



The Nation's Statistical System and Why it Matters: Federal Statistics in a Science-Driven Administration

Peter R. Orszag, Director
Office of Management and Budget



Science-Driven Policy: Taking Cues From Findings of Rigorous Data Analysis

**Quality
Data**

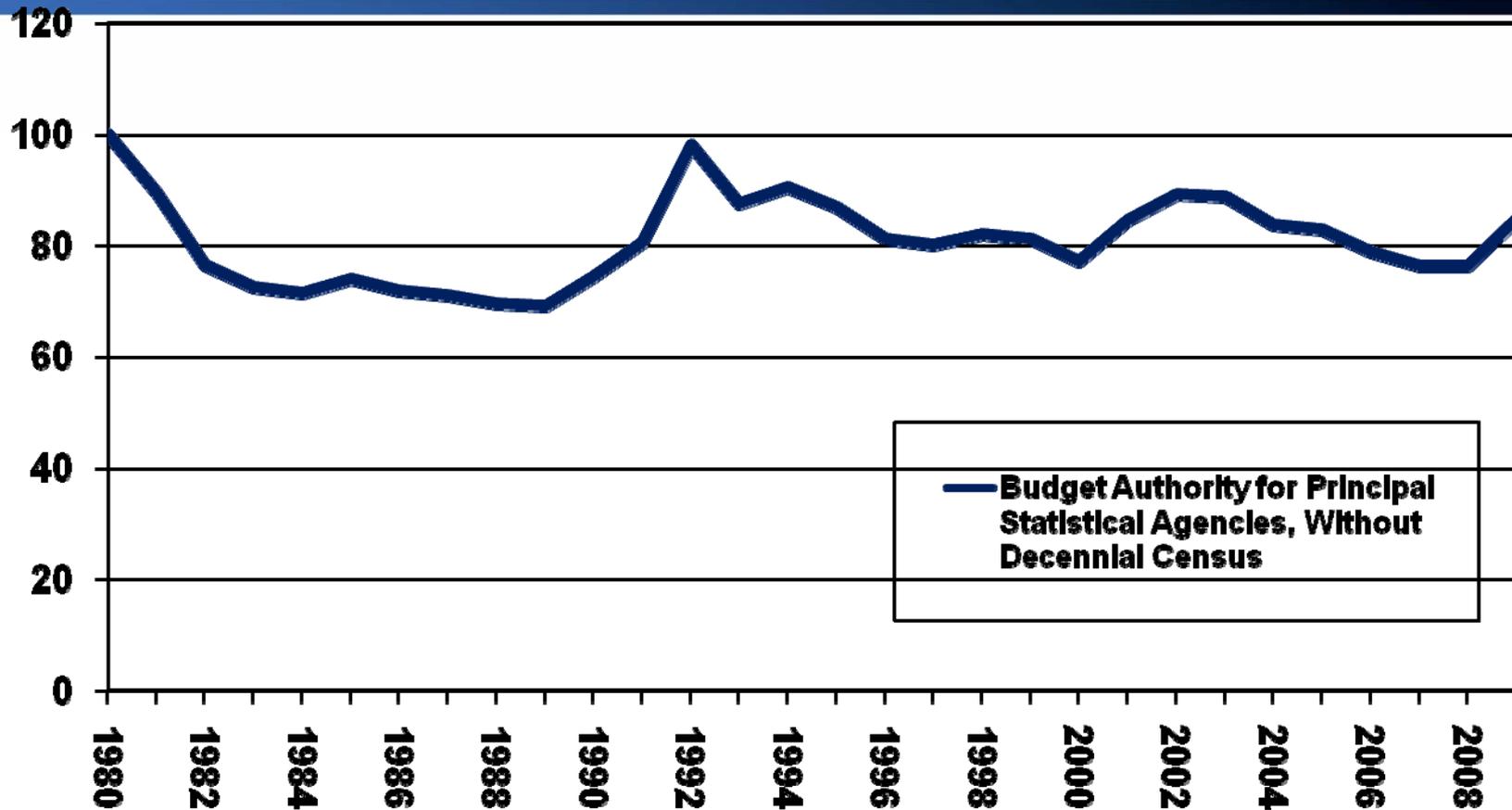
**Rigorous
Analysis**

**Science-
Driven
Policy**



Funding for Federal Statistics: A Small Investment Informs Big Decisions

(As a Share of GDP, Level in 1980 = 100)



Note: In 1980, funding for federal statistical programs excluding the Decennial Census stood at about 0.015 percent of GDP. Including the Decennial Census, it stood at 0.041 percent of GDP. In the figure, funding levels are compared to that in 1980 with 1980 set equal to 100.



