

**THE PROS AND CONS OF MAKING THE CENSUS
BUREAU'S AMERICAN COMMUNITY SURVEY
VOLUNTARY**

HEARING

BEFORE THE

SUBCOMMITTEE ON HEALTH CARE, DISTRICT OF
COLUMBIA, CENSUS AND THE NATIONAL ARCHIVES

OF THE

**COMMITTEE ON OVERSIGHT
AND GOVERNMENT REFORM**

HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

SECOND SESSION

MARCH 6, 2012

Serial No. 112-126

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



Available via the World Wide Web: <http://www.fdsys.gov>
<http://www.house.gov/reform>

U.S. GOVERNMENT PRINTING OFFICE

73-941 PDF

WASHINGTON : 2012

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: 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

DARRELL E. ISSA, California, *Chairman*

DAN BURTON, Indiana	ELLJAH E. CUMMINGS, Maryland, <i>Ranking Minority Member</i>
JOHN L. MICA, Florida	EDOLPHUS TOWNS, New York
TODD RUSSELL PLATTS, Pennsylvania	CAROLYN B. MALONEY, New York
MICHAEL R. TURNER, Ohio	ELEANOR HOLMES NORTON, District of Columbia
PATRICK T. MCHENRY, North Carolina	DENNIS J. KUCINICH, Ohio
JIM JORDAN, Ohio	JOHN F. TIERNEY, Massachusetts
JASON CHAFFETZ, Utah	WM. LACY CLAY, Missouri
CONNIE MACK, Florida	STEPHEN F. LYNCH, Massachusetts
TIM WALBERG, Michigan	JIM COOPER, Tennessee
JAMES LANKFORD, Oklahoma	GERALD E. CONNOLLY, Virginia
JUSTIN AMASH, Michigan	MIKE QUIGLEY, Illinois
ANN MARIE BUERKLE, New York	DANNY K. DAVIS, Illinois
PAUL A. GOSAR, Arizona	BRUCE L. BRALEY, Iowa
RAÚL R. LABRADOR, Idaho	PETER WELCH, Vermont
PATRICK MEEHAN, Pennsylvania	JOHN A. YARMUTH, Kentucky
SCOTT DESJARLAIS, Tennessee	CHRISTOPHER S. MURPHY, Connecticut
JOE WALSH, Illinois	JACKIE SPEIER, California
TREY GOWDY, South Carolina	
DENNIS A. ROSS, Florida	
FRANK C. GUINTA, New Hampshire	
BLAKE FARENTHOLD, Texas	
MIKE KELLY, Pennsylvania	

LAWRENCE J. BRADY, *Staff Director*

JOHN D. CUADERES, *Deputy Staff Director*

ROBERT BORDEN, *General Counsel*

LINDA A. GOOD, *Chief Clerk*

DAVID RAPALLO, *Minority Staff Director*

SUBCOMMITTEE ON HEALTH CARE, DISTRICT OF COLUMBIA, CENSUS AND THE
NATIONAL ARCHIVES

TREY GOWDY, South Carolina, *Chairman*

PAUL A. GOSAR, Arizona, <i>Vice Chairman</i>	DANNY K. DAVIS, Illinois, <i>Ranking Minority Member</i>
DAN BURTON, Indiana	ELEANOR HOLMES NORTON, District of Columbia
JOHN L. MICA, Florida	WM. LACY CLAY, Missouri
PATRICK T. MCHENRY, North Carolina	CHRISTOPHER S. MURPHY, Connecticut
SCOTT DESJARLAIS, Tennessee	
JOE WALSH, Illinois	

CONTENTS

	Page
Hearing held on March 6, 2012	1
Statement of:	
Groves, Robert, Director, U.S. Census Bureau; Andrew Biggs, resident scholar, American Enterprise Institute; Lawrence Yun, chief economist, National Association of Realtors; and Patrick Jankowski, vice president, research, Greater Houston Partnership	50
Biggs, Andrew	70
Groves, Robert	50
Jankowski, Patrick	115
Yun, Lawrence	74
Poe, Hon. Ted, a Representative in Congress from the State of Texas	2
Letters, statements, etc., submitted for the record by:	
Biggs, Andrew, resident scholar, American Enterprise Institute, prepared statement of	72
Davis, Hon. Danny K., a Representative in Congress from the State of Illinois:	
Prepared statement of	48
Various letters	26
Groves, Robert, Director, U.S. Census Bureau, prepared statement of	52
Jankowski, Patrick, vice president, research, Greater Houston Partnership, prepared statement of	117
Poe, Hon. Ted, a Representative in Congress from the State of Texas:	
American Community Survey	3
Prepared statement of	21
Yun, Lawrence, chief economist, National Association of Realtors, prepared statement of	76

THE PROS AND CONS OF MAKING THE CENSUS BUREAU'S AMERICAN COMMUNITY SURVEY VOLUNTARY

TUESDAY, MARCH 6, 2012

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON HEALTH CARE, DISTRICT OF
COLUMBIA, CENSUS AND THE NATIONAL ARCHIVES,
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,
Washington, DC.

The subcommittee met, pursuant to notice, at 9:46 a.m. in room 2154, Rayburn House Office Building, Hon. Trey Gowdy (chairman of the subcommittee) presiding.

Present: Representatives Gowdy, McHenry, Clay, and Davis.

Also present: Representative Issa.

Staff present: Ali Ahmad, communications advisor; Kurt Bardella, senior policy advisor; Molly Boyd, parliamentarian; John Cuaderes, deputy staff director; Gwen D'Luzanksy, assistant clerk; Adam P. Fromm, director of Member services and committee operations; Linda Good, chief clerk; Mark D. Marin, director of oversight; Jeffrey Post, professional staff member; Jonathan J. Skladany, counsel; Rebecca Watkins, press secretary; Peter Warren, legislative policy director; Jaron Bourke, minority director of administration; Yvette Cravins, minority counsel; Devon Hill, minority staff assistant; Suzanne Owen, minority health policy advisor; and Mark Stephenson, minority director of legislation.

Mr. GOWDY. This is a hearing on The Pros and Cons of Making the Census Bureau's American Community Survey Voluntary.

The committee will come to order.

In light of our first panel, the distinguished Representative Poe, Mr. Davis and I will wait and do our opening statements before the second panel.

With that, Members may have 7 days to submit opening statements and extraneous material for the record.

We will now welcome our first panel, the Honorable Ted Poe represents the Second District of Texas. He has a long and distinguished resume but his modesty, I am sure, dictates that I dispense with reading that and just recognize him for his opening statement. Welcome, Your Honor.

**STATEMENT OF HON. TED POE, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF TEXAS**

Mr. POE. Thank you, Chairman Gowdy and Ranking Member Davis for the opportunity to speak before this subcommittee regarding the American Community Survey.

I understand today's hearing is to evaluate pros and cons of making the American Community Survey voluntary. I am here to provide a voice for the many Americans who have called my office angry that they are forced to provide private information in response to the many invasive questions that the American Community Survey requires.

Many of the callers have been from my congressional district in Texas but even a greater number are individuals throughout the United States who are upset because they are forced to provide this personal information outside of what they believe is required under the Constitution to be given to the Census Bureau.

The information that the American Community Survey asks spans from, do you have a flush toilet in your home, how many toilets do you have in your home, does someone in your household because of a physical, mental, emotional condition have serious difficulty concentrating, remembering or making decisions.

There are 48 questions asked in this survey, Mr. Chairman. I ask unanimous consent to submit for the record the American Community Survey form that is sent to Americans.

Mr. GOWDY. Without objection.

[The information referred to follows:]



U.S. DEPARTMENT OF COMMERCE
Economics and Statistics Administration
U.S. CENSUS BUREAU

THE American Community Survey

This booklet shows the content of the American Community Survey questionnaire.

Please complete this form and return it as soon as possible after receiving it in the mail.

This form asks for information about the people who are living or staying at the address on the mailing label and about the house, apartment, or mobile home located at the address on the mailing label.



If you need help or have questions about completing this form, please call 1-800-354-7271. The telephone call is free.

Telephone Device for the Deaf (TDD): Call 1-800-582-8330. The telephone call is free.

¿NECESITA AYUDA? Si usted habla español y necesita ayuda para completar su cuestionario, llame sin cargo alguno al **1-877-833-6625**. Usted también puede pedir un cuestionario en español o completar su entrevista por teléfono con un entrevistador que habla español.

For more information about the American Community Survey, visit our web site at: <http://www.census.gov/acs/www/>

Start Here

➔ **Please print today's date.**
Month Day Year

➔ **Please print the name and telephone number of the person who is filling out this form.** We may contact you if there is a question.

Last Name

First Name

MI

Area Code + Number

➔ **How many people are living or staying at this address?**
• **INCLUDE** everyone who is living or staying here for more than 2 months.
• **INCLUDE** yourself if you are living here for more than 2 months.
• **INCLUDE** anyone else staying here who does not have another place to stay, even if they are here for 2 months or less.
• **DO NOT INCLUDE** anyone who is living somewhere else for more than 2 months, such as a college student living away or someone in the Armed Forces on deployment.

Number of people

➔ **Fill out pages 2, 3, and 4 for everyone, including yourself, who is living or staying at this address for more than 2 months. Then complete the rest of the form.**



Person 1	Person 2
<p>(Person 1 is the person living or staying here in whose name this house or apartment is owned, being bought, or rented. If there is no such person, start with the name of any adult living or staying here.)</p> <p>1 What is Person 1's name? Last Name (Please print) _____ First Name _____ MI _____</p> <p>2 How is this person related to Person 1? <input checked="" type="checkbox"/> Person 1</p> <p>3 What is Person 1's sex? Mark (X) ONE box. <input type="checkbox"/> Male <input type="checkbox"/> Female</p> <p>4 What is Person 1's age and what is Person 1's date of birth? Please report babies as age 0 when the child is less than 1 year old. Print numbers in boxes. Age (in years) _____ Month _____ Day _____ Year of birth _____</p> <p>→ NOTE: Please answer BOTH Question 5 about Hispanic origin and Question 6 about race. For this survey, Hispanic origins are not races.</p> <p>5 Is Person 1 of Hispanic, Latino, or Spanish origin? <input type="checkbox"/> No, not of Hispanic, Latino, or Spanish origin <input type="checkbox"/> Yes, Mexican, Mexican Am., Chicano <input type="checkbox"/> Yes, Puerto Rican <input type="checkbox"/> Yes, Cuban <input type="checkbox"/> Yes, another Hispanic, Latino, or Spanish origin - Print origin, for example, Argentinian, Colombian, Dominican, Nicaraguan, Salvadorian, Spaniard, and so on. _____</p> <p>6 What is Person 1's race? Mark (X) one or more boxes. <input type="checkbox"/> White <input type="checkbox"/> Black, African Am., or Negro <input type="checkbox"/> American Indian or Alaska Native - Print name of enrolled or principal tribe _____ <input type="checkbox"/> Asian Indian <input type="checkbox"/> Japanese <input type="checkbox"/> Native Hawaiian <input type="checkbox"/> Chinese <input type="checkbox"/> Korean <input type="checkbox"/> Guamanian or Chamorro <input type="checkbox"/> Filipino <input type="checkbox"/> Vietnamese <input type="checkbox"/> Samoan <input type="checkbox"/> Other Asian - Print race, for example, Hmong, Laotian, Thai, Pakistani, Cambodian, and so on. _____ <input type="checkbox"/> Other Pacific Islander - Print race, for example, Fijian, Tongan, and so on. _____ <input type="checkbox"/> Some other race - Print race. _____</p>	<p>1 What is Person 2's name? Last Name (Please print) _____ First Name _____ MI _____</p> <p>2 How is this person related to Person 1? Mark (X) ONE box. <input type="checkbox"/> Husband or wife <input type="checkbox"/> Son-in-law or daughter-in-law <input type="checkbox"/> Biological son or daughter <input type="checkbox"/> Other relative <input type="checkbox"/> Adopted son or daughter <input type="checkbox"/> Roomer or boarder <input type="checkbox"/> Stepson or stepdaughter <input type="checkbox"/> Housemate or roommate <input type="checkbox"/> Brother or sister <input type="checkbox"/> Unmarried partner <input type="checkbox"/> Father or mother <input type="checkbox"/> Foster child <input type="checkbox"/> Grandchild <input type="checkbox"/> Other nonrelative <input type="checkbox"/> Parent-in-law</p> <p>3 What is Person 2's sex? Mark (X) ONE box. <input type="checkbox"/> Male <input type="checkbox"/> Female</p> <p>4 What is Person 2's age and what is Person 2's date of birth? Please report babies as age 0 when the child is less than 1 year old. Print numbers in boxes. Age (in years) _____ Month _____ Day _____ Year of birth _____</p> <p>→ NOTE: Please answer BOTH Question 5 about Hispanic origin and Question 6 about race. For this survey, Hispanic origins are not races.</p> <p>5 Is Person 2 of Hispanic, Latino, or Spanish origin? <input type="checkbox"/> No, not of Hispanic, Latino, or Spanish origin <input type="checkbox"/> Yes, Mexican, Mexican Am., Chicano <input type="checkbox"/> Yes, Puerto Rican <input type="checkbox"/> Yes, Cuban <input type="checkbox"/> Yes, another Hispanic, Latino, or Spanish origin - Print origin, for example, Argentinian, Colombian, Dominican, Nicaraguan, Salvadorian, Spaniard, and so on. _____</p> <p>6 What is Person 2's race? Mark (X) one or more boxes. <input type="checkbox"/> White <input type="checkbox"/> Black, African Am., or Negro <input type="checkbox"/> American Indian or Alaska Native - Print name of enrolled or principal tribe _____ <input type="checkbox"/> Asian Indian <input type="checkbox"/> Japanese <input type="checkbox"/> Native Hawaiian <input type="checkbox"/> Chinese <input type="checkbox"/> Korean <input type="checkbox"/> Guamanian or Chamorro <input type="checkbox"/> Filipino <input type="checkbox"/> Vietnamese <input type="checkbox"/> Samoan <input type="checkbox"/> Other Asian - Print race, for example, Hmong, Laotian, Thai, Pakistani, Cambodian, and so on. _____ <input type="checkbox"/> Other Pacific Islander - Print race, for example, Fijian, Tongan, and so on. _____ <input type="checkbox"/> Some other race - Print race. _____</p>



Person 5

1 What is Person 5's name?
Last Name (Please print) _____ First Name _____ MI _____

2 How is this person related to Person 1? Mark (X) ONE box.
 Husband or wife Son-in-law or daughter-in-law
 Biological son or daughter Other relative
 Adopted son or daughter Roomer or boarder
 Stepson or stepdaughter Housemate or roommate
 Brother or sister Unmarried partner
 Father or mother Foster child
 Grandchild Other nonrelative
 Parent-in-law

3 What is Person 5's sex? Mark (X) ONE box.
 Male Female

4 What is Person 5's age and what is Person 5's date of birth?
 Please report babies as age 0 when the child is less than 1 year old.
 Print numbers in boxes.
 Age (in years) _____ Month _____ Day _____ Year of birth _____

→ NOTE: Please answer BOTH Question 5 about Hispanic origin and Question 6 about race. For this survey, Hispanic origins are not races.

5 Is Person 5 of Hispanic, Latino, or Spanish origin?
 No, not of Hispanic, Latino, or Spanish origin
 Yes, Mexican, Mexican Am., Chicano
 Yes, Puerto Rican
 Yes, Cuban
 Yes, another Hispanic, Latino, or Spanish origin - Print origin, for example, Argentinian, Colombian, Dominican, Nicaraguan, Salvadorian, Spaniard, and so on. _____

6 What is Person 5's race? Mark (X) one or more boxes.
 White
 Black, African Am., or Negro
 American Indian or Alaska Native - Print name of enrolled or principal tribe _____
 Asian Indian Japanese Native Hawaiian
 Chinese Korean Guamanian or Chamorro
 Filipino Vietnamese Samoan
 Other Asian - Print race, for example, Hmong, Laotian, Thai, Pakistani, Cambodian, and so on. _____
 Other Pacific Islander - Print race, for example, Fijian, Tongan, and so on. _____
 Some other race - Print race. _____

7 If there are more than five people living or staying here, print their names in the spaces for Person 6 through Person 12. We may call you for more information about them. ↗

Person 6
 Last Name (Please print) _____ First Name _____ MI _____
 Sex Male Female Age (in years) _____

Person 7
 Last Name (Please print) _____ First Name _____ MI _____
 Sex Male Female Age (in years) _____

Person 8
 Last Name (Please print) _____ First Name _____ MI _____
 Sex Male Female Age (in years) _____

Person 9
 Last Name (Please print) _____ First Name _____ MI _____
 Sex Male Female Age (in years) _____

Person 10
 Last Name (Please print) _____ First Name _____ MI _____
 Sex Male Female Age (in years) _____

Person 11
 Last Name (Please print) _____ First Name _____ MI _____
 Sex Male Female Age (in years) _____

Person 12
 Last Name (Please print) _____ First Name _____ MI _____
 Sex Male Female Age (in years) _____



Housing

Please answer the following questions about the house, apartment, or mobile home at the address on the mailing label.

1 Which best describes this building?
Include all apartments, flats, etc., even if vacant.

- A mobile home
- A one-family house detached from any other house
- A one-family house attached to one or more houses
- A building with 2 apartments
- A building with 3 or 4 apartments
- A building with 5 to 9 apartments
- A building with 10 to 19 apartments
- A building with 20 to 49 apartments
- A building with 50 or more apartments
- Boat, RV, van, etc.

2 About when was this building first built?

- 2000 or later - *Specify year*
- 1990 to 1999
- 1980 to 1989
- 1970 to 1979
- 1960 to 1969
- 1950 to 1959
- 1940 to 1949
- 1939 or earlier

3 When did PERSON 1 (listed on page 2) move into this house, apartment, or mobile home?

Month: Year:

4 How many acres is this house or mobile home on?

- Less than 1 acre → SKIP to question 6
- 1 to 9.9 acres
- 10 or more acres

5 IN THE PAST 12 MONTHS, what were the actual sales of all agricultural products from this property?

- None
- \$1 to \$999
- \$1,000 to \$2,499
- \$2,500 to \$4,999
- \$5,000 to \$9,999
- \$10,000 or more

6 Is there a business (such as a store or barber shop) or a medical office on this property?

- Yes
- No

7 a. How many separate rooms are in this house, apartment, or mobile home?
Rooms must be separated by built-in archways or walls that extend out at least 6 inches and go from floor to ceiling.
 • INCLUDE bedrooms, kitchens, etc.
 • EXCLUDE bathrooms, porches, balconies, foyers, halls, or unfinished basements.

Number of rooms:

b. How many of these rooms are bedrooms?
Count as bedrooms those rooms you would list if this house, apartment, or mobile home were for sale or rent. If this is an efficiency/studio apartment, print "0".

Number of bedrooms:

8 Does this house, apartment, or mobile home have -

	Yes	No
a. hot and cold running water?	<input type="checkbox"/>	<input type="checkbox"/>
b. a flush toilet?	<input type="checkbox"/>	<input type="checkbox"/>
c. a bathtub or shower?	<input type="checkbox"/>	<input type="checkbox"/>
d. a sink with a faucet?	<input type="checkbox"/>	<input type="checkbox"/>
e. a stove or range?	<input type="checkbox"/>	<input type="checkbox"/>
f. a refrigerator?	<input type="checkbox"/>	<input type="checkbox"/>
g. telephone service from which you can both make and receive calls? <i>Include cell phones.</i>	<input type="checkbox"/>	<input type="checkbox"/>

9 How many automobiles, vans, and trucks of one-ton capacity or less are kept at home for use by members of this household?

- None
- 1
- 2
- 3
- 4
- 5
- 6 or more

10 Which FUEL is used MOST for heating this house, apartment, or mobile home?

- Gas: from underground pipes serving the neighborhood
- Gas: bottled, tank, or LP
- Electricity
- Fuel oil, kerosene, etc.
- Coal or coke
- Wood
- Solar energy
- Other fuel
- No fuel used.



Housing (continued)

11 a. **LAST MONTH**, what was the cost of electricity for this house, apartment, or mobile home?

Last month's cost - Dollars

\$.00

OR

- Included in rent or condominium fee
- No charge or electricity not used

b. **LAST MONTH**, what was the cost of gas for this house, apartment, or mobile home?

Last month's cost - Dollars

\$.00

OR

- Included in rent or condominium fee
- Included in electricity payment entered above.
- No charge or gas not used

c. **IN THE PAST 12 MONTHS**, what was the cost of water and sewer for this house, apartment, or mobile home? If you have lived here less than 12 months, estimate the cost.

Past 12 months' cost - Dollars

\$.00

OR

- Included in rent or condominium fee
- No charge

d. **IN THE PAST 12 MONTHS**, what was the cost of oil, coal, kerosene, wood, etc., for this house, apartment, or mobile home? If you have lived here less than 12 months, estimate the cost.

Past 12 months' cost - Dollars

\$.00

OR

- Included in rent or condominium fee
- No charge or these fuels not used

12 **IN THE PAST 12 MONTHS**, did anyone in this household receive Food Stamps or a Food Stamp benefit card? Include government benefits from the Supplemental Nutrition Assistance Program (SNAP). Do NOT include WIC or the National School Lunch Program.

- Yes
- No

13 **Is this house, apartment, or mobile home part of a condominium?**

- Yes → **What is the monthly condominium fee?** For renters, answer only if you pay the condominium fee in addition to your rent; otherwise, mark the "None" box.

Monthly amount - Dollars

\$.00

OR

- None
- No

14 **Is this house, apartment, or mobile home - Mark (X) ONE box.**

- Owned by you or someone in this household with a mortgage or loan? Include home equity loans.
- Owned by you or someone in this household free and clear (without a mortgage or loan)?
- Rented?
- Occupied without payment of rent? → SKIP to **16**

15 Answer questions 15a and b if this house, apartment, or mobile home is RENTED. Otherwise, SKIP to question 16.

15 a. **What is the monthly rent for this house, apartment, or mobile home?**

Monthly amount - Dollars

\$.00

b. Does the monthly rent include any meals?

- Yes
- No

16 Answer questions 16 - 20 if you or someone else in this household OWNS or IS BUYING this house, apartment, or mobile home. Otherwise, SKIP to **17** on the next page.

16 **About how much do you think this house and lot, apartment, or mobile home (and lot, if owned) would sell for if it were for sale?**

Amount - Dollars

\$.00

17 **What are the annual real estate taxes on THIS property?**

Annual amount - Dollars

\$.00

OR

- None

18 **What is the annual payment for fire, hazard, and flood insurance on THIS property?**

Annual amount - Dollars

\$.00

OR

- None



Housing (continued)

19 a. Do you or any member of this household have a mortgage, deed of trust, contract to purchase, or similar debt on THIS property?

Yes, mortgage, deed of trust, or similar debt.
 Yes, contract to purchase
 No → SKIP to question 20a

b. How much is the regular monthly mortgage payment on THIS property? Include payment only on FIRST mortgage or contract to purchase.

Monthly amount - Dollars

\$:

OR

No regular payment required → SKIP to question 20a

c. Does the regular monthly mortgage payment include payments for real estate taxes on THIS property?

Yes, taxes included in mortgage payment
 No, taxes paid separately or taxes not required

d. Does the regular monthly mortgage payment include payments for fire, hazard, or flood insurance on THIS property?

Yes, insurance included in mortgage payment
 No, insurance paid separately or no insurance

20 a. Do you or any member of this household have a second mortgage or a home equity loan on THIS property?

Yes, home equity loan
 Yes, second mortgage
 Yes, second mortgage and home equity loan
 No → SKIP to D

b. How much is the regular monthly payment on all second or junior mortgages and all home equity loans on THIS property?

Monthly amount - Dollars

\$:

OR

No regular payment required

D Answer question 21 if this is a MOBILE HOME. Otherwise, SKIP to E.

21 What are the total annual costs for personal property taxes, site rent, registration fees, and license fees on THIS mobile home and its site? Exclude real estate taxes.

Annual costs - Dollars

\$:

E Answer questions about PERSON 1 on the next page if you listed at least one person on page 2. Otherwise, SKIP to page 28 for the mailing instructions.



Person 1

➔ Please copy the name of Person 1 from page 2, then continue answering questions below.

Last Name

First Name MI

7 Where was this person born?

In the United States - Print name of state.

Outside the United States - Print name of foreign country, or Puerto Rico, Guam, etc.

8 Is this person a citizen of the United States?

Yes, born in the United States → SKIP to 10a

Yes, born in Puerto Rico, Guam, the U.S. Virgin Islands, or Northern Mariana

Yes, born abroad of U.S. citizen parent or parents

Yes, U.S. citizen by naturalization - Print year of naturalization

No, not a U.S. citizen

9 When did this person come to live in the United States? Print numbers in boxes.

Year

10 a. At any time in the LAST 3 MONTHS, has this person attended school or college? Include only nursery or preschool, kindergarten, elementary school, home school, and schooling which leads to a high school diploma or a college degree.

No, has not attended in the last 3 months → SKIP to question 11

Yes, public school, public college

Yes, private school, private college, home school

b. What grade or level was this person attending? Mark (X) ONE box.

Nursery school, preschool

Kindergarten

Grade 1 through 12 - Specify grade 1 - 12

College undergraduate years (freshman to senior)

Graduate or professional school beyond a bachelor's degree (for example, MA or PhD program, or medical or law school)

11 What is the highest degree or level of school this person has COMPLETED? Mark (X) ONE box. If currently enrolled, mark the previous grade or highest degree received.

NO SCHOOLING COMPLETED

No schooling completed

SUBJECT OR PRESCHOOL THROUGH GRADE 12

Nursery school

Kindergarten

Grade 1 through 11 - Specify grade 1 - 11

12th grade - NO DIPLOMA

HIGH SCHOOL GRADUATE

Regular high school diploma

GED or alternative credential

COLLEGE OR SOME COLLEGE

Some college credit, but less than 1 year of college credit

1 or more years of college credit, no degree

Associate's degree (for example: AA, AS)

Bachelor's degree (for example: BA, BS)

AFTER BACHELOR'S DEGREE

Master's degree (for example: MA, MS, MEng, MEd, MSW, MBA)

Professional degree beyond a bachelor's degree (for example: JD, DDS, DVM, LLB, JD)

Doctorate degree (for example: PhD, EdD)

F Answer question 12 if this person has a bachelor's degree or higher. Otherwise, SKIP to question 13.

12 This question focuses on this person's BACHELOR'S DEGREE. Please print below the specific major(s) of any BACHELOR'S DEGREES this person has received. (For example: chemical engineering, elementary teacher education, organizational psychology)

13 What is this person's ancestry or ethnic origin?

(For example: Italian, Jamaican, African Am., Cambodian, Cape Verdean, Norwegian, Dominican, French Canadian, Haitian, Korean, Lebanese, Polish, Nigerian, Mexican, Taiwanese, Ukrainian, and so on)

14 a. Does this person speak a language other than English at home?

Yes

No → SKIP to question 15e

b. What is this language?

(For example: Korean, Italian, Spanish, Vietnamese)

c. How well does this person speak English?

Very well

Well

Not well

Not at all

15 a. Did this person live in this house or apartment 1 year ago?

Person is under 1 year old → SKIP to question 16

Yes, this house → SKIP to question 16

No, outside the United States and Puerto Rico - Print name of foreign country, or U.S. Virgin Islands, Guam, etc. below, then SKIP to question 16

No, different house in the United States or Puerto Rico

b. Where did this person live 1 year ago?

Address (Number and street name)

Name of city, town, or post office

Name of U.S. county or municipio in Puerto Rico

Name of U.S. state or Puerto Rico ZIP Code



Person 1 (continued)

16 Is this person CURRENTLY covered by any of the following types of health insurance or health coverage plans? Mark "Yes" or "No" for EACH type of coverage in items a - h.

- a. Insurance through a current or former employer or union of this person or another family member
b. Insurance purchased directly from an insurance company by this person or another family member
c. Medicare, for people 65 and older, or people with certain disabilities
d. Medicaid, Medical Assistance, or any kind of government assistance plan for those with low incomes or a disability
e. TRICARE or other military health care
f. VA (including those who have ever used or enrolled for VA health care)
g. Indian Health Service
h. Any other type of health insurance or health coverage plan - Specify

17 a. Is this person deaf or does he/she have serious difficulty hearing?

- Yes
No

b. Is this person blind or does he/she have serious difficulty seeing even when wearing glasses?

- Yes
No

18 Answer question 18a - c if this person is 5 years old or over. Otherwise, SKIP to the questions for Person 2 on page 12.

18 a. Because of a physical, mental, or emotional condition, does this person have serious difficulty concentrating, remembering, or making decisions?

- Yes
No

b. Does this person have serious difficulty walking or climbing stairs?

- Yes
No

c. Does this person have difficulty dressing or bathing?

- Yes
No

19 Answer question 19 if this person is 15 years old or over. Otherwise, SKIP to the questions for Person 2 on page 12.

19 Because of a physical, mental, or emotional condition, does this person have difficulty doing errands alone such as visiting a doctor's office or shopping?

- Yes
No

20 What is this person's marital status?

- Now married
Widowed
Divorced
Separated
Never married -> SKIP to 21

21 In the PAST 12 MONTHS did this person get married?

- Yes No
a. Married?
b. Widowed?
c. Divorced?

22 How many times has this person been married?

- Once
Two times
Three or more times

23 In what year did this person last get married?

Year

[Blank box for year]

24 Answer question 24 if this person is female and 15 - 50 years old. Otherwise, SKIP to question 25a.

24 Has this person given birth to any children in the past 12 months?

- Yes
No

25 a. Does this person have any of his/her own grandchildren under the age of 18 living in this house or apartment?

- Yes
No -> SKIP to question 26

b. Is this grandparent currently responsible for most of the basic needs of any grandchildren under the age of 18 who lives in this house or apartment?

- Yes
No -> SKIP to question 26

c. How long has this grandparent been responsible for these grandchildren?

If the grandparent is financially responsible for more than one grandchild, answer this question for the grandchild for whom the grandparent has been responsible for the longest period of time.

- Less than 6 months
6 to 11 months
1 or 2 years
3 or 4 years
5 or more years

26 Has this person ever served on active duty in the U.S. Armed Forces, military Reserves, or National Guard? Active duty does not include training for the Reserves or National Guard, but DOES include activation, for example, for the Persian Gulf War.

- Yes, now on active duty
Yes, on active duty during the last 12 months, but not now
Yes, on active duty in the past, but not during the last 12 months
No, training for Reserves or National Guard only -> SKIP to question 28a
No, never served in the military -> SKIP to question 28a

27 When did this person serve on active duty in the U.S. Armed Forces? Mark (X) a box for EACH period in which this person served, even if just for part of the period.

- September 2001 or later
August 1990 to August 2001 (including Persian Gulf War)
September 1980 to July 1990
May 1975 to August 1980
Vietnam era (August 1964 to April 1975)
March 1961 to July 1964
February 1955 to February 1961
Korean War (July 1950 to January 1955)
January 1947 to June 1950
World War II (December 1941 to December 1946)
November 1941 or earlier

28 a. Does this person have a VA service-connected disability rating?

- Yes (such as 0%, 10%, 20%, ..., 100%)
No -> SKIP to question 29a

b. What is this person's service-connected disability rating?

