

# CRITICAL BUDGET ISSUES AFFECTING THE 2010 CENSUS

---

---

## HEARING

BEFORE THE  
SUBCOMMITTEE ON INFORMATION POLICY,  
CENSUS, AND NATIONAL ARCHIVES  
OF THE  
COMMITTEE ON OVERSIGHT  
AND GOVERNMENT REFORM  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED TENTH CONGRESS

FIRST SESSION

OCTOBER 16, 2007

**Serial No. 110-58**

Printed for the use of the Committee on Oversight and Government Reform



Available via the World Wide Web: <http://www.gpoaccess.gov/congress/index.html>  
<http://www.oversight.house.gov>

U.S. GOVERNMENT PRINTING OFFICE

43-196 PDF

WASHINGTON : 2008

---

For sale by the Superintendent of Documents, U.S. Government Printing Office  
Internet: [bookstore.gpo.gov](http://bookstore.gpo.gov) Phone: toll free (866) 512-1800; DC area (202) 512-1800  
Fax: (202) 512-2104 Mail: Stop IDCC, Washington, DC 20402-0001

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

HENRY A. WAXMAN, California, *Chairman*

TOM LANTOS, California  
EDOLPHUS TOWNS, New York  
PAUL E. KANJORSKI, Pennsylvania  
CAROLYN B. MALONEY, New York  
ELIJAH E. CUMMINGS, Maryland  
DENNIS J. KUCINICH, Ohio  
DANNY K. DAVIS, Illinois  
JOHN F. TIERNEY, Massachusetts  
WM. LACY CLAY, Missouri  
DIANE E. WATSON, California  
STEPHEN F. LYNCH, Massachusetts  
BRIAN HIGGINS, New York  
JOHN A. YARMUTH, Kentucky  
BRUCE L. BRALEY, Iowa  
ELEANOR HOLMES NORTON, District of  
Columbia  
BETTY MCCOLLUM, Minnesota  
JIM COOPER, Tennessee  
CHRIS VAN HOLLEN, Maryland  
PAUL W. HODES, New Hampshire  
CHRISTOPHER S. MURPHY, Connecticut  
JOHN P. SARBANES, Maryland  
PETER WELCH, Vermont

TOM DAVIS, Virginia  
DAN BURTON, Indiana  
CHRISTOPHER SHAYS, Connecticut  
JOHN M. McHUGH, New York  
JOHN L. MICA, Florida  
MARK E. SOUDER, Indiana  
TODD RUSSELL PLATTS, Pennsylvania  
CHRIS CANNON, Utah  
JOHN J. DUNCAN, Jr., Tennessee  
MICHAEL R. TURNER, Ohio  
DARRELL E. ISSA, California  
KENNY MARCHANT, Texas  
LYNN A. WESTMORELAND, Georgia  
PATRICK T. McHENRY, North Carolina  
VIRGINIA FOXX, North Carolina  
BRIAN P. BILBRAY, California  
BILL SALI, Idaho  
JIM JORDAN, Ohio

PHIL SCHILIRO, *Chief of Staff*

PHIL BARNETT, *Staff Director*

EARLEY GREEN, *Chief Clerk*

DAVID MARIN, *Minority Staff Director*

SUBCOMMITTEE ON INFORMATION POLICY, CENSUS, AND NATIONAL ARCHIVES

WM. LACY CLAY, Missouri, *Chairman*

PAUL E. KANJORSKI, Pennsylvania  
CAROLYN B. MALONEY, New York  
JOHN A. YARMUTH, Kentucky  
PAUL W. HODES, New Hampshire

MICHAEL R. TURNER, Ohio  
CHRIS CANNON, Utah  
BILL SALI, Idaho

TONY HAYWOOD, *Staff Director*

## CONTENTS

---

	Page
Hearing held on October 16, 2007 .....	1
Statement of:	
Wolfe, Otto J., Chief Financial Officer and ASA, U.S. Department of Commerce; and Charles Louis Kincannon, Director, Bureau of Census ..	12
Kincannon, Charles Louis .....	12
Wolfe, Otto J. ....	12
Letters, statements, etc., submitted for the record by:	
Clay, Hon. Wm. Lacy, a Representative in Congress from the State of Missouri, prepared statement of .....	3
Kincannon, Charles Louis, Director, Bureau of Census, prepared state- ment of .....	15
Maloney, Hon. Carolyn B., a Representative in Congress from the State of New York, letter dated October 15, 2007 .....	9



## **CRITICAL BUDGET ISSUES AFFECTING THE 2010 CENSUS**

**TUESDAY, OCTOBER 16, 2007**

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON INFORMATION POLICY, CENSUS, AND  
NATIONAL ARCHIVES,  
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,  
*Washington, DC.*

The subcommittee met, pursuant to notice, at 10 a.m. in room 2154, Rayburn House Office Building, Hon. Wm. Lacy Clay (chairman of the subcommittee) presiding.

Present: Representatives Clay, Maloney, Hodes, and Cannon.

Staff present: Darryl Piggee, staff director/counsel; Jean Gosa, clerk; Michelle Mitchell, legislative assistant, Office of Wm. Lacy Clay; Jim Moore, minority counsel; and Jay O'Callaghan, minority professional staff member.

Mr. CLAY. The Information Policy, Census, and National Archives Subcommittee of the Oversight and Government Reform Committee will now come to order.

Today's hearing will examine issues surrounding the fiscal year 2008 continuing resolution and its affect on the 2010 census. The hearing will review plans to scale back, cancel, or delay the 2008 dress rehearsal. We will look at issues surrounding the contract for hand-held computers, as well as the startup and staffing of the Census regional offices for the 2010 census.

In addition, we shall inquire about the effect of the CR on the recently awarded communications contract and other issues related to the 2010 census.

Without objection, the Chair and ranking minority member will have 5 minutes to make opening statements, followed by opening statements not to exceed 3 minutes by any other Member who seeks recognition.

Without objection, Members and witnesses may have 5 legislative days to submit a written statement or extraneous materials for the record.

I will begin with the opening statement.

Congress has routinely exempted the census from the flat-line funding requirements of a CR in other years, most notably, in 1998 and 1999 prior to census 2000. Early this year Commerce Department officials testified before both the House and the Senate and made it clear that a CR which did not exempt the Bureau of the Census would have significant negative consequences for the intricate decade-long plan for the 2010 census. Administration witnesses emphasized that without such language, a CR would dras-

tically jeopardize the accuracy, cost, and coverage of the 2010 census.

Congress and the administration agreed on this CR without this important language, and we are not faced with an apparent crisis.

As the Census Bureau ramps up to the 2010 census, its annual appropriations will grow exponentially. Indeed, in fiscal year 2008 the Census Bureau will receive almost a 40 percent increase in funding. The dress rehearsal for the 2010 census is scheduled to occur in less than 5 months. This is the last chance to test the vast changes in the census design. What the administration touts as the re-engineered census.

Census officials tell us that the CR may make it impossible to fund the final phase of the dress rehearsal, which could mean that the first time in 40 years we cannot test the final census design, even as we undertake the most significant reform of the decennial since the advent of the long form.

Our goal today is to start the process to ensure that, as negotiations commence for the next CR, we take definite steps to ensure that: one, there will be no scaling back, cancellation, or delay in the dress rehearsal as planned; and, two, nothing in the CR language will hinder, delay, or deny the plan, funding, and execution of the contract for the hand-held computers, the advertising program, the partnership program, or the data capture program; and, three, that OMB will use every means necessary to grant Bureau of the Census officials any waivers or exemptions from administration spending restrictions in order for them to meet these requirements.

We will look at some of the potential problems that have arisen and how to solve or avoid these pitfalls. I look forward to the testimony of the witnesses.

[The prepared statement of Hon. Wm. Lacy Clay follows:]

Opening Statement  
of  
***Wm. Lacy Clay (D-MO), Chairman***  
Information Policy, Census, and National  
Archives Subcommittee  
Oversight and Government Reform Committee

***“Critical Budget Issues Affecting the  
2010 Census”***

2154 Rayburn HOB – 10:00 A. M.  
October 16, 2007

Good morning and welcome to today’s hearing. We plan to examine issues surrounding the FY 2008 Continuing Resolution (CR) and its effect on the 2010 Census.