Good Data Drives Policy

Monetary Policy Decisions: The Federal Reserve determines monetary policy based on monthly economic indicator data (BEA, BLS).

Federal program funding allocations: Federal programs such as Medicaid allocate over \$300 billion annually to states and localities based on BEA and census data on income and population.

Federal program administration: SSA uses statistical analyses to help policymakers understand the distributional effects of policy alternatives.



Federal Statistics are Critical to the President's Budget

- **Projecting spending and revenues over a ten year window in the President's budget**
- **Addressing the long-term fiscal gap**
- **Understanding the current economic downturn and navigating policy responses**
- **Analyzing federal program administration**
- **Reviewing proposed regulatory actions**



Investments in What Works...

Promising Innovations

Harlem
Children's
Zone/ Promise
Neighborhoods

Improved Targeting

Reformed
Asset Tests

Transportation
Planning

Significant Measurable Outcomes

Nurse Home
Visitation

Head Start/
Early Head
Start



...Trimming What Doesn't

No Measurable Outcomes

Character Education Program

Even Start

Student Mentoring Program

Poor Targeting

Emergency Operations Centers (EOC) Grants

Environmental Infrastructure Construction

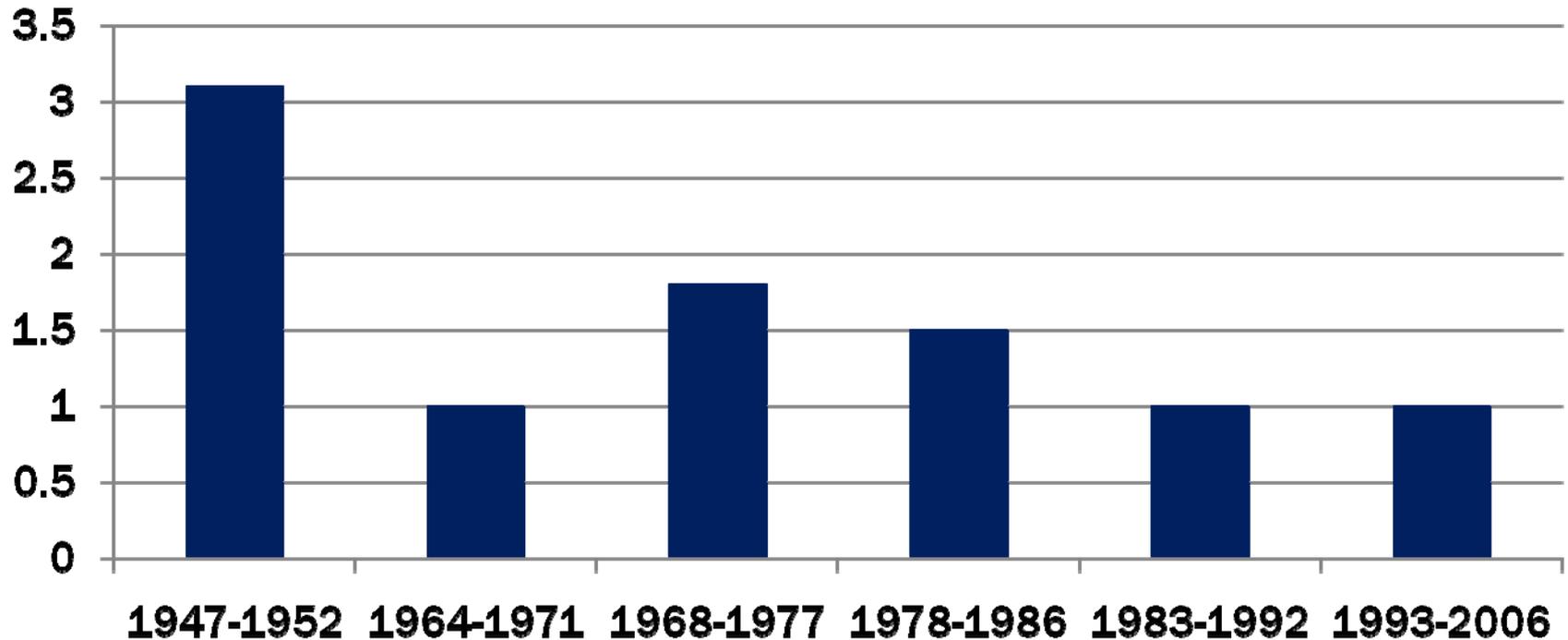
High Error Rates

Advanced EITC



There is a Continuing Need to Innovate to Refine Data Methods

GDP Revisions Have Declined Over Time, But Remain Large : Since 1992 Revisions Average 1% versus Average Growth Rate of 5.2%





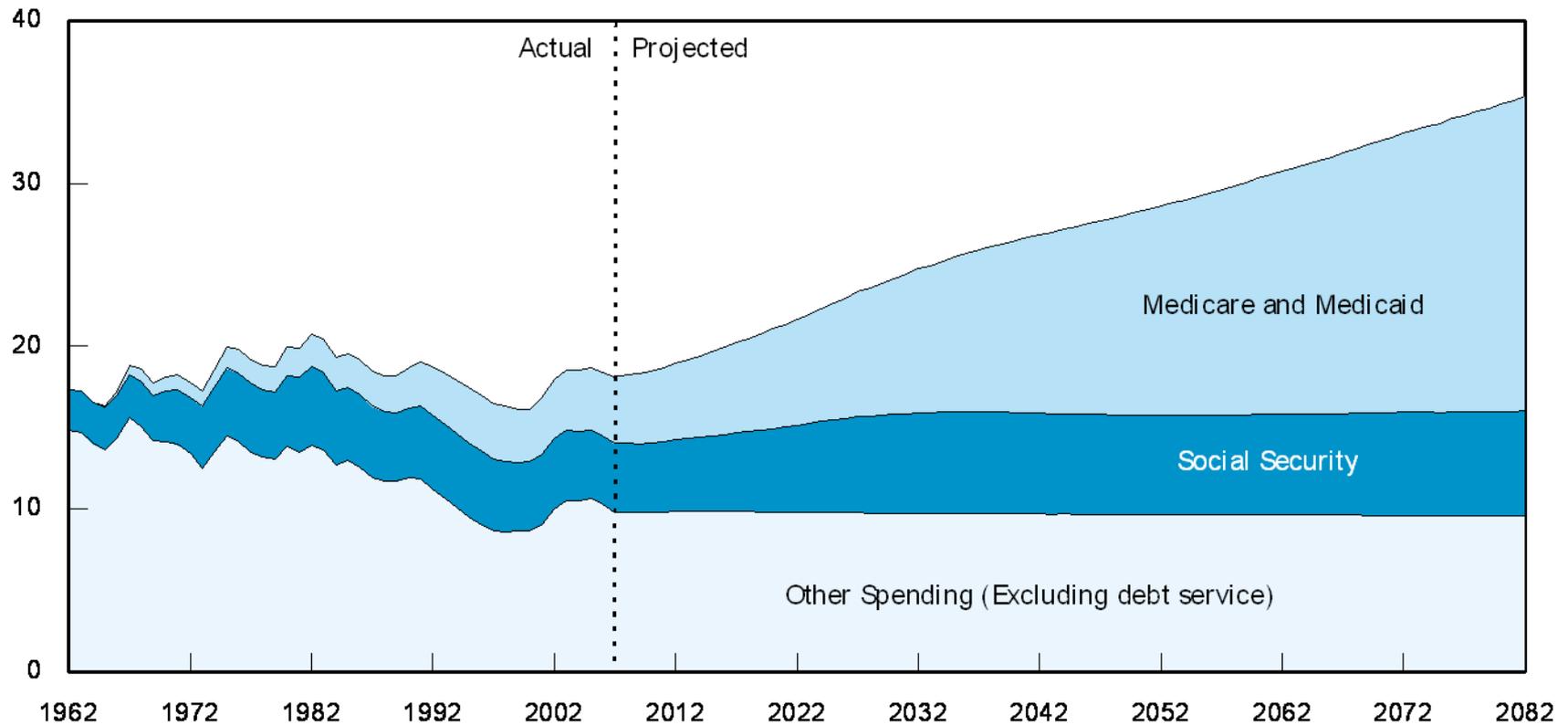
A Call to Action

“Today, of course, we face more complex challenges than we have ever faced before...”



