

October 2002

2000 CENSUS

Complete Costs of Coverage Evaluation Programs Are Not Available



G A O

Accountability * Integrity * Reliability

Contents

Letter

Results in Brief	1
Background	2
Scope and Methodology	3
Life Cycle Costs	6
Seven Issues Related To ICM/A.C.E. Programs	7
Agency Comments and Our Evaluation	8
	15

Appendixes

Appendix I: Budgeted and Obligated Life Cycle Costs by Framework and Project for Fiscal Years 1996 through 2003	17
Appendix II: Comments From the Department of Commerce	19

Tables

Table 1: Census 2000 ICM/A.C.E. Program Budgeted Life Cycle Costs for Fiscal Years 1996 through 2003	17
Table 2: Census 2000 ICM/A.C.E. Program Obligated Life Cycle Costs for Fiscal Years 1996 through 2001	18

Figures

Figure 1: Budgeted Costs of ICM/A.C.E. Programs	11
Figure 2: Obligated Costs of ICM/A.C.E. Programs	12
Figure 3: Obligated Costs of ICM/A.C.E. Programs by Category	13

Abbreviations

A.C.E.	Accuracy and Coverage Evaluation
CAMS	Commerce Accountability Management System
FTE	full-time equivalent
ICM	Integrated Coverage Measurement
OMB	Office of Management and Budget
PES	Post Enumeration Survey



United States General Accounting Office
Washington, D.C. 20548

October 31, 2002

The Honorable William Lacy Clay, Jr.
House of Representatives

The Honorable Carolyn B. Maloney
House of Representatives

To assess the quality of the population data collected in the 2000 Census, the U.S. Census Bureau conducted the Accuracy and Coverage Evaluation (A.C.E.) program, which focused on a survey of housing units designed to estimate the number of people missed, counted more than once, or otherwise improperly counted in the census. As agreed with your offices, this report responds to your joint request to review A.C.E. life cycle costs. Total life cycle costs for the 2000 Census cover a 13-year period from fiscal year 1991 through fiscal year 2003¹ at an estimated cost of \$6.5 billion, adjusted to 2000-year dollars. The A.C.E. program was first included in bureau program documents in November 1998 and funded for fiscal years 2000 through 2003. A predecessor program, Integrated Coverage Measurement (ICM), began in May 1995 and was funded by the bureau for fiscal years 1996 through 1999. We considered both programs to be within the scope of your request.

As agreed with your offices, we focused our review on the following seven questions concerning ICM/A.C.E. program life cycle costs.

1. What were the original estimated life cycle costs for the ICM/A.C.E. programs?
2. What was the source and support for \$400 million in life cycle costs reported by the bureau for the ICM/A.C.E. programs?
3. How were ICM/A.C.E. program costs estimated?
4. How much did the bureau budget² for the ICM/A.C.E. programs?

¹ Proposed fiscal year 2003 funding was included in the President's Budget in February 2002, but has not yet been approved by the Congress.

² Since fiscal year 1996, the bureau has received its appropriation based on eight broad frameworks of effort and then establishes budgets for individual activities and projects within frameworks.

-
5. What were the obligated life cycle costs for the ICM/A.C.E. programs?
 6. Were any budgeted funds for the ICM/A.C.E. programs not used as of the end of fiscal year 2001, and if so, how much?
 7. What were the ICM/A.C.E. program-related costs for the bureau dress rehearsal in fiscal year 1998?

This report is part of a series of GAO studies on the lessons learned from the 2000 Census that can help in the planning and development effort now occurring for the 2010 Census.

Results in Brief

Although the U.S. Census Bureau tracked some costs of conducting the ICM/A.C.E. programs, it did not identify the complete life cycle costs of the programs due to three factors. First, program costs prior to fiscal year 1996 were not identified because the bureau considered costs from earlier years to be part of its general research and development efforts and the bureau did not assign unique project codes to identify ICM/A.C.E. program and related costs in its financial management system. Second, although \$3.6 million of fiscal year 1996 obligated costs were identified in the bureau's financial management system as an ICM special test, the bureau did not consider these costs as part of the ICM/A.C.E. programs and it also classified these costs as general research. We disagreed with the bureau on this point and have included this amount in our report as part of the ICM/A.C.E. life cycle costs we could identify. Finally, we were unable to identify ICM/A.C.E. portions of costs, such as evaluations and data processing, which the bureau included in other 2000 Census programs. Based on available information for the seven questions, we found the following:

- The original estimated cycle costs of conducting the ICM/A.C.E. programs were about \$400 million.
- The first evidence for the original \$400 million estimate is in the original budget justifications for fiscal year 2000.
- The bureau based its estimates of ICM/A.C.E. costs on assumptions about the needs for personnel and benefits, contractual services, travel, office space, equipment, and other costs necessary to conduct and support operations of the programs.

-
- The budgeted amounts that we identified from bureau records for conducting the ICM/A.C.E. programs are about \$277 million through fiscal year 2003.
 - The obligated costs that we identified from bureau records for conducting the ICM/A.C.E. programs are about \$207 million through fiscal year 2001.
 - About \$58 million of budgeted funds for the ICM/A.C.E. programs that we identified from bureau records were not obligated through fiscal year 2001.
 - The ICM/A.C.E. program-related costs that we identified from bureau records for the 1998 dress rehearsal were about \$11 million budgeted and about \$9 million obligated.

Due to limitations in the bureau's available financial data, our responses to the seven specific questions identified in your request do not include all ICM/A.C.E. program life cycle costs and are limited to cost information covering fiscal years 1996 through 2003, except where indicated.

