. Programs included were:

- The Survey of Income and Program Participation (SIPP), a new program linking welfare program participation to income;
- Population Characteristics, to improve measures of state, local, and regional characteristics;
- GNP Data Quality Maintenance, national economic accounts, business, government and foreign trade, international price data, farm employment and income estimates;
- Redesign of Household Surveys, to rebase the housing, health, crime, CPS, and consumer expenditure surveys on the 1980 Census;
- Support for the Committee on National Statistics of the National Academy of Sciences;

These national statistical programs had been eliminated from the president's budget by the cabinet agencies or by OMB. The Joint Economic Committee recommendations were to a substantial degree accepted by the appropriation committees though the programs were funded at levels well below those recommended. For example, the SIPP program and the redesign of the household surveys were refunded but below their planned levels. The failure of the president's budget to fund these two programs is an especially egregious example of the failure to establish national statistical priorities when making budget decisions. Hundreds of millions of dollars of federal expenditures and major policy decisions depend on the accuracy of the large major household surveys whose sample frame, the 1970 census, is now over 10 years old. Millions of dollars had already been invested in developing the SIPP program, which was intended to provide an improved factual basis for controlling welfare expenditures and understanding the income dynamics involved in program interactions at the recipient level.
The Paperwork Reduction Act of 1980, in which primary authority for central statistical coordination is now located, expires in 1983 and must be renewed. On April 27, 1983, Representative Jack Brooks, chairman of the House Government Operations Committee, held an oversight hearing for this purpose. Testifying were Representative John Dingell; Comptroller General Charles A. Bowsher; OMB Deputy Director Joseph Wright; and David Marsh, executive director of the Business Advisory Council on Federal Reports. Then, on May 6, 1983, Senator John C. Danforth, chairman of the Senate Committee on Governmental Affairs Committee's Subcommittee on Information Management and Regulatory Affairs, held hearings for the same purpose. Except for Representative Dingell, the same people testified, plus Professor Steven E. Feinberg of Carnegie-Mellon University who is currently chairman of the Committee on National Statistics of the National Academy of Sciences.

At these hearings the comptroller general communicated a U.S. Government Accounting Office (GAO) (1983) report, *Implementing the Paperwork Reduction Act: Some Progress but Many Problems Remain*. This report describes OMB's statistical policy coordination as an area of declining resources and little action. They report that since the Paperwork Act was passed in 1980:

- long-range planning activities have not been completed;
- statistical policy directives have not been reissued;
- no evaluations of statistical programs have been performed; and
- resources applied to OMB's statistical policy coordination and oversight responsibilities have diminished sharply.

The report notes that the Statistical Policy Branch has been abolished and a portion of its resources dispersed to "desk officer" duties elsewhere in OIRA. They conclude that "OIRA's desk officers are responsible for overseeing a multiplicity of day-to-day information resources management and regulatory actions. The desk officers' responsibilities are simply not compatible with the longer range work involved in statistical coordination and oversight" (U.S. Government Accounting Office 1983). The unusual current awareness of what is happening in federal statistics is a consequence of organized professional association activity, media coverage, and the several congressional hearings and reports
described above. In addition, dozens of individual congressmen have expressed their concerns to the director of OMB. Throughout, OMB has continued to respond in a minimal or damage control mode.

The default in stewardship of statistical policy and its coordination is nearly total. Consider what OMB is currently not doing. Its failure to establish and enforce coherent national statistical priorities during the real resource budget reductions of the last two fiscal years left oversight and coordination of national statistical priorities to Congress. This culminated in a Joint Economic Committee (JEC) study conducted by Courtenay Slater. Most of the JEC's recommendations were accepted by the appropriations committees. OMB would point out that it had begun to act on some of the most egregious of its defaults by this time. Its leadership acted, however, only because of the growing criticism inside the executive branch, in the media, and in Congress. If OMB were really doing its statistical policy job, most of these statistical priority problems would have been discovered before the president's budget went to Congress, not afterwards.

No attention is devoted now to one of the most important functions of statistical policy, the development of long-range plans for improving the performance of federal statistical activities and programs. Unless reversed soon, this assures an eventual decline in the quality and relevance of federal statistics.

There is as well no systematic attention being given to evaluation of statistical program performance or to assuring agency compliance with government-wide statistical policies, standards, and guidelines. The coherence of federal statistics as well as their quality and relevance are in jeopardy.

Very little attention is devoted to coordination of the collection, analysis, and dissemination of statistical information. Only limited attention (relative to the challenges) is now given to the development and implementation of statistical standards, principles, guidelines, and policies.

