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U.S. CENSUS BUREAU NEEDS TO DO BETTER

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Every month economic and financial analysts wait breathlessly for the latest information from the Bureau of Labor Statistics on employment, unemployment, and the jobless rate. The regulars on CNBC's *Squawk Box* program, along with their guests, engage in trading meaningless guesses as to what those numbers will look like just minutes before they are made public. Once a year commentators also wait for the latest information from the Census Bureau on income, poverty, and health insurance, but with less enthusiasm and no guessing ritual.

The BLS data on employment, unemployment, and the jobless rate, along with the Census Bureau information on income, poverty, and health insurance, derive from the *Current Population Survey* that interviews a nationwide random sample of approximately 60,000 households. Years ago the interviewing was done face-to-face by sending Census enumerators into the field to selected households. Today it is done by telephone.

One of the problems with the *Current Population Survey* is that the size of the sample has not kept pace with population growth. For example, the U.S. population has climbed from 203 million in 1970 to 318 million today, an increase of roughly 57 percent. At the same time the number of households in the *CPS* sample has grown from 50,000 to 60,000 an increase of 20 percent. The size of the sample has not changed since the early 1980s. Thus, estimates of employment, unemployment, and the jobless rate are *less reliable* today than in 30-40 years ago.

In 1970, for instance, a month-to-month change of 128,000 in the number of persons unemployed was regarded as statistically significant at the 90 percent level of confidence. Today a change of approximately 300,000 in the number of jobless workers meets that standard of statistical significance. Reporters who today proclaim that the number of persons out-of-work rose by 215,000 last month, or dropped by 191,000, simply are misleading the public.

In 1970 a change of 0.1 percent point in the unemployment rate from one month to the next was statistically significant. Today it is 0.2 percent point. The jobless rate in May 2014 was estimated at 6.3 percent. It would have to fall to 6.1 percent in June or rise to 6.5 percent for the careful labor force analyst to claim that the change was statistically significant.

An increase the size of the sample is long overdue. Otherwise sloppy reporting will continue to identify some labor force changes as significant when in fact they are not. The longer it

takes to implement this improvement, the greater the loss of reliability in the *CPS* estimates. It's time for the Census Bureau to find the necessary funding resources.

Using the *Current Population Survey*, to which have been added important supplemental questions, the Census Bureau published a 184-page report on poverty in the United States for 1985. The level of detail for various demographic groups was quite extraordinary. For instance, the poverty rate that year for married-couple families was 6.7 percent. For female-headed families, no husband present, the rate was 34.0 percent. The latest estimates from the Census Bureau (for 2012) published in a report that runs 88 pages in length indicate that 6.3 percent of married-couple families experienced poverty while 30.9 percent of female-headed families fell below the poverty line.

By shortening the report and adding detailed information on health insurance and income, important data on poverty no longer are reported. To illustrate, in 1985 – 21 years after President Johnson declared war on poverty -- 58.9 percent of persons in black female-headed families with children under 18 years of age were counted as poor. If those families had children under 3 years of age the poverty rate for everyone in those families climbed to 77.7 percent. For white female-headed families with children under 3, the personal poverty rate was 63.7 percent. That kind of information simply is not available today from either the annual report or the Bureau's website. One can only guess as to the proportion of children, by race and age, in female-headed families who are living in poverty today.

The Census Bureau today publishes the Gini coefficient, which measures income inequality, and data on the number of *persons* with or without health insurance coverage but none on the number of *families*. This strikes us as odd given that family coverage for years has been a feature of many health insurance plans.

What are we to make of the Census Bureau's decision that detailed information on poverty, where poverty likely is extremely high, is not included in the annual report? Is this a budget problem that forced the Bureau to reluctantly cut its data collection and analysis, and drop the publication of vital information on the extent of poverty? Or has the Bureau been pushed in this direction by persons and organizations of influence for whom that information does not fit their rhetoric, priorities, or agendas? Remember the outrage when Daniel Patrick Moynihan in 1965 published *The Negro Family: The Case for National Action*?

The Census Bureau can do better. And it should.

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