

Minority

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HEARING ON CENSUS DATA AND ITS USE
IN FEDERAL FORMULA FUNDING

Thursday, July 9, 2009

House of Representatives

Subcommittee on Information Policy,

Census and National Archives,

Committee on Oversight and

Government Reform,

Washington, D.C.

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Committee Hearings

of the

U.S. HOUSE OF REPRESENTATIVES



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12 | The subcommittee met, pursuant to call, at 3:10 p.m., in
13 | Room 2247, Rayburn House Office Building, the Honorable
14 | William Lacy Clay [chairman of the subcommittee] presiding.

15 | Present: Representatives Clay, Maloney, Watson,
16 | McHenry, and Westmoreland

17 | Also Present: Representative Kaptur

18 | Staff Present: Darryl Piggee, Majority Staff
19 | Director/Counsel; Frank Davis, Majority Professional Staff
20 | Member; Jean Gosa, Majority Clerk; Charisma Williams,

21 | Majority Staff Assistant; Leneal Scott, Majority Information
22 | Systems Manager; Dan Blankenburg, Minority Director of
23 | Outreach & Senior Advisor; Adam Fromm, Minority Chief Clerk &
24 | Member Liaison; and Chapin Fay, Minority Counsel

25 Mr. CLAY. The Information Policy, Census, and National
26 Archives Subcommittee will now come to order. Good afternoon
27 and welcome to today's hearing entitled Census Data and Its
28 Use in Federal Formula Funding.

29 Today's hearing will examine the impact of using census
30 data on local recipients in Federal funding allocation
31 decisions. On our first panel, we will hear from Federal
32 department witnesses who will testify about how select
33 Federal Government agencies use census data in their funding
34 formulas. Our second panel is comprised of local government
35 officials and private agencies who will tell us about their
36 knowledge and experience with census data and their
37 recommendations to improve the use of census data in Federal
38 formula funding.

39 Without objection, the Chair and Ranking Minority Member
40 will have five minutes to make opening statements followed by
41 opening statements not to exceed three minutes by any other
42 Member who seeks recognition.

43 Without objection, Members and witnesses may have five
44 legislative days to submit a written statement or extraneous
45 materials for the record.

46 I will begin with my opening statement.

47 The purpose of today's hearing is to examine how census
48 data are used in Federal funding program calculations and
49 whether these Federal funding formulas fairly distribute

50 Federal monies to States, cities, and local governments. We
51 will consider many important issues today including what
52 criteria are used in these Federal funding formulas, whether
53 Congress and agencies factor in the under-count of certain
54 communities in these calculations, and what steps Congress
55 and the Administration can take to improve census data and
56 the present formulas.

57 Census data are used by over 180 Federal programs in
58 determining funding levels to cities, counties, and States.
59 These Federal allocations to local governments and States
60 topped over \$375 billion in 2007 alone. Federal programs that
61 use census data in their funding formulas include Title I
62 education appropriations, Medicaid, and Community Development
63 Block Grants.

64 This Subcommittee is concerned about HUD's Community
65 Development Block Grant program in particular, especially
66 with regard to recent developments in Toledo, Ohio. In 2008,
67 the Mayor of Toledo challenged Census estimates and
68 successfully added over 20,000 city residents to Toledo's
69 population. However, with this increase in population, Toledo
70 lost over \$290,000 dollars in Community Development Block
71 Grant funding. It is counter-intuitive for HUD to provide
72 Toledo with less Federal funding because the Census Bureau
73 increased the city's under-counted population number.

74 Other Federal funding formulas such as Medicaid

75 | redistribute hundreds of millions of dollars among States
76 | when census under-count data are corrected. Federal funding
77 | formulas like Medicaid and Community Development Block Grants
78 | are sensitive to the under-count, which causes Federal funds
79 | to be mis-allocated to cities and States, hurting
80 | traditionally under-counted populations such as low income
81 | children and immigrant communities.

82 | Census data are used for a large majority of all Federal
83 | funding formulas. There needs to be clarity and transparency
84 | as to how census data are used and if these Federal funding
85 | formulas truly serve their targeted communities. Today's
86 | hearing will address these issues and reveal existing
87 | problems, solutions, and what further research needs to be
88 | done with census data and its use in Federal funding
89 | formulas.

90 | Let me thank all of our witnesses for appearing today.
91 | I look forward to their testimony.

92 | I now yield to the distinguished Ranking Minority
93 | Member, Mr. McHenry of North Carolina, for five minutes.

94 | [Prepared statement of Mr. Clay follows:]

95 | ***** COMMITTEE INSERT *****

96 Mr. MCHENRY. Thank you, Mr. Chairman. Thank you for
97 holding today's hearing. I want to begin by thanking again
98 Mr. Mesenbourg and Mr. Goldenkoff for reappearing before the
99 Committee. It is good to have you back. For the other
100 witnesses, thank you so much for agreeing to testify and
101 being here today.

102 As the Chairman has already stated, the data collected
103 by the Census Bureau is vitally important to the calculation
104 of funding levels and appropriations in Federal programs at
105 the Congressional level and by Federal agencies themselves.
106 Data are also used by State and local governments to allocate
107 resources and services, and by the private sector to
108 determine where to invest and develop industry.

109 The subject of today's hearing underscores the
110 importance of filling out the decennial census form when it
111 arrives on April 1st of 2010. It is vitally important to the
112 American people that everyone in this Country respond to that
113 form. It is not a partisan issue. It is simply a matter of
114 having an accurate picture of who is in this Country on
115 census day 2010. This is very important. It is a very core
116 Constitutional principle that we have an accurate count of
117 who is here in this Country.

118 With having a short form only census, it makes it even
119 easier for the American people to participate. So Members of
120 Congress should advocate for participation. Everyone within

121 | Government should advocate for participation. We are
122 | grateful for community groups who are involved to ensure that
123 | people participate as well.

124 | I would also like to thank the Chairman for having this
125 | hearing today. We last met in March. I know that we have
126 | racked up address canvassing, as Mr. Mesenbourg has related
127 | to the Congress. From the accounts we have gotten, it has
128 | gone very well. We are very grateful for that. That address
129 | canvassing, as Mr. Mesenbourg has previously said, is a
130 | cornerstone to the 2010 Census.

131 | I hope that we can have Mr. Mesenbourg or the new
132 | Director, whenever the Senate determines that they will
133 | actually act, then we can actually get the new Director in.
134 | But approximately 140,000 Census workers took to America's
135 | streets this spring to verify addresses and assemble the
136 | Bureau's list of where decennial forms will be sent and
137 | where, if needed, enumerators will visit in 2010.

138 | On separate occasions, Chairman Clay and I have stated
139 | that we both have unanswered questions about this vast
140 | canvassing effort. The outcome of the decennial census
141 | depends largely on this step in the operation and so there is
142 | an obvious need to review and assess its successes and
143 | failures. Certainly, the GAO and the Census Bureau, we would
144 | love to have you back. Mr. Chairman, I would certainly think
145 | we would both learn a lot from that hearing. It is my hope

146 | that we can bring you back again soon to evaluate this step
147 | of the process.

148 | That said, today's hearing is an important opportunity
149 | for the Committee to ensure that the census data and Federal
150 | funding formulas are fair, accurate, and effective.

151 | Chairman Clay, I thank you for bringing this issue to
152 | the forefront about the inequities of Community Development
153 | Block Grant programs. I do share your concerns.

154 | As for how census numbers affect the CDBG, I would like
155 | to point out that the funding formula involves many factors.
156 | In the 109th Congress, this Subcommittee published a
157 | bipartisan report dealing with that funding formula. I ask
158 | unanimous consent to submit this for the record.

159 | Mr. CLAY. Without objection, the document is submitted
160 | into the record.

161 | [The referenced information follows:]

162 | ***** COMMITTEE INSERT *****

163 Mr. MCHENRY. It is still regarded as a strong road map
164 of how to improve the CDBG program by addressing the need as
165 well as ensuring that we have the proper numbers.

166 So with that, Mr. Chairman, I thank you for having this
167 hearing today. I appreciate your leadership and thank you
168 for your friendship.

169 [Prepared statement of Mr. McHenry follows:]

170 ***** COMMITTEE INSERT *****

171 Mr. CLAY. Thank you so much, Mr. McHenry. Be assured
172 that as soon as the new Director is confirmed by the Senate,
173 they will momentarily be before this Committee. So thank
174 you.

175 I would like to recognize the gentlewoman from
176 California for three minutes.

177 Ms. WATSON. Thank you, Mr. Chairman. Thank you so much
178 for holding today's important hearing examining the role
179 census data plays in the formulas used for distributing
180 Federal funds. I look forward to hearing from today's
181 witnesses about the mythologies behind these formulas and the
182 steps being taken to promote the census, improve
183 participation, and decrease the differential under-count to
184 ensure that Federal funds are appropriated to the areas in
185 America where they are needed most.

186 Since the establishment of the decennial census in 1790,
187 every census has experienced an under-count. According to
188 the Government Accountability Office, the 2000 Census missed
189 an estimated 2 percent of the U.S. population, a
190 disproportionate number of which were minorities, low income
191 households, and children. My district in particular has
192 traditionally been under-counted due to a lack of mutual
193 understanding and engagement with local constituencies.

194 This under-count is troubling because without accurate
195 population data, it is impossible to ensure that we have a

196 complete view of our Nation's demographics, that Americans
197 have proper representation in State and Federal governments,
198 and that Federal grants are targeted to where they are needed
199 most.

200 According to the Census Bureau, for the fiscal year
201 2007, over \$400 billion was allocated through Federal grants
202 and direct assistance programs based on formulas reliant on
203 data from the 2000 Census. The amount of critical Federal
204 funding at stake reinforces the importance of an accurate and
205 comprehensive 2010 Census count for local, State, and tribal
206 governments.

207 Mr. Chairman, I would like to thank today's panelists
208 for their cooperation with our proceedings and for your
209 leadership in ensuring that the 2010 Census provides the most
210 complete enumeration of our population in American history.

211 Thank you and I yield back.

212 [Prepared statement of Ms. Watson follows:]

213 ***** INSERT *****

214 Mr. CLAY. Thank you so much. I also want to recognize a
215 guest here who will serve on the panel here, my good friend
216 Marcy Kaptur from Ohio. Thank you for coming today. If you
217 have any opening statement, you can be recognized for three
218 minutes.

219 Ms. KAPTUR. I wanted to thank you very much for the
220 opportunity to sit in.

221 Our community of Toledo, Ohio in the Ninth District well
222 knows the importance of the census and the distribution of
223 the tax dollars that our citizens send here to Washington and
224 then by formula are sent back home.

225 On the second panel I will have the pleasure of
226 introducing our Mayor and his team, who have traveled very
227 far, Mayor Carleton Finkbeiner. I would like to recognize
228 him now. He is a 12-year Mayor of our city and the first
229 strong Mayor in Toledo's history. We are very proud of him.
230 No one has fought harder for accurate census counts than he
231 has, having been someone who helped to do the census when he
232 was a youngster and having seen what actually happened when
233 people went out into the field. So we look forward to his
234 testimony this afternoon.

235 I thank you very much for the time.

236 [Prepared statement of Ms. Kaptur follows:]

237 ***** COMMITTEE INSERT *****

238 Mr. CLAY. You are very welcome. We look forward to your
239 service on this Committee today. Without further ado, I want
240 to start by introducing our first panel.

241 We will first hear from Mr. Thomas Mesenbourg who is
242 currently serving as the Acting Director of the U.S. Census
243 Bureau. He has more than 36 years of Census Bureau
244 experience and now oversees the day to day operations of the
245 Federal Government's perennial, preeminent statistical
246 agency.

247 Next we will hear from Mr. Robert Goldenkoff, a Director
248 on the U.S. Government Accountability Office's Strategic
249 Issues team. He has over 20 years of program evaluation
250 experience with GAO and is currently responsible for
251 reviewing the 2010 Census and Government-wide human capital
252 reforms.

253 Our third witness is Mr. Todd Richardson, the Associate
254 Deputy Assistant Secretary in the Office of Policy
255 Development for the U.S. Department of Housing and Urban
256 Development. At HUD, he leads a team of staff responsible
257 for analyzing current data and drawing on the results of past
258 research to assist the Secretary with making informed policy
259 decisions.

260 Our next witness is Mr. Donald Moulds, the newly
261 appointed Principal Deputy Assistant Secretary for Planning
262 and Evaluation in the U.S. Department of Health and Human

263 Services. In this capacity, he provides leadership,
264 direction, and management of policy research, analysis,
265 evaluation, and coordination of Department-wide science and
266 data policy activities and issues.

267 Our last witness on the first panel, Mr. Stuart
268 Kerachsky, is the Acting Commissioner of the National Center
269 for Education Statistics in the U.S. Department of Education.
270 His career has been devoted to applying the best scientific
271 methods to bringing information and evidence to bear on
272 improving social programs.

273 Let me thank all of you for appearing today before the
274 Subcommittee. It is the policy of the Committee to swear in
275 all witnesses before they testify. I would like to ask each
276 witness to please stand and raise your right hand. Do you
277 solemnly swear to tell the truth, the whole truth, and
278 nothing but the truth?

279 [Witnesses respond in the affirmative.]

280 Mr. CLAY. Thank you. You may be seated. Let the record
281 reflect that the witnesses answered in the affirmative.

282 Each of you will have five minutes to make an opening
283 statement. Your complete written testimony will be included
284 in the hearing record. The yellow light in front of you will
285 indicate that it is time to sum up. The red light will
286 indicate that your time has expired. When you hear this,
287 that means shut it off.

288 | [Laughter.]

289 | Mr. CLAY. Mr. Mesenbourg, you may proceed with your

290 | opening statement.

291 | STATEMENTS OF THOMAS MESENBURG, ACTING DIRECTOR, U.S. CENSUS
292 | BUREAU; ROBERT GOLDENKOFF, DIRECTOR, STRATEGIC ISSUES, U.S.
293 | GOVERNMENT ACCOUNTABILITY OFFICE; TODD RICHARDSON, ASSOCIATE
294 | DEPUTY ASSISTANT SECRETARY, POLICY DEVELOPMENT, U.S.
295 | DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT; DONALD MOULDS,
296 | ACTING ASSISTANT SECRETARY, PLANNING AND EDUCATION, U.S.
297 | DEPARTMENT OF HEALTH AND HUMAN SERVICES; AND STUART
298 | KERACHSKY, ACTING DIRECTOR, NATIONAL CENTER FOR EDUCATION
299 | STATISTICS, U.S. DEPARTMENT OF EDUCATION

300 | STATEMENT OF THOMAS MESENBURG

301 | Mr. MESENBURG. Chairman Clay, Ranking Member McHenry,
302 | and Members of the Subcommittee, thank you for the
303 | opportunity to discuss the role that data produced by the
304 | Census Bureau plays in Federal funds distribution. I
305 | appreciate the Subcommittee's attention to this important
306 | issue and I am pleased to be testifying alongside four of the
307 | agencies that use our data.