Congress has routinely exempted the Census from the flat-line funding requirements of a CR in other years, most notably in 1998 and 1999 prior to Census 2000. Earlier this year, Commerce Department officials testified before both the House and the Senate and made it clear that a CR which did not exempt the Bureau of the Census would have significant, negative consequences for the intricate decade-long plan for the 2010 Census. Administration witnesses emphasized that without

such language, a CR would dramatically jeopardize the accuracy, cost and coverage of the 2010 Census. Congress and the Administration agreed on this CR without this important language and we are now faced with an apparent crisis.

As the Census Bureau ramps up to the 2010 Census, its annual appropriations will grow exponentially. Indeed, in fiscal year 2008, the Census Bureau will receive almost a 40% increase in funding.

The Dress Rehearsal for the 2010 Census is scheduled to occur in less than five months. This is the last chance to test the vast changes in the census design -- what the Administration touts as the “re-engineered Census.”

Census officials tell us that the CR may make it impossible to fund the final phase of the Dress Rehearsal, which could mean that for the first time in 40 years, we can't test of the final Census design, even as we undertake the most significant reform of the Decennial since the advent of the Long Form.

Our goal today is to start the process to insure that as negotiations commence for the next CR, we take definite steps to insure that:



1. There will be no scaling back, cancellation or delay in the Dress Rehearsal as planned.
2. Nothing in the CR language will hinder, delay or deny the planned funding and execution of the contracts for the handheld computers, the advertising program, the partnership program, or the data capture program.
3. That OMB will use every means necessary to grant Bureau of the Census officials any waivers or exemptions from Administration spending restrictions in order for them to meet these requirements.

We will look at some of the potential problems that have arisen and how to solve or avoid these pitfalls. I look forward to the testimony of these witnesses.

Mr. CLAY. I will yield now 5 minutes to the ranking minority member, Mr. Cannon.

Mr. CANNON. I want to thank Chairman Clay for convening this hearing. It is unusual for us to have a hearing on such short notice, and ordinarily the minority might complain, but in this situation we see a real emergency happening here which requires Congress' immediate attention. In this particular case, Congress actually bears the burden for creating this crisis at the Census Bureau.

In a continuing resolution passed by Congress last month, Congress failed to include the appropriate increase in funding necessary to ensure the planning, testing, and development of the 2010 census so that could continue. This funding error creates a serious time crunch for the Census Bureau. For the 2008 dress rehearsal to be a serious test of census readiness, it has to happen beginning April 1, 2008.

In an editorial last Tuesday, the New York Times made the case by saying, "On the chopping block, a test of the Bureau's plans and procedures for counting people on military basis, which was to have been part of the dress rehearsal at Fort Bragg in North Carolina. With no additional funds coming in, the Bureau has already had to advise the Federal contractor working on the hand-held computers for the next census that it will not be able to pay for the personnel it has contracted for, necessitating layoffs. Any glitch in the computerization increases the chances for inaccuracy."

Oddly enough, the Times tries to blame the White House for this problem—imagine my surprise—but the fact of the matter is that the 2010 census is a constitutionally mandated function, not just another program. The restructure of the House of Representatives relies on an accurate decennial census.

When the Republicans were in the majority, we insisted that the Bureau receive funding and we didn't wait for White House permission to start insisting. It is my hope that the Democrat majority will do the same.

I thank you, Mr. Chairman, and I yield back.

Mr. CLAY. I thank the gentleman for his statement.

Now we will recognize the gentlelady from New York, Mrs. Maloney, for her opening statement.

Mrs. MALONEY. I thank you, Chairman Clay, and the ranking member for holding this hearing today. And I thank our witnesses for testifying. I especially want to thank outgoing Census Director Louis Kincannon, who has done an excellent job leading the Census Bureau for the past 5 years, and this Nation owes you gratitude for your service.

This will probably be the last time you will appear before us, and I want to acknowledge your dedication and your fine work and publicly thank you.

We are here today to talk about a very serious problem that could and should have easily been avoided. As my colleague, Mr. Cannon, pointed out, the census is one thing you cannot put off. It is mandated in the Constitution. It has to take place. This mistake has delayed the funding, it has put off the dress rehearsal, and we may not even be able to use new technology that the Census Bureau had been developing to cut costs and be more efficient.

The Government, as it has done in recent years, is currently working under a continuing resolution for the beginning of fiscal year 2008. This year the CR is set at fiscal year 2007 levels. Many agencies can make do with funding at the previous year's level for a few weeks, but 2 years away from the 2010 census that is absolutely impossible for the Census Bureau. They need to have their funding to get the job done.

The Census Bureau funding for fiscal year 2008 was slated to increase by 40 percent from last year, according to the President's budget request, in order to fund the preparation for the decennial census.

This is not a new problem. In 1998 and 1999, during the ramp-up to the 2000 census, the Government was funded by a CR at the beginning of those fiscal years. Those CRs made provisions for the increased expenses of ramping up to the census. While there may have been other issues that affected the 2000 census, funding was not one of them.

The difference with this census seems to be that the administration did not, for some unexplained reason, ask the Congress to include routine language to exempt the Census Bureau from the flat-line funding because of the importance of the census. In 1998 and 1999 a Republican Congress included these exceptions for the increased ramp-up of cost of those years at the request of the Democratic administration, even though the census in those years was itself a very contentious issue.

This makes the question why the administration did not ask for an exception even more puzzling. Was it just incompetence? Let's be clear. This is not a hearing about a potential problem or a threat, but a real actual damage to the 2010 census.

The ability of the career professionals at the Census Bureau to carry out the census and provide the country with the most accurate numbers has already been adversely affected. Without an immediate exception to get funding to the census, the accuracy of the 2010 census will suffer even more dramatically.

I hope we can hear from Director Kincannon exactly which components of the dress rehearsal and other key test exercises that have been part of every census since 1970 have actually been curtailed and canceled. I also want to hear what the impact of the 400 person layoff from the contractor who designed the new hand-held GPS devices will be. These hand-held computers were designed to improve efficiency and accuracy and save the census cost by at least \$1.5 billion. Not being able to go forward is costing the country not only financially, but also in our efficiency and accuracy.

As I understand it, it means that the fielding of the device for the 2010 census is now uncertain. I have been told that the Census Bureau has already said that the scheduled test of group quarters at Fort Bragg military base in North Carolina will be canceled if the funds are not available before November 16th. A number of Members of Congress who represent the military and military bases are very, very disturbed about this, because counting them and their families in a census is part of our Constitutional responsibility, but also honors the work that they are doing for us that they are included in this important census.

I hope we can hear about how we can get there, how we got there, but what have we already lost, what is in jeopardy, and what concrete steps can and should be taken to prevent any more damage.

Along those lines, I do want to commend Commerce Secretary Gutierrez for acting quickly on the committee's request to move almost \$7 million from Commerce activities to the census. This was a very positive step. I want to find out from Director Kincannon if, in fact, it can be done.

I would like to put in the record the letter that was received from Commerce from Nathaniel Winneke, and I would like to put the letter in the record, as we did receive this document last night that they were moving the \$7 million.

Mr. CLAY. Without objection, the letter is in the record.

[The information referred to follows:]



**UNITED STATES DEPARTMENT OF COMMERCE**  
**Assistant Secretary for Legislative**  
**and Intergovernmental Affairs**  
Washington, D.C. 20230

October 15, 2007

The Honorable William Lacy Clay  
U.S. House of Representatives  
Washington, DC 20515

Dear Representative Clay:

Thank you for your letter of October 11, 2007, to Secretary Gutierrez expressing your concern over the impact of the six-week Continuing Resolution (CR) on the 2010 Decennial Census.

The Department of Commerce's goal is to conduct a highly accurate count of the population in 2010. We are committed to ensuring that the Census Bureau achieve its mission to be the leading source of quality data about the Nation's people and economy. This sustained support is evidenced by the President's 2008 budget request of \$1.23 billion for the Bureau, a \$337 million increase over the 2007 enacted level (\$797 million of this request is for the 2010 program). This funding is required to conduct the 2008 Dress Rehearsal, continue development of data processing and data capture systems for field operations, and begin to open and staff regional offices.