The Department of Commerce expressed disagreement with how we had presented answers to the seven questions, but did not comment on the substance of our answers. Regarding its concern that our report implied managerial or reporting weaknesses, our answers were not prepared with the intent of drawing conclusions beyond the information presented. We have addressed the comments in the "Agency Comments and Our Evaluation" section of this report and the full text of the comments and our detailed evaluation is presented in appendix II.

Background

Early in the 2000 Census cycle, the U.S. Census Bureau was researching coverage measurement options for the 2000 Census, including the Post Enumeration Survey (PES) methods used in past decennial censuses. The bureau explored a number of design options aimed at improving data accuracy while controlling costs. In 1993, the bureau was also evaluating the feasibility of conducting a one-number census, which combines the features of both the traditional head count and statistical methods to produce a single count before the mandated deadlines.

In May 1995, the bureau announced that it would conduct a sample survey of 750,000 housing units, called Integrated Coverage Measurement (ICM), to estimate how many housing units and people it would miss or count more than once in the 2000 Census.³ In this initial design for the 2000 Census, the bureau planned to use statistical methods to integrate the results of this survey with the traditional census enumeration to provide a one-number census by December 31, 2000. The U.S. Supreme Court ruled in January 1999 that 13 U.S.C. 195 prohibited the use of statistical sampling to generate population data for reapportioning the U.S. House of Representatives.⁴ However, the court's ruling did not prohibit the use of statistical sampling for other purposes, such as adjusting formulas to distribute billions of dollars of federal funding to state and local governments.

Following the Supreme Court ruling, the bureau abandoned certain statistical aspects of the ICM program, and announced the A.C.E. program to assess the quality of the population data collected in the 2000 Census, using a smaller sample of 300,000 housing units.⁵ The bureau conducted A.C.E., which corresponded to the PES in past censuses and the ICM in the original *2000 Census Plan*, to measure and correct the overall and differential coverage of the U.S. resident population in the 2000 Census. Although A.C.E. was generally implemented as planned, the bureau found that A.C.E. overstated the census net undercount. This was due, in part, to errors introduced during matching operations and from other remaining uncertainties. The bureau has reported that additional review and analysis would be necessary before any potential uses of A.C.E. data could be considered.⁶

Due to uncertainties or errors in the A.C.E. survey results, the acting director of the bureau decided in separate decisions in March 2001 and October 2001 that the 2000 Census tabulations would not be adjusted for any purpose, including distribution of billions of dollars in federal funding.

³U.S. Census Bureau, *The Reengineered 2000 Census* (Suitland, MD: May 19, 1995).

⁴*Department of Commerce v. United States House of Representatives*, 525 U.S. 316 (1999).

⁵U.S. Census Bureau, *Updated Summary Census 2000 Operational Plan* (Suitland, MD: Feb. 24, 1999).

⁶U.S. General Accounting Office, *2000 Census: Coverage Evaluation Matching Implemented as Planned, but Census Bureau Should Evaluate Lessons Learned*, [GAO-02-297](#) (Washington, D.C.: Mar. 14, 2002).

These decisions were consistent with those for the 1990 Census, which was not adjusted due to other problems. According to senior bureau officials, the bureau is continuing to evaluate issues related to A.C.E. and the census, and the results of its evaluation are expected to influence the bureau's planning for the 2010 Census.

Bureau Appropriations and Accounting

The bureau receives two appropriations from the Congress: (1) salaries and expenses and (2) periodic censuses and programs. The salaries and expenses appropriation provides 1-year funding for a broad range of economic, demographic, and social statistical programs. The periodic censuses and programs appropriation includes primarily no-year funding⁷ to plan, conduct, and analyze the decennial censuses every decade and for other authorized periodic activities. Since fiscal year 1996, the bureau has prepared its annual budget request for the 2000 Census in eight broad frameworks of effort that were submitted to the Office of Management and Budget (OMB) and the Congress. For management, program, financial, staffing, and performance purposes, frameworks are further divided by the bureau into activities and then projects within these activities.⁸

⁷ No-year funds are available for their original purpose until they are either expended, rescinded, transferred, or reprogrammed, or the account is closed.

⁸For example, for fiscal year 2000, the bureau used 8 frameworks, 23 activities, and 119 projects.

The bureau accounts for the costs of conducting the ICM/A.C.E. programs in its Commerce Administrative Management System (CAMS), which became operational in fiscal year 1997. Bureau financial management reports generated by CAMS have provided appropriated amounts, expended and obligated amounts, and variances to a project level from fiscal year 1997 to the current period. The ICM/A.C.E. programs are an activity comprised of eight projects contained within three frameworks. Fiscal year 1996 was the first year the bureau set up a specific project code to identify ICM program costs through fiscal year 1999. However, it was difficult to identify the change to the A.C.E. program beginning in fiscal year 2000 because the bureau did not change many of the project descriptions in CAMS from the ICM program. As discussed in our December 2001 report, we identified specific control weaknesses for fiscal year 2000 related to the lack of controls over financial reporting and financial management systems.⁹

Scope and Methodology

To meet the objective of responding to seven questions concerning ICM/A.C.E. program life cycle costs, we reviewed and analyzed budget and program data for all coverage measurement programs that existed during the 2000 Census (for fiscal years 1991 to 2003), which included the ICM and A.C.E. programs. We did not audit budget and other financial data provided by the bureau. We also reviewed planning and methodology documents and other available information in order to determine the history of the programs. Also, we identified ICM and A.C.E. project accounts and analyzed amounts by fiscal year using the financial management reports generated by CAMS. We discussed the results of our analysis with senior bureau officials and interviewed bureau officials to obtain their views and observations regarding the ICM and A.C.E. programs. It was not our objective to assess the efficiency of expenditures and obligations against planned budget appropriations.

