

REJOINDER

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We would like to thank the chair and panel members for their kind remarks about the discussion paper and the recently published two-volume reference Handbook, Statistical Uses of Administrative Records: Recent Research and Present Prospects (Internal Revenue Service, 1984). For the latter, many people deserve credit: the editors, Beth Kilss and Wendy Alvey, must be given special mention, along with the authors of the papers included, the reviewers, and all those who have participated in the research projects and operating programs described in the Handbook. We hope that new interagency applications of administrative records for statistics can proceed in the same spirit of cooperation that produced the Handbook.

The remarks of the panel members were constructive. They showed a clear recognition of the significant role that has evolved for administrative records in our statistical system. Furthermore, they acknowledged the likelihood that this role must grow as pressures continue on dollar and burden budgets for direct collection of data for statistical purposes. The Bureau of Labor Statistics (BLS) and Census panelists described significant ongoing efforts to develop new uses of administrative records in their programs. Thus, although this rejoinder points out some areas of disagreement, I want to make clear that we were greatly encouraged by the general flavor of the discussion. I now discuss the remarks of the chair and the panelists in the order in which they appeared on the program.

John Leyes.--John Leyes' opening paragraph, in which he describes very clearly and concisely the present situations in Canada with respect to statistical uses of administrative records, could be taken equally well as a description of the tradeoffs that are now being evaluated in the United States and, we suspect, in many other countries. A significant difference, of course, is that administrative record research at Statistics Canada is considerably more centralized than in the U.S. statistical system. In spite of John's implication that we should not be envious of their seemingly simpler arrangements, I confess to a few twinges of jealousy. From all I have heard, Statistics Canada has been considerably more successful than we have in the development of shared business lists and of a database for studies of long-term health effects. Greater centralization may be at least part of the explanation for this.

William Butz.--Bill Butz's remarks provide a needed summary of past, present, and planned uses of administrative records by Census in its demographic programs. The question Bill poses as to whether the Census Bureau is a "center for action or inaction" can have only one answer.

It is clearly a major contributor to the growing use of administrative data for statistics. Many past and present Census employees deserve great credit for their innovative work in identifying and expanding the use of administrative record sources.

Bill has also presented a convincing argument that the Census Bureau must be ever alert to how new uses of administrative records may affect the public's perception of Census' role. I do not believe, however, that public demand should guide detailed decisions on specific new statistical uses of administrative records. We know, in a general way, that the public attaches considerable importance to individual privacy; we also know that the public demands efficiency, lower costs, and lower reporting burden in Federal programs. The public, however, cannot tell the statistical agencies precisely how administrative records can be used to strike the right balance between these competing aims. The leadership in this area must come from the appropriate statistical (and administrative) agencies.

Bill's criteria for merging files and using merged files are, I think, unnecessarily restrictive. The Census Bureau releases public-use files based on samples of census records -- files which contain numerous data items for each sample person and household. Some of the data items may be found, in more or less comparable form, in various administrative record systems. Why, then, should a merged file containing comparable amounts of detail be used only within a single agency (item 3 on Bill's list)? Also, what is wrong with a multi-purpose merged file (item 2), as long as its content is limited (or masked), as necessary, to prevent disclosure of information about individual entities? The Continuous Work History Sample (CWHS) is a continuing (not ad hoc) system constructed by merging different Social Security Administration files; the Linked Administrative Statistical Sample proposal would add data from other administrative systems on a regular basis, making the CWHS even more of a multi-purpose system than is it now. Must we conclude from this analysis that Bill is uncomfortable with our goals 2 and 3? I hope not.

Finally, I don't think that the possibility of using administrative records to substitute for direct collection should be ruled out. Some earlier developments might not have occurred if the Census Bureau had been following this rule. In the economic censuses, for example, there is no redundancy in the collection of data for small establishments: data from business tax returns have been substituted for directly-collected data. As we mentioned in our paper, this development has had some problems associated with it; nevertheless, I doubt that

anyone would seriously propose spending "up to \$70 million" to go back to direct collection of data from these establishments.

John Carroll.--We apologize to Jack Carroll. In making our gloomy forecast for the future of the CWHS, we did not take sufficient account of the significant internal uses of the core data for monitoring and evaluating social security programs. Undoubtedly, there will be a continuing need for a system (not necessarily requiring a sample as large as the present one) that provides longitudinal data on covered earnings, benefits and basic demographic characteristics. Such a system would be quite limited in scope and application, however, compared to the proposed LASS, or even the present CWHS, which includes considerable geographic and industry detail.