308 | This helps make an important distinction. The Census
309 | Bureau is not involved in developing, administering, or
310 | evaluating the funding formula or the programs that use our
311 | data. However, the Census Bureau through the decennial

312 census, the American Community Survey, and our Population
313 Estimates Program is the producer of many of the data sources
314 used by agencies in their funding formula. Our job is to
315 produce the most accurate and complete data possible.

316 Today I will focus my testimony on how the Census Bureau
317 produces the three major data sources used for funding
318 formulas. The Decennial Census Program includes both the
319 2010 Census and the detailed demographic, social, economic,
320 and housing characteristics information produced by the
321 American Community Survey. The American Community Survey
322 collects data monthly for population and housing
323 characteristics that previously were collected in the
324 decennial census long form. Of course, we publish that data
325 annually.

326 The Population Estimates Program produces population
327 estimates for the Nation, States, counties, cities, and towns
328 on an annual basis. These population estimates update the
329 most recent decennial counts each year with new information
330 using births, deaths, and net migration information. The
331 population estimates are used in many formulas to allocate
332 funding. They are also used in the production of the final
333 American Community Survey estimates released to the public.
334 Thus the quality of the official population estimates and the
335 American Community Survey are inextricably linked to the
336 accuracy of the decennial census.

337 Federal agencies that administer grants and other
338 Federal funds allocation programs typically use a mix of the
339 decennial census, population estimates, and information from
340 the American Community Survey. I make this point to stress
341 the importance of the upcoming 2010 Census. Our Governments
342 Division recently analyzed 140 Federal grant and direct
343 assistance programs for fiscal year 2007 and concluded that
344 over \$400 billion are distributed annually using one or more
345 of these Census Bureau data sources. There is no better way
346 to emphasize the importance of the 2010 Census for local,
347 State, and tribal governments than by acknowledging this.

348 In the years between the decennial censuses, the
349 Population Estimates Program of the Census Bureau produces
350 the official population estimates for the United States.
351 They are considered estimates because they are population
352 figures that do not arise directly from a complete count.
353 They are determined by using available data, for example,
354 from available administrative record data on births and
355 deaths as well as information from the IRS to track net
356 migration flows. The estimates rely heavily on data from the
357 latest available decennial census as those census data serve
358 as the basis on which the population estimates are
359 constructed.

360 Again, though, the most important contributing factor to
361 a State's estimated population at any given point in time is

362 | the count of that State's population in the most recent
363 | decennial census. To ensure the population estimates are as
364 | accurate as possible, it is important and critical to have an
365 | accurate census count upon which the estimates can be built.
366 | To that end, we encourage everyone to participate in the 2010
367 | Census.

368 | In closing, I want to stress that the Census Bureau's
369 | goal is to produce complete and accurate data that meet the
370 | needs of our customers. For Federal funds allocation, the
371 | single most important contribution the Census Bureau can make
372 | is to count everyone, count them once, and count them where
373 | they usually reside. This is the daunting challenge but we
374 | are committed to making the 2010 Census the most successful
375 | ever.

376 | Thank you for this opportunity to testify.

377 | [Prepared statement of Mr. Mesenbourg follows:]

378 | ***** INSERT *****

379 Mr. CLAY. Thank you, Mr. Mesenbourg. Mr. Goldenkoff,
380 you are recognized.

381 STATEMENT OF ROBERT GOLDENKOFF

382 Mr. GOLDENKOFF. Chairman Clay, Ranking Member McHenry,
383 and Members of the Subcommittee, thank you for the
384 opportunity to be here today to discuss the role that
385 population data plays in the allocation of Federal funds to
386 States and localities.

387 In my written statement, we reported that in past years
388 the Federal Government has annually distributed over \$300
389 billion in Federal assistance through grant programs using
390 formulas driven in whole or in part by census population
391 counts. According to a new Census Bureau study, this figure
392 is now over \$400 billion for fiscal year 2007. What is more,
393 the American Recovery and Reinvestment Act will obligate an
394 additional \$161 billion to Federal grant programs for fiscal
395 year 2009, including some programs that depend to some extent
396 on census population data to determine the amount of Federal
397 assistance.

398 As agreed with the Subcommittee, my testimony describes
399 how census data are used in the allocation of Federal formula
400 grant funds and how the structure of the formulas and other

401 factors can affect those allocations. In particular, I want
402 to stress two key points. First, although population counts
403 play an important role in the distribution of Federal funds,
404 other factors such as the design of the grant formulas can
405 mitigate the effect that any population changes have on
406 funding levels.

407 Second, because population estimates are important for
408 Federal funding allocations and the decennial census is the
409 foundation for these estimates, an accurate enumeration in
410 2010, including the reduction in the historic under-count of
411 minority and other populations as well as a complete count of
412 communities affected by Hurricane Katrina and other natural
413 disasters, is absolutely essential.

414 Federal grants use various sources of population data in
415 their funding formulas. The largest of these is the
416 decennial census, which the Census Bureau conducts every 10
417 years.

418 The Bureau also estimates the population for the years
419 between censuses, known as post-censal estimates. For
420 example, the allocation formula for Social Services Block
421 Grants, which help States fund day care, health, substance
422 abuse, and numerous other programs, uses the most recent
423 post-censal population estimates to distribute funds.

424 Another source of population data is the Bureau's
425 American Community Survey, which provides detailed annual

426 | data on socioeconomic characteristics for the Nation's
427 | communities. It is used to allocate Federal funds for such
428 | programs as the Section 8 Housing Voucher Program, which is
429 | aimed at increasing affordable housing choices for very low
430 | income households.

431 | A third source is the Current Population Survey, which
432 | is conducted by the Census Bureau for the Bureau of Labor
433 | Statistics. CPS data are used to allocate funds for programs
434 | under the Workforce Investment Act of 1998, which provides
435 | workforce development services to employers and workers.

436 | Among funding formulas that rely on population data, the
437 | degree of reliance varies. On the one hand, the Social
438 | Services Block Grant formula allocates funding based on
439 | States' population relative to the total U.S. population. On
440 | the other hand, some formulas such as Medicaid use population
441 | plus one or more other variables to determine funding levels.

442 | As the completeness and accuracy of population data can
443 | modestly affect grant funding streams and other applications
444 | of census data, the Bureau has used a variety of programs to
445 | address possible errors in population counts and estimates.

446 | Importantly, however, while accurate population data
447 | play an important role in allocating Federal assistance,
448 | various grant-specific factors can also affect the
449 | distribution of Federal funds and can mitigate the impact of
450 | population changes. For example, some grant programs

451 | including Medicaid employ floors in order to mitigate the
452 | outcome that would result if a particular grant allocation
453 | were determined by the funding formula alone. Further, in
454 | order to prevent funding losses from a formula change,
455 | programs can include hold harmless provisions guaranteeing a
456 | level of funding that is based on a prior year's funding.

457 | In conclusion, while population data play an important
458 | role in allocating Federal assistance through formula grant
459 | programs, the design of a grant can also affect funding
460 | allocations and in some cases can mitigate or entirely mute
461 | the impact of a change in population. Further, shifts in
462 | population, inaccuracies in census counts, and methodological
463 | problems with population estimates can also impact the
464 | distribution of Federal grant money.

465 | Nevertheless, given the importance of census data as a
466 | baseline for post-censal estimates used for grant programs as
467 | well as for Congressional apportionment and redistricting,
468 | counting the Nation's population once, only once, and in the
469 | right location in 2010 will be absolutely critical.

470 | Mr. Chairman, this concludes my remarks and I will be
471 | glad to answer any questions that you or other Subcommittee
472 | Members may have.

473 | [Prepared statement of Mr. Goldenkoff follows:]

474 | ***** INSERT *****

475 Mr. CLAY. Thank you so much for your testimony, Mr.
476 Goldenkoff. Mr. Richardson, you are recognized for five
477 minutes.

478 STATEMENT OF TODD RICHARDSON

479 Mr. RICHARDSON. Thank you. Chairman Clay, Ranking
480 Member McHenry, and Members of the Subcommittee, thank you
481 for inviting me to testify today.

482 HUD annually allocates directly or through guided
483 competitions more than \$10 billion to cities, counties,
484 States, Indian tribes, and other grantees using several
485 different formulas based on census data. The Community
486 Development Block Grant program, proposed for fiscal year
487 2010 to allocate nearly \$4.2 billion, allocates the largest
488 share of the dollars.

489 CDBG is a relatively complicated dual formula with one
490 formula allocating towards communities that have growth and
491 higher poverty and other formula allocating to communities
492 that generally have old housing and population loss. These
493 formulas rely on five variables from the Census Bureau. From
494 Census 2000 data, we have persons in poverty, overcrowded
495 households, and housing units built prior to 1940. These
496 variables are fixed until we integrate American Community

497 Survey data in fiscal year 2011. From annual Population
498 Estimates data, including updated data as a results of
499 challenges, we have the number of persons and a variable
500 called growth lag.

501 I am going to talk a little bit about growth lag because
502 it affects the question that you raised about Toledo. The
503 growth lag variable is used to fund communities that have had
504 historically declining populations. If a community that has
505 historically declining populations does a population
506 challenge that shows its population is actually larger than
507 we had thought it was, the net result on the CDBG formula,
508 unlike most formulas, is to result in a funding change that
509 would reduce funding under the CDBG program. So that is a
510 little unusual in terms of how formulas operate. But that
511 has been in place since 1977 when the formula was put in
512 place.

513 Mr. CLAY. I am going to ask you to explain it in more
514 detail when we get to the questioning period. But go ahead.

515 Mr. RICHARDSON. Absolutely. Other programs that
516 allocate funding using the basic CDBG formula are the
517 Emergency Shelter Grant Program and the guiding initial
518 pro-rata need allocation for the Continuum of Care homeless
519 program competition.

520 Separate formulas relying on census data largely sample
521 data from the Census 2000. They include the HOME, Native

522 American Housing Block Grant, Indian CDBG, Section 202, and
523 Section 811 programs. The Housing Trust Fund, created in
524 HERA and proposed by the President to receive \$1 billion for
525 fiscal year 2010 would also be allocated to States using
526 special tabulation data on housing needs.

527 In 2010, as you know, the Census Bureau plans to publish
528 the first five-year data products based on American Community
529 Survey data collected in 2005 through 2009. Beginning in
530 fiscal year 2011, HUD plans to use ACS five-year average data
531 in place of the Census 2000 sample data that are used to
532 allocate most of the funding for the programs I just
533 described.

534 Our understanding is that the five-year ACS data will be
535 weighted to the average of the population controls over the
536 five year period. This is a very good thing since it leads
537 to an integration of updated population and updated counts
538 for all of the variables for each formula on an annual basis.
539 That said, the initial move to the ACS data in fiscal year
540 2011 is very likely to cause some significant changes in
541 allocation amounts for program grantees.

542 Quality of data is only half of the equation in
543 allocation formulas. Quality of the formula is equally
544 important. Because housing and community development needs
545 are not static, it is important to regularly assess whether
546 these formulas need updating so they remain well targeted to

547 | the intended needs and treat all grantees fairly.

548 | In 2005, HUD published a report that identified some
549 | problems with how the CDBG formula targets funds. The 2005
550 | report demonstrates some stark examples of how the CDBG
551 | formula is currently not as fair as it could be. It
552 | over-funds some less needy places, it under-funds some very
553 | needy places, and it allocates very different grant amounts
554 | to places with similar needs. The current formula on average
555 | will target more funds to the most needy communities but does
556 | so much less so than it did when it was developed in the
557 | 1970s.

558 | There are several problems with the current formula
559 | including the use of housing built before 1940 as a proxy for
560 | population loss, aging infrastructure, and dilapidated
561 | housing. While this may have worked in the 1970s, since the
562 | 1970s the more distressed communities have torn down that old
563 | housing while the less distressed communities have retained
564 | it. This leads to a shift in dollars from distressed
565 | communities to less distressed communities.

566 | Other variables like poverty are good measures but they
567 | create some anomalies such as college towns getting large
568 | grants because of the large number of students that are
569 | counted in poverty and the growth lag variable which
570 | generally targets places that are losing populations. There
571 | are some well off communities that have been static in

572 | population since 1960 that get significant grants as well.

573 | The other problem is that this is a dual formula. A
574 | dual formula creates some anomalies in itself, funding
575 | similarly needy communities at very different amounts.

576 | As you are well aware, changing the CDBG formula to
577 | correct its targeting problem is politically challenging. If
578 | funding is held static or declining, a change in the formula
579 | that results in increases in funding for some communities
580 | also results in decreases for others. Fiscal year 2010,
581 | however, offers a rare opportunity to change the CDBG formula
582 | without causing a funding decrease for any community relative
583 | to the fiscal year 2009 allocations. This is because for
584 | fiscal year 2010 President Obama has proposed to fully fund
585 | CDBG at \$543 million more than the amount funded in 2009.
586 | This gives us an opportunity to implement a hold harmless
587 | provision.

588 | Thank you.

589 | [Prepared statement of Mr. Richardson follows:]

590 | ***** INSERT *****

591 Mr. CLAY. Thank you. Mr. Moulds?

592 STATEMENT OF DONALD MOULDS

593 Mr. MOULDS. Good afternoon, Chairman Clay, Ranking
594 Member McHenry, and distinguished Members of the
595 Subcommittee. Thank you for the opportunity to appear before
596 you today to discuss the topic of how data from the United
597 States Census Bureau are used by the Department of Health and
598 Human Services in the allocation of Federal program funds
599 through formula grants.

600 HHS is the United States Government's principal agency
601 for protecting the health of all Americans and providing
602 essential human services, especially for those who are least
603 able to help themselves. We administer more than 300
604 programs covering a wide spectrum of activities and
605 representing almost a quarter of all Federal outlays.

606 HHS administers more grant dollars than all other
607 Federal agencies combined and awards approximately 60 percent
608 of the Federal Government's grant dollars. In fiscal year
609 2008, HHS awarded nearly \$265 billion in grants representing
610 38 percent of total Departmental spending. The Centers for
611 Medicare and Medicaid Services awarded the largest amount of
612 grant dollars and the National Institutes of Health awarded

613 | the largest number of grants.

614 | For most of the formula grants administered by HHS, the
615 | grant allocation formula and data elements are specified in
616 | statute. Attached to my written statement is a table listing
617 | the HHS-sponsored grants that specified the used of data from
618 | the Census Bureau in allocating grant funds.

619 | I would like to highlight a few examples of how HHS uses
620 | specific census data elements in grant programs. They are
621 | representative of a variety of grant programs administered by
622 | HHS as well as the types of census data that are used in
623 | calculating grant award amounts in carrying out statutory
624 | intent.

