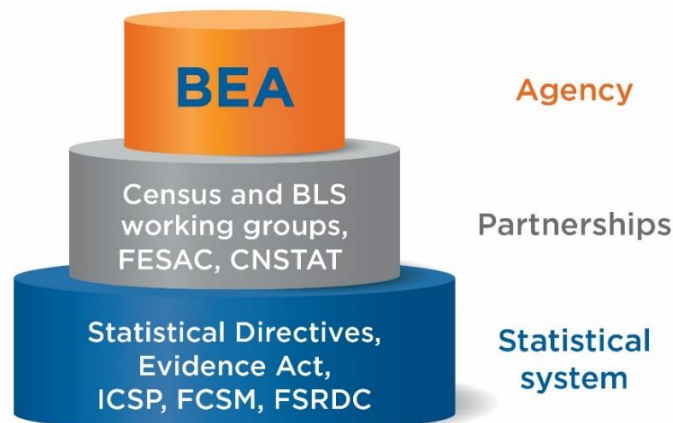


## Second Meeting of Friends of the Chair Group on Economic Statistics

Discussion note: Principles for guiding governance arrangements  
National Perspective from the U.S. Bureau of Economic Analysis

National and international economic statistics benefit from activities by multiple international organizations to support production, modernization, and research. Groups that carry out this work have varied responsibilities and mandates, from producing comparable trade statistics to developing handbooks to report on new issues such as the digital economy. Does the current structure of international organizations and groups work effectively to support global economic statistics? The experience of the Bureau of Economic Analysis (BEA) within the United States' decentralized statistical system provides a perspective on how different types and levels of governance can work to identify priorities and coordinate activities.



BEA operates through multiple layers of legal provisions, policies and groups in the U.S. statistical system. Legislation establishes BEA's mission and specific responsibilities. To set priorities for new statistics and revisions as well as actions to strengthen operations, BEA establishes a strategic plan on a 3 to 5-year cycle. BEA leadership has flexibility to support and establish groups within the statistical system to advance its strategic priorities. In essence, BEA operates in a market for services to coordinate and improve economic statistics and is able to invest staff time and resources in the most valuable opportunities. Analogous to Adam Smith's invisible hand, BEA and other statistical agencies ability to make decisions about investments in statistical groups and initiatives should lead to those groups making efficient choices of topics and provide incentives to coordinate.

Partnerships with Federal government and other academic or private sector groups form another layer of the U.S. statistical system. They can be formal groups that last over multiple years or short-term partnerships to achieve a specific goal. BEA has working groups with other major producers of economic statistics--the Bureau of Labor Statistics (BLS) and the Census

Bureau--that coordinate and collaborate to solve specific problems. In addition, the Federal Economic Statistics Advisory Committee (FESAC) is a formal advisory group of external experts that serves to obtain public input on statistical methodology for BEA, BLS and Census.

A third layer consists of statistical laws and standards that govern the U.S. statistical system and coordinate system-wide activities. The Office of Management and Budget (OMB) has legal responsibility to coordinate and, within OMB, the U.S. Chief Statistician leads the development of government-wide standards and guidelines to ensure public trust and comparability of Federal statistics. The U.S. Chief Statistician also promotes integration across the Federal statistical system by chairing the Interagency Council on Statistical Policy (ICSP), which enables OMB to obtain more direct participation from agencies in planning and coordinating Federal statistical activities.

### Recent examples of coordination and collaboration

BEA works across the different layers of the U.S. statistical system to advance work on modernization of economic statistics. Long standing groups or policies are evolving to respond to demand from BEA and other statistical agencies to provide guidance and best practices for new approaches such as using big data. Examples of groups, BEA's role, and recent activities are described below.

The **Census-BEA Working Group** serves to work across agencies to adopt best practices, deliver new products and expand research opportunities. Two major accomplishments have been the acceleration of Census economic indicators that has reduced BEA revisions to GDP and developing a common method to mitigate the presence of residual seasonality. Ongoing projects are identified by staff and vetted with senior leadership such that the collaboration targets priorities for both agencies. New initiatives include improvements in construction spending statistics, measuring the digital economy, and the application of big data to statistics.

The **Federal Economic Statistics Advisory Committee (FESAC)** advises BEA, the Census Bureau and BLS on statistical methodology and other technical matters related to the collection, tabulation, and analysis of federal economic statistics. Committee members come from academia and the business community and provide advice on issues of common interest to the 3 statistical agencies. Recent topics include use of quality-adjusted price indices, big data for economic statistics, poverty measurement, and technology and labor markets.

The mission of the **Committee on National Statistics (CNSTAT)** under the National Academy of Sciences is to improve the statistical methods and information on which public policy decisions are based. As part of its work, CNSTAT evaluates ongoing statistical programs and tracks the statistical policy and coordinating activities of the federal government. In the past 2 years, BEA has led a partnership between CNSTAT and the statistical agencies who are members of the

ICSP to host events on new methods: Big Data and Data Linkage days. These events showcased innovative projects by economists, statisticians, and computer scientists at statistical agencies and provided a professional development experience for staff.

The Office of Management and Budget (OMB) in the White House has responsibility for implementing laws and policies that affect the statistical system. The U.S. Chief Statistician leads statistical activities and serves as chair of the **Inter-agency Committee on Statistical Policy (ICSP)** that brings statistical organizations together. The **Foundations for Evidence-Based Policymaking Act** (Evidence Act) signed by the President in January 2019 included provisions to expand access to data including administrative data that could be valuable for statistical production. The Evidence Act also expanded the number of agencies that participate in the ICSP. At the request of the Chief Statistician BEA is leading implementation of provisions of the Evidence Act to expand data access, including by investigating new technologies to protect confidentiality.

The **Federal Committee on Statistical Methodology (FCSM)** advises OMB and the ICSP on methodological and statistical issues that affect the quality of Federal data. BEA participates in a recently formed FCSM committee to create a unified framework for transparent reporting of data quality for integrated data products, including appropriate statistical standards. A new report provides examples of best practices from 7 statistical agencies, including the quality of BEA documentation for the Personal Consumption Expenditures (PCE) component of GDP.

The **Federal Statistical Research Data Centers (FSRDCs)** network is a partnership between federal statistical agencies and 29 leading research institutions. The FSRDCs establish secure facilities to provide access to restricted-use microdata from multiple agencies for approved projects and create the potential to link multiple data sources. Through shared infrastructure the FSRDC network reduces the cost and increases access to data. In 2019, BEA joined the FSRDC network to make available confidential, company-specific trade and investment data.

#### Principles for guiding governance arrangements: perspectives from the U.S. system

1. Statistical agencies operate within layers of laws, policies and groups to support production, modernization, and research.
2. Statistical agencies allocate resources to participate in national and international statistical system governing bodies and specific groups to best meet their strategic priorities including use of new data sources and methods.
3. Coordination takes place across the layers of groups to ensure support and investment of resources by statistical agencies. Both formal and informal mechanisms serve to set priorities and avoid duplication of effort.