NOMINATION

HEARING

BEFORE THE

COMMITTEE ON HUMAN RESOURCES
UNITED STATES SENATE

NINETY-FIFTH CONGRESS

FIRST SESSION

ON

SAR A. LEVITAN, OF THE DISTRICT OF COLUMBIA, TO BE CHAIRMAN OF THE NATIONAL COMMISSION ON EMPLOYMENT AND UNEMPLOYMENT STATISTICS

JULY 21, 1977

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NOMINATION

THURSDAY, JULY 21, 1977

U.S. SENATE,
COMMITTEE ON HUMAN RESOURCES,
Washington, D.C.

The committee met, pursuant to notice, at 9:40 a.m., in room 4232, Dirksen Senate Office Building, Senator Harrison A. Williams, Jr. (chairman) presiding.

Present: Senators Williams, Pell, Cranston, Riegle, Javits, and Stafford.

The CHAIRMAN. The committee will come to order.

This morning, the Human Resources Committee meets to consider the nomination of Sar A. Levitan to be Chairman of the National Commission on Employment and Unemployment Statistics.

We are pleased to welcome Mr. Levitan today, as we have so many times in the past when the committee sought his expert advice in the fields of labor economics and employment policy.

Since 1967, he has been research professor of economics and director of the center for social policy studies at George Washington University.

His Government service spans more than 25 years. At present, Mr. Levitan is Chairman of the Executive Committee of the National Council on Employment Policy, which has made excellent recommendations for new directions in developing the Nation's future work force.

A more complete biographical sketch will be printed in full in the record of the hearing.

The position for which Mr. Levitan has been nominated—Chairman of the National Commission on Employment and Unemployment Statistics—was created by Congress on recommendation of this committee. It is a position of high significance and great importance to the economic health and well-being of this Nation.

The status of the Nation's work force—or to say it another way, the plight of American workers—is the bedrock upon which national economic policies should be based.

Statistics on employment and unemployment are widely cited as measures of our overall economic health. When they can be reliably reduced to more minute detail, they serve as important measures of social well-being.

The importance of these data was underscored 16 years ago, when President Kennedy established a blue-ribbon committee under the chairmanship of Dr. Robert A. Gordon of the University of California to evaluate employment and unemployment statistics and method-

ology. The Gordon committee's report in 1962 was invaluable, but no appraisal of these processes has been conducted in the intervening 15 years.

Since 1962, employment and unemployment statistics have been increasingly employed in the distribution of Federal assistance on the scale of billions of dollars each year.

The Nation needs to be confident—and take steps to insure—that these data are comprehensive, comprehensible, up to date, accurate, and uniform throughout the country.

The new National Commission, comprising nine members, is charged with the momentous task.

Mr. Levitan has been nominated as the chairman of the Commission, and we look forward to receiving nominations to the other eight positions at the earliest possible time.

Mr. Levitan, do you have a statement that you wish to make at this time?

STATEMENT OF SAR A. LEVITAN, NOMINEE FOR CHAIRMAN OF THE NATIONAL COMMISSION ON EMPLOYMENT AND UNEMPLOYMENT STATISTICS

Mr. LEVITAN. I have a very brief statement. You have said it much better than I can. With your permission, I would like to put it in the record to save the time of the committee.

The CHAIRMAN. We have a unique situation this morning. We are hearing nominees for nine very, very critical and important positions. It seemed like a lot of nominations to consider in one morning of hearings. But time pressures and competing demands have made it necessary.

Let me turn to Senator Cranston while I see if there is anything in your statement that raises any question in my mind.

Senator CRANSTON. Mr. Levitan, I welcome you here. I am delighted you have come before us.

Mr. LEVITAN. Thank you, Senator.

Senator CRANSTON. I am particularly interested in the National Commission on Employment and Unemployment Statistics, having helped bring about that law. The law provides for the establishment of a nine-member Commission to have responsibilities for examining procedures, concepts, and methodology involved in employment and unemployment statistics and suggesting ways and means of improving them. I am very concerned about the delay in establishing the Commission. We are now in the seventh month of the new administration, and only your own nomination has thus far come up to us.

Secretary Marshall indicated in his confirmation hearing way back in January that we wanted to "get going as fast as possible," to use his words. How long do you think it will be before we get the other nominations?

Mr. LEVITAN. I am not in a position to answer that. I understand the White House has cleared the other eight nominations and has apparently sent it down for the usual processing. I am not in a position to tell how long it will take.