We encountered several limitations in the scope of our work on this assignment as follows.

- We were unable to determine the complete life cycle costs of the ICM/A.C.E. programs because the bureau considered any ICM/A.C.E.

⁹U.S. General Accounting Office, *2000 Census: Analysis of Fiscal Year 2000 Budget and Internal Control Weaknesses at the U.S. Census Bureau*, [GAO-02-30](#) (Washington, D.C.: Dec. 28, 2001).

related costs from fiscal years 1991 through 1995 as part of its general research and development programs and thus did not separately track these costs. Although some costs were tracked in fiscal year 1996, the bureau still considered these costs as research and development and did not include these costs as ICM/A.C.E. program costs.

- We were further unable to identify ICM/A.C.E. portions of costs, such as evaluations and data processing, which the bureau included with other 2000 Census programs.

Our work was performed in Washington, D.C. and at U.S. Census Bureau headquarters in Suitland, Maryland, from February 2002 through July 2002. Our work was done in accordance with U.S. generally accepted government auditing standards. On November 17, 2002, the Department of Commerce provided written comments on a draft of this report and we have reprinted the comments in appendix II. Technical comments were also provided by the department and incorporated into the report where appropriate, but have not been reprinted.

Life Cycle Costs

Although the bureau tracked some costs of conducting the ICM/A.C.E. programs, we found that the bureau did not identify the complete life cycle costs of the programs due to the following three factors.

First, the bureau only tracked the costs of conducting the ICM/A.C.E. programs, which covers the period from fiscal year 1997 through 2003. Although life cycle costs for the 2000 Census cover a 13-year period from fiscal years 1991 through 2003, senior bureau officials said that the ICM/A.C.E. program was not viable for implementation until fiscal year 1997. Therefore, the bureau considered costs from earlier years as part of its general research and development programs and the bureau did not assign unique project codes to identify ICM/A.C.E. programs and related costs in its financial management system.

Second, although \$3.6 million of fiscal year 1996 obligated costs were identifiable in the bureau's financial management system as an ICM special test, the bureau did not consider these costs as part of the ICM/A.C.E. programs. Instead, these costs were considered general research and development. However, because the bureau separately identified these costs as ICM program costs, we have included the \$3.6 million as part of the ICM/A.C.E. program costs we could identify in this report.

Finally, we were unable to identify the ICM/A.C.E. portions of costs, such as evaluations and data processing, which the bureau included with other 2000 Census programs. For example, in late fiscal year 2000 and after, the bureau did not separate A.C.E. evaluations from its other 2000 Census evaluations in its financial management system. Bureau officials stated that the contracts for evaluations included overall 2000 Census and A.C.E. evaluations, and did not have a separate code identifying A.C.E. costs. Similarly, the bureau did not capture all costs for items such as data processing by programs like ICM/A.C.E. These type of operations were conducted for the 2000 Census overall, were budgeted by framework, were not separated by program in the bureau's financial management system, and were not allocated back to individual projects. Therefore, we were unable to identify these types of costs for the ICM/A.C.E. programs.

Seven Issues Related To ICM/A.C.E. Programs

Due to the limitations in the bureau's data, our responses to the seven specific questions identified in your request do not include all ICM/A.C.E. life cycle costs and are limited to available cost information covering fiscal years 1996 through 2003, except where indicated, and exclude such costs as A.C.E. evaluations and some data processing. The following sections include our responses to the seven questions on ICM/A.C.E. program life cycle costs.

1. What were the original estimated life cycle costs for the ICM/A.C.E. programs?

The bureau originally estimated the costs of conducting the ICM program to be about \$400 million when it planned to use statistical methods to integrate the results of a survey based on 750,000 housing units with the traditional census enumeration to provide a one-number census. This original estimate included fiscal years 1997 through 2003. However, this estimate was incomplete, as the bureau did not include program costs prior to fiscal year 1997 because it considered them as general research and development costs. The bureau also combined costs for A.C.E. evaluation and data processing with other program costs in different frameworks.

The U.S. Supreme Court ruled in January 1999 that statistical sampling could not be used to generate population data for reapportioning the House of Representatives. As a result of the ruling, in June 1999, as part of its amended fiscal year 2000 budget request, the bureau decreased the ICM/A.C.E. program by about \$214 million, due to a reduction in the sample size from 750,000 to 300,000 housing units. We could not identify from

bureau records an original estimate for only A.C.E. life cycle costs for completing the scaled-back survey.

2. What was the source and support for \$400 million in life cycle costs reported by the bureau for the ICM/A.C.E. programs?

In 1995, the bureau estimated life cycle costs for the 2000 Census in 13 frameworks; however, bureau documents did not break out the frameworks into activities and projects.¹⁰ The first evidence for the \$400 million cost estimate for conducting the ICM/A.C.E. program for the 2000 Census was submitted as part of the original fiscal year 2000 budget justification for overall census operations to the Congress in February 1999. This original budget was prepared based on the initial design for ICM, which planned to incorporate statistical methods to integrate the results of a survey based on 750,000 housing units with the traditional census enumeration to provide a one-number census.

3. How were ICM/A.C.E. program costs estimated?

According to bureau officials, estimates of ICM/A.C.E. costs are based on assumptions about the needs for headquarters and support staff and related benefits, contractual services, travel, office space, and equipment costs necessary to conduct and support operations of the program. The bureau used an electronic cost model to calculate many of the estimates for the ICM/A.C.E. programs.

For personnel costs, the A.C.E. program costs were divided into costs for data collection and costs for headquarters full-time equivalent (FTE) staff and support staff as follows.