One can hardly disagree with Jack's less-than-optimistic appraisal of the short-run prospects for implementation of the LASS project; however, as was stated in our paper, there have been technical advances that will contribute to the development of LASS once acceptable solutions are found to the resource and data access problems. In the longer run, we are more optimistic about the possibilities.

Janet Norwood.--In addition to describing several ways in which BLS has been and is using administrative records, Janet Norwood makes two important general points. The first is that, by and large, where more small-area data are needed, administrative records are the only way to go. Traditional censuses are becoming more and more expensive in real terms and simply cannot be done sufficiently often to meet expanding data needs. Second, she stresses the importance of empirical studies to determine feasibility and aid in the development of important new systems, such as a shared business directory. The Employer Reporting Unit Match Study (ERUMS) is being planned in this context, with the BLS as an active participant. It promises to provide valuable insights into the relationships among the administrative systems involved. The potential value of this study would be greatly enhanced if the Census Bureau were to become a full participant, rather than just an interested observer.

Charles Waite.--We welcome Chuck Waite's support for an activist strategy. His brief sketch of the Census Bureau's uses of administrative records in its economic programs shows how important they already are. We share his concerns about the quality of administrative record sources and his desire that the Census Bureau and IRS collaborate in careful strategic planning for the use of IRS records in the 1987 round of economic censuses.

I personally applaud Chuck's expression of strong commitment to the achievement of the goal to establish and maintain a shared business directory. However, amendment of Title 26 of the Internal Revenue Code--to allow statistical agencies other than the Census Bureau to have access to return information--is not the only

way, and may not be the best way, to achieve that goal. The Census Bureau and BLS, between them, have good coverage of the nonfarm employer universe. The Census Bureau updates the structure of large multi-units annually in its Company Organization Survey, and the BLS adds new employers to its system on a continuing basis, as they enter the unemployment insurance system. The nonemployer (zero employee) segment is the only part of the business universe for which the IRS is the primary source of coverage. While there are large numbers of such businesses, their contributions to total receipts, "value-added," assets, and other aggregate economic measures are quite small for most Standard Industrial Classification divisions. Therefore, the legal restrictions on release of tax return information to agencies other than the Census Bureau should not be viewed as an insuperable barrier to constructive developments. The development of a shared directory based on a merger of the Census and BLS systems would be a major step forward. Such a directory, if available to other agencies for statistical use, could meet many of their needs.

Concluding Comments.--The difficulty of arranging for new interagency disclosures for statistical purposes, no matter how desirable they may be from the recipient's point of view, is illustrated well by the two Census Bureau representatives on the panel. Bill Butz is concerned about the kinds of disclosures of Census Bureau data that would have been permitted under the Enclave Legislation, fearing damage to the Census Bureau's ability to secure the cooperation of census and survey respondents. Chuck Waite believes that IRS should be willing to disclose return information for statistical purposes to agencies other than the Census Bureau; the IRS does not wish to do so because it fears possible harmful effects on public compliance with tax laws. Both agencies have legitimate concerns and, perhaps, in my opinion at least, the most that can be asked for is that both try to be open-minded in their reactions to specific proposals.

As implied by Chuck Waite and by a discussant from the floor, Jim Bonnen, achievement of some of the goals presented in our paper would be helped if the Office of Management and Budget's Office of Statistical Policy were to be more active. Their cooperation is especially needed in establishing priorities and providing leadership for implementation of programs that require reconciliation of the interests of several agencies. Discussions in forums like these are valuable and we hope they will continue. A more formal strategic planning process, however, involving both statistical agencies and custodians of administrative records is necessary.

Again, we thank the chair and panel members for their contributions. We look forward to further discussions and to working with them and their colleagues in pursuing the goals for more effective statistical uses of administrative records. We have looked at this panel session

not as an end in itself, but as the start of a process that will allow us, over the next ten years or so, to become better prepared to provide policymakers and the public with data of the scope and quality they require, at costs they can afford.

REFERENCE

Internal Revenue Service, 1984. Statistical Uses of Administrative Records: Recent Research and Present Prospects (2 vols.). Washington, DC: U.S. Department of the Treasury.