Senator CRANSTON. There were some mandated representation requirements which I assume are being met. The law also requires that

overall membership be representative of the labor force, including women and minority groups. What emphasis do you place on broad-based connection with the function and mission of the Commission?

Mr. LEVITAN. I think it is absolutely essential to have broad representation, because I think as Senator Williams' opening statement indicated, billions of dollars are riding on the numbers published by the Bureau of Labor Statistics, and it is absolutely necessary that those parties that are affected by those appropriations should be represented in the Commission.

Senator CRANSTON. Are users well represented?

Mr. LEVITAN. I am not in a position to say exactly who is going to be at this point on the Commission, but I am sure that has been taken under consideration.

Senator CRANSTON. Will the other eight nominations be submitted all at once?

Mr. LEVITAN. That is my understanding.

Senator CRANSTON. I think that is very, very important, What importance do you place on the nonpolitical nature of the Commission, to try to remove it from the influence of politics?

Mr. LEVITAN. Nobody has ever asked me about my politics, and to the best of my knowledge, I have not heard that word mentioned in the discussions of the other members of the Commission.

Senator CRANSTON. How accurate do you believe the present system is in collecting, analyzing, and reporting unemployment statistics?

Mr. LEVITAN. I would say these data are very accurate to the extent to which they purport to measure.

Senator CRANSTON. The problem is they do not purport to measure the things they should, right?

Mr. LEVITAN. Thank you, sir.

Senator CRANSTON. Do you have any specific ideas now as to ways to improve what is collected?

Mr. LEVITAN. Yes. The first thing we have to be concerned with is better State and local data. A total of $16 billion is being distributed during this year on the basis of these statistics. The Bureau of Labor Statistics has indicated that it does not have the proper data to estimate unemployment in smaller areas, even in some cities. That would be of vital concern to the Commission.

A second concern to the Commission is the question of concepts and definitions. Statistics cannot be any better than concepts of definitions on which they are based.

Senator CRANSTON. We do not have accurate information on various segments of the labor force, such as young people. We do not know where unemployed youths really are. Will the Commission accurately address itself to problems of that nature?

Mr. LEVITAN. Definitely, once we decide upon the concepts and definitions, the next item is what kind of sample do we need. What size of sample, and what other data are necessary in order to give policymakers a better basis for informed decisions? Better data on youth unemployment are necessary. I understand you are going to approve a $1 billion program for youth employment programs. That is still a lot of money, and we need better data on which to make decisions.

Senator CRANSTON. Will the Commission focus early on the youth segment and do its best to come up with information on that?

Mr. LEVITAN. At this point I do not think so; I thought the first thing we ought to focus on was State and local data, because Congress is acting on it repeatedly. Everybody recognizes that these data are inadequate. Therefore my thought was that we first concentrate on State and local data, but if you feel, as the author of this legislation that we should start with youth, I am sure we would be flexible.

Senator CRANSTON. I would urge consideration be given to that, and other segments that need particular attention. But I think the youth problem is one of the most severe we face.

Mr. LEVITAN. We will try to do so.

Senator CRANSTON. Thank you. Also, it would be desirable to present suggestions for using employment and unemployment data to improve the quality and quantity of work. We need all sorts of indications as to the nature and trends in the labor market—improving systems so we can know what needs are. We should not be training teachers when the baby boom is over, and aerospace technicians when there is less need in that field. There is a role for unemployment statistics in that regard?

Mr. LEVITAN. You are touching on a very, very difficult area. We will try to do the best we can. It is not an area in which we can come up with any good, sound data to help you in Congress. I am not very optimistic about our potential success to supply the data you seek.

Senator CRANSTON. I hope you will take a hard look at what might be done there.

Mr. LEVITAN. I certainly will.

Senator CRANSTON. Also, if you can look at what has been happening in regard to success and failure of training programs, what is needed there, where we train when training is not necessary, and where we do not train when it might help.

One of our major problems which concerns us greatly is the so-called discouraged worker who has sought work and cannot find it, stops looking, and is not counted.

I think it is important that we have statistics that indicate who is willing and able to work, even if not actively searching, to the best of our ability. How do you think we can come to grips with that problem?

Mr. LEVITAN. I share your concern with the way we are reporting discouraged worker statistics. I do think that requires correction. I think it would be proper to put some of the discouraged workers in the ranks of the unemployed instead of outside the labor force.