In his August letter to the House and Senate appropriators, Secretary Gutierrez stressed the importance of passing a fiscally responsible bill on time to allow the Department to continue priority programs without interruption, including preparations to ensure a highly accurate 2010 Decennial Census.

Since that did not occur, the Census Bureau is currently assessing the impact of a continuing resolution through November 16<sup>th</sup>. The Bureau's overriding goal is to ensure that the Nation has a successful count in 2010, and, therefore, its priority under the constrained spending environment is to ensure that the most critical activities continue. Chief among those priorities is the testing of handheld computers and other data collection and processing systems in the 2008 Dress Rehearsal. While the Census Bureau will have to make some tough choices, the Bureau is working to manage its resources to ensure both a vigorous test of the program in 2008 and a successful actual census in 2010.

The Honorable William Lacy Clay  
Page 2

To assist in that effort, the Department has transmitted a transfer notice to the House and Senate Appropriations Committees to make approximately \$7 million from other bureaus available to the Census Bureau during the CR. These funds would be returned to the other bureaus once an FY 2008 appropriation bill is enacted.

Thank you again for your interest in the 2010 Decennial Census, and for taking the time to communicate your views. If you have any questions, or need additional information, please feel free to contact me at (202) 482-3663.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Nathaniel F. Wienecke", with a long horizontal flourish extending to the right.

Nathaniel F. Wienecke

Enclosure

Mrs. MALONEY. Director Kincannon, when you resigned, you cited a lack of support for the census as one of the reasons that you resigned, and I am sorry to say that, despite the Secretary's effort in transferring \$7 million, it sounds like the census is still not getting the support that it wants and that it needs. I hope you can tell us how we got here, and I am particularly interested to hear from OMB and Director Nussle as to what he thinks needs to be done.

Thank you very much, and I look forward to your testimony. Thank you.

Mr. CLAY. Thank you.

If there are no additional opening statements, the subcommittee will now receive testimony from the witnesses before us today.

I want to start by introducing our panel. Invited to appear today were two gentlemen who are not here this morning, and they are the Honorable Jim Nussle, Director of the Office of Management and Budget, and the Honorable Jay Waite, Deputy Director, Bureau of the Census. These gentlemen are not present this morning; however, it is our hope that the witnesses that are in attendance will help us examine what steps Commerce and the Census Bureau are taking to make sure that going forward the right decisions about resources and priorities are made.

In attendance and prepared to address the subcommittee this morning we have the Honorable Charles Louis Kincannon, Director of the Bureau of Census; and the Honorable Otto J. Wolfe, Chief Financial Officer and Assistant Secretary for Administration of the U.S. Department of Commerce.

As mentioned previously, the Honorable Charles Louis Kincannon, Director of the Bureau of Census, was nominated by President George W. Bush for Director of the Census on July 27, 2001, and the Senate confirmed him unanimously on March 13, 2002. Of course, Mr. Kincannon began his career with the Census Bureau years ago, and we are all proud of his service to this Nation. We certainly look to him for direction when it comes to issues related to the census. I am certainly proud to say that I know Mr. Kincannon and I look at him as a friend.

Mr. Wolfe was sworn in on August 7, 2001, as the Chief Financial Officer and Assistant Secretary for Administration at the U.S. Department of Commerce. As the CFO/ASA he oversees the Commerce Department's \$5.6 billion budget and its facilities worldwide. He exercises Department-wide responsibility for a broad range of administrative functions, including strategic planning, financial management, budgeting, procurement, financial assistant, security, human resources, civil rights, small business utilization, and personal and real property management. These duties include implementation of management reforms throughout Commerce. Mr. Wolfe's career in public service includes extensive experience in both the executive and legislative branches of Government.

Let me welcome both of you here. Thank you for appearing before the subcommittee today.

It is the policy of this subcommittee to swear in all witnesses before they testify.

[Witnesses sworn.]

Mr. CLAY. Let the record reflect that the witnesses answered in the affirmative.

I ask that each of the witnesses now give a brief summary of their testimony, and to keep their summary under 5 minutes in duration. Your complete written statement will be included in the hearing record.

Mr. Wolfe, let's begin with you.

**STATEMENTS OF OTTO J. WOLFE, CHIEF FINANCIAL OFFICER AND ASA, U.S. DEPARTMENT OF COMMERCE; AND CHARLES LOUIS KINCANNON, DIRECTOR, BUREAU OF CENSUS**

**STATEMENT OF OTTO J. WOLFE**

Mr. WOLFE. Mr. Chairman, I do not have a prepared statement. I would be more than happy, though, at the completion, at your request, to answer any questions that you may have.

Mr. CLAY. Thank you very much. That is the briefest statement we have had on record so far.

Mr. Kincannon, you may give us your opening statement.

**STATEMENT OF CHARLES LOUIS KINCANNON**

Mr. KINCANNON. Thank you, Mr. Chairman. I knew that would be a prize winner in your score, and you get a gold star on that.

Chairman Clay and Mr. Cannon, Mrs. Maloney, thank you very much for inviting the Census Bureau to appear today to discuss the critical budget issues affecting the 2010 census. In particular, I will be addressing our current situation, which has us functioning under a continuing resolution at fiscal year 2007 funding levels through November 16th. This is dramatically less than the President's budget request, and is about half what we need to continue the essential preparations needed for the 2010 census.

The U.S. Census Bureau has been on record for quite some time stressing that the effect of an appropriation below the level of the President's request for any extended period of time—that is sort of beyond November 16th—would have serious consequences. Earlier this year in March, in April, in May, and July we made clear in testimony before Congress and in answers to questions for the record that we could not continue developing all our systems for the dress rehearsal and the 2010 census in the event of funding below the President's request, either the final appropriation or under a continuing resolution.

We are preparing for the dress rehearsal in 2008. We are simultaneously developing the major systems we need to conduct the census, including the hand-held computers that will be used in the 2010 census for the first time.

By law, the decennial census must occur as of April 1, 2010, and the results must be submitted to the President in December of that same year. These dates cannot be altered when preparations are delayed. We cannot buy back the time that we are losing. When the appropriation requested in the President's budget is delayed, we lose that time and cannot always make it up.

Because of the delay in funding under the current CR, we must now implement a plan to delay and down-scale the dress rehearsal in order to manage through the CR period. Our top priority



is maintaining the ability to test the hand-held computers and the attendant data capture operations, because they are essential to the re-engineered census. This new system will enhance efficiency and accuracy, reduce the amount of paper, and save money, but we cannot use the new devices in the decennial without conducting a full systems test; therefore, our plan now is to conduct a reduced-scope dress rehearsal in late spring or early summer of next year that focuses on testing the hand-held computers, including the critical interfaces with the data capture system.

Under a reduced-scope dress rehearsal, other smaller but important census operations will not be tested prior to 2010. The operations we are removing from the dress rehearsal are operations that we have done successfully in the past. We will not test our procedures for counting people who live in college dormitories, military barracks, prisons, or nursing homes, what we call group quarters.

We also will not test the Be Counted Program, which provides an opportunity for people who believe they were missed to make sure they were included in the census counts.

These are just two of the important operations that will not be tested in this dress rehearsal. I will provide a complete list of operations affected for the record.

We will still conduct these operations in 2010, and we are confident we will implement them effectively; however, because the operations are currently planned using new systems and somewhat changed procedures, there is some risk, some attendant increase in risk for the 2010 census. If we have problems with untested operations in 2010, it could result in an increase in overall cost, and perhaps a reduction of census accuracy in some way. However, because we have done these operations before, we are willing to operate with this level of potential new risk.

If funding is delayed beyond November 16th, the situation becomes more dire for us. It will call into question our ability to conduct the systems test at all. We cannot fly blind into the 2010 census with a new system that is untested.

There was a recent GAO report published that asserted that the level of risk in the 2010 census program was excessive and we should be taking steps to mitigate the risk in the census operations. We are looking at our options if we have to function under a longer CR at fiscal year 2007 levels, and I can assure you we are committed to conducting the best census possible, whatever the situation, but we need the funding levels in the President's budget as soon as possible.

