

Appendix E: Discussion Materials

**U.S. Department of Commerce
U.S. Census Bureau
American Community Survey Media Analysis
December 23, 2013**

[American Community Survey Information Guide](http://www.census.gov/acs/www/Downloads/ACS_Information_Guide.pdf)

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The American Community Survey (ACS) Information Guide provides citizens with relevant information about the survey, detailing the history, purpose, and process of the ACS. The guide shows the scope and importance of the ACS, answers some frequently asked questions, and introduces the reader to a number of resources for using ACS data.

[The American Community Survey is a count worth keeping](http://www.washingtonpost.com/opinions/the-american-community-survey-is-a-count-worth-keeping/2012/05/15/gIQALTRISU_story.html)

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5/15/12 – Washington Post

According to Rep. Daniel Webster (R-Fla.), it is “intrusive,” “an inappropriate use of taxpayer dollars,” “unconstitutional,” and “the very picture of what’s wrong in D.C.” What manner of predatory government prompted Mr. Webster — supported by nearly all House Republicans — to issue such categorical condemnation? That intolerable federal boondoggle known as . . . the American Community Survey (ACS).

If you are confused, you are not alone. Every year, the Census Bureau asks 3 million American households to answer questions on age, race, housing and health to produce timely information about localities, states and the country at large. This arrangement began as a bipartisan improvement on the decennial census. Yet last week the Republican-led House voted to kill the ACS. This is among the most shortsighted measures we have seen in this Congress, which is saying a lot.

As James Madison argued around the time of the first census, collecting information on the socio-economic status of the population is one of those basic things that government is uniquely suited to do, and it benefits everyone. Businesses deciding whether to sell tractors or tricycles want to know how many people live in a given area, whether they mostly live in apartments or houses, with how many children, and how far they travel to work. Consumers then get access to goods and services they desire. Municipal planners determining whether to build a new senior center need to know where the elderly live in their town, and if they have family around to care for them. Government agencies targeting \$400 billion in annual anti-poverty, health-care or highway spending require granular data on things such as local incomes. Lawmakers debating health-care policy should have up-to-date information on how many people are uninsured, and where they are concentrated. Even extreme fiscal conservatives should want the Census Bureau’s

information, so they know what is most sensible to cut. Those submitting information into the census database, meanwhile, do not see identifying details released to any of these parties.

The Constitution explicitly allows Congress to collect demographic data on the American public “in such a manner as they shall by law direct.” As for the expense, eliminating the ACS is like declining to buy stethoscopes in order to reduce health-care expenses: The up-front savings would be relatively tiny in exchange for untold billions in costs to the economy down the line.

The inconvenience of being required to fill out some census forms is not a distressing infringement on personal liberty, and government spending to collect that information is easily defensible. The Senate should protect the Census Bureau against the House’s attacks.

Survey Respondents: Mercenaries or Slaves?

6/27/12—The New York Times

Economic data is valuable, which is why survey respondents should be paid for their efforts.

Several members of Congress have proposed to eliminate the American Community Survey (a survey of households with special attention to geography and housing), or at least change how the survey is conducted, because it is too intrusive. In particular, the American Community Survey mandates that, with little or no compensation, randomly selected individuals assist the Census Bureau in their data collection by answering a number of questions about how they live.

Economists and business people have recently spoken out on the significant value of the American Community Survey data for their research. The economists Emi Nakamura, Jon Steinsson and Nicolas Vincent explained how the Census Bureau data “provide researchers and the public with a trove of information on everything from the size of families’ mortgage payments in Boise, Idaho, to the nation’s median annual income.”

I agree that economic survey data are valuable, and have used them many times in my own research. But in documenting the value of those data, economists have so far failed to address legislator concerns about survey burdens.

The survey for households consists of 30 pages of forms and instructions. The Census Bureau estimates that the survey takes an average of 38 minutes for each household to complete (including time for reading instructions), which is a total of 1.31 million hours per year for the 2.06 million survey participants in 2010.