Senator CRANSTON. Thank you very much.

The CHAIRMAN. I would like to turn to your statement and seek a little amplification, if I could, Mr. Levitan.

You say toward the end of your statement:

> The creation of an independent commission is no slight on the performance of the Bureau of Labor Statistics which has established an outstanding statistical track record, given current concepts and methods. Due to institutional constraints and strong pressures from various sources, it has proved difficult to effectuate changes that many technicians in the Bureau believe are necessary.

I wonder if you could amplify a little more on your meaning there?

Mr. LEVITAN. I guess on second thought I should not have said it. Since I have, I better amplify. As far as the technical part, I think the Bureau of Labor Statistics is doing an excellent job; as well as can be done given the definitions they are using. As I responded to

Senator Cranston's question, are the concepts adequate? I would say that it is a very legitimate question whether concepts the Bureau of Labor Statistics is using are adequate.

The problems that Public Law 94–444 spells out are well familiar to the Commissioner of the Bureau of Labor Statistics, his Deputy, and the rest of the technical staff. When it comes to making any changes, no matter how adequate, I think Government agencies face real difficulties to effectuate those changes for the simple reason that every time BLS makes a change, while it may be a technical change, it may also involve political decisions and interests of the State and communities.

For example, Senator Williams, your State took Secretary Dunlop into court because the secretary of labor in your State thought the U.S. Department of Labor did not allocate funds under CETA correctly.

It is very difficult for a Government agency to make such changes which affect the distribution of millions of dollars, taken away from one State and given to another. In that case, the plaintiff agreed that New Jersey was not getting enough, or its fair share, and blamed the formula that BLS used.

Whatever changes are needed have to come from outside, approaches that an independent commission can recommend to Congress, and then Congress, reacting to the responses that the Bureau of Labor Statistics will give to recommendations, we can come up with new concepts and new definitions. I do not think the Commissioner of Labor Statistics can be asked to make these changes that affect distribution of billions of dollars without outside help and outside guidance.

The CHAIRMAN. That would lead me to a question of the nature of the reports that the Commission might make. I would guess it might well be to break the present institutional patterns. Will it take legislation?

Mr. LEVITAN. I would think that; yes. It might be necessary for Congress to legislate some of the changes.

The CHAIRMAN. You have pinpointed one specific that I happen to be familiar with, as you know. I would imagine that this would require some additional authority in law to reflect what, in my judgment, would be the more accurate situation in terms of unemployment.

Mr. LEVITAN. I suppose, being up for nomination, I should not say it. But I might suggest that the blame is not entirely with the Secretary of Labor and Commissioner of Labor Statistics. I believe that if Congress dictates that the Commerce Department is to distribute funds to localities, to small areas, then BLS would need more funds to get better data as a basis for distribution of funds. For example, earlier this year Congress approved a $4 billion item in the public works bill. But at the same time it required the Bureau of Labor Statistics to provide formula for allocation of funds, without giving the agency dollars to do that.

I do not think that was a realistic expectation that BLS would be able to supply these data without additional funds.

The CHAIRMAN. We have been appalled at the lack of data in areas of labor census, and of supply and demand, where we seek information as to the supply of skilled people in certain areas where we know the

demand is high; and the data is not there. Would the Commission be in a position to work in these areas of census of supply and demand?

Mr. LEVITAN. Yes; definitely. That, I think, is one of our primary tasks. It goes to the point I mentioned before, in response to Senator Cranston's question, giving top priority to State and local data. This is what you are suggesting, collecting better State and local data. I do believe that is the prime responsibility of the Commission.

The CHAIRMAN. We had an informal meeting with representatives from the private sector in vocational training recently. They described to us the capability they had in training. It happened to be in welding. They have been very successful in demonstrating the need for welders, the lack of qualified welders, and have set up their private teaching institutions in areas where there is demand, high demand, short supply. Are you familiar with the private sector activities?

Mr. LEVITAN. That will require, of course, national data banks in order to collect enough information as to where vacancies exist and where surpluses exist, and to balance the two. Again the same response I gave to Senator Cranston, it is a very difficult challenge. To what extent we can do that, I am not sure. We certainly will look into occupational projections and labor shortages and labor surpluses in given occupations. But I'm skeptical whether the Commission will be in a position to recommend specific policies based on the data we will analyze. This may involve trying to relocate welders from one area to another. I think that might be a little beyond the scope of the Commission's work. But again it is something to think about, and I am sure we will.

