



**PREPARED STATEMENT OF  
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*The Fiscal Year 2008 Budget*

**Before the Subcommittee on Commerce, Justice, Science, and Related Agencies  
Committee on Appropriations, U.S. House of Representatives**

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On behalf of the U.S. Census Bureau, Mr. Chairman, I would like to thank the members of the subcommittee for this opportunity to discuss the Census Bureau's FY 2008 budget, including its most important priorities: the 2010 Decennial Census Program and the 2007 Economic Census. We would like to thank the Congress, particularly the members of this committee, for their support for the Census Bureau's budget over the past several years and particularly this year. Your strong support and action are allowing us to stay on course.

The Census Bureau's overall request for discretionary funding totals \$1.2 billion—including \$338 million for program changes. The majority of this increase is for the decennial and economic censuses.

***The Decennial Census***

The decennial census is the highest priority within the Census Bureau's budget, and the request for \$797 million accounts for nearly two thirds of the requested 2008 budget. The 2010 census is, in fact, already underway. Advance Notification Letters for the Local Update of Census Addresses (LUCA) program are currently being mailed to all 39,000 state, tribal, county, and local governments throughout the country. This letter is intended to let them know the 2010 Census LUCA program is coming. This spring, as part of the 2008 Dress Rehearsal activities, we are conducting the address canvassing operation, a full listing of every housing unit. The funding request maintains and supports the progress achieved thus far through the reengineered 2010 Decennial Census Program, including the American Community Survey and the short-form only decennial census. The plans for the 2010 Census also include important structural improvements and enhancements to the nation's road map: the Master Address File (MAF) and the Topologically Integrated Geographic Encoding and Referencing mapping system, better known as TIGER. Each of these activities is interdependent; the success of each component contributes to the overall success of the decennial census.

Specifically, the MAF/TIGER Enhancement Program is a multi-year effort to collect and correct the locations of streets and other geographic information. For FY 2008, we are requesting \$59 million for this program. The MAF/TIGER Enhancement Program will provide a more flexible integration with other decennial census operations, as well as a more customer-friendly product for other users. To fulfill the goals of the MAF/TIGER Enhancements Program, we are working with the private and public sectors. Important objectives of the program include realigning the TIGER map in order to take advantage of GPS capabilities, modernizing the processing system, and expanding geographic partnerships. We are working with the Harris Corporation to realign the street-centerlines for all the 3,232 counties throughout the U.S. By the end of FY 2007, we will have completed 2,865 counties. The final 367 counties must be completed next year in time for field operations to conduct Address Canvassing Operations. As I mentioned before, we are contacting nearly 40,000 municipal governments as part of the LUCA program. LUCA is one of the most important partnerships for the census. By working with the local governments we learn of new housing construction, as well as demolitions and conversions, information fundamentally important to the census.

This is important because the census must fulfill two principal requirements: to count every person living in America, once and only once, and to count every person at the correct address. The MAF tells us where the housing units are located and not only furnishes us with a list of households to contact, but also provides a reasonable means of organizing our workload and the non-response follow-up operations. Each address corresponds to specific political geographies and boundaries: a census block, census tract, place, county, congressional district, and state. Ensuring the accuracy of the addresses is an essential guarantee for the fair distribution of representation and resources, as they are distributed according to geographies — states, tribal governments, counties, cities, towns, census tracts, and blocks. In other words, the accuracy and the success of the census — both the short-form only decennial census and the American Community Survey — ultimately depend upon the accuracy and completeness of the MAF and TIGER systems.

The success of the 2010 Decennial Census Program also depends upon the American Community Survey, the largest household survey collected in the United States with an overall sample of approximately three million households per year or 250,000 households per month. The American Community Survey replaces the traditional decennial long form data collection and will provide annual detailed socio-economic information for every state, tribal government, county, city, and neighborhood throughout the United States. In 2005, we began full implementation for the survey and in 2006 we incorporated group quarters, such as nursing homes, college dormitories, and jails, into the survey — fulfilling our commitment to replace the long form in 2010. In 2008, we will release the first information for areas with populations of 20,000 or more.