These are all major functions of statistical policy and are responsibilities of OMB specified in the Paperwork Reduction Act of 1980.

As for their function of anticipating the data needs of policy makers, OMB statisticians are limited today to reading about general policy initiatives in the newspaper. While this is not an area in which the central statistical policy unit has always distinguished itself, we are in even worse shape than when the function was exiled to the Commerce
Department during the Carter administration. Then, a cabinet level Statistical Policy Coordinating Committee existed. Today, this kind of general policy linkage not only does not exist, but statistical policy has been limited in its public policy linkage to regulatory policy. The resources of OIRA are devoted primarily to burden control and regulatory policy. Other functions are managed to serve these two primary control functions. Whether inadvertent or conscious, statistical policy has become the indentured servant of regulatory policy.

Given the very small number of personnel devoted to statistical policy and the limited level of understanding of and commitment to statistical policy by OMB political appointees, little improvement seems possible unless major changes are made by Congress.

No long-run policy planning or government-wide coordination function can successfully compete for OMB resources with control functions such as regulatory policy or the paperwork burden budget. In the long run, statistical policy must be removed from OMB. But short of moving statistical policy out of OMB, there are several things that might improve the present intolerable situation. The following suggestions arise out of the limitations of the Paperwork Reduction Act or its administration. The first and most important is separation of the regulatory policy functions and Paperwork Reduction Act functions into two different OMB units with separate lines of authority for reporting to the director. The statistical and information functions will always be neglected and mismanaged in the present structure. The basic integrity of these functions is in continual jeopardy as long as they are submerged in a regulatory unit. A major impairment or even a perceived impairment of public belief in the objectivity and accuracy of government numbers could easily destroy much of the value of federal statistics. It would take years to reestablish public confidence. The present OMB organization for statistical policy is an accident waiting to happen.

Another improvement in the functioning of statistical and information policy might be achieved if legislation required an annual report to Congress for each function of the Paperwork Reduction Act (including expenditures) and if the total appropriation for Paperwork Reduction Act functions were identified as a line item in the OMB budget. Otherwise, in OMB's life of continuous crises, resources will continue to be drained off to other activities.

Staffing should be increased by congressional mandate to levels
capable of executing the functions of the act and be maintained through congressional oversight. This would require a larger number of personnel than at present. It is worth noting that all of the information functions, especially statistical policy, require high-quality professionals.

Finally, the experience to date with the paperwork burden budget suggests some modifications are needed in its form and management. It is administered as if every area of data collection had the same burden characteristics, respondents, and problems. This is not true, and the effect has been to distort priorities and impose unjustified reductions on some areas while others escape with a lighter burden relative to the problems created, the benefits to respondents, or the value of the collection. In short, it is a bludgeon, a blunt instrument that needs considerable refinement to be effective rather than destructive, now that the initial goal of the Paperwork Reduction Act (a 25 percent reduction in respondent burden) has been achieved and even exceeded (29 percent is claimed). The draft renewal of the Paperwork Reduction Act now in Congress would set new burden reduction goals of 10 percent for fiscal 1984 and 5 percent more in fiscal 1985.

Paperwork burden budget goals should be set separately for different types of respondent burden. Distinctions in burden budget decision criteria should be made between such differing sources of burden as tax records, regulatory records, action agency administrative records, statistical data collection, grant program records, and research data collections. There may well be other categories. Statistical data, for example, are collected under conditions that should create far less burden and assure greater accuracy and value than typical administrative records, where unnecessary 100 percent samples, inadequate frame design, duplicate collections, confused purpose, and other difficulties are common because of poor design skills. The problems of a respondent to a regulatory collection should be viewed differently than the problems of a respondent to a grant record, and both should be viewed differently from those of the respondent to a statistical survey.

Having squeezed the "water" out of the paperwork burden budget, future reductions should be achieved with greater recognition of the heterogeneity of the universe addressed, or inequities will grow. The difficult part of burden budget management lies ahead. To be successful, burden budget management must increasingly apply sophisticated statistical skills to define the concept of burden, to identify the un-
necessary burden caused by inadequate design of data collection, and to help the agencies find proper solutions.

Despite all this, in his testimony before Representative Brooks's Committee on Government Operations on OMB's statistical policy performance, the director of OMB's Office of Information and Regulatory Affairs appears to believe everything is going swimmingly. But one should also read Mr. Brooks's response, which follows:

Mr. DeMuth, you have given a very beautiful statement. It sounds wonderful. I don't believe that that dog will hunt, though. As soon as they take the shotgun out that dog is going to hide in the cage and never come out and hunt birds.

