

Center for Strategic and International Studies

TRANSCRIPT

Event

Federal Statistics For Economic Security  
**“Opportunities and Challenges: The User Perspective”**

DATE

**Thursday, November 6, 2025 at 9:20 a.m. ET**

FEATURING

**Bryan P. Grady**

*Assistant Executive Director for Labor Market Information, South Carolina Department of  
Employment and Workforce*

**Dave McNellis**

*Managing Director, Global Macro & Asset Allocation, KKR*

**Ken Simonson,**

*Chief Economist, Associated General Contractors of America*

CSIS EXPERTS

**Leslie Abrahams**

*Deputy Director and Senior Fellow, Energy Security and Climate Change Program, Economic  
Security & Technology Department, CSIS*

*Transcript By  
Superior Transcriptions LLC  
[www.superiortranscriptions.com](http://www.superiortranscriptions.com)*

**CSIS** | CENTER FOR STRATEGIC &  
INTERNATIONAL STUDIES

Leslie Abrahams: Well, hello, everybody. Welcome to those who are viewing online, as well as to those of you in the room. I am Leslie Abrahams. I'm the deputy director of the Energy Security and Climate Change Program here at CSIS. And as Navin said, understanding the user perspective is so foundational to the rest of the conversations we're going to have today. So this panel is really going to focus on how federal statistics help drive decision making at the state level and across different industries, because we know it's really the driver of economic growth across all sectors.

So to help me gather these insights today, I have with me, first, Dr. Bryan Grady from South Carolina, who's helping us with the state perspective, really understanding workforce development and local development. We have Dave McNellis from KKR, who is going to help us understand kind of really the global strategy investment decisions and how federal data helps drive that. And then, finally, we have Ken from the Association of General Contractors. And so he's going to provide a perspective on industry level construction and infrastructure data, which we know this sector in and of itself is an indicator of economic growth.

So, Bryan, maybe I'll begin with you. You came to visit us in D.C. today, but take us for a minute to South Carolina. And can you give us one memorable success story of how federal statistics helped with local workforce or business development in the state?

Bryan P. Grady: Sure. So thank you to everyone who was involved in putting this event together, first off. So you may be looking at the program and you're, like, what is an assistant executive director of labor market information? Essentially, every state – it may be called something different in state to state – but every state has a labor market information division. And our primary role is to collaborate with the U.S. Department of Labor through the production of labor statistics, state and local payroll numbers, unemployment rates, et cetera, as well as to help disseminate that information to the workforce system. So when you think about when a state decides what sorts of training programs to implement, or how to allocate resources, so much of that is reliant on the federal data system, as well as our small role in contributing to that.

So when you look at what we've been able to accomplish in South Carolina, we've really pivoted toward a very data-driven strategy for workforce development. This came out of legislation that passed about two and a half years ago at the state level. It was spearheaded by the speaker of our state House of Representatives. And I think we've really made a lot of progress in terms of developing a coherent and unified state plan for workforce development. And at its root, that is – that is

driven by data. Whether it is identifying key occupations where we have identified a shortfall in who is coming out of our state's colleges and universities, or whether that's in, you know, evaluating the return on investment that students get from those colleges and universities.

All of that ultimately comes back to federal data. All of it eventually comes back to either the Census Bureau, or BLS, or BEA, or someone out there. And basically, without the infrastructure that we have, state government, local government, councils, governments, regional workforce boards, they would all be flying completely blind. And I think in – I think there's definitely a pivot where before I think there was a lot of emphasis on the common experience of people and thinking things through on a very sort of anecdotal level. But I've seen just in the four years that I've been in this job a dramatic pivot, and a workforce strategy that is more thoughtful and directly informed by all of these different data sets.

Dr. Abrahams: Thank you. And I think one of the common threads that we're going to be hearing today is about how important it is to make big decisions with imperfect and incomplete information. And you mentioned that data-driven decision making has become really central in the last few years. And so, Ken, I'd like to turn to you for a minute and ask you, like, what is the key way that your members are using federal statistics to help them with their data-driven decision making?