We are requesting \$187 million for FY 2008 to conduct the American Community Survey. We are now, with two years of actual data collection, more adequately equipped to assess the true costs of data collection. We are experiencing higher costs than previously estimated in the non-response follow-up household visits and especially group quarters data collection. Information for the group quarters is not only important with respect to population subgroups, it is also important for local communities. Imagine a “college town.” Without adequate information about the group quarters population — students living in dormitories — city planners cannot adequately assess local community needs. With additional funding, we will strive to maintain the quality and integrity of the data collected for group quarters populations.

The success of the short form census in 2010 in great measure depends on the American Community Survey. The short form census is the most important goal for the reengineered 2010 Decennial Census program. The short form census fulfills the obligation outlined in Article 1, Section 2 of the Constitution: "...the actual Enumeration shall be made within three Years after the first Meeting of the Congress of the United States, and within every subsequent Term of ten Years..." The census is the most comprehensive expression of the founding promise of our country..."We the People." It permits the fair distribution of representation and resources.

Our plans for FY 2008 demonstrate our commitment to achieving this constitutional objective, and we are requesting \$551 million to sustain the testing, planning, and early implementation activities associated with the short form census, including the 2008 Dress Rehearsal. As with any stage production, the Dress Rehearsal brings together the components of the production in one final rehearsal before the curtain goes up. Throughout the decade, we have tested various components—from the use of handheld computers for non-response follow-up to the English-Spanish dual language form we intend to use in neighborhoods with higher proportions of people who speak Spanish. In 2004 and 2006, we conducted field tests in different communities, both rural and urban. We also conducted national census tests in 2003 and 2005. These tests, which were mail-out and mail-back tests, were designed to assess questionnaire design, including response options and the race and Hispanic origin questions. In November, we held a joint meeting of our advisory committees to discuss the results and our evaluations. At that time, the advisory committees endorsed the planned approach for the race and Hispanic questions for the 2010 census.

Advisory Committee support is vital, especially as we move forward to the Dress Rehearsal and the 2010 Census. The census is not merely a federal effort. We rely on the participation and cooperation of literally thousands of communities throughout the United States. Reaching the residents of these communities, especially the hard-to-count, is the ultimate goal of the census and the fulfillment of the constitutional obligation. Our partners—*advisory committees, national organizations, the faith-based community, elected officials, community and neighborhood leaders, and even the go-to person at the corner shop*—are integral to this effort. The Census Bureau is planning a multi-level communication, promotional, and marketing effort, incorporating partnerships and advertising, to reach every community. It is our commitment to work with communities throughout the nation to try to count each and every person living in the United States on Census Day.

As part of our plans for the short-form only census, we have incorporated many significant improvements over past censuses, notably automation and infrastructure. These efforts have centered on two major systems, the 2010 Decennial Response Integration System (DRIS) and the Field Data Collection Automation (FDCA) system. Both of these are large information technology (IT) contracts, totaling together over one billion dollars. The purpose of the DRIS contract, which was awarded in 2005 to the Lockheed Martin Corporation, is to ensure accurate and protected collection and storage of census responses, whether reported by paper form, hand-held computer, or telephone. The Census Bureau also plans to increase the use of automation to directly capture information collected during personal interviews during non-response follow-up when we visit those households that did not return the census questionnaire. We will eliminate the need for paper maps and address lists for the major field data collection operations. The FDCA contract, which was awarded last year to the Harris Corporation, provides automation resources to support field data collection operations, including an integrated IT infrastructure, as well as support for handheld computer devices we will use for the first time to conduct the field activities.

During the 2008 Dress Rehearsal, we intend to integrate and test these two major activities in a census environment. This is fundamentally important to the success of the short-form census, since we cannot afford to use untested procedures in the census.

The census is, in effect, a “one-shot deal.” We have one opportunity to take the census and to get it right. Moreover, the census is a large and complex operation. We will open more than 450 local census offices, employ more than 500,000 enumerators, and count more than 310 million people.

