

**STATEMENT OF  
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U.S. DEPARTMENT OF LABOR**

**BEFORE THE  
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM  
U.S. HOUSE OF REPRESENTATIVES**

**June 6, 2012**

Good morning, Chairman Issa, Ranking Member Cummings, and distinguished members of the Committee. I appreciate the opportunity to appear today to discuss the methods used by the Bureau of Labor Statistics (BLS) to protect economic statistics prior to their official release to the public. Immediately upon the official release date and time of BLS statistical products, the BLS widely disseminates those statistical products to the public through the BLS website and an email subscription service. Prior to that official release to the public, the BLS spares no effort in securing the confidential information from unauthorized disclosure or use.

The BLS is responsible for protecting two types of confidential information: respondent identifiable information and pre-release information. Respondent identifiable information is collected from businesses and households by the BLS under a pledge of confidentiality and is protected from unauthorized disclosure and use by the Confidential Information Protection and Statistical Efficiency Act (CIPSEA) of 2002. This information is then aggregated in a manner which allows its release to the public through a statistical report while ensuring respondent identities are not disclosed. Prior to its release to the public, the aggregated statistical report is considered pre-release information. OMB exercises authority for coordination of the Federal statistical system to ensure the integrity, objectivity, impartiality, utility, and confidentiality of

information collected for statistical purposes. Consequently, the handling of pre-release information is governed by Statistical Policy Directives of the Office of Management and Budget (OMB).

Specifically, OMB Statistical Policy Directives 3 and 4 govern all BLS pre-release information. Statistical Policy Directive No. 3 applies to statistical agency handling of Principal Federal Economic Indicators (PFEIs). The BLS produces seven PFEIs as designated by OMB: the Employment Situation, the Producer Price Indexes, the Consumer Price Index, Real Earnings, Productivity and Costs, the Employment Cost Index, and the U.S. Import and Export Price Indexes. All other BLS economic data are governed by OMB Statistical Policy Directive No. 4. These Statistical Policy Directives require that each statistical agency shall be responsible for establishing procedures to ensure that there is no premature release of information or data estimates during the time required for preparation of the public report, and that at the announced time the data are released in a fair and orderly manner.

Summary of BLS policies and procedures. The BLS has strong internal policies and procedures in place to ensure the integrity and confidentiality of the data it compiles, stores, analyzes, and provides to the public. BLS employees and contractors are informed of these policies and procedures in annual data confidentiality and security training. Furthermore, the BLS restricts access to confidential information to only those individuals who need the information to carry out program missions. BLS policy explicitly prohibits employees from using their access to these data for personal financial gain. The BLS information systems that store and process confidential information have implemented security controls to meet or exceed those required for “Moderate” systems by the Federal Information Security Management Act

(FISMA) and as detailed by National Institutes of Standards and Technology (NIST) Special Publication 800-53 *Recommended Security Controls for Federal Information Systems*. These security controls are continuously monitored and any identified weaknesses are addressed promptly. BLS has also implemented physical access controls to ensure that only authorized individuals are granted access to the building and to the information systems servers and work areas. Personal identification key cards are used for all physical access to the building and to specific locations housing critical telecommunications and IT equipment, and information systems. All computer servers which store PFEI pre-release information reside in a special Sensitive Data Section of the Bureau's Data Center, featuring enhanced physical security. Access to this section is restricted to authorized employees who have full background investigations and a business need to enter the area.

BLS has an extensive set of policy directives governing data confidentiality and security. Some of the standards prescribed by these directives include:

- Documenting the security procedures for the production of news and information releases, reviewing those procedures regularly, and updating them as needed.
- Providing written instructions as well as on-going security training to employees responsible for handling pre-release information, both primary and backup staff.
- Utilizing a checklist for each publication cycle to ensure accountability and implementing “redundant execution” processes requiring multiple independent actions in the final step that releases these data.
- Setting and monitoring permissions for electronic access to pre-release information.
- Prohibiting unsecured electronic transmissions of pre-release information.

