



**UNITED STATES DEPARTMENT OF COMMERCE**  
**Economics and Statistics Administration**  
**U.S. Census Bureau**  
Washington, DC 20233-0001  
OFFICE OF THE DIRECTOR

JUL 06 2006

The Honorable Tom Coburn, MD  
Chairman, Subcommittee on Federal Financial Management,  
Government Information, and International Security  
Committee on Homeland Security and Governmental Affairs  
United States Senate  
Washington, DC 20510-6250

Dear Mr. Chairman:

This is in response to your letter of June 22, 2006, containing follow-up questions from the June 6, 2006, hearing before the Subcommittee on Federal Financial Management, Government Information, and International Security entitled "*2010 Census, Off-Line and Off Budget: The High-Cost of Low-Tech Counting.*"

In addition to our reply to your various questions for the record, we are also submitting the following documents in our enclosed reply:

- Potential Life Cycle Savings for the 2010 Census (June 2001)
- Estimated Life Cycle Costs for the Reengineered 2010 Census of Population and Housing (June 2003)
- Estimated Life Cycle Costs for Reengineering the 2010 Decennial Census Program (Revised September 2005, Incorporates the President's FY 2006 Budget)
- U.S. Census Bureau Budget Estimates as Presented to Congress

If you have any additional questions, please have a member of your staff contact our Congressional Affairs Office on (301) 763-6100.

Sincerely,

Charles Louis Kincannon  
Director

Enclosures

The Honorable Tom Coburn, MD

2

*Census Control Number 49622*

DMD:JDinwiddie:6/28/06

CQAS:Review:lmh:6/29/06:maw:6/30/06

Revised:CAO:J.Caldwell:7/5/06

CQAS:Review:nth:7/5/06

CQAS:Final:lmh:7/5/06

cc:

A. Moxam, T. Johnson, M. Raines, N. Gordon, R. Swartz, J. Waite, J. Taylor, T. Mesenbourg,  
H. Hogan, CAO

*Questions for the Record*  
*Hearing on "2010 Census, Off-Line and Off Budget:  
The High-Cost of Low-Tech Counting"*  
Chairman Tom Coburn  
June 20, 2006

**Charles Louis Kincannon, Director, Census Bureau**

*Spending Issues*

- **Current estimates put the cost of the 2010 Census at \$11.3 billion. Do you still believe that \$11.3 billion is an accurate estimate of what it will cost?**

Yes. The most recent estimate of life cycle costs (September 2005) remains at \$11.3 billion.

- **Since 1980, costs for the Census have increased by billions of dollars per decade. Do you anticipate the cost to ever level out or to just continue rising indefinitely?**

The cost of conducting censuses increases with each subsequent cycle. Several factors that are independent of programmatic methodology contribute to this phenomenon. For example, the need for accurate coverage of a growing and increasingly diverse population adds complexity to each census. Also, experience reveals that people have become more resistant to answering surveys and providing information to the government. An increasing diversity of languages also adds complexity to various census efforts. Factors such as these lead to an expectation for increased costs for the 2010 Census over Census 2000, regardless of the design. Costs for future censuses likely will be affected by many of these same factors.

- **Most of the Census Bureau's re-engineering efforts, including moving to a short-form only census and offering the American Community Survey, officially went into effect around 2003. Although these will likely have a significant impact on the cost estimates for the 2010 decennial, why has the Census Bureau not revised its estimate of \$11.3 billion since 2001, prior to the re-engineering?**

The U.S. Census Bureau's estimate of \$11.3 billion already takes into account the savings from the reengineered decennial census program. Without the reengineering (including the American Community Survey (ACS)), our most recent estimate (September 2005) of the cost for repeating the Census 2000 approach is \$12.6 billion.

- **Are there any areas in the 2010 Census that you believe will be more cost-effective than in 2000? What are they and why?**

The entire reengineering effort is about improving cost-effectiveness. One of the four strategic goals for the reengineered design for the 2010 Decennial Census Program is to contain costs. At the same time, the Census Bureau is trying to meet three other strategic goals of great interest to all of the Congress—increasing the timeliness of data, reducing risks, and reducing coverage errors—which tend to drive costs higher. Yet, through the reengineering approach, we believe we can accomplish all three of those goals and still save \$1.3 billion compared to reverting now to the approach used for Census 2000. We also plan to implement several specific operational changes we believe will make the next census more cost-effective. For example, we believe we can increase overall mail response rates by sending a second replacement questionnaire to those households that did not respond to the initial mailout. Also, with the use of hand-held computers for nonresponse follow-up, we can update work assignment lists each day to account for late mail returns. We could not do this in Census 2000, so we interviewed over five million households that had already mailed us a completed questionnaire.