625 | The first is the Child Care and Development Fund, which
626 | is the primary Federal program specifically devoted to
627 | providing families access to child care and improving the
628 | quality of child care. Grants are awarded to States through
629 | three component funding streams, two of which rely on the use
630 | of Census Bureau data in their funding formulas. One
631 | allocates block grant funding to States using a formula that
632 | includes the State's share of the Nation's children under
633 | five. The other awards funding to eligible States based on
634 | their share of the Nation's children under age 13. Data for
635 | both children's ratios are obtained from the Census Bureau.

636 | The Congregate Nutrition Services and Home-Delivered
637 | Nutrition Services programs provide meals and related

638 nutritional services to older individuals to help them remain
639 independent and in their communities. Grants for Congregate
640 Nutrition Services and Home-Delivered Nutrition Services are
641 allocated to States and territories by a formula based on
642 their share of the population aged 60 and over using data
643 issued by the Census Bureau.

644 The mission of the Maternal and Child Health Block Grant
645 is to improve the health of mothers, children, and their
646 families by improving access to health care, eliminating
647 health disparities, and improving the quality of health care.
648 Funding for one component of this program is allocated to
649 States in proportion to their population of low income
650 children relative to the Nation's. The formula uses census
651 data.

652 The majority of HHS's grant allocations, however, are
653 not driven by Census Bureau data. For example, over three
654 quarters of mandatory grant funds awarded by HHS are received
655 by States through the Medicaid program. Census data are used
656 by the Bureau of Economic Analysis but not by HHS to produce
657 State and national per capita income data, which then are
658 used in calculating the Federal Medical Assistance Percentage
659 known as FMAP. State spending on covered Medicaid services
660 is matched by the Federal Government at the FMAP rate.

661 The authorizing statutes that specify funding allocation
662 formulas for HHS grant programs typically specify the use of

663 | either the decennial population figures or the most recent
664 | population estimates from the current Population Survey
665 | published by the Census Bureau. The statutory formulas do
666 | not direct the Department to use the census data that have
667 | been adjusted for population under-count and HHS does not
668 | make any adjustments of its own.

669 | In summary, HHS uses a variety of data from the Census
670 | Bureau in calculating funding levels for Federal grant
671 | programs. Of the 300 programs administered and managed by
672 | the Department of Health and Human Services, 50 are grant
673 | programs. Of them, census data are used to calculate funding
674 | levels in 35. Census data are used by HHS in all cases where
675 | authorizing legislation dictates its use and the manner in
676 | which it is to be used. HHS does not exercise any discretion
677 | to adjust funding formulas.

678 | Thank you for the opportunity to testify. I would be
679 | happy to answer any questions you might have.

680 | [Prepared statement of Mr. Moulds follows:]

681 | ***** INSERT *****

682 Mr. CLAY. Thank you, Mr. Moulds, for your testimony. Mr.
683 Kerachsky, you are recognized for five minutes.

684 STATEMENT OF STUART KERACHSKY

685 Mr. KERACHSKY. Chairman Clay, Ranking Member McHenry,
686 and distinguished Members of the Subcommittee, thank you for
687 the opportunity to appear before you today to discuss the
688 topic of the use of Census Bureau data in the allocation of
689 Federal formula funding of the Department's of Education
690 programs.

691 Since the mid-1960s, the National Center for Education
692 Statistics has computed or provided data to other entities
693 within the Department to compute Federal funding allocations
694 of various Department formula grant programs. We prepare the
695 allocation tabulations in a statistically accurate and
696 apolitical manner.

697 Most allocations for the Department's elementary and
698 secondary education programs are based on the latest data for
699 some relevant subset of the population. In 2009, of more
700 than \$50 billion that the Department of Education is spending
701 on elementary and secondary education, approximately 80
702 percent is being allocated based on Census calculations of
703 population subgroups. Let me provide examples.

704 The Elementary and Secondary Education Act of 1965 Title
705 I grants to local education agencies is the single largest
706 Federal elementary and secondary education program. For
707 fiscal year 2009, Congress provided \$24.5 billion for this
708 program. From its inception, Title I's formula has been
709 based primarily on the number of children ages 5 through 17
710 and families with incomes below the poverty level.

711 In the spring of each year, NCES renews its interagency
712 agreement with the Small Area Income and Poverty Estimates
713 Branch of the Census Bureau to develop and to deliver to the
714 Department school district-level Title I poverty and
715 population estimates. These estimates cover most of the
716 Nation's public school districts.

717 Before publication, Census provides the estimates to
718 State agencies and gives States an opportunity to review the
719 estimates and challenge them. This so-called challenge
720 period allows States to present information regarding
721 boundary changes that may need to be updated in the Census
722 Bureau's geographic database.

723 Second, since the mid-1970s, NCES has provided
724 assistance for calculation of career and technical education
725 allocations under the Perkins Act. The population groups
726 used in the formula have remained consistent throughout the
727 years, ages 15 to 19, 20 to 24, and 25 to 65, from the
728 Census's annual State population estimates. States'

729 | allocations are based on their shares of the count for each
730 | of the three age groups multiplied by a factor based on per
731 | capita income, which we currently obtain from the Commerce
732 | Department's Bureau of Economic Analysis.

733 | Next, the eligible groups for Adult Education State
734 | Grants have traditionally consisted of those who are aged 16
735 | and over, do not have a high school diploma or equivalent,
736 | and are not currently enrolled in school. Until 2006, these
737 | data were available only from the decennial census. The
738 | Census Bureau will now collect these data using the American
739 | Community Survey, the ACS.

740 | Finally, the Individuals with Disabilities Education Act
741 | is the law authorizing funding for services to individuals
742 | with disabilities throughout the Nation. Under Part B,
743 | Section 619, services must be provided to children with
744 | disabilities between the ages of three through five. Under
745 | Part B, Section 611, services must be provided to children
746 | with disabilities between 6 and 21. Each of these formulas
747 | requires annual population and poverty data of 3-through
748 | 21-year olds. These come from the Census Bureau's annual
749 | Population Estimates and the ACS respectively.

750 | By statute, the Department accepts the Census Bureau's
751 | data and does not question the incidents of over-or
752 | under-counts. We understand that to the extent feasible, the
753 | Census Bureau adjusts post-censal annual population

754 estimates, small area estimates, and ACS data for known
755 shortcomings in the prior decennial census. It is also our
756 understanding that the annual estimates used in our formula
757 grant allocations are informed by recent demographic changes
758 that might affect the distribution of funds.

759 In summary, these examples cited illustrate how the
760 Department of Education uses the array of Census Bureau
761 tabulations to distribute our formula grant funds. We have a
762 history of more than 30 years cooperating with the Census
763 Bureau to provide the data needed for the U.S. Department of
764 Education grants.

765 Thank you for the opportunity to testify and I would be
766 pleased to answer any questions.

767 [Prepared statement of Mr. Kerachsky follows:]

768 ***** INSERT *****

769 Mr. CLAY. Thank you very much, Mr. Kerachsky. Thank you
770 all. I thank all of the witnesses for your testimony today.

771 We will begin the question and answer period now. Each
772 Member will have five minutes to ask questions of the panel.
773 I will begin.

774 This first question is a panel-wide question. I guess
775 it would have to be the last three to answer and Mr.
776 Goldenkoff may have to answer, too. Do your formulas account
777 for the under-count that always occurs in certain
778 communities? Should they account for that? If they should
779 or shouldn't, tell me why. Mr. Richardson, we can begin with
780 you.

781 Mr. RICHARDSON. The sample data that is used in most of
782 our formulas are the published sample data. So most of our
783 variables for our formulas are based the census sample data.
784 To the extent those are adjusted, and generally they aren't,
785 our formulas are driven by those. One exception is in the
786 CDBG formula with the population variable and the growth lag
787 variable, which are indeed changed each year to reflect the
788 published population estimates. If those are challenged
789 estimates, we include those.

790 Mr. CLAY. Mr. Moulds?

791 Mr. MOULDS. We are statutorily required to use the most
792 recent census data in the vast majority of cases. There are
793 no instances where we adjust. It is our view that statute

794 | requires us to do that.

795 | Mr. KERACHSKY. We are similarly statutorily required to
796 | use the census data. But in addition, we wouldn't have a
797 | firm basis to adjust the data on our own, would we have the
798 | statutory authority to do so. We are only able to use what
799 | is presented to us by the Census Bureau as the best available
800 | data.

801 | Mr. CLAY. Thank you. On that point, and we will start
802 | with you, do the yearly Census estimates adequately adjust
803 | formula funding to make up for the discrepancies that result
804 | from the under-count?

805 | Mr. KERACHSKY. I really can't answer that. Where we are
806 | allowed to use those data, and we do in some instances, our
807 | statisticians just simply don't have the basis to make that
808 | interpretation.

809 | Mr. CLAY. But when Census sends you data, don't you
810 | adjust for that?

811 | Mr. KERACHSKY. Yes. We have formulas that allow us to
812 | use the post-censal data and we do use them in those
813 | instances. Yes.

814 | Mr. CLAY. All right. How about you, Mr. Moulds?

815 | Mr. MOULDS. Again, we don't use any adjusted data. We
816 | just use census data. We similarly wouldn't be in a position
817 | to comment on the accuracy of that data because we are not in
818 | the business of counting people. That would be a question

819 | that is probably better suited for others.

820 | Mr. CLAY. But when data are adjusted and when data are
821 | corrected, don't you have an interest in getting it correct,
822 | too?

823 | Mr. MOULDS. Clearly we have an interest in having
824 | population figures that are as accurate as possible. But
825 | again, we are not statutorily allowed to make those
826 | adjustments ourselves.

827 | Mr. CLAY. Common sense would say do the right thing by
828 | adjusting the data, correct?

829 | Mr. MOULDS. It is our view that the law tells us that we
830 | are required to use the actual census data. So if there were
831 | to be changes in how that data would be collected, those
832 | would have to be statutory changes that would be done by
833 | Congress.

834 | Mr. CLAY. Or adjusted data that come in on an annual
835 | basis.

836 | Mr. MOULDS. The annual adjusted data that come through
837 | that is produced by the Census, we do use. I am sorry for
838 | the confusion.

839 | Mr. CLAY. Mr. Richardson?

840 | Mr. RICHARDSON. Well, as I noted, we do use the data
841 | that are adjusted for population and growth lag in the CDBG
842 | formula. With the American Community Survey, which we will
843 | be rolling that into our formula starting in fiscal year

844 | 2011. To the extent that Census updates those numbers to
845 | reflect the current population estimates and any challenges
846 | that are brought against those population estimates, we would
847 | include those in our formulas going forward as we use the
848 | American Community Survey.

849 | Mr. CLAY. Okay. Then how do we make up for the funding
850 | discrepancies once you get new data? Do you adjust your
851 | formulas for the new data and new population like in the case
852 | of Toledo?

853 | Mr. RICHARDSON. Actually, the CDBG formula is an unusual
854 | formula in that it is one of the few formulas where if you
855 | have a declining population you actually get more money for
856 | having fewer people. It is an unusual formula in that way.

857 | That was the case with Toledo, which successfully
858 | challenged its population estimates. By successfully
859 | challenging its population estimates, we rolled in that
860 | challenge. Because Toledo was receiving money because of how
861 | many people it had relative to 1960, when that number
862 | increased, it led to a smaller CDBG grant.

863 | The CDBG funds are intended to serve communities in
864 | decline. Communities that have lost a lot of population get
865 | substantially more than communities that have gained
866 | population.

867 | Mr. CLAY. That CDBG formula can be changed here in
868 | Congress or by the Agency?

869 Mr. RICHARDSON. It is in statute and it has to be
870 changed by Congress. President Obama's fiscal year 2010
871 budget proposal is proposing that that formula actually be
872 updated and be changed. We are looking forward to working
873 with the Congress on that.

874 Mr. CLAY. Mr. Goldenkoff, did you have anything?

875 Mr. GOLDENKOFF. I think, to the extent that these
876 formulas compensate for the under-count, it all depends on
877 the approach used to correct the data. As Mr. Mesenbourg
878 said, the census data are updated throughout the decade but
879 those updates are largely the result of administrative
880 records. The extent to which those administrative records
881 capture those people who tend to be historically
882 under-counted, the better quality data. But that is an open
883 question on how good those administrative records are.

884 I think it is important to keep in mind that no census
885 has ever been actually adjusted using statistical means to
886 compensate for the differential under-count or any
887 under-count. So as we have been saying, the accuracy of all
888 these post-censal estimates really starts with the quality of
889 the decennial census. To the extent that there has always
890 been an under-count and that under-count has never been
891 adjusted, that affects the data going forward.

892 Mr. CLAY. Thank you for that response. Mr. McHenry, you
893 are recognized.

894 Mr. MCHENRY. Thank you, Mr. Chairman. Thank you all for
895 your testimony.

896 Mr. Mesenbourg, although the focus of this hearing is
897 obviously with the American Community Survey and the data put
898 out in the funding formulas in that regard, we haven't had
899 you back since address canvassing was finished. Our staffs
900 have been briefed from your folks at the Bureau. We thank
901 you for that. I know you had a pretty strong assessment of
902 how well it went. I know the GAO has a less rosy assessment.

903 But could you touch on your view of how successful the
904 address canvassing was?

905 Mr. MESENBURG. Certainly. We view it as a very
906 successful undertaking. As you recall, a year ago there was
907 much angst about our ability to make the handheld computers
908 work. We did a lot of testing in December and prior to the
909 address canvassing.

910 We actually started in eight of the local Census offices
911 a week early. We also, rather than doing it in two waves as
912 originally planned with waves of about five weeks each, we
913 split that into five different waves and we started it in
914 most of the local Census offices at the same time. The
915 result of that is we were pretty well 99 percent done with
916 this nearly a month ahead of schedule.

917 The areas that we had to wrap up had to do with areas
918 that had flooding like the Red River. We had mud slides in

919 Puerto Rico. We had a tornado in Kentucky. In fact, our
920 finish date is July 17th. We have three assignment areas
921 that we are completing right now. They are in Jackson,
922 Mississippi, which faced flooding. We will complete those.
923 In fact, we are helicoptering canvassers into that area
924 because, once they can get into that area, they can actually
925 walk the streets. They will finish that operation this week.

926 So I see it as a very successful operation. We are
927 doing lessons learned as a result of that.

928 We had great success recruiting. The goal was to
929 recruit about 700,000 folks to fill 140,000 jobs. We had 1.2
930 million applicants for those 140,000 jobs. So we probably
931 had the most highly skilled workforce that we have had on a
932 decennial census and that was huge for us.

933 Mr. MCHENRY. Are you on budget?

934 Mr. MESENBURG. Right now we have run about 15 percent
935 over budget. A good amount of that--we are doing a detailed
936 analysis, as you would expect, right now--was because we went
937 into the address operation with an assumption that we would
938 have 10 percent of the addresses be deletes, that we would go
939 to there and we would actually remove them from the list. We
940 don't have the final number on that but it is more like
941 almost double, a little less than double of that.