Ken Simonson: Well, there are a lot of sources within BLS and Census that cover construction in different ways. But they're, for the most part, pretty hard for somebody who's trying to run a business to access and to understand what the limitations, what the scope of those are. So I act as an intermediary to try to identify what I think would be most useful. I'd say, if I had to pick one particular source it would be Producer Price Indexes, because we've seen so much volatility in construction materials costs, other kinds of costs, over the last six years, in particular. So I put out a set of tables that shows what has happened to the Producer Price Index for a variety of materials, and also aggregated to show what's going on with construction categories, such as total nonresidential construction or highway and street construction.

Fortunately, BLS does the hard work there, but it's something that construction firms use themselves, but they also pass on to owners – whether it's a state legislator or local airport authority or a private owner – to document and to show, here's what an independent source is finding has happened to cost. And this is why our bid is so much higher than what you expected when you first advertised this project four years ago, and then you put it back on the shelf. But I also think that the question that I probably get, that I'm not able to answer cleanly, that has

also arisen in the last few years, is how much money is available for infrastructure spending.

And this may be something KKR has an answer to, but there are a lot of different federal sources that point out how much has supposedly been awarded under each program, but that's a long way from finding out how much of the state has actually put out to bid, how much has been accepted as the winning bid, how much has actually been spent on that project once the award took place. And this is an opportunity, I think, that federal agencies could coordinate and come up with more consistent data series. So maybe I've jumped ahead, Leslie, and answered something you haven't asked yet, but, yes, we get a lot of value out of federal statistics, but there are other sources of statistics that only add to confusion or leave questions unanswered.

Dr. Abrahams: Yes. Thank you. And we certainly want to jump ahead to some of the things that you mentioned. So that was a really helpful little preview. But just before we do, Dave, I'm wondering if you could maybe just tell us a story of a decision or investment that was really shaped by having access to federal data. And with that, maybe help us see something in federal data and federal statistics that most of us don't even recognize or realize is important to the work you do.

David McNellis: Yeah. Thanks, Leslie. So, Dave McNellis. I'm co-head of macro and investment risk at KKR. It's a 15-person team. We report up to Henry McVey, who, in addition to overseeing that group, is the CIO of KKR's balance sheet, which is a pool of over \$30 billion of assets, one of the larger pools of private market investments out there. And KKR started this group back in 2011. It's a little bit unusual to have a macro team embedded in a private markets investing shop. You would generally think of them as being at a macro hedge fund trading currencies or rates.

But KKR had this notion – it's a continuous improvement kind of place. And the flavor of continuous improvement back in 2011, you were still in the overhang of the GFC. And there was an emerging appreciation that macroeconomics was having more to do with outcomes for our investments than was maybe embedded at the point of underwrite. So that's what we do day to day, is work with deal teams, thinking about modeling new underwrites and how we can think about bidding for new investments, and then managing those investments from year to year over time.

So to answer your question directly, if I – you know, lots of anecdotes we could talk through. One that jumps out is during the shale oil bust in 2015. We had a sporting goods company in the portfolio that was based

predominantly in Texas. And there's a huge question, right? It was, like, well, is this a good thing or a bad thing, right? Because generally you think of lower oil prices as a good thing for the consumer, but is that the case in Texas? And so we were – it was early 2015. And it's time to budget for that year and just really think through whether we should be, you know, extending ourselves or contracting.

And so that involved having to go back with the history of the company, get the same store sales, and look for correlations – largely, in a lot of government data, right? So sporting goods sales in the region, in the state, what does that tend to correlate with? And how much do oil prices or rig counts and things like that matter? The short answer of which was that it mattered a little bit, but you came to appreciate, actually, given the diversification of the of the Texas economy and the boost that consumers would get from lower energy prices, that actually the company would likely do pretty well that year. And that that ended up being the correct assessment.

Dr. Abrahams: Great. That's a really helpful way to illustrate that, even with just that one individual company. And, Dave, just sticking with you, I imagine, when you're making these big investment decisions you're not just relying on federal statistical data. And so I'm curious about how you think of the data that you collect, or maybe other sources of private data that you use, and what that partnership is like in trying to integrate that with public data.