You know, all those beautiful things sound good, but you haven't convinced any of the people in either the business, the academic, or statistician groups of the viability of this program.

When you... don't fill the position of Chief Statistician and then abolish the Statistical Policy Branch by taking four people and sticking them in your Office somewhere and assigning them to agency work, they will have about as much chance of influencing the policy of those agencies as a cur dog would have of winning a contest.

Now let's be realistic... If I am running one of those agencies and they send some third-ranking statistician who got his degree in accounting somewhere to tell me how to run things, I will listen to him and give him the treatment and do like I cotton well please and all of my agency will back me up. I will also have the industry that likes the way I do things backing me up, and you are really not going to have any influence unless you have some kind of a head of that agency who really is technically competent to point out what I am doing wrong (U.S. Congress. House. Committee on Government Operations, Subcommittee on Legislation and National Security 1982).

These hearings were held in June 1982. In September Mr. Brooks's committee report found that:

1. Despite the increasing reliance of all sectors of society on statistical data, the past decade has witnessed an alarming decrease in the resources devoted to overseeing federal statistical activities;

2. The absence of a professionally qualified individual heading an adequately staffed unit focusing exclusively on statistical matters requires
that increased scrutiny be given by Congress to OMB's development
and implementation of federal statistical policy and to ensuring the
continued integrity of the federal statistical system;

3. OIRA's merger of the statistical policy function with the other
regulatory and information management responsibilities raises serious
questions as to the ability of OIRA to discharge its statistical policy
obligations under the Paperwork Reduction Act of 1980.

The committee then made five recommendations to OMB Director
David Stockman for amelioration of the situation in statistical policy
and coordination (U.S. Congress. House. Committee on Government
Operations 1982):

1. Ensure that OIRA is staffed with an adequate number of qualified
individuals to properly discharge the office's responsibilities concerning
statistical matters as mandated by the Paperwork Reduction Act of
1980;

2. Ensure that an individual who is professionally qualified to
supervise statistical policy matters be hired to advise the administrator
of OIRA and the director of OMB on how best to carry out their
statistical functions set forth in the Paperwork Reduction Act of 1980;

3. Reconsider the decision that resulted in the elimination of the
Statistical Policy Branch as a distinct entity within OIRA;

4. Reconsider the decision that resulted in the discontinuance of
the publication Statistical Reporter;

5. Reconsider the decision not to collect Exhibits 54 from agencies
(on statistical product plans and budget).

In response, DeMuth has decided to give "greater prominence" to
his "core group of statisticians" (now 4.5 full-time positions) by
reestablishing a chief statistician position. However, without a credible
independent unit or a critical mass of high-quality professionals to
lead, as Representative Brooks pointed out in his hearing, this is just
a staff position without real authority. The administration has not
asked for any changes to be made in renewing the Paperwork Reduction
Act. The changes introduced by the House, in the bill reported out
by the Government Operations Committee (H.R. 2718), require ap­
pointment of a chief statistician and some additional reporting to
Congress on the information functions, but do not make any fundamental
changes in the current organization and status of statistical policy and coordination in OMB. The Senate is expected to adopt the House provisions.

The only reason there has been any OMB response is that cries of outrage from the statistical profession and from a wide range of statistics users in business, research, education, and in state and local government have led to strong congressional expressions of distress. The credibility of current OMB leadership with statistics users and the professional statistics community is imperiled by their actions of the past two years. Only a reestablished unit and a return to a statistical policy staff of 15 or so professional personnel will persuade many that OMB is responding in anything more than a de minimis mode for the purpose of dampening the criticism. Nothing yet suggests that OMB as an institution has changed its mind and really supports statistical policy and coordination.

United States government statistics have led the development of official statistics all around the world. Our system is envied for its integrity, its intellectual accomplishments, and the quality of its statistical performance. We stand on the shoulders of giants. Their legacy is now slowly being destroyed. This cannot be tolerated quietly. It is a disgrace which must be remedied.

References


Caplan, N., A. Morrison, and R.J. Stambaugh. 1975. The Use of


Acknowledgments: This is a revised version of an article originally published in the *American Statistician* 37(3):179–92 (August 1983). It is republished by permission of the American Statistical Association. The author is indebted to a large number of reviewers for many useful criticisms, but is solely responsible for its content and any errors. This is Michigan Agricultural Experiment Station journal article number 10711, project 991.

Address correspondence to: Prof. James T. Bonnen, Department of Agricultural Economics, Michigan State University, 216 Agricultural Hall, East Lansing, MI 48824.