942 What that means is we are going to error in the
943 direction of keeping an address on the address list rather

944 | than removing it. So if we have an address that we leave as
945 | delete, we are going to send an additional person out to
946 | verify that. That requires more milage, more effort, and
947 | more enumerator time. We expect that most of that will be
948 | associated with the underestimation of the deletes.

949 | Mr. MCHENRY. We have had a lot of discussion about the
950 | handheld computers. Do you believe they worked?

951 | Mr. MESENBURG. Yes. I believe they worked effectively.
952 | We had some glitches during the first startup operation.
953 | Most of those were associated with getting enumerators in
954 | touch with the help desk. But originally we were assuming
955 | something like a 30 percent volume for help desk. It turned
956 | out to be much less than that. We had about a week of
957 | shakiness there but the handhelds performed well.

958 | Mr. MCHENRY. Mr. Goldenkoff, what is GAO's initial
959 | survey of how well address canvassing went?

960 | Mr. GOLDENKOFF. I think it is too early at this point to
961 | make any blanket statements about the overall success of
962 | address canvassing. I think you need to parse it out to
963 | different components.

964 | As you know, there was a lot of concern over the
965 | handheld devices. As Mr. Mesenbourg said, there were some
966 | initial glitches but the Census Bureau did an excellent job
967 | in overcoming those with workarounds. We were out in the
968 | field in about 30 different locations. I myself was out in

969 Meridian, Mississippi and also New Orleans so I saw some of
970 this myself. The handhelds really were very effective in
971 helping the address canvassers figure out where they were and
972 to not go over boundaries or into other areas. So that was a
973 positive story.

974 They also finished largely ahead of schedule, which was
975 good news. One of the things that we are looking at there,
976 though, was whether quality was sacrificed at the cost of
977 speed. So we are looking into that.

978 In terms of some other things, though, that perhaps
979 could have gone better, Mr. Mesenbourg said they are over
980 budget. Fingerprinting, as you know, that was an issue and is
981 something that we have been looking at pretty closely. About
982 23 percent of the fingerprint cards were unreadable. My
983 understanding is that those individuals whose cards could not
984 be read or scanned by the FBI--so they had an initial
985 applicant name check but they did not have their fingerprints
986 reviewed by the FBI--were still allowed to work. So there is
987 a security issue in that, of course. There is also cost,
988 too, because basically the money that was spent on those
989 fingerprints and having them reviewed by the FBI just went to
990 waste.

991 There were some transmission issues with the cell phone
992 service in rural areas. It was not a major issue but it did
993 affect some of the efficiency of the address canvassers.

994 Recruiting went well. They had a very good quality
995 workforce, very conscientious. I think all of the GAO folks
996 that were in the field were very impressed with how hard and
997 how conscientiously the temporary workers did there jobs.

998 So at this point, as I said, it is just too early to
999 make any comprehensive or overarching statements. But we
1000 will be looking at each of those different components as we
1001 move forward.

1002 Mr. MCHENRY. Thank you.

1003 Mr. CLAY. Thank you, Mr. McHenry. Ms. Kaptur, you are
1004 recognized for five minutes.

1005 Ms. KAPTUR. Thank you. Thank you, Mr. Chairman, very
1006 much. I really appreciate being able to participate today.
1007 Thank you for your leadership.

1008 Mr. Mesenbourg, I wanted to ask you if the Census Bureau
1009 is aware of such communities as Toledo, Ohio that have
1010 suffered under-counting of their populations in previous
1011 years. We have seen what has happened in the New Orleans
1012 region.

1013 One of my concerns is the rising and extraordinary level
1014 of housing foreclosures. In these foreclosure regions like
1015 Toledo and obviously the New Orleans area and others, what is
1016 the Census Bureau doing to offer additional financial support
1017 or assistance training personnel that could help these types
1018 of communities that have been so damaged by the economy or

1019 | natural circumstances to achieve a proper count of their
1020 | populations? It isn't clear that these individuals who are
1021 | being foreclosed on are leaving their communities.

1022 | Mr. MESENBOURG. I would be glad to talk about that.
1023 | Perhaps I should just take a second to talk about the
1024 | Population Estimates Program and the challenge program.

1025 | As we described before, at the national, State, and
1026 | county level, basically we are starting with the Census 2000
1027 | count. Then we are adding in births and subtracting deaths
1028 | for that location, and then doing an adjustment for
1029 | migration, both international domestic. So for someone that
1030 | immigrated into the U.S. from Europe or wherever, we use the
1031 | American Community Survey to do that. We also look at
1032 | migration within States and within counties, across counties,
1033 | and we use the IRS data typically to do that. That is what
1034 | we call the ADREC data and we believe that methodology is
1035 | performing very well.

1036 | At the sub-county level, for example for Toledo, what we
1037 | would use is the housing unit method. So we would start with
1038 | the estimate of the number of housing units in Toledo in
1039 | 2000. Then we take what the occupancy rate was in 2000 and
1040 | what the persons per household was in 2000, and we also have
1041 | an adjustment for group quarters. Right now, the Population
1042 | Estimates Program for this sub-county level data is using the
1043 | Census 2000 average persons per household and the Census 2000

1044 occupancy rate.

1045 I can give you an example for Flint, Michigan of what
1046 the impact is of this methodology. Our 2008 population
1047 estimate for Flint, Michigan is 112,900 individuals. In the
1048 challenge method, people come in and tell us they have
1049 additional housing units. When they do that, we use the
1050 Census 2000 average per persons per household and we use the
1051 occupancy rate. So, for example in Flint, the occupancy rate
1052 in Census 2000 was 81.9 percent. From our most recent
1053 American Community Survey, which is the three-year estimate
1054 spanning 2005 through 2007, the occupancy rate is 78.5
1055 percent. By using the existing challenge method, which uses
1056 Census 2000, we would have estimated a population growth in
1057 Flint of 9.3 percent. If we actually updated that persons
1058 per household and the occupancy rate using the most current
1059 data, Flint would have had a reduction of 6.4 percent.

1060 So what I want to clarify is the challenge process. We
1061 invite any locality to challenge. Typically, of the 39,000
1062 jurisdictions that we publish data for, about 100 ask for a
1063 challenge proposal package and about 64 actually challenge.
1064 When they challenge, if they can come in and demonstrate to
1065 us that they have additional housing units, then we will go
1066 back and use the Census 2000 persons per household and the
1067 Census 2000 occupancy rate.

1068 Given, as you are talking about Congresswoman, the

1069 | decline in occupancy rate, the challenge biases the
1070 | population estimates up. So if we flash forward a year or
1071 | two, we probably do not want to be using the 2010 average
1072 | persons per household or the 2010 occupancy rate. So this is
1073 | one of the things that we have on our research agenda, to
1074 | look at the housing unit estimate component, which is
1075 | sub-county, and to also take another look at the challenge
1076 | process itself.

1077 | Now, what are we doing to improve the count? We are
1078 | going to spend over \$300 million on paid advertising with a
1079 | huge increase in the advertising that goes into the local
1080 | areas. Probably the biggest single thing we are going to do
1081 | is we are going to have nearly 2,900 partnership specialists
1082 | working in our local offices. We will have nearly 500 local
1083 | Census offices scattered across the U.S.

1084 | In Census 2000 we had about 600 people reaching out to
1085 | local organizations. This time it is more like 2,900. So
1086 | they are the folks, they are the trusted voices that we want
1087 | to be in Toledo to convince the Mayor to convince others to
1088 | form a Complete Count Committee. We will work with you to
1089 | improve that count. In brief, that is what we are doing.

1090 | Ms. KAPTUR. Mr. Chairman, I am sure my time has expired
1091 | but in a community like Toledo, over 12 percent of our
1092 | housing stock is now foreclosed and the rate is rising. I
1093 | was in a neighborhood in Cleveland, Ohio, now declared the

1094 poorest city in America over the weekend, we were in Slavic
1095 Village, a neighborhood where they claim 75 percent of the
1096 homes have been foreclosed. I just wonder, when you go door
1097 to door and when you sent out material, how you really find
1098 the people that used to live in those homes.

1099 Mr. MESENBOURG. So what we have done through the address
1100 canvassing is identify all of the addresses. If it exists,
1101 it is on the address list. We did not attempt to make a
1102 determination whether it was occupied or vacant because
1103 obviously that could change by April of 2010. We think we
1104 have done a good job in terms of identifying the addresses.

1105 What we are doing is taking a look at our procedures for
1106 the non-response follow-up. You are 100 percent correct. If
1107 that is a vacant housing unit and we mail out a census form,
1108 we are not going to get a census form mailed back. So
1109 starting May 1st in 2010, we are going to send an enumerator
1110 out to knock on that door. In some cases it is obvious that
1111 that is a vacant housing unit. In other cases, it is not so
1112 obvious. In some cases, maybe someone else is living there
1113 or multiple families are living there.

1114 We know that is going to be a challenge. That has got
1115 to be part of our communication message to get trusted
1116 voices. If someone is doubling up in a housing unit, they
1117 need to actually report that accurately. If they don't, we
1118 will miss people.

1119 Mr. CLAY. Just on that point, Ms. Kaptur, I would hope
1120 that the Bureau's research would bring to light that there
1121 may need to be different methodologies in this era of housing
1122 foreclosures and post-Katrina.

1123 I was down in New Orleans for the address canvassing.
1124 Believe you me, the enumerators do not have an easy time.
1125 They have to go up to buildings that may look vacant but
1126 there are electric wires going into the buildings so perhaps
1127 there is someone living there. They have to keep coming back
1128 day after day to figure it out. So their task is not easy
1129 either.

1130 Hopefully the research will bring us a new methodology.

1131 Ms. KAPTUR. Thank you, Mr. Chairman. I know that we
1132 will have between 10 million and 20 million people in this
1133 Country whose homes will be foreclosed by next year. That is
1134 a shocking figure.

1135 Mr. CLAY. But the people are somewhere, though.

1136 Let me go to our colleague from Georgia, Mr.
1137 Westmoreland. You are recognized for five minutes.

1138 Mr. WESTMORELAND. Thank you, Mr. Chairman.

1139 Mr. Mesenbourg, I want just to clarify that. You can't
1140 do the 2010 Census based on where people are living in 2009,
1141 correct?

1142 Mr. MESENBURG. That is correct.

1143 Mr. WESTMORELAND. You have to wait until you send the

1144 forms out in 2010?

1145 Mr. MESENBURG. That is correct. The address canvassing
1146 has been to build as complete a list of housing unit
1147 addresses as we can. Then that is the vehicle to help us
1148 deliver report forms.

1149 Mr. WESTMORELAND. That is being done with the handheld
1150 computers, correct?

1151 Mr. MESENBURG. That was done with the handheld
1152 computers.

1153 Mr. WESTMORELAND. In prior testimony that you have given
1154 in front of this Committee, you stated that a lot of the data
1155 that you get does come from local city and county
1156 governments. Is that correct as far as housing starts,
1157 permits, births, and deaths?

1158 Mr. MESENBURG. Well, the construction information will
1159 come from the local government permit office. Information on
1160 births and deaths come from the vital record agencies, not
1161 from the local government.

1162 Mr. WESTMORELAND. But you do get some information from
1163 local governments?

1164 Mr. MESENBURG. Certainly, in terms of the updates to
1165 our construction program and new construction activity. So
1166 any construction that has occurred since we finished address
1167 canvassing near the end of June and before we do the census,
1168 we will be getting building permits flowed to us from local

1169 governments. We will have an opportunity to send an
1170 enumerator out to actually collect information from those new
1171 units. That will happen in late July and August of 2010.

1172 Mr. WESTMORELAND. Mr. Mesenbourg, you say that you have
1173 been at the Census Bureau for 36 years. Is that correct?

1174 Mr. MESENBURG. That is correct. Maybe it is almost 37.

1175 Mr. WESTMORELAND. So this is not your first rodeo when
1176 it comes to the census. Would you say that the process of
1177 doing the census has gotten better over the years?

1178 Mr. MESENBURG. I think it has become more challenging
1179 if we look at just the diversity in terms of additional
1180 languages and the recent economic problems that the Nation
1181 has faced. I think it is clear that this is going to be one
1182 of our most challenging censuses.

1183 We feel we have the procedures in place to conduct a
1184 successful census but we believe our partnership program
1185 especially is key to deliver that message, to mobilize the
1186 communities. I think we have all been very impressed by the
1187 energy of the different constituencies and how committed they
1188 all are to making this a successful census. I think having
1189 nearly 2,900 partnership specialists in the field is going to
1190 be key for us to connect with local areas. Of course, we
1191 will hire locally also. That is a key strategy.

1192 Mr. WESTMORELAND. Just to go back over a little bit of
1193 your Population Estimates Program, it is my understanding

1194 | that you start off with the decennial number or the census.

1195 | Mr. MESENBOURG. The census count, right.

1196 | Mr. WESTMORELAND. Then you add births and subtract
1197 | deaths, is that true?

1198 | Mr. MESENBOURG. That is true.

1199 | Mr. WESTMORELAND. Then I guess for the internal
1200 | migration, let us say somebody moves from Patrick's district
1201 | to a good Congressional district in Georgia FE

1202 | [Laughter.]

1203 | Mr. WESTMORELAND. What kind of data would you use to
1204 | track that?

1205 | Mr. MESENBOURG. For the population that is under 65, we
1206 | use the IRS tax data to do that year to year movement. That
1207 | has about 80 percent coverage of the population. For the
1208 | population 65 or older, we use the Medicare information. We
1209 | use that address information on that.

1210 | Mr. WESTMORELAND. Okay, so that is kind of your formula
1211 | for coming up with that. Now, how about the American
1212 | Community Survey? Can you kind of explain how you use that?

1213 | Mr. MESENBOURG. Well, the American Community Survey is
1214 | the replacement for the old long form. In 1990, 2000, and
1215 | previous censuses, one in six households got a long form.
1216 | And it was long. It was over 50 pages. That was the source
1217 | of all the social, economic, and household information. We
1218 | have replaced that once in a decade long form survey with the

1219 American Community Survey.

1220 The American Community Survey samples about 250,000
1221 households a month and then publishes data annually. In
1222 September, probably September 22nd, we will produce the 2008
1223 estimates for all jurisdictions with a population of 65,000
1224 or more. Then in December, we will produce the three-year
1225 estimate, which will be 2006, 2007, and 2008, for all
1226 jurisdictions with a population over 20,000. Next December
1227 will be the first time we produce the five-year estimate and
1228 that will go down to the very smallest geographic areas.

1229 So it is really the primary source of the social,
1230 economic data like poverty statistics, income, information on
1231 disabilities, and so on.

1232 Mr. WESTMORELAND. I have one final question, if I could,
1233 Mr. Chairman. I know that the population estimates that you
1234 have had, at least from the numbers that I have seen, that
1235 over the past three decades you have been really I guess plus
1236 or minus about 2.5 percent of the decennial number. Is that
1237 correct?

