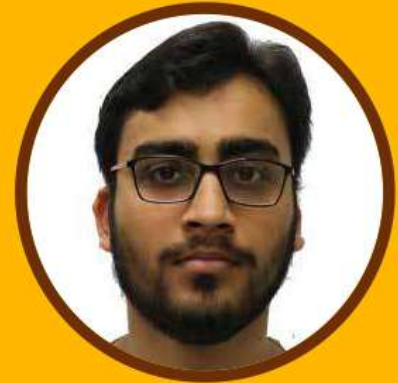


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The BLS Saga: Should Valuers Be Worried?

“Why should anybody trust the numbers?” – was the question Donald Trump asked in response to a journalist after he fired the BLS Commissioner, implying that the BLS is not a non-partisan organisation.

On 1st August 2025, the world's most powerful person fired BLS Commissioner Erika McEntarfer for allegedly faking reports. The BLS is a federal agency in the United States that publishes indexes commonly used by appraisers (like me) to measure changes over time in the cost of assets, materials, or labour, and to derive the reproduction cost of an asset. BLS is an American version of MOSPI.

The dismissal of a federal agency chief for unfavourable results sets a poor precedent, and the reliability of BLS data is now being questioned. After this decision, regardless of your position on the political spectrum, the numbers may be wrong for you, either they were wrong before this incident if you lean right, or you are a conservative, or they will be wrong going forward if you are progressive.

The incoming commissioner, Dr. Anotoni, has previously criticised the BLS, questioning its methodology and calling its statistics "phoney baloney." It certainly does not sound reassuring.

What's next? How does this matter to us?

We valuers are a tightly knit community that analyses the cost of tangible assets using data from various statistical agencies and central banks. Every valuation report we prepare is relied upon, directly or indirectly, on data from some central government agency, assuming their data is accurate. What happens to our valuation, if the reliability of this data is questioned?

When the independence of such institutions is threatened and the reliability of their data is questioned, the whole system may fall apart. Every data point will be assumed to be tainted, or meddled with.

I am surprised that there are no valuation disputes (that I know of) currently pointing out that valuations relied on BLS data, which according to the President of the United States - "is not doing a good job," and therefore may be inaccurate. Arguably, the opinion of the President carries enormous weight, but there has been utter silence from the opposite aisle in the US Senate. Except for the previous Trump appointee and an Obama-era commissioner who have spoken against the move, there has been no major uproar or opposition to this decision.

We use trending or indexation methods for many assets where enough information is not available. How are we going to defend our values going forward?

First of all, the indirect cost method has always been viewed with skepticism. Some valuers have even described it as "the tool of last resort." We can't stop relying on BLS data completely, but as described in IVSC, 'professional judgment' is required to derive replacement cost. We all need to be extra vigilant while using the trending method to avoid any erroneous or anomalous outcomes.

What are you going to do to adopt this new reality?

Do we now need to include explicit disclosures in our reports, when relying on BLS and other government data?