- The A.C.E. field staff needed to conduct each A.C.E. data collection operation included enumerators, crew leaders, field operations supervisors, and assistants. The cost model was designed to estimate the number of field staff positions, hours, FTEs, salary costs, and mileage costs. In the cost model, each operation had its own distinct production assumptions based on the data collection needs for that operation. Based on operational needs, the bureau determined the assumptions for production rates, mileage rates, production and training days, and hours worked per day.

¹⁰U.S. Census Bureau, *The Reengineered 2000 Census* (Suitland, MD: May 19, 1995).

-
- The magnitude of the A.C.E field production labor was determined by the A.C.E. field operation workload. Based on the workload, the number of A.C.E. enumerators was calculated for each operation. Then, based on the number of enumerators, the bureau determined the number of crew leaders, field operations supervisors, and assistants needed. The number of production positions became the bureau's basis for the number of staff to be trained. The number of positions, both production and trainee, was then used to estimate the salary cost as a function of the total production and trainee hours and applicable labor rates.
 - Once labor rates were determined, a percentage was used to calculate benefit costs.

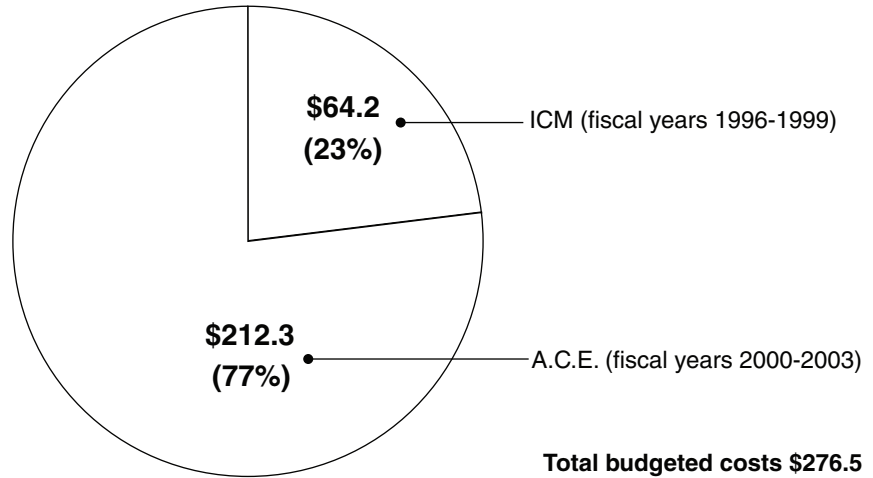
For nonpersonnel costs, the bureau estimated the costs based on the following.

- Contract costs were estimated based upon procurement needs for goods and services, including contractors hired to assess the feasibility of A.C.E. operations and to evaluate the results of the program.
- Travel costs were estimated using the numbers of production and trainee positions to calculate the average miles per case and the mileage reimbursement rate.
- Office space estimates were based on the number of people who needed space, the number of square feet per person, and the cost per square foot.
- Equipment and supply costs were based on the needs of each employee and the specific needs of each A.C.E. operation. This included laptop computers that were provided to field data collection staff to conduct interviews and to monitor the operational progress of the program.

4. How much did Census budget for the ICM/A.C.E. programs?

As shown in figure 1, we identified from bureau records budgeted amounts of \$276.5 million for conducting the ICM/A.C.E. programs. Of this amount, \$64.2 million was for the ICM program from fiscal year 1996 through 1999, and \$212.3 million was for the A.C.E. program from fiscal year 2000 through 2003. Also, see table 1 in appendix I for additional details of ICM/A.C.E. budgeted costs by framework and project.

Figure 1: Budgeted Costs of ICM/A.C.E. Programs (Dollars in millions)

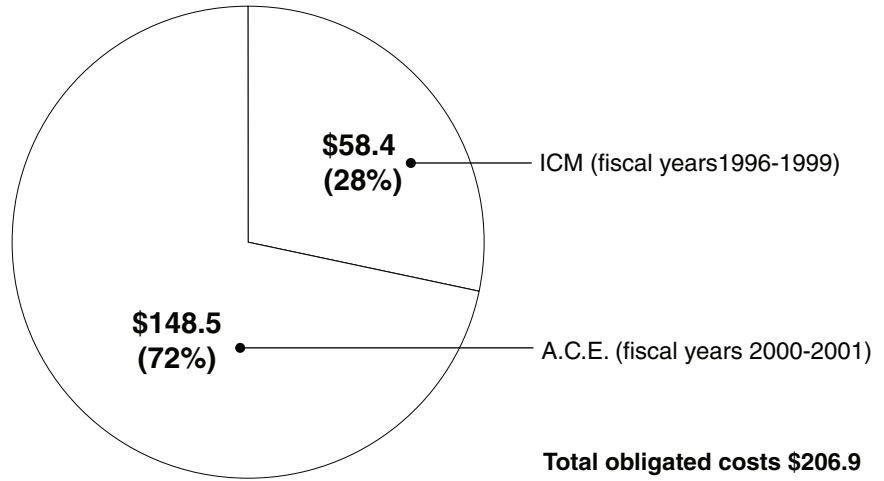


Source: GAO analysis of unaudited bureau data.

5. What were the obligated life cycle costs for the ICM/A.C.E. programs?

As shown in figure 2, we identified from bureau records obligated amounts of \$206.9 million, of which \$58.4 million was for the ICM program from fiscal year 1996 through 1999, and \$148.5 million was for the A.C.E. program for fiscal years 2000 and 2001. We did not include obligated costs for fiscal year 2002 as they are not yet final and fiscal year 2003 obligations have yet to be incurred. Also, see table 2 in appendix I for additional details of obligated costs for the ICM/A.C.E. programs.

