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"Halfway to the 2010 Census: The Countdown and Components to a Successful Decennial Census"

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Mr. Chairman and Members of the Subcommittee, good morning. I am Andrew Reamer, Deputy Director of the Urban Markets Initiative (UMI) in the Metropolitan Policy Program of the Brookings Institution. I very much appreciate the opportunity to appear before this subcommittee on the topic of the components to a successful Decennial Census. I will focus my remarks on the importance of the full and successful implementation of the American Community Survey (ACS) and the challenges faced in achieving such implementation.

By way of background, UMI is funded by Living Cities, a partnership of foundations, financial institutions, nonprofit organizations, and federal agencies that have committed $500 million in this decade to improving the vitality of America's cities and urban communities. UMI's mission is to stimulate greater private and public investment in urban communities through improving the demographic, social, and economic data available on these communities. Accurate, accessible data lead to better understanding of investment opportunities and needs, which in turn lead to greater and more effective investments. The full power of the marketplace is unleashed as a result, and urban communities become more connected to the economic mainstream.

From this perspective, UMI believes that the ACS is a ***highly essential and necessary dataset***. Far more than any other single dataset collected by the federal government, the fully implemented ACS will enable private and public investors to obtain a complete, up-to-date understanding of highly detailed demographic and socioeconomic characteristics of the nation's metropolitan areas, central cities and other places, and, as of 2010, neighborhoods and rural areas. This availability of ACS data will lead to more appropriate and effective private and public sector investments:

- We expect to see businesses and entrepreneurs use ACS data (such as age, income, race and ethnicity, language, and housing costs) to identify untapped market opportunities.
- We expect to see businesses and entrepreneurs use ACS data (such as occupation, industry, and educational attainment) to better understand the size and nature of the available labor force.
- We expect to see local governments, metropolitan planning councils, and community-based organizations use ACS data (such as housing, journey-to-work, immigration status, geographic mobility, and those previously mentioned) to help determine the need for, the design of, and the impacts of programs in realms such as transportation, health, education, workforce development, community and economic development, housing, and social services.
- We expect to see community colleges use ACS data (such as age, school enrollment, and occupation) to better target potential students.
- And we expect to see a multitude of federal agencies use the ACS to determine the geographic allocation of billions of dollars for programs and services in education, housing and community development, health-care, elderly services, job training, and others. In fact, every question in the ACS is tied to use by a federal agency.

Historically, public and private investors in urban areas have relied on detailed data derived from the Decennial Census "long form," received by one in six American households. For instance, as an economic development consultant in 1993, I used "long form" data to identify the need for a new Hispanic supermarket in Boston's Upham's Corner commercial district. My client in the City of Boston read the feasibility study, rounded up partners and capital, quit his job, and started a highly successful new venture. Two months ago, America's Food Basket opened up its third store, a 21,000 square foot facility, and is planning a fourth. Such is the long-term economic impact of good data.

However, I picked a good year for the initial feasibility study, just a few months after the Census data's release; in most years, the available "long form" data are out of date. In fact, the once-a-decade release of "long form" data has meant that the nation's public and private investors almost always suffer from a lack of reliable detailed neighborhood data on which to base decisions and measure results. Consequently, hundreds of billions of dollars of private and public investment decisions are made in a state of statistical uncertainty. That uncertainty leads investors to hesitate, to

say no when they should say yes, or vice versa, and to fail to make necessary adjustments as circumstances change. America loses wealth and jobs as a result.

The ACS addresses these concerns, head on. By being collected continuously and published annually and quickly (in the succeeding calendar year), the ACS will provide urban investors with far more current data on which to base decisions. These data will not be perfect, nor will they be perfectly up-to-date. While the ACS is based on a very large annual sample, 3 million households, this is a fifth the size of the "long form" sample. Data for metropolitan areas will be most reliable; data for areas of under 20,000 (such as census tracts) will be annually published as five-year rolling averages. Even so, compared to "long form" data that can be as much as twelve years old, the timely release of a five-year rolling average represents a vast improvement.

For regional analysts, the ACS has already well proved its worth. Since 2000, the Census Bureau has been carrying out the ACS on a "quarter-size" basis (750,000 households annually), which allows for the publication of data for areas of 250,000 or more. Brookings' Metropolitan Policy Program, which used Census 2000 to produce a series of authoritative data guides to 23 of the nation's largest cities, regularly relies on the ACS in its metro area analyses. For four years, I have used the ACS to prepare an annual series of indicators that measures the presence and characteristics of America's low-income working families, by state. These indicators are used to frame discussions of state workforce, education, and economic development policies and programs, and would not have been possible without the ACS.[1]

UMI strongly believes that the full-scale implementation of the ACS will provide economic benefits to the nation many multiples of the cost to the federal government. We highly commend the Census Bureau's leadership and staff for their recognition of the nation's need for better data and for their commitment, technical creativity, and hard work in moving the ACS from concept to reality. And we highly commend Congress, the President, and the Office of Management and Budget for their strong support for the development and implementation of the ACS.

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[1] These indicators are produced for the Working Poor Families Project. For examples of ACS-based state-level indicators, see the Project's recent national report, "Working Hard, Falling Short: America's Working Families and the Pursuit of Economic Security," available at
http://www.aecf.org/initiatives/fes/workingpoor/workingpoor/working_hard_new.pdf.