Let me close by observing, as Mr. Maloney did, that this may well be my last appearance before a congressional committee as Director of the Census, but I have said that before and have been proven wrong. I told the chairman that I might have to ask the President for a pardon along with a Thanksgiving turkey to release me from this. I wish the circumstances were happier, and they may turn out to be quite happy, but perhaps some good may still come of our present difficulties if we can create a mutual result to avoid a situation like this in the future.

For years ending in seven, eight, nine, and zero budgets for the decennial census typically increase significantly over prior years.

History teaches that we cannot count on the appropriation process to meet the long-planned and agreed program needs in the first quarter of the fiscal year. I don't believe anyone wants to continue to repeat this predicament year after year. The Census Bureau would like to work with the committee to see if there is an arrangement that will avoid getting us into this particular trap.

Mr. Chairman and members of the committee, I appreciate your attention to this, and I am happy to take your questions.

[The prepared statement of Mr. Kincannon follows:]



PREPARED STATEMENT OF  
CHARLES LOUIS KINCANNON  
DIRECTOR  
US CENSUS BUREAU

*Critical Budget Issues Affecting the 2010 Census*

Before the Committee on Oversight and Government Reform  
Subcommittee on Government Management, Organization, and Procurement  
U.S. House of Representatives

16 October 2007

Mr. Chairman, thank you for the opportunity to be here this morning to discuss the critical budget issues affecting the 2010 Census. In particular, I will be addressing our current situation, which has us functioning under a Continuing Resolution (CR) at Fiscal Year 2007 funding levels through November 16<sup>th</sup>. This is dramatically less than the President's Budget request, and it is about half of what we need to continue preparations needed for the 2010 Census program.

The U.S. Census Bureau has been on record for quite some time as stressing that the impact of an appropriation below the President's request, for any extended period of time, would have serious consequences. Earlier this year – in March, April, May, and July – we made it clear in testimony and questions for the record that we could not continue developing all our systems for the Dress Rehearsal and the 2010 Census in the event of funding below the President's request, either in the final appropriation or under a continuing resolution.

We are preparing for the Dress Rehearsal in 2008. We simultaneously are developing the major systems we need to conduct the census, including the hand-held computers that will be used in the 2010 Census for the first time. By law, the decennial census must occur on April 1, 2010, and the results must be submitted to the President in December 2010. These dates cannot be altered when preparations are delayed. In other words, we cannot buy back the time we are losing. When the appropriation requested in the President's budget is delayed, we lose that time and we cannot always make it up.

Because of the delay in funding under the current CR, we must now plan to delay and downscale the Dress Rehearsal in order to manage through the CR. Our top priority is maintaining our ability to test the hand-held computers, and the attendant data capture operations, because they are central to the redesigned census. This new system will enhance efficiency and accuracy, reduce paper, and save money. But we cannot use the new devices in the decennial without conducting a full systems test. Therefore, our plan now is to conduct a reduced-scope Dress Rehearsal in late spring or early summer of next year, that focuses on testing the hand-held computers, including the critical interfaces with the data capture system.

Under a reduced-scope Dress Rehearsal, other smaller important census operations will not be tested prior to the 2010 Census. The operations we are removing from the Dress Rehearsal are operations that we have done successfully before. We will not test our procedures for counting people who live in college dormitories, military barracks, prisons, or nursing homes – what we call “group quarters”. We also will not test the “Be Counted” program, which provides an opportunity for people who believe they were missed to make sure they’re included in the census counts. These are just two of the operations that will not be in the Dress Rehearsal. I will provide a complete list for the record. We will still conduct these operations in 2010, and we are confident that we will implement them effectively. However, because these operations are currently planned using new systems and some improved procedures, reduced testing, and delayed testing, means more risk to the 2010 Census. If we have problems with untested operations in 2010, the result could be an increase in overall costs and a reduction in the accuracy of census data. However, because we have done these operations before, we are willing to operate with this level of potential new risk.

If funding is delayed beyond November 16 the situation becomes more dire for us. It will call into question our ability to conduct the systems test at all. We cannot fly blind into the 2010 Census with a new system that is untested. We are looking at our options if we have to function under a longer CR at FY 2007 levels and I can assure you that we are committed to conducting the best census possible whatever the situation, but we need the funding levels in the President’s budget as soon as possible.

Let me close by noting that this may well be my last appearance before a congressional committee as Director of the Census Bureau. I wish the circumstances were happier, but perhaps some good may still come from our present difficulties if it can create a mutual resolve to avoid a situation like this in the future. For years ending in 8, 9, and 0, and often 7, budgets for the decennial census typically increase significantly over the prior year. History teaches that we cannot count on the appropriation process to meet long planned program needs in the first quarter of the fiscal year. I do not believe anyone wants to repeat this predicament year after year. I would like to work with the committee to help us address this problem.

Mr. Chairman and Members of the committee, I appreciate your attention to this, and I am happy to take your questions.

Mr. CLAY. Thank you, Mr. Kincannon.

We will now move to the question period for Members and proceed under the 5-minute rule.

Mr. Kincannon, the Census Bureau indicates that, with the reduction in funding resulting from the existing CR, they will be forced to forego parts of the vital dress rehearsal, while delaying and limiting the scope of others. As a result, a test of group quarters in North Carolina involving the Fort Bragg Military Base will have to be eliminated from the dress rehearsal.

The subcommittee is generally aware that, as a result of recent modernization of U.S. military bases as part of the BRAC process and new leasing authorities that have resulted in new family quarters being constructed, that there may be more military dependents living on base as compared to 2000. This will deprive the Bureau of an opportunity to test its plans and make the requisite changes to ensure that our military personnel are accurately and fully counted.

Director Kincannon, is this true? And what other decennial planning activities has your staff had to cancel or delay as a direct result of the lack of CR language to grant the Census Bureau spending flexibility?

Mr. KINCANNON. Well, the portion of enumeration on military bases that we have canceled is of persons living in barracks, not of persons living in houses and other kinds of situations on bases. We are confident that we can do a good job of counting military in barracks, and we would not put that at risk if we do not do that in the dress rehearsal, although the reason that the Fayetteville area was selected as a dress rehearsal site was to make sure that this worked like clockwork. But we are confident we can carry it out.

Mr. CLAY. What is your drop-dead date for your decision to cancel the dress rehearsal in North Carolina, and what is the date for canceling it altogether?

Mr. KINCANNON. Well, we won't make that decision until, I guess, the week of November 17th, but then we have to face up to whether we will be able to test the hand-helds and the electronic system that receives all the inputted data. If we can't test that in time to make corrections that would be needed in the instruments that were going to be used before heading into the census, then I think we have to reconsider our plans and cancel the entire dress rehearsal.

Mr. CLAY. You know, the field data collection automation contract and the decennial response integration contract have been given a limitation of funds notice, which will result in a reduction of the pace of work on these two critical contracts. This slow-down at this critical time will directly impact the timing of the testing of data transmissions between these two systems that is critical to the 2010 census. In 2010 these two systems will be the core of the transmittal of information between the field and Bureau headquarters.

If these systems cannot be tested soon, it will eliminate the opportunity to prevent duplication and redundancy in the non-response followup. What specifically is being done to address the reliability and performance of the field data collection automation pro-

gram, including the hand-held devices that are part of the 2010 enumeration activities?

Mr. KINCANNON. Well, if the software can be completed in time to conduct the dress rehearsal substantially as planned, at least as far as mailing out and returning the questionnaires and doing non-response followup with the hand-held computers, we will be able to do a start-to-finish test of the functionality of that whole system and the way the two systems interact.

If we don't have that in a timely way, then we won't be able to do that, and the risk of trying to use the hand-helds untested is not warranted.

Mr. CLAY. I thank you for that response.

How confident are you that these devices will perform as intended during the 2008 dress rehearsal?

Mr. KINCANNON. I have a high level of confidence, but that doesn't mean I want to skate all the way out on that ice with a backpack and half a million temporary workers trying to carry them out. These devices, the hand-held computers, were used successfully in the first phase of the dress rehearsal, the local update of the address canvas, and the address canvas was completed on time, but we did run into shortcomings in the software that delayed some of the work and we had to install software patches and so on. We discovered things that needed to be modified. That is the purpose of doing the dress rehearsal.