Long-Term Fiscal Gap and Health Care Costs

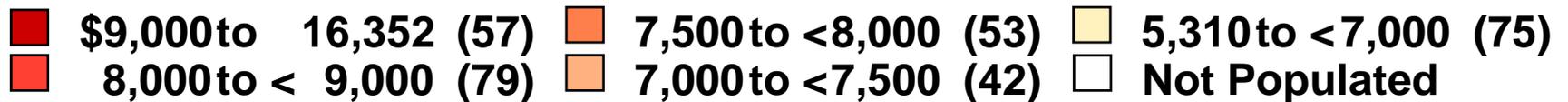
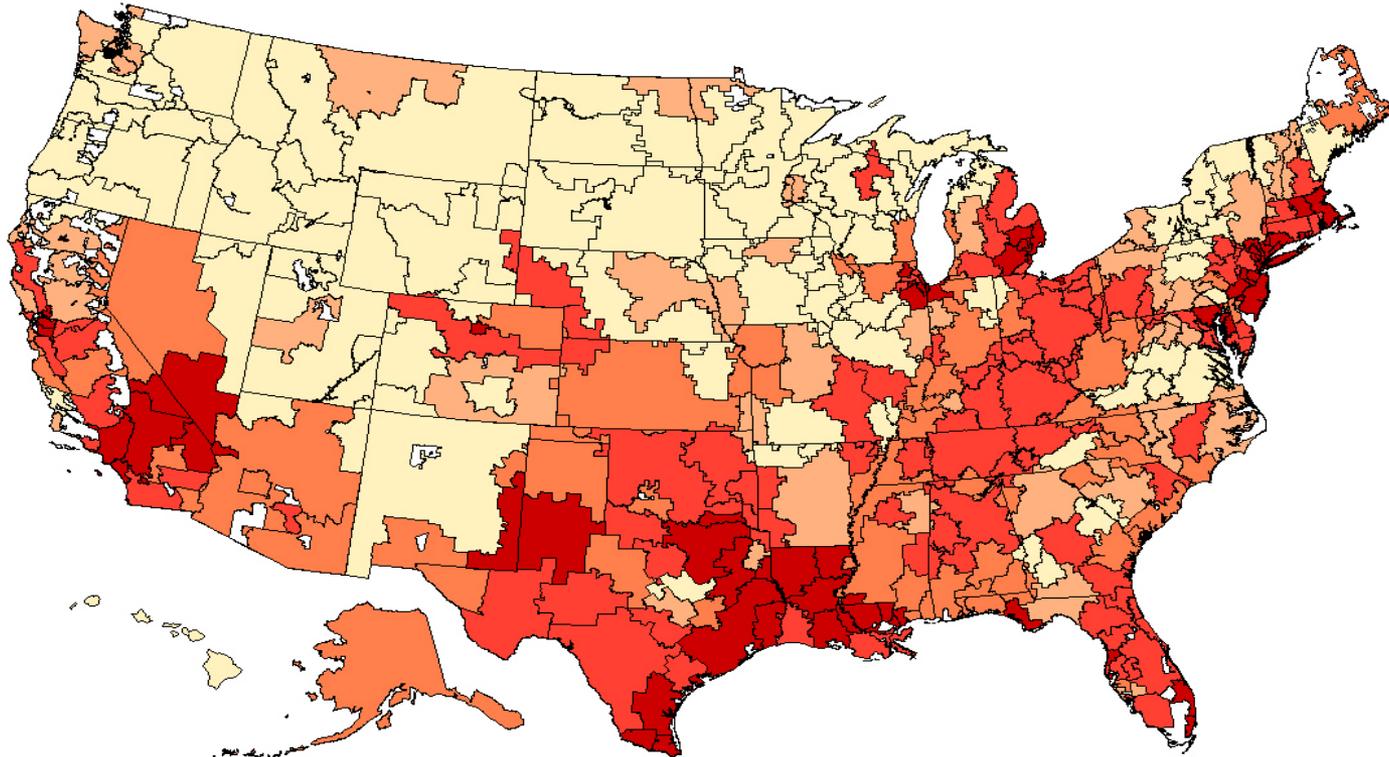
Percentage Share of GDP