At the same time, UMI recognizes that for ACS implementation to be a success, the federal government must address a number of challenges. First, the ACS program must be allocated budgets that are sufficient and stable from year to year. Without such budgets, the ability of the Census Bureau to produce accurate data, for small areas in particular, will be compromised; moreover, the public's return on the millions of federal dollars invested to date will be jeopardized. Consequently, UMI strongly urges that the President's annual budget request funding for the full-scale implementation of the ACS, and that Congress annually approve such a budget.

Second, the design, collection, and analysis of the ACS pose a number of demanding methodological challenges. These include developing a survey that is clear to respondents and meets the needs of a diverse array of users; maintaining a comprehensive, current nationwide address list from which to draw the sample; developing accurate intercensal population totals with which to weight the sample in states and localities; and publishing the data in ways most valuable to analysts. UMI believes that Congress and OMB should encourage and support the Census Bureau in creating a rigorous, ongoing effort to evaluate the reliability and usefulness of the ACS and, in light of findings, to determine and implement appropriate methodological changes.

In particular, UMI strongly believes that Congress should support and encourage the Census Bureau to maintain a comprehensive, accurate Master Address File (MAF)—the value and reliability of the ACS depends on such a MAF. For Census 2000, the Census Bureau created the Local Update of Census Addresses (LUCA) program through which localities could work to improve MAF accuracy. While LUCA experienced implementation problems, it clearly had an impact. Local governments representing two-thirds of the households in the MAF participated in LUCA; 2.1 million new addresses were added to the MAF, adding 3.6 percent new addresses to the total. LUCA showed that the MAF is particularly problematic in areas with much new construction and those with many older multi-unit buildings. For instance, fast-growing Delaware County, Ohio used LUCA to increase its Census address list by 39 percent. In a concerted multi-year effort involving 15 staff, New York City was able to add 370,000 addresses. One impact of greater population due to a more accurate address list is an adjusted inflow of federal funds. Monroe County (Rochester), New York estimates that "finding" 13,400 addresses resulted in an additional $29.5 million funds in annual federal aid.

At present, the timing of LUCA is linked to the Decennial Census. UMI believes that Congress should fund and the Census Bureau should implement a LUCA process that matches the continuous nature of the ACS. Not doing so increases the potential for problems with intercensal population

counts and sampling frames. Moreover, a continuously updated address list will improve the count of the population for the 2010 census. The Census Bureau developed LUCA in response to the Census Address Improvement List Act of 1994 (P.L. 103-430); Congress should consider providing guidance to the Bureau through revising the underlying law.

The third set of challenges facing the ACS are institutional in nature. One challenge involves addressing citizens' privacy concerns. In the past, a number of "long form" recipients have declined to respond on grounds that the questions were invasive, despite laws requiring participation and providing stiff penalties to any Census staff who violate confidentiality. Low initial response rates greatly increase the cost and jeopardize the reliability of the survey. For Census 2000, the Census Bureau created partnerships with state and local governments and nonprofits to communicate the reasons for participating in the Census, including obligation, trust, and the incentive of benefits to the community (such as greater federal funds). For the ACS to be a success, UMI believes that the Census Bureau needs to create a similar type of partnership program, one appropriate to the continuing nature of the ACS.

Another institutional challenge concerns the limited ability of many local governments to participate in LUCA due to lack of resources and capacity. If a local government does not participate in LUCA, the likelihood of inaccuracies in the local count increases significantly. Therefore, UMI strongly encourages the Census Bureau to create a LUCA program that operates as a mutually beneficial partnership with state and local governments. UMI agrees with the findings of the National Research Working Group on LUCA that such a partnership should have two dimensions. Census should provide local governments with necessary training and guidance on the development of local resources for address updating, and it should encourage coordination among state, regional, and local governments in the LUCA process. Evidence strongly suggests that LUCA participation is greatly enhanced when a smaller local government (such as a town) can work with a larger one (such as a county or state).[2]

For solid methodological reasons, ACS data will be published in formats quite different than "long form" data (and most all federal data). These changes pose a challenge to private and public sector data analysts. For one, each ACS data element will be published, not as a point estimate (that is, as one number), but rather as a 90-percent confidence interval, with a lower bound, upper bound, and

mid-point. (The confidence interval offers 90 percent certainty that the true number falls between the lower and upper bounds). In addition, for areas under 65,000, ACS data will be published as three- or five-year averages. A large number of analysts will need substantial assistance in understanding how to appropriately use these types of statistics. UMI strongly encourages the Census Bureau to actively provide the necessary guidance. Building the capacity of data users will increase the likelihood that ACS data will be used properly and effectively, to the nation's economic benefit.

On behalf of UMI and the Brookings Institution, I thank you Mr. Chairman and Members of the Subcommittee for the opportunity to provide observations on the value and challenges of the ACS. The potential economic benefits of a fully and well implemented ACS are substantial. I very much hope that you find my perceptions and recommendations useful in helping the ACS reach that potential. I am pleased to answer any questions you might have.

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[2] The Working Group on LUCA produced "Assessment of the 2000 Census LUCA Program," prepared for the Committee on National Statistics and published by the National Research Council in September 2001.