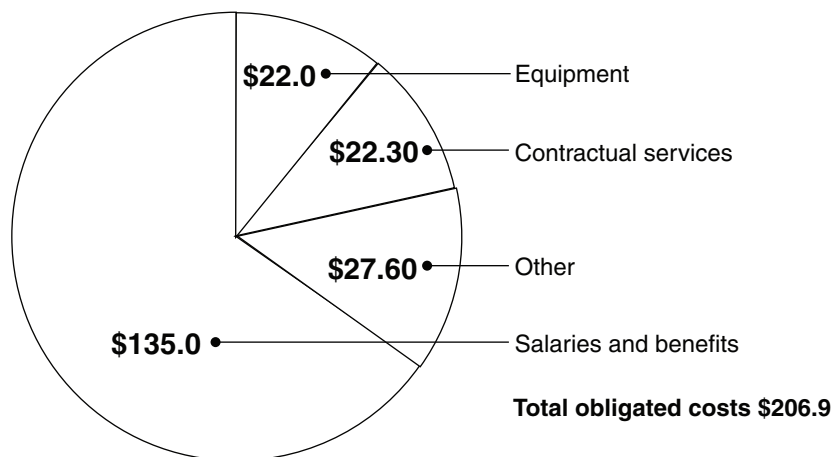
Figure 2: Obligated Costs of ICM/A.C.E. Programs (Dollars in millions)



Source: GAO analysis of unaudited bureau data.

As shown in figure 3, of the \$206.9 million of obligated ICM/A.C.E. program costs through fiscal year 2001, 65 percent or about \$135 million were for salaries and benefits. The next largest category was for contractual services, which constituted about \$22.3 million or 11 percent of ICM/A.C.E. program costs. The third largest category was for equipment, which constituted about \$22 million, or 11 percent of ICM/A.C.E. program costs. Other costs - including office space, travel, and supplies - made up about \$27.6 million or 13 percent of program costs.

Figure 3: Obligated Costs of ICM/A.C.E. Programs by Category (Dollars in Millions)



Source: GAO analysis of unaudited bureau data.

6. Were there any budgeted funds for the ICM/A.C.E. programs not used as of the end of fiscal year 2001, and if so, how much?

About \$57.7 million of budgeted funds that we identified from bureau records for the ICM/A.C.E. programs were not obligated through fiscal year 2001.

- For fiscal years 1996 and 1997, there were no unused funds for the ICM program.
- For fiscal year 1998, about \$2.7 million remained unobligated for the ICM program because of the following reasons.
 - \$1.5 million was due to the dress rehearsal housing unit follow-up workload being smaller than anticipated; a bureau bonus program¹¹ not being implemented although budgeted; and less mileage reimbursement than budgeted under project code 6205 (ICM Dress Rehearsal).

¹¹This program was intended to provide certain temporary employees a cash incentive to stay at the bureau until the end of 2000 Census operations.

-
- \$400,000 was due to unused budgeted funds for salaries related to project code 6352 (ICM Coverage Measurement).
 - \$400,000 was due to unused budgeted funds for salaries and a delay in awarding contract services under project code 6444 (ICM Procedures and Training).
 - \$400,000 was due to unused budgeted funds for regional office manager and assistant manager salaries and travel costs due to delays in hiring under project code 6480 (ICM Collection).¹²
 - For fiscal year 1999, about \$3.6 million budgeted for the ICM program remained unobligated due to the following reasons.
 - About \$2.3 million related to project code 6480 (ICM Collection) was not used, including \$1.6 million due to unspent salaries related to hiring delays, hiring fewer staff than authorized for selected positions, and hiring qualified candidates at less than budgeted levels. Another \$0.7 million was due to less mileage reimbursement than budgeted.
 - About \$1.2 million was due to equipment costs and hardware for 2000 being less than budgeted under project code 6608 (ICM Processing).
 - For fiscal year 2000, about \$42.5 million remained unobligated for the A.C.E. program, consisting of almost \$40 million for project code 6480 (A.C.E. Collection), which was budgeted for the program but was not used primarily because of the following reasons.
 - About \$32 million was due to unspent salaries and benefits for office staff in field offices from hiring fewer positions and hiring at lower grades than budgeted and from lower data collection costs due to a reduction in cases requiring personal visits.
 - About \$4 million was due to the fact that contract obligations for laptop computers and support services were less than budgeted.
 - About \$2 million resulted from lower GSA rents than budgeted.

¹²This project covers the implementation of certain ICM/A.C.E. field operations and support activities.

-
- For fiscal year 2001, about \$8.9 million of unobligated funds remained for the A.C.E. program, consisting mostly of \$6.4 million for project code 6480 (A.C.E., Collection), which was budgeted for the program but was not used.

7. What were the ICM/A.C.E. program-related costs for the bureau dress rehearsal in fiscal year 1998?

As shown in appendix I, the ICM program-related costs for the 1998 dress rehearsal were captured under project code 6205 (ICM Dress Rehearsal). Of the total \$10.8 million budgeted, we were able to identify obligations of \$9.4 million from bureau records. Most of these obligations were incurred in fiscal year 1998, with some follow-up amounts in the first quarter of fiscal year 1999. According to bureau officials, the dress rehearsal project activities included data collection and case management, data processing, and implementation of estimation operations. This project also covered the implementation of ICM and some elements of A.C.E. at the Sacramento, California, and Menominee County, Wisconsin dress rehearsal sites.

