First, let me begin by saying I find myself sympathetic with many of the views taken in this excellent paper. The great advantages of administrative records—reduced costs and reduced respondent burden—must be exploited, while at the same time considerable efforts must be expended to assure that the quality of the administrative records allow for their use in statistical programs.

Certainly, I would not shy from the "Activist Strategy" that is proposed, System-wide planning is a key element in achieving success. In this area, as in so many others, the missed opportunity offered by the Bonnen Report for a "place to stand" for the statistical system is made painfully evident.

There is good reason for my support. Within the economic area of the Census Bureau, most data series are dependent, directly or indirectly, on administrative records.

For example,

A. The 1962 Economic and Agriculture Censuses relied to a great degree on Internal Revenue Service (IRS) and Social Security Administration (SSA) records as a source of data for small companies. It was not necessary to mail out four million census questionnaires because of this. Without it, we would have had to spend up to $70 million to get the same information.

B. Second, our foreign trade data are based entirely on Customs and Department of Commerce administrative records. More than one million records are processed each month.

C. Third, extensive use of administrative records is made in order to obtain data on state and local revenue and expenditures, school systems, and property values. Other examples exist.

For the next few minutes, I would like to address specifically the fifth and sixth goals in the paper, which most directly relate to programs in the economic area.

Goal number 5 calls for the development of a "business directory" for use as a sampling frame by all eligible Federal and state statistical units.

I certainly agree with this goal which is a bit like endorsing apple pie and motherhood. The idea has been around for as long as I have been in the Census Bureau. Of course, the Bureau of the Census has a directory, imperfect as it may be, called the Standard Statistical Establishment List (SSEL)—which has proved itself in the Census Bureau programs. A directory improves structure of the SSEL.

To that end, we think the SSEL is the logical starting point toward achieving the broader aims of goal 5 given (1) the investment in data in the project, (2) the general agreement reached after years of discussion and analysis among participating agencies as to the proper design of a directory, and (3) the fact that our use of the SSEL, both for Bureau purposes and in projects for other agencies, has demonstrated its usefulness. In other words, the SSEL must be shared. We plan to propose legislation next year to achieve that end.

That is not to say that each and every requirement is best served by the SSEL; I doubt that any single system can achieve that. But we are confident that the SSEL as designed is fundamentally capable of meeting most potential uses. Its structure provides the most basic and definitive level of business unit—the individual establishment. Linkages to the taxpaying and enterprise level are maintained. For example the linkages suggested by Tom and Fritz can be accomplished best, and in some cases I'm told, have been accomplished, through the present structure of the SSEL.

The paper notes that our legislative efforts to share the SSEL have not been successful. Certainly, the realization of sharing the SSEL has taken far longer than we would like. I do not think, however, that the delays are due to a broad lack of support or shortcomings in the design of the list as suggested in the paper. In fact, a 1979 General Accounting Office (GAO) report cited widespread support for the SSEL among the statistical agencies, and identified some 750 separate uses. I don't feel this has changed. Failure of the enclave legislation is not necessarily a setback for the SSEL; instead, the withdrawal of that bill, which we had opposed as far too infrequently to achieve the SSEL objective of an annually updated universe list. Their second possibility, obtaining permission from individual taxpayers for release of limited data sounds attractive, but has the potential to become an administrative nightmare.

A third possibility, not mentioned, has wide support, including that of the GAO. The idea is to amend the Title 26 (IRS code) prohibition against sharing of tax return information. This is not tenable. Census data are available only once each 5 years, far too infrequently to achieve the SSEL objective of an annually updated universe list. Their second possibility, obtaining permission from individual taxpayers for release of limited data sounds attractive, but has the potential to become an administrative nightmare. A third possibility, not mentioned, has wide support, including that of the GAO. The idea is to amend the Title 26 (IRS code) prohibition against sharing of data, just as the Census Bureau is planning to amend Title 13. The objective of the SSEL simply can not be fulfilled without administrative records, and we must recognize that a properly controlled sharing of tax return information, along with Census Bureau and possibly other information, is a practical approach—possibly the only one.

Goal number 6 calls for continued efforts to develop more consistent and compatible procedures for defining and identifying reporting units. Who could disagree? Fortunately, from its inception the SSEL was designed to support
different levels of aggregation in order to permit comparisons. Desirable as this ability to tabulate across differing units of collection may be, it does not address the principal question of goal number 6, i.e., harmonizing the reporting unit classifications of the major participants of the federal statistical system. Working toward this end is an exploratory interagency task force, [The Establishment Reporting Unit Matching Study Group (ERUMS).] We at the Bureau have observed the progress of this group with great interest. Given the reliance of the Bureau's economic programs upon the use of administrative records and our interest in improving the national income and product accounts, any steps toward consistency and compatibility in the definition of reporting units should lead to enhanced data comparability in the federal statistical system.

As for the future, I agree that we are likely to rely more and more on administrative records. In fact, given the current concerns regarding budget and respondent burden, this appears to be the only reasonable outcome. At the Census Bureau, we have not done enough to assure the reasonableness and quality of the administrative records we use. Recent discussions and negotiations with IRS regarding the 1987 Economic and Agriculture Censuses have this as a paramount goal. Having been painfully exposed in the last 6 months to some of the problems associated with the 1982 Economic Censuses, I have assigned this activity a high priority.

Finally, I believe we will have to be more imaginative in developing new sources and uses of administrative records. For example, both the Federal and state governments have a wealth of data that could be tapped in the future. Since there are few activities in this country that are not in some small part subject to state regulations, we should explore further use of state data files (many of which have been computerized in recent years).

I would like to close on one last thought that our recent experience emphasizes, and that Tom and Fritz stress again and again. Providers and users of administrative records must be willing to work together in a spirit of cooperation to assure the success of these very important goals. This may be the most challenging aspect of the use of administrative records, but it is also the one to which I am most dedicated.