We still were satisfied with the way that they worked, but only a limited part of the functionality of the hand-held computers was tested in address canvassing, so we still have the major functionality to test and the non-response followup, and that is where the main money is saved through using hand-helds.

Mr. CLAY. Thank you for that.

Mr. Cannon, you are recognized for 5 minutes.

Mr. CANNON. One wonders if we are kin. I may have made that joke before.

Mr. KINCANNON. I feel a kinship.

Mr. CANNON. Thanks for being here. Your job is terrifically hard, as I have expressed in the past, and I am comforted knowing that you are there doing it, and this is remarkably important.

Let me just ask, in particular as it relates to the current issue, at the end of the day it is our job here in Congress to do this, to make sure the census is funded. It is constitutionally mandated, and it bears directly on how the House is organized.

What assurances have you had, Mr. Kincannon, from House leadership that this matter will be dealt with and we will get the testing done to make every single person count for the next census? Have you talked to Houses leadership about assuring that they will work to get these funds in the bill, in the next CR?

Mr. KINCANNON. Mr. Cannon, the House leadership has been very reassuring, but they were also reassuring that the President's budget would be passed before October 1st. The fact is, no single person can assure an appropriation will pass a certain way at a certain time. It depends on cooperation, to a degree, but broadly, as you know, and that is not easy to do.

Mr. CANNON. That is certainly the case. But has the majority leadership said they will make this a priority?

Mr. KINCANNON. Yes, sir.

Mr. CANNON. Great. Thank you very much.

We have talked in the past about the problem that Utah had whereby a difference of a grand total of 36 individuals, counted fairly or not. Utah ended up without a fourth congressional seat. We are not going to make that up legislatively by changing the number of Members of the House and adding the District of Columbia, apparently, since the Senate failed to see the urgency of that matter. So I am again concerned about what we do to count missionaries who are residents of States but serving for brief periods of time outside the State. Is that an issue that you are dealing with as you evaluate the next census, Mr. Kincannon?

Mr. KINCANNON. We do not plan any effort in the next census to count American citizens living overseas except those who are serving in the military or Federal civilian Civil Service.

Mr. CANNON. We have actually been through that a bit. Of course, the State that houses Fort Bragg has the tendency to encourage people to identify with that State, even if they have come from other areas, and I think that State has a tendency, therefore, to have a bit of an advantage, but is there a reason for not counting Americans overseas, who are overseas temporarily, not forever, but also more than a few weeks on vacation?

Mr. KINCANNON. We don't know how to systematically, uniformly count Americans resident overseas.

Mr. CANNON. Well, there are subsets of groups of people that go overseas. There are 50,000 Mormon missionaries who are missionaries around the world, including in the United States. I am not sure how many of those are overseas or not. Baptists have a fairly significant missionary force around the world. In many cases, these are young people who can be counted with their families. In many cases they are adult couples who spend 18 months overseas. That is a big deal for the State of Utah, and Utah has been growing at a very rapid rate. I am not sure we are lined up for a fifth seat yet, but at some point those people, our Utahans, they have left for a relatively short period of time. Is there not something we can do to help identify those people?

Mr. KINCANNON. I don't know. Perhaps it would be more practical to encourage them to be home for a month in 2010 so they can be accurately counted in Utah, and a little recharging of their religious batteries and go back to the fray.

Mr. CANNON. These people only leave for a relatively short period of time, so they actually don't need their batteries recharged. Of course you are joking. At least I see at this point a smile on your face as you say that. It is actually quite a serious matter in Utah. Literally counting 36 people in the face of, what, we had 13,000 people that were parts of households. Have you thought of encouraging people to count or can you count children that are over 19, over 18, who are living outside the country as part of the household?

Mr. KINCANNON. There are a set of what we call residents' rules that we try to communicate to respondents to use in understanding who they count in their household and who not. Some of them are straightforward; some of them are a little more complicated. The law requires that people respond honestly to the census, and I

think most people do. We have no way to go back and say, did you count someone who is actually in France for a year and a half? We can't do that. If people answer, we assume they answer honestly, unless there is some manifest—

Mr. CANNON. What would be the honest answer if a 20-year-old son is in France and has been there for a year and expects to be there for another year, and his parents are asked how many children they have in their household?

Mr. KINCANNON. The honest answer, based on rules that date back to the Census Act of 1790, is that they would not be counted there.

Mr. CANNON. 1790 was a great year, but we didn't have planes and phones and other kinds of things. Can we change that rule?

Mr. KINCANNON. It was an act of Congress, and if Congress can agree to a change then they can direct it.

Mr. CANNON. So these are not rules that the Census Department has issued? That is a congressional mandate? And can you state for me what it is that makes a person a resident? If someone is out of town for 2 weeks, I take it they are counted by their parents appropriately.

Mr. KINCANNON. Where they usually live most of the time. If they are on a trip for a month but usually live in Salt Lake City or Provo, then an honest answer would be Salt Lake City or Provo. If they are gone for 2 years, I think an honest answer would be they are not residing in the household.

Mr. CANNON. And you think that would take a change of law; that is, a legislative act?

Mr. KINCANNON. That is my understanding.

Mr. CANNON. I think the light is actually off, Mr. Chairman. I suspect I have surpassed my time.

Mr. CLAY. The gentleman's time has expired, but on the point that you make, there are also those who are in State institutions for extended stays also.

Mr. CANNON. Right.

Mr. CLAY. And there is an issue about how we count those individuals. Maybe there is a legislative solution.

Mr. CANNON. Well thank you, Mr. Chairman. I would love to work with you on this issue.

Mr. CLAY. Right.

Mr. CANNON. For Utah it is a huge disproportionate fact of our lives.

Mr. CLAY. We would like to explore it also. Thank you.

The gentlelady from New York, Mrs. Maloney, for 5 minutes.

Mrs. MALONEY. I thank the chairman.

Now, Mr. Kincannon, I am not on the Appropriations Committee, but I understand from my leadership and from statements by various White House officials, even the President, that the White House insisted over and over again that they wanted a clean CR, meaning no anomalies or add-ons on top of it. But, in fact, the OMB requested and the Congress granted about a dozen such anomalies for the war in Iraq and the DOD and the Homeland Security missions, and even for the Department of Agriculture to be able to continue grading cotton.



Director Kincannon, did you ask the Department for anomaly language?

Mr. KINCANNON. You know, discussions and ongoing process and the ongoing process of the budget are internal to the administration.

Mrs. MALONEY. Pardon me? You did ask for it? Yes or no?

Mr. KINCANNON. I didn't answer that question. I am not going to answer that question.

Mrs. MALONEY. Pardon me?

Mr. KINCANNON. I am not going to answer that question. That is not the practice that is followed in the administration, in the executive branch of Government. We don't talk about our individual budget discussions back and forth between the different levels of review in the administration. The final decisions were made based on large number of factors that are considered, and that is what goes up.

I have worked 35 years in the executive branch, 6 of those years at OMB, and I understand that is a logical practice and not just somebody's directive.

Mrs. MALONEY. Well, this is a congressional hearing, and we are having a problem because you didn't get your funding, and we want to find out why, because it is going to cost us money, it is going to cost efficiency. It may delay the census on which we base our Members of Congress and also the funding levels for localities. It is very, very important. So you are telling me that you can't tell me whether or not you asked for the appropriate budget for your Department? Is that what you are saying? That is a secret discussion?

Mr. KINCANNON. No. We asked for the appropriate funding and the President proposed it in the budget he sent up last February.

Mrs. MALONEY. OK.

Mr. KINCANNON. And the Congress did not vote that appropriation by October 1st.

Mrs. MALONEY. OK. Did OMB ever reject your request for funding? Did they request it? Did they reject it?

Mr. KINCANNON. I consider that internal.

Mrs. MALONEY. Pardon me?

Mr. KINCANNON. I consider that an internal administration discussion, and—

Mrs. MALONEY. That is an internal administration discussion?

Mr. KINCANNON. Yes.

Mr. CANNON. Would the gentlelady yield?

Mrs. MALONEY. I will yield at the end of my questioning, not now. Not now. I am not yielding now—

Mr. CANNON. I support the gentlelady's inquiry.

Mrs. MALONEY. OK. Thank you. OK. Did OMB realize the consequences of not having this increase and anomaly? Did they realize it?