- 0 percent
10 or 20 percent
30 or 40 percent
50 or 60 percent
70 percent or higher



Person 1 (continued)

29 a. **LAST WEEK, did this person work for pay at a job (or business)?**
 Yes → SKIP to question 30
 No - Did not work (or retired)

b. **LAST WEEK, did this person do ANY work for pay, even for as little as one hour?**
 Yes
 No → SKIP to question 35a

30 **At what location did this person work LAST WEEK?** If this person worked at more than one location, print where he or she worked most last week.
 a. **Address (Number and street name)**

 If the exact address is not known, give a description of the location such as the building name or the nearest street or intersection.
 b. **Name of city, town, or post office**

 c. **Is the work location inside the limits of that city or town?**
 Yes
 No, outside the city/town limits
 d. **Name of county**

 e. **Name of U.S. state or foreign country**

 f. **ZIP Code**

31 **How did this person usually get to work LAST WEEK?** If this person usually used more than one method of transportation during the trip, mark (X) the box of the one used for most of the distance.
 Car, truck, or van
 Motorcycle
 Bus or trolley bus
 Bicycle
 Streetcar or trolley car
 Walked
 Subway or elevated
 Worked at home → SKIP to question 39a
 Railroad
 Ferryboat
 Taxicab
 Other method

32 **How many people, including this person, usually rode to work in the car, truck, or van LAST WEEK?**
 Person(s)

33 **What time did this person usually leave home to go to work LAST WEEK?**
 Hour: _____ Minute: _____
 a.m.
 p.m.

34 **How many minutes did it usually take this person to get from home to work LAST WEEK?**
 Minutes

35 **Answer questions 35 - 38 if this person did NOT work last week. Otherwise, SKIP to question 39a.**
 a. **LAST WEEK, was this person on layoff from a job?**
 Yes → SKIP to question 35c
 No
 b. **LAST WEEK, was this person TEMPORARILY absent from a job or business?**
 Yes, on vacation, temporary illness, maternity leave, other family/personal reasons, bad weather, etc. → SKIP to question 38
 No → SKIP to question 36
 c. **Has this person been informed that he or she will be recalled to work within the next 6 months OR been given a date to return to work?**
 Yes → SKIP to question 37
 No

36 **During the LAST 4 WEEKS, has this person been ACTIVELY looking for work?**
 Yes
 No → SKIP to question 38

37 **LAST WEEK, could this person have started a job if offered one, or returned to work if recalled?**
 Yes, could have gone to work
 No, because of own temporary illness
 No, because of all other reasons (in school, etc.)

38 **When did this person last work, even for a few days?**
 Within the past 12 months
 1 to 5 years ago → SKIP to question 47
 Over 5 years ago or never worked → SKIP to question 47

39 a. **During the PAST 12 MONTHS (52 weeks), did this person work 50 or more weeks? Count paid time off as work.**
 Yes → SKIP to question 40
 No
 b. **How many weeks DID this person work, even for a few hours, including paid vacation, paid sick leave, and military service?**
 50 to 52 weeks
 48 to 49 weeks
 40 to 47 weeks
 27 to 39 weeks
 14 to 26 weeks
 13 weeks or less

40 **During the PAST 12 MONTHS, in the WEEKS WORKED, how many hours did this person usually work each WEEK?**
 Usual hours worked each WEEK



Person 1 (continued)

1. Answer questions 41 - 46 if this person worked in the past 5 years. Otherwise, SKIP to question 47.

41 - 46 CURRENT OR MOST RECENT JOB ACTIVITY. Describe clearly this person's chief job activity or business last week. If this person had more than one job, describe the one at which this person worked the most hours. If this person had no job or business last week, give information for his/her last job or business.

41. Was this person - Mark (X) ONE box.

- an employee of a PRIVATE FOR-PROFIT company or business, or of an individual, for wages, salary, or commissions?
an employee of a PRIVATE NOT-FOR-PROFIT, tax-exempt, or charitable organization?
a local GOVERNMENT employee (city, county, etc.)?
a state GOVERNMENT employee?
a Federal GOVERNMENT employee?
SELF-EMPLOYED in own NOT INCORPORATED business, professional practice, or farm?
SELF-EMPLOYED in own INCORPORATED business, professional practice, or farm?
working WITHOUT PAY in family business or farm?

42. For whom did this person work?

If now on active duty in the Armed Forces, mark (X) this box -> and print the branch of the Armed Forces. Name of company, business, or other employer

43. What kind of business or industry was this?

Describe the activity at the location where employed (For example: hospital, newspaper publishing, mail order house, auto engine manufacturing, bank)

44. Is this mainly - Mark (X) ONE box.

- manufacturing?
wholesale trade?
retail trade?
other (agriculture, construction, service, government, etc.)

45. What kind of work was this person doing? (For example: registered nurse, personnel manager, supervisor of order department, secretary, accountant)

46. What were this person's most important activities or duties? (For example: patient care, directing hiring policies, supervising order clerks, typing and filing, reconciling financial records)

47. INCOME IN THE PAST 12 MONTHS

Mark (X) the "Yes" box for each type of income this person received, and give your best estimate of the TOTAL AMOUNT during the PAST 12 MONTHS. NOTE: The "past 12 months" is the period from today's date one year ago up through today.

Mark (X) the "No" box to show types of income NOT received.

If net income was a loss, mark the "Loss" box to the right of the dollar amount.

For income received jointly, report the appropriate share for each person - or, if that's not possible, report the whole amount for only one person and mark the "No" box for the other person.

a. Wages, salary, commissions, bonuses, or tips from all jobs. Report amount before deductions for taxes, bonds, dues, or other items.

Yes/No boxes with dollar amount input field and "Loss" box. TOTAL AMOUNT for past 12 months

b. Self-employment income from own nonfarm businesses or farm businesses, including proprietorships and partnerships. Report NET income after business expenses.

Yes/No boxes with dollar amount input field and "Loss" box. TOTAL AMOUNT for past 12 months

c. Interest, dividends, net rental income, royalty income, or income from estates and trusts. Report even small amounts credited to an account.

Yes/No boxes with dollar amount input field and "Loss" box. TOTAL AMOUNT for past 12 months

d. Social Security or Railroad Retirement.

Yes/No boxes with dollar amount input field. TOTAL AMOUNT for past 12 months

e. Supplemental Security Income (SSI).

Yes/No boxes with dollar amount input field. TOTAL AMOUNT for past 12 months

f. Any public assistance or welfare payments from the state or local welfare office.

Yes/No boxes with dollar amount input field. TOTAL AMOUNT for past 12 months

g. Retirement, survivor, or disability pensions. Do NOT include Social Security.

Yes/No boxes with dollar amount input field. TOTAL AMOUNT for past 12 months

h. Any other sources of income received regularly such as Veterans' (VA) payments, unemployment compensation, child support or alimony. Do NOT include lump sum payments such as money from an inheritance or the sale of a home.

Yes/No boxes with dollar amount input field. TOTAL AMOUNT for past 12 months

48. What was this person's total income during the PAST 12 MONTHS? Add entries in questions 47a to 47h; subtract any losses. If net income was a loss, enter the amount and mark (X) the "Loss" box next to the dollar amount.

None OR dollar amount input field with "Loss" box. TOTAL AMOUNT for past 12 months

Continue with the questions for Person 2 on the next page. If no one is listed as person 2 on page 2, SKIP to page 28 for mailing instructions.

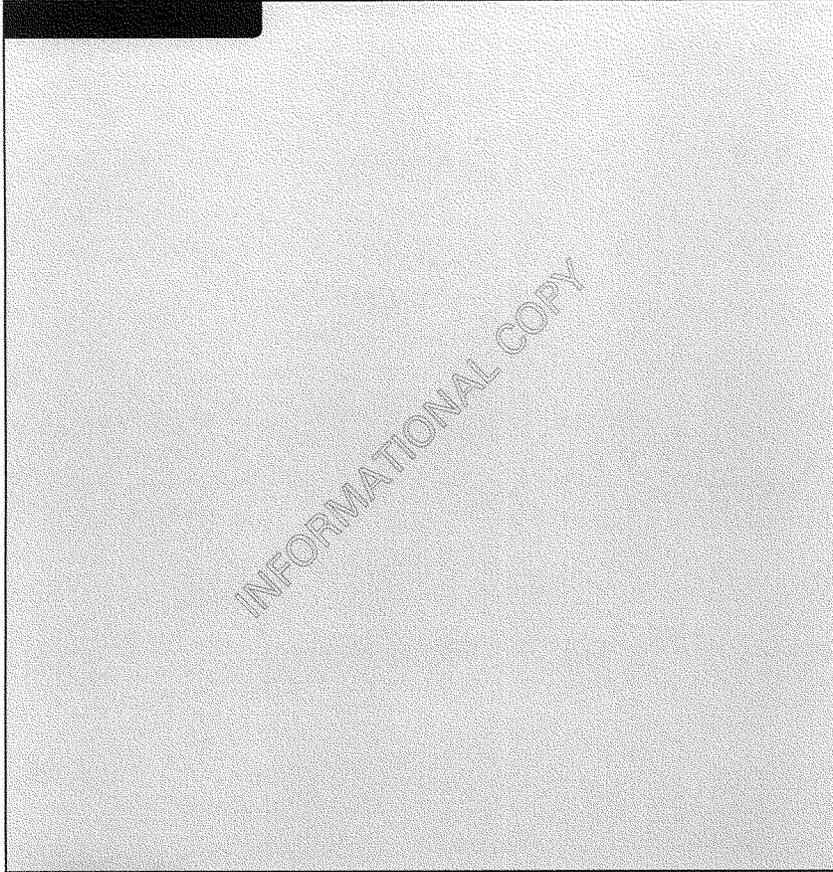


Person 2

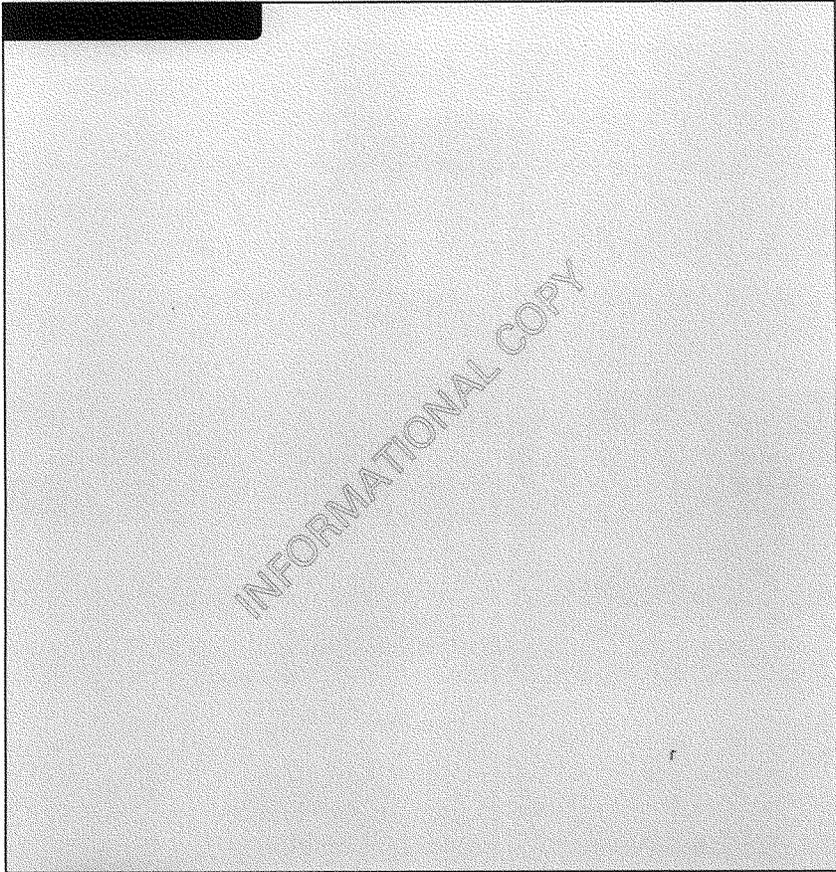
The balance of the questionnaire has questions for Person 2, Person 3, Person 4, and Person 5. The questions are the same as the questions for Person 1.

INFORMATIONAL COPY









Mailing Instructions

➔ Please make sure you have...

- listed all names and answered the questions on pages 2, 3, and 4
- answered all Housing questions
- answered all Person questions for each person.

➔ Then...

- put the completed questionnaire into the postage-paid return envelope. If the envelope has been misplaced, please mail the questionnaire to:
**U.S. Census Bureau
P.O. Box 5240
Jeffersonville, IN 47199-5240**
- make sure the barcode above your address shows in the window of the return envelope.

Thank you for participating in the American Community Survey.

INFORMATIONAL COPY

For Census Bureau Use

POP <input type="checkbox"/>	EDIT <input type="checkbox"/>	PHONE <input type="checkbox"/>	JIC1 <input type="checkbox"/>	JIC2 <input type="checkbox"/>
EDIT CLERK <input type="checkbox"/>	TELEPHONE CLERK <input type="checkbox"/>		JIC3 <input type="checkbox"/>	JIC4 <input type="checkbox"/>

The Census Bureau estimates that, for the average household, this form will take 38 minutes to complete, including the time for reviewing the instructions and answers. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to: Paperwork Project 0607-0810, U.S. Census Bureau, 4600 Silver Hill Road, AMSD - 3K138, Washington, D.C. 20233. You may e-mail comments to Paperwork@census.gov; use "Paperwork Project 0607-0810" as the subject. Please DO NOT RETURN your questionnaire to this address. Use the enclosed preaddressed envelope to return your completed questionnaire.

Respondents are not required to respond to any information collection unless it displays a valid approval number from the Office of Management and Budget. This 8-digit number appears in the bottom right on the front cover of this form.

Form ACS-1(INFO)(2012)KFI (07-14-2011)



Mr. POE. There are, no doubt, many benefits to the information obtained through the American Community Survey. For example, it helps allocate funding for Federal programs to States and local entities.

I am here to suggest that the Federal Government however, does not have an overriding, compelling interest to force people to divulge their private matters in this survey. The survey should be voluntary. Congress should prohibit the Federal Government from forcing Americans to provide this information such as what time they leave for work in the morning and what time they come home.

People are subject to repeated harassment by contracted agents who threaten them with fines for not complying with the survey. It is also concerning how the Census Bureau obtains this personal information. Let me give you a specific case in point.

One of my constituents, Linda Roberts in Kingwood, Texas, a single mother with a young child, received the American Community Survey last July. She filled out the information required by the Census Bureau and mailed it back to the Census Bureau. Later, she began to receive weekly calls from the Bureau asking her to complete the entire survey. She refused because she had already complied with what she believed to be the requirements under the Constitution to give to the Census Bureau.

When she refused, the calls increased from every week to multiple times every day. Then a Census employee started showing up at her house, ringing the door bell and peeking through the windows to see if she was there, all for the purpose of getting her to comply with this survey. On many occasions she came home from work in the evening to find someone sitting in their car in front of her house so they could knock on the door as soon as she entered her home.

Mrs. Roberts explained that she not only felt uncomfortable providing the detailed information to the Federal Government, but she also felt afraid every time she came to and from her own home.

Mr. Chairman, where in the Constitution does the Federal Government have the authority to harass citizens such as this? The Supreme Court uses a least restrictive means test to assess the validity of laws that could potentially infringe upon constitutional rights of liberty. The least restrictive means test says that if the law restricts individual liberty, it must employ the least restrictive means possible to achieve the overall goal.

It is clear through Mrs. Roberts' story, and through the hundreds of other calls that I have received, that the Census Bureau was not using the least restrictive means to obtain the information asked in the survey. It seems they are using the most restrictive means and most intrusive means.

Americans should have a choice to decide with they want to submit to invasive personal information to the Federal Government. If they choose not to do so, they should be left alone. The Census Bureau can get the information and get accurate information by other means. Since this is not an actual counting of the people, it can do a survey like other organizations, like posters, like marketing firms and private entities. They get accurate information without harassing people and forcing them to give that information.

Frankly, many Americans believe some of the information in the American Community Survey is none of the government's business and it intrudes on their privacy. I happen to be one of them. There is no compelling State interest that should allow this intrusion into private lives.

I have introduced H.R. 931, which seeks to make the American Community Survey voluntary by removing the criminal penalty imposed on the people who choose not to comply. The American people should get to choose whether they want to submit their personal information to the Federal Government. They should not be forced and mandated to do so through the American Community Survey. It should be voluntary.

Thank you, Mr. Chairman.

[The prepared statement of Hon. Ted Poe follows:]

**Prepared Testimony of Congressman Ted Poe (TX-02)
The Pros and Cons of Making the American Community Survey Voluntary
Before the House Oversight and Government Reform Committee's Subcommittee on
Health Care, District of Columbia, Census and the National Archives
March 6, 2011**

Thank you Chairman Gowdy and Ranking Member Davis for the opportunity to speak before the Subcommittee today regarding the American Community Survey.

I understand today's hearing is to evaluate the pros and cons of making the American Community Survey voluntary. I am happy to be here to provide a voice for the many Americans who have called my office angry that they are forced to provide private information in response to the many invasive questions that the American Community Survey requires. Many of the callers to my office are my constituents. But an even greater number are individuals from around the country who are upset because they are forced to provide this personal information outside of the constitutionally required Census. The information that the American Community Survey asks for spans from do you have a flush toilet in your home to does someone in your household because of a physical, mental, or emotional condition, have serious difficulty concentrating, remembering or making decisions.

There may be benefits to the information obtained through the American Community Survey. It helps allocate funding for federal programs to state and local entities, for example. I am here to suggest that the federal government does not have an overriding state interest to force people to divulge their private matters. The survey should be voluntary.

Congress should prohibit the federal government from forcing Americans to provide certain private information, such as what time they leave for work in the morning and what time they return home. People are subject to repeated harassment by contracted agents who threaten them with fines for not complying with the survey.

It is also concerning how the Census Bureau obtains this personal information. One of my constituents, Linda Roberts from Kingwood, Texas, is a single mother with a young child. She received the American Community Survey last July, filled out only the information required by the Census and mailed it back to the Census Bureau. Later, she began to receive weekly calls from the Census Bureau asking her to complete the entire survey. When she refused, the calls increased from every week to multiple times each day. Then, a Census employee started showing up to her house, ringing her doorbell, and peaking through her windows - all for the purpose of getting her to complete the survey. On many occasions, she arrived home from work in the evening to find someone sitting in their car waiting for her to come home so that they could knock on her door. Ms. Roberts explained that she not only felt uncomfortable providing that detailed information to the federal government, but she also felt afraid every time she came to and from her own home. Where in the Constitution does the federal government have the authority to do this?

The Supreme Court uses a least restrictive means test to assess the validity of laws that could potentially infringe upon our constitutional rights. The least restrictive means test says that if a law restricts individual liberty, it must employ the least restrictive means possible to achieve its goal. It is clear through Ms. Roberts' story, and through the hundreds of other calls that I have received, that the Census Bureau is not using the least restrictive means to obtain the information asked in the American Community Survey. It seems they are using the most restrictive – and most intrusive – means. Americans should have a choice to decide if they want to submit invasive, personal information to the federal government. And if they choose not to, they should be left alone.

The Census Bureau can get accurate information by other means. Since this is not an actual counting of people, it can do a survey like other organizations, pollsters, and marketing firms do – to obtain the information without harassment or threat of a penalty.

Frankly, many Americans believe it is none of the government's business to intrude on their privacy. I happen to be one of them. There is no compelling state interest that should allow this intrusion into private lives.

That is why I introduced H.R. 931, which seeks to make the American Community Survey voluntary by removing the criminal penalty imposed upon people who choose not to complete the survey. The American people should get to choose whether they want to submit their personal information to the federal government. They should not be mandated to do so through the American Community Survey.

Thank you.

Mr. GOWDY. Thank you, Judge Poe.

Ranking Member Davis and I realize that you have an extraordinarily hectic schedule with other commitments to other committees. With that, on behalf of both of us, thank you for your willingness to testify and your leadership on this issue.

We will be in recess for a few minutes so the next panel can come up. And if His Honor would be willing for us to go down and shake his hand.

[Recess.]

Mr. GOWDY. The hearing will come to order.

We will now welcome our second panel.

Since we did not do our opening statements in the order we traditionally do them, I will recognize myself now for an opening statement and then the distinguished gentleman from Illinois.

Today the committee is gathered for an oversight hearing on issues related to the decennial census. Specifically, we will look at the Census Bureau's American Community Survey [ACS]. Although ACS is relatively new, it is actually more of a continuation of the old decennial census long form. However, the ACS differs from the old long form in that it collects data every year. In theory, this provides more accurate and timely data than information gathered only every 10 years.

The ACS is mailed to 300,000 households each month and 3.6 millions households per year. The goal of the survey is to collect data used by the various levels of government, demographers and even the private sector. While many regard the data as useful and helpful, the ACS is not without controversy.

The objection many of us hear from constituents relates to the intrusive nature of the questions. A sample of questions include inquiries on healthcare plans, the number of times the recipient has been married and whether or not the recipient has a mortgage and if they do, how much they pay each month on the mortgage. Not content with merely asking the questions, the Federal Government aggressively pursues recipients with phone calls, visits and threats of fines and jail time for noncompliance.

Today, the subcommittee will hear from the Census Bureau and data users about the American Community Survey, its role in government policy and how the specific questions in the survey relate to the Bureau and its perceived mission.

One of the questions we are sure to hear asked today is how the results of the survey would be affected if the penalties for noncompliance were repealed. So too we may well hear how the census, needed for the apportioning of congressional seats, has morphed into something that inquires about marriage, mortgages and the like.

I am extremely interested in hearing the perspective of our witnesses, including the one who just testified, the former judge from Texas. He is the sponsor of a bill which would take away the penalties associated with not responding to the ACS, as he just testified.

I will now yield the remainder of my time to the distinguished chairman of the full committee, the gentleman from California, Mr. Issa.

Mr. ISSA. Thank you, Mr. Chairman.

I want to thank you for calling this important hearing.

There is nothing more important to our duties as Members of Congress than, in fact, to read and understand the Constitution and uphold it. At the end of the day, if we do nothing but recognize that that is our primary responsibility, if we pass no new laws and perhaps repeal a few, we probably will have done more of what the American people ultimately depend on us for than anything else.

States have an absolute ability to take surveys, to pass laws, to regulate. Only the Federal Government has the mandate for the census. I have read the mandate for the census. It boils down to what is the meaning of enumeration. It is to count. Everything beyond that is outside the constitutional mandate.

As we review the existing laws that under our jurisdiction, we have to answer just a few questions here today. Is it constitutional to demand it? The answer is it is not within the Constitution to demand this information. Is it nice to have? Yes. Is it important to have? Perhaps. Is it extremely useful? In many cases, also yes. Is this the least expensive way to accumulate this information accurately? Perhaps, but the Constitution doesn't say the government has a constitutional obligation to spend less. If it did, we wouldn't have the deficit we have before us today.

As I look at a world in which every day we have the threat of litigation, criminal prosecution and, in fact, laws threatened to be passed because Facebook, Google, and thousands of other companies in and out of social media are accumulating individual information, aggregating it and selling it, selling it to people because it is useful, you have to ask the question: what is the special role for the United States that allows us to mandate that which we probably will litigate and legislate against when the private sector does it?

All these questions and more, I believe, are part of the balancing act. Our hope here today is to glean more information for the only committee that has direct jurisdiction over the mandate portion under the census. The moment this is not mandated, I am quite sure plenty other committees of jurisdiction will talk about the usefulness of this information.

I join with the chairman in my concern that if we don't get this right, we simply haven't done the first and most important part of what we are sworn to do: uphold and defend the Constitution.

I thank the chairman and yield back.

Mr. GOWDY. I thank the gentleman from California.

The Chair would now recognize the gentleman from Illinois, the ranking member of the subcommittee, Mr. Davis.

Mr. DAVIS. Thank you very much, Mr. Chairman.

I also want to thank our witnesses for appearing. I appreciate the comments of the chairman of the overall committee.

I can't help but be reminded when I think of the census and census taking, that as a young community organizer, I met the most professional person I had ever seen or known who opened up the census data and information to me and colleagues of mine, people where I worked, in such a way until we became fascinated with information that existed. Her name was Mary Grady. She retired a few years ago and is no longer here, but she was the most profes-

sional bureaucrat, I guess, that I had ever seen. I will always fondly remember her.

So, Mr. Chairman, I appreciate this hearing and I thank you for calling it because the American Community Survey is, in fact, beneficial to our Nation in many ways. Funding for education, transportation and human services are determined largely based upon data gathered by the ACS. ACS statistics provide a means of testing the effectiveness of our civil rights and anti-discrimination laws. The ACS is a tool that guides the proper targeting of hundreds of billions of dollars by the Federal Government.

Local and State governments also rely on data collected by the ACS and use the data to target local funds. ACS data is also critical to large and small businesses, non-profits and academic researchers.

The integrity of the ACS would be fundamentally challenged, however, by Congressman Poe's bill which would remove the traditional legal requirement to answer the census questions fully and truthfully. The Census Bureau reports that a voluntary ACS would cost too much more, much more to administer and the data would be less reliable.

As stewards of public dollars, we should seek the most cost effective manner to reach our ultimate goal. I appreciate the fact that some citizens have concerns about their privacy. Congress has made it a felony offense to make a wrongful disclosure of personal information gathered by the census. Some complain about the time it takes to complete the survey. The Census Bureau requests a mere 45 minutes to complete the ACS. It is a civic duty and a mark of good citizenship and I also think a level of patriotism and patriotic spirit for individuals to be engaged in providing this information as we seek to make our country as responsive and as effective as it can possibly be.

In this era of Twitter, Wikipedia, Facebook and online data where people share the most intimate details of their lives for the world to view, as a matter of fact, they just kind of do it automatically, as a matter of fact, they even do it on television shows, I am not convinced that there is an overwhelming number of citizens in our country who are seriously regarding this as an invasion of their privacy, although some do.

I have today several letters from interest groups encouraging Congress to preserve the ACS as we know it and I would like to submit these, Mr. Chairman, with your indulgence, for the record.

Mr. GOWDY. Without objection.

[The information referred to follows:]



March 1, 2012

Representative Danny K. Davis
 U.S. House of Representatives
 2159 Rayburn House Office Building
 Washington, DC 20515-1307

RE: H.R. 931, with respect proposal to make participation in the American Community Survey (ACS) voluntary

Dear Representative Davis,

I have recently learned of the proposal by Representative Ted Poe to change mandatory participation in the American Community Survey to voluntary participation. I am concerned about the effects that this type of change would have on the quality of data that is so crucial to retail companies, one of the largest components of the American economy.

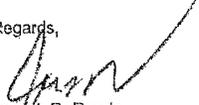
My company, Trade Area Systems, Inc., supplies technology to the retail real estate industry. These systems contain data built on the US Census and more recently the American Community Survey. Historically, the sources of these data (US citizens) have had a mandatory requirement to participate. This has insured balanced sampling, which means the resultant data should be reliable.

With the advent of the American Community Survey, the source of much of the data crucial to retailers when deciding where to put new stores has been moved from the "Long Form Census," which has been eliminated, to the American Community Survey. This change is already creating great challenges to the retail industry because, even though the American Community Survey is performed annually instead of every 10 years, the sample size is much smaller. Typically about 20% of households participated in the long form, which means that in 2010, 25 million households would have supplied long form data. Instead only 3 million households participated in the American Community Survey in 2010. This smaller sample size means that data becomes unreliable when we apply it to local markets, which is exactly what retailers do when they choose new store locations.

If we add to this "sample bias", that is, leaving out certain groups who choose not to participate - like busy people, young people, poor people, or the rich who would rather not divulge income information, we exacerbate the challenges created by the ACS. I urge you to leave the existing rules in place, keeping the American Community Survey participation mandatory. A very big part of the US economy is dependent upon this data being reliable.

Thank you for your consideration.

Regards,


 Joseph D. Rando
 President

1500 Woodmont Street, Suite 200
 Atlanta, Georgia 30329
 404.411.4000 Fax 404.411.4001
www.tradeareasystems.com

Demos

New York
220 Fifth Ave., 5th floor
New York, NY 10001
1.212.633.1405

Boston
378 Chestnut Hill Ave., Suite 303
Brighton MA 02135
1.617.732.5855

Washington, D.C.
1715 Phoenician Ave., NW
12th floor
Washington, DC 20036
1.202.559.1543

demos.org
info@demos.org

March 5, 2012

Honorable Trey Gowdy, Chairman
Honorable Danny Davis, Ranking Member
Committee on Oversight and Government Reform
Subcommittee on Health Care, District of Columbia,
Census and National Archives
Washington, DC 20515

Dear Chairman Gowdy and Congressman Davis:

I respectfully submit the following letter for the official hearing record for the March 6, 2012 hearing: "The Pros and Cons of a Voluntary American Community Survey". This letter expresses Dēmos' deep concern about the idea of converting the American Community Survey (ACS) from a mandatory to a voluntary survey. **Such a change would increase the cost of the survey and diminish its accuracy, denying American businesses, researchers and citizens valuable data at a time of tremendous economic and demographic change, risking our nation's future preparedness and economic recovery.**

Dēmos is an ACS data user. Dēmos, a non-partisan policy research and advocacy organization, uses the American Community Survey in our work seeking to expand economic opportunity, on issues from job growth to education to retirement. The robust size of the ACS' sample enables us to compute detailed statistics, particularly for states or localities, which would be impossible to create with other available data sources, including statistics on women, Americans of color, and youth.

In our work to strengthen our country's democracy, Dēmos uses the high-quality ACS data to analyze socioeconomic characteristics of voters and non-voters; to determine how various policies affect voter participation of different demographic groups, and to make sound policy recommendations on needed electoral reforms. As the ACS continues its yearly progress and increasingly provides a historical picture, we and many other researchers will increasingly turn to it for important historical data that had either previously been unavailable or less detailed.

A voluntary ACS would be more costly. In 2003, Congress directed the Census Bureau to explore the possibility of making the ACS voluntary. In two reports¹ and several more recent analyses, the Bureau concluded that mail response rates to a voluntary ACS would drop by more than 20 percentage points. That decline,

¹ "Meeting 21st Century Data Needs - Implementing the American Community Survey, Report 3: Testing the Use of Voluntary Methods" (Dec. 2003) (<http://www.census.gov/acs/www/Download/Report03.pdf>) and an update, "Report 11: Testing Voluntary Methods -- Additional Results" (Dec. 2004) (<http://www.census.gov/acs/www/Download/Report11.pdf>).

in turn, would force the bureau to use more costly modes of data collection, such as telephone and door-to-door visits, thereby *increasing the cost of the survey by thirty percent* (\$60 million at the time of the 2003 field test). In an era of federal cost-cutting, Congress is unlikely to give the Bureau the supplementary funding it would need to carry out the "voluntary response" mandate, leaving the Census Bureau without the resources to produce reliable data.

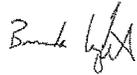
A voluntary ACS is a drastically less accurate ACS. For this and other reasons, making either individual questions of the ACS or the entire survey voluntary would destroy the quality of the data. As any statistician knows, a random sampling of a population that is representative of the nation as a whole is the entire foundation on which data analysis is based. Making all or parts of the survey voluntary would introduce what is called "response bias" into the data, as it has been proven that non-response is not random. Introducing this bias into the data collection would in turn undermine the random nature of the data collection, and thus diminish the survey's standing as a premier source of accurate, representative data.

The ACS is important to officials, taxpayers, businesses, and civil society organizations. Undermining the ACS would have significant unintended consequences for our society. The federal government alone allocates more than \$450 billion annually to state and local governments based in whole or in part on ACS data.² Equally important, businesses of all sizes rely on ACS data every day to make vital decisions about where to locate and expand; what goods and services to offer; the scope of employee training needed, and long term investment opportunities. Nonprofit organizations use the ACS to guide services to those most in need and to measure the success of their programs.

For these reasons, Demos urges your subcommittee to reject any proposal to make the American Community Survey voluntary.

Thank you for considering our views and for including our comments in the official hearing record.

Sincerely,



Brenda Wright
Director, Democracy Program
Demos

² Reamer, Andrew, "Surveying for Dollars: The Role of the American Community Survey in the Geographic Distribution of Federal Funds," The Brookings Institution, July 2010.



GREAT LAKES INTER-TRIBAL COUNCIL, INC.