As part of the Dress Rehearsal, the FDCA contractor will complete the development and installation of the hardware and applications for the handheld computers. As part of the DRIS contract, the contractor will incorporate the data capture and processing systems. In addition to the dress rehearsal activities, as part of DRIS, Lockheed Martin will begin selection, design, and the build-out for the 2010 Census data capture centers, as well as the design, development, and testing of the telephone assistance and data collection activities.

These efforts are crucial to the success of the 2010 Decennial Census program, especially the short form 2010 Census.

### *The Economic Census*

It is also important, however, to consider that other catalog of our nation’s wealth and prosperity: the Economic Census. The Economic Census, along with the Census of Governments, is conducted every five years, for years ending in ‘2 and ‘7. We are currently in the final stages of preparation for the 2007 Economic Census for which we will conduct data collection operations next year in 2008. The Census Bureau’s FY 2008 budget requests \$128 million for the Economic Census and \$9 million for the Census of Governments.

The Economic Census provides the nation with the most comprehensive, detailed, and authoritative facts about the structure of the U.S. economy. The census provides detailed information on 26 million business locations (7 million with paid employees and 19 million businesses without employees), publishes information in 1,700 different reports covering 1,000 different industries and every state, 3,200 counties, and 10,000 geographical places. The 2007 Economic Census will cover 84 percent of economic activity, with the Census of Governments covering an additional 12 percent of GDP.

The Economic Census serves as the cornerstone of the nation’s federal economic statistics programs, providing key source data for the Bureau of Economic Analysis’ National Income and Product Accounts, the framework for developing GDP estimates; it also provides weights and benchmarks for the Federal Reserve Board’s Index of Industrial Production and the Bureau of Labor Statistics’ Producer Price Index and productivity statistics programs. Moreover, the Economic Census updates the Census Bureau’s Business Register, the sampling frame for the Census Bureau’s current economic surveys, as well as providing benchmark estimates for the monthly principal economic indicators and annual surveys covering key sectors of the economy. In addition, the Economic Census results are widely used by businesses, trade associations, researchers, and academia.

In December 2007, approximately five million report forms will be mailed to business establishments with employees. The due date for these forms is February 12, 2008, and collection extends into late summer 2008. The first results from the 2007 Economic Census will be released in March 2009.

To reduce response burden we generate data for over two million small employer businesses, and 19 million non-employer businesses using tax data in lieu of direct reports. Just as with the decennial census, we must plan to contact, using both mail and telephone follow-up, those firms who do not initially respond. To encourage and assist firms, however, we will conduct a comprehensive communications program, including an advanced mailing, containing information about the upcoming census, to approximately 13,000 medium and large companies, 5,000 more than we mailed for the 2002 Economic Census. In addition, we will offer to assist 200 of the Fortune 500 companies with electronic reporting. We will also provide a 24/7, full-service, one-stop shop customer service Internet website. We anticipate more than ten million hits to this website.

In addition to the Economic Census, we conduct the Census of Governments. The Census of Governments accounts for 12 percent of the U.S. economy and 14 percent of the civilian workforce. The Census of Governments includes information on more than 90,000 independent local governments and subordinate agencies. It is critically important in assessing the overall economy, as well as classifying government organization, powers, and activities. The Census of Governments provides authoritative benchmark figures in the areas of public finance and public employment and measures federal, state, and local fiscal relationships. It is the only source of comprehensive and uniformly classified data on the economic activities of state and local governments. It is used by the Congress and federal agencies, such as the Departments of Education, Justice, Housing and Urban Development, and Health and Human Services.

In FY 2008, we will conduct the mailing list development and mailout activities and create the universe frame. To do so, we must monitor and incorporate changes to the master mailing directory. We must also conduct ongoing research into state government legislation, searching out potential sources of secondary information about newly created governments. We will complete these activities and disseminate the organization phase information. As with the Economic Census, FY 2008 activities include data collection and processing and assistance to reduce respondent burden.

The Economic Census, along with the Census of Governments, provides the foundation for most of the nation's economic statistics. It is, like the decennial census, a tremendous source of information. Together, the decennial and economic censuses offer compelling descriptions of the source of the nation's wealth and prosperity – our economy and our people.