1238 Mr. MESENBOURG. That is correct. In 1990 and 2000, it
1239 was about 2.5 or 2.4 percent under the census number.

1240 Mr. WESTMORELAND. In one year it was over?

1241 Mr. MESENBOURG. I think both years it was under but I
1242 can double check that.

1243 Mr. WESTMORELAND. Both years were under a little bit?

1244 | Okay. But 2.5 percent based on the information you are
1245 | getting is pretty darn close. I want to commend you and the
1246 | people at the Census Bureau for the job you have done.

1247 | I yield back, Mr. Chairman.

1248 | Mr. CLAY. We will do a second round of questioning with
1249 | this panel. I will start with Mr. Mesenbourg.

1250 | Tell me how does the Census Bureau notify other Federal
1251 | departments of changes in population?

1252 | Mr. MESENBURG. Well, we produce the population
1253 | estimates on a regular schedule. Let me just use the 2008
1254 | population estimate. So in December of 2008, we provided the
1255 | national and the State population estimate for 2008. In
1256 | March of 2009, we produced the county-level population
1257 | estimates. Then, as of July 1st, we produced the sub-county
1258 | level. So we just put those statistics out in the last
1259 | couple of weeks.

1260 | Mr. CLAY. You share that with Federal agencies?

1261 | Mr. MESENBURG. It is on the website and I think all of
1262 | the agencies that are using population estimates data in
1263 | their formulas are very familiar with the release schedule.

1264 | Mr. CLAY. Okay. Mr. Mesenbourg, along those same lines,
1265 | is there a plan afoot to put a moratorium on the census
1266 | challenge program?

1267 | Mr. MESENBURG. Well, the sub-county data, using our
1268 | schedule, would come out in July of 2010, basically a year

1269 | from now. So we will put a moratorium on the 2009 challenges
1270 | because by the time we would evaluate and produce those data,
1271 | information from the 2010 Census will be produced at the
1272 | State level no later than December 31st, 2010.

1273 | Mr. CLAY. So we are talking six months? How long will
1274 | the moratorium last?

1275 | Mr. MESENBOURG. Let me be clear. There will be no
1276 | challenge process on the 2009 estimate because by the time we
1277 | would act on it, we will have better 2010 Census data. Now,
1278 | when we come to calendar year 2010, then we have the
1279 | estimates from the decennial census so we do not produce
1280 | public estimates of the population estimates for 2010. The
1281 | census counts stand as the count.

1282 | Mr. CLAY. Thank you so much for that response.

1283 | Let me go to Mr. Richardson. Mr. Richardson, I and many
1284 | others have concerns about the design of formulas that
1285 | correct the under-count and result in an increased number in
1286 | the population count yet and yield fewer monies to the
1287 | municipalities because of the increase. This is the result
1288 | of applying a mechanism called a growth lag. The growth lag
1289 | is to assist areas with stagnant population growth. Low
1290 | income areas normally have population growth and wealthier
1291 | areas tend to have fewer children and more stagnant growth.

1292 | Can you show me where the benefit of having the growth
1293 | lag applied to these under-counts counteracts the loss of

1294 funds in these poorer areas that seemingly would need the
1295 funding more?

1296 Mr. RICHARDSON. I think that is an excellent point. The
1297 growth lag variable in the CDBG formula was developed in the
1298 1970s to try to address the needs of a lot of communities at
1299 that time that were facing significant population loss due to
1300 a number of factors. The formula was put into statute and
1301 has not been changed.

1302 HUD has done a number of studies looking at the
1303 different variables, including growth lag, and how well they
1304 target the need. Growth lag does have the problems you note.
1305 Communities that are relatively well-off communities that
1306 have had populations that stayed the same or gone down even
1307 because of smaller household sizes, they get substantial
1308 grants under the Community Development Block Grant Program,
1309 as do other communities that are seriously distressed. Saint
1310 Louis, Detroit, and Toledo get substantial amount of funding
1311 because they have lost population since 1960.

1312 In the studies we have done, there are recommendations
1313 on how that could be fixed to make the formula so that it
1314 doesn't create these anomalies and so it ensures that the
1315 money is directed to the communities that most need it. As I
1316 noted earlier, President Obama in his 2010 budget proposal
1317 has indicated a desire to work with the Congress to try to
1318 make the changes to make this formula target better.

1319 Mr. CLAY. Yes. Let us begin by you sharing those
1320 studies with the Subcommittee.

1321 Mr. RICHARDSON. Absolutely. We will provide you a copy
1322 of that study. In fact, I have one with me. I can leave
1323 that with your staff.

1324 Mr. CLAY. Thank you so much.

1325 I will recognize my colleague from North Carolina, Mr.
1326 McHenry.

1327 Mr. MCHENRY. Thank you, Mr. Chairman. Mr. Mesenbourg,
1328 there has been some discussion about Hurricane Katrina. It
1329 was devastating and still is a devastating event for the Gulf
1330 Coast. Some parts of the Gulf Coast region still haven't
1331 recovered. The Chairman discussed the difficulties of the
1332 address canvassing there.

1333 But to look at how devastating that was, it was
1334 obviously a horrible event for the people of the Gulf Coast,
1335 but to look at the data that the Census Bureau produced, I
1336 have given you two tables, Table 1 and Table 2, that come
1337 from your Bureau. One is about East Baton Rouge Parish and
1338 the other is about Orleans Parish. New Orleans and Baton
1339 Rouge, in essence. These are your population estimates for
1340 those two counties. You can see the massive loss of
1341 population in Orleans parish and the uptick in East Baton
1342 Rouge. It is obvious to deduce that some moved to East Baton
1343 Rouge. In Table 2, you actually determine where people

1344 | migrated from, too.

1345 | Could you talk about a study by three people that work
1346 | for you, Roger Johnson, Justin Bland, and Charles Coleman,
1347 | who tracked the dislocation of people as they left the path
1348 | of Katrina and the aftermath?

1349 | Mr. MESENBOURG. Certainly. Of course, Katrina posed
1350 | real challenges to the population estimates. I talked about
1351 | how at the county level we start with Census 2000, add
1352 | births, subtract deaths, and then use the tax records and the
1353 | Medicare records to try to estimate migration. One of the
1354 | first things that happened post-Katrina is that the IRS
1355 | provided I think it was a six month extension in terms of
1356 | filing taxes. It was clear that we had to come up with a
1357 | different way of tracking that migration.

1358 | What we did is we availed ourselves of the Postal
1359 | Service National Change of Address record. We identified all
1360 | the housing units and the individuals pre-Katrina. Then,
1361 | using this postal change of address, we found out where they
1362 | moved to. They not only moved, of course, within Louisiana.
1363 | They moved to Houston. They moved to Atlanta.

1364 | The study you referred to, Congressman McHenry,
1365 | basically shows large maps of exactly where all of those
1366 | people that we identified pre-Katrina, where they ended up.

1367 | I guess I would see that as a demonstration that when
1368 | faced with real challenges, the staff can come up with a way

1369 | to produce the data. We knew we needed to do something
1370 | there.

1371 | Mr. MCHENRY. Are there additional administrative data
1372 | that you used aside from the Postal Service or was that the
1373 | crux of it here?

1374 | Mr. MESENBURG. It was primarily this National Change of
1375 | Address record. Once we found out where the people had
1376 | actually moved, then we could also leverage the other
1377 | administrative record data. But the real challenge was to
1378 | find out where they had migrated to from New Orleans.

1379 | Mr. MCHENRY. Okay. That is the Table 2. I am sorry we
1380 | don't have it for the screens. Unfortunately, the screens
1381 | are not working today.

1382 | How confident are you in these estimates?

1383 | Mr. MESENBURG. Quite confident. I think they have been
1384 | vetted by folks. Given the extraordinary challenges that the
1385 | New Orleans area faced, I think this is about as good a job
1386 | as an agency can do in terms of tracking those individuals.

1387 | Mr. MCHENRY. Okay. Has the Mayor of New Orleans
1388 | quibbled with the data?

1389 | Mr. MESENBURG. I believe the Mayor has challenged the
1390 | population estimate. That is not unusual. As I say, we
1391 | typically have about 65 primarily larger cities that
1392 | challenge the estimate.

1393 | Mr. MCHENRY. So it is a pretty regular occasion?

1394 Mr. MESENBURG. It is a very open procedure to
1395 challenge. If jurisdictions have the data to support an
1396 increase in their number of housing units, then typically
1397 they are going to win the challenge process.

1398 Mr. MCHENRY. Oh, I see. So you do incorporate that on a
1399 regular basis?

1400 Mr. MESENBURG. Yes.

1401 Mr. MCHENRY. Okay. Additionally, is it more difficult
1402 to track race and ethnicity following Katrina? Is that an
1403 additional challenge because of using different
1404 administrative data? Or is it hard to say?

1405 Mr. MESENBURG. I don't want to give you the wrong
1406 answer. We provide the race data at a certain level. We do
1407 produce the race information at the county level. I am
1408 confident in it at that level. We do not produce the race
1409 data at the sub-county level. It is the total population
1410 that we are producing there. So for Fulton County, we would
1411 be confident in that number.

1412 Mr. MCHENRY. Thank you, Mr. Chairman.

1413 Mr. CLAY. Thank you, Mr. McHenry.

1414 This panel will be dismissed and we will set up for the
1415 second panel. Thank you all for your testimony today.

1416 [Recess.]

1417 Mr. CLAY. The meeting will come back to order. We will
1418 now hear from our second panel.

1419 Our first witness will be Mr. Carleton Finkbeiner, who
1420 is the Mayor of Toledo, Ohio. As Mayor of Toledo, he has
1421 helped bring new living opportunities to the downtown area.
1422 The Mayor is also active in the U.S. Conference of Mayors and
1423 was a National Chairman of Rebuild America. Thank you for
1424 being here, Mr. Mayor.

1425 Next we will hear from Mr. Robert Bowser, who is the
1426 Mayor of the City of East Orange, New Jersey. It is good to
1427 see you again. Welcome back. Mayor Bowser is the founder of
1428 the New Jersey Conference of Black Mayors and was selected as
1429 President in 2003. He is also a member of the U.S.
1430 Conference of Mayors and is Vice Chair of the 2010 Census
1431 Taskforce.

1432 Our third witness is Mr. Arturo Vargas is the Executive
1433 Director of the National Association of Latino Elected and
1434 Appointed Officials, a national membership organization of
1435 Latino policy makers and their supporters. He is a
1436 nationally recognized expert in Latino demographic trends,
1437 electoral participation, voting rights, the census, and
1438 redistricting. He currently serves on the 2010 Census
1439 Advisory Committee. Welcome back to the Committee, Mr.
1440 Vargas.

1441 Our final witness is Mr. Jamie Alderslade. He is the
1442 Director of External Relations at Social Compact, a
1443 non-profit agency dedicated to fostering private investment

1444 | in inner city communities. He works on projects that utilize
1445 | asset-based information as a platform for consensus between
1446 | local governments, investors, and communities to promote
1447 | sustainable investment in the under-served urban
1448 | neighborhoods. Welcome, Mr. Alderslade.

1449 | Welcome to all of you. Thank you for appearing today
1450 | before the Subcommittee. It is the policy of this Committee
1451 | to swear in all witnesses before they testify. I would like
1452 | to ask you to stand and raise your right hand. Do you
1453 | solemnly swear to tell the truth, the whole truth, and
1454 | nothing but the truth?

1455 | [Witnesses respond in the affirmative.]

1456 | Mr. CLAY. Thank you. You may be seated. Let the record
1457 | reflect that the witnesses answered in the affirmative.

1458 | Each of you will have five minutes to make an opening
1459 | statement. Your complete written testimony will be included
1460 | in the hearing record.

1461 | Mayor Finkbeiner, you may proceed with your opening
1462 | statement.

1463 STATEMENTS OF CARLETON FINKBEINER, MAYOR, CITY OF TOLEDO,
1464 OHIO; ROBERT BOWSER, MAYOR, CITY OF EAST ORANGE, NEW JERSEY;
1465 ARTURO VARGAS, EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION OF
1466 LATINO ELECTED AND APPOINTED OFFICIALS; AND JAMIE ALDERSLADE,
1467 DIRECTOR OF EXTERNAL RELATIONS, THE SOCIAL COMPACT,
1468 INCORPORATED

1469 STATEMENT OF CARLETON FINKBEINER

1470 Mr. FINKBEINER. Thank you, Chairman Clay. I appreciate
1471 this opportunity a great deal.

1472 I have been mayor of Toledo for 12 years. My
1473 experiences in attempting to get an accurate count of Toledo
1474 during that 12 year period of time have been rather
1475 frustrating. That we why we hired Social Compact on the
1476 recommendation of the Mayor of Cincinnati, Mark Mallory,
1477 where Social Compact had helped them significantly.

1478 I think I can speak today with perhaps as much knowledge
1479 as any Mayor coming before you, not because I am a Mayor but
1480 because I was a census leader in 1970 in Toledo, Ohio. I
1481 want to tell you what I learned from that experience.

1482 Many of my counters were elderly females. We began the
1483 census count in affluent, upper middle and middle class

1484 | neighborhoods. My elderly enumerators felt very comfortable
1485 | as they walked up and knocked on the doors of rather
1486 | spacious, extremely well-kept, and trendy suburban-type
1487 | households. My enumerators enjoyed themselves immensely.

1488 | As the weeks progressed and my enumerators completed
1489 | their tasks in these middle class neighborhoods, they
1490 | methodically worked their way towards central city Toledo.
1491 | As they did, their enthusiasm began to taper off. Their
1492 | gusto for enumerating poor neighborhoods of significant
1493 | diversity became really and readily apparent.

1494 | With multiple story apartment buildings as part of their
1495 | daily agenda, I began to lose my crew. Ultimately, of the
1496 | three dozen members of my staff that began, one remained to
1497 | tackle central city Toledo neighborhoods. Even though others
1498 | were brought onboard, they did not have the same degree of
1499 | training and enthusiasm my initial crews did. I began to
1500 | worry about a serious under-counting of the poor, the
1501 | disadvantaged, and men and women of color.

1502 | In the 40 years that have gone by since, there are more
1503 | poor people than ever living in the hearts of our cities,
1504 | including Toledo. Some are homeless men and women. Some are
1505 | regular visitors at the shelters that provide food on a daily
1506 | basis. Others have been released from mental hospitals and
1507 | seek counseling and medicines. These men and women cling to
1508 | the heart of the city where assistance is available and they

1509 | are able to fit in as opposed to looking extremely out of the
1510 | normal in those suburban and middle class enclaves I
1511 | mentioned earlier.

1512 | Fast forward to my 12 years as Mayor. I asked my
1513 | Neighborhoods Department staff to help me estimate how many
1514 | Jane and John Does were being left uncouncted. It is the John
1515 | and Jane Does who need the help of the Federal Government as
1516 | well as State and local governments, 501(c)(3)s, and
1517 | non-profit agencies.

1518 | If people are not counted because U.S. Census workers
1519 | are tentative at best as they count the central city,
1520 | marching door to door, apartment to apartment, homeless
1521 | shelter to homeless shelter, how can we ensure we are
1522 | identifying all of our citizens?