P.O. Box 9, Lac du Flambeau, Wisconsin 54538
 Phone: 715-588-3324 Fax: 715-588-7900
 TTY: 715-588-1774 Email: glitc@glitc.org

March 5, 2012

Honorable Trey Gowdy, Chairman
 Honorable Danny Davis, Ranking Member
 Subcommittee on Health Care, District of Columbia,
 Census and National Archives
 Committee on Oversight and Government Reform
 Washington, DC 20515

Dear Chairman Gowdy and Congressman Davis:

We are writing to express our strong concern about proposals to convert the U.S. Census Bureau's American Community Survey (ACS) from a mandatory to a voluntary survey. We believe such a change would significantly increase the cost of the ACS; at a time of fiscal constraint, lack of sufficient resources could diminish the quality of ACS data to a point where the information is not useful for a myriad of critical public and private sector purposes. We know that your panel will review this issue at a hearing on March 6, 2012, and respectfully ask that the subcommittee include our letter in the official hearing record.

The Census Project is a non-partisan, ad-hoc, broad-based coalition of census stakeholders. The Project's participants include data users in the business, housing, civil rights, academic and research, civic participation, child advocate, state, tribal and local governments, and marketing sectors. Our common purpose is simple: To educate policymakers and the public about the importance of high quality, cost-effective and appropriately comprehensive census data for sound decision-making at all levels of government and in the private and non-profit sectors. (The ACS is part of the decennial census.) Tribes and inter-tribal organizations such as Great Lakes Inter-Tribal Council, a consortium of 12 tribes of Wisconsin and Michigan, rely heavily on US Census data to measure demographics of the tribes, to assess tribal needs, and to compete for federal grants. Without this information, tribes' ability to do so would be severely compromised.

Concerned about respondent burden and the propriety of the questions, Congress directed the Census Bureau to explore the possibility of making the ACS voluntary in 2003. In two reports¹ and several more recent analyses, the bureau concluded that mail response rates to a voluntary ACS would drop "dramatically," by more than 20 percentage points. That decline, in turn,

¹ "Meeting 21st Century Data Needs - Implementing the American Community Survey, Report 3: Testing the Use of Voluntary Methods" (Dec. 2003) (<http://www.census.gov/acs/www/Downloads/Report03.pdf>) and an update, "Report 11: Testing Voluntary Methods -- Additional Results" (Dec. 2004) (<http://www.census.gov/acs/www/Downloads/Report11.pdf>).



GREAT LAKES INTER-TRIBAL COUNCIL, INC.

P.O. Box 9, Lac du Flambeau, Wisconsin 54538
 Phone: 715-588-3324 Fax: 715-588-7900
 TTY: 715-588-1774 Email: glitc@glitc.org

to-door visits, thereby *increasing the cost of the survey by thirty percent* (\$60 million at the time of the 2003 field test). Congress, in the current fiscal climate, is unlikely to increase funding for the ACS by the amount necessary to overcome low initial response rates, leaving the Census Bureau with insufficient response to produce reliable data for smaller (e.g. rural communities; towns; urban neighborhoods) areas and population groups (e.g. people with disabilities; veterans; immigrant groups). The consequence would be greatly diminished quality of ACS data. The test also showed that the percent of completed interviews (conducted if a household fails to mail back a form) fell significantly if the survey was voluntary, adding to the problem of data reliability.

Perhaps not surprisingly, cooperation in traditionally low mail response areas (which tend to equate with hard-to-count communities, such as people of color, low income families, and rural households) declined even further when ACS response was voluntary. Interestingly, a significantly higher percentage of traditionally easier-to-count populations, such as non-Hispanic Whites, failed to respond during the mail and telephone phases of the ACS. These findings suggest that the quality of estimates produced from a voluntary ACS would be severely jeopardized for all segments of the population and all types of communities.

The importance of high-quality, objective, and universal ACS data for public and private sector decision-makers cannot be overstated. The federal government alone allocates more than \$450 billion annually in program funds to state and local governments based in whole or in part on ACS data.² Federal law, directly or indirectly, requires all of the information gathered in the ACS (i.e. Congress requested the data directly, or created a program that relies on data for implementation, enforcement, or monitoring, and the census or ACS are the only sources). We should not jeopardize the fair and wise allocation of limited taxpayer dollars by undermining the only source of reliable data to guide those allocations, not to mention decisions on whether even to continue certain programs.

In addition, the Voting Rights Act relies on ACS data to make determinations under section 203, which requires jurisdictions with a high percentage of people who are not English language proficient to offer bilingual voting materials. Both the government and business sector rely on ACS data to help ensure appropriate employment opportunities for racial minorities, disabled persons, and veterans.

Equally important, tribes and tribal organizations use the ACS to guide services to those most in need and to measure the success of their programs. For these reasons, we urge your subcommittee to view any proposal to make the American Community Survey voluntary with great caution. Such a change would have serious adverse consequences that could leave the nation in a precarious decision-making vacuum and hinder its economic recovery and future growth.

² Reamer, Andrew, "Surveying for Dollars: The Role of the American Community Survey in the Geographic Distribution of Federal Funds," The Brookings Institution, July 2010.



GREAT LAKES INTER-TRIBAL COUNCIL, INC.

P.O. Box 9, Lac du Flambeau, Wisconsin 54538
Phone: 715-588-3324 Fax: 715-588-7900
TTY: 715-588-1774 Email: glitc@glitc.org

Thank you for considering our views and for including our comments in the official hearing record.

Sincerely,

Michael W. Allen, Sr.
Executive Director



Urban Decision Group, LLC
 220 Luke Ct, Westerville, OH 43081
 Principal & Owner: Rick Stein
 Telephone: 614-383-8615
 E-Mail: rstein@urbandecisiongroup.com



Vogt Santer Insights, Ltd
 869 Goodale Blvd, Columbus, OH 43212
 Partner: Rob Vogt
 Telephone: 614-224-4300
 E-Mail: robv@vsiinsights.com

The purpose of this letter is to persuade members of the 112th U.S. Congress to defeat H.R. 931. The American Community Survey (ACS) provides a tremendous amount of valuable information that is utilized by decision makers in a variety of industries. This information is valuable because of its timeliness, depth, and reliability. The mandatory nature of the survey is what distinguishes it from other data collection efforts, government sponsored or otherwise. Mandatory participation helps ensure the data that is collected is complete. Incomplete data could result in entire datasets being deemed unreliable, thus defeating the whole purpose of the American Community Survey and resulting in a waste of valuable tax payer's money.

Each year, both the private and public markets invest billions of dollars into development projects based on the demographic insights that the American Community Survey provides. As professionals in the planning and development industry, we know that each project is different and thus is more likely to succeed based on the existence of the demographic factors that contribute to a more favorable operating environment. Accurate and robust data sets go a long way toward ensuring each effort is maximizing its location efficiency.

Virtually all government agencies make funding recommendations based on data that is directly collected by the ACS. Decisions are made every day that benefit from this information. The efficiencies that are gained by analyzing this information are one of America's greatest advantages in the 21st Century. As professionals that work with this data everyday, we have first-hand knowledge how important the quality of this data is. We are concerned that allowing participation to be voluntary will result in a dramatically lower response rate, which would effectively invalidate the data set.

We urge you to please vote no on H.R. 931. We believe that passing the resolution is a dangerous first step towards reducing the effectiveness of the ACS—resulting in millions of wasted tax payer dollars. The American Community Survey has developed into an indispensable tool for thousands of professionals across America. Please do not reduce the reliability of the ACS. Please do not support H.R. 931.

Sincerely,


 Rick Stein, Principal & Owner
 Urban Decision Group, LLC


 Rob Vogt, Partner
 Vogt Santer Insights, Ltd

The Census Project

March 5, 2012

Honorable Trey Gowdy, Chairman
 Honorable Danny Davis, Ranking Member
 Subcommittee on Health Care, District of Columbia,
 Census and National Archives
 Committee on Oversight and Government Reform
 Washington, DC 20515

Dear Chairman Gowdy and Congressman Davis:

We are writing to express our strong concern about proposals to convert the U.S. Census Bureau's American Community Survey (ACS) from a mandatory to a voluntary survey. We believe such a change would significantly increase the cost of the ACS; at a time of fiscal constraint, lack of sufficient resources could diminish the quality of ACS data to a point where the information is not useful for a myriad of critical public and private sector purposes. We know that your panel will review this issue at a hearing on March 6, 2012, and respectfully ask that the subcommittee include our letter in the official hearing record.

The Census Project is a non-partisan, ad-hoc, broad-based coalition of census stakeholders. The Project's participants include data users in the business, housing, civil rights, academic and research, civic participation, child advocate, state and local government, and marketing sectors. Our common purpose is simple: To educate policymakers and the public about the importance of high quality, cost-effective and appropriately comprehensive census data for sound decision-making at all levels of government and in the private and non-profit sectors. (The ACS is part of the decennial census.)

Concerned about respondent burden and the propriety of the questions, Congress directed the Census Bureau to explore the possibility of making the ACS voluntary in 2003. In two reports¹ and several more recent analyses, the bureau concluded that mail response rates to a voluntary ACS would drop "dramatically," by more than 20 percentage points. That decline, in turn, would force the bureau to use more costly modes of data collection, such as telephone and door-to-door visits, thereby *increasing the cost of the survey by thirty percent* (\$60 million at the time of the 2003 field test). Congress, in the current fiscal climate, is unlikely to increase

¹ "Meeting 21st Century Data Needs - Implementing the American Community Survey, Report 3: Testing the Use of Voluntary Methods" (Dec. 2003) (<http://www.census.gov/acs/www/Downloads/Report03.pdf>) and an update, "Report 11: Testing Voluntary Methods -- Additional Results" (Dec. 2004) (<<http://www.census.gov/acs/www/Downloads/Report11.pdf>>).

A project of the Communications Consortium Media Center
 401 Ninth Street NW, Suite 450, Washington, DC 20004
 202.326.8700
www.TheCensusProject.org

funding for the ACS by the amount necessary to overcome low initial response rates, leaving the Census Bureau with insufficient response to produce reliable data for smaller (e.g. rural communities; towns; urban neighborhoods) areas and population groups (e.g. people with disabilities; veterans; immigrant groups). The consequence would be greatly diminished quality of ACS data. The test also showed that the percent of completed interviews (conducted if a household fails to mail back a form) fell significantly if the survey was voluntary, adding to the problem of data reliability.

Perhaps not surprisingly, cooperation in traditionally low mail response areas (which tend to equate with hard-to-count communities, such as people of color, low income families, and rural households) declined even further when ACS response was voluntary. Interestingly, a significantly higher percentage of traditionally easier-to-count populations, such as non-Hispanic Whites, failed to respond during the mail and telephone phases of the ACS. These findings suggest that the quality of estimates produced from a voluntary ACS would be severely jeopardized for all segments of the population and all types of communities.

The importance of high-quality, objective, and universal ACS data for public and private sector decision-makers cannot be overstated. The federal government alone allocates more than \$450 billion annually in program funds to state and local governments based in whole or in part on ACS data.² Federal law, directly or indirectly, requires all of the information gathered in the ACS (i.e. Congress requested the data directly, or created a program that relies on data for implementation, enforcement, or monitoring, and the census or ACS are the only sources). We should not jeopardize the fair and wise allocation of limited taxpayer dollars by undermining the only source of reliable data to guide those allocations, not to mention decisions on whether even to continue certain programs.

In addition, the Voting Rights Act relies on ACS data to make determinations under section 203, which requires jurisdictions with a high percentage of people who are not English language proficient to offer bilingual voting materials. Both the government and business sector rely on ACS data to help ensure appropriate employment opportunities for racial minorities, disabled persons, and veterans.

Equally important, businesses of all sizes rely on ACS data every day to make vital decisions about where to locate and expand, what goods and services to offer, the scope of employee training needed, and long term investment opportunities. Nonprofit organizations use the ACS to guide services to those most in need and to measure the success of their programs.

For these reasons, we urge your subcommittee to view any proposal to make the American Community Survey voluntary with great caution. Such a change would have serious adverse consequences that could leave the nation in a precarious decision-making vacuum and hinder its economic recovery and future growth.

² Reamer, Andrew, "Surveying for Dollars: The Role of the American Community Survey in the Geographic Distribution of Federal Funds," The Brookings Institution, July 2010.

Thank you for considering our views and for including our comments in the official hearing record.

Sincerely,

American Association of Public Opinion Research
American Sociological Association
American Statistical Association
Asian American Justice Center, member of Asian American Center for Advancing Justice
Association of Population Centers
Association of Public Data Users (APDU)
Charlotte (N.C.) Chamber of Commerce
Coalition on Human Needs
Community Action Partnership
Consortium of Social Science Associations
Council for Community & Economic Research (C2ER)
Council of Professional Associations on Federal Statistics
CREW Network
Lawyers' Committee for Civil Rights Under Law
Leadership Conference on Civil and Human Rights
Marketing Research Association (MRA)
National Association for Business Economics
National Association of Latino Elected and Appointed Officials (NALEO) Educational Fund
National Congress of American Indians
National Education Association
National Multi Housing Council
North Carolina Housing Finance Agency
Population Association of America
Population Reference Bureau
Prison Policy Initiative
Project Vote
South Asian Americans Leading Together (SAALT)
Southeast Michigan Census Council

The Leadership Conference
on Civil and Human Rights

1629 K Street, NW 202.466.3311 voice
10th Floor 202.466.3435 fax
Washington, DC www.civilrights.org
20006



March 5, 2012

Oppose H.R. 931, Making the American Community Survey Voluntary

Honorable Trey Gowdy, Chairman
Honorable Danny Davis, Ranking Member
Subcommittee on Health Care, District of Columbia,
Census and National Archives
Committee on Oversight and Government Reform
United States House of Representatives
Washington, DC 20515

Dear Chairman Gowdy and Congressman Davis:

On behalf of The Leadership Conference on Civil and Human Rights, a coalition charged by its diverse membership of more than 200 national organizations to promote and protect the civil and human rights of all persons in the United States, we write to urge you to oppose H.R. 931. This bill will make participation in the American Community Survey voluntary, except with respect to certain basic questions, which would convert the U.S. Census Bureau's American Community Survey (ACS) from a mandatory to a voluntary survey. We believe that the quality of estimates produced from a voluntary ACS would be severely jeopardized for all segments of the population and all types of communities, and in particular, the hard-to-count communities—people of color, low-income families, people with disabilities, and English-language learners—that The Leadership Conference represents. We know that your panel will review this issue at a hearing on March 6, 2012, and we ask that the subcommittee include our letter in the official hearing record.

The importance of high-quality, objective, and universal ACS data for the civil and human rights community cannot be overstated. For this reason, The Leadership Conference considers a fair and accurate census and comprehensive ACS, which is a part of the decennial census, among the most significant civil rights issues facing the country today. Our wide-ranging efforts to promote equality of representation and economic opportunity are guided significantly by objective, inclusive data on America's diverse communities and populations. For example, the Voting Rights Act relies on ACS data to make determinations under section 203, which requires jurisdictions with a large population of people who are not yet English language proficient to offer language assistance during the electoral process. Both the government and business sector rely on ACS data to help ensure appropriate employment opportunities for racial minorities, people with disabilities, and veterans.

Public and private sector decisionmakers also rely heavily on ACS data. The federal government alone allocates more than \$450 billion annually in program funds to state and local governments based in whole or in part on ACS data.¹ Equally important, businesses of all sizes rely on ACS data every day to make vital decisions about where to locate and

Officers
Interim Chairperson
JUDITH L. LICHTMAN
National Partnership for Women
& Families
Vice Chairpersons
Karen K. Narasaki
Asian American Justice Center
Secretary
Barry Evans
AARP
Treasurer
Lee A. Saunders
American Federation of State,
County & Municipal Employees
Executive Committee
Barbara Aronow
Lawyer's Committee For
Civil Rights Under Law
Alicia Holt Baker
AFL-CIO
Merrit Greenberger
National Women's Law Center
Linda D. Hillman
American Association of
University Women
Mary Kay Henry
Service Employees
International Union
Mark Perlebo
American Association of People
with Disabilities
Benjamin Jealous
NAACP
Michael B. Keegan
People For The American Way
Floyd Monk
Japanese American Citizens
League
Marc H. Morial
National Labor League
Janet Murray
National Council of La Raza
Delora Ness
National Partnership for Women
and Families
Terry O'Neill
National Organization for Women
Jacqueline Johnson Patai
National Congress of
American Indians
John Payton
NAACP Legal Defense and
Educational Fund, Inc.
Debra Van Rostel
National Education Association
Anthony Romero
American Civil Liberties Union
Thomas A. Sornic
Mexican American Legal Defense
& Educational Fund
David Suprenant
Religious Action Center for
Reform Judaism
Sharon L. Smith
National Fair Housing Alliance
Joe Solmonese
Human Rights Campaign
Randi Weingarten
American Federation of Teachers
Elizabeth MacNamara
League of Women Voters
Warren David
American-Arab Anti-
Discrimination Committee
Compliance/Enforcement
Committee Chairpersons
Karen K. Narasaki
Asian American Justice Center
President & CEO
Wade J. Henderson
Executive Vice President & COO
Karen McGiv Lawson

¹ Reamer, Andrew, "Surveying for Dollars: The Role of the American Community Survey in the Geographic Distribution of Federal Funds," The Brookings Institution, July 2010
(http://www.brookings.edu/~media/Files/rc/reports/2010/0726_acs_reamer.pdf).

March 5, 2012
Page 2 of 2



expand what goods and services to offer, the scope of employee training needed, and long term investment opportunities. Nonprofit organizations use the ACS to guide services to those most in need and to measure the success of their programs.

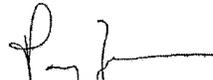
Making the ACS voluntary would undermine the only source of reliable data to guide these decisions. In 2003, Congress directed the Census Bureau to explore the possibility of making the ACS voluntary. In two reports² and several more recent analyses, the bureau concluded that mail response rates to a voluntary ACS would drop "dramatically," by more than 20 percentage points. Cooperation in traditionally low mail response areas (which tend to equate with hard-to-count communities, such as people of color, low income families, and rural households) declined even further when ACS response was voluntary. In addition, a significantly higher percentage of traditionally easier-to-count populations, such as non-Hispanic Whites, failed to respond during the mail and telephone phases of the ACS. These findings suggest that the quality of estimates produced from a voluntary ACS would be severely jeopardized for all segments of the population and all types of communities.

A decline in mail response rates would force the bureau to use more costly modes of data collection, such as telephone and door-to-door visits, thereby increasing the cost of the survey by thirty percent (\$60 million at the time of the 2003 field test). Without an increase in funding in an amount necessary to overcome low initial response rates, the Census Bureau will be left with insufficient response to produce reliable data for smaller (e.g. rural communities; towns; urban neighborhoods) areas and population groups (e.g. people with disabilities; veterans; immigrant groups). The consequence would be greatly diminished quality of ACS data.

For these reasons, we urge you to oppose H.R. 931. Converting the ACS to a voluntary survey would have serious adverse consequences that could leave the nation in a precarious decision-making vacuum and hinder its economic recovery and future growth. Thank you for considering our views and for including our comments in the official hearing record. If you have any questions, please contact Leadership Conference Census Task Force Co-Chairs Terry Ao Minnis, Asian American Justice Center, at 202-296-2300 x127; Max Sevilla, NALEO Educational Fund at 202-546-2536 x15; or Corrine Yu, Leadership Conference Managing Policy Director at 202-466-5670.

Sincerely,


Wade Henderson
President & CEO


Nancy Zirkin
Executive Vice President

² "Meeting 21st Century Data Needs - Implementing the American Community Survey, Report 3: Testing the Use of Voluntary Methods" (Dec. 2003) (http://www.census.gov/acs/www/Downloads/library/2003/2003_Griffin_01.pdf) and an update, "Report 11: Testing Voluntary Methods -- Additional Results" (Dec. 2004) (http://www.census.gov/acs/www/Downloads/library/2004/2004_Griffin_02.pdf).



American Statistical Association
Promoting the Practice and Profession of Statistics

732 North Washington Street, Alexandria, Virginia 22314 USA
(703) 684-1221 • Fax: (703) 683-2307 • Email: asainfo@amstat.org
Web site: <http://www.amstat.org/>

March 5, 2012

Honorable Trey Gowdy, Chairman
Honorable Danny Davis, Ranking Member
Subcommittee on Health Care, District of Columbia,
Census and National Archives
Committee on Oversight and Government Reform
Washington, DC 20515

Dear Chairman Gowdy and Congressman Davis,

I am writing to express my concerns regarding proposals to convert the U.S. Census Bureau's American Community Survey (ACS) from a mandatory survey to a voluntary survey. These proposals would have an adverse effect on data quality. Additional funding would address some concerns but questions of data quality would persist.

As you know, if an individual does not respond to the ACS, the Census Bureau follows up by such methods as telephone or personal visits, which add considerable costs to the survey. In a voluntary ACS, there would be a decline in response rates for both the original survey and for follow-up measures.

Lower response rates generally result in less reliable data (i.e., larger margins of error). Lower response rates can also mean data will not be available for smaller demographic or geographic groups.

A Census Bureau report¹ estimates an additional cost of \$66 million per year to improve the reliability of survey estimates from a voluntary ACS. Even if Congress makes such funding available, the reliability will not be the same as for a mandatory survey because

¹ Cost and Workload Implications of a Voluntary Community Survey, Deborah Griffin, 2011, http://www.census.gov/acs/www/Downloads/library/2011/2011_Griffin_01.pdf.

of the differing response rates among demographic and geographic groups.

In short, making ACS voluntary will result in a more expensive ACS with lower quality data.

Sincerely,

A handwritten signature in black ink that reads "Robert N. Rodriguez". The signature is written in a cursive, slightly slanted style.

Robert N. Rodriguez, PhD
President, The American Statistical Association



March 5, 2012

Honorable Trey Gowdy, Chairman
 Honorable Danny Davis, Ranking Member
 Subcommittee on Health Care, District of Columbia, Census and National Archives
 Committee on Oversight and Government Reform
 Washington, DC 20515

Dear Chairman Gowdy and Congressman Davis,

I am pleased to submit this letter in support of retaining the legal requirement that U.S. residents participate in, and provide accurate information to, the American Community Survey (ACS).

As noted by others submitting statements for the hearing record, Census Bureau field research demonstrates that making participation in the ACS voluntary would result in a 20 percent point drop in the response rate and a 30 percent rise in total costs (\$75 million) needed to maintain current levels of data reliability, due to the need for telephone and in-person follow-up to a larger number of non-respondents. If Congress does not appropriate the necessary funds, then the return on taxpayers' annual quarter billion dollar investment in the ACS falls dramatically.

In this letter, I will cover three points regarding the implications of the proposed shift to voluntary ACS participation:

- Public and private sector decision-makers at all levels of geography depend on reliable ACS estimates
- Since 1850, Congress has consistently mandated that ACS-type data be collected through the census and that household participation in mandatory
- A reliable ACS more than fulfills the intent of existing law, signed by President Ford, that directs the Secretary of Commerce to conduct a mid-decade census

To a substantial degree, these points are drawn from my July 2010 Brookings Institution report, "[Surveying for Dollars: The Role of the American Community Survey in the Geographic Distribution of Federal Funds.](#)"

Uses of ACS Estimates for Public and Private Decision-Making

ACS estimates are used for decision-making in two major realms—public policy and the economy. With regard to public policy:

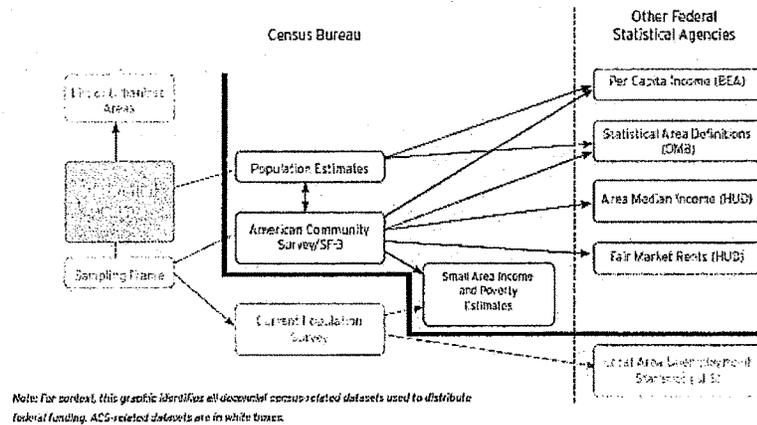
- ACS data guide the equitable, appropriate flow of hundreds of billions of dollars in federal domestic assistance across the nation (\$416 billion in FY 2008)
 - Less reliable ACS estimates will result in some states and communities getting less, and others more, than their fair share
- ACS data provide key benchmarks for federal enforcement of civil rights and antidiscrimination laws and court decisions
 - Less reliable ACS estimates will increase the difficulties of proper enforcement of civil rights and antidiscrimination laws and court decisions
- Federal agencies use ACS data to inform the design, implementation, and evaluation of programs and policies in every government realm, such as education, health, housing, transportation, small business development, human services, and environmental protection
 - Less reliable ACS estimates will result in less effective and cost-efficient federal programs
- State and local governments rely on ACS data to make on-the-ground investment decisions across all policy domains
 - Less reliable ACS estimates will result in less effective and cost-efficient state and local programs

With regard to economic decision-making:

- Businesses of all types and sizes use ACS data to identify markets, select business locations, make investment decisions in plant, equipment, and new product development, determine goods and services to be offered, and assess labor markets
 - Less reliable ACS estimates will result in increases in the probabilities that U.S. businesses will make decisions that result in lower profits and competitiveness
- Nonprofit organizations such as hospitals and community service organizations rely on ACS data to better understand and serve the needs of their constituencies
 - Less reliable ACS estimates will lead nonprofit community organizations to less effectively serve their population base
- ACS data are essential to efforts by state and local governments, chambers of commerce, and public-private partnerships to promote business attraction, expansions, and startups that lead to job creation and a larger tax base
 - Less reliable ACS estimates will diminish state and local capacities to stimulate job creation and economic activity

Not well understood is that a large proportion of these decisions do not directly use ACS data but rather other federal datasets that are built in part on the ACS. This chart illustrates the six federal data efforts that depend on a reliable ACS:

Figure 1. Datasets Related to the American Community Survey



In particular:

- ACS international migration data are a key input to the Census Bureau's annual national, state, and local population estimates
- Income data from the ACS are used to build
 - the Census Bureau's Small Area Income and Poverty Estimates (SAIPE), used to distribute federal education program funds
 - the Department of Housing and Urban Development's Area Median Income estimates, used to distribute a number of housing and community development program funds
- Commuting data from the ACS are used to determine
 - the geographic boundaries of OMB's metropolitan and micropolitan statistical areas, used for multiple public and private purposes
 - state per capita income estimates from the Bureau of Economic Analysis, the one dataset relied on by the Department of Health and Human Services to calculate each state's Medicaid reimbursement formula (BEA uses ACS inter-state commuting data to convert a state's earnings by place of work to earnings by place of residence)
- Housing cost data from the ACS are used to construct
 - Fair Market Rents used by HUD for Section 8 and other housing programs

- o Regional Price Parities (local cost-of-living indices compared to the nation as a whole) about to be introduced by BEA

Longstanding Congressional Requirement for Mandatory Response to Census Socioeconomic Questions

From 1850 to the present, as the appended chart shows, Congress has directed the collection of socioeconomic information as part of the decennial census process. In fact, the ACS is the fourth iteration of a 162-year-old federal socioeconomic data collection effort to support informed decision-making. It is interesting to note that each of the seven socioeconomic questions asked in 1850 is on the ACS form (occupation, place of birth, student status, educational attainment, disability, housing value, and married within the last year).

Further, from 1850 to the present, Congress has required each household to provide true responses to all census questions, including socioeconomic ones, as the highlighted section of the appended Census Act of 1850 demonstrates. One difference between then and now is that the (rarely invoked) fine for not participating in the census has dropped by about 88 percent in real terms, from \$30 in 1850 (\$795 in 2011 dollars) to \$100 today.

While socioeconomic questions have been collected since before the Civil War, the percentage of households asked these questions has tended to decrease over time.

- For each census between 1850 and 1930, socioeconomic information was collected on every person living in the U.S.
- Most socioeconomic questions were asked of a sample of the population in 1940 (five percent) and 1950 (20 percent).
- For each census between 1960 and 2000, socioeconomic questions were organized into a “long form” mailed to a percentage of households that declined over time (25 percent in 1960, 20 percent for 1970-1990, and 16.67 percent in 2000)
- The combined sample over the first five years of full ACS operation (2005-2009) included about 11 percent of the nation’s households. With the recent increase in annual sample size to improve reliability, the five-year sample will include about 13 percent of households in the near term.

ACS Fulfills Legal Requirement for a Mid-decade Census

The development of the ACS grows out a 45-year-old recognition of the insufficiency of the once-a-decade collection of demographic and socioeconomic data.

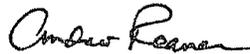
- In 1967, the House Subcommittee on Census and Statistics reported that “Based on hearings held over the past several years. . . and discussions inside and outside the federal government there appears to be a broad consensus that changes in our nation are so great that we need measures more frequently than once every 10 years.”

- In 1976, Congress directed the Secretary of Commerce to conduct a mid-decade census, beginning in 1985. On signing the legislation (P.L. 94-521), President Ford said “Passage of this bill provides us with a major opportunity to improve the statistical information which is often the basis for decisions on major issues of public policy. With better information available at 5-year intervals, we will no longer need to rely on data which are often obsolete.” Congress, however, never appropriated the funds for the mid-decade census.
- Even so, in the late 1980s and early 1990s, Congress again expressed interest in setting up a program to collect population data more than once a decade. Carrying out research requested by Congress, the Census Bureau chose a methodologically innovative path—a continuous rolling sampling of a relatively small number of households and people in group quarters. “Continuous measurement” was seen as having the benefits of more current data, greater efficiencies and cost savings, and improved planning and coverage. In light of these findings, Congress appropriated funds to carry out the ACS in lieu of the decennial long form.

If not by the letter, the ACS as currently implemented with a mandatory response, fulfills the legislated intent of P.L. 94-521. A significantly less reliable ACS would not be able to fulfill this intent.

In conclusion, I support mandatory participation in the ACS for reasons of cost, public and economic need for reliable data, long-standing congressional practice, and current law. I appreciate the opportunity to submit my observations and would be pleased to respond to any questions that you or other subcommittee members might have.

Sincerely,



Andrew Reamer
Research Professor

National Association of Home Builders

1201 15th Street NW
 Washington, DC 20005
 T 800 368 5242 x8383
 F 202 266 8575
 dcrowe@nahb.org
 www.nahb.org

Economics & Housing Policy

March 5, 2012

Representative Danny K. Davis
 Ranking Minority Member
 Subcommittee on Health Care, District of Columbia,
 Census and the National Archives
 2159 Rayburn House Office Building
 Washington, DC 20515

RE: H.R. 931, a Bill to Make Participation in the American Community Survey Voluntary

Dear Representative Davis:

On behalf of the National Association of Home Builders (NAHB), I would like to comment on the above-referenced bill to make participation in the American Community Survey (ACS) voluntary. In particular, I would like to point out the problems that would be caused by making the ACS voluntary and state NAHB's opposition to this bill.

The National Association of Home Builders is a Washington-based trade association representing more than 140,000 members involved in all aspects of home building. NAHB is affiliated with more than 800 state and local home builders associations across the country with a particular interest in the data produced by the ACS for particular states and local areas.

ACS data are produced on an annual basis and include key demographic, social, economic, and housing information at small levels of geography that are needed by private industry in order to make informed business decisions. NAHB regularly uses the ACS to provide basic information on housing markets to its members.