Source: CBO (2007)



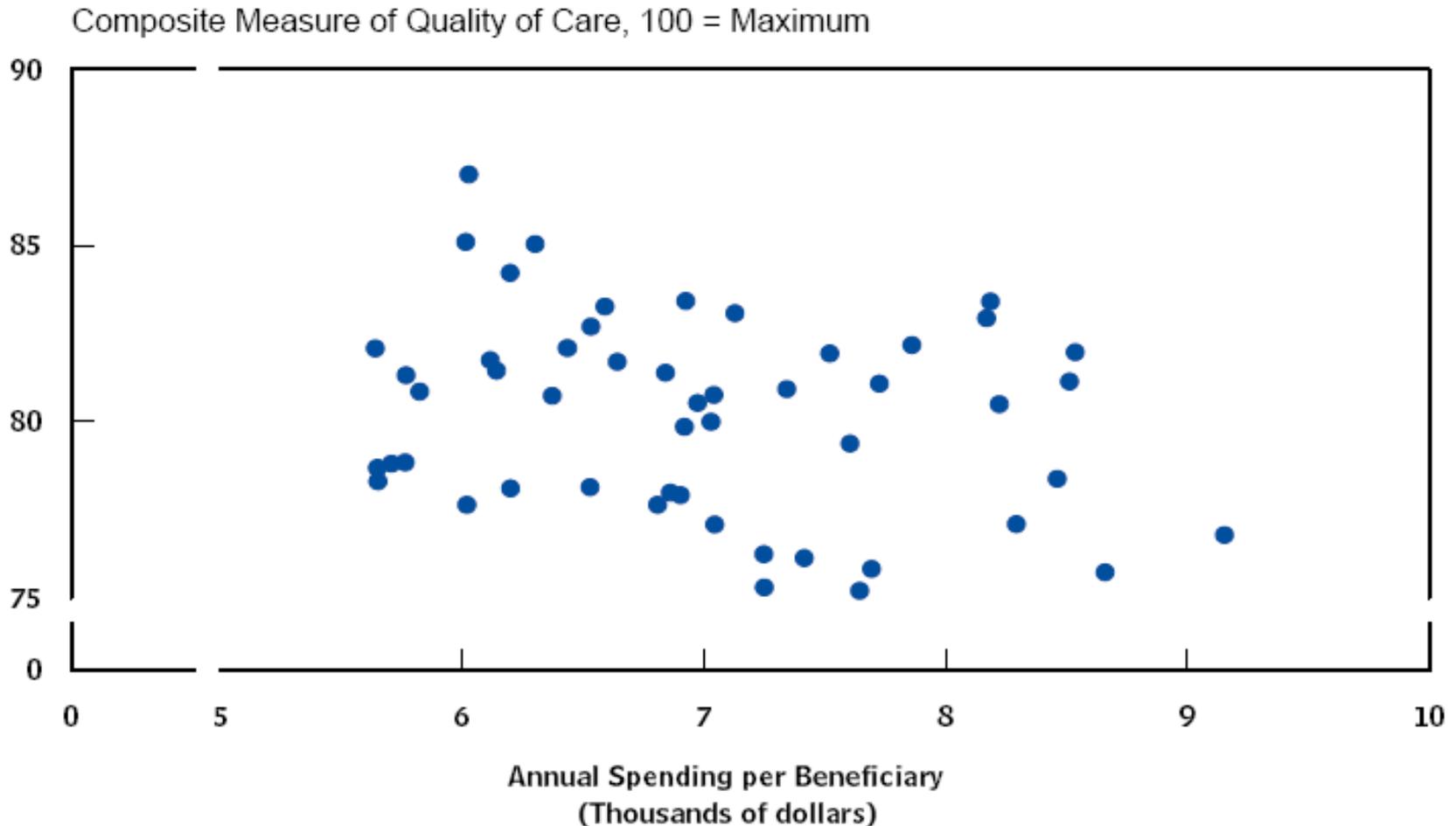
Medicare Spending per Capita, by Hospital Referral Region, 2006



Source: www.dartmouthatlas.org (2009)



The Relationship Between Quality and Medicare Spending, by State, 2004



Source: CBO (2008)