Agency Comments and Our Evaluation

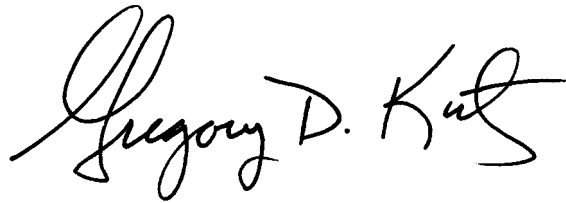
The Department of Commerce comments expressed disagreement with how we presented answers to the seven questions in the report, but did not comment on the substance of our answers. It said that our report's conclusions imply financial management or reporting failures and suggest specific control weaknesses in the bureau's financial management systems. It also said we inferred an inability to properly manage from large unexplained discrepancies between budgeted and obligated amounts for the ICM/A.C.E. programs. Our answers were not prepared with the intent of drawing conclusions beyond the information presented and we did not make interpretive conclusions or qualitative judgments about the ICM/A.C.E. programs. Although not within the scope of this report, our December 2001 report identified internal control weaknesses for fiscal year 2000 related to the bureau's lack of controls over financial reporting and financial management systems.¹³

The department's written comments and our more detailed evaluation of its concerns are presented in appendix II.

¹³[GAO-02-30](#).

As agreed with your offices, unless you announce its contents earlier, we plan no further distribution of this report until 7 days after its issuance date. At that time, we will send copies to the Chairman and Ranking Minority Member of the Senate Committee on Governmental Affairs, the House Committee on Government Reform, and the House Subcommittee on Civil Service, Census, and Agency Organization. We will also send copies to the Director of the U.S. Census Bureau, the Secretary of Commerce, the Director of the Office of Management and Budget, the Secretary of the Treasury, and other interested parties. This report will also be available on GAO's home page at <http://www.gao.gov>.

If you or your staffs have any questions concerning this report, please contact me at (202) 512-9095 or by e-mail at kutzg@gao.gov or Roger R. Stoltz, Assistant Director, at (202) 512-9408 or by e-mail at stoltzr@gao.gov. A key contributor to this report was Cindy Brown-Barnes.

A handwritten signature in black ink that reads "Gregory D. Kutz". The signature is written in a cursive style with a large, stylized initial 'G'.

Gregory D. Kutz
Director
Financial Management and Assurance

Budgeted and Obligated Life Cycle Costs by Framework and Project for Fiscal Years 1996 through 2003

Table 1: Census 2000 ICM/A.C.E. Program Budgeted Life Cycle Costs for Fiscal Years 1996 through 2003

Dollars in millions

Project	Description	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	Total
6311	A.C.E. Coverage Management					\$8.5				\$8.5
6348	A.C.E. Operations					.4				.4
6480	ICM Collection			\$1.6	\$13.9	132.3	\$29.6			177.4
Total	Framework 3			1.6	13.9	141.2	29.6			186.3
6444	ICM Procedures & Training		\$.2	1.7	1.8	2.6	2.1	\$.7	\$ 1.7	10.8
6608	ICM Processing		.2		5.3	10.4	3.9	1.4	3.0	24.2
Total	Framework 5		.4	1.7	7.1	13.0	6.0	2.1	4.7	35.0
6205	ICM Dress Rehearsal		.1	9.4	1.4					10.9
6236	ICM Special Test	\$3.3	7.0							10.3
6352	ICM Coverage Measurement		3.0	6.0	9.3		10.0	3.2	2.5	34.1
Total	Framework 6	3.3	10.1	15.4	10.7		10.0	3.2	2.5	55.2
	Total	\$3.3	\$10.5	\$18.7	\$31.7	\$154.2	\$45.6	\$5.3	\$7.2^a	\$276.5

Note: ICM projects became A.C.E. projects in fiscal year 2000 and thereafter.

^aThis full year original cost estimate of the A.C.E. program was developed around May 2001. On June 12, 2002, a senior official told us that the bureau was revising this amount to about \$2 million to cover the period October 1 through December 31, 2002, when the A.C.E. program will end.

Source: GAO compiled from U.S. Census Bureau financial management records.

**Appendix I
Budgeted and Obligated Life Cycle Costs by
Framework and Project for Fiscal Years 1996
through 2003**

Table 2: Census 2000 ICM/A.C.E. Program Obligated Life Cycle Costs for Fiscal Years 1996 through 2001

Dollars in millions

Project	Description	FY96	FY97	FY98	FY99	FY00	FY01	Total
6311	A.C.E. Coverage Management					\$7.7	\$.1	\$7.8
6348	A.C.E. Operations					.4		.4
6480	ICM Collection			\$1.2	\$11.6	92.5	23.2	128.5
Total	Framework 3			1.2	11.6	100.6	23.3	136.7
6444	ICM Procedures & Training		\$.4	1.3	1.9	2.9	1.8	8.3
6608	ICM Processing		.2		4.1	8.4	3.8	16.5
Total	Framework 5		.6	1.3	6.0	11.3	5.6	24.8
6205	ICM Dress Rehearsal		.1	7.9	1.4			9.4
6236	ICM Special Test	\$3.6	7.1					10.7
6352	ICM Coverage Measurement		3.0	5.6	9.0	-.1	7.8	25.3
Total	Framework 6	3.6	10.2	13.5	10.4	-.1	7.8	45.4
Total	Total	\$3.6	\$10.8	\$16.0	\$28.0	\$111.8	\$36.7	\$206.9

Note: ICM projects became A.C.E. projects in fiscal year 2000 and thereafter.

Source: GAO compiled from U.S. Census Bureau financial management records.

Comments From the Department of Commerce

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



THE SECRETARY OF COMMERCE
Washington, D.C. 20230

OCT 17 2002

Mr. Gregory D. Kutz
Director, Financial Management and Assurance
U.S. General Accounting Office
Washington, DC 20548

Dear Mr. Kutz:

The Department of Commerce appreciates the opportunity to comment on the General Accounting Office draft report entitled "2000 Census: Complete Costs of Coverage Evaluation Programs Are Not Available." The Department's comments on this report are enclosed.