Recent examples of ACS-based studies published by NAHB include the following:

- Latest Snapshot of Local Housing Markets (March 2012)
- Metro Area House Prices: The "Priced Out" Effect (February 2012)
- Property Tax Rates by County and City (August 2011)
- Housing Opportunity Index by Race/Ethnicity in 2010 (May 2011)
- Property Tax Rates After the Housing Downturn (April 2011)

A notable feature of these studies is that they require reliable data for local areas, sometimes very small local areas, that is collected and processed in a consistent way across the entire U.S.

Representative Davis
Ranking Minority Member
Page 2.

NAHB also often distributes information compiled from the ACS to federal legislators and staff in order to analyze housing and economic conditions and the effect of particular policies in Congressional districts. The ACS is virtually the only source of data that can be used to provide housing and demographic data for individual Congressional districts.

Because of its ability to provide data in a consistent way for local areas across the country, the ACS has assumed a central role in serving the data needs of federal, state, and local government agencies. For example, the Department of Housing and Urban Development relies on ACS data to calculate annual income limits for each specific local area in the U.S. that are used to establish eligibility and help them manage virtually all housing programs.

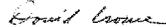
NAHB is currently involved with the Office of Sustainable Communities in a project to analyze housing and transportation costs, which relies on ACS data for individual block groups. Block groups are small enough to approximate residential neighborhoods and data at that level are necessary to inform local land use decisions. The ACS is only source of information on housing and commuting patterns at the block group level.

From the list of uses described above, it is clear that a key aspect of the ACS is its unique ability to provide consistent data for all local areas across the entire country. ACS sample and response rates must be kept high enough so the survey can continue to fulfill this important function. For this reason, NAHB believes it is necessary to avoid any change that would impair ACS response rates. In the current environment of tight budgets, it would also be desirable to avoid a change that would materially increase the cost of collecting the data.

According to research conducted in 2002 and 2003 by the Census Bureau at the request of Congress,¹ a test of voluntary collection methods caused a dramatic 20 percentage point reduction in the ACS mail response rates, and the annual cost of implementing the ACS would increase by at least 38 percent were survey participation made voluntary and the reliability levels were maintained.

NAHB believes that these are unacceptable outcomes. The ACS became a substitute for the Decennial Census long form in 2010 and the mandatory component of the Decennial Census should also continue to hold for the ACS. Mandated response allows the survey to provide local data for all areas in the country while saving tax payers 35 percent in implementation costs. For these reasons, NAHB opposes H.R. 931 and strongly urges Congress to maintain the current practice of using mandatory collection methods when conducting the ACS.

Respectfully,



David Crowe
Chief Economist

¹ Meeting 21st Century Demographic Data Needs—Implementing the American Community Survey
http://www.census.gov/acs/www/Downloads/Library/2003/2003_Griffin_01.pdf

Mr. DAVIS. Thank you.

I would also look forward to hearing from our witnesses.

Mr. Chairman, I know we are looking at, thinking about and talking about some limitations relative to the participation of people, but it is kind of difficult for me to believe that the accuracy of information that we would have would be the same using survey techniques, approaches and other methods.

I think part of what I am relating to is the fact that I have used the Census Bureau and the census data for so long that I have become so intimate with some of the people who have worked for the Bureau. As a matter of fact, I think the longest serving individual happens to run the operation out of Region V, Stanley Moore. Stanley has become almost an institution himself in the lives of many of the professional groups, colleges and universities, not-for-profits and we may have a little different view of the importance of the Census Bureau than some other people who have not had as much intimate contact as we have been favored with.

I would hope that not only would we do this hearing today, but that we would have additional hearings so that we can further explore the impact of what is before us.

I thank you, Mr. Chairman, and yield back the balance of my time.

[The prepared statement of Hon. Danny K. Davis follows:]

DARRELL E. ISSA, CALIFORNIA
CHAIRMAN

DAN BURTON, INDIANA
JOHN L. MICA, FLORIDA
TODD RUSSELL PLATTS, PENNSYLVANIA
MICHAEL B. TURNER, OHIO
PATRICK MOHENRY, NORTH CAROLINA
JIM JORDAN, OHIO
JASON GRIFFETH, UTAH
CONNIE MACK, FLORIDA
TAM WALBERG, MICHIGAN
JAMES LANCEFORD, OKLAHOMA
JUSTIN AMASH, MICHIGAN
AIN WAHIE BUEBLE, NEW YORK
PAUL A. GOSAR, D.D.S., ARIZONA
PAUL R. LARABOR, IDAHO
PATRICK MEEHAN, PENNSYLVANIA
SCOTT DESJARLAIS, M.D., TENNESSEE
JOE WALSH, ILLINOIS
TREY GOWDY, SOUTH CAROLINA
DENNIS A. ROSS, FLORIDA
FRANK C. GUINTA, NEW HAMPSHIRE
BLAKE FARENTHOLD, TEXAS
MIKE KELLY, PENNSYLVANIA

LAWRENCE J. BRADY
STAFF DIRECTOR

ONE HUNDRED TWELFTH CONGRESS

Congress of the United States
House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
2157 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6143

MAJORITY (202) 228-5074
FACSIMILE (202) 228-3874
MINORITY (202) 225-5001
<http://oversight.house.gov>

ELIJAH E. CUMMINGS, MARYLAND
RANKING MINORITY MEMBER

EDOLPHUS TOWNS, NEW YORK
CAROLYN B. MALONEY, NEW YORK
ELEANOR NOLES NORTON,
DISTRICT OF COLUMBIA
DENNIS J. KUCINICH, OHIO
JOHN F. TIERNEY, MASSACHUSETTS
WM. LACY CLAY, MISSOURI
STEPHEN F. LYNCH, MASSACHUSETTS
JIM COOPER, TENNESSEE
GERALD E. CONNOLLY, VIRGINIA
MIKE DUGLEY, ILLINOIS
DANNY K. DAVIS, ILLINOIS
BRUCE L. BRALEY, IOWA
PETER WELCH, VERMONT
JOHN A. YARMUTH, KENTUCKY
CHRISTOPHER S. MURPHY, CONNECTICUT
JACKIE SPEIER, CALIFORNIA

Opening Statement
Subcommittee on Health Care, District of Columbia,
Census and the National Archives

Rep. Danny K. Davis, Ranking Member

**Hearing on "The Pros and Cons of Making the Census Bureau's
American Community Survey Voluntary."**

March 6, 2012

Thank you, Mr. Chairman. The American Community Survey is beneficial to our nation in many ways.

Funding for education, transportation, and human services are determined based upon data gathered by the ACS. ACS statistics provide a means of testing the effectiveness of our civil rights and antidiscrimination laws. The ACS is a tool that guides the proper targeting of hundreds of billions of dollars by the federal government.

Local and state governments also rely on data collected by the ACS and use the data to target local funds.

ACS data are also critical to large and small businesses, nonprofits, and academic researchers.

The integrity of the ACS would be fundamentally challenged, however, by Congressman Poe's bill, which would remove the traditional legal requirement to answer census questions fully and truthfully.

The Census Bureau reports that a voluntary ACS would cost much more to administer, and the data would be less reliable. As stewards of public dollars, we should seek the most cost effective manner to reach our ultimate goal.

I appreciate that some citizens have concerns about their privacy. Congress has made it a felony offense to make a wrongful disclosure of personal information gathered by the census. Some complain about the time it takes to complete the survey. The Census Bureau requests a mere 45 minutes to complete the ACS. It is a civic duty and a mark of good citizenship to participate.

In this era of Google, Twitter, Wikipedia, Facebook and online dating, where people share the most intimate details of their lives for the world to view, I do not believe a confidential, random survey presents a problem for the vast majority of Americans.

I have today several letters from various interest groups encouraging Congress to preserve the ACS as we know it. I look forward to hearing from our witnesses. I yield the remainder of my time.

Mr. GOWDY. I thank the gentleman from Illinois.

We will now welcome our second panel of witnesses: the Honorable Robert Groves, Director, U.S. Census Bureau; Andrew Biggs, resident scholar, American Enterprise Institute; Lawrence Yun, chief economist, National Association of Realtors; and Patrick Jankowski, vice president, research, Greater Houston Partnership.

Pursuant to committee rules, all witnesses, other than Members of Congress, must be sworn before they testify. Please rise and raise your right hands.

[Witnesses sworn.]

Mr. GOWDY. May the record reflect that all witnesses answered in the affirmative. You may be seated.

I will recognize you from my left to right, your right to left and the lights will mean what they traditionally mean in life, red being go ahead and finish that thought you have. Don't forget to turn on your microphone before you speak.

With that, it is my pleasure to recognize Dr. Groves for his 5 minute opening statement.

STATEMENTS OF ROBERT GROVES, DIRECTOR, U.S. CENSUS BUREAU; ANDREW BIGGS, RESIDENT SCHOLAR, AMERICAN ENTERPRISE INSTITUTE; LAWRENCE YUN, CHIEF ECONOMIST, NATIONAL ASSOCIATION OF REALTORS; AND PATRICK JANKOWSKI, VICE PRESIDENT, RESEARCH, GREATER HOUSTON PARTNERSHIP

STATEMENT OF ROBERT GROVES

Mr. GROVES. Thank you, Chairman Gowdy and Ranking Member Davis. I am delighted to be here to talk about the American Community Survey and its roll to the country.

I must note that because of changes we have seen in our society at the Census Bureau we are in the middle of reorganizing how we do things to reflect changes in the society that have been mentioned already. We have launched a reorganization of the Bureau, we have crafted a Cost Efficiency Program that is based on staff proposals for saving money, we are taking every opportunity to save pennies in order to invest in innovation and I detail those in my full testimony that I submit to the committee for the record.

One of the things we are doing that is different is using the American Community Survey as a tool to make the 2020 census more efficient. It is a key vehicle in the planning of the 2020 census and through that we believe that we will produce both a more cost efficient decennial census and a better ACS over time.

What is the ACS? It is literally this country's only source of small area statistics throughout the country available for all the communities in the Nation. As the successor to the decennial census long form, it is the only sample household survey that is mandatory by law. It thereby achieves the highest rates of participation of all surveys, approaching 98 percent of the population.

The vast majority of households that are sampled into the survey choose to participate and we have tried to limit the burden of the survey by limiting the sample size to about 2.5 percent of the households each year. We are conscious of that challenge to us.

The products produced by the American Community Survey amount annually to 11 billion statistics that inform local communities and businesses down to very small areas of space. That amounts to about 2 cents a statistic in terms of the efficiency of the survey. We will talk a lot today about uses of the survey. I would be happy to do that in a Q and A.

I want to focus on the key issues that I believe are of concern to the subcommittee. Why do we ask these questions, for example? Why do we ask the question, does this person have difficulty concentrating, remembering or making decisions and does this person have difficulty dressing or bathing?

Knowing the spatial distribution of the disabled population in the United States is crucial, both for Federal programs that serve them, for the Veterans Administration that has to serve disabled veterans, for the industry that serves the elderly and is designing living quarters for them throughout the country, and it is for that reason that we use the standards from the Institute of Medicine to form those questions.

Why is the survey mandatory? The U.S. Constitution empowers Congress to carry out the census "in such manner as they shall by law direct." That is unambiguous in the Constitution. When the founding fathers, many of whom were Members of the first Congress, passed the Census Act in March 1790, it became obvious that their intent was to make that mandatory. There was a \$40 fine in 1790 for not complying to the census.

The long form of the census has evolved to the American Community Survey. As the long form was mandatory, so too has the American Community Survey that replaced it been voluntary. What would happen if we changed this to a voluntary survey? In 2003, Congress directed the Census Bureau to do an experiment, a piece of research to answer that question.

We found that a voluntary test yielded respondent participation at lower levels in all three modes of data collection. That led to an increase in survey costs because we follow up those who did not respond on the mail side. That produces smaller numbers of cases for just those neighborhoods I described which means the estimates from the sample survey are more unstable. If we turned ACS into a voluntary survey, we estimate roughly that it would increase the costs by about \$66 million a year.

For all these reasons, we are in the middle of a top to bottom program review of the ACS that will be finished in December 2012 and I would be happy to talk more on all these topics.

I appreciate being here and look forward to questions.

[The prepared statement of Mr. Groves follows.]



**PREPARED STATEMENT OF
ROBERT M. GROVES
DIRECTOR
U.S. CENSUS BUREAU**

***The Pros and Cons of Making the Census Bureau's
American Community Survey Voluntary***

**Before the Subcommittee on Health Care, District of Columbia,
Census and the National Archives
Committee on Oversight and Government Reform
United States House of Representatives**

6 March 2012

Chairman Gowdy, Ranking Member Davis, members of the Subcommittee, I appreciate this opportunity to testify before you about the American Community Survey (ACS).

As part of my presentation today, I will be talking about the ACS' provision to the country of key statistical information and a top-to-bottom program review we have launched for the ACS. First, though I would like to set the stage by describing a broader range of efforts we have undertaken to modernize, streamline, and improve the U.S. Census Bureau.

Over the past two years, the Census Bureau has initiated organizational changes designed to improve its ability to supply the country credible and cost-efficient economic and social statistics. The rationale for this is simple:

1. The difficulties of measuring the busy, diverse, and independent American society and economy are increasing every year (that is, it costs more money to do the same things the Census Bureau has done for years).
2. The demands by American business, state, local, and community leaders for statistics on their populations are continually increasing.

3. New technologies are being invented almost daily that can be used to make it more convenient for the American public to participate in surveys.
4. New digital data resources are being created from Federal-state-local government programs, private sector transactions, and internet-related activities. Combining these data with our traditional measures is the key to the future.
5. Near-term Federal government budgets are likely to be flat or declining.

Combining these five observations leads to a profound conclusion: the current Census Bureau survey and census methods are unsustainable over the long run. Changes must occur in the acquisition of data and construction of statistical information for the Census Bureau to succeed.

We have concluded that the only way we can continue to serve the American public, their businesses, and state and local governments is to find cost efficiencies in our current processes in order to invest in innovations to prepare for existing and anticipated challenges. To achieve that end we have:

1. Cut in half the number of Census Bureau regional offices throughout the country.
2. Squeezed cost savings from the administrative side of the organization.
3. Streamlined the headquarters' management of demographic surveys conducted for other Federal agencies on a cost-reimbursable basis.
4. With the assent of Congress, reorganized the Census Bureau to create an office of risk management and program management, and established a directorate of research and methodology to spur our innovation efforts.
5. Launched a successful program of staff-generated ideas to save money; invested the savings in ways to produce new statistical information that businesses and others need to make critical decisions during a period of fiscal budget constraints.
6. Closed a data center and consolidated hardware and software contracts.
7. Established a new way to plan for the next decennial census, one that we are designing to be more efficiently conducted than that of 2010.

A central focus of the 2020 Census planning will be efforts to reduce the cost of the next census. Too few of the systems of the 2010 Census were designed to have residual benefits for other Census Bureau data collections. The large investment of the 2010 Census benefited only the decennial program, not the bulk of the Census Bureau. However, the ACS uses operations similar to those of the decennial census. Thus, we seek to develop systems within similar survey production environments of the Census

Bureau, test and enhance them repeatedly over the decade, ramp them up for use in the 2020 Census, and then continue to use and enhance them in our ongoing surveys. We plan to use the ACS as the chief test-bed for 2020 Census systems development.

For that reason alone, it is important for Congress to know as much as possible about the ACS. But there are many other reasons that this oversight body should be knowledgeable about ACS.

What is the ACS?

As the largest survey in the United States, the ACS is the only source of small-area statistics on a wide range of important housing, social and economic characteristics for all communities in the country.

As the successor to the decennial census long form, it is the only sample household survey for which participation among sample units is mandatory by law. For that reason, it attains high rates of participation, giving users confidence in the accuracy of the results. Since 2005, the combination of mail, telephone, and personal visits has produced annual overall survey response rates between 97 percent and 98 percent. The vast majority of Americans choose to participate in the survey when asked.

Like the decennial census, the ACS provides a broad set of statistics for many geographical areas (both large areas such as states and congressional districts, and small areas such as counties and census tracts) and many population groups (even small groups such as disabled veterans and children in poverty). Because the ACS collects data from all of these communities over the same period of time, it allows important comparisons to be made across them.

The ACS provides relevant and unbiased data products, available to everyone. It is how the American people and our elected officials can best measure how our nation and their community is progressing on a year-by-year basis. The ACS data products give businesses the statistical information they need to create jobs, plan for the future, establish new business and improve our economy.

Because it is a sample survey, the ACS minimizes the burden on the American people. Only about 2.5 percent of our nation's addresses are sampled each year.

What is the origin of the ACS?

Detailed information on the demographic, social, economic and housing characteristics of the nation have been collected since the first census. For many decades, these questions were asked of every person and household. Starting in 1940, the development of statistical sampling theory at the Census Bureau allowed the collection of these detailed data for only a sample of the population. From the 1940 Census through Census 2000 most households were asked to provide responses to a short set of questions (the so-called "short form"), while a small sample were asked a longer set of questions (the so-called "long form"). In Census 2000 about 15 percent of the addresses were given the long form.

After the 1990 Census, Congress raised concerns about falling census participation and rising costs. Congress and Government Accountability Office supported the Census Bureau's efforts to explore alternatives to the long form, with the goals of simplifying the census, containing costs, and producing more timely information to inform policy decisions and legislative actions; were kept informed of the research results and detailed plans; and ultimately appropriated funds to fully implement the survey beginning in 2005. When the ACS was developed, the Census Bureau was challenged to give the nation more timely information that was cheaper to produce and less burdensome on potential respondents.

Demands for current, nationally consistent statistics from a wide variety of users led federal government policymakers to consider the feasibility of collecting social, economic, and housing data continuously throughout the decade. The benefits of providing current statistics, along with the possible reduced costs to the census, led the Census Bureau to plan the implementation of continuous measurement, what is now known as the ACS.

The ACS began nationwide implementation in 2005. One direct benefit of the ACS was that the 2010 Census questionnaire was one of the shortest in history. There were other side benefits of moving the once-a-decade long form to the continuous ACS. For example:

- Printing of questionnaires, training guides, operational manuals, and many other aspects of the 2010 Census were much simpler and less costly without a long form component. A short-form-only census also allowed us to implement a rapid second mailing of questionnaires to selected households in order to increase the overall mail response rate, and thus reduce costly personal visit followup. Overall, a short-form-only census allowed data collection to focus almost exclusively on ensuring an accurate accounting of all living quarters and people.

- The Census Bureau used the concise marketing slogan of “10 Questions, 10 Minutes” to encourage all households to complete and return their census forms by mail. That slogan, and the response achieved by mail in the 2010 Census (66.5 percent) and a 78.4 percent return rate (includes only occupied units), was possible because there was no long form. Outreach and promotion stressed how easy it was to respond to the census, and assisted in addressing the complex issues of why the government was asking “all these intrusive questions.”
- The creation and distribution of a combination English/Spanish questionnaire was possible due to the small number of questions on the 2010 Census form. The 2010 Census was the first census that mailed out bilingual (English/Spanish) questionnaires, to approximately 12.1 million housing units. The Census Bureau produced and made available upon request other language materials such as language guides in 60 languages (plus Braille).
- In short, in addition to providing more timely long-form statistics, the ACS made the decennial census a simpler task.

How does the ACS work?

The ACS collects information continuously throughout the year by interviewing a sample of housing unit addresses every month. To reduce costs and maintain high levels of participation, the survey uses three different methods of data collection—mail, telephone, and personal visits.

- Mail: addresses selected for the ACS sample first receive a questionnaire by mail. Residents are asked to complete the form and mail it back. This is the least expensive method for collecting data.
- Telephone: about 6 weeks after the ACS paper forms are mailed, the Census Bureau attempts to telephone all addresses that did not mail back a questionnaire, using telephone numbers from publicly available directories.
- Personal visits: after a month of the telephone phase, the Census Bureau selects a subsample of addresses from which information still has not been collected. Census Bureau field representatives visit these addresses and conduct interviews in person. Field representatives also visit all group quarters selected for ACS and interview a sample of their residents.

Beginning next year, we plan to offer an internet response option for the ACS. The internet response option could offer additional savings in survey costs depending on the

extent is used (thus reducing printing, postage, and data capture of paper forms) it improves self-response participation.

Every year all ACS interviews collected during the previous calendar year are used to produce over 1,000 tables of information for the largest geographic areas. Each year, 3- and 5-year accumulations of interviews also are used to produce tables for increasingly smaller geographic areas such as census tracts and block groups. Indeed, from each year of data collection, eleven billion separate pieces of statistical information are released. All of this statistical information is freely disseminated to the public on the Census Bureau's website.

Who receives the ACS survey?

Each year about 3.5 million addresses are sampled for the ACS (about 2.5 percent of all residential addresses) from all states and Puerto Rico. The sample represents all housing units and group quarters (places such as college dormitories, prisons, military barracks, and nursing homes). The addresses are selected from the Census Bureau's Master Address File (MAF), which also serves the decennial census. The ACS sample covers all counties in the country, including a larger proportion of addresses in sparsely populated rural communities and American Indian reservations and a lower proportion in densely populated areas. These allocations of the sample permit more stable estimates in sparsely populated areas.

What products does the ACS provide?

Each year, the ACS produces updated, single-year and multi-year estimates of demographic, housing, social, and economic characteristics for all states, as well as for larger counties, cities, metropolitan and urban areas, and congressional districts. For one-year estimates, geographic areas must have a minimum population of 65,000. For areas with populations of at least 20,000, the Census Bureau produces estimates using data collected over three years. For areas with fewer than 20,000 people, the Census Bureau produces estimates using data collected over a five-year period and updates these multiyear estimates every year providing all communities with current information. This includes all "block groups" in the full United States, permitting very granular analysis of neighborhoods.

ACS estimates are released about eight months after the end of each calendar year of data collection. The table below shows how the population size of an area defines when an area receives ACS estimates and the types of estimates those areas receive.

Year data available	Type of estimates	Population of geographic area		
		65,000 or more (receive 1-year, 3-year, and 5-year estimates)	20,000-65,000 (receive only 3-year and 5-year estimates)	Less than 20,000 (receive only 5-year estimates)
2006	1 year only	✓		
2007	1 year only	✓		
2008	1 year and 3 year	✓	✓	
2009	1 year and 3 year	✓	✓	
2010 & beyond	1 year, 3 year, and 5 year	✓	✓	✓

*Five-year estimates will be available for areas as small as census tracts and block groups.
Source: U.S. Census Bureau.

The next table summarizes the major types of geographic areas and the ACS estimates that are published for these areas. The following table shows that the many small geographic areas receive only five-year estimates. For example, there are more than 25,000 identified places (e.g., cities, towns, and census designated places), but almost 92 percent of these places have populations smaller than 20,000 and are only eligible for five-year estimates.

Table 3. Major Geographic Areas and Type of ACS Estimates Received

Type of geographic area	Total number of areas	Percent of total areas receiving . . .		
		1-year, 3-year, & 5-year estimates	3-year & 5-year estimates only	5-year estimates only
States and District of Columbia	51	100.0	0.0	0.0
Congressional districts	435	100.0	0.0	0.0
Public Use Microdata Areas	2,071	99.9	0.1	0.0
Metropolitan statistical areas	363	99.4	0.6	0.0
Micropolitan statistical areas	576	24.3	71.2	4.5
Counties and county equivalents	3,141	25.0	32.8	42.2
Urban areas	3,607	10.4	12.9	76.7
School districts (elementary, secondary, and unified)	14,120	6.6	17.0	76.4
American Indian areas, Alaska Native areas, and Hawaiian homelands	607	2.5	3.5	94.1
Places (cities, towns, and census designated places)	25,081	2.0	6.2	91.8
Townships and villages (minor civil divisions)	21,171	0.9	3.8	95.3
ZIP Code tabulation areas	32,154	0.0	0.0	100.0
Census tracts	65,442	0.0	0.0	100.0
Census block groups	208,801	0.0	0.0	100.0

* When originally designed, each PUMA contained a population of about 100,000. Over time, some of these PUMAs have gained or lost population. However, due to the population displacement in the greater New Orleans areas caused by Hurricane Katrina in 2005, Louisiana PUMAs 1801, 1802, and 1805 no longer meet the 65,000-population threshold for 1-year estimates. With reference to Public Use Microdata Sample (PUMS) data, records for these PUMAs were combined to ensure ACS PUMS data for Louisiana remain complete and additive.

Source: U.S. Census Bureau, 2008. This tabulation is restricted to geographic areas in the United States. It was based on the population sizes of geographic areas from the July 1, 2007, Census Bureau Population Estimates and geographic boundaries as of January 1, 2007. Because of the potential for changes in population size and geographic boundaries, the actual number of areas receiving 1-year, 3-year, and 5-year estimates may differ from the numbers in this table.

Who are the users of the ACS data products?

The users of ACS estimates include policymakers, researchers, businesses and nongovernmental organizations, journalists, teachers, students, and the public. The federal government uses ACS information to evaluate the need for federal programs and to assess the performance of those programs. Nongovernmental organizations use the ACS to monitor trends among important subgroups of the population, often at the state level. Journalists use ACS statistics to report on new or emerging social trends, or to put a piece of anecdotal evidence into a broader context.

The ACS offers members of Congress, planners, decision-makers at all levels of government, and the public more timely insight into the impact of transformational events during the decade.

For example, the impact of Hurricanes Katrina and Rita on the population, economy, and infrastructure of affected areas was without precedent. A large challenge existed in developing statistics to describe the changes affecting the local population and economies. Without such statistical information, emerging recovery needs of affected areas could not have been identified. More recently, ACS estimates were used as part of the Census Bureau's emergency preparedness activities that included providing population and housing characteristics for areas impacted by the 2011 tornadoes and the 2007 Southern California wildfires. In addition, ACS statistics regarding the number of U.S. residents of Haitian ancestry were used as an information source in conjunction with the devastating earthquake of 2010.

Business uses of ACS statistics fall into two major categories—market/site evaluation and consumer segmentation. These applications often require statistics for very small areas, and the ACS is the most authoritative source of the characteristics of small areas available. Indeed, many of the commercial site-selection data products are built largely on statistical and geographic foundation provided by the census and the ACS.

The U.S. Chamber of Commerce has expressed support of the ACS. In a letter dated February 24, 2012, Executive Vice President for Government Affairs, R. Bruce Josten wrote the following: "the ACS data points are vital for monitoring trends in the economic, social, and demographic landscape at the local level. Understanding these trends allows users of the ACS data to make informed decisions regarding strategic development opportunities that strengthen our communities, provide for the efficient and effective delivery of goods and services, create jobs, and ultimately drive economic growth."

In May of 2011, the International Council of Shopping Centers, Inc. sent a letter supporting continued enhancements to the ACS. In her letter, Betsy Laird, Senior Staff Vice President, said, "while the business sector has some impressive information resources of its own, we cannot come close to replacing the quality of the short form census counts or the rich neighborhood-level detail that the ACS is now providing. ... Census data are available to all, and thus play a key role in the establishment and growth of small business."

A widely used ACS data product for the private sector (and others) are the Zip Code Tabulation Area (ZCTA) statistics. For example, the Asian American Federation in New York City reports they used these and other statistics to help create a Business Improvement District in Chinatown.¹

¹ <http://www.aafederation.org/doc/RevitalizingChinatownBusinesses.pdf>

The California Community Colleges Chancellor's Office (CCCCO) has used ZCTA level estimates since 2005 in the legislative mandated accountability reporting, referred to as the Accountability Reporting for the California Community Colleges, or ARCC (AB 1417, Chapter 581, Statutes of 2004).

The Empire State Development uses the ZCTA estimates in many ways as part of its work with New York State's business community, especially their small business and minority- and women-owned businesses.

The ACS also is a key input to planning for many public entities and not-for-profit organizations. The U.S. Department of Veterans Affairs (VA) needs statistics about the nation's veterans in order to serve their health needs. Using the information about veterans and where they live, the VA can be ready to provide health services through its network of medical centers when and where they are needed.

School enrollment estimates combined with the social and economic data collected through the ACS are used to assess the socioeconomic condition of school-age children throughout the United States. State, local, and, tribal government agencies require this information for funding allocations and program planning and implementation. School enrollment statistics and counts of children living in poverty (by school district), counts of adults who are out of school but have not completed high school, and other data from the American Community Survey are used by the US Department of Education in calculating formula allocations under such major authorities as Title I of the Elementary and Secondary Education Act (which provides grants to local educational agencies to improve the education of children from low-income families), the Individuals with Disabilities Education Act, Title III of the Elementary and Secondary Education Act (which provides grants for the education of English learners and immigrant students), and the Adult Education and Family Literacy Act. ACS data are also used in implementing the Indian Health Care Improvement Act (Health and Human Services (HHS)), Public Health Service Act (HHS), and the Civil Rights Act of 1964 (Rights to Public Education and Equal Education Entitlement)(Department of Justice).

Private sector organizations also use the information to advocate for efforts to meet the educational needs of school-age children and for research on those needs. The Annie E. Casey Foundation, along with the Population Reference Bureau, use ACS school enrollment estimates to inform the Kids Count initiative, and The College Board uses ACS estimates in their advocacy and policy work to increase the number of students who graduate from college. They recently released a report that provides a snapshot of high poverty communities based on tract-level ACS statistics.²

² <http://www.aecf.org/KnowledgeCenter/Publications.aspx?pubguid={DF6A3A0E-9AA3-405E-9FB9-E1D9C80C5E5C}>

At a local level, many school boards also use school enrollment statistics to understand the demographic characteristics of children as well as their potential future outcomes. In November 2011, the Chicago Alternative Schools Network commissioned a study using ACS estimates from the Center for Labor Market Studies at Northeastern University to examine the long-term consequences for drop-outs in the Chicago area.³

Transportation planners at all levels of government use ACS commuting statistics to guide transportation improvement strategies, predict future travel demand, and gauge the amount of pressure placed on transportation infrastructure. Transportation policy issues often operate at small geographic levels, in some cases involving a single neighborhood, or the interconnection of several non-adjacent neighborhoods. While standard ACS data products provide basic information on means of travel to work, travel time to work, place of work, and departure time at relatively large geographic summary levels, transportation planners require demographic and commuting information for smaller areas. Further, information that captures the “two-sided” nature of the residence-to-workplace commute is crucial for making transportation investment decisions. That is, a more complex and useful story about commuting patterns emerges when residence location is coupled with workplace location generating a commuting “flow.”

Flow tables are not included among the Census Bureau's standard ACS products, but through a special tabulation called the Census Transportation Planning Products (CTPP), information on commute flows and other travel behavior is tabulated and made publicly available for transportation planning purposes. The CTPP is sponsored by The American Association of State Highway and Transportation Officials (AASHTO), a non-governmental entity that represents the state departments of transportation as well as several metropolitan planning organizations across the US. AASHTO works closely with the U.S. Department of Transportation, the Census Bureau, and other agencies to develop the Census Transportation Planning Package (CTPP) and other data products related to the work commute. The utility of standard ACS commuting tables and the CTPP go beyond transportation planning applications. ACS commuting statistics are routinely employed within multiple domains of private enterprise. Real estate developers use workplace information to gauge housing demand, and Starbucks benefits from an understanding of the amount of foot traffic in a neighborhood throughout a given workday. ACS commuting statistics also contribute to private transportation initiatives. In Washington, DC, the ACS played an important role in the development of the Capital Bikeshare program, a public-private partnership that has resulted in one of the nation's largest bikeshare programs.

³ <http://www.northeastern.edu/clms/wp-content/uploads/High-School-Dropouts-in-Chicago-and-Illinois.pdf>

Commuting statistics also are crucial for the identification of vulnerable populations with few affordable transportation choices and compromised access to crucial resources and amenities that tend to be spatially clustered throughout metropolitan landscapes, often far from those who most need them. Across the nation's automobile-oriented suburbs, an aging baby boom generation increasingly finds itself with few transportation options other than the private automobile, confronting the realities of declining physical faculties and reduced driving ability. Addressing such a varied set of policy concerns related to mobility depends on neighborhood scale commuting statistics that only the ACS currently provides.