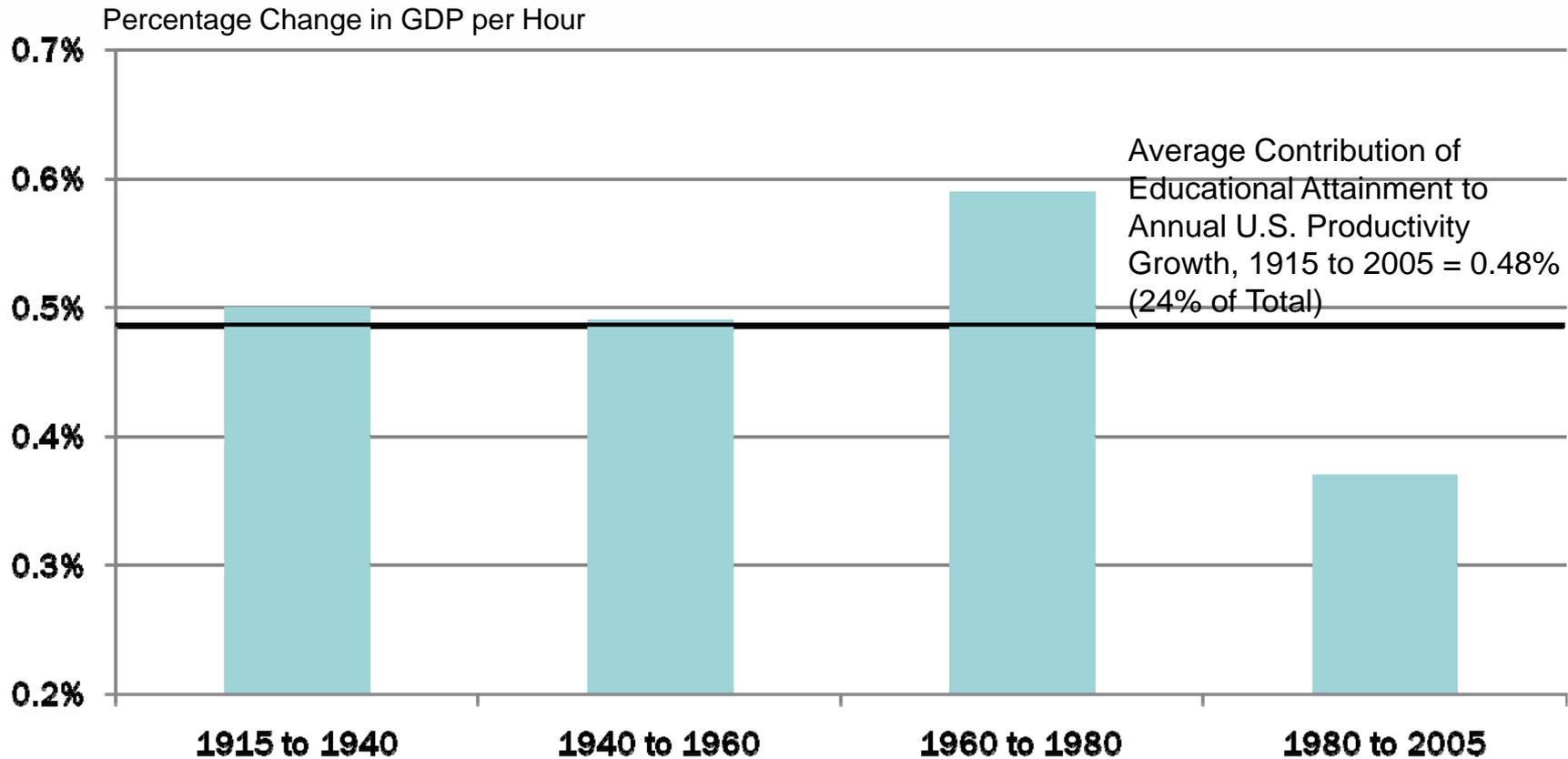


Administration Investments to “Bend the Curve” on Health Costs

- **The Obama Administration has already taken crucial steps in the Recovery Act to contain health care costs:**
 - Invested \$19 billion in Health IT to help computerize Americans’ health records
 - Devoted \$1.1 billion in funding for comparative effectiveness research to arm physicians with data on what works and what doesn’t
 - Allocated \$1 billion for prevention and wellness interventions to help reduce the impact and cost of chronic diseases
 - Allotted \$500 million in the Recovery Act for sufficient and well-trained doctors, nurses, and other health professionals