Mr. KINCANNON. I believe we have discussed so broadly the consequences of not having the money appropriated that appropriate people in OMB and the Congress and in our Advisory Committees and in the various census support and user groups all understood serious consequences would result from not having that money at the beginning of the fiscal year.

Mrs. MALONEY. So they thoroughly understood the consequences for the dress rehearsal and the impact on the cost and efficiency with the hand-holds and all the other census planning? That was discussed thoroughly?

Mr. KINCANNON. I believe that was discussed thoroughly with many groups of people.

Mrs. MALONEY. And what was their response? Did OMB tell you how to solve these problems?

Mr. KINCANNON. No. OMB did not tell us how to solve the problem. They asked us how we were going to solve the problem. That is the usual drill. And the committees, the Appropriations Committees asked us how we were going to accommodate the CR, and we responded in both cases consistently, of course.

Mrs. MALONEY. So did OMB give you any directives or orders on how to handle the funding deficiency in this CR?

Mr. KINCANNON. No. They asked us how we were going to accommodate the spending levels authorized in the CR.

Mrs. MALONEY. Did they instruct you on any specific changes to the census design that they wanted?

Mr. KINCANNON. No, they did not.

Mrs. MALONEY. They did not?

Mr. KINCANNON. I don't know whether I would answer that if I knew, if I knew an answer that was different than no, but that is the—

Mrs. MALONEY. And can you tell us specifically what decennial planning activities your staff has had to cancel or delay as a direct result of the lack of CR language to grant the Census Bureau spending flexibility? Exactly what have you had to cancel or delay so far?

Mr. KINCANNON. What we will plan to do, but it will be on a delayed schedule, and I can't say how much delayed now, we plan to mail out questionnaires in the mail-out mail-back areas. This includes the bilingual forms and neighborhoods that are—

Mrs. MALONEY. Is this the American Community Survey you are talking about?

Mr. KINCANNON. No. This is in the dress rehearsal.

Mrs. MALONEY. This is the dress rehearsal?

Mr. KINCANNON. This is the dress rehearsal.

Mrs. MALONEY. Yes.

Mr. KINCANNON. We are continuing the American Community Survey within the bounds of the continuing resolution because it is a continuing program. It is accommodated there.

Mrs. MALONEY. So you had to cancel certain aspects of the dress rehearsal?

Mr. KINCANNON. Yes.

Mrs. MALONEY. Specifically what aspects of the dress rehearsal?

Mr. KINCANNON. Well, what we won't do is the new construction program, which is an opportunity for local governments to come in and identify new housing construction that occurred since the local update of census addresses. We have canceled the update leave activity where the Census Bureau delivers questionnaires at the same time that they spot a location on a map for housing in rural areas mostly that does not have city-type addresses or association of an address with that housing unit if they get their mail at the

Post Office or if they get their mail from a box on a road somewhat removed from the physical location.

We canceled the group quarters advanced visit, where we go to arrange for enumeration timing and other info that we will need to conduct an enumeration there.

We have canceled the group quarters enumeration, including the groups that I mentioned before.

We have canceled service-based enumeration in the dress rehearsal, including shelters, soup kitchens, and mobile food vans.

We canceled enumeration of transient locations, including campgrounds, marinas, and hotels and motels.

We have canceled questionnaire assistance centers, where you could walk in and get some help filling out your questionnaire.

We have canceled the Be Counted Program, where if you think you haven't been counted, you can pick up in various locations, like a Post Office, a Were You Counted Form, fill it out, send it in, and we determined whether you have already been counted, and if not we add you in.

We have, because we are not doing Be Counted, we have canceled the processing whereby we would geocode those forms.

We have canceled the field verification of new addresses reported on Be Counted forms, because there won't be any Be Counted forms.

We have canceled all census coverage measurement housing unit field operations other than the independent listing that we are going to carry on.

And we have canceled all census coverage measurement housing matching operations.

We have also canceled assessments of the operations that were dropped, which is sensible. You can't do that, really.

There are some things still to be decided, like will we conduct a partnership program for the dress rehearsal. All these things are attached to the words "dress rehearsal."

We have not determined when census day will be for the dress rehearsal because we don't know how long the delay will be. We have not determined whether we will drop one of the dress rehearsal sites, and, if so, which one and when. We do not know whether we will drop the coverage followup operation. We have not determined whether we would do race and Hispanic origin response coding. And we have not determined whether we will provide a telephone questionnaire assistance.

We do not know whether we will provide fulfillment for questionnaires in English, Spanish, and Chinese.

We have not determined whether we will conduct all data processing, response processing, and produce redistricting type prototypes that would help States in planning their 2010 redistricting programs. Those are at-risk programs, but we haven't decided those.

Well, there are only two more, I think. Will we conduct person matching and person followup for the census coverage measurement program? We don't know. Haven't determined that yet. Depends on what other things are done.

And we have not determined whether we will use prototype estimates of net and component coverage errors from the dress rehearsal CCM program.

Mr. CLAY. The gentlelady's time has expired.

Mrs. MALONEY. Could I just say that is quite a list.

Mr. CLAY. It is quite a list. The gentlelady's time—

Mr. CANNON. I ask unanimous consent that the gentlelady's time be extended for an additional minute.

Mr. CLAY. Without objection.

Mr. CANNON. Would the gentlelady yield?

Mrs. MALONEY. I will yield. Yes.

Mr. CANNON. I thank the gentlelady.

The gentlelady has really two issues here. One, who is at fault for not having funding, and we have a different view of that. I think the Congress has some responsibility. But I am concerned about your answer, which is essentially that you are not going to give us information. That is a bipartisan response, I think that I represent, in dealing with that. There are very, very limited contexts in which you can withhold information. It is not an administration function. It is very, very limited to how the President makes his decisions.

I think you are invoking or you are suggesting that you can't answer about your discussions with OMB or with anyone other than policymaking in the White House is not appropriate, so I am sort of lecturing my colleagues here that we be tougher on these kinds of issues, but also suggesting to you that the authority of Congress to inquire into these issues is very, very broad, and the exemptions are very, very narrow.

I thank you, and I yield back.

Mr. CLAY. Thank you. And I thank the gentleman.

The gentleman from New Hampshire is recognized for 5 minutes.

Mr. HODES. Thank you, Mr. Chairman. Thank you for having this hearing.

Mr. KINCANNON. I would first simply like to followup on the discussion we have just had to make sure I am clear. You said that you couldn't talk to us about your discussions with the Office of Management and Budget because those were internal administration discussions; is that correct?

Mr. KINCANNON. Yes, sir, that is correct.

Mr. HODES. And are you claiming some sort of privilege in your refusal to answer our questions about the discussions you have had with the Office of Management and Budget?

Mr. KINCANNON. If we have to draw a fine line of whether I am claiming some sort of privilege, I guess I would have to ask for counsel there. But it is a long-established practice, long-disputed by the Congress on a bipartisan basis, that these discussions about budget remain internal to the administration, and we, through a set of deliberations, produce a proposal that is the President's budget, and we defend that budget.

Mr. HODES. Well, sir, you understand our dilemma. Mr. Nussle was to come to this hearing. He is the Director of the Office of Management and Budget. He is not here. You are, as Director of the Census Bureau, right? So in the absence of Mr. Nussle, we are trying to get some information about what OMB had in mind when

they didn't request from Congress in the CR the money that you need to do your job. You understand that?

Mr. KINCANNON. Yes, sir.

Mr. HODES. I would like you to reconsider right now answering our questions about your discussions with OMB. If you need counsel, seek that counsel, but I would ask you to reconsider, because, although I am a new Member of Congress, this is the people's House. This census is very important to the United States and the conduct of our elections, and I know of no privilege which would allow you not to testify because you are under oath about the discussions we have asked so that we can get the information we need from OMB. So if there is somebody here for you to seek the counsel of, I would ask leave from the chairman to give the witness a chance to seek that counsel.

I would ask for a brief delay, Mr. Chairman, so the witness can seek the counsel.

Mr. CLAY. I tell you what. We can go to——

Mrs. MALONEY. Would the gentleman yield?

Mr. CLAY. Wait a minute.

Mrs. MALONEY. Would the gentleman yield?

