

FCSM Session J-4: The Importance of Private Sector Data to Federal Statistics

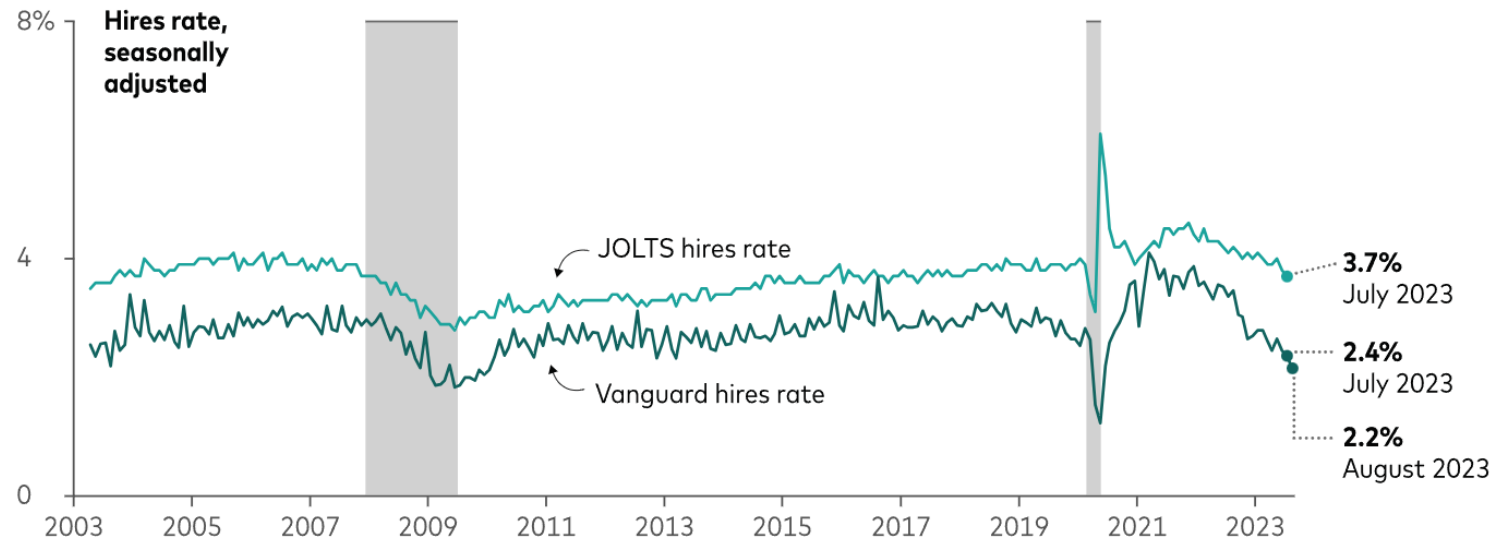
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October 2023

The pros and cons of private sector data

- ✓ **Timeliness** – comes out faster or offers more of a leading indicator
- ✓ **Granularity** – distributional or demographic
- ✓ **Statistical precision**, given large sample sizes
- ✓ **New measures** – e.g. Times Square theatre ticket sales as an indication of willingness to risk COVID.
- ✗ **Unpredictable and unpublished release schedules**
- ✗ **Micro data not available**
- ✗ **Not nationally representative**
- ✗ **Opaque data generation processes** – hard to combine with other sources

Vanguard is using retirement plan enrollments to provide an early and demographic look into hiring trends

Vanguard and JOLTS data show that hiring continues to soften



- ✓ **Timeliness** – published before JOLTS
- ✓ **Statistical precision** – JOLTS has one of the lowest survey response rates
- ✓ **Granularity** – gender cuts forthcoming