### ***Important Opportunities***

Just as the censuses offer broad and comprehensive assessments of the nation's people and the economy, we also have other opportunities to explore information that can provide more detail about growing sectors of the economy and vulnerable populations.

One of the Census Bureau's important new goals for FY 2008 is the expansion and improved measurement of the services sector.

The FY 2008 budget request includes an \$8.1 million initiative to provide quarterly and annual coverage of all twelve service sectors. The service economy accounts for 55 percent of national economic activity, but currently our quarterly surveys cover only 17 percent and our annual surveys cover only 30 percent of GDP. When this multi-year expansion is completed, both quarterly and annual coverage of service industries will match the coverage of the Economic Census conducted every five years (though the Economic Census will still provide a more comprehensive and detailed assessment than the quarterly and annual estimates).

Specifically the expansion calls for the Quarterly Services Survey (QSS) in September 2008 to publish for the first time data for truck transportation and warehousing; rental and leasing services; security and commodity dealers; arts, recreation, and entertainment; other services (except public administration); and the remainder of the health care and social assistance sector. GDP coverage will be increased from 17 percent to 30 percent. In September 2010, the QSS will produce estimates for all twelve service sectors, matching coverage of both the 2008 Services Annual Survey and the 2007 Economic Census.

The Services Annual Survey (SAS) currently covers service industries that account for about 30 percent of GDP. The initiative will expand 2008 SAS coverage to 55 percent of GDP by providing first time annual coverage of finance, insurance, real estate, educational services, utilities, and currently not covered transportation and warehousing industries. In addition, the 2008 SAS will collect information on exported services and operating expenses including much-needed information on employer pension and health care contributions.

A second important goal of the 2008 budget request includes a request for \$16 million to continue the development of the Dynamics of Economic Well-being System (DEWS), which will replace the Survey of Income and Program Participation (SIPP). We thank the Congress for your support for SIPP and your interest in the development of the DEWS program. Over the past year, we sought and received valuable input from stakeholders, including federal agencies and researchers toward the goal of development of DEWS.

We have understood for a great while that the SIPP was no longer functioning as it was originally intended and was, in general, declining in quality. SIPP, which was instituted in 1983, was designed as a longitudinal survey to follow families over several years to study the dynamics of employment, income, federal, state, and local program participation. However, over time, concerns have grown regarding the burden the survey places on respondents and declining response. Moreover, there are long delays in processing and publishing the SIPP data. With these concerns in mind, we are developing the DEWS, a new and improved replacement for SIPP.

We are not requesting funding to continue the SIPP data collection. During the SIPP phase-out occurring this year, we will continue the survey through September 2007 with a sample size of 22,000. We will launch the DEWS program in FY 2009 and collect a full year of 2008 data retrospectively. While this means there will be a four month "gap", we believe the DEWS replacement is a better alternative. We have seen such data gaps before. For example, to enable the Census Bureau to initiate a new panel in February 2001 and process data more recently collected, we did not release data collected from February through September 2000, and the data from October 2000 to January 2001 were never collected.

We believe the DEWS approach is a better alternative because it leverages advances the Census Bureau has made in acquiring and integrating administrative records with survey data, as well as modeling techniques for local area estimates. We are working with stakeholders, including the Office of Management and Budget, the Social Security Administration, the Department of Agriculture, and the Department of Health and Human Services, as well as the Congressional Budget Office and other stakeholders (including the National Academy of Sciences) throughout the process of the redesign to further strengthen the DEWS. In the coming year, we look forward to further public discussion of this effort.

These discussions, as well as all stakeholder input with regard to our other activities, are an important function in accomplishing the Census Bureau's mission "to serve as the leading source of quality data about the nation's people and economy." It is through discussion that we are able to learn and appreciate the needs of data users; to understand how better to reach out to respondents and encourage participation; and to ultimately improve the quality of the statistics we produce.

Mr. Chairman, I thank you for the opportunity to be here today and would be happy to answer any questions.