

**STATEMENT OF  
THE HONORABLE CARLOS M. GUTIERREZ  
SECRETARY  
UNITED STATES DEPARTMENT OF COMMERCE  
BEFORE THE  
UNITED STATES SENATE COMMITTEE ON HOMELAND SECURITY AND  
GOVERNMENTAL AFFAIRS  
Wednesday, March 5, 2008**

Chairman Lieberman, Ranking Member Collins, Members of the Committee, I appreciate this opportunity to discuss preparations for the 2010 Census, specifically our efforts to implement Field Data Collection Automation, known as FDCA.

Preparing and executing the Decennial Census is one of the highest priorities and most important responsibilities of the Commerce Department. I am working closely with Census Director Steve Murdock to ensure that the Census Bureau and all of its dedicated hard working employees have the support necessary to carry out this constitutionally required task. I especially want to thank the Committee members for your interest, concern and support on every aspect of the Decennial Census.

The complexity of the 2010 Census is compounded by our efforts to reengineer the historically paper-based Decennial Census by automating as much of it as possible to improve data collection and operations. Planning for the 2010 Census began after the completion of the 2000 Census and includes several key components:

1. Replacement of the Decennial Census long-form with the American Community Survey (ACS), which provides more timely information on demographic, housing, social, and economic data;
2. A short-form only Decennial Census, which counts the population and gathers basic demographic characteristics;
3. Improved mapping, including use of global positioning technology (MAF/TIGER);
4. Technology data capture from paper, telephone and field sources (DRIS);
5. Replacement of legacy systems for tabulating and disseminating results (DADSII); and
6. Field Data Collection Automation (FDCA).

While most of these components are on schedule and meeting current cost estimates, FDCA is experiencing significant schedule, performance and cost issues that I will focus on today. We have discovered serious problems with the FDCA program and I am personally involved in bringing key issues to the surface and developing a way forward. In short, the current situation is unacceptable. The American people expect and deserve a timely and accurate Decennial Census and the Department and I won't rest until they have it.

For background, FDCA has three major parts:

1. Automated data collection using handheld devices both to verify addresses, called Address Canvassing or AdCan, and to collect data during the non-

- response follow-up, known as NRFU, of those households that do not return their census form by mail;
2. The Operations Control System (OCS) that tracks and manages Decennial Census workflow for all of the field operations, including those operations conducted on paper; and
  3. Census Operations Infrastructure, which provides office automation and support for Regional and Local Census Offices.

The bid request for the FDCA contract was released in late 2005, and the Harris Corporation won the contract in April 2006. The first major test of FDCA systems occurred in the spring of 2007 when the handheld devices were used for an address canvassing dress rehearsal.

Concerns about the FDCA program grew over time and Census and Commerce officials became increasingly aware of the significance of the problems through GAO and Office of Inspector General reviews, the 2007 dress rehearsal, and internal assessments. In his testimony on December 11, then-Director Kincannon mentioned that Census was addressing concerns that had been raised about the gap between the capacity to get the work done and the amount of time remaining. One of the main reasons for this gap was significant miscommunication concerning technical requirements between the Census Bureau and Harris. The lack of clarity in defining technical requirements was a serious problem especially with regard to the testing and functionality of the handheld devices in a full Census environment. For example, discrepancies arose over data upload times, screen change speed and data storage capabilities.

In response, Census Deputy Director Jay Waite in mid-November initiated an integrated project team - essentially a SWAT team - to define the problems associated with the FDCA program and develop solutions that would ensure a successful 2010 Census. The integrated project team focused on clarifying the remaining technical requirements where questions were still outstanding, identifying opportunities to reduce the scope of the contract if necessary, and examining the potential for the Census Bureau to absorb some of the activities originally planned for the contractor.

The integrated project team undertook an in-depth review of all the technical specifications and provided Harris with an updated set of requirements in mid-January 2008. Harris conducted its evaluation of these requirements and provided a rough order of magnitude cost estimate in late January. The estimate highlighted potentially substantial increases in the contract cost, and raised new questions about staying on schedule. Clearly the problem was more significant than had been conveyed in the December 11 hearing. What we had perceived as serious, but manageable, problems that were being addressed, we now viewed as critical and urgent matters.

