

Roadmap for a Demand-Driven Federal Labor Market Statistics System

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For discussion purposes

In summary, the vision previously laid out said that the mission of the federal labor market statistics system should be to provide the data needed by students, workers, educators and trainers, employers and public policy organizations to make well-informed labor market decisions in the context of increased demand for postsecondary credentials and need for career-long learning. Achieving the mission relies on three principles.

- The labor market statistical system should be demand-driven. Being demand-driven means that the labor market statistics system should continuously improve its ability to meet user needs through better data, web-based data analysis and decision tools, and increased the capacity of statistical agencies, particularly at the state level, to provide technical assistance, to users and their advisers
- To support needed data, tools, and capacity, the Administration needs to request and Congress needs to approve adequate appropriations
- The statistical system must have appropriate organization and governance, including clear division of roles and responsibilities and productive interagency relationships, regular communications with representatives of data users, synergistic relationships with private sector providers, a culture that encourages innovation and risk-taking, and coordinated congressional appropriations and oversight

A roadmap for achieving this vision follows. To a large extent, achieving the vision requires direction and action on the part of the White House, Congress, and the departmental parents of the statistical agencies. These organizations determine system and agency mission, organization, approach, and resources. In particular, the White House needs to articulate and give priority to vision implementation, providing guidance to Congress and direction to the departments and their agencies.

Consequently, the discussion is organized in hierarchical order—the White House, Congress, the departmental parents of the statistical agencies, followed by the agencies themselves.

Ultimately, the *White House* has responsibility for vision implementation. First, the White House needs to clearly articulate the vision and its rationale. It would recognize that the nation's current economic problems require structural as well as cyclical remedies.¹ It would say that

- full employment requires efficient functioning of labor markets

- persistent unemployment in the context of a shortfall in workers with postsecondary credentials makes clear that markets are not functioning well at present, in part due to lack of data and information
- the federal labor market data system is an important and underutilized resource for improved labor market functioning
- due to its low cost and substantial impact, the system has an extraordinarily high return on investment, in terms of an improved economy and increased federal income tax revenues and
- in this time of tight budgets, the system's low cost makes it a particularly attractive target for increased investment

The White House would recognize that investment in the federal labor market information system is the type of “innovative, low-cost” policy to address persistent unemployment that Christina Romer called for in her farewell speech.ⁱⁱ

Implementation of this vision will require actions on the part of four White House organizations—the National Economic Council (NEC), the Domestic Policy Council (DPC), OMB, the Council of Economic Advisers (CEA). In their internal deliberations, the DPC and the NEC should recognize the economic value of improving labor market functioning, particularly through the federal statistical system.

The White House should instruct the Secretaries of Labor and Education to make a priority the implementation of this vision in both management actions and budget requests. It should indicate that it stands ready to approve substantially increased budget requests for the federal labor market statistical system, particularly if they can demonstrate that they will lead to lower overall expenditures. Former OMB Director Peter Orszag spoke and wrote about the importance of federal statistics and added a small amount of funds to BLS and BEA budget requests for FY2011.ⁱⁱⁱ OMB should continue to acknowledge and build on this emphasis.

The White House should instruct the secretaries to infuse the use of workforce and education information throughout departmental programs and to propose taking a small portion of individual program budgets to support statistical activity (as the Department of Housing and Urban Development is doing for housing statistics and research and as the departments of Labor and Education are proposing with the Workforce Innovation Fund). It also should indicate that it expects the Secretary of Labor to see that BLS and ETA collaborate and coordinate their efforts with regard to workforce information, including grants to states.