The CHAIRMAN. As chairman, Mr. Levitan, you would be empowered by the agency to select a staff director and other staff members. I wonder if you have made any preliminary decisions in this regard?

Mr. LEVITAN. I cannot presume my confirmation. If the Senate confirms my nomination, then we have made some preliminary decisions on that. The Secretary of Labor, Ray Marshall, and I have considered potential candidates and if confirmed, and subject to your interpretation that the chairman can appoint the staff, I will make the appointments subject to later confirmation of the complete Commission. Given the above, I believe we will be able to start business next month.

The CHAIRMAN. In other words, they would proceed in an acting capacity until it could be formalized later, is that the way you are suggesting it?

Mr. LEVITAN. The law is subject to interpretation that the Chairman can designate or appoint the executive director of the staff, and the other members of the staff, and then they would start working as regular employees. Of course later on when the full Commission is confirmed and appointed, then they would be able to approve these appointments or to suggest their appointments. This I understand is your interpretation of the law, as I understand you. If that is so, then we can actually start working next month.

The CHAIRMAN. That seems to conform to the law as I read it here, and it would permit you to get to work right after confirmation with the essential staff.

Mr. LEVITAN. Yes.

The CHAIRMAN. We do not know how long it is going to take to receive your fellow Commissioners.

Mr. LEVITAN. Meanwhile, we can, of course, lay the groundwork, prepare materials necessary for the Commission. I might add that the Bureau of Labor Statistics, as well as the Bureau of the Census, are most cooperative and very willing to supply necessary data to the staff for the work of the Commission.

The CHAIRMAN. You sense good interagency or Commission agency understanding and cooperation?

Mr. LEVITAN. Definitely. Mr. Shiskin has given us all the help we have asked for, and even more, and so has the Bureau of the Census.

The CHAIRMAN. Thank you very much.

Mr. LEVITAN. Thank you.

The CHAIRMAN. If we want you to come back to report to us on how things are going, do you have any reservations to appear here?

Mr. LEVITAN. Beg your pardon?

The CHAIRMAN. Would you come back here to testify when we ask you to?

Mr. LEVITAN. At any time on any given date, it will be my priority for the next 18 months, if you will confirm me.

The CHAIRMAN. Very good. We shall call on you. You are going to be very important in our work.

Mr. LEVITAN. Thank you.

[The prepared statement and biography of Mr. Levitan follows:]

Sar A. Levitan
Hearings Before the Senate Committee on Human Resources
July 21, 1977
National Commission on Employment and Unemployment Statistics

Each month the U. S. Department of Labor releases to the American public its estimates of the number of Americans who were employed or unemployed during the previous month. These estimates are watched closely--by public policy makers, the media, and the general public--as key indicators of the Nation's economic well-being and utilization of its work force. The labor statistics also have increasingly served as a foundation for government policies and as a tool for allocating billions of dollars

The number of programs which use these National, State, and local estimates as a signal for allocating funds is growing. Illustrative of this trend is the $4 billion public works jobs programs signed last May by President Carter. Funds expended under this legislation by the Department of Commerce are supposed to create jobs for unemployed workers in States and local areas where these jobs are needed most. In determining this need the Secretary of Commerce used estimates of local area unemployment. Altogether Congress mandated during the current year the distribution of approximately $16 billion in economic aid to State and local areas.

Given the importance of these estimates for policy formulation and implementation, it is essential that our labor market statistics be based upon sound concepts and methods of measurement. A statistical measure cannot be better than the underlying concepts and definitions used in forming the estimate. However, there is a growing concern that our employment and unemployment measures are often misleading guides for policy formation. The major fault lies in the fact that the basic definitions, which we have continued to use since the end of the Great Depression, are no longer applicable to today's economy.

In addition to the vast institutional changes which have transpired since our labor market concepts were fashioned, there are also problems with the statistical accuracy of many of our almost 4, 300 State, local, and regional area estimates. Congress appropriates vast funds to help the victims of forced idleness. But if the funds fail to help the target populations because of poor data, then billions of dollars may go wasting and those who need help the most might be denied assistance.

