

**WRITTEN STATEMENT**

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**SECRETARY OF COMMERCE**

**Committee on Oversight and Government Reform**

**U.S. House of Representatives**

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Chairman Gowdy, Ranking Member Cummings, and Members of this Committee, thank you for your continuing support and discerning oversight of the 2020 Census, a critical, constitutionally mandated endeavor. An efficient 2020 Census that provides a full, fair and accurate count has been one of my highest priorities since being confirmed in February. When last before Congress, I promised to come back, after a thorough review, with numbers for the 2020 Census lifecycle cost estimate that I could support. Thank you for the opportunity to bring this Committee up to date on where we are, how we got here, and what we are doing to manage the cost, scope, and schedule of the 2020 Census going forward.

The Census is the bedrock upon which we construct our system of democratic representation. It provides for apportionment, redistricting, and the distribution of hundreds of billions of dollars of federal funding.

As you may know, I have personal experience as a former U.S. Census Taker in college, and have first-hand knowledge of the unique challenges of conducting a census. The Census Bureau faces latent challenges that have evolved over a long period of time, such as an increase in the diversity of our population, the complexity of living arrangements, the mobility of people in the United States, and a steady decline in self-response rates across all surveys. In addition, there are less predictable challenges, such as potential cyber security attacks or natural disasters.

To address these matters looking ahead, the 2020 Census will be the first Decennial Census to incorporate innovative methods and technologies into our work. After the 2010 Decennial, a decision was made to modernize technology across all Decennial Census operations. These changes include decisions to introduce and promote Internet responses; introduce telephone call centers as an additional mode of response; use aerial imagery to conduct in-office address canvassing; automate hiring, payroll and mileage reimbursements; use administrative records to increase accuracy; automate field procedures with mobile devices; and use routing algorithms to improve enumerator efficiency.

We are keenly aware of the challenges, risks and costs associated with this new approach. However, we believe these innovations are promising and will serve as a solid foundation for future Decennial Censuses.

### **Where We Are**

Our revised 2020 Census lifecycle cost estimate is \$15.6 billion, which was informed by an independent cost estimate of \$14.1 billion conducted this summer. I know this Committee is not responsible for providing this funding; however, your oversight responsibility is significant to ensuring the successful execution of the 2020 Census.

This estimate is the product of a rigorous deep dive by cost estimate and management experts, as well as a thorough review of Census programming. The team of experts includes certified cost estimators and financial management experts from the Department of Commerce (DOC), the Census Bureau, the Office of Management and Budget (OMB), former Census employees, two former executives from a large technology company with experience in rolling out complex technological systems, as well as other experts with extensive private sector technology and financial management experience. There was no such group originally.

We carefully reviewed the serious concerns expressed by the Government Accountability Office (GAO), the Commerce Department's Office of the Inspector General (DOC/IG), and the OMB. We also listened to requests by Members of Congress who have oversight, authorizing, and

appropriating authority for the Census Bureau to conduct a thorough evaluation of the 2020 Census program.

We just completed a detailed review of the 2020 Census program and indeed, GAO and Congress were right to be concerned. We discovered an overestimation of savings and an underestimation of the difficulty of implementing and integrating technological innovations to conduct the Decennial Census.

This new \$15.6 billion dollar 2020 Census lifecycle cost estimate includes a request for a \$187 million adjustment for FY2018. We are working with our House and Senate appropriators on this request. The \$187 million in additional FY2018 funds would allow us to make a significant course correction to keep crucial programs on track for the 2020 Census and provide much-needed financial oversight and better management at the Census Bureau.

We are now just 30 months away from making these changes a reality. There are still many challenges ahead, and these additional resources are urgently needed.

### **How We Got Here**

At my confirmation hearing, I shared my concern about the state of Census preparations. My first meetings as the newly confirmed Secretary of Commerce were with the Census staff. Only two months into my tenure, those concerns were heightened when the Census Bureau suddenly informed me of a 40 percent cost overrun of the Census Enterprise Data Collection and Processing (CEDCaP) program, a critical part of the technology infrastructure for the 2020 Census.

At my hearing before the Appropriations Committee, I reported the cost overrun and committed to launch a comprehensive review of what happened with CEDCaP and the status of the entire 2020 Census operation. In conducting that review, we also looked at the many concerns raised by GAO, the DOC/IG and Members of Congress, including those on this committee, about the Census Bureau's process to create program cost estimates.

As previously mentioned, the multidisciplinary team we assembled performed a deep dive on the Census program. A subset of this group, produced an Independent Cost Estimate (ICE). The team members brought decades of expert experience in cost estimation at the Department of Defense and with the DOC satellite programs. The ICE team used standard methodologies and approaches to conduct the revised cost estimate taking into account the GAO and DOC/IG recommendations for best practices. Their effort resulted in an ICE of \$14.1 billion.