Sincerely,

A handwritten signature in black ink, appearing to read "Donald L. Evans".

Donald L. Evans

Enclosure

**Appendix II
Comments From the Department of
Commerce**

**Comments from the U.S. Department of Commerce
U.S. Census Bureau**

U.S. General Accounting Office draft report entitled *2000 Census: Complete Costs of Coverage Evaluation Programs Are Not Available*

General Comments on the Report

See comment 1.

The U.S. Census Bureau takes exception with the central conclusions of this report, as they imply that large sums of money associated with the Integrated Coverage Measurement (ICM) and Accuracy and Coverage Evaluation (A.C.E.) Programs for Census 2000 were not properly reported as being spent on those programs. Moreover, the General Accounting Office (GAO) suggests that the Census Bureau was unable to properly estimate full-cycle costs for these programs and that this inability, coupled with the fact that there was almost \$58 million in budgeted but unobligated funds for the ICM/A.C.E. programs during FY 1998-2001, indicates that there were specific control weaknesses in the Census Bureau's financial management systems. The GAO's apparent remedy for this would be for the Census Bureau to allocate ICM/A.C.E. program expenditures to codes established for this program at an earlier point in the census cycle.

The Census Bureau respectfully disagrees with this position. We believe that we have accurately captured the ICM/A.C.E. costs attributable to Census 2000 in our financial planning. Prior to 1996, the Census Bureau had not sufficiently defined the specific coverage measurement program that ultimately became the ICM. Consequently, the Census Bureau did not allocate any expenditures to ICM project codes. This is in keeping with Census Bureau procedures regarding a wide range of decennial census operations. It underscores an important point: namely, that the GAO's inability to identify portions of the costs attributable to ICM/A.C.E. programs is not demonstrative of a financial or reporting failure; it simply indicates that the Census Bureau's system and categorization of Census 2000 expenditures do not permit the parsing out of the specific breakdowns requested.

See comment 2.

To be sure, the dual system estimation (DSE) methodology central to the ICM/A.C.E. program was under development. In fact, the Census Bureau had been developing DSE methodology and other sampling methodologies for many years. But it was logical for us to allocate expenditures associated with this and other decennial programs to a general research and development activity code early in the decade when we were developing and testing decennial census operations. Costs for the *ICM Special Test* in 1996, which the GAO specifically addresses, also should be understood in the context of the Census Bureau's ongoing development of DSE procedures. It was only after Census 2000 operations were finalized in 1997 that a specific code was established for the ICM program as a component of Census 2000. It is, therefore, misleading for

Appendix II
Comments From the Department of
Commerce

See comment 3.

the GAO to include the costs for the development of DSE methodologies early in the decade in reporting the full-cycle costs for the ICM/A.C.E. programs.

The GAO also cites discrepancies between the \$400 million cost estimate provided in early 1999 and the budgeted amount totaling roughly \$277 million, both of which were calculated through FY 2003. Following the January 1999 Supreme Court ruling prohibiting the use of sampling to produce the apportionment counts, the Census Bureau revised its plans for its coverage measurement program. However, the Census Bureau had already prepared its FY 2000 budget request for Census 2000 activities, which included a cost estimate of \$400 million for the ICM program for FY 1997-2003. The Census Bureau's revised plans called for a coverage measurement survey—the A.C.E.—of less than half the size of the ICM. This major revision to the Census Bureau's coverage measurement program explains the large discrepancy between the \$400 million cost estimate provided in early 1999 and the budgeted amounts totaling roughly \$277 million¹. The Census Bureau subsequently revised its budget request for Census 2000, based on the requirements for the A.C.E. program.

See comment 4.

In addition, the GAO reports both budgeted and obligated full-cycle costs for the ICM/A.C.E. programs. The obligated full-cycle cost total of approximately \$207 million covers the period FY 1996-2001, given that obligations for FY 2002 and FY 2003 are not yet known. The budgeted full-cycle cost total of approximately \$277 million covers the period FY 1996-2003, although the FY 2003 amount has been revised recently. The GAO suggested that the difference between these two totals demonstrates the Census Bureau's inability to properly manage and record expenditures relating to the ICM/A.C.E. programs. Again, we disagree with the GAO's inference. First of all, the totals cover two different time periods, with budgeted costs of these programs for FY 2002 and FY 2003 totaling \$12.5 million. Much of the remainder of unobligated funds (approximately \$58 million) can be attributed to the \$42.5 million in unobligated funds from FY 2000 alone. While the Census Bureau had made reductions to its budgeted amounts for the *A.C.E. Collection* based on the smaller sample size of the A.C.E., the unobligated funds were due, in part, to cost savings achieved by the Census Bureau during the conduct of the A.C.E. data collection operations in FY 2000. This result is consistent with what was achieved for similar Census 2000 field operations conducted during FY 2000.

See comment 5.

Finally, the GAO notes that ICM/A.C.E. portions of costs relating to data processing and evaluations are not captured in the full-cycle cost calculations. We are not aware of any post-FY 1995 data processing costs related to ICM/A.C.E. programs that are not included in the project codes that the GAO used to calculate the full-cycle costs. With regard to evaluations, the GAO has correctly stated that there is not a separate project code for evaluations relating to the ICM/A.C.E. programs. It is not possible to parse out the total costs of the evaluations relating to these programs, because evaluations of all Census 2000 programs and operations were assigned the same project code. Once again, the inability to identify the portions of these costs attributable

¹This amount includes the \$3.3 million for the *ICM Special Test* that the Census Bureau does not include in its calculations.

