

September 2011

DECENNIAL CENSUS

Census Bureau and Postal Service Should Pursue Opportunities to Further Enhance Collaboration

U.S. Government Accountability Office

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Why GAO Did This Study

The Census Bureau (Bureau) and U.S. Postal Service (USPS) collaborated on aspects of the 2010 Census and prior decennials, and those efforts generally went well in such areas as address list development. But both agencies face challenges: the Bureau needs to control the escalating cost of the decennial census and maintain its accuracy, while USPS must improve its financial condition.

As requested, GAO examined opportunities to enhance collaboration in such areas as technology, personnel, and facilities that could improve the cost-effectiveness of the 2020 Census and generate revenue for USPS. GAO analyzed Bureau and USPS data and documents, compared the agencies' existing collaborative efforts with prior GAO work, and interviewed agency officials.

What GAO Recommends

GAO recommends the Secretary of Commerce and USPS consider (1) expanding their current collaborative efforts to include recruiting mail carriers, including retirees, for the 2020 Census, and (2) assessing whether strategies can be developed to reduce the number of "undeliverable as addressed" census mailings. USPS agreed with GAO's recommendations. Commerce disagreed with the second draft recommendation concerning analyzing the reasons for undelivered mailings. GAO revised the recommendation to focus on developing a strategy to help reduce costs involved with processing undelivered mail.

View [GAO-11-874](#) or key components. For more information, contact Robert Goldenkoff at (202) 512-2757 or goldenkoffr@gao.gov or Phillip Herr at (202) 512-2834 or herrp@gao.gov.

DECENNIAL CENSUS

Census Bureau and Postal Service Should Pursue Opportunities to Further Enhance Collaboration

What GAO Found

The Bureau and USPS are expanding collaborative efforts for the 2020 Census. The collaborative efforts include a new Bureau initiative to continuously update its master address list using USPS and local address information. This could allow the Bureau to limit the size of field operations needed to develop an accurate and complete address list for the 2020 Census. The Bureau and USPS also plan to update their 1995 memorandum of understanding to, among other matters, help ensure that both agencies benefit from their collaborative efforts. Bureau officials explained that under the 1995 memorandum, the agencies' collaboration typically benefited the Bureau more than USPS. Now both agencies would like to improve each other's address and geographic information. One new effort anticipated under the revised memorandum of understanding would provide USPS with the Bureau's geographic data products and support, which USPS hopes to use to improve its mail routing and other business decisions. The revised memorandum of understanding is expected to be approved later this year.

Additional opportunities exist for the Bureau to take advantage of the knowledge and experience of USPS mail carriers, including retirees. Bureau and USPS officials agree that USPS mail carriers are familiar with their communities, so hiring mail carriers as temporary census workers could allow the Bureau to, among other things, develop a more accurate address list for the 2020 Census. However, using mail carriers to conduct census field operations at USPS pay rates would not be cost-effective. In 2010, USPS mail carriers cost on average about \$41 (city) or \$34 (rural) per hour compared to about \$15 per hour for census enumerators.

In the 2010 Census, about 19-million forms could not be delivered—also known as undeliverable as addressed mailings. The Bureau, in its comments to a copy of this draft report, provided a summary of reasons for why forms were not delivered. These reasons include the house was vacant or there was no mail box. Thus, now that the Bureau has compiled this information, it will be important for the Bureau to work with USPS to assess strategies to reduce the number of undeliverable as addressed mailings, as undelivered mail results in additional operational and waste-disposal costs for USPS and additional postage fees for the Bureau.

The Bureau works with the General Services Administration to lease space for its local offices during the census. For the 2010 Census, the Bureau leased two USPS locations for a total cost of \$330,000. While USPS officials stated that ongoing efforts to downsize the USPS could increase the availability of facility space that could be used by the Bureau in the next census, USPS hopes to sell these facilities, and it is uncertain how many will be available in 2020 (and what condition those facilities would be in if they were available).

