



Council of Professional Associations on Federal Statistics
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October 9, 2015

The Honorable Jason Chaffetz
Chair, Committee on Oversight and Government Reform
2236 Rayburn House Office Bldg.
Washington, DC 20515-4403

The Honorable Elijah E. Cummings
Ranking Member, Committee on Oversight and Government Reform
2230 Rayburn House Office Bldg.
Washington, DC 20515-2007

Dear Representatives Chaffetz and Cummings,

An accurate and objective accounting of corporate profits is of significant interest to a diverse set of Americans – socially conscious consumers, investors and anyone else who follows the market, and the broad business community. In our National Accounts, corporate profits, as well as national inventories, and capital income, come from a single representative source: the Census Bureau's Quarterly Financial Report (QFR). There is no substitute for the QFR.

The undersigned members of the Council of Professional Associations on Federal Statistics (COPAFS) and COPAFS at large hope that you will engineer rapid and clean reauthorization of the QFR following the Senate's passage of an amended version. Absent speedy action, vital third quarter data on the financial state of the nation will be lost, leaving policymakers, businesses, and investors without a consistent, representative, and objective set of financial benchmarks for their decisions.

Without reauthorization, the Census Bureau cannot proceed to carry out the QFR program, which will effectively shut down the 3rd quarter data collection process. The Bureau will shortly have to inform users of this. Such notification will entail a time- and resource-consuming process of contacting respondents and restarting the collection process. The absence of this QFR data will directly impact the third quarter estimates of corporate profits, inventories, and national income produced by the Bureau of Economic Analysis (BEA). It will also adversely affect the third quarter financial flow of funds and balance sheets produced by the Federal Reserve Board. Finally, such a gap will have a large effect on the integrated macroeconomic accounts produced by the BEA and the Federal Reserve System's balance sheets.

There are no other consistent, timely, and representative data available to fill the gap left by a missing quarter of the QFR. Otherwise available corporate financial reports are not representative of the universe of firms and changing accounting standards and practices cause inconsistencies over time. The mandatory nature of the QFR assures that all firms are accountable, not just small businesses.

We believe that the amendment added by the Senate, to require a cybersecurity study, is unnecessary and would be an unfunded mandate. Throughout its history, the privacy of businesses surveyed by the Census Bureau has been staunchly protected. Adequately sized and representative samples also make it impossible to “pick out” an individual business when averages of survey responses are released. No statistical data leave the agency with names or addresses attached. Lists of surveyed businesses are safeguarded according to strict confidentiality standards. Cybersecurity was a hallmark of the Census Bureau long before it became a hot topic.

We thank you for your support of the QFR Program.

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Association of University Business and Economic Research
Council for Community and Economic Research
Consortium of Social Science Associations
Council of Professional Associations on Federal Statistics
National Association for Business Economics
National Association of Forensic Economics

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