Appendix II
Comments From the Department of
Commerce

to ICM/A.C.E. programs is not demonstrative of a financial management or reporting failure, it simply indicates that the Census Bureau's system and categorization of Census 2000 expenditures do not permit the parsing out of the specific breakdowns requested. If it were possible to discern these costs, based on our experience, we believe they would prove to be a relatively small percentage of the full-cycle costs of the ICM/A.C.E. programs.

The following are GAO's comments on the letter dated October 17, 2002, from the Department of Commerce.

GAO Comments

1. Our report does not make interpretive conclusions or qualitative judgments about the ICM/A.C.E. programs. With bureau assistance, we compiled unaudited budgeted and obligated amounts for projects that the bureau reported in its financial management system as being ICM/A.C.E. related. Our review of these reported costs indicated that life cycle costs of the ICM/A.C.E. programs were not complete due to three factors as discussed in the body of our report. One of the factors we cited that contributed to incomplete life cycle costs was \$3.6 million of fiscal year 1996 obligated costs for an ICM special test. In its comments, the bureau pointed out that prior to fiscal year 1996 it had not defined the coverage measurement program, did not allocate any expenditures to the ICM project codes, and could not identify any costs prior to fiscal year 1996. Thus, it was the bureau's decision to not track specific costs during this time period and to consider them as general research.

We also stated that \$57.7 million of budgeted funds were not obligated or spent through fiscal year 2001, and, with input from bureau officials, we obtained reasons why these funds were not spent. The bureau did not take exception to these facts in its response and we noted no improprieties in this report.

Regarding a reference to specific control weaknesses in its financial management systems, the scope of this report did not include an assessment of internal control weaknesses in the bureau's financial management systems. However, in a December 2001 report, we identified specific internal control weaknesses for fiscal year 2000 related to the bureau's lack of controls over financial reporting and financial management systems.¹⁴

2. We still disagree with the bureau on this point, as we stated in the draft report. Because these costs were separately tracked by a specific ICM project code in the bureau's financial management system, we included them in the costs of the ICM/A.C.E. programs that we could identify.

¹⁴[GAO-02-30](#).

3. We did not cite discrepancies between the \$400 million original cost estimate of the ICM/A.C.E. programs provided in early 1999 and the \$277 million budgeted amount we identified for fiscal years 1996 through 2003. An objective of our report was to determine what were the original estimated life cycle costs for the ICM/A.C.E. programs. The earliest amount that we could identify from bureau records was \$400 million and in our report we explained that this amount was estimated by the bureau before the January 1999 Supreme Court decision. As a result of this decision and as disclosed in our report, the bureau decreased the ICM/A.C.E. program by about \$214 million due to a reduction in the sample size from 750,000 to 300,000 housing units.
4. We did not suggest that the difference between \$277 million of budgeted life cycle costs and \$207 million of obligated life cycle costs demonstrated the bureau's inability to properly manage and record expenditures relating to the ICM/A.C.E. programs. As presented in our report, the budgeted amount of \$277 million included fiscal years 1996 through 2003 and the obligated amount of \$207 million included amounts for 2 fewer fiscal years (1996 through 2001). As the bureau pointed out in its response, it is too soon to determine obligated amounts for fiscal years 2002 and 2003 that were budgeted for \$12.5 million. Variances for the remaining \$57.7 million of unspent funds are discussed in comment 1.
5. The bureau agreed that it did not capture the life cycle costs of evaluations for the ICM/A.C.E. programs because evaluations for all 2000 Census programs were charged to one project code. However, the bureau believes that data processing costs were included in the life cycle costs of the ICM/A.C.E. programs and stated that not being able to identify portions of these costs is not demonstrative of a financial management or reporting failure. We agree with the bureau that some data processing costs were captured in the life cycle costs of the ICM/A.C.E. programs as evidenced by project codes for ICM/A.C.E. data processing for procedures, training, and processing as part of Framework 5. However, we do not believe that all data processing costs were included. Similar to evaluation costs, the bureau attributed much of its computer hardware and support costs to overall 2000 Census programs, and did not allocate costs to specific projects or programs.

GAO's Mission

The General Accounting Office, the investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through the Internet. GAO's Web site (www.gao.gov) contains abstracts and full-text files of current reports and testimony and an expanding archive of older products. The Web site features a search engine to help you locate documents using key words and phrases. You can print these documents in their entirety, including charts and other graphics.

Each day, GAO issues a list of newly released reports, testimony, and correspondence. GAO posts this list, known as "Today's Reports," on its Web site daily. The list contains links to the full-text document files. To have GAO e-mail this list to you every afternoon, go to www.gao.gov and select "Subscribe to daily E-mail alert for newly released products" under the GAO Reports Order GAO Products heading.

Order by Mail or Phone

The first copy of each printed report is free. Additional copies are \$2 each. A check or money order should be made out to the Superintendent of Documents. GAO also accepts VISA and Mastercard. Orders for 100 or more copies mailed to a single address are discounted 25 percent. Orders should be sent to:

U.S. General Accounting Office
441 G Street NW, Room LM
Washington, D.C. 20548

To order by Phone: Voice: (202) 512-6000
 TDD: (202) 512-2537
 Fax: (202) 512-6061

To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Web site: www.gao.gov/fraudnet/fraudnet.htm

E-mail: fraudnet@gao.gov

Automated answering system: (800) 424-5454 or (202) 512-7470

Public Affairs

Jeff Nelligan, managing director, NelliganJ@gao.gov (202) 512-4800
U.S. General Accounting Office, 441 G Street NW, Room 7149
Washington, D.C. 20548

**United States
General Accounting Office
Washington, D.C. 20548-0001**

**Official Business
Penalty for Private Use \$300**

Address Service Requested

**Presorted Standard
Postage & Fees Paid
GAO
Permit No. GI00**