Contribution of Educational Attainment to Annual U.S. Productivity Growth

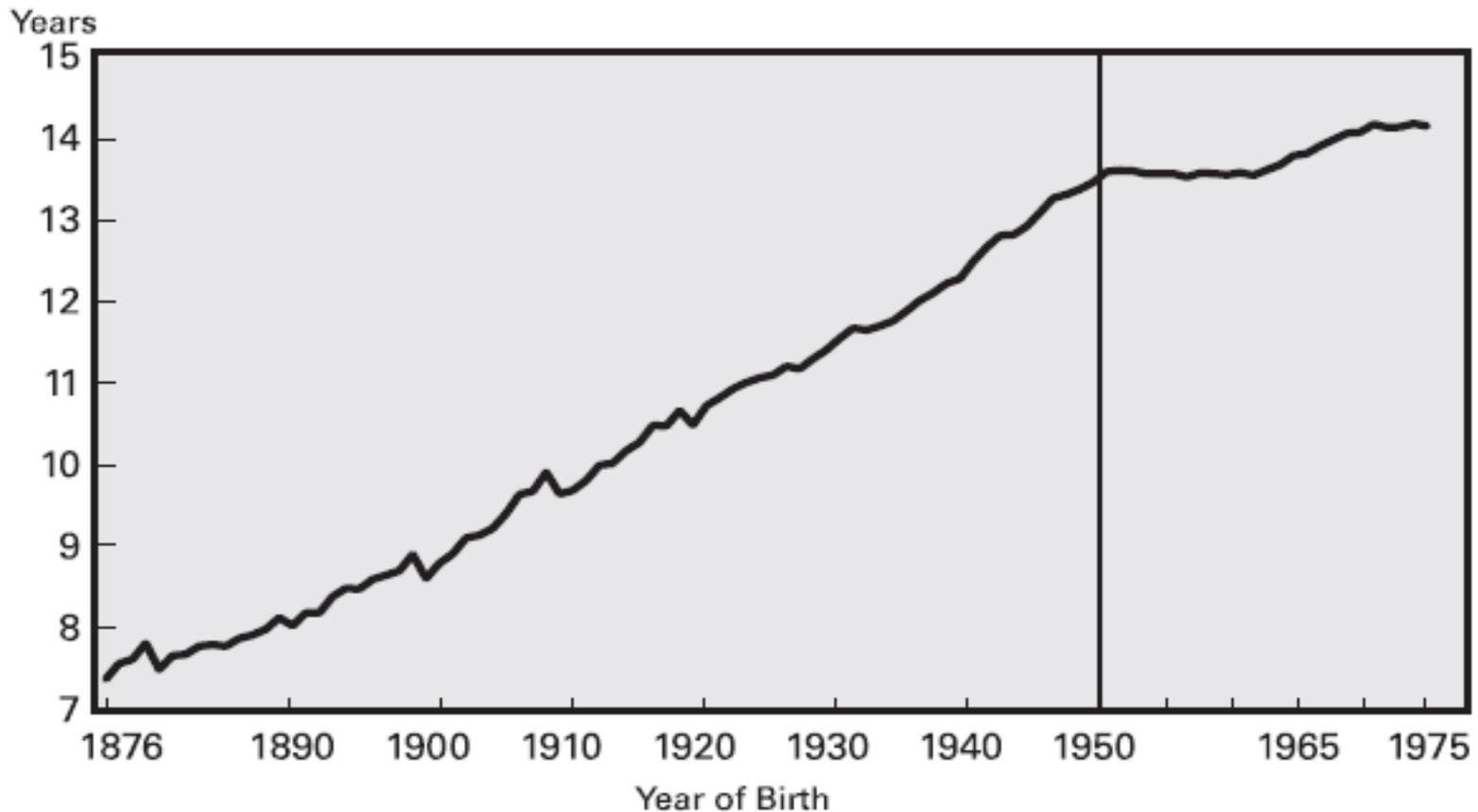


Note: Productivity growth is measured as growth in GDP per hour.

Source: Goldin and Katz (2009)



Years of Schooling for Native-Born U.S. Citizens by Birth Cohort



Note: Birth cohorts are normalized at 35 years of age.