Mr. McNellis: Yeah. So, you know, as you'd probably imagine, we'll use everything we can get our hands on. But the federal data are pretty difficult to replace. And I'll give you a few dimensions of that. Number one would just be the length to which they go back. You know, look, when we're getting – when we're thinking of underwriting a new investment opportunity, probably not surprising, but oftentimes the last few years of performance have been pretty great. And they'll say, well, look, we're doing well. But what we need to do is go back and figure out how this company might perform in a down cycle.

And, by the way, the last endogenous global recession that we've really been through was 2009, almost 17 years away. So we have to get sort of theoretical in modeling how that end market – how those end markets might have behaved back then. And you really need longer data sets. And there's not a lot in the world of alternative data that provides really robust stuff that goes back 17 years, or to the cycles before then. So that's useful in the federal data. Number two is that, I mean, frankly, it's what decision-making bodies are using as reference material, right? So, like, whether the data on the unemployment rate are right or not, the Fed is going to be making decisions to some extent based on that. So it

just kind of – it's like the net in tennis, you have to pay attention to it to that extent.

And then the final point I'd make is the breadth of the data. So I'll get to a second – like, the other end of the spectrum would be using our own portfolio data. We have a couple of hundred portfolio companies. They collectively employ almost a million people. It's a pretty good lens on the economy. You can get a lot out of that. But I just wanted to talk about what you – what's more difficult to get out of that. And, like, maybe to put it further in context for data geeks in the room, which I imagine is most of us, people pick a lot on the ADP employment report, which has all of a sudden become critical. But, you know, and it it's really been inconsistent with the private payroll – or, with the NFP report.

The ADP report captures 20 percent of private payrolls directly, right? And so if that's not – they're getting a good lens – just, like, imagine the breadth that you need to have to really have a reliable sense of what's happening out there. And if you can't do that with 20 percent of private payrolls, even with a million employees, it's going to be not the most representative sample. Our portfolio companies also tend to be steadier growth in nature, more services-oriented in nature. They're not necessarily the first place that you would look to understand the leading edge of the economic cycle. They're going to be more resilient.

So let me answer your question now, which is how do other sources of data become useful? It's filling in the gaps. And in particular, getting a more qualitative sense of things. So, for example, we run a monthly survey of procurement officers in the portfolio company. It looks a lot like PMI surveys, but you can ask a lot more questions in there. So this year, for example, how are you wrestling with tariffs? How do you see that flowing through to your prices and to the prices that you're seeing? And what's the game plan for that? It was full of granularity. Or, similarly, we can go to the HR officers around the portfolio and understand what they're seeing in labor availability, in wage inflation trends, and get a little bit more forward-looking view than often you get from a backward-looking survey. So it's very useful, but it's an adjunct, not a replacement to what we're getting from the statistical system.

Dr. Abrahams: Interesting. And so, Ken, turning to you, Dave, mentioned some of the important things to investment decision making, like the temporal aspect of the federal data, the breadth, and how private data can maybe help supplement that. And I'm curious, from your perspective and for your members, what are – what are the most significant challenges you see in using private data? You mentioned the Consumer Price Index as one of the key information providers that you use. Is there a

replacement for that? Or how does private data factor into the decisions that your members make?

Mr. Simonson: Well, in the case of the Producer Price Index, yes, there have been for decades indexes compiled by data companies, or by construction firms themselves, to try to track their own set of input costs. How general those are, how applicable they are to other companies, or how well accepted they are by owners, is a big question. And I'd say none of them can stack up against the impartiality, the free availability, and the, so often used term, gold standard that the BLS data provides. But I think more and more we're going to see private data providers coming forward.

So in the area of construction statistics, a very important one from my standpoint is the monthly figure that we've now missed two iterations of, on construction spending put in place by Census Bureau. Normally comes out on the first of the month. Well, there are two data providers that have tracked construction starts, a somewhat different measure but it should be, in principle, covering the same universe of projects. One of those companies has put out its own estimate of what Census would have said in their October 1st report.

So I'm a little bit hopeful that there will be more private supplements to at least pieces of the data. But nobody is going to have the range of coverage, as you just heard about employment, where we do have one provider that has very impressive range. And they put out a report last week suggesting that, in fact, their estimates come closer to the BLS benchmark, the quarterly census of employment and wages, than the first BLS estimates. So perhaps there will be some more sources.