- **Specifically, GAO has indicated that your current cost estimates are based on an assumption that the handheld devices will save you in administrative costs. In your 2004 test, though, the handheld devices did not work right and showed that they might make costs increase. Do you believe that costs should be estimated upwards to reflect that?**

The 2004 Census Test was our first opportunity to study human factor issues relating to the use of hand-held computers—e.g., could we hire and train temporary workers to use these devices to conduct interviews? The results were encouraging enough to continue with our plans for the 2010 Census. We experienced some technical problems with the software we developed in-house, and this reinforced our decision to contract such efforts to the private sector. We still expect the use of hand-held devices to save us administrative costs. One is through the ability to electronically remove late mail returns from the nonresponse follow-up workload on a daily basis. The second is the ability to collect census payroll information for temporary workers directly on the hand-held devices, thereby reducing paperwork and staffing needs for our field offices.

- **Have you used your census tests in 2004 and 2006 to inform your cost estimates? (GAO says they did not)**

Results from these relatively small site tests have limited usefulness for studying our cost estimates for the entire 2010 Census. In addition to the fact that we cannot replicate decennial census conditions in terms of public awareness and interest, the results from the test sites cannot be generalized to 2010 because the sites were selected purposively, not probabilistically. However, to the extent possible, we are trying to learn as much as we can from these tests. For example, one objective of the 2006 Census Test is to

determine if our additional use of automation (such as hand-held computers) can reduce space needs for our field offices due to less paper being generated.

- **In January 2004, GAO recommended that the Census Bureau provide Congress with a master planning document detailing the plans for implementation and associated costs. At the hearing, you provided the 2010 Census Estimated Life Cycle Costs document, but GAO indicated that this was not as detailed a document as it recommended you provide. Does the Census Bureau have plans to provide Congress with a budget document in line with the GAO recommendation in the near future?**

The Census Bureau expressed strong disagreement with the Government Accountability Office's (GAO) 2004 report finding that the planning process was being impeded by the lack of one comprehensive document that contained all necessary methodological, budgetary, operational, risk assessment, contingency planning, and other related information. Nonetheless, we agreed to prepare a document that combined the information already contained in key planning documents previously forwarded to the GAO. However, we also restated the position of the Office of Management and Budget (OMB) that the annual budget submission process is the appropriate vehicle for providing comprehensive and detailed cost information on 2010 Census planning.

- **GAO has indicated that the Census Bureau should develop as part of its budget justification an explanation of its key budget assumptions for the 2010 Census. As part of these documents, GAO indicated that these should have lower and upper ends of possible costs. Do you have plans to develop budget information for Congress to help us understand the likelihood of certain cost assumptions to increase or decrease?**

Most of the cost of the decennial census is related to the personal visit follow-up to households that do not respond by mail. Therefore, the three most critical budget assumptions are the estimated mail response rate, the productivity rate (i.e., the estimated number of follow-up visits that can be completed per day), and pay rates for the workers conducting these follow-up visits. Many factors, not all of them within the Census Bureau's control, can affect some or all of the actual rates. We have shared our assumptions about these rates, and the basis for them, with the GAO, our Office of Inspector General, and of course with the Department of Commerce and the OMB, as part of the annual budget submission process. In general, for the 2010 Census, our estimates are based on actual Census 2000 costs, adjusted for inflation and workload increases (more people and housing units). We used this same basic approach in estimating life cycle costs for 1990 and 2000, and the approach worked reasonably well. Starting with this adjusted base, we then subtracted estimated savings from the reengineering effort to arrive at our 2010 Census life cycle estimate. Much of this information is documented in our June 2001 life cycle cost estimate document, along with the June 2003 and September 2005 updates to that document. We have enclosed copies of those documents for the record. In some cases, we are doing things that are

new to the decennial census program, but our general approach is to estimate those costs based on our experience with similar activities during previous censuses.

### *Online Census*

- **One of the reasons you cited for discontinuing plans for an online census is that your tests did not conclude that savings would be achieved. Do you believe that it would be *more* costly to do the census online?**

Yes. If offering an Internet response option does not increase overall response rates, then the costs required to develop and maintain a secure online option would increase the overall cost of the 2010 Census.

- **The Census Bureau has raised concerns that an online census design would be used once and thrown away, making it a big risk if it doesn't work. Why can you not develop an internet platform that can be used both for the short-form census as well as the American Community Survey, which is administered every month?**

Offering an Internet response option for the ACS would be even more expensive. The 2010 Census will only ask a few basic demographic questions for each individual, but the ACS asks many more questions on a wider range of topics, including such things as income, educational attainment, marital status, and citizenship. We have tested the use of an Internet response option for the ACS and did not observe any increase in overall response here either. In fact, we actually observed an overall decrease in response. Although we might be able to reduce the risk of operational failure by using an Internet platform over a longer time period, everything we have seen indicates that there would be neither short-term nor long-term cost-savings. It is also not clear that the infrastructures could be similar, given the significant differences in the workload for the 2010 Census and the ACS.

