



PREPARED STATEMENT OF
CHARLES LOUIS KINCANNON
DIRECTOR
US CENSUS BUREAU

"Census Data and Its Use in the Development Process"

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I want to thank Chairman Clay, Ranking Member Turner, and the Subcommittee on Information Policy, Census, and National Archives for the opportunity to discuss the wealth of information the Census Bureau has available for use in community planning. The Census Bureau provides comprehensive and in-depth statistics for cities, counties, and communities throughout the United States. In this statement, I will discuss the range of demographic and economic information available from the Decennial Census, the Economic Census, and highlight some of the other surveys we conduct that could be used in research and policy development.

The Decennial and Economic Censuses

The *Decennial Census* and the *American Community Survey (ACS)* provide the foundation for the nation's population statistics. The decennial census collects the population of the United States every 10 years. The American Community Survey complements the decennial Census and provides detailed information annually about the socio-demographic characteristics of the population.

The decennial census is the only consistent, comprehensive, detailed source of information for small geographies throughout the United States. It includes every neighborhood, every street, and every household. It is, therefore, a crucial element in community planning. The decennial census provides population totals and key demographic information, such as race, Hispanic origin, and age, not only for every city in the United States, but also for every census tract and census block. Census tracts are the building blocks in creating data for neighborhoods, community districts, wards, and precincts, as well as land use and other planning areas. Small area data are important for social services planning, because they enable planners and political leaders to establish services in the locations where they are needed.

While the decennial census data show population size and diversity, the American Community Survey provides important details such as educational attainment, income levels, and other population characteristics that can be use to develop a demographic profile of an area.

Data from the decennial census and the ACS are used to detect potential opportunities for social and economic development. These data are a rich, consistent source of information that may be used with many other sources of information, including the Economic Census. The Economic Census shows the number of businesses, employment, and sales for businesses at the state, county, city, and often ZIP-code level.

The Economic Census is conducted every five years, for years ending in '2 and '7. We currently are preparing for the 2007 Economic Census. The Economic Census catalogues the nation's economy by collecting business information, including the number of employees, payroll, receipts, and product line revenues. The Economic Census is a detailed profile of the U.S. economy — from the national level to the local level, and from one industry to another industry. The Economic Census provides information on over 27 million businesses and 84 percent of the nation's economic activity. These data are used in making economic and financial decisions in the private sector, as well as the federal, state, and local levels.

By using data from both the Economic Census and the Decennial Census, an entrepreneur, business owner, or local government can develop a profile with rich detail to encourage investors. The Economic Census provides number of employees and annual sales by industry. Data from the Decennial Census can be used to create a profile of potential customers or workers. For someone in Dayton looking to open a new grocery store or restaurant, the decennial census and the ACS would be helpful in determining the potential customer base by looking at data such as household income, and the number of housing units in the neighborhood of interest. The Economic Census could be used to determine the number of stores or restaurants already in the area to help determine the need for a specific type of business.

Census Bureau Surveys

In addition to the Decennial and Economic Censuses, the Census Bureau also collects other data, providing information about a range of topics, from public finances to housing conditions. Data from these censuses and surveys inform policy decisions not only at the federal level, but also state and local levels. For instance, the *Census of Governments*, which coincides with the Economic Census (and is, therefore, also collected in years ending in '2 and '7), provides information describing all 87,000 units of government in the United States, including states, counties, municipalities, townships, and other special use governmental units, such as school districts and land use districts. State and local governments account for 12% of Dayton's economic activity.

The Census of Governments provides data on government organizations, finances, and employment. Organization data include location, type, and characteristics of local governments and officials. Finances and employment data include revenue, expenditure, debt, assets, employees, payroll, and benefits. Local governments, including community planners, use these data to develop programs and budgets; assess financial conditions; and perform comparative analyses, which are often important indices of progress and potential needs. In addition, analysts, economists, and market specialists, including the Federal Reserve Board and the Bureau of Economic Analysis, use data from the Census of Governments to measure the changing characteristics of the government sector of the economy.

Another program that can be useful in analyzing revenues coming into an area is the Consolidated Federal Funds (CFFR) report. The CFFR provides information about Federal expenditures or obligations for categories such as grants, salaries and wages, procurement contracts, direct payments for individuals, loans, and insurance. These data are available annually at the county level.

A third program that can be useful in community planning efforts is County Business Patterns (CBP). CBP is an annual series that provides subnational economic data by North American Industry Classification code, which means you can examine the types of businesses are in a given area, such as restaurants, manufacturers, hospitals or financial institutions. The series is useful for studying the economic activity of small areas; analyzing economic changes over time; and as a benchmark for statistical series, surveys, and databases between economic censuses. Businesses use the data for analyzing market potential, measuring the effectiveness of sales and advertising programs, setting sales quotas, and developing budgets. Government agencies use the data for administration and planning.

