



TESTIMONY

From

**The Hon. Maurice P. McTigue, Q.S.O.
Vice President of the Mercatus Center
Director, Government Accountability Project**

For

**Senate Homeland Security and Governmental Affairs Committee's
Subcommittee on Federal Financial Management, Government
Information, Federal Services, and International Security**

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On

**“Preparations for 2010: Is the Census Bureau Ready for the Job
Ahead?”**

Mr. Chairman, I am honored to have been invited to testify before you on the current state of readiness of the Census Bureau for the Decennial Census in 2010.

My expertise is not in statistics or survey research methods, but rather in the field of organizational performance and understanding organizations' potential to improve their performance measured in terms of increased benefits to the public.¹

¹See Annual Performance Report Scorecard
http://www.mercatus.org/repository/docLib/20070403_Scorecard_FY_2006.pdf

The requirement to enumerate the American population every 10 years is enshrined in the American Constitution. So, there is no question as to whether or not the census is still relevant; however, over the time since the first census to the current day, the process and procedure has seen remarkable change—from the first census being conducted on horseback to the 2010 census using handheld computers.

When assessing the performance of organizations, one of the first considerations is to define the product and then identify the primary utility of that product to its users. The Census Bureau's product is information, and its users fall mainly into the category of decision makers or researchers. What the Census Bureau does might be described as gathering market intelligence for decision makers.

Therefore, the Census Bureau is what I would describe as an enabling organization. It enables decision makers—whether they are members of Congress, electoral boundary commissions, state and local government, or the business community—to make better decisions.

The Census Bureau is not the only information-gathering organization in the federal government. The Central Intelligence Agency, the Federal Bureau of Investigations, the National Security Administration, the Government Accountability Office, and many other organizations gather information the government uses to improve the quality of decisions made on a wide range of topics.

What the Census Bureau and all these organizations have in common is the constant battle over the utility of the information. That means that there is a constant conflict between the values of accuracy, timeliness, reliability, and the processing of the raw data into usable products. These values are not constant and at various times one may demand a heavier weighting than others. For example, accuracy may have to give ground to timeliness if 100 percent accurate information only becomes available after the information being provided no longer has any utility. In that situation the information has zero value.

Our research has shown that some of the data gathered by the Census Bureau relating to state government is normally two years away from real time. In circumstances like this, questions need to be raised about whether improved timeliness outweighs accuracy.

In the ongoing efforts to maximize utility to its users, the Census Bureau's decision to introduce the American Community Survey is to be applauded, as it should provide a more dynamic and up-to-date picture of change in American society.

However, over time it will be important to evaluate whether the continuous random sampling taking place in the American Community Survey is providing a sufficiently accurate and timely macro-level picture of American society. For example, the sample may be too small or the mix may not pick up significant information on particular populations or particular societal trends.

To this extent, it will be important for the Census Bureau to develop an entrepreneurial focus that researches the utility of its products and upgrades them to best serve the needs of a rapidly changing society. It is therefore disappointing that the Bureau has so far decided against online information gathering when many other countries like Canada, Australia, and New Zealand already have considerable experience with online census responses.

The "dress rehearsal" experiment is also a worthy undertaking, but questions have to be asked about whether there is sufficient time after the dress rehearsal to remedy any significant problems that may arise. If the timeline is too short, significant problems will only be resolved by Congress throwing large quantities of money at the problem, which history indicates has been the practice in the past. In my view, it is a shame that the opportunity was not taken for comprehensive experimentation with online census responses at some time during the 10 years since the last census.

This is particularly disappointing when compared with the remarkable productivity gains, accuracy improvements, and cost reductions that have been experienced everywhere where tax collection has allowed online filing. There is no doubt that the complexity of tax filing far exceeds that of filling out a census form, particularly now that the long census form has been removed from the process. Last year more than 80 million Americans filed tax returns online.² More than 54 percent of all individual tax returns were

² Internal Revenue Service. *Internal Revenue Service Data Book: 2006*. Publication 55B, Washington, DC, March 2007.

filed online in 2006.³ With 73 percent of the population, or 173 million adult Americans, having internet access, there is the potential for between 50 and 60 percent of census forms to be filed online.

As a conservative estimate—presuming that the Census Bureau will not exceed its budget estimate—the \$72 per household cost to conduct the census compares very unfavorably with the \$0.56 cost to the IRS for handling an online tax filing.⁴ In addition to the cost reduction, the IRS experienced a significant reduction in errors through online filing from 20 percent to one percent, or one-twentieth of the errors of paper filings. When taking all of these factors into consideration it seems a significant benefit has been forgone by the Census Bureau. One would have to conclude that the Census Bureau has been extremely conservative in its approach to technology in conducting this census.⁵

As I was doing the research for this testimony, one small but interesting fact stuck in my memory: By the time the census is completed, the process will have consumed 1.5 billion pieces of paper.⁶ That equals over 125,000 trees and maybe a quarter or a half of that paper usage could have been avoided and forty or sixty thousand trees saved.⁷ Perhaps an interesting challenge for the Census Bureau would be to reduce the process' paper consumption 50 percent.

³ Ibid.

⁴ Trudy Walsh, "The E-government payoff: Where finance acquisition and HR converge, e-gov projects deliver," *The Government Leader*, November 2005.

⁵ Jennifer K. Nii, "IRS suggests most people e-file tax forms," *Desert News*, 7 April 2006.

⁶ U.S. Census Bureau, "Reengineering the Census of Population and Housing" (paper presented at the UNECE Seminar on New Methods for Population Censuses, Geneva, Switzerland, November 22, 2004).

⁷ The Resourceful Schools Project, "Resources for Recycling Coordinators", Resourceful Schools Project. <http://resourcefulschools.org/coordinators.html>