1523 | One thing I know for sure is that there are more men and
1524 | women living in mobile housing unit conditions in bleaker
1525 | environments and in growing numbers today than back in 1970
1526 | when I had my experience. These men and women desperately
1527 | need the help of our Federal Government and our Federal
1528 | agencies. Our responsibility is to find out how to get each
1529 | and every one of these men and women counted by the U.S.
1530 | census.

1531 | During the past few years, there have been numerous
1532 | reports saying that the City of Toledo, as well as Lucas
1533 | County, is losing population. In preparation for our 2010

1534 Census, the staff of the Toledo Planning Commission at my
1535 direction and with the help of Social Compact identified over
1536 1,400 addresses previously not recorded on the U.S. Census
1537 Bureau's current address list. This confirmed my suspicion
1538 that there was a population under-count of housing units from
1539 2000 to 2007 in the City of Toledo.

1540 In fact, the adjusted estimate meant that Toledo's
1541 population in 2007 was actually higher than in 2000, far from
1542 declining as had been consistently reported over several
1543 years. To the credit of the Department of Commerce and the
1544 U.S. Census Bureau, they acknowledged that Toledo had a
1545 population of 316,851, some 21,822 more people than the U.S.
1546 Census Bureau's original 2000 population estimate. The date
1547 of that acknowledgment was January 9, 2009. I attach a copy
1548 of the letter.

1549 To my surprise, on June 2nd, 2009, I was sent a letter
1550 from HUD's Office of the Assistant Secretary for Community
1551 Planning and Development. It stated that as a result of
1552 Toledo's successful challenge, the city will actually be
1553 receiving \$293,585 less in Community Development Block Grant
1554 funding in fiscal year 2009. A copy of that letter is also
1555 attached.

1556 CDBG entitlement community grants are a vital source of
1557 funding from HUD directly to Toledo. The ability to use the
1558 grants flexibly allows my administration the freedom to

1559 | respond to the very specific housing and development needs of
1560 | Toledo's low and moderate income communities. At a time when
1561 | great efforts are being made to stimulate the economy, CDBG
1562 | funding serves a vitally important role in that endeavor.

1563 | Having successfully participated in the Census challenge
1564 | program, we expected to receive a larger allocation in CDBG
1565 | funding, particularly because there are more poor men and
1566 | women now moving towards the centers of our cities, including
1567 | Toledo, than ever before. If there are more people in the
1568 | City of Toledo, as confirmed by Federal Government, with
1569 | increasing poverty and unemployment, and ours tops at about
1570 | 12 percent, why would the City of Toledo's CDBG allocation be
1571 | reduced? I can only conclude that the CDBG allocation
1572 | formula needs to be addressed to rectify the situation facing
1573 | the City of Toledo.

1574 | In closing, the City of Toledo, regardless of current
1575 | formula allocations, will continue to strive for accurate
1576 | data for investment and planning purposes. We will continue
1577 | to work cooperatively with our community and the U.S. Census
1578 | Bureau to make sure every Toledoan is counted.

1579 | Each human being is given a name at birth. Until death,
1580 | they are to remain a concern of a caring society. Without a
1581 | name or an identity, they may as well be condemned to death.
1582 | None of us want that. Therefore, let us make sure every
1583 | person is counted.

1584 I have one concluding comment. A death occurred in our
1585 community 48 hours ago. The man that died was 68 years of
1586 age. He had been a homeless man in Boston for about 15 to 20
1587 years. He was born and raised in Toledo. He got some aid
1588 and assistance when he was in Boston and his family urged him
1589 to come back to the family home in Toledo. Fifteen years ago
1590 he returned. The last 15 years, that man has made such an
1591 impact on life in the neighborhood in which he lived. He
1592 still looked very skinny, very bearded, and very disheveled
1593 and he rode a bike everywhere. But that man was going to
1594 Board of Education meetings. He was going to Social Services
1595 meetings and Criminal Justice meetings. That man made such a
1596 difference.

1597 It was about 10 days ago that he unfortunately was
1598 knocked off his bike by a youngster and hit his head on the
1599 pavement. He was in a coma for 10 days. Our community came
1600 to a stop for 10 days while Bob was in a coma in a hospital.
1601 He died 48 hours ago.

1602 That man was once homeless. Because he was identified
1603 as a real person as a result of the Boston metropolitan area
1604 Social Services people, he came back and made a very, very
1605 significant contribution to Toledo the last 15 years of his
1606 life. He will be deeply missed. That is why every man or
1607 woman needs to be counted.

1608 Thank you, Mr. Chairman.

1609 [Prepared statement of Mr. Finkbeiner follows:]

1610 ***** INSERT *****

1611 Mr. CLAY. Thank you so much, Mr. Mayor, for your
1612 testimony. Mayor Bowser, you are recognized for five
1613 minutes.

1614 STATEMENT OF ROBERT BOWSER

1615 Mr. BOWSER. Good afternoon, Chairman Clay, Ranking
1616 Member McHenry, and Members of the Subcommittee. I am always
1617 glad to be in Washington to see where my money is going.

1618 On behalf of the City of East Orange, New Jersey, I urge
1619 all of our people to be counted in the 2010 Census.
1620 Everyone's participation is vital to ensure our voices are
1621 heard in Congress. A complete count also almost guarantees
1622 our community would get its fair share of Federal dollars,
1623 which would mean money for schools, hospitals, roads, and
1624 social services. This count includes the homeless, the
1625 legal, and the undocumented. We are all entitled to the same
1626 services provided within our city. It is easy, important,
1627 and safe to participate. All of this information is
1628 confidential.

1629 To ensure an accurate count in the City of Each Orange,
1630 we plan to engage our community with a team of people,
1631 coordinators and leaders of various ethnic backgrounds, who
1632 look like and speak the same language as the people we are

1633 counting.

1634 A complete and accurate count means a sustainable,
1635 better way of life for all people. Historically in the City
1636 of East Orange, we believe that the last two census counts
1637 were seriously flawed, resulting in an under-count in excess
1638 of 12 percent.

1639 As a city, we rely on accurate population figures for
1640 all county, State, and Federal applications for grants and
1641 supplemental aid for many if not all programs. In this
1642 present economy, municipal government has to fight for and
1643 look for fiscal help wherever it is available. The census
1644 figures are the one common factor in all applications and the
1645 compelling argument for jurisdictions in need. We at the
1646 local level must meet our obligation to provide services and
1647 the opportunity for services for all our constituents.

1648 At this hearing, we were asked to comment on the impact
1649 of the under-count on funding formulas and how this would
1650 affect local communities. First, let me say that it is
1651 important to distinguish between concerns about funding
1652 formulas and the concerns about allocations under the
1653 formulas. The question of whether funding formulas are
1654 designed properly and whether they take into account the
1655 conditions Congress desires to address is separate from the
1656 question of the accuracy of the data used to allocate funds
1657 under the formulas.

1658 Without going into the details about CDBG funding, there
1659 are two formulas, A and B. Both of them rely on census data.
1660 When they are calculated, the formula, either A or B, that
1661 gives more justification for funds, that is the one that is
1662 used. Under these formulas, jurisdictions always receive
1663 more funds than the total amount available through
1664 appropriations. To bring the allocation within the
1665 appropriated amount HUD uses, they use a pro-rated reduction
1666 that may be different annually.

1667 If East Orange's population is not correctly calculated
1668 in the most recent census, the argument could be made that
1669 neither formula A nor B can be calculated accurately to
1670 allocate to this jurisdiction because 50 percent of formula A
1671 and 20 percent of formula B rely on the accurate population
1672 count. Even if one formula is used instead of the other, an
1673 inaccurate census count could greatly impact East Orange's
1674 CDBG allocation, ensuring this jurisdiction receives less
1675 than the community need.

1676 Also, the U.S. Department's of Housing and Urban
1677 Development formula calculations rely on several factors that
1678 are directly impacted when the U.S. Census Bureau
1679 under-counts, especially because in East Orange we also have
1680 a high number of house rentals and apartment units.

1681 Let me just give you a little information about the City
1682 of East Orange. We are only 3.9 square miles but 83 percent

1683 | of our buildable land is residential. We were cut in half by
1684 | the Garden State Parkway and then we were quartered by
1685 | Interstate 280. We are 15 miles from New York and we border
1686 | six other towns or cities right along the City of Newark.

1687 | The U.S. Conference of Mayors Metro Economies Committee
1688 | reported that of cities within the category of 50,000 to
1689 | 100,000 people, East Orange has the highest percentage of
1690 | people of color in all of the United States of America. It
1691 | is close to 95 percent.

1692 | One other factor that we found out is that home
1693 | ownership in the City of East Orange was less than 35 percent
1694 | eight years ago. Because of the census and the fact that it
1695 | was inaccurate, we went out and checked about 40 of the
1696 | census tracks. We had no means to challenge that count. But
1697 | because of that fact that that percentage of home ownership
1698 | was so low, we went into a first time home buyers program.
1699 | What we did was to educate the population. We made sure we
1700 | helped people get their credit better and we gave them
1701 | counseling. Now, in 2009, we are at 47 percent home ownership
1702 | and we have avoided a lot of the foreclosures in our city
1703 | because of the fact that we were challenging some of the
1704 | census numbers in our own right.

1705 | Also in our city, compounding our problem is that of
1706 | homes that are one and two families, 40 percent of them are
1707 | owned by senior citizens. Of that number, 43 percent of them

1708 | are on fixed income, retired, and have no mortgage. Every
1709 | time we look to increase taxes, this is the group that is
1710 | most vulnerable.

1711 | When you look at and talk about under-counting, the
1712 | historic fact is the factors that affect an under-count are
1713 | people of color, low income populations, immigrants with
1714 | limited English proficiency, young people, and unemployed
1715 | people. The City of East Orange is in a lot of trouble
1716 | because that fits our demographics right away.

1717 | What we need to do to make sure is that we count
1718 | everybody. If you take a few things that you can use as
1719 | parameters, because our population right now is said to be,
1720 | with all of the adjustments and I have no idea how they make
1721 | them, 69,824 people, but if you look at our water
1722 | consumption, it should be somewhere around 77,000 people. If
1723 | you look at our school population, which includes public
1724 | schools, charter schools, private schools, and day care, it
1725 | should be somewhere between 73,000 and 75,000. If you look
1726 | at solid waste disposal, it should be somewhere around 72,000
1727 | people.

1728 | Something went awry at the first count. In this count
1729 | coming up, if it is wrong in the first year, it is wrong for
1730 | the next nine years. That is a problem.

1731 | [Prepared statement for Mr. Bowser follows:]

1732 | ***** INSERT *****

1733 Mr. CLAY. Thank you, Mr. Mayor. Mr. Vargas, you are
1734 recognized for five minutes.

1735 STATEMENT OF ARTURO VARGAS

1736 Mr. VARGAS. Thank you, Mr. Chairman and Ranking Member
1737 McHenry, for the opportunity to appear before you on behalf
1738 of the NALEO Educational Fund.

1739 You know, a successful census requires an accurate count
1740 of the estimated 47 million Latinos in the Nation. We are
1741 the second largest population group and the fastest growing
1742 population. An under-count of the Latino population means a
1743 failed census. It will skew the distribution of Federal
1744 resources to States and localities.

1745 Many of the Federal programs allocated using census data
1746 are critical to the education and health of Latino families,
1747 such as the Department's of Education Title I grants and
1748 Department's of Health and Human Services Head Start and
1749 SCHIP programs. These programs are just three of the Federal
1750 initiatives that have proven successful in helping children
1751 living in poverty to succeed in school and lead healthy
1752 lives. Without accurate 2010 Census data, we would not be
1753 able to accurately assess the number of children in need nor
1754 allocate sufficient resources for them.

1755 An under-count of the Latino population will also have a
1756 significant impact on the fair distribution of Federal
1757 funding to States and cities with large Latino populations.
1758 Nearly half of the Nation's Federal funding allocated using
1759 census data is distributed to nine States where nearly 80
1760 percent of the Nation's Latinos reside. These amounts range
1761 from \$3.5 billion for New Mexico to nearly \$42 billion for
1762 California. In addition, \$43 billion in Federal funding
1763 allocations that rely on census data, about 11 percent of the
1764 Nation's total, are distributed to the five metropolitan
1765 areas where one out of four Latinos live.

1766 Latino elected officials at the State and local levels
1767 know the harm caused by the under-count. In my written
1768 testimony, we present four examples of elected officials
1769 around the Country who are dealing with the problems caused
1770 by the under-count. These officials recommend changes to the
1771 Bureau's census challenge program to ensure that yearly
1772 population estimates are more accurate. The Latino elected
1773 officials we have surveyed recommend that the Bureau help
1774 jurisdictions to better understand the data and evidence
1775 required for a successful challenge and the criteria that the
1776 Bureau use to accept challenges.

1777 To help avoid an under-count and the harm that it
1778 brings, we offer the following recommendations for the 2010
1779 Census:

1780 First, Congress must provide the Census Bureau with
1781 sufficient funding to conduct the census. The House has
1782 approved Census funding that is \$206 million below the
1783 President's request. This seems to be the result of a
1784 misunderstanding between House appropriators and the
1785 Department of Commerce over certain carryover funds. The
1786 Senate Appropriations Committee has approved Census funding
1787 at a level closer to the President's request. We urge the
1788 Senate to adopt the Committee recommendation and urge
1789 appropriators to restore the \$206 million in conference that
1790 appears to have been inadvertently cut by the House.

1791 Second, the U.S. Senate must expeditiously confirm the
1792 nomination of the Director of the Census Bureau. The delay
1793 on Dr. Groves's confirmation is impairing the ability of the
1794 Bureau to proceed on track.

1795 Third, the Census Bureau must implement a communications
1796 and outreach plan that takes into account the current
1797 economic and social realities. The security measures
1798 implemented after September 11, including provisions of the
1799 Patriot Act, have raised concerns about confidentiality.
1800 Hurricane Katrina and other natural disasters have displaced
1801 thousands of residents. We are in the worst economic crisis
1802 since the Great Depression with thousands having lost their
1803 homes through foreclosures. Millions are living disengaged
1804 from our Country's civic life. The paid advertising campaign

1805 | needs to reach these Americans.

1806 | As a member of the Joint Advisory Advertising Review
1807 | Panel, I joined with my fellow members in raising concerns
1808 | about the proposed advertising campaign that was initially
1809 | developed. We are heartened to see that the communications
1810 | contractors have taken into consideration the views of the
1811 | JAARP and have retooled the messaging of the campaign. Last
1812 | week, we were presented with a plan that was much more
1813 | cohesive, better promoted the confidentiality and safety of
1814 | the census, and reflected the economic times.

1815 | This retooled campaign will need further testing and
1816 | refinement but time is of the essence. We encourage Congress
1817 | to continue its vigilance over this crucial component of the
1818 | 2010 communications plan.