In this period of increased austerity, planners and policy-makers must make difficult decisions about where transportation investments will occur and which transportation modes are most effective. Private enterprise also depends on free and easily accessible commuting statistics to make smart investment decisions. For these aims, ACS commuting data products serve as a valuable resource.

Why does the ACS ask the questions it does?

Federal law (Title 13, U.S. Code, § 141(f)) requires the Census Bureau to submit to Congress the proposed subjects to be covered in the decennial census three years before Census Day. The law also requires the Census Bureau to submit to Congress the actual questions it plans to include in the decennial census two years before Census Day. The ACS was part of the 2010 Decennial Census Program. Thus, the ACS subjects and questions were included in the 2007 and 2008 submissions to the Congress.

Broadly, the questions on the ACS, like those for the decennial census, provide summary statistics needed by Federal agencies to effectively and efficiently carry out authorized, legislated, or regulatory activities. We estimate that over \$450 billion of Federal funding is allocated each year to programs, states, tribal, and local governments on the basis of decennial census and ACS data products.

Some people wonder or complain about some of the questions on the ACS. For example, some of the questions that measure disability include "does this person have difficulty concentrating, remembering, or making decisions," and "does this person have difficulty dressing or bathing." Why do we ask such questions?

Public policy concerning disability is often focused on ensuring the people with disabilities have the same opportunities to participate in society as people without disabilities. To accomplish this, laws and regulations focus on reducing barriers and promoting accessibility. For example, the New Freedom Initiative (Community-Based

Alternatives for Individuals with Disabilities, Executive Order No. 13217, June 18, 2001) renewed the government's commitment to the Americans with Disabilities Act of 1990, which afforded people with disabilities legal protections and provided for public accommodations.

Here are a few other federal laws that impact people with disabilities: the Rehabilitation Act of 1973, the Individuals with Disabilities Education Act, the Fair Housing Act of 1988, and the Telecommunications Act of 1996. The ACS provides the information necessary to monitor the efficacy of these statutes as well as the programs and policies put in place to implement them.

Questions about disability have been included in decennial censuses as early as 1830, which asked whether persons were blind, deaf, or mute. While the term "disability" was first used in the 1880 census, its definition was not the same as ones used today. Early concepts of disability focused mainly on health conditions like sensory conditions, mental conditions, and deformities of limbs. Following the conceptual frameworks of disability in Institute of Medicine (IOM) model of disability and the International Classification of Functioning, Disability, and Health (ICF) model of disability, the ACS definition of disability is a restriction in participating in societal activities or in fulfilling appropriate societal roles that results from a lack of fit between the individual's functional limitations and the characteristics of the physical and social environment. Disability is not a characteristic intrinsic to the individual. Hence, a survey cannot simply ask whether a person has one. To measure disability on a survey requires us to ask about components that form the basis of their function in key domains.

In order to determine which questions effectively identify the population of people with disabilities in the ACS, an interagency group under the auspices of the Office of Management and Budget was formed to advise the Census Bureau regarding the most appropriate survey questions.

Another example of questions asked on the ACS that might seem intrusive concern the characteristics and quality of the Nation's housing stock. The ACS questions address various legislative and programmatic needs. The questions on availability of hot and cold running water, a flush toilet, and a bathtub or shower provide a measure of housing quality that address the following needs/uses:

- Statistics about complete plumbing facilities aid in the allocation of Section 8 and other federal housing subsidies to local governments. These programs help American families afford decent, safe, and sanitary housing.
- The Department of Housing and Urban Development uses the statistics to assess the quality of the housing stock.

- State and local agencies, along with the U.S. Department of Agriculture, identify poor quality of housing by measuring the lack of plumbing facilities.
- Under the Older Americans Act, the statistics help to determine the number of older people who live in inadequate housing and who may be candidates for home repair or other assistance.
- The Indian Health Service uses these statistics to identify specific reservations that are in greatest need of housing assistance. This information is included in its annual report to the Congress

Why is ACS response mandatory?

We designed the ACS as a new way to collect detailed characteristics data within the decennial census program. The U.S. Constitution (Article I, Section 2) requires a census every ten years. The census is authorized under Title 13, U.S. Code (the Census Act). Numerous federal laws also require information about the nation's population and housing to allocate formula grants and to establish eligibility for programs. The census is the primary source of summary statistics for many of these programmatic requirements.

In a 2002 legal opinion, the Government Accountability Office (GAO) found that Sections 141 and 193 of the Census Act authorized the Census Bureau to develop and administer the ACS and that no additional legal authority for the survey was required. (Legal Authority for American Community Survey, B-289852, April 4, 2002.) Therefore, there was not a specific vote authorizing the ACS separately from the rest of the decennial census authorization.

The U.S. Constitution empowers the Congress to carry out the census in "such manner as they shall by Law direct" (Article I, Section 2). Congress codified earlier census acts and all other statutes authorizing the decennial census as Title 13, U.S. Code. While Title 13, does not specify which subjects or questions are to be included in the decennial census, it does require the Census Bureau to notify Congress of the actual questions to be asked two years before the decennial census.

In the House debate on the first Census bill in 1790, James Madison "observed that they had now an opportunity of obtaining the most useful information for those who should hereafter be called upon to legislate for their country if this bill was extended so as to embrace some other objects besides the bare enumeration of the inhabitants; it would enable them to adapt the public measures to the particular circumstances of the community. In order to know the various interests of the United States, it was

necessary that the description of the several classes into which the community was divided, should be accurately known; on this knowledge the legislature might proceed to make a proper provision for the agricultural, commercial and manufacturing interests, but without it they could never make their provisions in due proportion." (*The Founders' Constitution*, 1987, University of Chicago, Volume 2, Article 1, Section 2, Clause 3, Document 19).

On numerous occasions, the courts have judged that the Constitution gives Congress the authority to collect data on characteristics of the population in the census. As early as 1870, the Supreme Court characterized as unquestionable the power of Congress to require both an enumeration and the collection of statistics in the census. The *Legal Tender Cases*, Tex.1870; 12 Wall., U.S., 457, 536, 20 L.Ed. 287. In 1901, a District Court said the Constitution's census clause (Art. 1, Sec. 2, Clause 3) is not limited to a headcount of the population and "does not prohibit the gathering of other statistics, if 'necessary and proper,' for the intelligent exercise of other powers enumerated in the constitution, and in such case there could be no objection to acquiring this information through the same machinery by which the population is enumerated." *United States v. Moriarity*, 106 F. 886, 891 (S.D.N.Y.1901).

What would be the impact of making the ACS a voluntary survey?

At the request of Congress, the Census Bureau conducted research in 2003 to assess conducting the ACS as a voluntary, rather than a mandatory, survey.

Working closely with staff of the then Technology, Information Policy, Intergovernmental Relations and Census Subcommittee and the House Government Reform Committee, Census Bureau staff designed a test to provide answers to key questions about the impact that a change to voluntary methods would have on mail response, survey quality, and costs.

In 2003, we briefed the subcommittee on the findings. The Census Bureau released several reports in 2003 and 2004 and recently supplemented some of those results. In addition, in 2011 Statistics Canada completed a voluntary survey that is similar to the ACS. Some of the things that we have learned from our test and Canada's experience lead us to believe that there would be major negative impacts if the ACS were a voluntary survey.

Specifically, we found in the voluntary test that respondent participation declined in all three modes of ACS data collection. The mail cooperation rate fell by over 20 percentage points, phone by 13 percentage points, and personal visit by 6 percentage points. These declines have important consequences. Personal visit follow-up

activities are significantly more expensive than mail and telephone methods (about ten times as great), so the costs of completing the data collection would increase. We estimate about a 50 percent increase in per household data collection costs. These projected cost increases would come at a time when the Census Bureau is looking to reduce costs of conducting critical surveys through innovation and technological changes.

The drop in participation resulted in an increase in survey costs and reduced the total number of completed interviews, increasing survey error. If the Census Bureau were to conduct a voluntary ACS within existing level of resources, the bureau would have to reduce the initial ACS sample size to support the more expensive in-person interviews associated with this change. We estimated a loss of nearly 600,000 interviews each year under this scenario. Without another source of funding to increase the initial sample size, the Census Bureau believes that the survey could not support the production of sufficiently reliable estimates for many small areas, including census tracts. The margins of error around the voluntary ACS estimates would rise markedly, making them about twice as large as those associated with estimates from the Census 2000 long form. This would be unacceptable to many data users who rely on these estimates. The loss in the number of measured households would have a critical impact on the quality of estimates produced for small governments and small population groups that currently must work with ACS estimates with high levels of sampling error. For some of these areas and groups the estimates from such a voluntary implementation would be impractical for use. In my personal judgment, a smaller number of cases to produce ACS estimates would threaten the central mission of the survey to provide small-area estimates to the nation.

When we look at the impact of voluntary methods on who is included in the survey, it becomes much more critical to implement follow up activities to minimize bias in survey estimates. Comparing ACS estimates after the mail mode to external benchmarks tells us that a voluntary ACS would represent less than 31 percent of the total population. The demographic distribution of the mail respondents is skewed by major shortcomings for minority groups such as Hispanics, Blacks, American Indians, Alaska Natives, and Native Hawaiians. Telephone and personal visit follow up can be successful in reducing this disparity, but at a cost.

The estimated annual cost of implementing the ACS would increase if the survey were voluntary and we tried to measure the same number of households. While we have not conducted a thorough analysis of the impact of a range of possible assumptions, the ACS would likely cost at least \$66 million more (in current dollars) if the survey were voluntary and we tried to measure the same number of households.

In Canada, the collection of detailed social, economic and housing characteristics similar to those in the ACS took place on a mandatory long form in the 2006 census. In 2011, the long form was eliminated, and these data were collected in a newly-designed, voluntary National Household Survey conducted after the Canadian Census. The response rate for this survey was only 69 percent, compared to the more than 90 percent in the 2006 census.

ACS Program Review

In December of 2010, the ACS program reached an important milestone with the release of its first set of five-year period estimates, providing detailed statistics for even the smallest communities. With this achievement, I concluded that it was prudent to conduct a comprehensive assessment of the ACS program to ensure that it is meeting the needs of customers as effectively and efficiently as possible. In April of 2011, I commissioned a team to plan and implement a comprehensive assessment of eight program components—four internally- and four externally-focused.

The four internally-focused assessments are 1) **Strategic** (i.e., assessing a shared vision for moving forward), 2) **Program Management Processes** (i.e., evaluating standard, repeatable management processes), 3) **Business Process Improvement** (i.e., examining existing operational production processes and identifying opportunities to increase efficiency), and 4) **Systems Engineering Improvement** (i.e., developing/strengthening key processes, such as requirements definitions).

The internally focused assessments include work to strengthen program management, business processes, and technical infrastructures to increase efficiency. For example, to reduce operating cost and respondent burden, my team has completed evaluation of an Internet data collection mode, scheduled to begin in January 2013. In addition, this team will review each question to identify the legal basis of its collection.

As for the four externally focused assessments, which include 1) **Communications with External Stakeholders**, 2) **Data Products**, 3) **Survey Methods**, and 4) **Research and Evaluation**. We have also launched a Stakeholder Engagement Campaign to obtain feedback on ways to improve the ACS program from a wide range of stakeholders.

I have also commissioned a National Academy of Sciences, National Research Council panel to conduct a separate independent assessment of ACS survey methods and data

products. This panel will evaluate methods to reduce the field data collection length to reduce both cost and respondent burden. Further, the panel will evaluate the utility of existing ACS data products. To inform the panel's work, we will be providing the results from our Stakeholder Engagement Campaign. The panel will provide preliminary results in late fall 2012, which will be integrated into my team's December 2012 final report.

In conclusion, my call for the review was to step back and conduct an objective and independent assessment. We would welcome providing you more detailed information on all or any aspect of the review. However, as shared with you today, there are currently quite a few moving parts that must be completed to analyze, integrate and document results. As such, I look forward to providing you with a thorough evaluation when it is completed.

Summary

The ACS provides small area statistical information essential to the functioning of our economy and our society. Businesses make important, capital-intensive decisions based on ACS statistical information. Local governments use ACS statistics to make decisions about expenditures on schools, fire stations, and roads. Federal government programs are indexed to statistics produced by ACS. Modern societies rely on accurate statistics, and the ACS is a cornerstone of our country's statistical infrastructure. I thank the subcommittee for this opportunity to highlight the value of ACS to the country, and would be happy to answer your questions.

Mr. GOWDY. Thank you, Dr. Groves.
Dr. Biggs.

STATEMENT OF ANDREW BIGGS

Mr. BIGGS. Chairman Gowdy, Ranking Member Davis and members of the subcommittee, thank you for the opportunity to testify today with regard to the American Community Survey and, in particular, the legal requirement that Americans participate in the ACS.

This issue involves important questions of both individual privacy and lawmakers' need for accurate data upon which to make important policy decisions. In the United States, we have sought to achieve an appropriate balance between these two needs. It is my opinion that mandatory participation in the ACS, coupled with legal protections for privacy of ACS respondents, maintains that balance in a reasonable way.

The American Community Survey replaced the census long form which previously had gathered detailed information on a subset of the U.S. population. Roughly one-in-six census respondents were required to fill out the long form in addition to the standard census questionnaire.

Researchers have pointed out technical pros and cons of the ACS versus the census long form. The annual sample size of the ACS is smaller than the census long form but the ACS is produced every year whereas the long form was generated only every 10 years. For that reason, the ACS allows for better real time analysis and better tracking of trends from year to year. These abilities clearly would be of interest to policymakers, Congress and the administration.

The ACS and the long form are similar in that participation in both was mandated by law. Like for the long form, mandatory participation in the ACS is controversial and raises legitimate privacy concerns of which policymakers should remain cognizant. However, for several reasons, I believe that mandatory participation in the ACS remains a reasonable policy.

First, the greater detailed information captured by the ACS has allowed the standard census questionnaire to become less detailed. For the typical American, the census process may become less intrusive over time.

Second, the same law that mandates individual participation in the ACS also makes it illegal for the Census Bureau to release data in such a way that an individual's privacy might be violated. Any census employee who violates the privacy of census data faces significant jail time and large monetary fines. I am not personally aware of any instance in which ACS respondents, or for that matter, respondents to any census survey have had their privacy violated in this way.

Third, and most importantly, without good data, policymakers are essentially flying blind, lacking solid knowledge of the Americans they are seeking to assist. We already suffer too much from what might be referred to as policymaking by anecdote. Where lawmakers seek to pass legislation before significantly examining the severity or sometimes even the existence of a perceived problem, reducing the quantity and quality of data available to policy-

makers, analysts and researchers threatens to exacerbate this problem.

Moreover, it is likely that with voluntary participation, data will fall short most for individuals and households on whom government policy is most focused, including the poor, the less educated and those with poorer language skills. In my own research, I have found the ACS filled gaps in existing data sets and allowed for analysis that would have been difficult or impossible to conduct in its absence.

For instance, I am currently using the ACS in ongoing research on public sector compensation, some of which has been presented in hearings before the full Oversight Committee. For much of that research, we use the Census Bureau's Current Population Survey. However, the ACS contains more detailed information that has allowed us to better control for the different skills of public and private sector employees, as well as much more detailed geographic location that allows us to look at where certain employees are located.

Setting public sector compensation at appropriate levels impacts the quality of the government work force at the Federal, State and local levels and can have fiscal repercussions potentially worth hundreds of billions of dollars per year. Without good data, though, this kind of analysis is extremely difficult to undertake.

Those who wish to make participation in the ACS voluntary raise important points. We should not allow our concern for individuals' privacy to fade even if we judge that mandatory participation is the best policy course. In the United States, the government exists to serve the people, not vice versa. Nevertheless, I believe that government can best serve the American people by continuing to gather high quality survey data.

Thank you very much.

[The prepared statement of Mr. Biggs follows:]

Chairman Gowdy, Ranking Member Davis, and Members of the Subcommittee:

Thank you for the opportunity to testify with regard to the American Community Survey (ACS), and in particular the legal requirement that Americans participate in the ACS.

This issue involves important questions of both individual privacy and lawmakers' need for accurate data upon which to make important policy decisions. In the United States, we have sought to achieve an appropriate balance between these two needs. It is my opinion that mandatory participation in the ACS, coupled with legal protections for privacy of ACS respondents, maintains that balance in a reasonable way.

The American Community Survey replaced the Census long form, which previously had gathered detailed information on a subset of the U.S. population. Roughly one-in-six Census respondents were required to fill out the long form in addition to the standard Census questionnaire.

Researchers have pointed out technical pros and cons of the ACS versus the Census long form. The annual sample size of the ACS is smaller than for the Census long form, but the ACS is produced every year whereas the long form was generated only every 10 years. For that reason, the ACS allows for better real-time analysis and better tracking of trends from year to year. These abilities clearly would be of interest to policymakers in Congress and the administration.

But the ACS and the Census long form are similar in that participation in both is mandated by law. Like for the long form, mandatory participation in the ACS is controversial and raises legitimate privacy concerns of which policymakers should remain cognizant.

However, for several reasons I believe that mandatory participation in the ACS remains a reasonable policy.

First, the greater detail of information captured by the ACS has allowed the standard Census questionnaire to become less detailed. Thus, for the typical American, the Census process may have become *less* intrusive over time.

Second, the same law that mandates individual participation in the ACS also makes it illegal for the Census Bureau to release data in such a way that an individual's privacy might be violated. Any Census employee who violates the privacy of Census data faces significant jail time and large monetary fines. I am not aware of any instance in which ACS respondents – or, for that matter, respondents to any Census survey – have had their privacy violated.

Third, and most importantly, without good data policymakers are essentially flying blind, lacking solid knowledge of the Americans they are seeking to assist. We already suffer too much from what might be referred to as “policymaking by anecdote,” where lawmakers seek to pass legislation before sufficiently examining the severity – or sometimes even the existence – of a perceived problem. Reducing the quantity and quality of data available to policymakers, analysts and researchers threatens to exacerbate this problem.

Moreover, it is likely that with voluntary participation data will fall short most for the individuals and households on whom government policy is most focused, including the poor, the less educated, and those with poorer language skills.

In my own research, I have found that the ACS filled gaps in existing data sets and allowed for analysis that would have been difficult or impossible to conduct in its absence. For instance, I am currently using the ACS in ongoing research on public sector compensation, some of which has been presented in hearings before the full Oversight Committee. For much of that research, we used the Census Bureau's Current Population Survey. However, the ACS contains more detailed information that has allowed us to better control for the different skills of public and private sector employees. Setting public-sector compensation at appropriate levels impacts the quality of the government workforce at the federal, state and local levels and can have fiscal repercussions potentially worth hundreds of billions of dollars per year. Without good data, though, this kind of analysis is extremely difficult to undertake.

Those who wish to make participation in the ACS voluntary raise important points, and we should not allow our concern for individual privacy to fade even if we judge that mandatory participation is the best policy course. In the United States, the government exists to serve the people, not vice versa. Nevertheless, I believe that government can best serve the American people by continuing to gather high quality survey data.

Mr. GOWDY. Thank you, Dr. Biggs.
Dr. Yun.

STATEMENT OF LAWRENCE YUN

Mr. YUN. Chairman Gowdy, Ranking Member Davis and members of the subcommittee, thank you for inviting me to testify today and offer a realtor perspective on the American Community Survey.

I am here to testify on behalf of approximately 1 million realtor members who are involved in residential and commercial real estate. I would like to discuss how NAR uses the ACS data.

ACS provides an important input into NAR's estimation of existing home sales as delineated in the appendix of this testimony. NAR's monthly sales estimate is based on information from a comprehensive sample of multiple listing services around the country. However, NAR does not obtain information on every single sales transaction, for example, for sale by owner sales of which we would not be able to capture.

Rather, NAR has the data for a representative sample of home sales on a monthly basis and then it is grossed up to obtain an estimate for total national existing home sales each month. The information from ACS provides the basis for this gross up. Based on the information in yearly ACS, we are able to obtain a benchmark level of sales that is an estimate or level of total home sales in a given year. We then use the sample data from the multiple listing service to estimate the total monthly sales based on this benchmark.

Without the availability of ACS, we probably would not have an accurate measure of the existing home sales market. It is well known that home sales are one of the important drivers of the economy. Timely information on an important part of the economy would no longer be available. This combination of public and private data provides information on a major part of our economy, information that is of interest to decisionmakers, the homeowners and a variety of stakeholders.

Another use of ACS is the computing of the Housing Affordability Index at the local level. NAR publishes a closely watched Affordability Index which is based on mortgage rates, home prices and local household income. We rely on ACS to provide the local income measurements. One of the popular reports that we provide for our realtor members is the Local Housing Market Report. Included in the report are sales, price and housing start trends. We also include information on population shifts and income trends and the data sets that come from the ACS.

Our realtor members from faster growing States such as Arizona, Utah, Texas, Florida, North Carolina and my home State of South Carolina are particularly delighted to hear about the changing population shifts in their States' favor, recognizing that my observations in these conversations are just anecdotal.

The major value of ACS is that it is based on random, statistically accurate samples permitting research analysis at the national, State and local levels. The key word is random. A significant, non-response error could be introduced if the participation in the survey were optional. Moving to a voluntary response to ACS

would no doubt reduce response rates, particularly among minority households, low-income households and from rural communities.

The accuracy and comprehensiveness of the survey is extremely important. Conclusions from a non-random survey could be incorrect and misleading. For these reasons, it is important that households selected for the survey be counted in the data base. The option of not answering the survey could bias and render meaningless conclusions based on the data base.

I thank you for the opportunity to present our comments on the American Community Survey. In concluding, data integrity is important and I hope the American Community Survey can continue to obtain the necessary response rates needed to assure the development of accurate and meaningful conclusions.

[The prepared statement of Mr. Yun follows:]

INTRODUCTION

Chairman Gowdy, Ranking Member Davis, and members of the Subcommittee, thank you for inviting me to testify today and to offer the REALTOR® perspective on the *American Community Survey*, a survey that reports on an annual basis important demographic, income, and housing characteristics information for the approximately 114 million households in this country.

I am Lawrence Yun, Senior Vice President and Chief Economist of the National Association of REALTORS®. I have worked for NAR since 2000, analyzing and advising on real estate and research issues. I hold a Ph.D. in economics from the University of Maryland and a B.S. in Mechanical Engineering from Purdue University.

I am here to testify on behalf of the approximately 1 million REALTORS® who are involved in residential and commercial real estate as brokers, sales people, property managers, appraisers, counselors, and in other capacities involving the real estate profession. NAR members belong to one or more of some 1,400 local REALTOR® associations and boards, and 54 state and territory REALTOR® associations.

My testimony addresses the value of the *American Community Survey*. We thank the Subcommittee on Health Care, District of Columbia, Census, and the National Archives for holding this important hearing concerning the *Survey*.

THE AMERICAN COMMUNITY SURVEY PROVIDES KEY DATA FOR UNDERSTANDING MAJOR NATIONAL ISSUES

The *ACS* is part of the decennial census and is the most relied-upon source for up-to-date socio-economic, housing, and financial information, not only for the nation, but also for states and cities. The *ACS* is unique in that it reports detailed data for small areas, such as census blocks.

The importance of the *Survey* is highlighted by some of its uses. For example, more than \$400 billion in Federal funds are allocated annually to state and local governments based on census data, including data from the *ACS*. The *ACS* provides the data needed to address major housing issues. Data collected from nearly 3 million households per year allows researchers to analyze changing demographic patterns and to provide current assessments of local real estate market conditions.

ACS DATA USE BY NAR

To be more specific, I would like to discuss how NAR uses the *Survey*. The *ACS* provides an important input to NAR's estimation of Existing Home Sales (EHS), as delineated in the Appendix of this testimony. NAR's monthly sales estimates are based on information from a comprehensive sample of Multiple Listing Services around the country. However, NAR does not obtain information on every single sale. Rather, NAR has data for a representative

sample of home sales on a monthly basis. The monthly information is then grossed--up to obtain an estimate of total national existing home sales each month.

Information from the *ACS* provides the basis for the gross--up. Based on information in the yearly *ACS* we are able to obtain a benchmarked level of sales—that is, an estimated level of total existing home sales in a given year. We then use the sample data from the Multiple Listing Services to estimate total monthly sales, based on the benchmark.

Without the availability of the *ACS* we probably would not have an accurate measure of the Existing Home Sales markets, and it is well known that home sales are one of the important drivers of the economy. Timely information on an important part of the economy would no longer be available. This combination of public and private data provides information on a major part of our economy—information that is of interest to decision makers, the homeowner, and a variety of stakeholders.

Another use of the *ACS* is in computing the housing affordability index at the local market level. NAR publishes a closely watched affordability index, which is based on prevailing mortgage rates, local home prices, and local household incomes. We rely on the *ACS* to provide the local income measurements.

One of the popular reports we provide for our REALTOR® members is the Local Housing Market Report. Included in the report are sales, prices, and housing starts trends. We also include information on population shifts and income trends, the data set that comes from the *ACS*. Our REALTOR® members from the faster growing states such as Arizona, Utah, Texas, Florida, North Carolina, and my home state of South Carolina are particularly delighted to hear about the changing population shifts in their state's favor, recognizing that my observations are based on anecdotal conversations that I have had with REALTOR® members.

ACS SURVEY QUALITY IS VERY IMPORTANT

The major value of the *ACS* is that it is based on a random, statistically accurate sample permitting research analysis at the national, state, and local levels. The key word is "Random." A significant non-response error could be introduced to the analysis if participation in the *Survey* were optional. Moving to a voluntary response to the *ACS* would no doubt reduce response rates, particularly among minority households, low income households and from rural communities.

The accuracy and comprehensiveness of the *Survey* is extremely important. Conclusions from a non-random survey could be incorrect and misleading. For these reasons it is important that households selected for the survey be counted in the database. The option of not answering the survey could bias or render meaningless conclusions based on the database.

NAR'S RECOMMENDATIONS AND CONCLUSIONS

I thank you for this opportunity to present our comments on the *American Community Survey*. It is my understanding that the *Survey* is used by a number of stakeholders and is a major input to decisions involving billions of dollars. In the case of the housing markets, the *ACS* serves as a major input to the computation of Existing Home Sales data and the Housing Affordability Index —information of crucial importance in recent years in addressing the nation's housing problems and issues.

Data integrity is important, and I hope that the *American Community Survey* can continue to obtain the necessary response rates needed to assure the development of accurate and meaningful conclusions.

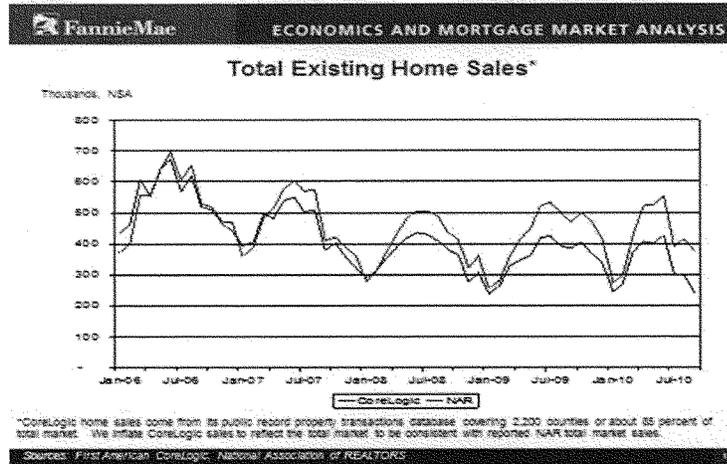
Description of Methodology to Benchmark Existing Home Sales, 2011

SUMMARY

The National Association of Realtors® provides monthly estimates of sales and prices for the Existing Home Sales (EHS) real estate markets. Estimates are generated at the national and regional levels. There was increasing concern that the NAR estimates produced in recent years have overstated the level of existing home sales, with increasing divergence between NAR sales estimates and other housing data starting in 2007. The NAR EHS estimating procedure was previously benchmarked to the year 2000. NAR has now completed a re-benchmarking of the EHS data for each year from 2007 to 2010. Going forward, NAR will re-benchmark Existing Home Sales data every year.

An example of the type of analysis indicating the need for the re-benchmarking effort was presented by FannieMae. Figure 1 depicts growing dispersion between NAR EHS data and CoreLogic existing home sales data starting in 2007.

Figure 1



The NAR re-benchmarked EHS estimates are based on the Census Bureau's *American Community Survey (ACS) 1-year estimates*. The *ACS 1-year estimate* is an annual housing survey based on a rolling sample of approximately 3 million households. NAR also reviewed the use of public records data, working with Lender Processing Services Applied Analytics (LPS). Although the re-benchmarking approach based on *ACS* data was found to be preferable at this time, it is expected that an increasing use of public records data may be appropriate in the future as data coverage and accuracy increase and we reconcile varying EHS estimates available from various public records data providers.

Based on the re-benchmarking effort, downward revisions to annual EHS estimates from the re-benchmarking process averaged 14 percent for the 2007-2010 time periods. Figures 2 and 3 illustrate previously reported annual EHS and the re-benchmarked EHS.

Figure 2: Total Existing Home Sales by Year

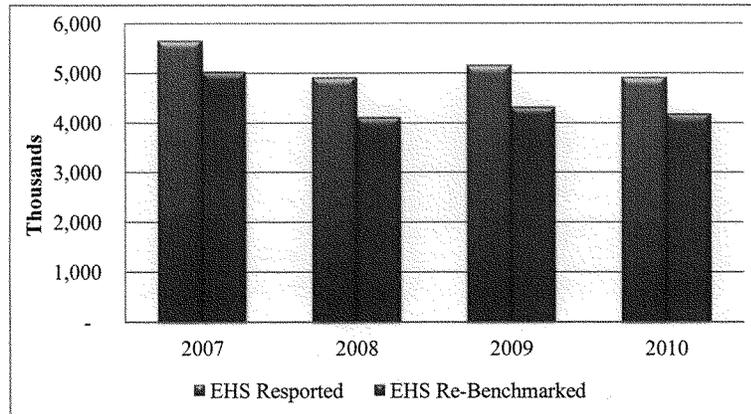


Figure 3: Reported and Re-Benchmarked Annual Existing Home Sales

	Reported Annual EHS	Re-Benchmarked EHS	Revision
2007	5,652,000	5,040,000	-11%
2008	4,913,000	4,110,000	-16%
2009	5,156,000	4,340,000	-16%
2010	4,908,000	4,190,000	-15%
4-year Average	5,157,000	4,420,000	-14%

In the sections below, we set forth steps taken to estimate existing homes sales using the ACS 1-year estimates.

Introduction

The National Association of Realtors® (NAR) provides estimates of existing home sales and prices on a monthly basis through its Existing Home Sales (EHS) reports.¹ The reports use benchmarked estimates of monthly home sales for the base year 1999 rolled forward, based on monthly percent differences on a year-over-year basis in reported sales. The percentage differences in sales between months are based on information obtained from a representative sample of Multiple Listing Services (MLS's) throughout the country. The re-benchmarking process has produced revised estimates of Existing Home Sales (EHS) for the time period 2007-2011. There are no revisions to the price reports, which are based on actual, reported prices rather than benchmarked estimates. The currently reported NAR price series in general track other available indices, so NAR decided on a short-term basis to leave all procedures and computations to be consistent with the existing price reports.

However, NAR is aware that its currently reported price series have been subject to the criticism that reported prices are subject to variations in mix by size of transaction, location of transaction, and date of transaction. These criticisms will be addressed on a longer term basis in the next year by initiating the development of additional NAR price series based on a repeat sales methodology, similar to that used by Case-Shiller and the Federal Housing Finance Administration. The NAR series will be focused on covering broader segments of the market, with attention to additional MSA's and/or specific state information. Until the new series are developed NAR will continue to report prices using the existing methodology.