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Abbreviations

Bureau	U.S. Census Bureau
GSA	General Services Administration
USPS	U.S. Postal Service

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G A O

Accountability * Integrity * Reliability

United States Government Accountability Office
Washington, DC 20548

September 30, 2011

The Honorable Stephen F. Lynch
Ranking Member
Subcommittee on Federal Workforce, U.S. Postal Service and
Labor Policy
Committee on Oversight and Government Reform
House of Representatives

The Honorable Jason Chaffetz
House of Representatives

In some respects, the U.S. Census Bureau (Bureau) and U.S. Postal Service (USPS) are operationally similar in that they fulfill their missions by processing large amounts of paper, delivering it to millions of housing units across the country, and employing a large workforce. Additionally, both agencies face unique financial and management challenges. The Bureau has the challenge of controlling the escalating cost of the decennial census—especially of field operations—while maintaining its accuracy. The 2010 Census cost about \$13 billion (almost \$5 billion more than the 2000 Census—in 2010 dollars) and was the most expensive population count in our nation’s history. At the same time, while USPS has achieved cost savings in the last 5 years, its financial condition has deteriorated significantly since fiscal year 2006, and its financial outlook is grim in both the short and long term. USPS has been experiencing billion-dollar losses and cash shortfalls over the last 5 years, and expects to reach its \$15-billion borrowing limit¹ this fiscal year. In addition, on June 22, 2011, USPS officials announced that USPS will suspend its employer’s contributions for the defined benefit portion of the Federal Employees Retirement System in order to conserve cash and preserve liquidity. The following month USPS announced it planned to study the closure of approximately 3,700 retail offices. We have reported extensively on the feasibility of USPS increasing revenue and remaining

¹39 U.S.C. § 2005(a)(1).

viable in the face of declining mail volumes resulting from the recession and the continuing shift to electronic communication alternatives.² For these and other reasons, in 2009, we placed USPS's financial condition and outlook on our list of high-risk programs and agencies.³

The Bureau and USPS collaborated on aspects of the 2010 Census and prior decennials, and those efforts generally went well. At your request, we examined planned and unexplored opportunities to enhance collaboration in such areas as technology, personnel, and facilities that could improve the cost-effectiveness of census operations for the 2020 Census and possibly generate revenue for USPS.

To collect data and information for this report, we reviewed relevant documents, including the agencies' documentation of lessons learned from the 2010 Census, and we interviewed agency officials to identify current and planned collaborative activities. To determine existing and unexplored technological efforts that could be shared between the agencies, we reviewed relevant documents including agency strategic plans, interviewed agency officials about current practices such as the Intelligent Mail Barcode, and visited a mail distribution center in Baltimore, Maryland, to understand how 2010 Census mail pieces would have been shipped and received and whether there could be improvements to that process for the 2020 Census. To determine whether there were opportunities for additional collaboration for personnel, we examined 2010 Census hiring data from the Bureau and we interviewed agency officials and USPS labor union representatives to discuss the hiring of mail carriers as temporary census workers. To determine whether additional collaboration between USPS and the Bureau could include more uses of physical assets, we examined 2010 Census leasing documents and interviewed officials from the Bureau,

²See, for example, GAO, *U.S. Postal Service: Dire Financial Outlook and Changing Mail Use Require Network Restructuring*, [GAO-11-759T](#) (Washington, D.C.: June 15, 2011).

³See GAO, *High-Risk Series: An Update*, [GAO-11-278](#) (Washington, D.C.: February 2011).