1819 | In addition, the lack of an English language paid media
1820 | strategy directed at Latinos is problematic. The Census
1821 | Bureau will fail to reach a large segment of the hard to
1822 | count population if it relies exclusively on Spanish language
1823 | media to reach all Latinos.

1824 | Special strategies will also be required to count
1825 | immigrants because our Nation's ongoing immigration policy
1826 | debate has exacerbated their fear of contact with Government
1827 | agencies and have increased hate crimes. The Bureau must use
1828 | strategies that overcome this distrust and all public
1829 | agencies must work to promote public confidence in the

1830 census.

1831 The Census Bureau must ensure that its 2010 workforce
1832 reflects the diversity of the Nation's population from its
1833 highest managerial positions to its field enumerators.
1834 Latinos are the most under-represented segment of the
1835 Bureau's permanent workforce, comprising less than 6
1836 percent. As the Bureau continues to deploy its massive
1837 workforce, it must hire a diverse group of top managers to
1838 lead its regional operations.

1839 To effectively reach the hard to count population, the
1840 Bureau must also hire enumerators who are familiar with local
1841 communities and their residents. In many neighborhoods,
1842 these workers must be bilingual. We have heard reports from
1843 some areas that sufficient bilingual enumerators are not
1844 available to hire, particularly in areas with emerging
1845 populations.

1846 Congress should closely monitor the implementation of
1847 the Census in Schools Program. This was one of the success
1848 stories of Census 2000. We are concerned that we are not
1849 going to have the same aggressive implementation of Census in
1850 Schools in 2010 that we had in 2000.

1851 Finally, Congress must reject any proposals that would
1852 prevent the full enumeration of every U.S. resident in the
1853 census. These proposals are contrary to the fundamental
1854 precepts of our Constitution that call for a full count of

1855 every person residing in the Nation. We strongly condemn the
1856 efforts of a small group of extremists and even a Member of
1857 this legislative body calling for a census boycott.
1858 Encouraging anyone to not participate in the census is simply
1859 wrong.

1860 The NALEO Educational Fund remains committed to being a
1861 partner with the Congress and the Administration in ensuring
1862 the success of the 2010 count. We look forward to working
1863 with you on this and I look forward to any questions you may
1864 have.

1865 [Prepared statement of Mr. Vargas follows:]

1866 ***** INSERT *****

1867 Mr. CLAY. Thank you, Mr. Vargas, for your testimony.
1868 Thank you for the work you do.

1869 Mr. Alderslade, you are recognized for five minutes.

1870 STATEMENT OF JAMIE ALDERSLADE

1871 Mr. ALDERSLADE. Good afternoon, Chairman Clay. Good
1872 afternoon, Ranking Member McHenry. Good afternoon,
1873 Congresswoman Kaptur. Many thanks for this opportunity to
1874 discuss the important matter of how census data is used in
1875 Federal formulae.

1876 On a personal note, I came to this Country four years
1877 ago to Social Compact and now I am testifying on Capitol
1878 Hill. It is incredible.

1879 [Laughter.]

1880 Mr. ALDERSLADE. Today, I want to make three brief
1881 points. Accurate demographic data is critically important as
1882 a component of driving sustainable economic development in
1883 our cities, especially in our under-served neighborhoods.
1884 Close collaborative partnership between local governments and
1885 the Census Bureau is the Nation's most important driver for
1886 generating that data. Thirdly, every conceivable effort
1887 should be made to ensure that the evolution and strengthening
1888 of this vital partnership between the Census Bureau and the

1889 | cities continues.

1890 | If there is one lesson that we have learnt over the
1891 | course of 10 years of conducting our pioneering drill-down
1892 | research in 350 under-served neighborhoods across this
1893 | Country, where we found under-served neighborhoods to be far
1894 | larger, far safer, and with far greater buying power than
1895 | previously thought, is that information matters. There is no
1896 | more important source of information in this Country than
1897 | that produced by the Census Bureau.

1898 | As you have heard from my fellow esteemed panelists,
1899 | census data defines everything from how much Federal and
1900 | State funding a city may receive to its prospects for
1901 | attracting investments. When demographic data is accurate,
1902 | investment decisions are more informed, policy more refined,
1903 | and funding allocations fairer.

1904 | To ensure accurate census information, it is imperative
1905 | that there are strong partnerships between local governments
1906 | and the Census Bureau. We therefore fully support the Census
1907 | Bureau's development of the census challenge program, a major
1908 | step in the evolution and strengthening of alliances between
1909 | local governments and the Bureau.

1910 | Since 2001, 251 challenges by local governments have
1911 | been recognized by the Census Bureau, resulting in population
1912 | adjustments of 1.8 million people to the contesting
1913 | jurisdictions. So far, Social Compact has worked with six

1914 | cities, including the great city of Toledo, Ohio, across the
1915 | Country to provide the Census Bureau with better local data,
1916 | resulting in an aggregate adjustment of almost 200,000
1917 | additional residents.

1918 | The very existence of the census challenge program, a
1919 | program designed by the Census Bureau, and the City of
1920 | Toledo's participation in that program is the clearest signal
1921 | possible that both the Bureau and local governments are
1922 | committed to building stronger alliances. When that alliance
1923 | is weakened or compromised, no one benefits. The Census
1924 | Bureau gets incomplete and irregular data from cities; cities
1925 | and States don't get their appropriate share of funding from
1926 | Federal Government sources; investors don't get the accurate
1927 | market information that they need; and perhaps most
1928 | importantly, communities get under-counted.

1929 | As you heard from my fellow panelists, suspicion or a
1930 | lack of understanding over how census data is used in Federal
1931 | formulae greatly compromise this crucial partnership.
1932 | Indeed, the example of the reduction in CDBG funding to
1933 | Toledo as the result of its participation in the census
1934 | challenge program actually discourages cities and local
1935 | governments from working with the Census Bureau. This must
1936 | be addressed immediately.

1937 | For local governments to continue to submit accurate
1938 | local data to the Census Bureau, the formulas that include

1939 | population factors and are used by Federal agencies need to
1940 | be transparent and trusted by cities. Specifically, I have
1941 | four recommendations:

1942 | An immediate review is required of the formulas that HUD
1943 | uses to determine allocations of the CDBG entitlement grants.
1944 | As it stands, the current formulas used by HUD discourage
1945 | cities from submitting accurate local data to the Census
1946 | Bureau.

1947 | Greater research is urgently required on the impacts of
1948 | census figures on all funding for local governments that is
1949 | determined by formulae. The City of Toledo knows to the
1950 | dollar amount the reduction in CDBG funding as a result of
1951 | participating in the challenge program but has little idea of
1952 | the dollar impacts on other funding it receives. Cities need
1953 | to know this.

1954 | Once this research has been completed, tools should be
1955 | developed for local governments so that they may plan for
1956 | changes in population and corresponding changes in funding.
1957 | For instance, could a funding calculator be developed that
1958 | enabled local governments to plug in their population to
1959 | calculate their predicted funding from Federal and State
1960 | programs?

1961 | Finally, there may be more that cities and the Census
1962 | Bureau could do to support the development of sound and
1963 | transparent funding formulae. One suggestion is a review of

1964 | the current data collected by local governments by the Census
1965 | Bureau to determine annual population estimates. Are there
1966 | additional local data sources that can be collected that will
1967 | not only improve accuracy but perhaps inform future funding
1968 | formulae developments?

1969 | In conclusion, the census is the best and most important
1970 | demographic database we have in the United States. But it
1971 | can be greater still by ensuring close collaboration with
1972 | local governments, especially with populations with high
1973 | minority and other under-counted communities. Social Compact
1974 | will continue to work diligently to foster mutually
1975 | beneficial partnerships between local governments and the
1976 | Census Bureau. By urgently addressing these issues outlined
1977 | today, in partnership with Federal agencies, the Census
1978 | Bureau and local governments will have taken a major step
1979 | towards achieving our common goals.

1980 | Thank you.

1981 | [Prepared statement of Mr. Alderslade follows:]

1982 | ***** INSERT *****

1983 Mr. CLAY. Thank you. Thank you so much for your
1984 testimony. I thank the entire panel for their testimony.

1985 I will defer to my colleague, Ms. Kaptur, to begin
1986 questioning. You are recognized for five minutes.

1987 Ms. KAPTUR. Mr. Chairman, I want to thank you so much
1988 for that. Mayor Finkbeiner of Toledo has to be leaving. His
1989 plane is on the runway. I appreciate your graciousness and
1990 that of Ranking Member McHenry. I very much appreciate it.

1991 Mayor, thank you for your excellent testimony, which
1992 will be made a part of the permanent record, and for your
1993 experience in the area of census. I am going to ask my
1994 questions real quickly so you can get them and any other
1995 matter you think we should know regarding the census on the
1996 record.

1997 No one has worked harder than you have to gain a full
1998 count and funding to support the count inside the City of
1999 Toledo and Lucas County, which are now suffering from double
2000 digit unemployment. Can you tell us how easy it was for you
2001 to share your discovered under-count with the Census Bureau?
2002 Did you face any challenges? If so, how did you overcome
2003 them? What recommendations do you have for this panel as we
2004 face the next census?

2005 Mr. FINKBEINER. That is a great question, Congresswoman
2006 Kaptur. As you know, I was elected in 1993 and took office
2007 in 1994. I think for the better part of that eight years, it

2008 | bothered me that I did not feel that the consistent reporting
2009 | of Toledo's population dropping, dropping, and dropping could
2010 | be validated.

2011 | Our efforts to reach the regional office in Detroit and
2012 | the local office in Toledo were met with respect and were met
2013 | with dignity but we basically, in my judgement, got a cold
2014 | shoulder. It was like, we know what we are doing. We are
2015 | the professionals and you are just like every other Mayor in
2016 | America: You think you have more people than we do.

2017 | But having had that experience that I referred to in
2018 | 1970 where I lost 35 out of 36 of my crew, and that was the
2019 | trained crew; the people that were brought in behind them
2020 | were nowhere near as well trained as that initial crew, I
2021 | have had great concerns.

2022 | When I learned that Cincinnati had gained over 20,000
2023 | people in population, I called Mark Mallory, the Mayor. Mark
2024 | told me that he had done that only because he had felt the
2025 | same frustration and inability to reach the Census people as
2026 | I had. He said there is a firm, Social Compact. They are
2027 | very, very modest in what they charge you and they helped me
2028 | find 25,000 Cincinnatians. Then the suburban communities
2029 | plugged into it and they actually found another 10,000 people
2030 | in suburbia that were under-counted. So I think their total
2031 | gain was 35,000. That would be, I believe, Hamilton County.

2032 | We got in touch with Social Compact and they helped us

2033 know the formula. Boy, it was very quick. It was only a
2034 matter of probably 60 to 90 days before we felt we were in a
2035 great position to claim there were approximately 22,000 or
2036 23,000. When it all came down, this is very interesting
2037 Congresswoman, we were only off by 11. Really, the number we
2038 submitted was corrected by 11 persons by the U.S. Census
2039 Bureau.

2040 But then we get into this. That was 2007 count. Now,
2041 just recently, they released the 2008 count and they
2042 subtracted 2,500 people from us and didn't give us credit for
2043 the 22,600 people we had gained. So it is rather confusing.

2044 Then there was the letter saying we are going to have
2045 money subtracted. The most important thing about this is,
2046 and I did listen to the explanations, Congresswoman, that
2047 were given, that it doesn't make sense. If you think there
2048 is a recession going on in 48 States, come visit Michigan and
2049 Ohio. There is a depression in Michigan and Ohio with 25
2050 percent unemployment in Detroit, Michigan and 12.5 percent in
2051 Toledo. At the very same time, we are saying there are more
2052 people in Toledo. We know a fair share of them are the
2053 socially disadvantaged and the economically disadvantaged
2054 because all of the services are in the heart of our city and
2055 our unemployment is 12.5 percent. Yet we have money pulled
2056 back from us. That just doesn't make any sense.

2057 So to answer your question very directly, I am grateful

2058 | for the recognition of the fact that there are 22,600 more
2059 | Toledoans than thought but I don't think I should have had to
2060 | actually go and hire an agency to get that point across to
2061 | the Census Bureau.

2062 | Ms. KAPTUR. I think the testimony of our Mayor is very,
2063 | very revealing, Mr. Chairman. I know that what you said will
2064 | be taken into consideration. I don't know if we have
2065 | representatives of the Census Bureau still in the audience.
2066 | I hope we do and that they are listening as well.

2067 | Mr. CLAY. They are here.

2068 | Ms. KAPTUR. I thank the Chairman for that. I thank you,
2069 | Mayor Finkbeiner, for your great leadership over so many
2070 | years. It is the toughest job in America to be a Mayor.

2071 | Mr. FINKBEINER. If you will allow me to make one more
2072 | statement that I think it is important, Chairman Clay,
2073 | Congresswoman Kaptur, and Congressmen? God bless them, but
2074 | do you note today that the leadership that spoke to you was
2075 | all white? The largest group of uncounted men and women in
2076 | America is not, I don't believe, the white population. I
2077 | believe it is the African American, Hispanic, Latino, and
2078 | Asian populations.

2079 | People still fear people who are different than
2080 | themselves. We are getting over it. Slowly but surely, we
2081 | are getting over it. But we are not there yet. In the very
2082 | hearts of the cities is a significant proportion of your

2083 African American, Latino, Hispanic, Asian and populations.
2084 We can't have them under-counted.

2085 The best way we can get them counted is to have people
2086 that are familiar with them doing the counting who not afraid
2087 to be in those tall tenement buildings or in the poorer
2088 neighborhoods. That is something that the U.S. Census Bureau
2089 needs to make a commitment to, in my judgement.

2090 I do have to catch that plane.

2091 [Laughter.]

2092 Mr. FINKBEINER. The Census Bureau will not be dismayed
2093 by that.

2094 [Laughter.]

2095 Mr. FINKBEINER. Thank you, Mr. Chairman. Thank you very
2096 much, Congress Members. This is a hugely important issue to
2097 this Nation.

2098 Mr. CLAY. Thank you, too, Mr. Mayor, for your service to
2099 Toledo and the Country. We understand. You are excused.

2100 Mr. McHenry, you are recognized for five minutes.

2101 Mr. MCHENRY. Thank you, Chairman Clay. Thank you all
2102 for your testimony. I really appreciate you being here. I
2103 know it has been a long day with the votes and everything
2104 else. Thank you.

2105 Mr. Alderslade, can you provide just a sort of quick
2106 synopsis of what your organization does?

2107 Mr. ALDERSLADE. Absolutely. We are a national

2108 | non-profit organization based literally 10 blocks away from
2109 | here of business leaders committed to promoting investment in
2110 | low and moderate income, usually minority, communities.
2111 | Through our pioneering market analytic tool, something called
2112 | the drill-down, we conduct market analyses in these typically
2113 | under-counted and under-served communities to essentially
2114 | make the business case for the first time.

