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Opening Statement of Rep. Henry A. Waxman Committee on Oversight and Government Reform Joint Hearing on 2010 Census: Field Data Collection Automation Contract (FDCA) Contract April 9, 2008

Today we will examine major problems with a contract critical to the success of the 2010 Census, the Field Data Collection Automation (FDCA) Contract. These problems have recently led to a major redesign of the Census very late in the process and will cost the taxpayer — by the Administration's own estimate — up to \$3 billion.

Let me be blunt: This is a colossal failure. The mismanagement of the contract has jeopardized the success of the 2010 Census and will cost taxpayers billions of dollars.

This hearing and our future oversight activities need to have two objectives. First, we must do all we can to ensure that the 2010 Census is as accurate as possible. The federal government depends on the Census for everything from the accurate apportionment of the House of Representatives to the fair distribution of billions of dollars in federal funds. Inaccuracies in the Census deprive millions of Americans of a voice in our government.

At the same time, we owe it to the taxpayer to find out what went wrong and who is responsible.

The FDCA contract was originally intended to produce approximately 500,000 handheld computers with a total contract cost of \$600 million. Now the Commerce Department is saying that the taxpayer must pay \$1.3 billion — more than twice as much — to this contractor, although it will now only produce 151,000 handheld computers.

In addition, the Commerce Department announced that the Census will revert to a paper-based canvass. These changes will increase the cost of the Census by billions of dollars.

The warning signs that this contract was in trouble were there for the Bureau and Commerce Department to see. My staff has prepared a fact sheet that summarizes the long series of alarms that GAO and the Inspector General sounded about this program. I ask that this fact sheet be made part of the record.

In June 2005, GAO said that the Bureau was not “adequately managing major IT investments.”

In March 2006, GAO advised that the Census Bureau had “not yet approved a baseline set of operational requirements” for the contract.

In June 2006, GAO stated that “the uncertainty surrounding the [devices’] reliability constitutes a risk to the cost-effective implementation of the 2010 Census.”

In June 2007, the MITRE Corporation told the Bureau that the Census is “at significant risk of cost and schedule overruns, omission of essential requirements, unless major changes are made quickly.” In July, GAO warned that the project was likely to experience cost overruns “primarily due to the increase in system requirements.”

The warnings signs were clear, yet the Bureau and the Department apparently did not begin a serious review of the program requirements until late 2007 to early 2008. The problems were essentially swept under the rug until the Committee began to ask questions and insist on briefings from the Bureau on the extent of the problems and possible solutions.

I am glad that we have representatives from the Census Bureau, GAO, Harris Corporation, and the MITRE Corporation with us today to address these questions.

But I am disappointed that two key figures refused to appear today. Dr. Charles Louis Kincannon was the Census Director when many of the key decisions were made. We invited him to testify, but he unfortunately declined.

I am also disappointed that Commerce Secretary Gutierrez declined our opportunity to testify. I have questions about the Department’s role in overseeing the contract. The Committee has requested documents from Secretary Gutierrez, and we will continue our oversight efforts in this area.

When taxpayer dollars are squandered, we have an obligation to find out what happened. We also have an obligation to conduct oversight to identify what steps are necessary to put the 2010 Census back on track.

Those are our goals for today.