I do think that, more and more, users are going to be looking for private suppliers and perhaps be willing to pay those because we already have a lot of data that is passing through private databases but not necessarily being collected and put out in a way that is useful to data users. And so I hope the example that I just provided about the spending put in place that we'll get more of those coming forward. Even if the government is able to resume its activity, I have lost hope that we're going to see adequate levels of funding increases over the years for statistics or adequate levels of survey response. That that's been a big problem for both the private sector and the public sector.

And yet, at the same time, we know that there are many more data collections going on without the providers even being aware they're providing it. Every time we give permission to some app to follow our movements, they're able to collect data, and are doing so. So government isn't going to be able to do that. They're not going to be

welcomed by private individuals or businesses to have government come forward and say, hey, may we query you about this? May we pick up stuff? But people seem quite willing to allow that invasion of privacy by different app providers.

Dr. Abrahams: Yes. And I think you introduced the conversation of data privacy, which I think is important. But maybe perhaps for another panel.

Mr. Simonson: Yes.

Dr. Abrahams: But so far we've been discussing the relationship between private data and public data. And, Bryan, I'd like to turn to you and talk about state-level data. And there could be some who argue that states should be responsible for collecting their own data that they use to make decisions about workforce and economic development. So I'm curious what you think the key arguments are for the federal statistics to be able to help inform those decisions.

Dr. Grady: Sure. So, you know, the first argument is just economies of scale, right? If you try to have 50 different states trying to conduct various forms of research to get a handle on their economies, you're going to end up spending a much larger sum of money and introducing all sorts of potential inconsistencies between different states perches. That would be – so that would be challenging.

Beyond that, I think it's just there's got to be a common language. There's got to be a common infrastructure. You know, I think an analogy would be the road system. You know, yes, states have roads. States maintain roads. In some cases, localities build and maintain roads. But, you know, it was realized pretty early on that we needed to have a federal infrastructure that that gets the basics across, that lets the states do what they want to do on the less nationally essential components, but, you know, builds that backbone through the Interstate Highway System. So I think BLS is very much in that mold, as well as other federal data sets – federal data sources.

But the issue is that, just like the Interstate Highway System was a very 20th century enterprise, so too is a lot of what happens at these data sources. When you think about – you know, I was just thinking if you could just get Visa, MasterCard, Walmart, Amazon, and Kroger in a room, you could probably learn more about the economy than you could get from the publicly available data sets. You know, when we think about weather forecasting, we think about the fact that that's gotten exponentially more capable over time. We have a pretty good handle of where a hurricane is going to be three, four, five days in advance, for example. And that's because there are millions of weather stations and

weather balloons and all sorts of measurement tools all over the place, and there's all these computer models.

Whereas it kind of feels like when we're talking about labor statistics you kind of got a thermometer, a weathervane, and a copy of the Old Farmer's Almanac. And you're kind of giving it a shot. Where the 21st century solution is clearly leveraging all of the administrative data that exists in the world and figuring out a way to do that in a way that is consistent and coherent, and, as mentioned, protects the privacy of both individuals and employers. That's not easy. And I think we have somebody later in the day who will be talking about the JEDx initiative that the U.S. Chamber of Commerce Foundation has been working on, and that my state is a pilot state with.

And I think that's the future, is not having the federal government sort of step back and let the states do it but having a new approach – and that will take money. (Laughs.) That will take rethinking the way we've been doing things for a very long time. But I think that's the solution to what a 21st century economic data infrastructure looks like.

Dr. Abrahams: Thank you. And we've been, first, talking about the state level – or, the U.S. level, then the state level. Now I'd like to take us to the global level. And, Dave, I know that some of your portfolio companies are outside of the U.S. You make investment decisions and strategy at the global level. So I'm curious if you could help put into context what are the key differences in decision making that the U.S. statistical system affords you that are bigger challenges in some other regions?