The White House should see that the Workforce Information Council is replaced or reorganized to serve the entire labor market data system, not just the BLS-LMI dimension of it. Options include proposing changes in section 491-2 in any upcoming reauthorization of WIA; issuing an executive order to establish an Interagency Forum on Labor Market Information to replace the WIC; and giving the Secretary of Labor guidelines for restructuring the WIC within the existing section 491-2.^{iv} In any case

- Membership in the interagency committee should be expanded to include BLS, ETA, NCES, the Census Bureau, and representatives from the state LMI shops and SEAs.
- The Office of the Secretary of Labor, the Office of the Secretary of Education, the Office of the Under Secretary of Economic Affairs of the Commerce Department (which oversees the Census Bureau) would be ex officio members.
- The interagency committee’s purview would encompass labor market statistics broadly defined, including decision support tools that rely on those data
- The interagency committee would
 - identify and propose means to address labor market data-related issues and opportunities
 - facilitate coordination and collaboration among the six sets of members
 - create and implement a regularly updated strategic plan for data system improvements
 - advise the secretaries of Labor and Education on the design, functioning, and funding of the labor market statistics system
 - provide mechanisms for meaningful external stakeholder input

Management of discrete federal-state systems—including the BLS-LMI cooperative statistics system and the NCES-SEA SLDS network—would take place outside of the interagency committee. At the same time, these federal-state efforts would be informed by, and inform, interagency committee activities.

Additional White House efforts should include the following.

- OMB’s new program performance measurement effort should include rigorous analysis of the economic return (including effect on employment, tax revenues, and program expenditures) on investment of the federal statistical programs in general and economic and workforce statistical efforts in particular. The findings are expected to provide support for robust investment in statistical agency budgets.
- The White House should continue to support a revision of the Confidential Information Protection and Statistical Efficiency Act (CIPSEA) to allow the Census Bureau to confidentially share its business data derived from Internal Revenue Service records with BLS for the purposes of reconciling business establishment records, particularly regarding industrial classification, and so improve the accuracy of regional economic statistics.
- OMB should see that the interagency committee and individual agencies give priority to implementation of the Statistical Community of Practice, which would allow greater distributed access to data from multiple agencies.
- The NEC or the CEA should prepare a report that describes the value of federal statistics for public and private decision-making and the need for federal statistical agencies to expand their missions to serve such users. While both the CEA and OMB have noted the value of the federal statistical system in addressing public and private needs, these statements were a small part of larger documents and received little attention.^v

- Each NEC and CEA report on employment or education should include discussion of the extent to which labor market statistics are meeting user needs and recommendations for improvements. For example, the July 2009 CEA report “Preparing the Workers of Today for the Jobs of Tomorrow” could have benefitted from a section on recommended data improvements.

With or without direction from the White House, *Congress* should take a number of steps to support implementation of the vision—through authorization, oversight, and appropriations.

As they consider the reauthorization of WIA, the Senate Committee on Health, Education, Labor, and Pensions and the House Committee on Education and Labor should make a number of adjustments in section 491-2, specifically

- Expand the scope of the section to a “labor market statistics system,” including federal education data and data-based decision support tools
- Make more explicit the purpose of the system to serve labor market participants and policymakers
- Include involvement of ETA, NCES, the Census Bureau, and SEAs
- Revise the section of federal-state consultations to include the recommendations above for an interagency committee
- To facilitate department compliance, move the section to 29 USC 30 (Workforce Investment Systems) and create short sections in 29 USC 1 (Labor Statistics) and 20 USC 76 (Education Research, Statistics, Evaluation, Information, and Dissemination) that link BLS and NCES duties to implementation of the revised section

In WIA reauthorization, committees also should revise section 491-1 of Wagner-Peyser, which authorizes appropriations for the BLS-LMI cooperative statistical system. In particular, they should

- Revise the statement of system purpose to one of serving the needs of labor market participants and policymakers
- Move the section to 29 USC 1 (Labor Statistics)

Further, as other labor- and education-related programs come up for reauthorization, the committees should look to include provisions directing the use of workforce information in program operations.

To facilitate the use of student records in research and policy analysis while safeguarding confidentiality, the two committees should seek to clarify and coordinate relevant privacy statutes, including FERPA.

With regard to oversight, the Senate Committee on Health, Education, Labor, and Pensions and House Committee on Education and Labor should hold hearings on the role

of the labor market statistics system in improving labor market functioning and serving the needs of labor market participants and policymakers.