Congress has recognized the weakness of the employment and unemployment measures and the need for corrective action. It has, therefore, mandated the creation of a National Commission on Employment and Unemployment Statistics to examine the procedures, concepts, and methodology involved in measuring labor market activities, and their adequacy for policy determination.

The creation of an independent commission is no slight on the performance of the Bureau of Labor Statistics which has established an outstanding statistical track record given current concepts and methods. Due to institutional constraints, and strong pressures from various sources, it has proved difficult to effectuate changes that many technicians in the bureau believe are necessary.

The most accurate definitions and carefully conceived concepts alone will not solve labor market pathologies. However, it is hard to cope with deficiencies in the work place until the economic ills are diagnosed and properly measured. As of today, Congress' desire to use these statistics as an allocator and policy tool is far ahead of the statistics themselves. The task assigned to the Commission is to rectify this situation. If confirmed, I will do my best to carry out the broad, but thoughtful, requirements spelled out by Congress.

BIOGRAPHICAL SKETCH

SAR A. LEVITAN has been Research Professor of Economics and Director of the Center for Social Policy Studies at The George Washington University since 1967. His career has combined research and teaching with government service centered in the fields of labor economics and manpower policy.

He received his B. S. S. from the City College of New York (1937) and his Ph. D from Columbia University (1949). Before joining The George Washington University faculty, he taught economics at the State University of New York and at The Johns Hopkins University.

His government service has included, in addition to a stint in the Army (1942-46), work on the staff of the Wage Stabilization Board (1951-53) as the public member for reviews and appeals; specialist for labor and economic development for the Legislative Reference Service of the Library of Congress (1954-61); research director for the Senate Committee on Unemployment (1959-60); and deputy director of the Presidential Railroad Commission (1961-62).

Levitan is also chairman of the executive committee of the National Council on Employment Policy, and member of the Industrial Relations Research Association, the American Economic Association, the National Economists Club, and the National Advisory Panel of the American Jewish Committee. He has also served on the Federal Mediation and Conciliation Service, National Mediation Board, the American Arbitration Association labor panels and a consultant to several governmental agencies and the Committee for Economic Development.

His research activities, many of which have been prepared under an ongoing grant from the Ford Foundation, have resulted in publications of more than 35 books and monographs and over 140 articles which deal largely with labor market analysis and evaluation of government programs. Recent publications he has authored or coauthored include:

The Great Society's Poor Law: A New Approach to Poverty, The Johns Hopkins Press, 1969
Antipoverty Work and Training Efforts: Goals and Reality, The Institute of Labor and Industrial Relations, August 1967
Blue-Collar Workers: A Symposium on Middle America, edited volume, McGraw-Hill Book Co., 1972
Work and Welfare Go Together (with Martin Rein and David Marwick), The Johns Hopkins Press, 1972
Old Wars Remain Unfinished: The Veterans Benefit System (with Karen Cleary), The Johns Hopkins University Press, 1973
Work Is Here To Stay, Alas (with William B. Johnston), Olympus Publishing Company, 1973
Employment and Earnings Inadequacy (with Robert Taggart), The Johns Hopkins University Press, 1975
Old Wars Remain Unfinished: The Veterans Benefits System (with Karen Cleary), The Johns Hopkins University Press, 1975
Still A Dream: The Changing Status of the Blacks Since 1960 (with William B. Johnston and Robert Taggart), Harvard University Press, 1975
The Job Corps: A Social Experiment That Works (with Benjamin H. Johnston), The Johns Hopkins University Press, 1975
Minorities in the United States: Problems, Progress, and Prospects (with William B. Johnston and Robert Taggart), Public Affairs Press, 1975
The Promise of Greatness (with Robert Taggart), Harvard University Press, 1976
Too Little But Not Too Late: Federal Aid to Lagging Areas (with Joyce K. Zickler), Lexington Books, 1976
Human Resources and Labor Markets (with Garth L. Mangum and Ray Marshall), Harper & Row, 2nd ed., 1976
Jobs for the Disabled (with Robert Taggart), The Johns Hopkins University Press, 1977
Shorter Hours, Shorter Weeks (with Richard Belous), The Johns Hopkins University Press, 1977
Programs in Aid of the Poor, 3rd edition, The Johns Hopkins University Press, 1977

His latest study dealing with the military as an employer is slated to be published this year by Sage Publications.

The CHAIRMAN. The hearing now stands adjourned.

[Whereupon, at 12:25 p.m., the committee recessed subject to the call of the Chair.]

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