The actual level of monthly home sales for the entire country is unknown. NAR provides existing home sales estimates based on benchmarks and sample data. Although a number of data vendors provide home sales and inventory information for selected specific geographic areas based on public courthouse records, there is currently no comprehensive, current listing of monthly sales for the entire country based on actual records.

Most economic data are based on benchmarks and samples. For example, while a water meter can measure water flows through a pipe, there is no meter for the dollar flows of Gross Domestic Product (GDP) through the economy. Rather, the Commerce Department's Bureau of

¹ <http://www.realtor.org/research/research/ehspage>

Economic Analysis benchmarks the GDP data every 10 years, re-estimates the data on an ongoing basis as additional information becomes available through ongoing surveys, and provides updated estimates on an ongoing basis.

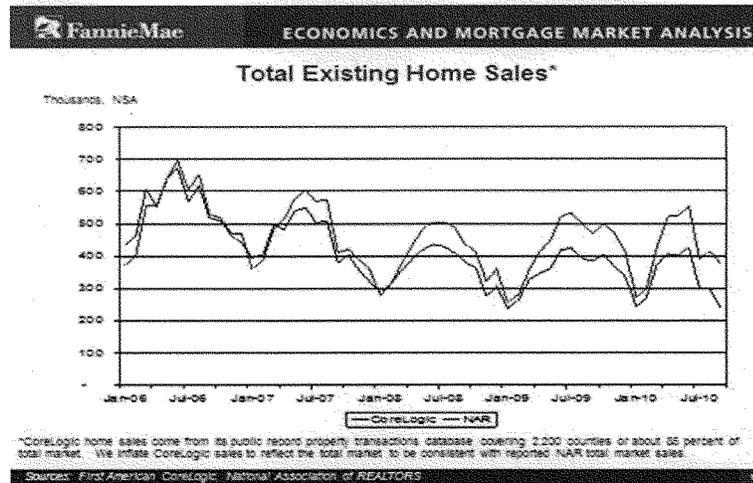
Over a period of time, a number of estimation errors are believed to have entered the EHS estimation process on a cumulative basis, necessitating the need for re-benchmarking.

- Past errors in MLS data are propagated to future time periods based on the methodology.
- Percent of market served by MLS's varies over time. MLS's are believed to have captured a higher proportion of sales starting in 2007, in part due to fewer For Sale by Owner (FSBO) transactions². This will create an upward bias in sales estimates.
- In addition, MLS's tend to expand their coverage over time due to geographic expansion. Thus observed increases in sales for a given MLS may represent increased scope of business, causing sales increases to appear to be greater than is actually the case.
- In a number of states properties may be listed on more than one MLS. Therefore, an individual sale may be recorded by multiple MLS's, again causing recorded sales to be larger than is actually the case.

A comparison of NAR's EHS data in comparison to sales data estimated from information obtained from CoreLogic is presented below. There has been a growing discrepancy between NAR estimates and estimates based on courthouse data as well as other sources. Figure 4 illustrates an increasing difference between NAR's and CoreLogic total existing home sales beginning in 2007.

² See for example Chart 6-27: Method Used to Sell Home, 2001-2011 in *NAR Profile of Home Buyers and Sellers 2011*.

Figure 4



Extensive information on the NAR's benchmarking process for the year 1999 based on the data available from the 2000 Census is available on NAR's website.³ Benchmarked data are subject to revision, and the current EHS re-benchmarking effort realigned the estimating procedures for years 2007 through 2010. Going forward, NAR will benchmark the EHS series annually as the ACS 1-year estimates become available.

Current Existing Home Sales (EHS) Estimation Procedures

A representative sample of approximately 200 MLS's from around the country provide NAR with sales and price data on a monthly basis.

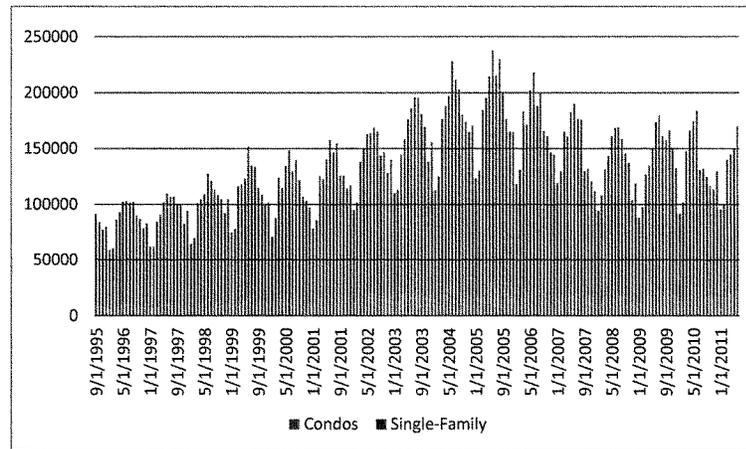
- The Monthly EHS was last benchmarked for 1999 based on the 2000 Census.
- Each month, beginning in January 2000, NAR tracked the percent change in sales in the MLS data from the same period one year ago.

³ <http://www.realtor.org/research/research/rebenmking>.

- The percent change from the MLS data was applied to the benchmarked data to estimate monthly sales.

The MLS sales data received from the approximately 200 reporting MLS boards are not seasonally adjusted or annualized. NAR uses the X-12 seasonal adjustment procedure in the EViews software as the basis for seasonality adjustments after the estimation process is completed. Figure 5 depicts unadjusted single-family and condominium sales as reported by the representative sample of MLSs.

Figure 5



Re-Benchmarking Data Sources

In the previous re-benchmarking NAR used the Public Use Micro-Sample (PUMS) of the 2000 U.S. Census, which was based on the Long Form Questionnaire. Subsequent to the 2000 Census, the Bureau replaced the Long Form Questionnaire with the *American Community Survey (ACS)*. The *ACS*, an ongoing survey, was one potential source for the re-benchmarking effort. A second potential source was the use of courthouse records (filed public records) of actual sales, as reported by firms such as CoreLogic or Lender Processing Services Applied Analytics (LPS).

The two types of data sources were analyzed for input to the re-benchmarking effort. The major drawbacks to the ACS were: (i) that it was a survey; and (ii) that data were collected on a 12 month rolling basis. The major drawbacks to the use of courthouse data were coverage and consistency. While data coverage was not available for some areas, the larger issue was delineation of arms-length transactions using a uniform set of assumptions for the entire country. States and counties across the country record home sales transactions in a non-standardized manner. Accordingly, counting arms-length transaction using public records data (deeds) should be adjusted at state and most ideally at county level. Further, in non-disclosure states, some critical sales information is not publicly available.

The courthouse based property records databases are used by financial institutions and analysts for modeling, risk analysis, and market and financial research purposes. When used for the purposes for which the databases were designed, there appears to be minimal impact from incomplete or missing records. However, when used for the enumeration of all market transactions, courthouse records do not provide adequate information in the form needed at this time. Accordingly, the re-benchmarking process used the ACS data in estimating EHS.

In geographic regions where courthouse data were complete, the courthouse records generally provided information substantiating the conclusions obtained from the analysis of the ACS database. A discussion of courthouse records data is available in Appendix 2. NAR will continue refining assumptions used to count arm-length transactions and work with the data providers to reconcile the differences in EHS estimates.

Overview of the *American Community Survey (ACS)*

The *American Community Survey (ACS)* was used for the current re-benchmarking effort. The survey is conducted annually by the Census Bureau, providing estimates of various population and housing characteristics nationally and for states and local areas. The survey consists of 12 individual monthly samples collected during the survey year.⁴

⁴ Further detail is available in the [ACS Design and Methodology Chapter 7](#) and [ACS Accuracy of the Data 2009](#). Also, this discussion of income data in the ACS illustrates the survey-design issues which are similar for movers: [ACS Income Data Background](#).

The ACS collects information on household attributes that are of direct relevance to calculating existing home sales. First, each structure surveyed can be identified as a single-family (detached or attached), multi-family (2 units to 50+ units), or other structure (includes mobile homes, recreational vehicles, *et al.*). In addition, the tenure of each household is characterized as either a homeowner (with and without a mortgage), a renter (paying rent and paying no rent), or in the event no tenure is listed, a vacant home. New homes can be identified based on the year in which the home was built for the 2000, 2006, 2008, 2009, and 2010 surveys.⁵ The ACS also tracks if the current resident moved within the last 12 months. In the case of owner occupied homes, this serves as a proxy for a home sale. However, since the survey sample is distributed over the year's 12 months, households surveyed in January of 2010, for example, will answer if they have moved in the previous 12 months, which may be in January of 2009. Thus, the results are essentially a moving average of home sales with the average centered in December-January, i.e. December 2009-January 2010 for the ACS 2010.

In the case of renter occupied properties, however, the data cannot be directly used to estimate sales. Further discussion is available in a later section. Finally, the ACS asks whether the property has a condominium fee or whether there is a condominium fee allocation for owner occupied homes. The combination of the two fields is used to identify owner occupied condominiums.

Derivation of Existing Home Sales from ACS

The number of existing home sales for a given year can be calculated individually for owner-occupied homes, renter-occupied homes and vacant homes for both single family homes and condominiums based on the 2000, 2006, 2008, 2009 and 2010 ACS⁶. Existing home sales are determined for the EHS breakout groups—Single Family and Condo—and for each tenure

⁵ For the 2001-2004 and 2007 ACS, the category for when a home was first built is so broad for the most recently built homes, encompassing more than 2 calendar years, that it is impossible to isolate newly constructed homes from pre-existing homes for this cohort. The 2005 ACS identifies homes built in 2005, but not 2004, when survey respondents likely moved. Thus the calculations of existing home sales only pertain to the 2000, 2006, 2008 and 2009 ACS as it is necessary to exclude sales of newly constructed homes from the analysis.

⁶ These surveys yield estimates for the 1999-2000, 2005-2006, 2007-2008 and 2008-2009 calendar years, respectively.

type—owner-occupied, renter-occupied, and vacant. These estimates are done at the state level. State level data is then summed to regional data for distribution to months and calendar years.

Single Family Homes: Calculation for 2009/10

The table “ACS Calculation” presents the calculations. For owner occupied existing single family home sales, ACS total housing stock is limited to all single family detached and attached owner occupied homes (line 1). Homes built within the current year (line 2), i.e. new homes, are removed from the housing stock. Also, homes where the homeowner moved into the home prior to the last 12 months are removed (line 3) leaving those households that moved into existing owner occupied housing within the last 12 months, our proxy for owner-occupied single-family home sales (lines 4 and 7. See footnote)⁷. Line 5 presents the percentage for “flipped” homes—those that were built, sold, and resold in the same calendar year; at this point the number is assumed to be zero.⁸ The existing housing stock is in line 8. The estimates single-family home sales figure is divided by the existing home stock to yield a turnover rate that will be used in calculations for other types of sales (line 9).

For renter-occupied single-family homes, the methodology is similar. We first obtain the stock of single-family renter-occupied homes from the ACS (line 11). We subtract from this stock new homes⁹ (line 12) to find the total existing stock of single-family renter-occupied homes (line 13). The turnover rate of existing owner occupied single family homes (line 9) is then applied to the renter-occupied existing single-family home stock to yield an estimate of single-family home sales among renter-occupied properties (line 14).¹⁰

⁷ A percentage of homeowners who moved this year but purchased a home in a previous year (line 6) could be subtracted out to yield the total number of home sales. This percentage can be derived from the NAR Profile of Home Buyers and Sellers. It is currently set to 0 because it is believed that this number is roughly constant over time, thus the number of owners who purchased previously and moved this year is likely to equal the number who have purchased this year but will not move until next year. In this case, no adjustment is necessary.

⁸ The percentage of new homes flipped can be derived from the NAR *Profile of Home Buyers and Sellers* though it is currently set to 0 in this analysis.

⁹ No adjustment for flips here.

¹⁰ The analysis makes the explicit assumption that owner occupied, renter occupied, and vacant homes turnover at the same rate.

The calculation for existing vacant single family homes follows the same logic as that for renter-occupied homes: the vacant stock is determined (line 16), new homes are subtracted (line 17) yielding the existing stock of vacant homes (line 18) to which the owner-occupied turnover rate (line 9) is applied yielding the estimate of vacant single-family home sales (line 19).

The sum of single-family home sales for each type of occupancy (line 20) is the estimate of all single-family home sales.

Condominiums (Condos) Calculation for 2009/10

Owner-occupied condos can be identified among owner-occupied multifamily properties in the *ACS* by a condominium fee payment or a condominium fee allocation producing the total number of owner-occupied condominiums (line 1). As was the case for single family homes, newly constructed homes are subtracted (line 2) to yield an estimate of the condominium existing housing stock¹¹ and moves prior to the most recent 12 months are subtracted (line 3) to leave moves in the current year (line 4), our estimate of owner-occupied condominium sales¹².

Since the *ACS* does not distinguish between renter-occupied condominiums and non-condominiums, there is no way, using the *ACS*, to disaggregate condos from non-condos for renter-occupied properties¹³. To work around this, the distribution of existing renter-occupied homes between single family and condominiums is obtained from the National 2007 and 2009 *American Housing Surveys (AHS)*. The national *AHS* reports the distribution at the regional level (line 10). For each state, its regional distribution ratio is applied to renter occupied single-family existing homes to calculate the number of renter-occupied existing condos¹⁴ (line 13). Then, the turnover rate of owner-occupied existing condos is applied to the existing stock of

¹¹ Again, "flips" would be subtracted from the new home population and thus remain in the stock of existing condo homes, but the percent of new homes that are flips is assumed to be 0 in all years.

¹² As was the case in single-family homes, a percentage of homeowners who moved this year but purchased a home in a previous year (line 6) could be subtracted out to yield the total number of home sales. This percentage can be derived from the *NAR Profile of Home Buyers and Sellers*. It is currently set to 0 because it is believed that this number is roughly constant over time, thus the number of owners who purchased previously and moved this year is likely to equal the number who have purchased this year but will not move until next year. In this case, no adjustment is necessary.

¹³ The *ACS* question about condo fees to determine what is and is not a condo is only asked of owner-occupants, not renters.

¹⁴ A similar assumption will be made for vacant homes.

renter-occupied condos to estimate the number of condo sales among renter-occupied properties (line 14).

The calculation for vacant condominiums sales is performed in a similar manner where regional distribution ratio between condos and single-family units (line 15) is applied to vacant single-family existing homes to calculate the number of vacant existing condos (line 18). The turnover rate of owner-occupied existing condos is then applied to the existing stock of vacant condos to estimate the number of condo sales among vacant properties (line 19).

The total number of existing condo sales is found by summing the estimates for the three occupancy types (line 20 for condominiums).

Existing Home Sales: Translating Calculations for 2009/10 into Yearly Estimates

The *ACS* survey design is such that sales counted and estimated from a single *ACS* survey year could actually have occurred over a two calendar-year period. This is because samples are taken on a rolling basis, from January to December, and the variable of interest, “Did you move in the last 12 months?”, means a different time period depending on when the household was sampled. Unfortunately, the sample date is not reported in the PUMS data and therefore not available to us to use to directly adjust the data.

Instead, we account for this time-period issue by distributing *ACS* sales to months in accordance with the data in our panel in the time period that matches up with the potential timing of moves observed in the *ACS*. Our monthly panel of data from boards is aggregated to the regional level for analysis and publishing, so the distribution of *ACS* data to months was done at the regional level. Regional *ACS* data was obtained by summing state estimates in each region.

Assumptions in the Methodology and Improvements

The data limitations of the *ACS* required two key assumptions: (1) about turnover rates of homes by various occupancy classification and (2) about the number of condos, determined based on the regional distribution of single-family and condominiums.

Owner-occupied vs. Rental and Vacant Home Turnover Rate: The original *ACS* calculations assumed that turnover rates were the same for rental and vacant single-family properties as for owner-occupied single family properties. A better source of this information has not yet been determined. The original benchmark used the *2001 Residential Finance Survey* which is no longer in existence.

Condo Distribution for Renter and Vacant vs. Owner Occupied Homes: The *American Housing Survey (AHS)* provides information on condo status of all types of properties at the regional level. The *ACS* estimates apply the *AHS* distribution to the *ACS* figures for a more accurate estimate of renter and vacant condos. The distribution estimate is at a regional level. Alternatively, we could have used data from the *ACS* which suggest that the ratio of condos to single-family homes is the same for rental and vacant properties as for owner-occupied properties (among the existing and newly built housing stock). The *ACS* currently does not publish information that would enable us to determine the distribution by different tenure types and at the state level.

Advantages and Disadvantages of Using *ACS*

Data limitations require a number of assumptions:

- To determine sales among vacant and renter-occupied properties, it is necessary to assume that turnover rates of vacant and renter-occupied single-family and condo homes equal turnover rates among owner-occupied homes.
- To determine how many renter-occupied and vacant homes are condos, we assume that the condominium and single-family distribution is similar among the states at the regional level.
- Data is available with a lag due to survey design, resulting in a 2-year moving average; it is necessary to use NAR existing home sales distributions to convert the moving average data to monthly EHS data.

The methodology also does not adjust for several minor aspects of the housing markets:

- Property flips are not captured: Because the *ACS* records a move in the previous 12 months, anyone who purchased a property, moved into it and renovated it before turning it around to resell—termed a flip—would not be captured. These are estimated to be as many as 164,000 properties according to LPS estimates in 2010. Data from our survey of *Home Buyers and Sellers* shows that approximately one percent of buyer respondents indicate that they expect to live in the home they recently purchased for one year or less. By comparison, seller data from the same survey indicates that as many as 3 to 7 percent of recent sellers lived in the home they recently sold for one year or less.
- The *ACS* estimate captures For Sale by Owner (FSBO) properties. By comparison, the sample of multiple listing services (MLSs) does not capture FSBO properties. As the proportion of FSBO sales relative to agent-assisted sales changes overtime, the MLS sample will reflect that change in addition to any change in the number of home sales. Data from NAR's survey of *Home Buyers and Sellers* shows that FSBO sellers have ranged from 14 to 9 percent of reported sellers in the last decade while agent-assisted sellers have increased from 79 to 88 percent of reported sellers.
- According to the *American Housing Survey*, approximately 7 percent of moves by individuals are not associated with a home sale. In the benchmark conducted using Census 2000 data, 6.0 percent of single-family owner occupied moves were excluded on the grounds that these families were movers who had not actually purchased a property, due to inheritance, gift, or other non-purchase transfer. This reduced the calculated single-family owner occupied turnover rate from 6.4 to 6.0 percent. In that same re-benchmarking, the *Residential Finance Survey* was used to estimate a turnover rate of 7.2 percent among renter-occupied and vacant single family homes. The total turnover rate for all types of properties was 6.2 percent.

In the current re-benchmarking, there is no comparable data available on renter-occupied and vacant property turnover. As indicated in the last *Residential Finance Survey* in 2001, the turnover rates for these types of properties are generally higher than for owner-occupied properties. To compensate for this likely understatement of renter-occupied and vacant transfers, no assumption was made regarding the prevalence of gift, inheritance, and other

non-purchase transfers. It should be noted that the *American Housing Survey* and other sources do not separate out inheritance transfers from gift transfers, and it is imaginable that some gifts do in fact include properties that were purchased in the year. This is an opportunity for further research.

EHS Calculation Using ACS

The following two tables illustrate how the EHS estimate is derived using annual ACS data. Table 1 shows the estimate using 2010 ACS data, while Table 2 summarizes data sources and calculation steps. The estimate provided in the Table 1 is for illustrative purposes only as it uses national data and calculates the U.S. figure. This figure differs slightly from the aggregated U.S. figure based on sum of states data which is used to benchmark EHS series.

Table 1: ACS Calculation (AHS Distribution used in lines 10 and 15)

Year	Single Family 2010 ACS	Condominiums 2010 ACS	Total 2010 ACS
I. Owner Occupied Homes			
1) Total Number of Homes	65,863,753	2,489,613	68,353,366
2) Less: Homes built w/in the current year excluding "flips"	-370,357	-13,345	-383,702
3) Less: Homes built prior to current year where h/o moved prior to current year	-62,672,788	-2,295,656	-64,968,444
4) Number of households who moved into an existing O/O home w/in current year	2,820,608	180,612	3,001,220
5) Percent of new homes that were "flipped" in current year	0.0%	0.0%	0.0%
6) Percent of homeowners who moved in current year, but purchased home previously	0.0%	0.0%	0.0%
7) Existing Owner Occupied Homes Sold w/in current year	2,820,608	180,612	3,001,220
8) Homes built prior to current year	65,493,396	2,476,268	67,969,664
9) Turnover Rate	4.3%	7.3%	4.4%

II. Renter Occupied Homes

10) Distribution of existing renter occupied homes between sf/condo	85.3%	14.7%	100.0%
11) Total Number of Homes	13,284,588	n/a	n/a
12) Less: Homes built w/in the current year	-55,951	n/a	n/a
13) Homes Built prior to the last 12 months	13,228,637	2,278,838	15,507,475
14) Existing Renter Occupied Homes Sold w/in current year	569,719	166,212	735,931
III. Vacant Homes			
15) Distribution of existing vacant homes between sf/condo	86.1%	13.9%	100.0%
16) Total Number of Homes	9,558,951	n/a	n/a
17) Less: Homes built w/in the current year	-10,206	n/a	n/a
18) Homes Built prior to the last 12 months	9,548,745	1,542,486	11,091,231
19) Existing Vacant Homes Sold w/in current year	411,236	112,505	523,741
20) Total Existing Homes Sales based on ACS	3,801,563	459,329	4,260,892

Table 2: Calculation Description

I. Owner Occupied Homes	
1) Total Number of Homes	Data Source: 2010 ACS 1-year Public Use Microdata Samples (PUMS) - SAS format. Calculated as the sum of single-family, owner-occupied, non-condo homes. Sample is controlled to 2010 Census housing unit count (as of April 1, 2010).
2) Less: Homes built w/in the current year excluding "flips"	Data Source: 2010 ACS 1-year Public Use Microdata Samples (PUMS) - SAS format. Calculated as the sum of single-family, owner-occupied, non-condo homes built in the current year (For example, 2010 for 2010 ACS). Sample is controlled to 2010 Census housing unit count (as of April 1, 2010).
3) Less: Homes built prior to current year where h/o moved prior to current year	Data Source: 2010 ACS 1-year Public Use Microdata Samples (PUMS) - SAS format. Calculated as the sum of single-family, owner-occupied, non-condo homes built in the year prior to the survey year where the household moved into the home prior to the last 12 months of being surveyed. Sample is controlled to 2010 Census housing unit count (as of April 1, 2010).
4) Number of households who moved into an existing O/O home w/in current year	Summation of the three entries above
5) Percent of new homes that were "flipped" in current year	Assumed 0%. Note: Very conservative assumption.

6) Percent of homeowners who moved in current year, but purchased home previously	Data Source: NAR Home Buyer and Seller Survey. In our last benchmark, there was a 6% assumption, but since we have assumed 0%.
7) Existing Owner Occupied Homes Sold w/in current year	Equals to line 4 since there is assumption of 0% for line 6. Otherwise, line 6 would be taken out of line 4.
8) Homes built prior to current year	Sum of lines 1 and 2
9) Turnover Rate	Division of lines 7 and 8
II. Renter Occupied Homes	
10) Distribution of existing renter occupied homes between sf/condo	Data Source: 2007 and 2009 AHS National Data - SAS file. For renter-occupied condominiums, the share of renter-occupied condominiums is calculated by dividing total number of multifamily (2+units) renter-occupied condominium units by the sum of renter-occupied single-family and multifamily condominium units. For single family, the share of single-family units is calculated as 1- (the share of renter-occupied condominiums).
11) Total Number of Homes	Data Source: 2010 ACS 1-year Public Use Microdata Samples (PUMS) - SAS format. Calculated as the sum of single-family, renter-occupied, non-condo homes. Sample is controlled to 2010 Census housing unit count (as of April 1, 2010).
12) Less: Homes built w/in the current year	Data Source: 2010 ACS 1-year Public Use Microdata Samples (PUMS) - SAS format. Calculated as the sum of single-family, renter-occupied, non-condo homes built in the current year (For example, 2010 for 2010 ACS). Sample is controlled to 2010 Census housing unit count (as of April 1, 2010).
13) Homes Built prior to the last 12 months	Sum of lines 11 and 12 for single family vacant homes. For condominiums, calculation: (line 13 of single family renter-occupied homes)*(condominiums/(condominiums + single-family))/(single-family homes/(condominiums + single-family))
14) Existing Renter Occupied Homes Sold w/in current year	Multiply line 13 and line 9. Line 9 is turnover rate obtained from owner-occupied homes.
III. Vacant Homes	
15) Distribution of existing vacant homes between sf/condo	Data Source: 2009 AHS National Data - SAS file. For vacant condominiums, the share of vacant condominiums is calculated by dividing total number of multifamily (2+units) vacant condominium units by the sum of vacant single-family and multifamily condominium units. For single family, the share of single-family units is calculated as 1- (the share of vacant condominiums).
16) Total Number of Homes	Data Source: 2010 ACS 1-year Public Use Microdata Samples (PUMS) - SAS format. Calculated as the sum of single-family, vacant, non-condo homes. Sample is controlled to 2010 Census housing unit count (as of April 1, 2010).
17) Less: Homes built w/in the current year	Data Source: 2010 ACS 1-year Public Use Microdata Samples (PUMS) - SAS format. Calculated as the sum of single-family, vacant, non-condo homes built in the current year (For example,

	2010 for 2010 ACS). Sample is controlled to 2010 Census housing unit count (as of April 1, 2010).
18) Homes Built prior to the last 12 months	Sum of lines 16 and 17 for single family renter-occupied homes. For condominiums, multiple line 13 of single-family vacant units and ratio of line 15 of condominium vacant homes and line 15 of single-family vacant homes.
<i>19) Existing Vacant Homes Sold w/in current year</i>	Multiply line 18 and line 9. Line 9 is turnover rate obtained from owner-occupied homes.
20) Total Existing Homes Sales based on ACS	Sum of lines 7, 14 and 19.

Conclusions

Based on the American Community Survey, the EHS series were re-benchmarked for 2007 through 2010. NAR will be reviewing the benchmarking process and data availability on a yearly basis. Until granular, courthouse specific data are available at the level desired, it is expected that the yearly re-benchmarking will be based on the American Community Survey.

Actual courthouse records delineating real estate transactions are a second potential source of data. NAR had originally expected to base the re-benchmarking process on the public records but found that the currently available level of information in records required too many assumptions in arriving at EHS estimates. Tables summarizing the NAR re-benchmarking data are available in Appendix 1. Information on the potential use of courthouse data is presented in Appendix 2.

It should be clearly noted that the re-benchmarked EHS data are estimates of housing activity based on a variety of assumptions. NAR compared the re-benchmark estimate with estimates that could be generated from courthouse data. Various assumptions in each estimating process lead to somewhat different conclusions. With the ACS, the estimates are largely consistent; varying assumptions produced estimates with relatively smaller range. Using public records data to produce EHS estimates resulted in wider range of results.

In table 3, the ACS 2010 (as in data) estimate uses condo turnover rates as obtained from data on owner-occupied condominiums by state and applies them to vacant and renter-occupied condo units. However, in some states with generally low condominium stock, such as West

Virginia, turnover rates on owner-occupied condominiums appeared higher than reasonably expected. Thus, the second alternative, the ACS 2010 (SF Rates) estimate uses ACS single-family turnover rates by state for condos. Nevertheless, single-family turnover rates are generally lower than turnover rates among condominiums. Consequently, the last ACS estimate (US condo rate) and the one used to benchmark EHS uses ACS derived US average condo turnover rate which is applied to all states' existing condominium stock. The estimates in columns titled LPS, CoreLogic, and Boxwood are derived from public records. Total LPS estimate is not grossed up to account for missing coverage, while the grossed up number is extrapolated based on our assumptions delineated in Appendix 2. CoreLogic and Boxwood estimates are both derived from CoreLogic database of public records, with total numbers also not adjusted for missing coverage and grossed up numbers for CoreLogic based on an assumption of 85% and 90% coverage. Boxwood estimate is based on CoreLogic data and it also includes sales of new homes.