The Joint Economic Committee (JEC) should create an Economic Statistics Subcommittee to provide oversight for the economic statistical system at large. The subcommittee should hold hearings on the ability of statistical agencies to serve economic decision-makers—individuals, businesses, and governments—including those involving labor markets. In its annual economic report, the JEC should add a section on the capacity of federal economic statistics to serve the needs of public and private economic decision-makers.

Congressional appropriations committees should

- recognize the return on investment in labor market statistics in terms of jobs, revenues, and lower program costs and be prepared to approve Administration requests for significantly higher appropriations
- consider opportunities to fund statistical programs through labor and education program set-asides
- in congressional appropriations committee reports, direct that agencies address the needs of public and private data users

The *Secretary of Labor* should make vision implementation a priority. In particular, the Secretary should direct that the department consistently and explicitly affirm the mission of the statistical system to serve labor market participants and policymakers in department five-year strategic plans, annual performance plans, budget request justifications, literature, and web sites.

The Secretary also should direct that the department's budget proposal be sufficiently increased to allow federal and state statistical agencies to provide the data needed by labor market participants and policymakers.

- BLS support for state LMI shops should be increased to \$80 million annually.
- ETA's workforce information budget should be increased to \$180 million, the FY2001 level adjusted for inflation, in order to support education-workforce longitudinal data systems, real-time LMI, web-based decision tools, improved state occupational projections, a more current and comprehensive O*NET, and substantially increased funding to LMI agencies.
- The budget increases in part would be funded through set-asides from Department of Labor program agencies (as the Department of Housing and Urban Development is doing for housing statistics and research and as the departments of Labor and Education are proposing with the Workforce Innovation Fund).
- In their requests, BLS and ETA should clearly and strongly state the reasons why their programs will promote more efficient labor markets and well serve the nation.

The Secretary should direct BLS and ETA coordinate and collaborate, particularly regarding

- the connection between ETA-funded decision support tools and BLS and state LMI datasets
- building the capacity of state LMI agencies to meet data user needs through traditional data collection and dissemination, projections, data tools and visualization, analysis, taking advantage of real-time LMI and SLDS, and making use of other data sources (IRS, ACS, state and local data)

The Secretary should make available funding for a third-party assessment of DOL efforts to support state LMI operations and recommendations for a reconfiguration of BLS, ETA, and state roles, responsibilities, and capacities.

- BLS, ETA, and representatives of the state LMI agencies should participate in the assessment
- The aim of the assessment would be to determine the appropriate division of roles and responsibilities among system participants in light of the expansion of labor market system mission and changes in labor market dynamics and information technology.
- The assessment should be facilitated by trusted third parties (e.g., the National Academy of Sciences and the National Academy of Public Administration).

The Secretary should direct that the mission, membership, and focus of the WIC should be consistent with interagency committee recommendations offered above and the recently issued draft WIC annual plan. The Secretary's Office should be actively involved in oversight of the new WIC.

To play its role in the fulfilling the vision for the labor market statistics system, the **Bureau of Labor Statistics** needs to reframe mission and approach throughout the organization, no small task for a long-standing statistical agency. To begin with, BLS should actively inculcate among staff the importance of carrying out the newly restated mission statement “to collect, analyze, and disseminate essential economic information to support public and private decision-making,” that is, to serve labor market participants as well as policymakers.

Achieving this mission requires that BLS take a number of additional steps. Consistent with the intention of section 491-2 to build a “national employment statistics system” wider than the BLS-LMI cooperative arrangement, BLS should actively collaborate with ETA, NCES, Census, and state agencies in creating a system that meets user needs. The draft WIC annual plan is an excellent first step in creating the framework for such collaboration.

BLS needs to become more knowledgeable about, and responsive to, how labor market participants and non-federal policymakers use its data. It is recommended that BLS create an office of product development and strategy to obtain ongoing data user feedback and

adjust products accordingly. The Economics Directorate of the Census Bureau recently took a similar step.