But a few economists insist that the survey burdens are absolutely necessary: “Making census-type surveys voluntary ... can actually increase costs because the sample size would need to be increased to offset biased response rates.” Processing data from a

voluntary collection scheme, they believe, would be too difficult and would take away from some of the value provided by those surveys.

This episode reminds me of debates about military manpower during the Vietnam War. Before 1973, our government would require randomly selected individuals—draftees with low draft lottery numbers—to assist the Department of Defense by acquiring military skills and joining troops in the battlefield. President Nixon appointed the Gates Commission in 1969 to consider whether military manpower could instead be acquired in a normal labor market—that is, on an all-volunteer basis.

At first, military leaders were opposed to an all-volunteer system, referring to volunteers as “mercenaries” and insisting that an all-volunteer system would be less effective. (Gary S. Becker also tells the story that his paper “The Case Against the Draft” was rejected by the Air Force-supported Rand Corporation because Air Force leaders were convinced that the draft was beneficial.)

It was also believed that a draft is cheaper because it allows the military to recruit manpower without paying market wages. But as Milton Friedman persuasively explained to fellow members of the Gates Commission, the cost of the military is not limited to the Department of Defense payroll but also includes the burdens imposed on those drafted and their families. By paying market wages, the all-volunteer system helps shift some of that burden from the families with unlucky draft numbers to taxpayers generally. For the same reason, I don’t believe that the randomly chosen American Community Survey respondents should be asked to bear the burden of the survey collection. Rather, taxpayers should bear it by compensating survey respondents for their voluntary participation.

Although the official survey budget does not include an “expenditure” for the time of survey participants, survey participants’ time amounts to a social cost of about \$54 million per year (valuing hours answering survey questions at the national average labor compensation per hour of about \$41.50).

As the University of Chicago economist Tomas Philipson’s research suggests, using incentive-based compensation for survey participants—similar to that used in many other labor markets—could make government data not only more plentiful but also of better quality, compared to compelling people and businesses to take part at no pay. Economic data would be of better quality if supplied, as Milton Friedman put it, by mercenaries rather than by slaves.

[Opposing view: Census survey intrusive and expensive](http://usatoday30.usatoday.com/news/opinion/story/2012-07-15/Census-American-Community-Survey/56241350/1)

<http://usatoday30.usatoday.com/news/opinion/story/2012-07-15/Census-American-Community-Survey/56241350/1>

7/15/12 – USA Today

How well do you speak English? Do you have difficulty dressing yourself? Or bathing? How many times have you been married? Does your house have a toilet that flushes? What is your emotional condition?

Most Americans would be offended if someone they did not know, or maybe even did know, approached them and demanded answers to questions like the ones above. In fact, many Americans who are asked these questions do take offense, especially when the person asking is an agent of the federal government. Each and every month, the U.S. Census Bureau mails more than 250,000 households the American Community Survey, which pries into the lives of ordinary Americans with these types of questions.

The fines can be up to \$5,000.

Is this freedom? Is this the proper role of government? The Census Bureau will spend at least \$2.4 billion over the next decade on the American Community Survey. Not only is it intrusive, mandatory and expensive, it is also worth asking whether this is a proper use of taxpayer dollars. Higher spending results in higher debt, higher taxes or both. If we can't come up with savings as our \$15 trillion debt mounts, then European-style austerity measures will loom or the government will be forced to take more from your hard-earned paycheck.

At a per unit cost of approximately \$70 per questionnaire, and with more than 5,000 federal employees required to administer and implement the survey, surely this government intrusion should be considered a serious contender to eliminate for deficit savings.

As with so much of our enormous government, the American Community Survey is well intentioned. But for the sake of reducing government spending and limiting further government intrusion on our personal freedoms, I am left with a serious question: Isn't there a better way to run our government?