Mr. McNellis: Yeah. Great question. Thank you. So let me – let me talk about Asia. It's a big part of the business. About 20 percent of balance sheet investments, for example. And with a good chunk of that being in South and Southeast Asia, which are more emerging economies where the data infrastructure can be patchier. And so, I mean, just a few things about that. Would be, number one, you have larger informal economies, which can make the data jump around quite a bit. So in Vietnam, for example, in 2019, there was a rebasing of the whole national account system that, as a result of which, GDP jumped by 25 percent. (Laughs.) And so, you know, you're – if you're relying on that much to understand the size of markets, that would be a problem. But also, for the governments in those regions themselves as they're making policy and understanding fiscal capacity, that's an issue.

The second issue would just be the data availability generally. This impacts me day-to-day often, like, as a therapist for the team. (Laughs.) We're grumbling about the level of certainty that they're meant to have in forecasts based on such a light amount of evidence. You know, I'll give

you – let’s talk about India. That’s an interesting example, because so much of the development opportunity there is about the burgeoning of the consumer as it becomes more middle class, and the development of the infrastructure there. There’s no retail sales data in India. So we spent a lot of time looking at consumer opportunities where you just don’t have the same information.

And then on the infrastructure side, it was just a couple of years ago that the country started providing really good data on infrastructure investment. So what does that mean? Obviously, we do business there. In fact, if you have the scale to operate and the relationships, it becomes more of an opportunity than a problem. But I think it narrows the set of people who can operate in the country. You know, in the U.S. there’s been talk of this idea that there’s more private equity funds than McDonald’s, which is a pretty staggering statistic. It’s not the case in Asia. It’s a more constrained market.

And the way that you end up doing business is you access private data, and you have a network of executives within business that you can talk to, who just give you a sense of what’s going on. So the net effect of that is less liquidity in the capital markets. And then, like, throughout South and Southeast Asia, I’d estimate that credit spreads tend to be about 100 to 200 basis points wider on an apples-to-apples basis for credit quality. And so that’s really how it manifests, is cost of capital is higher. So credit is that much more expensive. And then, in our Asia strategies we’re generally looking for returns that are, on average, maybe five percentage points higher than we would in developed market strategies.

And it’s not just a data story, but the overall macro volatility that that can be associated with, whether it’s, you know, the more uncertain inflation, because it’s more difficult to manage, or the informal sector, and the difficulty of understanding that, or the volatility of the currency, or, frankly, the difficulty to hedge the currency. There’s many – there’s probably more frontier markets that we would operate if we could hedge the currency. And you simply can’t. And I think part of that is there’s – you don’t have somebody on the other side of the trade who’s willing to take that risk for several years, just given some of the volatility and opacity of the economy. So hopefully that gives you some sense of it.

Dr. Abrahams: Yeah. So it sounds like it’s not even just uncertainty around the investment itself, it’s really the expectation of returns and how you managed that risk overall that’s impacted by the data.

Mr. McNellis: Yep.

Dr. Abrahams: OK. Ken, I know you mentioned this earlier with kind of the changing times that we're in, just even in terms of technology and ability to access data. And I'm curious how you think about, you know, what are some of the key gaps in data that you experience in your industry, and how can different stakeholders cocreate and work with the government to help try to solve these gaps, using some of the 21st century data availability that that Bryan alluded to as well?

Mr. Simonson: Sure. One example of a gap that has been partly filled is on, again, on the Construction Spending Report. Until a year ago we didn't have separate data on data center construction, which is now the fastest growing category of construction, by far. And there are still – there are other niches for which we don't get a clear breakout of the data. So if Census Bureau had the opportunity to be more nimble about showing different segments of construction from what they've been historically tied to showing. And in terms of working with the private sector, they actually use as a starting point for identifying projects that they want to sample information on starts that they purchase from one of these private data providers.

It's expensive, though. And the coverage that data provider supplies may be variable. And there's no assurance that they're going to stay in that business indefinitely. So there's a lot of risk to government turning to the private sector, but I think really, increasingly there's no alternative. The government isn't going to be funded adequately to go out and replicate or to go beyond what is already being done on the private side. And, as I said, the people who ultimately are supplying that information, they're less and less willing to answer – take the time to answer a survey, or even have personnel to do so.