BLS should make a strong case to the Secretary's Office for substantially increased appropriations for statistics that would provide high returns in terms of increased employment and federal tax revenues and lower federal expenditures. BLS also should propose, and justify in terms of economic returns, budget increases in specific programs, e.g., an expanded sample for JOLTS (perhaps in conjunction with ETA-funded job vacancy surveys). Its FY2011 proposal to expand OES to provide annually updated occupational data by state and metro is an example of this type of effort.

In the near term, BLS needs to develop a more open, collaborative approach with the state LMI agencies in terms of the management of cooperative programs, so that BLS budget proposals do not contain major surprises to LMI agencies.

BLS should collaborate with ETA, state LMI shops, and other members of an expanded interagency committee on a number of matters of mutual interest.

- BLS and the state LMI agencies should continue to seek ways of improving methodologies of cooperative statistical programs.
- BLS and ETA should develop a shared understanding of the desired capacities of LMI agencies (in dimensions listed above) and design and implement a shared BLS-ETA effort to support such capacities. This effort should be informed by input from the interagency committee and, if funded, the third-party system-wide assessment proposed earlier.
- BLS should determine its appropriate role in data collection, analysis, and dissemination of real-time LMI, as well as the analysis and dissemination of data from SLDS and other data sources external to BLS. Traditionally, BLS has worked primarily with data collected under its own auspices; it would be appropriate to determine if and how BLS might apply its analytic prowess to additional relevant labor-related data sources.
- BLS should understand the role that BLS traditional datasets will play in ETA's efforts to provide national and state-level decision support tools to labor market participants.
- BLS should seek funding that would allow it to provide state occupational projection programs with control totals for states and regions, as well as greater technical assistance.

BLS should seek to improve the value and predictive power of its national occupational projections. It should consider the assessment of the Georgetown CEW report and also should look for ways to allow users to customize projections using their own assumptions.

BLS should continue its participation in SCOP and other interagency efforts to expand access to BLS datasets and integrate these data with other sources to provide a fuller picture of local economic and workforce conditions.

The *Employment and Training Administration* should substantially expand its role as the manager of the federal career development system and the key intermediary between the federal statistical system and labor market participants and policy makers outside of macroeconomics.

Using its understanding of how information drives decision-making, ETA should make a strong case to the Secretary's Office for substantially increased appropriations for workforce information that would provide high returns in terms of increased employment and federal tax revenues and lower federal expenditures. As suggested earlier, it is recommended funding should be increased to \$180 million annually. With additional funding, ETA should significantly expand its skeletal workforce information staff capacity.

ETA should become an active member in an expanded interagency labor market statistics committee.

ETA should develop and seek to implement a thoughtful, expansive strategy to build a career development system, with decision support tools. Recent efforts with regard to the healthcare virtual career platform and mySkills, myFuture are excellent moves forward.

ETA should manage the creation of a nationwide real-time LMI effort that would simultaneously identify job openings, measure trends in job openings, and collect and analyze information on job content and characteristics and worker career and training paths. ETA should underwrite the development and maintenance information display and delivery systems that make the data that is collected accessible to millions of economic actors. To facilitate the supply side of the real-time analysis, ETA should require that state unemployment insurance systems gather resumes from UI claimants and place them in real-time LMI systems. (Claimants also would be entered into the proposed career development system.)

In ways described earlier, ETA should work with BLS to create a coordinated BLS-ETA grants effort for state LMI agencies, inform BLS about information on the needs of users and the requirements of decision support tools, and suggest appropriate BLS roles in real-time LMI.

ETA should explore the development of a new skills taxonomy. In particular, it should assess the applicability of the Social Security Administration's Occupational Information System effort to ETA needs.

ETA should emphasize the use and collection of workforce information in all the workforce development programs it manages, going beyond Workforce Investment to include Job Corps, Apprenticeships, Trade Adjustment Assistance, and National Response. It should consider if the Office of Policy, Development and Research should play a role in managing a workforce information-based decision-support function.