Table 3

	ACS 2010 (as in data)	ACS 2010 (SF Rates)	ACS 2010 (US condo rate)	LPS	CoreLogic	Boxwood
TOTAL:	4,340,455	4,093,128	4,284,954	3,995,427	3,589,384	4,777,152
GROSSED				4,292,588	3,988,204	
UP:					4,222,805	

Appendix 1: Re-benchmarked EHS Series

Table 4: Total Existing Home Sales and National Sales Price of Existing Homes

National Existing Home Sales

Year	Existing Home Sales	Single Family Sales	Condo/Co-op Sales	Existing Home Sales	Single Family Sales	Condo/Co-op Sales	National Mos. Supply	Single Family Mos. Supply	Condo/Co-op Mos. Supply	
2008	4,110,000	3,660,000	450,000	*	*	*	10.4	10.0	14.1	
2009	4,340,000	3,870,000	470,000	*	*	*	8.8	8.3	12.5	
2010	4,190,000	3,710,000	480,000	*	*	*	9.4	9.1	11.9	
	Seasonally Adjusted Annual Rate			Not Seasonally Adjusted						
2010	Nov	3,940,000	3,500,000	440,000	304,000	274,000	30,000	9.6	9.4	11.3
2010	Dec	4,450,000	3,940,000	510,000	345,000	304,000	41,000	8.1	7.9	10.1
2011	Jan	4,640,000	4,060,000	580,000	247,000	219,000	28,000	7.5	7.5	7.7
2011	Feb	4,220,000	3,690,000	530,000	253,000	221,000	32,000	8.6	8.4	9.7
2011	Mar	4,360,000	3,830,000	530,000	347,000	301,000	46,000	8.3	8.1	10.0
2011	Apr	4,270,000	3,770,000	500,000	375,000	333,000	42,000	9.0	8.8	10.5
2011	May	4,120,000	3,660,000	460,000	391,000	348,000	43,000	9.1	8.9	10.9
2011	Jun	4,140,000	3,710,000	430,000	440,000	395,000	45,000	9.2	9.0	10.7
2011	Jul	4,000,000	3,560,000	440,000	385,000	340,000	45,000	9.5	9.0	13.1
2011	Aug	4,320,000	3,860,000	460,000	429,000	383,000	46,000	8.4	8.2	10.0
2011	Sep	4,190,000	3,730,000	460,000	369,000	327,000	42,000	8.3	8.0	10.7
2011	Oct r	4,250,000	3,780,000	470,000	343,000	305,000	38,000	7.7	7.6	8.8
2011	Nov p	4,420,000	3,950,000	470,000	337,000	305,000	32,000	7.0	7.0	7.1
	vs. last month:	4.0%	4.5%	0.0%	-1.7%	0.0%	-15.8%	-9.1%	-7.9%	-19.8%
	vs. last year:	12.2%	12.9%	6.8%	10.9%	11.3%	6.7%	-27.1%	-25.5%	-37.3%
	year-to-date:				3,916	3,477	0,439			

National Sales Price of Existing Homes

Year	Existing Home Price	Single Family Price	Condo/Co-op Price	Existing Home Price	Single Family Price	Condo/Co-op Price	
	Median			Average (Mean)			
2008	\$198,100	\$196,600	\$209,800	\$242,700	\$241,700	\$250,500	
2009	172,500	172,100	175,600	216,900	217,000	216,300	
2010	172,900	173,100	171,700	220,000	220,600	215,700	
	Not Seasonally Adjusted			Not Seasonally Adjusted			
2010	Nov	170,200	170,900	164,900	218,100	219,400	208,700
2010	Dec	168,800	169,300	165,000	217,900	218,600	212,700
2011	Jan	157,900	158,500	153,500	205,800	207,000	197,400
2011	Feb	156,100	156,900	150,600	202,300	203,000	197,900
2011	Mar	159,800	160,600	154,200	207,300	208,300	200,700
2011	Apr	161,100	161,300	159,900	210,200	210,400	208,400
2011	May	169,300	169,800	165,500	217,600	218,600	210,400
2011	Jun	175,600	176,100	171,300	226,000	227,100	217,800
2011	Jul	171,200	171,700	167,800	220,400	221,200	214,400
2011	Aug	171,200	171,200	171,100	219,500	219,800	217,400
2011	Sep	165,300	165,400	164,500	212,800	212,900	212,200
2011	Oct r	160,800	161,100	158,900	205,900	206,400	201,900
2011	Nov p	164,200	164,100	164,600	210,500	210,800	208,100
	vs. last year:	-3.5%	-4.0%	-0.2%	-3.5%	-3.9%	-0.3%

Table 5: Existing Home Sales and Prices by Region, SAAR and NSA

Existing Home Sales

Year	U.S.	Northeast	Midwest	South	West	
2008	4,110,000	570,000	950,000	1,590,000	990,000	
2009	4,340,000	590,000	980,000	1,630,000	1,140,000	
2010	4,190,000	570,000	920,000	1,620,000	1,080,000	
	Seasonally Adjusted Annual Rate					
2010	Nov	3,940,000	520,000	830,000	1,550,000	1,040,000
2010	Dec	4,450,000	600,000	950,000	1,700,000	1,200,000
2011	Jan	4,640,000	570,000	980,000	1,800,000	1,290,000
2011	Feb	4,220,000	540,000	890,000	1,610,000	1,180,000
2011	Mar	4,360,000	550,000	900,000	1,730,000	1,180,000
2011	Apr	4,270,000	540,000	920,000	1,700,000	1,110,000
2011	May	4,120,000	530,000	870,000	1,630,000	1,090,000
2011	Jun	4,140,000	500,000	880,000	1,640,000	1,120,000
2011	Jul	4,000,000	510,000	890,000	1,620,000	980,000
2011	Aug	4,320,000	540,000	930,000	1,690,000	1,160,000
2011	Sep	4,190,000	540,000	910,000	1,670,000	1,070,000
2011	Oct r	4,250,000	510,000	920,000	1,700,000	1,120,000
2011	Nov p	4,420,000	560,000	960,000	1,740,000	1,160,000
	vs. last month:	4.0%	9.8%	4.3%	2.4%	3.6%

vs. last year:	12.2%	7.7%	15.7%	12.3%	11.5%
year-to-date:					

U.S.	Northeast	Midwest	South	West	Inventory*	Mos. Supply
*	*	*	*	*	3,130,000	10.4
*	*	*	*	*	2,740,000	8.8
*	*	*	*	*	3,020,000	9.4
Not Seasonally Adjusted						
304,000	38,000	61,000	120,000	85,000	3,150,000	9.6
345,000	43,000	71,000	136,000	95,000	3,020,000	8.1
247,000	28,000	48,000	97,000	74,000	2,910,000	7.5
253,000	34,000	54,000	99,000	66,000	3,010,000	8.6
347,000	41,000	72,000	138,000	96,000	3,030,000	8.3
375,000	45,000	79,000	148,000	103,000	3,200,000	9.0
391,000	48,000	89,000	150,000	104,000	3,130,000	9.1
440,000	54,000	97,000	171,000	118,000	3,160,000	9.2
385,000	57,000	88,000	151,000	89,000	3,150,000	9.5
429,000	57,000	92,000	170,000	110,000	3,020,000	8.4
369,000	47,000	82,000	149,000	91,000	2,900,000	8.3
343,000	43,000	71,000	140,000	89,000	2,740,000	7.7
337,000	40,000	68,000	134,000	95,000	2,580,000	7.0
-1.7%	-7.0%	-4.2%	-4.3%	6.7%	-5.8%	-9.1%
10.9%	5.3%	11.5%	11.7%	11.8%	-18.1%	-27.1%
3.916	0.494	0.840	1.547	1.035		

Sales Price of Existing Homes

Year	U.S.	Northeast	Midwest	South	West	U.S.	Northeast	Midwest	South	West	
Median						Average (Mean)					
2008	\$198,100	\$266,400	\$154,100	\$169,200	\$271,500	\$242,700	\$297,800	\$183,400	\$211,600	\$312,300	
2009	172,500	240,500	144,100	153,000	211,100	216,900	276,300	171,100	192,700	256,700	
2010	172,900	243,500	141,600	150,100	214,800	220,000	281,500	172,500	193,000	264,100	
Not Seasonally Adjusted						Not Seasonally Adjusted					
2010	Nov	170,200	240,400	138,900	146,400	213,100	218,100	279,700	171,800	189,600	264,400
2010	Dec	168,800	237,600	140,100	148,500	204,500	217,900	279,500	174,200	193,200	255,900
2011	Jan	157,900	235,700	126,900	135,200	190,600	205,800	272,900	160,100	179,400	240,800
2011	Feb	156,100	230,200	121,100	135,700	189,500	202,300	268,200	153,900	178,000	238,900
2011	Mar	159,800	232,800	126,200	137,900	195,200	207,300	270,200	158,700	182,100	247,700
2011	Apr	161,100	235,800	131,600	142,000	191,300	210,200	275,800	164,500	186,100	244,000
2011	May	169,300	241,500	138,800	148,100	206,200	217,600	281,500	169,700	192,400	257,900
2011	Jun	175,600	258,300	145,400	154,800	205,900	226,000	295,000	178,800	203,200	258,900
2011	Jul	171,200	245,600	145,700	152,600	191,600	220,400	287,000	178,700	198,700	246,100
2011	Aug	171,200	243,700	141,400	150,300	208,100	219,500	283,300	174,400	193,400	258,900

2011	Sep	165,300	229,400	135,700	144,600	208,100	212,800	271,100	165,800	186,000	259,500
2011	Oct r	160,800	222,300	131,700	140,700	199,700	205,900	259,300	160,400	181,300	250,300
2011	Nov p	164,200	240,200	133,400	143,300	195,300	210,500	275,900	163,500	185,400	246,300
	vs. last year:	-3.5%	-0.1%	-4.0%	-2.1%	-8.4%	-3.5%	-1.4%	-4.8%	-2.2%	-6.8%

Appendix 2: Use of Courthouse Data in Estimation of Existing Homes Sales

While NAR is not using courthouse data in the current re-benchmarking process, NAR has explored the potential use of the data in detail. This section describes the steps and assumptions needed in order to use courthouse data to benchmark EHS and our overall evaluation of the information. At this time there are challenges in using courthouse data for re-benchmarking purposes. However, we believe that as the data consistency improves, the use of courthouse data in the future may be an opportunity.

Lender Processing Services Applied Analytics (LPS) was the data vendor providing NAR with public records counts. LPS collects real estate data from public records at the courthouse level for residential and commercial properties by examining Deeds, Assessments, and Stand Alone Mortgages (SAMs) records. The company has data for approximately 89 percent of the total U.S. housing stock. Data coverage varies by year.

LPS collects data on the housing stock and sales of existing homes. Since LPS does not have data on the total U.S. housing market, the LPS data could potentially serve as the basis for estimating the entire housing market, grossed-up on the basis of Census data. The process of extrapolating LPS data to estimate the total EHS for the entire nation, described in the following sections, is straightforward:

- Estimate total housing stock of single family, townhouse, and condominium/cooperatives, based on LPS data. This stock of homes is designated “Existing Homes Available For Sale” (EHAFS). This estimate will be less than the actual stock of housing due to the absence of LPS coverage in some areas.
- Estimate total housing stock of single family, townhouse, and condominium/cooperatives, based on Census data, providing an EHAFS estimated based on Census data.
- Estimate Existing Home Sales (EHS) based on LPS data. Again, this estimate will be less than the actual sales due to the absence of LPS coverage in some areas.
- Gross-up EHS estimates derived from LPS data to the entire country, based on the relationship between LPS and Census EHAFS data.

The stock of Existing Homes Available for Sale—EHAFS-L—is estimated based on LPS data.¹⁵ These homes constitute the housing inventory and have already been sold at least once; newly constructed homes not previously sold are thus excluded from EHAFS-L. The EHAFS-L count was obtained from LPS furnished count on Assessment records, Deeds, or Stand Alone Mortgage (SAM) records. Data are available separately for single-family homes and condominiums. Townhouses can fall into either category based on the presence/absence of a condo rider, which identifies the payment of a condominium fee.

To obtain an estimate of EHAFS-L, we used the LPS definition of properties in terms of land use codes. Land use codes counted in the EHAFS-L included single family, townhouses, cluster homes, condominiums, cooperatives, row houses, rural residences, planned unit development units, seasonal, cabin, or vacation residences, bungalows, zero lot line homes, patio homes, duplexes, and triplexes. Manufactured, modular, or pre-fabricated homes were also included unless they were trailers. Multifamily units, such as quadruplexes and dwellings with 4 units or more, were included if they had a condo rider.

To identify the year in which a property entered the EHAFS-L, the property was assumed to have been initially sold based on the year of first recorded Deed, Mortgage or Assessor Sale. The transaction did not have to have been arms-length. Once the property enters the EHAFS-L criteria, it is counted as EHAFS-L for all subsequent years.

In the effort to exclude new properties still owned by the developer (presumably new homes and therefore not having been already sold at least once), a number of properties were excluded from the EHAFS-L counts based on vesting codes. Properties excluded from the EHAFS-L were those built in or since 2008 with Assesse Vesting code being one of the following: Company/Corporation, Contract Owner, Doing business as (DBA), Government, Joint Venture, Partnership. Additionally, for properties built in or since 2008 where Assesse or Owner Name contained one of the following, they were also excluded from the EHAFS-L count: LLC, L.L.C., builder, homes, assoc., develop, bank, mortgage, church, prayer. If a property was built prior to 2008, it was not subjected to Assesse or Owner Name qualification. As a result, foreclosed properties built prior to 2008 and which reverted back to bank ownership are included

¹⁵ Two measures of Existing Homes Available For Sale (EHAFS) are computed. One estimate is based on LPS data—EHAFS-L. One estimate is based on Census Data—EHAFS-C.

in the EHAFS-L count. Using this approach, it is possible that an existing home built and sold after 2008 but in foreclosure might be counted as a new home.

EHAFS Data Issues

Several issues were identified in estimating the EHAFS-L count.

Null-Year Properties: There were 7,340,879 properties for which LPS had no information on the year built—i.e., no Assessor, Deed or SAM sales on record. The states with the largest share of these properties include Wisconsin (14% of 7.3 million), Michigan (10%), Illinois (9%), Iowa (8%), and Louisiana (6%). There are two ways to treat these types of properties, delineated as “null-year” properties.

- First, null-year properties could be excluded from the EHAFS-L count. Subsequently, the grossing-up of sales based on the relationship between LPS estimated EHAFS-L and the Census EHAFS-C estimate would account for this omission, assuming that the turnover rate of null-year properties was consistent with other properties for which sales data was available.
- Alternatively, in areas where EHS has at least 25 percent coverage, the null-year properties can be included in the EHAFS-L count. In those cases, they are assumed to account for properties that have not in fact turned over.

In most cases, there is no prior sales information for null-year properties. However, there are also a number of cases where the year the property was built is not recorded in the assessment file, but subsequent sales information is available. There are 202 counties for which data exclusively comes from the assessment records, are flagged as having EHS coverage for 2010, and do not have year built information on at least 50 percent of the properties. In such cases, property is counted in 2010 EHAFS-L regardless of when the property was built. It is thus possible that a newly constructed home not previously sold is inadvertently counted in the EHAFS-L. By the same token, a new home sale may be inadvertently counted in the EHS as well.

Multifamily Units: For certain land use codes used for the EHAFS-L count, there may be some bias introduced in the estimate. First, all duplexes and triplexes are counted as EHASF-L regardless whether they had a condo rider or not. It is conceivable that in some states, apartment complexes offer duplex and triplex units to renters. Counting these may overstate the EHAFS-L estimate. Additionally, LPS treats multifamily units in apartment buildings as one unique property rather than identifying the number of units within the building. Since the EHAFS-L count derived from LPS data counts only multifamily units that are also condominiums, the exclusion of apartment buildings from the analysis should not be a problem.

Date Consistency: Finally, EHAFS-L is the stock of total existing homes that could sell for at least the first time in a given year. This number is not exactly comparable to an inventory as of a given date, in the case of the Census—April 1. Based on the analysis of LPS data we generated an estimate of EHAFS-L for 2010, broken out between condominiums and single-family residences.

Estimation of Existing Homes Sale (EHS) Based on LPS Data

Existing Home Sales are the count of arm's-length sales of previously sold homes - that is homes classified as EHAFS-L. The EHS-L data comes from Deed and Assessment records only; mortgage data is not used. To be included in the EHS-L count for a specific year, a property would have had to meet EHAFS-L criteria and be sold in the year tallied.¹⁶

In order to identify a sale, sales are sorted by year and then by recording date(s) within the year. Deed sale records were taken as priority over Assessment sale records. In areas with full deed coverage, assessment records were not counted. However, if deed coverage is not complete and if two records were pulled based on Assessment and Deed Data, and have the same month and year, the Deed record is taken.

To identify EHS-L in Deed records, a sale is counted if Document Type Code is not one of the following:

¹⁶ Existing Home Sales based on LPS data are denoted as EHS-L. The ultimate objective is to estimate total EHS reported by NAR; these are simply denoted as EHS.

Figure 6

AG	Agreement of Sale
CS	Contract of Sale
IT	Intrafamily Transfer & Dissolution - Due to dissolution of marriage, refinancing or the document reports a transaction is between family members for any reason (at least one party has to have the same last name under Buyer & Seller) & no consideration (in non-disclosure states, where sales price is unavailable, when it is unclear that the parties are related, default to coding according to document heading) . NOTE: If parties have same last name and there IS Full consideration, the doc type code will reflect document heading.
GF	Gift Deed
TD	Trustee's Deed (Certificate of Title)
DL	Deed in Lieu of Foreclosure
FC	Foreclosure
LD	Land Contract
SD	Sheriff's Deed - Common in New Jersey. The default code for transfers where borrower is in default, in other states document may be called something other than Sheriff's Deed, i.e. "Masters in Equity Deed" in SC.
GR	Ground Lease
LA	Legal Action/Court Order
PA	Public Action - Common in Florida (Clerks Tax Deed or Tax Deeds). Also when property sold for taxes.
QC	Quit Claim Deed

Additionally, the record is not counted in the EHS-L if the Buyer is one of the builders identified by LPS or if the Sale Transaction Type is coded as a new residential construction transaction.

The EHS-L estimation method encounters challenges in identifying properties with two transactions in a year—that is, properties that are being flipped. For example, if two sales are identified in Deed data and are more than 3 months apart, both sales are counted. The 3-months rule is introduced to avoid counting two sales based on multiple document filings for on a single sale. In using the Assessment records, however, properties sold more than once a year may be more difficult to identify if the county records do not keep data on previous sales. Consequently, EHS-L counts in states where the data largely relies on Assessments records may be undercounting some of the EHS-L. Finally, foreclosures reverting ownership to a bank are excluded from the EHS-L count by exclusion of certain Document Types, for example Trustee's Deed and Foreclosure, as well as counts where Buyer is the lender or where buyer is in LPS

Lender Table. In contrast, foreclosures sold off by banks to the public are included in the EHS-L count.

LPS Coverage

Although SAMs coverage information is available, only deeds and assessments coverage is used, because in all cases where there is SAMs data available, there is also either deeds or assessments coverage. There are three types of EHS coverage: full, partial, and no coverage.

Full EHS Coverage

A county is classified as having 100 percent coverage in 2010 if either deed date range and/or assessment sales date range covers the entire year 2010. In those cases, the total EHS 2010 count as reported by LPS is used. There are 1,337 counties with full coverage, representing 83 percent of total housing units.

Partial Coverage

A county is classified as having partial coverage when deed or assessment date ranges do not cover the entire year of 2010; that is, data are available for some—but not all—months. There are 824 counties with partial coverage in 2010 representing 9 percent of total housing units. In cases with partial coverage, total 2010 EHS-L count is obtained by extrapolating the reported LPS count to the full year. This method may introduce a degree of bias into the EHS estimate because the sales count for the part of the year for which data is not available is assumed to follow the same trend as for the count available. The approach fails to consider seasonality patterns. The extrapolation was performed for counties with at least 25 percent of annual coverage. Counties with less than 25 percent coverage are treated as having no coverage. There are, in fact, very few counties with less than 50 percent coverage in cases for which coverage is available.

There may be upward bias arising in cases where the last recorded sale was prior to 2010. In these cases the method assumes no coverage for 2010, and the sales are extrapolated based on

the state's turnover rate. However, in rural counties with limited home sales activity, it may be that there simply were no sales in 2010.

As an alternative approach, in areas where EHS-L data are obtained from the assessment records, it is possible to use the date the assessment file was produced to determine the partial coverage instead of relying on recorded dates alone. Using this method instead may reduce the upward bias. In the next iteration of the re-benchmarking process, we intend to address both the seasonality issue and the use of date the assessment file was produced. In addition, we intend to address the potential variation between urban and rural turnover rates, which may further limit any bias resulting from extrapolating the coverage.

No Coverage

A county is classified as having no data coverage in 2010 if any of the following occurs: (1) either deeds date range or assessment sale date range does not cover any days in 2010; (2) if assessment records do not contain information on sales; or if (3) a county's coverage accounts for less than 25 percent of the year 2010 (as discussed in the previous section). There are 981 counties with no coverage, representing 8 percent of total housing units.

For counties with no coverage, the EHS-L turn-over rate is assumed to be the same as for the counties in the state for which there is EHS-L coverage. The assumption of consistent turnover rate may lead to upward bias in EHS-L estimates.

Estimation of EHAFS Based on 2010 Census Data

Data from the 2010 Census were used to estimate EHAFS-C, for comparison with the EHAFS-L estimate obtained from the LPS data. Using the 2010 Census data, the total count of EHAFS-C was based on county level data from the 2010 Decennial Census, Summary File 1, Tables H3, H4, H5, and HCT1 on General Housing Characteristics in 2010. Summary File 1 (SF 1) contains the data compiled from the questions asked of all people and about every housing unit. Housing items include occupancy status, vacancy status, and tenure (whether a housing unit is owner-occupied or renter-occupied).

Summary File SF1 does not break out the number of units in structure. The units in structures provide information on the housing inventory by subdividing the inventory into one-family homes, multi-family homes, apartments, and mobile homes. The latest available product containing the units in the structure information by tenure for all counties is 2005-2009 *American Community Survey (ACS)*¹⁷. Thus, distribution of owner-occupied and renter-occupied by units in structure, based on information from the *ACS*, is applied to the Census 2010 SF1 count. The next available data on distribution of units in structure by tenure will be available in 2006-2010 ACS which is expected to be release at the end of 2011.

The housing units considered in the EHAFS-C include the following: 1) all owner-occupied housing units except mobile homes and the category including boats, RV, Van, etc.; 2) all renter occupied 1-unit detached units and a share of multifamily units (includes 1-unit attached and 2 or more units) that are condominiums; and 3) vacant units that are for sale, sold but not occupied, seasonal, and other vacant (Other Vacant—If a vacant unit does not fall into any of the categories specified above, it is classified as “Other vacant.” For example, this category includes units held for occupancy by a caretaker or janitor, for migrant workers, and for personal reasons of the owner).

Given the lack of data on the share of renter occupied condominiums in the Decennial Census or the *ACS*, renter condominium occupancy data is obtained from the 2009 *American Housing Survey (AHS)*. The *AHS* is however available only at the national level and for four Census regions. Thus, rates are applied at the Census region level. Also, rates are generated separately for 1-unit detached and 2 or more housing units. Estimation of 2010 EHAFS-C is presented in (1) where subscripts Census and ACS indicate the data source:

$$2010 \text{ Census EHAFS-C}_{\text{state}} = (a - b) + (c + d) + c + e - f \quad (1)$$

a = all owner-occupied units_{Census}

b = owner-occupied mobile homes + owner-occupied boats, RV, etc. =
 = (owner-occupied units_{Census}) * (% owner-occupied mobile units_{ACS} + % owner-occupied boats units_{ACS})

¹⁷http://www.census.gov/acs/www/Downloads/data_documentation/SubjectDefinitions/2009_ACSSubjectDefinitions.pdf

c = all renter-occupied 1-unit detached =
 = (renter-occupied units_{Census}) * (% renter-occupied 1-unit detached_{ACS})

d = renter-occupied condominiums =
 = (AHS₁% * % 1-unit attached_{ACS} * renter-occupied units_{Census}) + (AHS₂% * % 2+
 units_{ACS} * renter-occupied units_{Census})

e = vacant for sale + vacant sold/no occupied+ vacant seasonal + vacant other

f = 2010 housing starts, SAAR

AHS₁% = percent of renter-occupied 1-unit attached that are condominiums

AHS₂% = percent of renter-occupied 2+ units that are condominiums

As noted by f, new construction built in 2010 is excluded from the estimate. New privately owned housing units started is available from Bank of Tokyo-Mitshubishi UFJ at state level. Data is seasonally adjusted at annual rates.

Differences between LPS and Census projections for EHAFS

Given the number of assumptions made in the Census and LPS estimates of the EHAFS, the two often differ even for areas for which full coverage is available in 2010. Differences may arise for a number of reasons.

- First, there may be differences in the way land uses are captured. While the Census estimate attempts to account for renter-occupied condominiums, it does so at one of the four Census region levels. Naturally, that share may vary significantly within regions as well. Also, there may be differences in the way two sources categorize modular and mobile homes.
- The Census estimates EHAFS-C based on April 1, 2010. In contrast, LPS records accept a house as EHAFS-L if it is sold at any point during the given or previous years.
- In addition, in the case of LPS furnished data there are over 7 million homes nationally for which there is no record of year built. These are the null-year built properties, which are

considered in the estimation process. The Census includes these properties in its inventory count.

Computation of Existing Homes Sales

The states were divided into four groups, based on the quality of available data at the county level. The eighteen states of Group 1 had data that appeared to have complete coverage based on courthouse records. In the other states, a number of assumptions previously outlined needed to account for lack of data or coverage:

- Group 1 States: A review of the data at the county level for the 18 states in Group 1 indicated that the annual sales and housing stock data were complete and usable as presented. Data was available for the entire year for all of the counties. Accordingly, the EHS-L data was adopted as an input to the estimating process, requiring no further adjustment for the 2010 base year.
 - Group 1: 18 States, 100 Percent Coverage: AZ, CA, CT, DC, FL, GA, HI, MA, MD, NH, NJ, NV, RI, TN, VT, CO, NY, OH
- Group 2 States: Consisting of 14 states, the EHS-L and EHASF-L data appeared to be complete at the county level for 2010 for a subset of the counties. However, data was missing at the county level for the entire year for some of the counties. In these cases, the EHS-L data was grossed-up for the missing counties based on the relationships between EHAFS-C and EHAFS-L.
 - Group 2: 14 States, Counties at 0 or 100 Percent Coverage: AK, DE, ID, IN, ME, MI, NC, ND, NM, PA, SC, UT, WA, WI
- Group 3 States: Consisting of 13 states, this group included states with some counties missing data for all of 2010, and some counties having data for part but not all of 2010. In these cases county data was grossed up to a full year based on number of months missing data, and state data was grossed up to a full year based on number of counties missing data.

- Group 3: 13 States: Varying Coverage by County: AL, AR, IL, KS, KY, LA, MN, MT, NE, OK, OR, TX, VA
- Group 4 States: Consisting of 6 States, these states had levels of coverage that we considered to be inadequate. Too much data appeared to be missing to provide a reliable basis for estimation. Accordingly, we used the 2010 *ACS* estimates to account for their number of existing homes sales.
 - Group 4: IA, MO, MS, SD, WV, WY

Final Estimates—National Level

The table summarizes LPS, CoreLogic and Boxwood estimate of 2010 EHS. The “Total” numbers represent counts not adjusted for missing coverage while the “Grossed Up” estimates adjusts for missing coverage. The range of CoreLogic grossed up estimates is based on 85% and 90% extrapolation of CoreLogic data coverage. Boxwood EHS count is based on CoreLogic’s data, however it includes sales of new homes as well.

Table 6

	LPS	CoreLogic	Boxwood
TOTAL:	3,995,427	3,589,384	4,777,152
GROSSED UP:	4,292,588	3,988,204 - 4,222,805	

Courthouse Estimates—State Level

At the state level the magnitudes of the revisions vary from state to state, and in many cases were significantly greater than was the case for the national data. The size of the revisions appears to be a function of a variety of factors:

- The initial benchmark may have been subject to an error; this could particularly be the case where comprehensive data were not available.
- MLS/Board consolidation, posting on multiple MLSs, reporting inaccuracies, or changes in business composition over time may have resulted in cumulative inaccuracies.
- Inaccuracies in processing the data may have cumulated over time.

Conclusions on Courthouse Data

The brief review of assumptions and adjustments required to implement the re-benchmarking process using courthouse level data suggests that at this time the available data are not standardized and therefore subject to large fluctuations depending on the set of assumptions used in the analysis. This appears largely to be a function of the data generation and collection process. Courthouse data are public records and can be filed and processed, and sent to a data vendor, such as LPS and CoreLogic, with delay. In addition, for a number of counties data collection by the vendor may not have yet been implemented. Finally, in some cases a review of the compiled data is impeded by a lack of consistency or clarity across records in terms of the delineation of type of transaction.

It appears that coverage of courthouse records continues to improve. Accordingly, future re-benchmarking efforts may be able to make increasing use of these data sources.

Mr. GOWDY. Thank you, Dr. Yun. It is good to have someone from South Carolina here.

Mr. Jankowski.

STATEMENT OF PATRICK JANKOWSKI

Mr. JANKOWSKI. I want to start by thanking you Chairman Gowdy and Ranking Member Davis for inviting me here to talk about the American Community Survey.

My name is Patrick Jankowski and I am the vice president of research at the Greater Houston Partnership. We are an economic development organization.

One of the things that we do at the Partnership is we try to grow the region's economy. We try to grow jobs, try to expand the tax base, and try to bring investment to the region. Basically, we are trying to build prosperity in the region. This is a job I have been doing for about 30 years. I started at a college in 1981 doing this.

How do you recruit businesses to a region that has changed so much over the last 30 years? When I first got started, we would have a company call us up and want to know do you have a piece of real estate and is it well served. That was all they wanted to know, real estate infrastructure. That was in the old economy, that was in the industrial age. Now we are in the information age we're in the global economy.

When we work with companies and companies come to the region, they want to know something about real estate and know something about infrastructure but one of the most key issues they are asking about is the work force and the demographics of the region they work in and that they are looking at putting it in.

It is the nature of the questions they ask. We will be working with a Japanese firm. The Japanese firm will be looking at coming to Houston and they want to know what is the size of your Asian community, what is the size of your Japanese community. They want to know because they need to make sure that their ex-pat workers they assign to come to Houston are going to feel comfortable working there.

We will be working with an engineering firm and the engineering firm will want to know, obviously, how many engineers do you have and how many technicians do you have in the region. They want to know that so if they relocate to Houston, they open up in Houston, they are bringing jobs to Houston, they will be able to meet their staffing needs.

We work with office centers and call centers. They ask us about commute times. One of the reasons is they want to know is it going to be difficult for their employees to get to work. They want to know if it is going to create staffing problems.

These are real life examples. We have 100 Japanese firms in Houston. We have been able to recruit because we have this sort of data. With engineering firms specifically, we have Vestas Wind Energy, a Scandinavian company, which came to Houston to do development and R&D work because we were able to provide them with data about engineers. Just about any company that looks at Houston wants to know about commute times.

It is so important that we have this good data, the data we get from the ACS. It is also so important just because of the nature

of the changes which have been occurring in the economy and which have been occurring in the population over the last 10 years. It is so important that we get the ACS data on a regular basis.

Houston for example, added 1.2 million people in the last decade. Of that, 745,000 of those are Hispanic. If we didn't have the ACS data, we wouldn't see these changes which are going on in our population. Consider that there were five metropolitan areas that added over 1 million people between the censuses. There were another 6 that added half a million and another 50 that added over 100,000. There are 51 metropolitan areas that lost population between the census. If we didn't have the ACS data, we wouldn't be able to see these changes which are going on.

Houston has been fairly successful. We actually had a pretty good year last year. We actually were able to recruit about 34 companies to the region or convince them not to leave the region. The ACS data is the sole thing which kept them there. We like to think we have a good business climate, but we were able to provide them with the data so they can understand the population, they can understand the work force and be comfortable in making a decision to invest in the region, to create jobs in the region, and to grow our tax base.

I am not unique. I like to think I am unique but I am not unique. There are at least 5,000 other organizations like mine across the United States in small cities, counties and States that are trying to recruit businesses to their region. They rely very heavily on ACS data when they are trying to make their pitches to convince companies to relocate to their region.

If we make the ACS voluntary, as my fellow panelists have talked about, the quality of the data is going to go down. If the quality of the data goes down, we are not giving the business community the sort of good information they need to make these business decisions. That is why I like to say making the ACS voluntary is a bad decision. We need to continue to give the business community good information so they can make good business decisions to help grow our tax bases, grow jobs and increase investment.

Once again, thank you for allowing me to speak and I am ready to answer questions.

[The prepared statement of Mr. Jankowski follows:]

**Testimony before the House Subcommittee on Health Care,
District of Columbia, Census and the National Archives**

**“Pros and Cons of Making the Census Bureau’s American
Community Survey Voluntary”**

Testimony Prepared By

Patrick Jankowski
Vice President, Research
Greater Houston Partnership
pjankowski@houston.org
713-844-3616

Tuesday, March 6, 2012

Good morning and thank you Chairman Gowdy, Ranking Member Davis, and distinguished Members of the Subcommittee for holding this hearing. My name is Patrick Jankowski and I am Vice President of Research for the Greater Houston Partnership, an economic development organization representing the 10-county Houston-Sugar Land-Baytown Metropolitan Statistical Area. I am here to talk about the American Community Survey, the importance of that survey to the business community, and the need to maintain the mandatory requirement for filling out the survey.

Before I begin my remarks, I want to acknowledge Congressman Ted Poe, a fellow Houstonian. Congressman Poe, I have been a fan of yours since the ‘80s. I’ve lived in Houston all my life and I remember when you served as a federal judge. When I’d hear about the sentences you handed down, I saw you as a man who understood how to mete out justice. As a fellow native Texan, I know we share the same respect and love for our state and its history. I suspect we agree on many other issues, and I hope we have the opportunity to work together on those issues in the future. This is one area, however, in which we disagree, and I’ll explain why.

As an economic development organization, the Greater Houston Partnership works to create prosperity in our region. The Partnership does that by working with companies to retain and create jobs, to make investments to expand the tax base, to increase general business activity, and to grow local incomes. The Greater Houston Partnership is not unique in this. There are more than a 5,000 economic development organizations in big and small towns across America working toward the same goal—increasing the prosperity and economic well-being of their communities. In essence, I am speaking not just for myself, an economic development practitioner who has worked for 30 years to

build prosperity in Houston, but for the entire economic development community across the U.S. We all work toward the same purpose—recruiting business, creating jobs, and growing our tax bases.

Thirty years ago, when I began my career in economic development, a company's relocation or expansion decision was based on two main concerns – real estate and infrastructure. When a business came to look at Houston they would ask, "Do you have a piece of land and is it rail served?" Those were the driving factors in the Industrial Age. Business decisions are now data driven. Before a corporation decides to open a factory or an office, they will examine real estate costs, wage rates, tax liabilities, transportation networks and the social and demographic composition of the workforce. Today, in the Information Age and the era of global competition, a region's demographics weigh heavily in whether a company decides to invest in one's community and hire your workers.

