

# Panel on the Need for Data Synchronization

John Thompson

U.S. Census Bureau

Presented at a Public Seminar of the Committee on National Statistics

May 2017

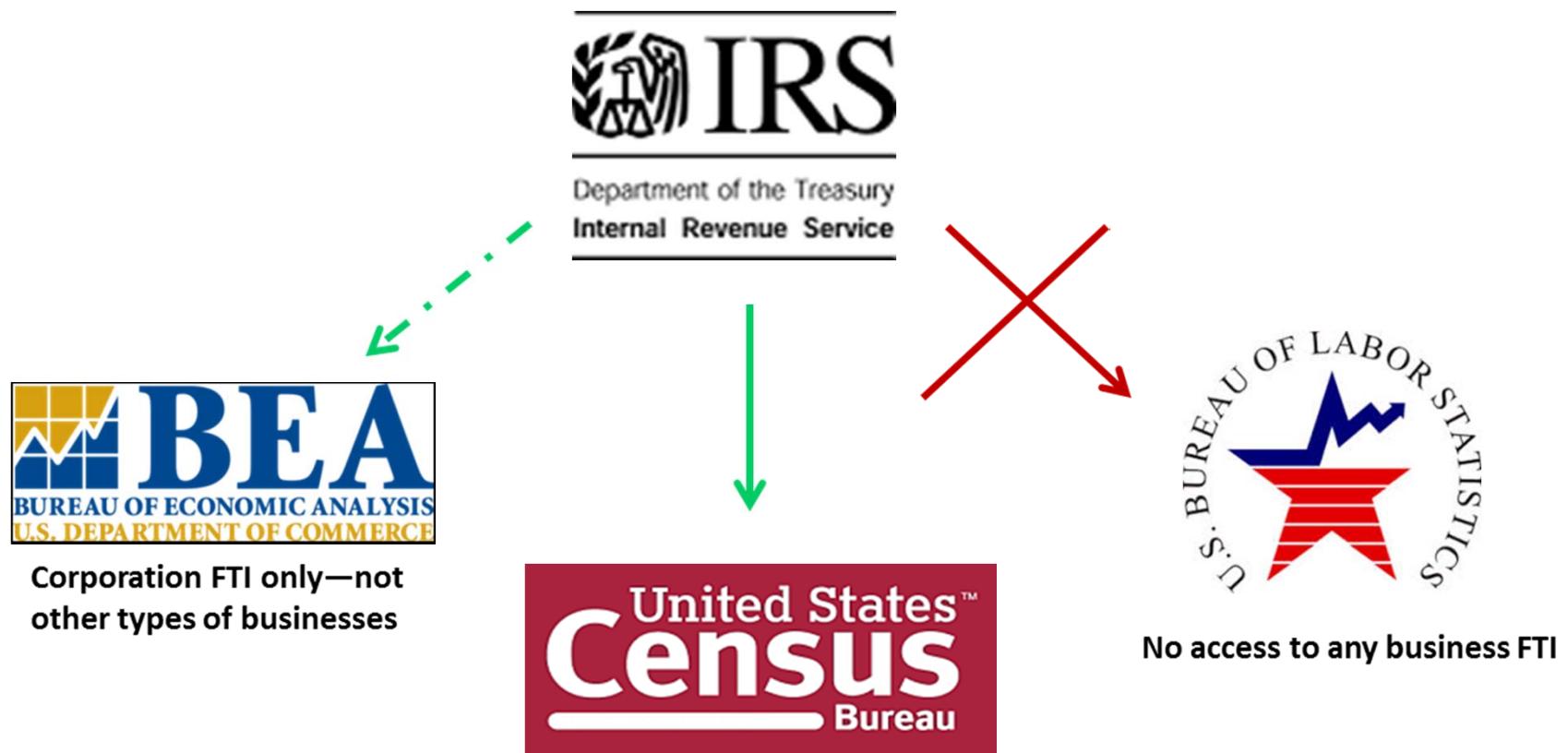
# Data Sync

## Better Business Data, Better Analysis for Better Decisions

- Goal: have more equal, but still limited, access to business tax data in order to produce consistent accurate statistics about businesses and the economy
- Risk: without data sync legislation, agencies are significantly constrained in sharing their business data to produce better quality statistics

# Current Paradigm

## Statistical Access to Business FTI



# Data Sync

## Census Bureau Impact

- Legislation does not change the Census Bureau's access, but would allow it to share some of its data that are commingled with federal tax information with the other statistical agencies
- Concerns about risks of disclosing additional tax information...
  - Are mitigated by the safeguards we have in place to limit access for authorized purposes and ensure the information is protected and used only for statistical purposes

# Data Sync

## Why It Matters

- The lists of businesses that Census, BEA and BLS pull from to conduct surveys aren't synchronized
  - Businesses are categorized differently (industry/NAICS codes)
    - Research on BLS and Census registries found 30% of single-establishment businesses had different NAICS codes <sup>1</sup>
  - Names, addresses, # of employees may not be the same

# Data Sync

## Why It Matters

- Productivity measurement less accurate – can't align BLS hours worked with Census output data by industry
- BLS's Business Employment Dynamics on job flows and business starts and exits differs from Census's Business Dynamics Survey and Statistics on U.S. Businesses
- Inflation gauge (Producer Price Index; PPI) doesn't include revenue information available only from Census – could be more accurate
- Regional Income measurement by sector and geography varies significantly between Census and BLS
- Administrative data are critical to better measure the “gig” economy
- Lost opportunities to better measure small and young businesses and entrepreneurship
- We don't know what we don't know...no access

# Tangible Benefits

## Census's Use of BLS Data

- Reduce the rate of undeliverable mailings in the Economic Census
- Supplement or improve physical location addresses
- Reduce the number of unclassified (or partially) cases on the Business Register (BR)
- Validate or supplement BR data
- Identify businesses that do not file payroll taxes under their own EIN
- Better align data products between the two agencies

# Other Options?

## CIPSEA-shareable Register

- Develop a listing of businesses that is free from Federal Tax Information (FTI) that could be shared with other statistical agencies
- Information from other sources could be used to validate FTI
- FTI and additional sources (e.g., Census and UI) provide variables in models used to generate values to populate missing fields
- Provides the capability to build version of the Business Register that is sharable between BEA, BLS and Census under CIPSEA
- Would allow greater consistency across the federal statistical system

# Moving Forward

## Legislative Changes

- Census's mission and authority to obtain records is broad
  - Seen success within all levels of government – Federal, State, and Local – as well as the private sector
- Moving toward supporting federal agencies in research and program evaluation
- Be transparent to ensure activities are well-supported and acknowledged by Congress
  - Support seeking and using data from states
  - Support to develop privacy enhanced systems for data management, integration, and access
  - Support to conduct longitudinal linkages (of businesses or families)
  - Acknowledgement of our use of administrative data for program evaluation

# Moving Forward Regulatory Changes

- Reg change to access additional elements from IRS business and individual master files
  - Data are critical for measuring the population and economy
  - Additional pieces of information will make our statistics even more relevant and robust
- Changes to the regs involving USDA and HHS data
  - Improved interoperability of the data that states report to the Federal government