ETA also should propose—and justify in terms of economic returns—budget increases and improvements in specific programs, e.g., an expanded and updated O*NET, ongoing support for improved state and local occupational projections, nationwide coverage of job vacancy surveys (perhaps in coordination with JOLTS), real-time LMI, an expanded Workforce Data Quality Initiative to add workforce outcomes data to SLDS, and funding to develop a methodology to measure and map local occupational clusters.

The *Secretary of Education* also should make vision implementation a priority. The Secretary should direct that NCES work closely with other federal statistical agencies to develop an integrated labor market statistics system that links education and workforce outcomes. The Secretary, working with and through the Director of the Institute of Education Sciences, should direct that the department consistently affirm the mission of NCES to serve labor market participants and policymakers in department five-year strategic plans, annual performance plans, budget request justifications, literature, and web sites. In addition, the Secretary should continue to support funding sufficient to support a robust NCES.

The *National Center for Education Statistics* should be the primary education data provider in the federal labor market statistics system. In this role, NCES should continue its substantial support for SLDS and the inclusion of data on labor market outcomes and industry certification programs.^{vi} It also should provide states with guidance to FERPA that allows for reasonable use of student records for policy and research analysis.

NCES should continue its good efforts, through an interagency working group, in developing survey instruments to capture non-degree educational attainment, specifically community college certificates and industry certifications. It should invite ETA to join this working group.

NCES should expand IPEDS to include nontraditional students, transfer students, students returning after a hiatus, and school completion rates for all credential levels. Through IPEDS, NCES should collect detailed information on the “non-credit” side of community colleges and other higher education institutions where the connection to the industry and workforce development are strongest and where much of the cutting edge innovations are occurring. Also, NCES should invite ETA to participate in the National Postsecondary Education Cooperative.

As proposed by the draft 2010 WIC annual plan, NCES should become an active participant in an interagency labor market statistics committee.

The *Census Bureau* should be better integrated into the labor market statistics system. Specifically, Census should

- continue to work with NCES on the development of survey instruments to gather data on workforce attainment of certificates and certifications, including through the CPS

- implement its three-year plan for LED, including a job-to-job flows tool and the addition of self-employment, federal employment, and occupation and education characteristics
- encourage the use of LED for tracking workforce outcomes in SLDS
- continue to improve the reliability of the ACS through a larger sample
- improve the accuracy of state and local population estimates
- work with other state and federal agencies to determine how best to make use of Census small business owner characteristics and non-employer statistics

ⁱ Mohamed A. El-Erian, “Time to go beyond stimulus,” *Washington Post*, August 27, 2010.

ⁱⁱ “The pressing question, then, is what can be done to increase demand and bring unemployment down more quickly. Failing to do so would cause millions of workers to suffer unnecessarily. It also runs the risk of making high unemployment permanent as workers’ skills deteriorate with lack of use and their labor force attachment weakens as hope of another job fades. Policymakers should certainly try innovative, low-cost policies.” Dr. Romer then gives export promotion and trade agreements as examples, but not labor market information. Christina Romer, “Not My Father’s Recession: The Extraordinary Challenges and Policy Responses of the First Twenty Months of the Obama Administration,” speech at the National Press Club, September 1, 2010.

ⁱⁱⁱ Peter Orszag, “Using Statistics to Drive Sound Policy,” OMB Blog, May 9, 2009.

^{iv} President Clinton created the Federal Interagency Forum on Child and Family Statistics, see <http://www.childstats.gov/>.

^v In the 2008 *Economic Report of the President*, CEA provides a chapter on “Improving Economic Statistics” that opens by noting the value of statistics to public and private decision-makers but does not discuss the implications of this fact for agency mission and operations. The “Strengthening Federal Statistics” chapter in the president’s FY2011 budget request opens with a similar statement.

^{vi} See Evelyn Ganzglass, Andrew Reamer, et al., “Recommendations for Incorporating Postsecondary and Workforce Data into Statewide Longitudinal Data Systems,” March 2010 at http://www.brookings.edu/papers/2010/0318_employment_slds.aspx for a more detailed proposal.