Let me provide you with some examples as to the role demographic data plays in Houston. When a Japanese company considers opening a plant in our region, they always want to know something about the size of Houston's Asian community. Why? They need assurance that any expat workers they assign to Houston will be comfortable there. When a European company wants to open and research and development facility in Houston, they ask about the number of engineers and scientists that live in the region. Why? They need assurance that they can find the technical talent they need to develop their new products. And when a U.S. firm seeks to open a records processing or customer service operation in Houston, the company often asks about commute times. Why? They want to know how long it will take their employees to get to work and whether this will cause staffing problems at the new operation. For the record, there are now more than 100 Japanese firms operating in Houston, the European firm mentioned above is Vestas Wind Energy, and the questions about commute times comes from just about any company that seriously looks at Houston.

Where do we get all this information? From the American Community Survey. The ACS is one of the most important tools in our kit. By providing good data to corporate decisions makers, those decisions makers can make good choices about where to expand their operations, and when they choose to expand their operations, they create jobs in our community. The ACS, along with other tools and programs (and a great business climate), helps the Greater Houston Partnership attract dozens of companies to Houston each year.

Last year, we worked with 34 companies that relocated, expanded or retained operations in Houston. These companies announced plans to create or retain nearly 9,000 direct jobs in the region. When the multiplier effect is factored in, there will be another 16,000 indirect and induced jobs associated with these projects. Those companies have also committed to investment nearly \$750 million in the local economy. While the great data that comes from the ACS wasn't the sole determinant in those firms choosing Houston, it helped us make the case that Houston had the workers they needed and was thus the best place for them to expand their operations.

The survey's role in making good business decisions becomes even more important when one considers the population shifts over the past decade. Between the 2000 and 2010 Census, four U.S. metros added more than a million residents, six added more than half a million, another four dozen added more than 100,000 and another 51 metros lost population. That's more than 100 metros with significant population shifts over a decade. Without the detailed data available through the ACS, we wouldn't know what shifts were taking place in race, ethnicity, age, income and education profiles of these metros.

Which brings me to my concern about making participation in the ACS voluntary. The U.S. Census Bureau has conducted tests that determined that response rates drop significantly when the survey becomes voluntary. And with a lower response rate the quality of the data declines significantly. As the quality of the data declines, the business community's ability to make sound hiring and investment decisions declines as well. To maintain the quality of the data with a voluntary survey, the bureau would need to increase the sample size, increase the number of mailings, and engage in more telephone interviews and one-on-one meetings. This would dramatically increase the cost of conducting the ACS at a time when the federal government is already under considerable fiscal constraint. The fiscally responsible action to take, if Congress wants to continue providing its citizenry with good data upon which to make sound business decisions, would be to keep the mandatory requirement of the American Community Survey. For all these reasons, I respectfully ask that the mandatory requirement of the ACS remain in place.

Chairman Gowdy, Ranking Member Davis, and distinguished Members of the Subcommittee, thank you for allowing me to speak on this issue. I welcome any questions that you may have.

Mr. GOWDY. Thank you, Mr. Jankowski.

I will now recognize myself for 5 minutes.

I want to be extremely clear at the outset. I don't doubt for a second the helpfulness of the information. I don't doubt for a second the importance of the information. What I am trying to determine is whether or not it is important enough to send someone to jail who doesn't answer it.

Let me ask you, Mr. Biggs, do you think it is important to register to vote?

Mr. BIGGS. Do I think it is important? Voting is voluntary.

Mr. GOWDY. That is not my question. My question was, is it helpful and important to vote?

Mr. BIGGS. Sure.

Mr. GOWDY. In fact, one could argue that is the ultimate national survey, right?

Mr. BIGGS. Correct.

Mr. GOWDY. If you want to take a mood on how people feel and what they are thinking, go check the election results. What is the penalty for not registering?

Mr. BIGGS. In our country, nothing.

Mr. GOWDY. What is the penalty for not voting?

Mr. BIGGS. Nothing.

Mr. GOWDY. You can understand how vexing it would be to some of us when the census was designed and calculated so you can apportion the different congressional seats. That is why we have a census. I don't think anyone is going to argue that the founders put that in the Constitution so we could have more demographic information for realtors. It is to apportion the congressional seats. That is the reason we have a census, yet we don't punish people for not registering to vote, we don't punish people for not voting and no one is advocating that we do. We do punish people who don't respond to portions of this form that have nothing to do with that right.

I want to walk through not the helpfulness of it. I don't doubt that. I am not even doubting the importance of it. I want to ask about the constitutional grounding of being able to ask this. Director, I want to start with you and ask what level of scrutiny you think we should apply? I have heard the words compelling interest and I have heard important interest. Those are two different levels of constitutional scrutiny. Would you say that the government has a compelling interest in this information or just an interest in this information?

Mr. GROVES. If you go to the words in the Constitution, Article I, Section 2, it clearly gives Congress the responsibility to direct how the census is done.

Mr. GOWDY. Agreed.

Mr. GROVES. Then in order to understand what the intent was, I think past Congresses have looked at the first Census Act and there it is absolutely clear, I think most historians read it that the intent was a full enumeration of the population in order that the reapportionment was equitably and fairly done and the mandatory nature is specified from the get go.

Mr. GOWDY. I don't want to cut you off but I only have 2 minutes now and I need to go through the form with you to ask you wheth-

er or not the governmental interest is important or compelling because the courts that look at this will have a different analysis if you say it is compelling versus if you say it is important.

The first several questions, I don't think anyone challenges you have to know the age so you can apportion voting age population. You can't stuff a district with only people under the age of 18, so you have to know the age, you have to know the gender and you have to know the race. I am fine with compelling people to answer that.

Whether or not someone is forgetful, do you agree with me that the First Amendment, while it protects your right to speak, also protects your right not to speak?

Mr. GROVES. With all due respect, I am not sure whether it matters whether I agree but what the intent of Congresses has been over the decades. Congresses have specified additional information and then the courts have, in discussions not unlike this, asked the question, is it right that the government compel. Those cases seem clear that the intent of those Congresses was upheld by the courts.

Mr. GOWDY. I think those cases dealt with the Fourth Amendment and not the First Amendment which is why I asked you specifically about the First Amendment. Those were privacy cases; those weren't speech cases.

Mr. GROVES. I am not an attorney.

Mr. GOWDY. I am not much of one either, but my reading of it is those were Fourth Amendment and not First Amendment cases, and I am almost out of time and perhaps we will have a second panel. Again, no one has to convince me it is helpful. Before all the realtors email me and call me from back home, nobody has to convince me it is important. Nobody has to convince me it is helpful.

You have to convince me that it is important and helpful enough to send a person to jail who wants to exercise their right not to answer it.

With that, I would recognize the gentleman from Illinois.

Mr. DAVIS. Thank you very much, Mr. Chairman.

I think maybe we might have to have a second round because you have generated some thoughts even in my mind relative to the whole question of congressional intent. It seems to me I think the intent was to get as much information as was considered useful at the time. I agree there are changes that have been occurring. As those changes have taken place, we readjust and readjust our thinking in relationship to what is needed.

I think there are even bodies of knowledge now that did not exist in 1790. So they would not have thought necessarily of the usefulness of some things. I guess trying to form this more perfect Union, I guess they knew it wasn't perfect and still isn't, but it is in formation. Every time we learn something new and readjust, then I think we are moving toward the perfection that we hope to have, even though I don't think we will ever get there because if we ever got there, then we would have to stop.

As I was thinking about the issue, my questions become even if we find ways to save money in one way, and I think everyone associated with government or thinking about government are thinking how do we get the most mileage out of what we are spending? Oftentimes, I am reminded of an individual who lived back before

some of this was written, a guy named Frederick Douglass. He always said there was one thing he knew if he didn't know anything else, and that is he knew that in this world, we may not get everything that we pay for, but we most certainly must pay and will pay for everything we get. If we don't pay one way, then we will pay another way.

If there is some information that is needed to make a certain kind of decision and we don't have that data, or if the data we have is not as accurate as perhaps it could have been, maybe we make an error and the error may outweigh what would have been the cost of another level of accuracy. Do either one of you think that is something we ought to be thinking about as we think of streamlining and reducing and trying to spend the least amount of money that we possibly can with the greatest level of effectiveness? Mr. Director, let me begin with you.

Mr. GROVES. The question of the mandatory nature of ACS is related to your points through an indirect effect of making the ACS a voluntary survey. If it became voluntary, as the past research showed, the very small area uses that these gentlemen have mentioned and other people around the country rely on ACS for, those uses are threatened mainly because of the production of very unstable estimates at the low level.

What happens with unstable estimates is that schools will be built in neighborhoods where there aren't enough kids, retail stores will be built that won't fulfill their sales projections, roads will be built where cars won't need them. There are costs to the quality impacts and the instability of estimates at the small area. In thinking through these tradeoffs, I think it is critical to talk also about the cost side of change.

Mr. GOWDY. I thank the gentleman from Illinois.

Mr. Jankowski, are there any questions that can't be asked?

Mr. JANKOWSKI. I haven't gone through the whole survey to look at which questions can't be asked.

Mr. GOWDY. No, I mean are there any questions in general that can't be asked? What is off limits?

Mr. JANKOWSKI. You mean philosophically?

Mr. GOWDY. Not even philosophically. If the standard we are going to use is what is helpful and what is important, can you ask the people at that residence whether they have committed any crimes in the last 12 months because heavens knows, we need to apportion law enforcement services?

Mr. JANKOWSKI. I think there is something in the Constitution about self incrimination.

Mr. GOWDY. There is. There is the Fifth Amendment that comes down from the First Amendment which says you don't have to talk.

Mr. JANKOWSKI. Yes. So in that case, that sort of question would be off limits.

Mr. GOWDY. What about whether or not someone takes any pharmaceuticals and to list the drugs they take by name so EMS can know when they respond whether or not there are any counter indications in terms of how they treat someone in case of an emergency? Can you ask what drugs are being consumed there?

Mr. JANKOWSKI. In a census form?

Mr. GOWDY. Sure.

Mr. JANKOWSKI. I don't see the practical application of something like that.

Mr. GOWDY. How about whether or not the person there has trouble concentrating?

Mr. JANKOWSKI. That, I can see because you need to be able to deliver services by geographic area.

Mr. GOWDY. What service? What service would be impacted by lack of concentration that wouldn't be impacted by what kind of pharmaceuticals you are taking?

Mr. JANKOWSKI. Like nursing homes, day care for the elderly, things of that nature, services that you would provide, social services to provide people who are having difficulty taking care of their elderly relatives.

Mr. GOWDY. I have heard reliable used a lot. Is self diagnosis the most reliable way to get that information?

Mr. JANKOWSKI. No, it is not. I don't think it is an issue of self diagnosis. I think this is an issue of someone who probably has already been diagnosed in their household by their doctor and they are just confirming on the form that it has already been diagnosed by a medical professional.

Mr. GOWDY. Can you ask them what kind of magazines they read, what kind of TV shows they watch?

Mr. JANKOWSKI. I think Nielsen does that.

Mr. GOWDY. That is my point. There are a lot of other people who ask these same questions. Is the mortgage information available from other sources?

Mr. JANKOWSKI. You probably need to defer that one to my colleague to the right. That is an area that I am not very well based on, mortgage information.

Mr. GOWDY. Dr. Groves, is any of this information available from other sources?

Mr. GROVES. Some of the questions are asked in other surveys done both by other Federal agencies and the private sector, but what is unique about ACS is that the questions are asked of the same individual. That allows us to say not only what is the prevalence of disability in the country but what portion of the disabled are veterans. Since we ask both those questions, we can target the use of the information in a much more helpful way for small area decisions that are being made. That is the strength.

Mr. GOWDY. The annual payment for fire, hazard and flood insurance, the amount, is that information available from other sources?

Mr. GROVES. Yes, but once again, that single item in conjunction with other items allow us to calculate and to give to the Housing and Urban Development Department estimated living costs by housing type and that is critical in Section 8 administration.

Mr. GOWDY. I am going to ask the question again. What standard is the standard we should be using?

Mr. GROVES. I think it is very simple. It really is very simple.

Mr. GOWDY. What? Give me a simple answer.

Mr. GROVES. We have attempted to go through the questions on the ACS and ask of each one, is there a legal mandate to collect these. I believe we can send this to you at any moment's notice, the details, the statutes that require the collection of that information

either by the American Community Survey itself or by the Census Bureau in service of other Federal Government agencies. Then there are all the business uses that are not mandated statutorily, but are useful. That distinction I am with you on. I believe that is an appropriate distinction for Congress to make.

Mr. GOWDY. What questions can't be asked?

Mr. GROVES. What questions?

Mr. GOWDY. Cannot be asked?

Mr. GROVES. In a similar meaning of the term that you used?

Mr. GOWDY. Yes. Can you ask about medicines because EMS does need to know when treating someone at the house?

Mr. GROVES. I believe that would not meet the standards of the American Community Survey, so our question is, where is the statute that requires the collection of information for the use for the common good if we find that is the threshold we are looking for in the American Community Survey?

Mr. GOWDY. My time has expired.

The gentleman from Illinois, Mr. Davis.

Mr. DAVIS. Voluntary versus mandatory ACS studies in 2003 and 2004, the findings demonstrated an over 20 percent decrease in participation when the answers were voluntary. This seemed to me to be a large decrease for a limited population and the Census Bureau concluded that moving to a voluntary ACS would compromise the quality of the data and increase the cost of administering the ACS.

In addition to that, it seems to me if you are making decisions about something and you have 20 percent less information or less accurate information, would that drive up the cost of not only getting the data that you need, but would it also compromise the likelihood of the validity or the highest level of validity of decision-making that then would occur?

Mr. GROVES. It is clear to me that the credibility of the ACS statistics used by people throughout the country is dependent on the rate of participation we get. It is also clear from the 2003 studies that participation rate would go down with a voluntary survey.

Our estimates are that roughly 600,000 houses that are responding now relative to about the 2 million that respond each year would be threatened under this. It is important, I think, to understand why. The first receipt of an American Community Survey is through the mail. All of us sort through a mail making a decision about whether to open the envelope or not. Is it important enough to gain our attention?

The American Community Survey has a message on the envelope that notes the legal basis and the mandatory nature. That has been shown through the research to be an effective tool merely to open the envelope. Once the vast majority of people do that, they then end up eventually completing the survey.

It is important to talk about the tradeoff. What would happen if we made ACS voluntary? Imagine that world and we are blessed that an earlier edition of this committee urged us to do that research. We now have the research findings and the research findings suggest that some of the key uses of ACS are gutted by the voluntary nature and we have to talk about that.

Mr. DAVIS. I know the chairman was concerned about the issue of individuals being penalized for not complying or not answering the questions. Individuals may end up potentially becoming incarcerated. Certainly given the fact that we incarcerate more people than anybody else in the world, I wouldn't want to see anybody incarcerated because they refused to answer some census information that was inquired.

Do we have much record of people having been prosecuted for refusing to answer questions on census forms?

Mr. GROVES. I have been in this job since 2009 and I asked the same questions about how we implemented the mandatory nature. I can't find an example of prosecution attempts on ACS. When I asked why, why is it mandatory and why don't we prosecute, the answer is that we found over time that the note that this is mandatory and the ability of our interviewers to explain why these data are so important are much more effective than any prosecution could be. No one has been fined, is what I am told, because of non-compliance with ACS.

I remind us that the rate of participation is about 98 percent of the sample. This is extraordinarily high. There is no other survey in the United States that reaches this level of participation.

Mr. DAVIS. Thank you very much.

I yield back, Mr. Chairman.

Mr. GOWDY. Thank the gentleman from Illinois.

The Chair will now recognize the gentleman from California, the chairman of the full committee, Mr. Issa.

Mr. ISSA. Thank you, Mr. Chairman.

Mr. Jankowski, a short answer hopefully. The information for the census is useful and you would like to have it, right?

Mr. JANKOWSKI. Yes, sir.

Mr. ISSA. It is valuable and you would like to have it?

Mr. JANKOWSKI. Yes, sir.

Mr. ISSA. Mr. Yun, the same would be true, the information is useful and you would like to have it? It is valuable and you would like to have it?

Mr. YUN. Yes, if it is a random sample. If it is not a random sample, then the results would not be that meaningful.

Mr. ISSA. You want good data, it is valuable?

Mr. YUN. Yes.

Mr. ISSA. Dr. Biggs, you are maybe a little less interested in it, but would you agree that this is valuable information?

Mr. BIGGS. I have no financial interest, but yes, it is valuable information.

Mr. ISSA. You know that the private sector, associations and true private sector, they want to have it, they use it and it is valuable to them?

Mr. BIGGS. That is correct.

Mr. ISSA. They get it for free, right?

Mr. BIGGS. Yes, they do.

Mr. ISSA. Director, your turn. You are not selling this. It is valuable. Statutorily, you are not allowed to sell it, is that correct?

Mr. GROVES. I am not sure.

Mr. ISSA. Let me get to the question behind the question. If ultimately one of your great defenses is that it costs more to do it an-

other way, then the first question is, you can offset that by having the right to sell this very valuable information, so cost is a false facade, it is a canard, right? Ultimately, cost is something you are saying but it is not something you particularly care about as long as the revenue necessary either given to you by the taxpayers or provided to be collected for this valuable information, you don't have a problem with the raised cost then, do you?

Mark McCormick has passed away now, but he was a business write and he described what a problem is. Director, do you know what a problem is?

Mr. GROVES. No.

Mr. ISSA. It is something money won't solve. My first question to you, and the most important question for me in this hearing is, could money solve this problem statistically?

Mr. GROVES. That is a great question, first of all. It is a question I think about a lot. I can say that if there were an increase in the budget.

Mr. ISSA. In the budget for this particular line item, let us not go too far here today.

Mr. GROVES. Then it is unambiguous that we could restore the size of the data set, as it were, that produces the estimates from ACS. Then the critical question as these gentlemen have noted is would that reestablished size produce the same estimates. We have done some simulation on this and sometimes it works, sometimes it doesn't work. The jury is still out on the answer.

Mr. ISSA. Let us go to a more studied area. Director, you have written fairly extensively that you view enumeration could be done by estimation, that in fact the mandate on the Constitution, which we do argue about here in Congress, that says you will count could in fact be extrapolated for greater accuracy. Literally, the convincing argument that has not carried the day is that minorities are under-represented in the census because, in fact, they don't answer, they have these other reasons that they are not counted, and therefore, an extrapolation could increase the accuracy. You are well familiar with the issue and you and I have even talked about it in the past, right?

Mr. GROVES. Yes. I don't believe I have ever written a single word on this but I understand what you are saying, yes.

Mr. ISSA. That whole point is that we could potentially change outcomes using further analysis. In this case where there is no constitutional mandate and thus, no compelling reason under the Constitution at least to mandate people answer against their First, Fourth, Fifth and dammit, I just have a right to liberty set of constitutional rights because there is sort of that life, liberty and pursuit of happiness. It doesn't necessarily fit in the 10 but it is clearly there.

Back to the basic question, one, given enough money, you can overcome this or at least given enough money, you can find out if you can overcome it and to what accuracy, right?

Mr. GROVES. It would require a research program to nail it.

Mr. ISSA. Let us do a what-if here. If you in fact did a blind study or double blind study or triple blind study, you guys are much better at the terms for it, and you did both, and I say triple—if I can ask for an additional minute, Mr. Chairman.

Mr. GOWDY. Without objection.

Mr. ISSA. Thank you.

Where you had the straight voluntary, you had sort of the first four questions voluntary, and then follow up to try to encourage people to participate even if in fact they were reticent to do so, but ultimately that would be compared against today the you are going to jail if you don't answer this type of threat, if you did that, you would know more than you know today, isn't that correct, Director?

Mr. GROVES. That is correct.

Mr. ISSA. Once you do that, you would know whether or not you could receive, for the benefit of these people to your left because they want this information in many cases. It is valuable information and they think you are a better source of it for free than the people they pay millions of dollars to get it, right?

Mr. GROVES. That is right. Canada just did this.

Mr. ISSA. Thank God it is not Sweden. I love it when it is Canada instead of Sweden.

Mr. GROVES. They are still grappling with the results as I understand it, so it didn't work out according to expectations.

Mr. ISSA. In their case, they did these blind tests or did they change systems?

Mr. GROVES. They switched their so-called long form to voluntary, mounted it as a survey after their census in 2011 and there was a massive decline, an unexpectedly large decline.

Mr. ISSA. My time has expired. Mr. Chairman, are we going to have another round?

Mr. GOWDY. Mr. Davis and I have had a second round. Mr. Chairman, you are welcome to also have a second round.

Mr. ISSA. Thank you. I will be briefer in my second round than my first.

This is so important and there is so much question about whether or not the word mandate is necessary, and if so, to what questions. I think this is where, Mr. Jankowski, you were very good at answering some things and a little bit more deferring in others.

At the end of the day, can't we all agree that not every question has a compelling Federal interest that mandates it while, Mr. Yun, there are things which do not have a compelling Federal interest but you sure as heck would like to get the information.

Can we all agree that is sort of part of what the study is. It is not just about the absolute minimum, it is about nice to have information and in some cases, must have information and then it is a question of how you get it? Is that sort of where the two of you would be, you would like to have the information and you know some of it is needed, but some of it that we get, you really appreciate whether it is needed or not?

Mr. YUN. That is correct.

Mr. ISSA. Mr. Biggs, in your case, you are sort of my libertarian friend for a moment, if we can ask for this information and people voluntarily give it and we can statistically make it accurate for the other side and if we recover the cost in some way that is beneficial to the taxpayer either because the additional information is valuable, enough for him to pay for it or her to pay for it, or we sell it, are you okay, Dr. Biggs, with that?

Mr. BIGGS. In general, yes. You can make the economic argument for government conducting what we call basic research and I think this would actually fit into the category of that, but in general, I would. I am pretty well a libertarian person.

The number of programs and departments I think are unconstitutional would probably shock even you, but I think for somebody who is often accused of wanting to gut the government, I think the place to start is not through the eyes and ears of knowing what is going on out there.

If you cut that source of information, all the other government programs become less efficient. Because they are less efficient, you are extracting more from people than you otherwise would have to. You are serving them less well than you otherwise would. That has a cost not just financially, but a cost to their freedom.

I think the libertarian argument cuts both ways. I am all for cutting government. Is this the first thing we should cut? I don't really think so.

Mr. ISSA. Director, I am going to close with you. It looks like you have a great mandate here. You have a group of people who want to find a way to do this less onerously, you have a dais who is committed to making sure that information that is valuable to the taxpayers, directly and indirectly, is made available.

You do have some pushback on the mandated. It appears as though you don't currently have the kind of parallel, both studies in Canada and in fact, doing your own work with these various levels potentially. I put those out as a person who only had to take the required stats to get a business degree. You certainly eclipse what my teachers had, let us put it that way.

That is an invitation, I would say, for you to come to us with your proposals for how we get a win-win. Can we, in fact, have Dr. Biggs get what he wants which is that the onerous nature of mandate fades to zero potentially; Dr. Yun and Mr. Jankowski seem like they are fine with voluntary. They just want to make sure it is equally accurate.

I am sitting on the dais saying, I don't want the taxpayers to have to get a big increase unless it is absolutely mandated. Can you come back to this committee in relatively short time with at least some draft ideas of how we could work together to get the win for the three people to your left and the win for Mr. Poe and the other people who believe that today, this mandate, in its current form, needs to go away completely? The committee certainly would like to find a win-win. Can you do that for us?

Mr. GROVES. I think this is the proper role for me and my colleagues to comment on the technical matters and for you to address these more philosophical matters of what should be mandated. I would be happy to do so.

Mr. ISSA. I thank you. I have never had a bad hearing with you or a bad meeting with you, so this doesn't surprise me.

Mr. Chairman, Mr. Davis, and Mr. Clay who has joined us, I thank you for this hearing. I think it is a good first step. We obviously are the exclusive committee of jurisdiction for the census and we take it seriously.

I thank the chairman and yield back.

Mr. GOWDY. I thank the gentleman from California.

The Chair would now recognize the gentleman from Missouri, Mr. Clay.

Mr. CLAY. Thank you, Mr. Chairman.

I thank all the witnesses for coming today. It is good to see Director Groves again. I appreciate the hard work that you and the Bureau did during the 2010 census. I believe it was one of the most accurate and complete we have ever done.

I am, however, concerned that this is the first time that this committee in the 112th Congress is examining an issue related to the census. When I took over as Chair of this committee in 2007, I discovered that during the previous 7 years, my friends on the other side of the aisle had held only two hearings about the 2010 census. Seven years into the planning, most of the decisions had been made. Many of them, unfortunately, had been poor decisions that would have created major problems and yielded poor results.

Without any oversight from the then-majority, there was a great likelihood of failure. We took great care and made efforts in the following 4 years to rectify the problems. We did and we provided oversight. We held hearings and we investigated. We asked the GAO to provide us with numerous reports. Let me say that the GAO did an outstanding job. We engaged with the Bureau and we listened to an enormous number of stakeholders and we did it all transparently through more than 20 hearings.

We have not had much follow-up from the 2010 census. Hopefully, we will begin that process, Mr. Chair.

If this is about the American Community Survey, ACS, I am sure others will be able to give many details on how the ACS came to be and how it is of great benefit to us all. They will tell us how participation will decline significantly if the ACS were to be made voluntary. I would like to go on the record to say that I am opposed to making the ACS voluntary.

I hope that the Majority realizes the importance of the census and I hope that they are as committed to an accurate and complete count as possible as I am.

With that, Mr. Chairman, let me ask one question of the panel. I will start with Director Groves.

Mr. Groves, there are some who suggest that the private sector should pay for census data collection. Could you address this idea and the possible ramifications of an effort like this?

Mr. GROVES. We haven't considered this seriously, so I can comment that it would be near unique in the world if the United States chose to do this. Other countries, I think, have taken the posture that this is a basic responsibility of the central government to monitor and keep track of how we are doing as an economy and a society and that in a democracy, the free and equitable distribution of this information is key to the notion of the society.

I don't know what money would be made off this is we tried to sell it. It is clear that there are companies that use these data, combine them with other statistics and add value and sell these as part of their business model, so there is a bit of that, but I have no idea what would happen if the United States chose to do this and whether the results would be a desirable set or not.

Mr. CLAY. It is also clear that the business community relies on data to make business decisions on where they locate their businesses and basically how commerce flows in this country?

Mr. GROVES. It is crystal clear that successful American firms are using empirical data to make day to day decisions and that what products are stocked in a particular site of a particular national store is determined somewhat by our data. American business runs on these data and we would have to think this through.

Mr. CLAY. My time has expired, Mr. Chairman.

Mr. GOWDY. The gentleman is recognized for some additional time.

Mr. CLAY. Thank you. Two minutes.

Mr. GOWDY. An additional 2 minutes.

Mr. CLAY. Thank you very much.

Does anyone else on the panel have any thoughts about the data collection and whether the private sector should pay for it? Dr. Yun.

Mr. YUN. Like Dr. Biggs mentioned, there is certain basic information I think the government can provide rather than forcing upon the private sector to pay, that benefits the country as a whole. Let me relate one long story.

I grew up in South Korea and was raised in South Carolina but my parents went through the Korean War and it could have been just as easy that we could have been following the other regime. The other regime did not collect data. I should say there is a tremendous amount of consensus among economists and researchers in America, even though there is disagreement here and there, I think that the level of agreement that is in America compared to other countries that are divided like North and South Korea because of the prevalence of the data, we can see it, we let the statistics speak for themselves.

I think there is tremendous value in having the basic information. With the research, people can look through it and find the consensus as to what makes sense and what does not make sense.

Mr. CLAY. Thank you for that response.

Mr. Jankowski, any comments?

Mr. JANKOWSKI. Just one comment. I can see the business community coming back and saying, this is something I am already paying taxes on. If I am already paying taxes for it, why am I subsidizing it a second time?

Also, I think we need to understand who we are in the United States, we need to understand the forces that are shaping us and we need to understand the demographic shifts. I think it is so important to gather this information so we simply know what is going on in the country.

Mr. CLAY. Thank you so much, Mr. Chairman. I yield back.

Mr. ISSA. Mr. Chairman, before we close, could I have just a moment?

Mr. GOWDY. Certainly, Mr. Chairman.

Mr. ISSA. I just want to follow up. Mr. Clay made two good points.

Mr. Jankowski, you pay taxes, and Dr. Yun, you pay taxes, but you pay taxes for the National Parks. Do you think it is wrong to

pay a fee to go in a National Park since we collect countless dollars in that?

Mr. YUN. I believe on the National Parks, it is determined at the local or State level and I visit many parks, I pay my portion.

Mr. ISSA. Just so you understand, the Federal Government takes taxes to run the Park Service, we supplement that with fees that you pay entering. It appeared as though you said yes. I just want to make sure we understand. I came from the private sector. Just because taxes are paid doesn't mean those who use over and above that get a free ride. I hope neither one of you was actually saying that.

Mr. YUN. I agree with you but I believe in the importance of the randomness of the data collection.

Mr. ISSA. That is the second point. Mr. Clay, you and I probably agree on this much more than we will ever disagree. You made a statement that you support specifically the mandate. Just as you were coming in, Director Groves had said that he wasn't sure because he doesn't have the full data about what the cost would be and whether or not he could get, if you will, through statistical sampling or some other secondary check, equal accuracy or near equal accuracy through a system that would not be mandated.

He only knew that Canada had gone from mandated to not mandated and it didn't work out so well. Probably Canada supports your decision that we can't just go automatically to not mandated, but perhaps, Director Groves could repeat what he said about the possibility that we could get to a hybrid.

Mr. CLAY. Before that happens, if the gentleman would yield?

Mr. ISSA. Of course I would yield.

Mr. CLAY. The ACS, what we found over the last 5 or 6 years, was beneficial. It really filled in some gaps between the decennial census and it helped us understand and get a clear picture about this country, about its growth, about what areas were growing, which ones were shrinking and I think that is beneficial.

Mr. ISSA. That is one of the areas of our greatest agreement, that this information is powerful and beneficial. I think every one of the witnesses all agreed. What we are trying to do is more nuance than that. That is why I said we are going to have a lot of agreement on the need to collect this data, at least most of it.

We can all argue over specific questions, but Director Groves, could you just reiterate briefly, and I know you are going to answer in writing for the committee, how you get from what you don't know to what you might be able to know?

Mr. CLAY. Before he answers, would the gentleman yield?

Mr. ISSA. I would yield to the gentleman.

Mr. CLAY. Does that mean that the majority would support an increased appropriation for the census for 2020?

Mr. ISSA. That is why I wanted to follow up with my business side folks to make sure they understood that the source of funding, if there is an increase in cost for this valuable information, might in fact come in some way, at least slightly, from the users.

Director Groves was very good to say that it wouldn't be completely free regardless. Director.

Mr. CLAY. Thank you.

Mr. GROVES. Just to get our facts on the table, we think that the voluntary nature is in the rough ballpark of about \$68–\$70 million a year. That is a key factor in your going forward. The critical scientific work that hasn't been done is even with that other money, would the characteristics of those not participating bias the statistics so that all of the uses we just heard about are indeed threatened? We don't have the right research to answer that.

Mr. ISSA. Thank you, Director. That is very helpful to us and for all of us to know what we do know and what we don't know. Thank you for the \$60 million figure. Perhaps that makes my colleague on the other side of the aisle more optimistic that we can reach consensus.

I yield back.

Mr. GOWDY. I thank the gentleman from Missouri and the gentleman from California.

On behalf of all of us, we want to thank our panelists for a very informative, lively discussion. Whenever we balance competing interests, especially when those interests are very important on both sides, it makes for an instructive, informative hearing.

Thank you for your expertise your comity and how you have interacted with one another and with the Members.

With that, we are adjourned.

[Whereupon, at 11:15 a.m., the subcommittee was adjourned.]