- Prohibiting access to BLS networks using personally owned equipment.
- Using secure methods for transferring pre-release information from one office to another within BLS.
- Printing advance copies of news releases only on BLS premises.
- Maintaining detailed records of each transfer of pre-release information outside the BLS.

Additional security standards applicable to PFEI statistical programs include:

- Requiring more rigorous background investigations for those employees and contractors with access to pre-release information.
- Controlling physical access to restricted access areas, permitting only “authorized persons” to enter restricted areas.
- Prohibiting access to top-level PFEI pre-release information while teleworking.

Sharing of pre-release information in a lock-up. OMB Statistical Policy Directive 3 allows for sharing of pre-release PFEI information in a lock-up arrangement. In such an arrangement, pre-release access is provided within the confines of a secure physical facility thirty (30) minutes prior to the publically announced release time. Participants are not permitted to leave the lock-up room until the information has been released to the public. No external communication is allowed during the lock-up. BLS has used a secure pre-release arrangement to provide prerelease data access to the Office of the Secretary of Labor and to the Joint Economic Committee. BLS uses the Department of Labor (DOL) lock-up facility to provide secure pre-release data access to credentialed members of the media.

Planned changes to the DOL lock-up facility. In 2011, DOL, with the full support of BLS, entered into an MOU with Sandia National Laboratories for a vulnerability assessment of the DOL lock-up facility. That assessment identified vulnerabilities that the BLS and DOL plan to eliminate with changes to the lock-up facility scheduled to go into effect on July 6, 2012.

Recommended actions from the Sandia report include:

- Replace computers and other IT equipment in the DOL lock-up facility with DOL owned equipment and remove the private data lines currently in use.
- Prohibit anyone other than DOL personnel from entering communications closets without a technically knowledgeable DOL escort.
- Provide/train technically knowledgeable escorts.
- Require personal items be kept in lockers outside of the DOL lock-up facility.

BLS and DOL are working with participating news organizations to finalize solutions based on the Sandia report recommendations that satisfy the Government's need to protect the pre-release data from unauthorized dissemination or use and also facilitate timely and informative analysis of the data.

Past prerelease breaches. On two occasions in the late 1990s the BLS experienced breaches in which PFEI data were accidentally posted on the BLS website in advance of their scheduled release. Since that time, significant management controls have been put into place that have prevented any further major breaches from occurring.

While we are aware of two separate Security and Exchange Commission inquiries related to heightened trading activity just prior to BLS Employment Situation releases in 2004 and 2007, neither inquiry traced the trading to a prerelease breach.

No BLS employee has ever been prosecuted for using pre-release information for personal financial gain. Furthermore, to the best of our knowledge, no BLS employee has even been suspected of engaging in such activities.

In summary, the reputation and credibility of the BLS depends upon our ability to release economic data to the public in a fair and orderly manner. The BLS has strong internal policies and procedures to ensure the security of our sensitive pre-release information. The BLS agrees with the Sandia recommendations and fully supports DOL's implementation of these recommendations. Thank you again for the opportunity to testify today. I would be pleased to answer any questions you may have.

## Biographical Sketch

JOHN M. GALVIN  
Acting Commissioner  
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John M. Galvin became Deputy Commissioner of the Bureau of Labor Statistics in September 2011 and Acting Commissioner in January 2012. The Bureau of Labor Statistics (BLS) of the U.S. Department of Labor is the principal Federal statistical agency responsible for measuring labor market activity, working conditions, and price changes in the economy. Its mission is to collect, analyze, and disseminate essential economic information to support public and private decision-making. As an independent statistical agency, BLS serves its diverse user communities by providing products and services that are objective, timely, accurate, and relevant.

Mr. Galvin has worked at the BLS since 1978. During his BLS career Mr. Galvin served as Associate Commissioner for Employment and Unemployment Statistics; Assistant Commissioner for Industrial Prices and Price Indexes; Director of the Quality and Information Staff; and in a variety of positions in the Consumer Price Index program.

Mr. Galvin received a B.A. degree from the University of Illinois and an M.S. degree in Economics from George Washington University.