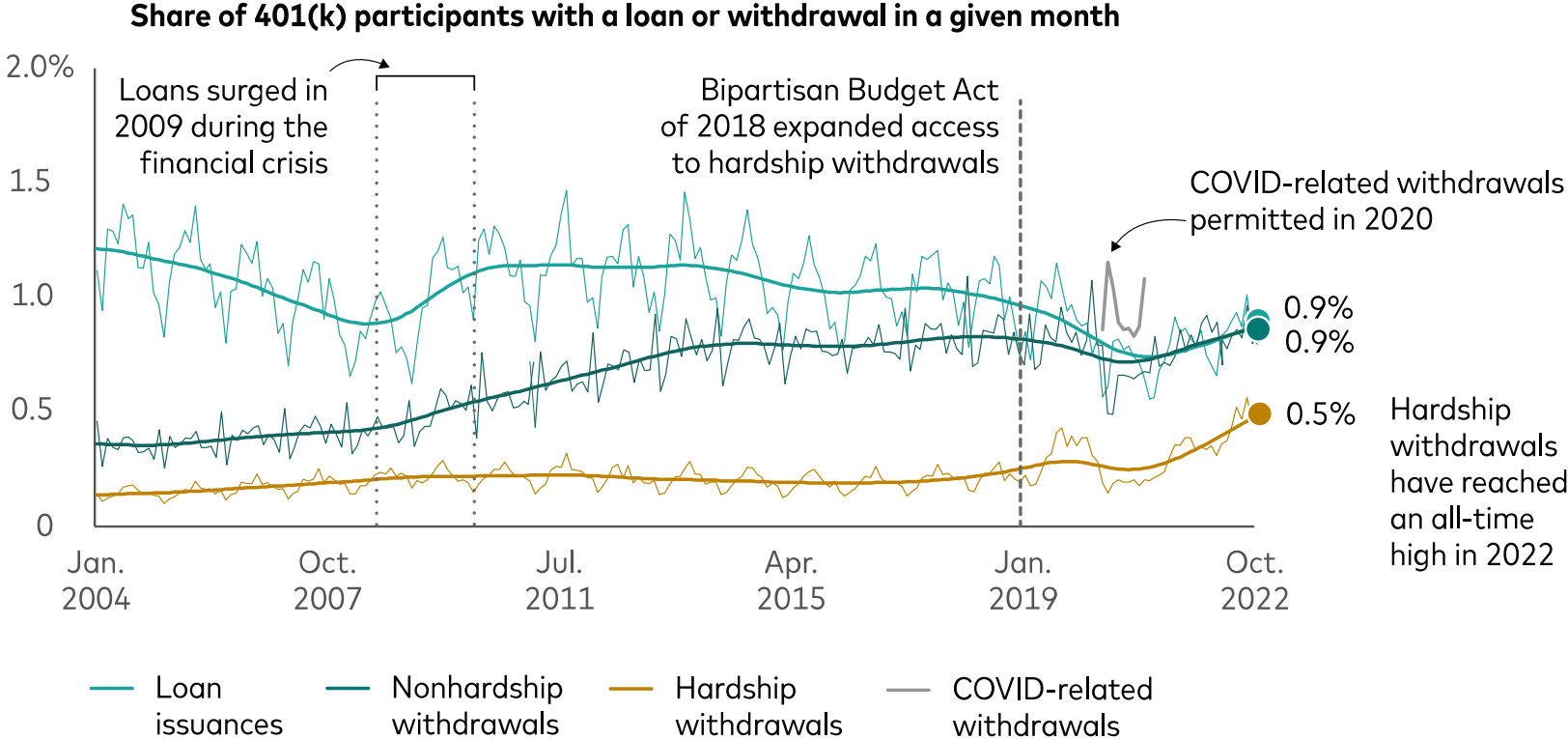
- ✗ **Not nationally representative.** 1/3 working age families have no retirement plan; balanced panel of clients; heavily weights manufacturing firms.

Notes: The "hires rate" refers to new hires as a share of existing employees. The Vanguard hires rate is calculated at the firm level and is based on new enrollments in 401(k) retirement plans administered by Vanguard divided by the number of all active 401(k) plan participants in a given month. New hires are recorded based on their hire date rather than their retirement plan enrollment date. The last 12 months of the Vanguard hires series is adjusted upward to account for an empirically observed lag in 401(k) enrollment times for new hires. The series is seasonally adjusted using the X-13 ARIMA method. The dataset represents a balanced sample of firms that offer retirement plans across all sectors of the economy and of all sizes, which Vanguard has administered since January 2003. The gray bars indicate economic recessions.

Sources: Vanguard., The Bureau of Labor Statistics

Vanguard investor pulse: Anxiety and cash needs on the rise

November 22, 2022



White House, Treasury, and Federal Reserve Board feedback:

- ‘We are interested in **timely indicators of economic hardship** to understand the welfare impacts of inflation. What are the reasons for withdrawals and the amounts?’
- ‘Who is using the liquidity to support consumption? Can you segment this by **income, age, and geography?**’

Source: Vanguard.

Cracking the (difficult) private sector incentive problem

Firms have many reasons NOT to share their data

- **Privacy** – we don't share our data
- **Contractual limitations** – our clients won't allow us to share our data
- **Monetized data** – we normally charge for this data
- **Topic mis-alignment** – this topic isn't of interest to our business lines
- **Effort** – this takes time and we have limited resources
- **Ongoing commitment** – this isn't a priority for our new boss

Can you give them more reasons TO share their data?

Competitive insights: How can we win more business?

- What is our market share?
- Which segments of the market are we (under)-serving?
- Where are our clients coming from and going to?

Client insights: How can we serve our clients better?

- What share of wallet do we have for our clients?
- What does the rest of the client's income, spending, assets and liabilities look like?

Recognition: How do we advance our brand?

- Can we be known for unique data and insights?
- Can we get credit for contributing data for good?

Learning: How do we increase our data acumen?

- Can we be on the cutting edge of responsible data use?
- Can we be early adopters of "world-class" de-identification and privacy standards and practices?
- Are there novel datasets we can gain access to?