USPS, and the General Services Administration (GSA). Finally, we compared the agencies' existing collaborative efforts to key practices we identified in prior GAO work regarding sustaining and enhancing cross-agency collaboration.⁴

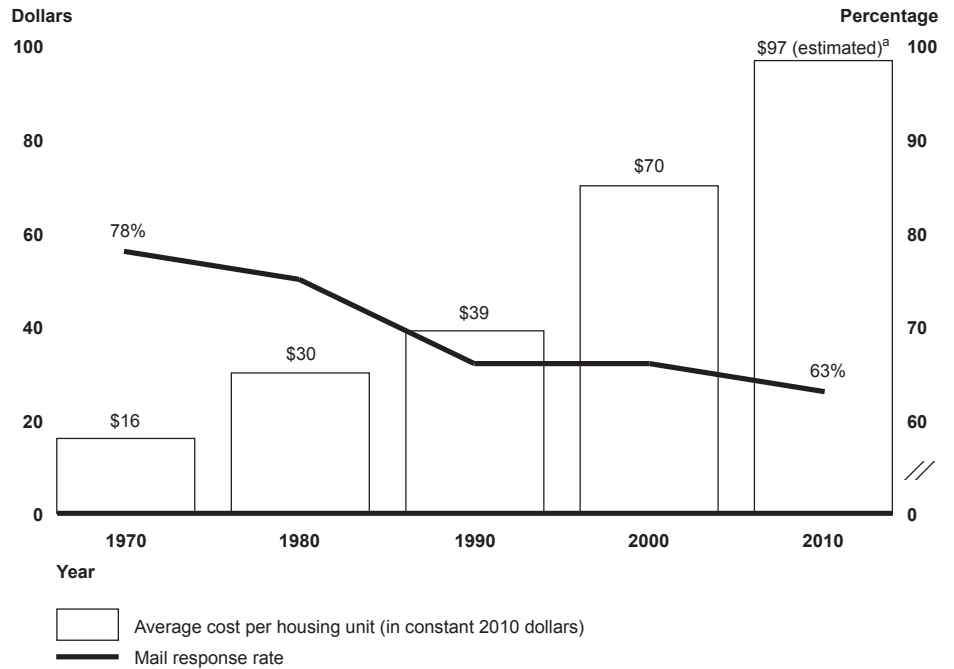
We conducted this performance audit from December 2010 through September 2011 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audits to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Background

The decennial census is a constitutionally mandated undertaking that is used, among other things, to apportion seats in Congress, redraw congressional districts, help annually allocate billions of dollars in federal aid to state and local governments, and inform investment decisions by the public and private sectors. As shown in figure 1, the cost of enumerating each housing unit has escalated from around \$16 in 1970 to around \$97 in 2010, in constant 2010 dollars (an increase of over 500 percent). Costs are driven in part by the mail response rate—a key indicator of a cost-effective census—which has declined from 78 percent in 1970 to 63 percent in 2010. A variety of factors account for the declining response rate, including increases in non-English speakers and people residing in makeshift and other nontraditional living arrangements. Given these and other sociodemographic challenges, the Bureau has been investing substantially more resources each decade just to try and match the results of prior enumerations.

⁴GAO, *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, [GAO-06-15](#) (Washington, D.C.: Oct. 21, 2005).

Figure 1: The Average Cost of Counting Each Housing Unit (in Constant 2010 Dollars) Has Escalated Each Decade, While Mail Response Rates Have Declined



Source: GAO analysis of Census Bureau data.

^aThe 2010 Census life cycle runs from 2002-2013, so costs for the 2010 Census are not yet final.

Note: In the 2010 Census the Bureau used only a short-form questionnaire. For this report we use the 1990 and 2000 Census short-form mail response rate when comparing 1990, 2000, and 2010 mail-back response rates. Census short-form mail response rates are unavailable for 1970 and 1980, so we use the overall response rate.

According to the Bureau, several factors were behind the escalating costs of the 2010 Census, such as the need to hire about 585,000 temporary field staff to count the more than 46-million households that did not mail back their census forms, and substantial investments in updating the Bureau’s address list—including address canvassing, a door-to-door effort to verify the address list’s accuracy in 2009.

