



American Economic Association
Committee on Economic Statistics and Committee on Government Relations

Senator Shelley Moore Capito, Chair
Senate Appropriations Subcommittee on Labor,
Health and Human Services, and Education
U.S. Senate
Washington, DC 20510

Representative Robert Aderholt, Chair
House Appropriations Subcommittee on Labor,
Health and Human Services, and Education
U.S. House of Representatives
Washington, DC 20515

Senator Tammy Baldwin, Ranking Member
Senate Appropriations Subcommittee on Labor,
Health and Human Services, and Education
U.S. Senate
Washington, DC 20510

Representative Rosa DeLauro, Ranking Member
House Appropriations Subcommittee on Labor,
Health and Human Services, and Education
U.S. House of Representatives
Washington, DC 20515

Dear Chairwoman Capito, Chairman Aderholt, Ranking Member Baldwin, and Ranking Member DeLauro,

We are writing on behalf of the American Economic Association's Committee on Economic Statistics and Committee on Government Relations to highlight the importance of the economic statistics produced by the Bureau of Labor Statistics (BLS), the Bureau of Economic Analysis (BEA), the Census Bureau and other federal statistical agencies. These agencies are the source of key economic data relied upon by policymakers, businesses, the research community and members of the public. As you make decisions that may affect the work of the federal statistical agencies, we urge you to keep in mind the importance of high quality, objective and trusted economic data for both public and private decision-making.

The BLS, BEA and Census Bureau produce a wide array of key economic statistics. The BLS is responsible for measures of employment, unemployment, wages, labor turnover and job openings, inflation and productivity. The BEA is best known for its quarterly Gross Domestic Product (GDP) estimates, but also produces other critical data, including information on international trade. The Census Bureau's current economic surveys and every-five-year economic censuses track business activity in all non-farm sectors of the economy including manufacturing, construction, retail and wholesale trade, finance, information, health, education, food and accommodation, and other services. The Census Bureau also is the source of important statistics on investment, the housing market, immigration and demographic changes. In addition to data for the nation, all three agencies produce geographically disaggregated statistics for states, metropolitan areas and counties. Importantly, some of the most critical economic indicators the agencies produce are based on data shared between them. For example, BEA's

GDP estimates are constructed using statistics on business activity from Census Bureau surveys and price, wage and employment data from BLS.

The federal government's fiscal and monetary policy decisions rely on the data produced by these three agencies. A lack of sound data on current economic conditions could lead to policies that do too little to stimulate growth when the economy is weakening or to rein in growth when it is overheating. Business decisions about hiring and investment are shaped by the insights into the health of the economy that the federal economic data provide. The smooth functioning of capital markets also depends on timely, accurate, and trustworthy macroeconomic data. Assessment of how rapidly changing technology such as artificial intelligence is affecting the economy is feasible only with federal statistics that allow the impact of innovation on prices, productivity, wages and employment to be assessed. Industry-specific and area-specific data can be especially helpful to businesses for identifying opportunities and for guiding where to locate new facilities or focus sales efforts. State and local governments also rely on these data when planning their budgets. Economic researchers use the data provided by the federal statistical agencies to study how alternative policy options affect economic outcomes such as employment, wages, homeownership, tax payments, or uptake of benefits. Individuals' private decisions are informed by data on the state of the economy. Decreased availability of federal statistics might well increase uncertainty among economic decision-makers, potentially causing decreases in business investment and household spending.

It is sometimes suggested that increasingly available data from private sources could decrease the need for federal economic data. Private sector data undoubtedly can be useful—and more could be done to incorporate data from the private sector into the production of federal economic statistics—but they are by no means a substitute for the data produced by the federal statistical agencies. Among other considerations, even if publicly available, private sector data are not designed to be representative of the population of households or businesses as a whole and often are not consistent over time. The implication is that private sector data typically need to be benchmarked and validated against the more comprehensive and representative samples in federal data for the private data to be useful for decision makers.

There is strong bi-partisan agreement on the importance of objective data from the federal statistical agencies. In the context of its review of data for evidence-building, the final report of the bi-partisan Commission on Evidence-Based Policymaking released in 2017 endorsed the view that “Federal statistical agencies will play a vital role in evidence-based policymaking” (p. 14). Additionally, the Office of Management and Budget's Analytical Perspectives document that accompanied the release of President Trump's Fiscal Year 2018 budget referenced “... the vital role of the Federal government's statistical agencies and programs in generating data that citizens, businesses, and governments need to make informed decisions” (p. 4).

While policy officials in Congress and the executive branch ultimately must decide what information is needed and should be collected, how that information is collected and released determines its value. As laid out in *Principles and Practices for a Federal Statistical Agency*, the flagship publication of the Committee on National Statistics of the National Academy of Sciences, in addition to relevance to policy issues and society, the principles that guide a federal statistical agency include credibility among data users and stakeholders; trust among the public

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and data subjects; independence from political and other undue external influence; and continual improvement and innovation. We hope that we can count on you to support the BLS, the BEA, the Census Bureau and other federal statistical agencies in ways that will make it possible for them to carry out their mission in accordance with these principles in service to the American public.

Yours sincerely,



Karen Dynan, PhD
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Harvard University



Kenneth Troske, PhD
Chair, AEA Committee on Government Relations – on behalf of the committee
University of Kentucky