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Some Current Issues in Federal Statistical Policy

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Hello, my name is Steve and I'm a public data user. I am here today as Vice President of the Association of Public Data Users (APDU) and as chair of the recently formed APDU Public Policy Committee. From this vantage point I am on the outside of the policy arena trying to watch what is going on and, where appropriate, trying to raise issues, questions and observations that will make the statistical policy makers give consideration to other points of view. I also have some 20 years experience in the Federal bureaucracy, primarily working on large surveys in a variety of areas. From this vantage point I have been below the policy, having it dictate certain actions in the survey process.

This afternoon I would like to spend a few moments on my experience at the "business end" of the policy process and then spend a few moments discussing two current issues.

In the mid 1970's, I was working at the Bureau of the Census on the Survey of Inmates of Local Jails. This was a study funded by the Law Enforcement Assistance Administration (an agency that was later rolled into the Bureau of Justice Statistics). One of the hoops we had to jump through in preparing for this study was getting OMB clearance as required by the Paperwork Reduction Act. This law was an effort to minimize the respondent burden of Federal data collections. After all, it was citizens who filled out these forms and if there were too many of them that seemed to ask the same questions they would complain to their congressman, etc., etc., etc. I had very little to do with obtaining OMB clearance as the Bureau had a staff that removed this administrative burden from the technical offices. All I had to do was explain what we were doing and why it was important and they did the rest. After all, inmates of local jails were not organized to question the study. I was assured the required Federal Register notices would generate little attention.

In the waning years of the Carter Administration I was at the Energy Information Administration working on the "1980 Manufacturing Industries Energy Consumption Study and Survey of Large Combustors." While I had some help with the OMB process, the bulk of the justification and contacts with OMB fell on our staff. In addition, there was a great deal of opposition to this study on the part of the industry respondents. They felt it was burdensome, unnecessary, could potentially give away trade secrets, and raised the

possibility of the Federal Government dictating energy consumption levels. The opposition was organized and powerful. So much so that on February 20, one month after the inauguration of President Reagan, the Secretary of Energy received a letter from David Stockman, the Director of the Office of Management and Budget, informing him that data collection authority for this study had been revoked. Since then I have been very mindful of the power of OMB. In fairness, OMB should not be regarded as a group of sinister people who are trying to subvert Federal survey efforts. On the contrary, I have never sent a questionnaire to OMB for review that has not come back improved.

Now I would like to discuss two other areas where OMB makes its presence felt in the uniformity of questions that may show up on questionnaires produced by various Federal agencies or in administrative reporting. The first is a standard set forth in OMB Statistical Policy Directive 15 - Race and Ethnic Standards for Federal Statistics and Administrative Reporting.

Directive 15, as it is generally referred to, was developed in 1977 by an interagency group involved in survey design and execution. Simply stated, Directive 15 calls for all Federal forms to have a minimum of four racial categories (American Indian or Alaskan Native, Asian or Pacific Islander, Black, and White) and a minimum of two ethnic categories (Hispanic and Non-Hispanic). The utility of such a standard is clear -- it allows one agency, say the National Institutes of Health, to combine its data with that of another, say the Department of Education, to see if educational attainment is a contributing factor to the relation found between race and a specific disease.

In 1993, OMB began some preliminary work to see if there was any merit in revising Directive 15 in preparation for Census 2000. Some of the specific issues that had been raised which caused them to look into the matter include:

Should the Hispanic category be considered an ethnicity or a race? This issue was raised by several Hispanic groups who make the argument that Hispanics tend to think of themselves as a Race. In point of fact, under the current system there are always significant numbers of respondents who say their Race is Spanish, Hispanic, or Latino and fall into a listing under the general heading of "Other." Other racial groups were concerned their numbers would decrease by having an Hispanic racial category.

Should a new Multi-Racial category be added? The current system does not allow for the growing number of multi-racial children who are forced to pick one parent over another in filling out forms.

Should the existing racial categories be split to be more definitive? This issue was raised by various Arab-American groups who feel their needs are being overlooked and their problems are being hidden under the current system which categorizes them as White.

What is the most appropriate Race for Native Hawaiians? Traditionally this sub-group has been considered as Asian or Pacific Islander. However, many Hawaiians feel they should be included with Native Americans since they were indigenous to what is now the United States at the time the first European came to our shores. Traditional American Indian

groups are against this change given the implied legal standing of American Indians stemming from historical treaties.

How many generations do you have to have in the United States to be considered a native? Whatever changes would be made had to allow for historical comparability, continued usefulness in tracking possible discrimination in various Federal programs, and remain meaningful for research.

An interagency work group has been looking at these issues for about two years. It has recently tested various combinations of where to place Hispanic, as a race or as an ethnic group, and the inclusion of a multi-racial category. The initial results indicate that only about three-fourths of those who check off "Hispanic" as an ethnic group check "Hispanic" when this category is included as a race. The remaining one-fourth, primarily Cubans, respond as White. Changes in the results for the other categories as a result of including "Hispanic" as a racial rather than ethnic category are:

- the percentage responding as White decreases by over 4 percent;
- the percentage responding in the other three standard categories remains relatively unchanged; and
- the percentage responding with a category not on the list decreases to about 1.25 percent.

Only a very small number of respondents, about 1.5 percent, selected the multi-racial category. The inclusion of this category appears to cause a proportionally large decrease in the percentage who identify themselves as American Indians, Eskimos, or Aleut--0.2 to 0.3 percent decrease against a base of about 1.0 percent of the total population--or volunteer a category, and relatively small proportional change in the other categories.

A final decision on suggested changes to Directive 15 will be made shortly. This will give enough time for public comment, additional refinements, release in final form, and inclusion into the Census 2000 planning.

The other area I would like to spend a few moments on deals with the classification of industry. The Standard Industrial Classification (SIC) has been around, with refinements, some 50 years. Rather than just make a few corrections around the edges, and given the fact that so many changes had taken place in industry over the last 50--vast numbers of new industries and totally new ways of doing business--it was decided to develop a whole new system. And, given the fact that we are now part of an international economy, it was decided to join with our NAFTA partners, Mexico and Canada, to develop one system for the three countries. Hence the North American Industrial Classification System (NAICS). The major difference between the old SIC and the new NAICS, aside from the addition of many new classifications, is the focus. Where SIC was market oriented, NAICS is production oriented. This means that producing units which use similar processes are grouped together.

For example, a new NAICS group for "Watch, Clock, and Part Manufacturing" will be made up of that part of SIC code 3495 "Wire Springs" dealing with clock and watch springs, that part of SIC code 3579 "Office Machines, NEC" dealing with time clocks and other time

recording devices, and SIC code 3873 "Watches, Clocks, Clockwork Operations Devices, and Parts." Similarly, items that used to be together will now be separated. For example SIC code 7372 "Prepackaged Software" will be split into two codes, one for "Software Publishing" and the other for "Reproduction of Software."

The result of this change will cause problems with those who are interested in time series analyses. While a cross-walk between the two systems has been promised, it will not be easy. In all likelihood, it will be some time before any proposed cross-walk will be in place.

The plan calls for the new system to be in place by January 1, 1997.

In the last few minutes I have given a brief overview of two major changes coming to us as a result of changes in statistical policy at the Federal level. This is not the stuff of great drama nor exposes on the daytime talk shows. I would be willing to bet my pension that not more than 5 percent of the nation even knows there is a standard industrial classification system let alone that it is about to be changed. But as librarians, these changes will most certainly affect your jobs.