- **What is OMB's position on moving forward with an online census? Does the Administration support your decision to not move forward?**

We are not aware of any position that the OMB has taken on this matter.

- **How much has the Census Bureau coordinated with OMB on the issue of developing an e-government option for the Census Bureau?**

In relation to the 24 E-Government initiatives sponsored by the OMB, the Census Bureau is actively participating in the Geospatial Information One Stop through enhancements to the MAF/TIGER System; the E-Business Gateway Initiative developing a one-stop shop for all e-forms; and is looking at the possibility of using the systems that result from the E-Payroll Initiatives to meet its 2010 Census field staff hiring and payment requirements. Census Taker, a major E-Government initiative by the Census Bureau, is a data

collection agent that is already involved in compiling 20 different economic surveys for the Census Bureau.

- **Similarly, according to the Pew Internet Project, 73% of American adults have online access. What do you believe is the proper response to the American public, which increasingly expects to access its government online, but won't be able to do so in 2010?**

We would provide the American public with the same information we have provided to the Congress and to all of our other stakeholders. Namely, we tested the online response option and found that (1) it did not save money (in fact, it would *add* to the cost of the 2010 Census), and (2) that we believed it would increase the likelihood of both real and perceived threats to the confidentiality of personal data provided to us by the public.

Questions for the Record from Sen. Carper, Census Hearing 6/6/2006

Addressed to Louis Kincannon

1. **As stated in the hearing, the Census Bureau will not provide an Internet online reporting capability for the 2010 Census. Therefore, does the Bureau plan to facilitate a pilot Internet online reporting capability in 2010? If so, would the Bureau or contractor develop the online capability, and how will the Bureau plan to review the performance of the online capability at the conclusion of the 2010 Census?**

The Census Bureau has not made a final decision on whether it will provide this response option for the 2010 Census. We have, however, removed the development of this option from the statement of work for our Decennial Response Integration System (DRIS) contractor. Thus, if we decide to offer this option for the 2010 Census, we would likely develop the system ourselves. In any case, if we offer this option in 2010, we will evaluate its use and customer satisfaction just as we did after Census 2000. We have not determined if we would conduct a pilot program in 2010, if we decide not to offer this option nationwide. We have not yet developed the details of our Internet evaluation and experimentation program for the 2010 Census.

2. **In 2002, the Census Bureau released a final report on the Internet Data Collection of the 2000 Census. In the report, the Bureau states that the 2000 Internet Data Collection was a huge success and that the Internet is here to stay. Why did the Bureau choose to rebut these conclusions in May of 2006, with the elimination of the Internet online data reporting capability from the Decennial Response Integration System (DRIS) contract?**

Our 2002 report concluded that "Overall, 91 percent of respondents were satisfied with the Census 2000 Internet Form. Given the high levels of customer satisfaction, Internet Data Collection demonstrated a strong potential for large-scale implementation in 2010." Those conclusions are what led us to conduct formal testing and research on this option during the 2003 and 2005 National Census Tests. However, the results of those tests have not been so positive, as we described at the hearing. While use of the Internet has grown since 2000, so has abuse—cyber crimes, identity thefts, phishing schemes, and the like.

3. **For the 2010 Census, enumerators will be using, for the first time, handheld messaging devices (MCD). Technical problems were revealed with the equipment in 2004 and 2006. If an enumerator experiences technical problems with a MCD while in the field on Census Day 2010, what is the back-up plan for the enumerator?**

We have not developed the final support plan for the 2010 Census. However, our current plan calls for crew leaders (CLs) to provide first-level MCD support for their enumerators. Each CL will have a spare MCD to provide the enumerator, if the CL

cannot get the equipment working after doing very basic troubleshooting. During Address Canvassing and Nonresponse Follow-up operations, the contractor will provide on-site technical support in the Local Census Offices. These technical experts will maintain a supply of spare equipment and will be trained to build and swap out equipment on demand. The intent is to get a new device in the hands of the enumerator as quickly as possible.

**4. How does the Census Bureau plan to train the enumerators on the new MCDs?**

We are still working out the details with our contractor. However, it is likely that MCD training will consist of a combination of self-study exercises using Computer-Based Training on the MCD, in-class instruction and exercises, and actual field assignments conducted using the MCDs.

**5. To date, the Bureau has yet to put-together a comprehensive project plan for the 2010 Census that includes milestones for key activities and an itemized cost for each component. Does the Bureau plan to develop a project plan? If so, when will the project plan be available?**

In response to a recommendation from the GAO, the Census Bureau agreed to prepare a document that combined the information already contained in key planning documents previously forwarded to the GAO. However, we also restated the position of the OMB that the annual budget submission process is the appropriate vehicle for providing comprehensive and detailed cost information on the 2010 Census planning.

Enclosures