Mr. HODES. I will yield.

Mr. CLAY. Wait a minute. We will go to questioning of Mr. Wolfe and allow Mr. Kincannon——

Mrs. MALONEY. The gentleman yields. To me, I feel the main question is what are we going to do going forward to get this census working. That is what I would like to focus on, Mr. Chairman, if we could hear what do we do now.

You just gave me a list of maybe 25 things that are going to be delayed or canceled, so basically my question, Mr. Chairman: is the \$7 million that was transferred last night to you going to address this and make it whole? Could he answer that one question? Because the main thing is to get this census out, have the dress rehearsal, and make it the most accurate one we have ever had. That is my question.

Mr. KINCANNON. I agree that is the question, Mrs. Maloney. I appreciate that.

The \$6.8 million in the transfer request that was submitted to the Appropriations Committees last evening, if we get it by Friday, would enable us to shorten the delay in conducting the more limited dress rehearsal test of the hand-helds and the data integration software. If it is not passed until November 15th, then it is not going to have any effect at all.

Mr. HODES. Reclaiming my time, Mr. Kincannon——

Mr. CLAY. The gentleman is recognized.

Mr. HODES. Thank you.

Mr. Kincannon, so if you get the \$7 million, you can go forward in a limited way? Is that what you are telling us?

Mr. KINCANNON. We can reduce the delay to less than 2 months, I am told.

Mr. HODES. How much more money do you need to go forward fully?

Mr. KINCANNON. The gap between the appropriation a year ago for 2007 in this period and the amount of the President's budget for this 7-week approximately period is \$76 million, and by delay-

ing things we have made some funding available, so that amount is somewhere between \$55 and \$76 million.

Mr. HODES. And is it fair to say that if you do not have that money, whatever it is within the range you have talked about, that things will be much more costly down the line?

Mr. KINCANNON. I believe that is reasonable to say, yes, because I think we would have to say we don't want to run the risk of not testing these devices in a field situation and then running around using them with half a million temporary employees and running a risk of a failed census. That would not serve the country and certainly not the House of Representatives well.

Mr. HODES. Now, I have heard estimates of perhaps a cost of \$1 billion if this \$55 to \$75 million is not provided in a timely way to do what you need to do to test the systems and conduct the research you need to conduct. Is that a fair estimate?

Mr. KINCANNON. I think the fair estimate is between \$1.3 and \$1.5 billion at this stage.

Mr. HODES. That was a billion with a B?

Mr. KINCANNON. Billion with a B.

Mr. HODES. OK. So that if you could send a message directly to Congress, it would be: give us the \$55 to \$75 million as soon as possible in order to avoid a much greater expenditure down the line?

Mr. KINCANNON. We need the money requested in the President's budget, whether that is through a different kind of CR, if that is the way the Government is going to be run for the rest of the year, or through passing the appropriation for the Census Bureau and the rest of the appropriation.

Mr. HODES. Thank you. I yield back.

Mr. CLAY. I thank the gentleman.

Mr. Wolfe, I will direct some questions your way.

Will the White House request language in the next CR for fiscal year 2008 which would grant the Bureau of the Census the spending flexibility necessary to stay on time and on track with the administration's approved plan for the 2010 census?

Mr. WOLFE. Mr. Chairman, I have been assured that the administration is very seriously considering that, and it is looking very good at this point.

Mr. CLAY. Mr. Wolfe, did you or your Department plan on the possibility there might not be agreement between Congress and the White House on the budget in time to make these important expenditures in the beginning of the fiscal year? And how or why is there such a crisis in these first 2 weeks of the fiscal year if you used recent history as a planning tool? Didn't we all see this coming?

Mr. WOLFE. I think the expectation was, Mr. Chairman, that the Congress would pass an appropriation, at least our bill, prior to the expiration of the fiscal year. When that did not happen, it obviously moved very quickly, and we find ourselves in this situation.

Mr. CLAY. And you feel confident that by the time we get to November 16th we will have worked out some language with OMB to give the Bureau the flexibility?

Mr. WOLFE. I have every hope, sir, that is the case?

Mr. CLAY. I thank you for that.

I recognize the gentlelady from New York for five more minutes. I yield back my time and recognize you for another round of questions.

Mrs. MALONEY. Thank you.

I tell you first of all, Director Kincannon, I just want to express my gratitude on behalf of the American people for your many years of service at the census and the fine work that you have done. You have been a fine appointee, and I just want to thank you very much.

So if we get the money there in place, you feel that we will be able to go forward without the delays and have the dress rehearsal and the dress rehearsal will be robust and that you will test every final design element you have already planned to test?

Mr. KINCANNON. Well, we would not restore the things that we have definitely cut. We will not recover a test in dress rehearsal of group quarters enumeration. But these doubtful things we should be able to remain, and the ones that are still unresolved we should be able to—

Mrs. MALONEY. And the new technology with the hand-held computer—

Mr. KINCANNON. Yes.

Mrs. MALONEY [continuing]. Which you believe will be more efficient, save \$1.5 billion, will we be able to go forward with the hand-held improvement with the new money that the chairman and my colleagues have been talking about, the \$1.3 billion I think you said you needed?

Mr. KINCANNON. Yes, I believe it will.

Mrs. MALONEY. Then we can keep the hand-held?

Mr. KINCANNON. Yes, ma'am.

Mrs. MALONEY. That is terrific.

How is the American Community Survey doing? Is the response as good to that? What is the return on that? It is an ongoing program?

Mr. KINCANNON. The response rate, suggested response rate, is about 97 percent.

Mrs. MALONEY. That is amazing.

Mr. KINCANNON. It is.

Mrs. MALONEY. That was 97 percent?

Mr. KINCANNON. We are surprised and very pleased.

Mrs. MALONEY. Yes. That is terrific. And many people are very concerned about the military bases and the counting of the military personnel, particularly in North Carolina and California. If we get the money, will the dress rehearsal in North Carolina be able to take place on the military bases?

Mr. KINCANNON. It will take place on military bases for conventional housing, but not for barracks.

Mrs. MALONEY. Pardon me?

Mr. KINCANNON. Not for group quarters, for the barracks.

Mrs. MALONEY. Not for the group quarters? Why can't we get that into this testing?

Mr. KINCANNON. Because we have already stopped certain activities in order to direct the—

Mrs. MALONEY. That long list you gave me, you stopped all those activities.

Mr. KINCANNON. No. Those are still doubtful. The first list I gave you—and I will give you a copy of this for the record.

Mrs. MALONEY. I would like to see it in writing.

Mr. KINCANNON. Yes.

Mrs. MALONEY. There were two lists, one that you might have to stop and one that you have definitely stopped.

Mr. KINCANNON. Yes.

Mrs. MALONEY. I think the one you definitely stopped was around 15 or 20 things, right?

Mr. KINCANNON. Yes, a number of things. Yes.

Mrs. MALONEY. That is really distressing that lack of good planning has resulted in that.

Mr. KINCANNON. We planned what we needed and requested that money and it was included in the President's budget. We cannot delay it, you know. We have a clock that runs. We have to get the dress rehearsal done in time to digest any corrections that need to be made and incorporate that in the planning for 2010 and get that done. We cannot expand that time. There are statutory limitations as to how much time we have to do these things. It seems like a long way ahead, but if you are waiting for an appropriation, you know, who knows how long it will take.

We also were not silent in alerting everybody in town, basically, about the need to have this money on time or its implications for the dress rehearsal. Now those implications have, in a limited extent, unfolded, and we can't recover that. We have redirected that funding to the highest priority, which is the testing of the handheld computers and the data integration system that will make the results useful and cost saving.

Mrs. MALONEY. Now, we have really had a CR in most of the 12 or 15 years due to budget struggles between either the White House or the legislative bodies, the two legislative bodies, and when you sit down with your budget folks and start working on all of this each year and plan for the budget, don't you, because for the last 12 or 15 years, most of which you have gotten the exception or the anomaly to go forward outside of the frozen CR, don't you have discussions about the possibility of a CR and don't you make plans to work around such an occurrence?

Mr. KINCANNON. We can't work around a doubling of the amount of funding for October and half of November between 2007 and 2008. We don't have a secret source of money.