The key GAO recommendations, emphasized by Congress and DOC/IG, asks the Secretary of Commerce to “take specific steps to ensure the Census cost estimate meets the characteristics of a high-quality estimate and improve control over how risks and uncertainty are accounted for in the cost estimate.” We did just that.

The team of experts from outside the Census Bureau identified and accounted for major potential risks and cost drivers beyond the assumptions in the ICE. We identified potential risks and associated challenges for the 2020 Census, which include declining self-response rates, cybersecurity concerns, recruitment size and wage rate, and field management staffing ratios.

The revised lifecycle cost estimate of \$15.6 billion includes additional contingency funding of \$1.2 billion to address additional potential risks and associated challenges such as natural disasters, significantly lower self-response rates, and the complexity of multiple, integrated information technology innovations. This \$1.2 billion funding—a contingency of 10% of the post 2018 budget on top of the ICE level—will be managed at the secretarial level and used only if unforeseen developments cause significant changes to Decennial operations.

We also had a group of outside experts look at program integration, reviews of major contracts, and the budget. I am staying closely involved in these areas going forward.

## **What We Are Doing Going Forward**

My teams have reviewed the Census Bureau's efforts to address challenges with technological innovation. The Department of Commerce will continue to take every step possible to ensure that the Census Bureau manages and operates the program as close to the \$14.1 billion ICE estimate as possible, while remaining vigilant in assessing unknown risks that could jeopardize the program and its operations. Even at the higher cost estimate of \$15.6 billion, implementing an innovative design has the potential to save the taxpayer billions of dollars in contrast to repeating the paper and pencil methods of the 2010 Census, which the Census Bureau has previously estimated would cost \$17.5 billion when applied to the estimated number of households in 2020. We must 'bend the curve' of rising costs by investing in technological innovations now.

These technical solutions have not been built from scratch but rather have been developed by leveraging and integrating smart uses of existing technology into a cohesive, system-of-systems tailored to the needs of the 2020 Census. Using existing technology helps to mitigate the costs, but there are still significant risks and challenges as modifications are made to integrate the systems and to provide specific functions that are unique to the Census. These systems will continue to be tested to ensure scalability and flexibility when the 2020 Census goes live on April 1, 2020.

In addition to these technological innovations, I can assure the Committee that we are committed to accurate cost estimation practices and effective oversight and management going forward. I have put into place the people, processes and programs to ensure strong governance and oversight.

The Under Secretary for Economic Affairs, Karen Dunn Kelley, has been in place since late August and has direct oversight of the 2020 Census, the Census Bureau, and the Bureau of Economic Analysis. She brings over three decades of management experience in the financial investment sector, with experience managing people, strategy, budgets, operations, public relations and thought leadership across the globe. Seasoned and experienced senior management is in place at the Census Bureau. Ron Jarmin, performing the non-exclusive duties and functions of the Director of the U.S.

Census Bureau, and Enrique Lamas, performing the non-exclusive duties and functions of the Deputy Director and Chief Operating Officer of the U.S. Census Bureau, are jointly leading the Census and each have nearly three decades of experience at the Bureau. The DOC conducts weekly 2020 Census Oversight Reviews and will require metric tracking and program execution status on a regular, real-time basis.

The DOC also holds meetings with Congress and has monthly meetings with OMB, Census Program managers and Commerce's 2020 leadership team headed by Under Secretary Kelley to review issues related to the program's budget, scope, schedule and risks. All of these management meetings include detailed reviews of the evolving budget and lifecycle cost estimate for the 2020 Census.

## **Conclusion**

My top priority and commitment to you is to produce a 2020 Census of the highest quality that provides a full, fair and accurate count of every person in the United States. I believe this innovative 2020 design reflects a flexible approach to the growing challenges that takes advantage of new technologies, methodologies, and data sources while simultaneously minimizing risks, controlling costs, and maintaining an efficient, reliable schedule.

The lifecycle cost estimate I have delivered to you today will help us address challenges that place the success of the 2020 Census at risk and potentially jeopardize the quality of data collected. And be assured, we will continue to work to build confidence and accountability in the financial management of the 2020 Census Program.

I look forward to working with this Committee, your staff and the rest of Congress over the months and years to come. I want to thank the many dedicated people who worked tirelessly to create a course of corrective action in the way we do the business of cost estimates and financial management at the Census Bureau. I also want to thank Members of Congress and your staff who have been devoted to ensuring we have the resources necessary for an accurate count in the upcoming 2020 Decennial Census.

Thank you for giving me this opportunity to testify before the House Oversight and Government Reform Committee.