



AEA STATEMENT ON DATA SYNCHRONIZATION

April 24, 2015

The Confidential Information Protection and Statistical Efficiency Act (CIPSEA) of 2002 created a uniform standard across all federal statistical agencies assuring the confidentiality of information collected by them for statistical purposes. CIPSEA also authorizes the Bureau of Labor Statistics (BLS), the Bureau of Economic Analysis (BEA), and the U.S. Census Bureau (Census) to synchronize confidential business data for the purposes of improving the Nation's economic statistical system. However, enabling legislation that would permit the sharing of Federal Tax Information across BEA, BLS and Census that is critical for the synchronization of business data has not yet been passed. The barriers to synchronization have resulted in BLS and Census maintaining separate business lists needed for their business surveys and economic statistics. The discrepancies in those lists and the surveys based on them make measurement of key economic indicators difficult and distorted. Removing the barriers to synchronization will improve the measurement of key national indicators on the health of the American economy such as output, productivity, earnings, job growth and inflation as well as improve the efficiency and effectiveness of the agencies. Synchronization also has the potential to reduce the costs to the taxpayer and reduce paperwork burdens on the private sector by reducing duplication across the agencies. Given the potential for quality improvements, efficiency gains and reduced burden on the taxpayer, legislation required to enable data synchronization should be acted on immediately. This legislation should be passed within the framework of CIPSEA so that data synchronization is achieved in a manner that is consistent with maintaining the confidentiality and integrity of the data.