There is no question that both the Census Bureau and Harris could have done things differently and better over the past couple of years. I should add at this point that in late 2006 leadership changes took place. I'd like to thank this Committee and the Senate for confirming Dr. Murdock, as the new Director of the Census Bureau, with whom I am working closely to further clarify the problems and to develop a set of options for getting the Decennial Census back on track.

In January 2008 after being confirmed, Director Murdock began a top-to-bottom review of all the components of the Decennial Census, including FDCA. Given the growing problems with FDCA and other possible impacts of building a more automated 2010 Census, we want to be sure there are no other major issues or surprises. As part of that review, for example, we are carefully examining the Census cost estimating assumptions related to such matters as hours worked per enumerator and implications for supervisory and other costs. If necessary, adjustments will be made accordingly.

As part of this broader review, Director Murdock launched the 2010 Census FDCA Risk Reduction Task Force on February 6 after receiving Harris's response to the integrated project team requirements. The task force is headed by a former Acting Director of the Census Bureau, members from various parts of the Census Bureau and the Department of Commerce, and outside consultants from MITRE. The task force was charged with identifying and analyzing options for ensuring the success of FDCA. These options include reexamining the current contract to determine what changes could be made if there was a decision to shift some of the work back to the Census Bureau. The task force will soon present its findings to Director Murdock.

The first phase of the task force's work focused on evaluating risks and options to manage these risks. Harris was not directly involved in this part of the analysis, which is one of the reasons cost estimates are not yet available. Preliminary estimates do suggest the potential for cost overruns for the remaining life-cycle of the Decennial

Census, most occurring in 2010. While I have seen some of the same estimates that you have, we are still in the process of assessing these costs.

At this time, I am able to share the basic conceptual elements of the options being considered. All of these options call for using the handheld computers for Address Canvassing and we are continuing to work to ensure this requirement is met. For the other major components of FDCA each of the options considers a combination of responsibilities between Harris and Census in terms of capabilities, expertise, staffing, timing and costs.

### **Option 1 - Baseline**

The first option is continuing with the current baseline largely as envisioned in the original FDCA project plan and contract. Harris would complete the handheld computers for Address Canvassing and nonresponse follow-up. Harris would also complete the development of the operations control system and the field operations infrastructure. Harris has already developed major parts of the operations control system and has the IT infrastructure and staff to support further testing and development. However, given various issues related to handhelds, we would simultaneously evaluate the feasibility of a paper-based back-up plan for nonresponse follow-up should the next FDCA dress rehearsal not succeed.

## **Option 2**

In the second option, we would shift everything but Address Canvassing back to the Census Bureau including nonresponse follow-up, the operations control system and the field operations infrastructure. The nonreponse follow-up would be paper based and handhelds would not be used for NRFU. Census has extensive experience in conducting paper-based nonresponse follow-ups.

## **Option 3**

The third option would shift nonresponse follow-up and field operations infrastructure to Census, but Harris would continue to develop the operations control system. As noted, Harris has already developed major parts of the operations control system. Again, this option would mean a paper based nonresponse follow-up.

## **Option 4**

Option four would shift only nonresponse follow-up back to Census and Harris would keep responsibility for the operations control system and field operations infrastructure. This option depends on Harris being able to successfully complete both. Again, the nonresponse follow-up would be paper-based.

We are at a very critical juncture and must move fast to evaluate these options and make decisions for moving forward. I am appointing an expert panel to quickly evaluate independently each of the options and report back to me before the end of the month. The expert panel will be composed of 5-7 members, including former Census

Bureau Directors Ken Prewitt and Vince Barabba, former House Speaker Dennis Hastert, and other knowledgeable experts in Census-type operations and large IT systems development programs.

I know you will have many questions, some of which I won't be able to answer today. After the task force and expert panel complete their work and report back to me at the end of the month, we will brief you on our findings at that time.

The American people expect and deserve a correct and thorough census so let me stress that I take very seriously the Constitutional responsibility to conduct an accurate Decennial Census. Over the past month, I have been briefed by the Director and Deputy Director of the Census Bureau, senior management at the Department of Commerce, our Inspector General, representatives of the task force, Harris Corporation, The MITRE Corporation, and GAO. I will stay very active until my last day in office.

I am fully committed, along with Director Murdock, to working in partnership with the Congress. I appreciate, in advance, your support in allowing us to focus on solving these problems, addressing the issues and looking forward.