2115 | Usually these communities are defined by what is bad
2116 | about them. We know to a science what is bad about these
2117 | communities but we have no narrative for what is good and
2118 | what their market opportunities are. Without market
2119 | opportunities, you don't get private sector investments. So
2120 | we make the business case.

2121 | We have done this in 350 under-served neighborhoods
2122 | across 20 cities, including Washington, D.C. We found 1.5
2123 | million more people, \$35 million more buying power, and that
2124 | these communities are far safer than previously thought.

2125 | Mr. MCHENRY. On your website, you mention that your
2126 | organization uncovers census errors. One interviewer stated
2127 | that Social Compact's researchers are like inner city
2128 | bloodhounds. They sniff out people who are overlooked by the
2129 | census. How do you do that? I don't want you to give away
2130 | any secrets for your organization, but how is that done?

2131 | Mr. ALDERSLADE. I don't know whether to be pleased about
2132 | that description or not. I don't know. There are two things

2133 | we do:

2134 | The drill-down, which is using public and private sector
2135 | data, is about purely making the business case and helping
2136 | Mayor Finkbeiner, Mayor Mallory, and all sorts of Mayors make
2137 | much more investment information oriented policy decisions in
2138 | a bid to attract investments.

2139 | In terms of these cities that we have helped and are
2140 | currently helping now with census challenges, that
2141 | methodology is defined by the Census Bureau. It has been
2142 | around since 2001. Challenge is the wrong word. It sounds
2143 | combative but it is the name of the program, unfortunately.
2144 | The census challenge program allows local governments to
2145 | participate every year, just as New York City does and just
2146 | as Toledo did last year, using defined methodology that was
2147 | created by the Census Bureau. It allows local governments to
2148 | contribute construction data over the course of the last 10
2149 | years.

2150 | What we found is that there have been some issues with
2151 | it. In a sense, the existence of this program is fantastic.
2152 | When cities are successful in their challenge, there is no
2153 | better signal that the Census Bureau and local governments
2154 | can work together to produce accurate results.

2155 | Mr. MCHENRY. Do you use enumerators or do you use
2156 | existing data?

2157 | Mr. ALDERSLADE. We use existing data. So when we did

2158 | Toledo's, we used existing construction data that they had
2159 | lying around their departments, collected as a result of just
2160 | being a city government.

2161 | Mr. MCHENRY. Is this an error? Is it a willful omission
2162 | or is it an error on the Census Bureau's part?

2163 | Mr. ALDERSLADE. No, it just needs some improvements. The
2164 | Acting Census Director is exactly right. There are 39,000
2165 | jurisdictions that can challenge but we have only had 251 in
2166 | the last 10 years.

2167 | It is not that cities are happy with their estimates.
2168 | It is that essentially every month the Census Bureau sends a
2169 | construction form, the C-404 form, to 39,000 jurisdictions
2170 | across the Country. They are meant to fill this out and sent
2171 | it back in. If you don't know what the value of that form
2172 | is, if you don't know what the implications are for your
2173 | funding, your investment prospects, or the perception of your
2174 | city, it either gets sent to the wrong person, the Mayor
2175 | doesn't think it is important, or it just gets lost in the
2176 | hundreds of thousands of things that cities have to do.

2177 | So in a sense, what we are trying to do is correct that
2178 | relationship, to say to Mayors that this information, if you
2179 | work in partnership on an ongoing basis and provide the data
2180 | locally that the Census needs, will counter the need for
2181 | census challenges going forward. The census challenge is a
2182 | great program because it is a partnership branch given out by

2183 | the Census Bureau to say that we will work with you.

2184 | Mr. MCHENRY. Would you contend that the decennial
2185 | enumeration is more accurate than the estimates?

2186 | Mr. ALDERSLADE. That is a tricky question. Our
2187 | experience through the drill-down work that we do, our
2188 | experience of counting the populations in central city,
2189 | minority low and moderate income populations would suggest
2190 | that no, it 'isn't. For those communities, it is still a
2191 | challenge. We found in just 350 under-served communities 1.5
2192 | million more people.

2193 | Mr. MCHENRY. But that is based off of the estimates,
2194 | correct?

2195 | Mr. ALDERSLADE. No, this is based off transactional data
2196 | and FE

2197 | Mr. MCHENRY. You found extra people than the Census
2198 | Bureau estimated were there in 2007, correct?

2199 | Mr. ALDERSLADE. Exactly. That is what we found.

2200 | Mr. MCHENRY. That was based off of the population
2201 | estimate of the Census, not the actual enumeration?

2202 | Mr. ALDERSLADE. That is based off of the drill-down
2203 | methodology which uses administrative data and private sector
2204 | data to build up a real time population number. So just from
2205 | our experience on the under-count in those communities, for
2206 | the enormous missed markets that we identify in low income
2207 | communities, the evidence would suggest that in low and

2208 moderate minority communities, the decennial count and
2209 estimates are under-counts.

2210 Mr. MCHENRY. Mr. Vargas, I appreciate your leadership
2211 within the Latino or Hispanic community to say participate.
2212 The Constitution is very clear about participation in the
2213 census and it is who is here on census day. I appreciate you
2214 being vocal about this.

2215 Within your testimony, what you said during your
2216 testimony is that you have concerns about a lack of an
2217 English speaking media campaign towards the Hispanic
2218 community. Are there other recommendations specifically like
2219 that that you have for the Bureau?

2220 Mr. VARGAS. There are, sir. Thank you for that
2221 question. As a member of the Joint Advisory Advertising
2222 Review Panel, I had an opportunity to see the initial
2223 campaign that had been developed by the communications
2224 vendors. I don't know if you got word, but we issued a vote
2225 of no confidence in the contractor's ability to carry out
2226 that campaign because the messages were not messages for
2227 2010. They were messages for 1990. They were a feel good
2228 campaign to come, join, and participate.

2229 People right now, it is hard to feel good when you are
2230 losing your homes and you are losing your jobs. We are
2231 thinking that the Bureau really needs to bring some sense of
2232 reality about how important the census is to help this

2233 Country move forward. That was the kind of messaging we
2234 think that can resonate certainly within the Latino
2235 population.

2236 With respect to language use, obviously to reach the
2237 immigrant population, it is absolutely critical to use
2238 Spanish language media. But many of the hard to count
2239 populations have been here three or four generations. Many
2240 of them may be living in poverty and feel marginalized from
2241 society. They don't watch Spanish language media,
2242 necessarily. They are watching English language media.

2243 The Bureau, their effort is to say well, we will cover
2244 them with the Diverse America Campaign. Our recommendation
2245 is that you have to talk to them specifically and overcome
2246 the cynicism that it doesn't matter to be counted. These are
2247 the kind of folks who also believe that my vote doesn't
2248 count, no one cares what I have to say, and I am on the outs.

2249 That is the population that doesn't participate. That is
2250 the population that we need to invest money in and reach
2251 them.

2252 Mr. MCHENRY. You said that there is some difficulty to
2253 get enumerators within emerging communities? For instance,
2254 in my district there is a significant emerging Hispanic
2255 population.

2256 Mr. VARGAS. That is right, sir.

2257 Mr. MCHENRY. Going to the Bureau, they have been

2258 | fantastic and very open about wanting input. We have a
2259 | significant Hmong population, for instance, in my district as
2260 | well. Very few areas of this Country actually have a Hmong
2261 | population. So those types of regional issues, has the
2262 | Bureau been open and collaborative with you and been a
2263 | partner in trying to find those enumerators?

2264 | Mr. VARGAS. They have, but I think they are hamstrung
2265 | with some policy concerns. Working for the Bureau is a
2266 | Federal job and you need to be a U.S. citizen. I have no
2267 | problems or concerns that the Bureau will not find enough
2268 | U.S. citizens who speak Spanish in Los Angeles, San Antonio,
2269 | Chicago, or New York. I am more concerned about the
2270 | communities like the ones you represent where it is an
2271 | emerging population, more immigrant than established
2272 | communities, and so you have less of a U.S. citizen
2273 | population that is bilingual that the Bureau could tap into
2274 | to hire.

2275 | In addition, foreign nationals from Mexico who are work
2276 | authorized cannot be hired by the Federal Government today.
2277 | So in those communities where you have growing Mexican
2278 | immigrant populations, that is a double hamstrung that the
2279 | Bureau has.

2280 | Those are some policy concerns that we think the
2281 | Congress should look into.

2282 | Mr. MCHENRY. Thank you. Mayor Bowser, just in

2283 conclusion before I hand it back over to Chairman Clay before
2284 he gives me the hook, you mentioned some discrepancies
2285 between your number for sewer users versus water users and
2286 these different numbers that you have. What are your
2287 recommendations for the Bureau to get a better count of your
2288 residents?

2289 Mr. BOWSER. I think, unlike putting it all on the Census
2290 Bureau, I think it incumbent upon Mayors and leaders in the
2291 communities to make sure we get the proper representation. In
2292 my city, we historically have talked at least for the last 15
2293 years about having an over 20 percent Haitian population. We
2294 haven't counted them yet.

2295 So what we are doing is making sure that we have
2296 representatives in the enumerators. It should be insisted
2297 upon by the Census Bureau that we cover all of these. We
2298 have a large South African population, a Caribbean
2299 population. Our Latino population is growing. It is
2300 somewhere, and this is an estimate, around 3 to 6 percent.
2301 But we are making sure that we have people that can go to
2302 those places and speak to them, speak their same language,
2303 and dress like some of the other folks. So we do that.

2304 But we can't put that all on the Census Bureau. This is
2305 our one opportunity to make this thing work. What the Census
2306 Bureau needs to do is insist to their regional coordinators
2307 that they get the proper people that can go out there and

2308 | count folks. Don't put it all on them.

2309 | All you have got to do is make sure they have the money
2310 | to do it. So if you are talking about cutting some money
2311 | from the Census Bureau, don't do it. Please.

2312 | Mr. MCHENRY. Thank you. Thank you all. Thank you, Mr.
2313 | Chairman.

2314 | Mr. CLAY. Mr. McHenry, you asked almost all of my
2315 | questions, too.

2316 | Let me start with Mayor Bowser. In your testimony, you
2317 | mentioned HUD's HOME program and how the under-counting of
2318 | rental units by the U.S. Census Bureau has negatively
2319 | impacted funding for your City of East Orange. Please
2320 | elaborate on your specific frustrations with the Census
2321 | Bureau and HUD. How do you believe either Federal department
2322 | can improve their programs?

2323 | Mr. BOWSER. As I said early on, we have a large
2324 | population that is pretty much of fixed income. We have a
2325 | waiting list to rehabilitate homes based on access to HOME
2326 | dollars. Somebody might be out there for three years waiting
2327 | to just bring the houses up to basic code. That is all the
2328 | money is really for. But in addition, some of the HOME money
2329 | can be used for affordable housing and in startups and things
2330 | like that.

2331 | The problem that we have is that if you look at the
2332 | numbers based on the census, we think that we are

2333 shortchanged. So we don't have the dollars to really help
2334 our total population that is asking for and looking for some
2335 of that help. It has been a problem. I just hope that this
2336 time going around we are able to fix those numbers.

2337 Mr. CLAY. To get it right. But have you as the Mayor or
2338 as the City of East Orange, have you challenged the census
2339 estimates through the challenge program?

2340 Mr. BOWSER. We didn't do it this past time for 2000 like
2341 we did in 1990 because it was such a large number that we
2342 felt was wrong. Basically, there are areas in your city that
2343 do not change. They are very stable families and homes. So
2344 what you need to do is put your effort into the areas that
2345 have the most problems that are very difficult to get into.

2346 Mr. CLAY. I hope you make acquaintance with Mr.
2347 Alderslade today when we end this.

2348 Mr. BOWSER. I got his card, sir.

2349 Mr. CLAY. Let me move on to Mr. Vargas. Given that
2350 there is a historical under-count, do the yearly census
2351 estimates, appeals, and adjustments adequately rectify the
2352 discrepancies in funding to local Latino communities that
2353 result from that under-count initially?

2354 Mr. VARGAS. No, I don't believe so, sir. I think the
2355 point has been made earlier that if the baseline data are
2356 inaccurate to begin with from the decennial census, then all
2357 subsequent data throughout the next nine years continue to be

2358 | inaccurate.

2359 | I would like to point out, however, that we are going to
2360 | be following very closely the use of the American Community
2361 | Survey data. When Congress reauthorized the Voting Rights
2362 | Act of 1965, for example, it indicated that the ACS data
2363 | could be used every five years to update the jurisdictions
2364 | that would be required to be covered under Section 203 of the
2365 | Voting Rights Act, which requires language assistance in
2366 | voting to our citizens who are limited English proficient.
2367 | So we will be following that very closely to see if in fact
2368 | the ACS has a sufficient sample size every year to accurately
2369 | determine whether or not we are targeting implementation of
2370 | our voting rights laws accurately.

2371 | Mr. CLAY. So for your community, it is like a moving
2372 | target. We have estimates that there are 47 million Latinos
2373 | within our population but it is hard to get a gauge of it.
2374 | You are coming in at 28 million, 29 million?

2375 | Mr. VARGAS. Well, the last census put us at some 30
2376 | million. But I think one of the most interesting statistics
2377 | the Census Bureau has recently indicated is that this Country
2378 | grows by a person every 15 seconds. Every 30 seconds, that
2379 | person is a Latino or Latina.

2380 | Mr. CLAY. I have read that somewhere. Thank you for
2381 | your response.

2382 | Mr. Alderslade, if GAO is able to determine a new and

2383 | accurate per year value of dollars lost for each
2384 | under-counted person in local communities, what would this
2385 | number mean for your work with Social Compact and your
2386 | interest to secure private investments in inner city
2387 | neighborhoods?

2388 | Mr. ALDERSLADE. That is a great question. There are two
2389 | sides to this. On that assumption, you would assume that the
2390 | cities, counties, and State governments would get more
2391 | Federal funding dollars to spend on CDBG economic development
2392 | programs and the programs that support Mayors in creating
2393 | jobs and attracting investments.

2394 | On the other side of things, a report done by the
2395 | Brookings Institute estimated that 80 percent of all retail
2396 | investment decisions use data derived from the census. Now,
2397 | conservatively, even within the economic downturn that we are
2398 | in, there are estimates that there will be \$250 billion of
2399 | commercial investment over the course of the next four years.

2400 | So if you have accurate counts, just as we found in New
2401 | Orleans 50,000 more people, and had 48,000 more added to
2402 | Detroit's population, those are new markets for investors.
2403 | Those are new markets for retailers, new markets for banks.
2404 | That changes the way Mayors make decisions about economic
2405 | developments.

2406 | Mr. CLAY. Thank you so much for your response. Let me
2407 | thank this panel for their responses.

2408 I thank my colleagues as well as the staff for their
2409 indulgence on this hearing. As you heard, the bells are
2410 ringing so that will conclude this hearing. I am sure there
2411 will be subsequent hearings. Thank you.

2412 [Whereupon, at 5:42 p.m., the subcommittee was
2413 adjourned.]

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