Source: Katz (2002)

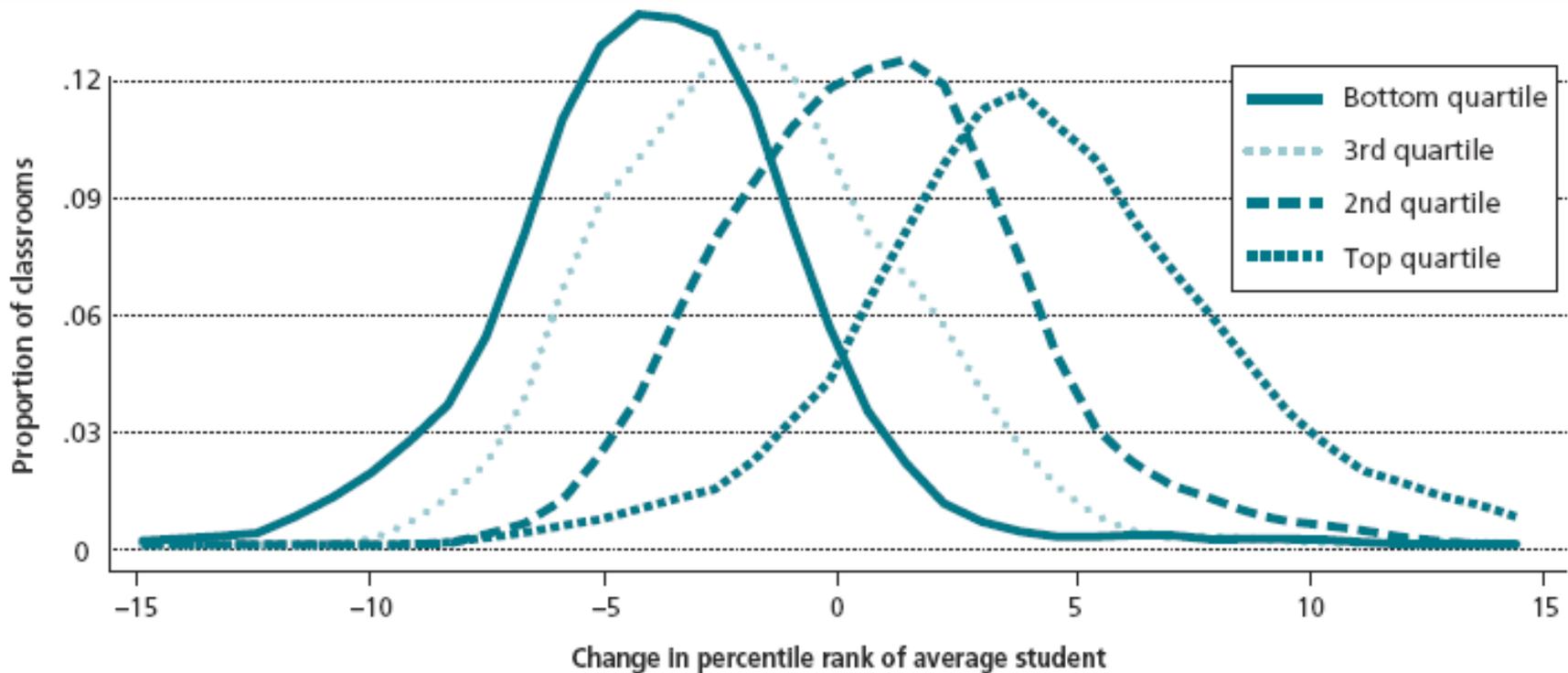


Preparing Our Children for the 21st Century Economy

- **Administration Investments in tracking student achievement, teacher impact**
 - Access to Recovery Act State Fiscal Stabilization Funds (\$39.5 billion) requires states to develop longitudinal systems to track students from pre-K to postsecondary, and match students to individual teachers.
 - Additional \$250 million competitive grant program to link data to postsecondary and work information
 - Access to Stabilization Funds also requires improvements in teacher effectiveness, ensuring all schools have access to highly qualified teachers



Teacher Impacts on Math Performance in Third Year By Ranking After First Two Years



Note: Classroom-level impacts on average student performance, controlling for baseline scores, student demographics, and program participation. LAUSD elementary teachers, < 4 years' experience.