

PREPARED STATEMENT OF
CHARLES LOUIS KINCANNON
Director of the Census Bureau 2002-2008
Deputy Director of the Census Bureau 1982-1992

The Federal Statistical System in the 21st Century: the Role of the Census Bureau

Before the Joint Economic Committee of the U. S. Congress
Room 2203 Rayburn House Office Building July 21, 2009

Chairwoman Maloney, it is a pleasure to join my distinguished predecessors in testifying before your committee. Thank you for inviting me to appear.

As the topic implies, the Census Bureau is central to the Federal Statistical System and to statistics to help policy makers make sound decisions. It is a key producer of economic statistics, broadly construed to cover not only businesses and establishments but also persons and households. It produces about 70% of the hard figures used to estimate GDP. It produces about half of the Principle Economic Indicators stipulated by the Office of Management and Budget.

Principle economic indicators produced by the Census Bureau:

1. Advanced Monthly Sales for Retail and Food Services (monthly)
2. Advance Report on Durable Good (monthly)
3. Construction Put in Place (monthly)
4. Housing Vacancies and Home Ownership (quarterly)
5. Manufacturers' Shipments, Inventories, and Orders (monthly)
6. Manufacturing and Trade: Inventories and Orders (monthly)
7. Manufacturing and Trade: Inventories and Sales (monthly)
8. Monthly Wholesale Trade (monthly)
9. New Residential Construction
10. New Residential Sales
11. Quarterly Financial Report: Manufacturing, Mining, and Trade
12. Quarterly Financial Report: Retail Trade
13. Retail E-Commerce (quarterly)
14. U.S. International Trade in Goods and Services (monthly)

Plus:

15. Census collects the survey data that measure monthly employment and unemployment, a principle economic indicator released by the BLS
16. Census also collects household consumption data that is a major ingredient for the Consumer Price Index, another principle economic indicator released by the BLS.

It cooperates especially with BEA, BLS and health, education, and social service agencies. It plays a strong role in the Interagency Committee on Statistical Policy. Census figures steer about \$375 billion of Federal domestic assistance each year, according to the Brookings Institution.

Other nations also view it as a central player. About five years ago, the French Finance Ministry surveyed statistical operations and practices at the request of the Minister. This report noted that the FSS relies on “service provisions and financial transfers between

agencies, as some producers are largely dependent on others for collecting data.” “The Census Bureau plays a central role in this respect, as even large agencies, such as the Bureau of Labor Statistics or the Bureau of Economic Analysis, rely heavily on its collection network.”

The French report also noted that a great strength of the FSS was timeliness of data and closeness of producers to users. However, as a decentralized system, it requires coordination, which depends on seven persons at the OMB. “However, the institutional framework of producers of . . . official statistics remains a strong limitation on coordination. It results in: redundancies of tasks such as keeping registers providing sampling basis for surveys; in difficulties (mainly legislative) in the sharing of micro-data; and in classifications and concepts that are not always consistent between various products or institutions.”

The Census Bureau will remain central to the FSS and to policymakers needing economic statistics for informed decisions. The Decennial Census, including the American Community Survey, is a towering contribution to this process.

What do we need to do to ensure the census meets the Nation’s needs?

- Recognize the long lead-time to develop, select, and apply modern technology to all agency work. This is true of the Census Bureau as of NOAA or NASA. The current arrangements in the Executive Branch failed to meet fully that goal for 2010.
- Recognize the long planning cycle (more than 10 years) for the Decennial Census, beyond technological needs,
- The Census Bureau must be organized to deal with this. It needs continuity of leadership, which implies a long term of service for the director to connect responsibility for planning to that of production. We need to pay special attention to the role and person holding the deputy director post, which has a strategic structural role in the organization.

Let me suggest an illustration. In the 1990 Census cycle, we made significant technological progress. A main example is the TIGER, developed in cooperation with the US Geological Survey. This replaced a paper and paste pot system of producing maps for census takers with a modern, digitized system. This could not have been done without sustained leadership, and a willingness to accept some risk in change. I was deputy director throughout the 10-year planning and execution cycle. There were three directors in this period.

What else is needed?

- Ensure independence and integrity of the planning process.
- Ensure staffing is purpose-based, including SES appointment authority being the responsibility of the Director of this multi billion dollar agency with 8,000 employees, not counting the temporary census workforce.
- Place the census budget cycle in an environment that is not “hostile.” I do not mean there are enemies of the census budget in the Commerce Department. I

mean there are severe natural conflicts that work against the census budget and its off beat rhythm.

Madam Chairwoman, I thank you for your invitation and this entire hearing.