Self-employed individuals, 20 million strong, are a very important segment of our economy that we refer to as nonemployers – you know them as mom and pop shops. We have a nonemployer statistics program that summarizes the number of businesses and sales or receipts of businesses without paid employees that are subject to federal income tax. Most nonemployers are self-employed individuals operating very small-unincorporated businesses that may or may not be the owner's principal source of income. This is an annual series that is available for states, counties, and metropolitan areas.

The Census Bureau is aware that the states and local communities are facing changing environments and have an ever-increasing need to measure these changes. The Census Bureau is also always looking toward the future for the "next generation" of data collection and dissemination.

Longitudinal Employer-Household Dynamics Program

The *Longitudinal Employer-Household Dynamics* program, or LEHD, is one such program. LEHD can help cities and communities as they confront 21st century economic and social needs, and the need to adapt quickly to a dynamic and ever-changing environment. LEHD is based on a partnership between state Labor Market Information agencies and the federal government. Currently, 45 states and the District of Columbia have entered into partnerships with the Census Bureau. Ohio, at this time, is not one of the 46 partners. However, we are pleased to announce that they have submitted a memorandum of understanding and we are eager to begin working with them to make their data available soon. The Census Bureau is not only working with the states, but also federal agencies, most notably the U.S. Department of Labor's Employment and Training Administration (ETA) and the Bureau of Labor Statistics. Without such cooperation we would not be able to report on our successes to date.

The LEHD program for the first time connects the dots from household to employment information and provides details for a much finer picture of America's communities and local economies. LEHD creatively integrates information from existing censuses and surveys with state-supplied administrative records, while strictly protecting the confidentiality of the original respondents. The resulting data can be used as to assist workforce and economic development, emergency preparedness and response, and transportation planning. Most recently, we have been using it to assist communities in assessing the impacts of the Base Realignment and Closure.

The states supply administrative records, their quarterly unemployment insurance (UI) wage records and business establishment records. The Census Bureau merges these records with demographic data to produce key labor market measures such as employment, hiring, separations, job gains and losses, turnover, and earnings over time, by industry, age, gender, and county. These *Quarterly Workforce Indicators* measure the dynamics and performance of the local economy. The Quarterly Workforce Indicators can tell us where jobs are, for what kind of workers, how much workers can expect to earn and what employers expect to pay them.

LEHD is designed to develop new information about local labor market conditions at low cost, with no added respondent burden. The core data – universal state UI wage records and business data, covering approximately 97 percent of non-farm private sector employment – are provided without direct cost to the Census Bureau.

In addition to the Quarterly Workforce Indicators and other local labor market information, the Census Bureau has developed an interactive, online mapping and reporting application called OnTheMap. This is a reimbursable project currently funded by ETA is available for 42 states with three years of data (2002-2004). The mapping tool shows the geographic distribution of workers and employers in a particular area, including cities, towns, counties, zip codes, congressional districts, military bases, ETA's WIRED regions, or one selected freehand by the user. It shows where workers live, workplace destinations, transit corridors, and how different industries are represented within a particular location. The mapping tool can help show whether access to transit affects where workers live and work and how different employment areas compare in terms of the industries represented. Each map is accompanied by a profile report that provides the supporting data to augment the information provided on the map. We recently added functionality to this product that allows us to examine cross-state workflows.

These maps are a powerful planning asset that literally can show the relationship between jobs and workers; the need for better transportation routes; and many other facets of a rapidly changing economy. The mapping tool, along with the Quarterly Workforce Indicators and other local workforce information from LEHD, supports a range of policy and decision-making needs as no other data product has. Workforce Investment Boards, local planners, federal agencies, and other analysts are using LEHD data to determine how local economies are being redirected and reinvented, and how the local workforce is responding to these changes.

In addition to the programs mentioned thus far, we have been working with the Employment and Training Administration and the Economic Development Administration to provide more innovative uses of our data. We have developed the Community Economic Development HotReport. These reports provide a snap shot of indicators from multiple sources to assess economic development including population, employment, income and education data for all counties.

As I discuss the uses and users of our data, I would be remiss if I didn't mention some of our partnership organizations that help us educate users and distribute our data, such as our State Data Centers.

The State Data Center (SDC) Program is one of the Census Bureau's longest and most successful partnerships. It is a cooperative program between the states and the Census Bureau that was created in 1978 to make data available locally to the public through a network of state agencies, universities, libraries, and regional and local governments. The Business and Industry Data Center Program (BIDC) was added in 1988 to meet the needs of local business communities for economic data.

The mission of the State Data Center program is to provide efficient access to U.S. Census Bureau data and data products, provide training and technical assistance to data users, and provide a mechanism for feedback to the Census Bureau on data usability, state and local government data needs, and operational issues. Here in Ohio, we have the good fortune to work with the Office of Strategic Research in the Ohio Department of Development as the lead SDC. We are grateful for the work that they do.

I have only touched the surface of the data we have available and the myriad of ways our data can be used. We cannot begin to list all of the public and private organizations that use our data in some way, whether it is to define a "small business," or determine a community's eligibility for a grant program, because we simply don't know. We recognize the vital importance of accurate data to all who use our data and we make that our highest priority.

Thank you for this opportunity to discuss the Census Bureau's programs.