In the case of 2-year money, we have some money that is 2-year money. If there are unexpended balances at the end of the year and we can legitimately obligate that on the next step in that program, we do that, but—

Mrs. MALONEY. Usually the CRs have a set line of what they are going to pay the agencies.

Mr. KINCANNON. Which is based on—

Mrs. MALONEY. And because of incredibly important institutions such as the census, such as the DOD and Homeland Security, there are exceptions so that you get the money you need to get the job done appropriately. So my question is: in the past 12 or 15 years the exception has been written into the law that has allowed the Census Bureau to go forward and get the job done appropriately. This year it was not, which ended up in delays, increased cost, lack



of efficiency. My question is: in these budget negotiations, when you were talking to the appropriate people on both sides of the aisle and everywhere, did you raise the need for a changed CR, an anomaly, an exception so that you would get the funding that you need?

Mr. KINCANNON. In every year we have raised that concern. I don't know that we got an actual anomaly in last year's CR, not until after the second seek of February, I think. It was requested by the administration but it was not approved by the Congress until I guess there was an omnibus bill of some sort around February 8th or 9th, and then we received that money.

Mrs. MALONEY. My time has expired.

Mr. KINCANNON. OK.

Mr. CLAY. The gentlelady's time has expired.

The gentleman from New Hampshire is recognized for 5 minutes.

Mr. HODES. Thank you, Mr. Chairman.

Mr. Kincannon, you have told us what you have already done to cut costs since the signing of the CR, and I understand you have two lists, one of items already gone by the boards and another list of things that are next on the chopping block; is that correct?

Mr. KINCANNON. That remains to be decided, yes.

Mr. HODES. Can you tell us what do the cuts that you have already made mean for the efficiency, accuracy, and effectiveness of the decennial census?

Mr. KINCANNON. Well, I tried to cover that in my testimony. The kinds of things that we discontinued, decided that we weren't going to do in the dress rehearsal, are processes that we have conducted in the past and that we are as confident as we can be we can conduct successfully again, like the group quarters enumeration. The process is not exactly the same as it was in the last census because there is some new automation and some slightly changed procedures, but still it is a risk that we are willing to run.

Mr. HODES. Now let's move to the items that are next on the chopping block. Are those in a different category in terms of their impact on the census if those are cut?

Mr. KINCANNON. They are, in our view, more important to try to do, if at all possible, yes. I can't quantify that for the individual items. Some are very small. What day is census day going to be? If we have a dress rehearsal there will be a census day. That really is not going to—

Mr. HODES. Now, I understand that you are planning right now to move the North Carolina dress rehearsal out to California?

Mr. KINCANNON. Well, we are conducting a dress rehearsal in San Joaquin, CA, and in nine counties surrounding Fayetteville, NC. We have not decided to cancel at either of those sites.

Mr. HODES. If you don't get the funding we have talked about, what will happen in terms of your plans for doing both San Joaquin and around Fayetteville?

Mr. KINCANNON. We would have to reconsider whether we were going to make those further modifications, but we don't have a trigger point saying that if we don't get \$20 million of that we would cut this and cut that. There are a list of things that we have to examine depending on the timing of action of the Congress and the amount of money that we ultimately get.

Ultimately, everything, the entire dress rehearsal is on the block if we don't get the funding timely.

Mr. HODES. Are the rehearsals in San Joaquin and around Fayetteville designed particularly to deal with how the census is going to count rural communities?

Mr. KINCANNON. Not particularly rural communities, but group quarters and particular military bases was a rationale in the Fayetteville choice, and also places without city type addresses. There are a lot of those. The majority of those I believe are in the nine counties surrounding Fayetteville. In the San Joaquin test we were interested particularly in language minorities. There are also some group quarters issues in San Joaquin County. Those were major aspects that we were looking at.

Mr. HODES. And have you included in the dress rehearsal with the current plans, with the current funds you have, adequate dress rehearsals for rural communities?

Mr. KINCANNON. I think I said that we have already dropped update leave, and that is—I am sorry for the jargon, but it is a process whereby, instead of putting the questionnaire in the mail to 122 Main Street, the Post Office does not deliver mail to the housing unit and we must take the questionnaire and try and deliver it to the household, or if they are not at home we leave it in a bag on the door handle. That is a phenomenon mostly of rural areas, and there are a large number of those kinds of addresses in the North Carolina test.

Mr. HODES. OK. And did you say that those had already been cut?

Mr. KINCANNON. Cut. Yes.

Mr. HODES. OK. All right. Is it fair to say that those are processes you know about already and have done in previous censuses and are well tested and tried?

Mr. KINCANNON. Well, we think so, sir. Yes.

Mr. HODES. Thank you.

Thank you, Mr. Chairman.

Mr. CLAY. I thank the gentleman.

I will recognize members of the committee for closing statements. The gentlelady from New York.

Mrs. MALONEY. First of all I want to thank our two witnesses and again thank the Honorable Secretary Kincannon for your service. I know that you understand more than most Americans how important the census is and how important accuracy in the census is for reapportionment, the apportionment of representation in both Congress, the State legislatures. Absolutely billions of dollars are distributed based on census numbers, so it is only fair to fair representative government to make it as accurate as possible.

I would just like to say that we have a difference of opinion in how much information can be shared with us. We want to explore that issue further, but, just as important, we need to figure out how to fix this and move forward, correct as many mistakes as we can, fund it to the proper level.

I would say we need to figure out how to communicate better. You need to tell us what your challenges are. You need to tell us when you are not getting the proper funding. We need to be able to correct this going forward. I disagree that, as my colleagues have

so stated, that this information is privileged conversation. It is not. But the main thing is we have to get this funded. We have to get it right. We have to correct as much as we can, get those dress rehearsals done, and move forward in a positive way.

I yield back.

Mr. CLAY. I thank the gentlelady for her statement.

Mr. Hodes.

Mr. HODES. Thank you, Mr. Chairman.

I thank both witnesses for being here today. Obviously, an accurate population count is very serious business. The Constitution mandates it. We use the population counts as the basis for our voting system, our congressional districts, our Electoral College, and really, I think, this is a completely nonpartisan issue. There is no excuse for not addressing the budgetary problems quickly. We cannot risk disenfranchising voters, especially in harder-to-count communities, like in the military communities, in rural communities, and other places. I am sorry to hear that various things have already been dropped that ought to be tested as things progress.

I will just say, Mr. Kincannon, I know you have served a long time and this is probably your last congressional appearance, so congratulations to you. As far as putting you on the spot, I will say that there is a larger issue in terms of the relationship between an administration which has not been forthcoming, in my judgment, with Congress about all kinds of information, and Congress' role as the people's voice in this Government. We need accurate information, and we need to know what people have said in order to do what we need to do to do our work. I appreciate where you are and I hope you understand that my questions are not personal but professional about that relationship which will be carried on in other places.

But I think we are taking from this hearing certainly it is my sense that we in Congress need to do whatever is necessary and as quickly as possible to give you the tools to make sure that the census goes forward in its best form possible. I will certainly do whatever I can to make that happen.

Thank you both for your appearance here today.

Mr. CLAY. I thank the gentleman for his closing statement.

Mr. Wolfe, I want to thank you for your appearance today. You have certainly raised our level of comfort to hear that the Department will be working with OMB to come up with a funding solution for the Census Bureau.

Mr. WOLFE. Absolutely, sir.

Mr. CLAY. We appreciate that.

Also, I want to say that it is the hope of this committee that nothing in the CR language will hinder, delay, or deny the plan, funding, and execution of the contracts for the hand-held computers, the advertising program, the partnership program, or the data capture program, and that this administration will use every means necessary to grant the Bureau of the Census officials any waivers or exemptions from administration spending restrictions in order for them to meet those requirements and to run an adequate dress rehearsal.

Mr. Kincannon, would you please provide this committee with those lists of cancellations or changes or possible cancellation that you rattled off to us earlier? We would appreciate that.

We pray, Mr. Kincannon, that this is your last appearance before this committee, but it has certainly been a pleasure to have you as a witness, and we certainly appreciate your service to this country.

The panel is dismissed.

This hearing is adjourned. Thank you all.

[Whereupon, at 11:20 a.m., the subcommittee was adjourned.]