So to the extent that the government can learn from private data collectors how they're able to get information seamlessly or with less human interaction or time commitment, that would be helpful. And to the extent that there are private sector data providers who are willing to partner with government to provide some alternative way of presenting their information. When I worked on the Census Scientific Advisory Committee 10 years ago there were attempts to use some of these retail sales information or credit card information. But there are many steps between what any one provider can offer and what the government can use. And I think we need to put more effort into that.

And then finally I think, going back to my first comment about how hard it is to know how much is being spent out of the Infrastructure Investment and Jobs Act money, if we can get Bureau of Transportation Statistics, and Census, and Federal Highway data put together, or across Customs and BEA data, to get consistent measures of what imports are,

and then have BLS be able to work that into its measures of price changes. There's certainly huge interest in how much of the cost of imports is going up because of tariffs, and what is the relative weight of those different things.

So all of those, I think, show opportunity in principle for different government agencies, or within the labor area, can the weekly unemployment figures be integrated better with what BLS does, and with what the state agencies are seeing themselves, since they're the source of both the state employment and the unemployment numbers.

Dr. Abrahams: Thank you. Well, I certainly have more questions for our panelists, but we have a few minutes and I wanted to see if the audience has any questions that they want to ask.

Q: Hi. I'm Howard Gleckman at the Urban Institute Tax Policy Center.

Question for Ken. You alluded to this a little bit in one of your earlier answers, but survey response problem. What can be done? What specifically can be done to improve response by business? And I'd like to hear from Todd too another time maybe, he's not on this panel, but there's obviously a big problem. And it'd be nice to hear what you think can be done to solve it.

Mr. Simonson: I don't think you can persuade companies to put more human time into answering surveys. I think you have to be very selective about the information you're asking, and to the extent possible find ways that they can automate their responses. And unfortunately, that's not usually an easy thing to do. But I think that there are cases where you can provide companies more paths to answer a survey form, because many of Todd's members probably still have an individual who's going to be opening that envelope, or at least opening that email message, and entering the information themselves. But when you go to a larger company, they would be using AI to analyze what the questions are and to extract the answers. And so I think the federal government needs to be much closer to the cutting edge, and maybe they are and I haven't heard about it yet, in enabling firms to use their own internal resources to provide answers in a form that is useful to the government. But I realize that's a hypothetical answer. It's not one that I, myself, have had to deal with.

Dr. Abrahams: And one more question.

Q: Hi. Andrew Reamer, CSIS and George Washington University.

In your experience, to what extent are private data sets reliant on federal data for benchmarking themselves, right? The weights for a lot

of private sector data are tied to federal data. And so I would like to better understand that the connection between the two.

Dr. Abrahams: Maybe, Bryan, do you want to help us understand that connection?

Dr. Grady: I mean, yes, they're extremely tightly connected, as I sort of alluded to in my first answer. There is at its – at its – if you dig down into the methodology enough you're eventually going to find something like Quarterly Census of Employment and Wages, and then 27 things put on top of that. And that's the case with, you know, vendors like ESRI, like Lightcast. You know, all of those providers, they are all essentially selling their secret sauce that goes on top of the hamburger that is the underlying federal data. So that's – you know, that's going to be there no matter what.

You know, I just do want to say that all of these agencies do the absolute best that they can with the tools they have. I've, you know, in my career met dozens of people at all these agencies. And it's just a shame that we are, you know, not backing them up with the tools and the funding that's needed to do a better job.

Dr. Abrahams: Dave, very quickly.

Mr. McNellis: Quick observation. Just it's not just about response rates or the weights, but also seasonal adjustments, and getting those right and having them mirror the government data. So I was picking on ADP a little bit earlier, but a big issue is it's not that they're not representative, but they don't make the same seasonal adjustment. So the government kind of sets the benchmark there. And it's something that everyone is wrestling with.

Dr. Abrahams: Thank you. Well, we are out of time. I really appreciated your insights. I think, you know, my key take-aways from our conversation is that the federal statistics are really irreplaceable for our decision making across all sectors, but we are in changing technological times. And that really creates a lot of opportunities, especially for partnerships and collaboration with all stakeholders across the economy and the federal government. So please thank – or, join me in thanking our panelists.  
(Applause.)

(END.)