USPS also faces financial challenges, especially as customers shift to electronic communications and electronic payments. Total mail volume peaked in fiscal year 2006 at 213-billion mail pieces and is expected to decline by about 22 percent by the end of fiscal year 2011, to about 167-billion mail pieces. In the first three quarters of this fiscal year, the volume for First-Class Mail—USPS’s most profitable product—declined by 6.5 percent

compared to the same period last year. Over the last 5 fiscal years, USPS has experienced a cumulative net loss of nearly \$23 billion, and has already reported a net loss of nearly \$5.7 billion through the first nine months of fiscal year 2011. Further, USPS anticipates ending this fiscal year with a loss of approximately \$10 billion.

USPS plays a key role in the success of the decennial census. Since the advent of the mail-out/mail-back census in 1970, USPS has helped to develop and improve the Bureau's census address list and has delivered and returned census forms. A complete and accurate address list is the cornerstone of a successful census because it both identifies all households that receive a census questionnaire and serves as the control mechanism for following up with individuals at households that fail to respond. USPS maintains and regularly updates a database (its Delivery Sequence File) of all addresses to which it delivers mail and provides this information biannually to the Bureau.

The collaborative efforts between the Bureau and USPS have generally gone well and demonstrate the importance of key leading collaboration practices that we previously identified.⁵ Some of these include:

- establishing compatible policies, procedures, and other means to operate across agency boundaries;
- defining and articulating a common outcome; and
- identifying and addressing needs by leveraging resources.

For example, in 1990, the Bureau and USPS established the interagency Joint Committee for Census Planning to develop opportunities for cooperation in support of the decennial census. This committee defines and agrees on the respective roles and responsibilities of the two agencies and addresses the compatibility of standards and policies. In 1995, USPS and the

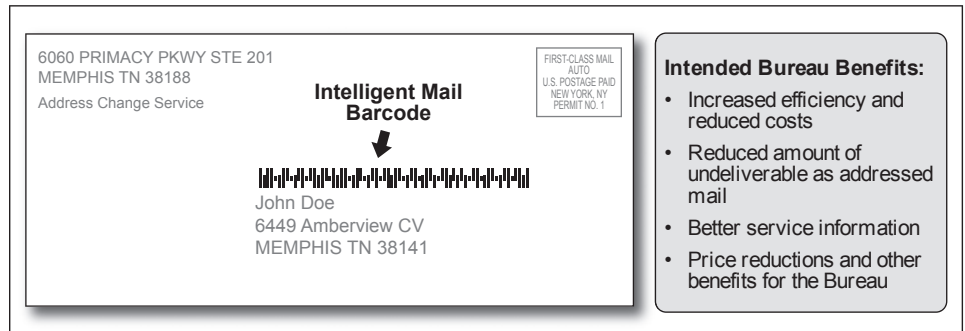
⁵GAO, *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, [GAO-06-15](#) (Washington, D.C.: Oct. 21, 2005).

Bureau signed a memorandum of understanding that is still in effect which defined how the two agencies will share addresses in order to conduct the decennial census. Moreover, for the 2010 Census the agencies agreed to have USPS destroy rather than return certain undeliverable mail pieces, resulting in cost savings of \$250,000 for the Bureau and over \$12 million in savings for USPS, according to Bureau estimates.

Officials from both the Bureau and USPS believe their collaboration related to the 2010 Census was mutually beneficial. For example, Bureau officials stated that USPS delivered 417-million census mail pieces, virtually 100 percent of which were delivered on time, and according to USPS's 2010 Comprehensive Statement on Postal Operations, census mailings generated over \$202 million in revenue. Additionally, the 2010 Census provided USPS with an opportunity to demonstrate the benefits of a relatively new mail product, the Intelligent Mail Barcode, which enables mailers to track the progress of their mail through the many stages of processing to delivery. The Bureau was the largest-ever user of Intelligent Mail Barcode for a single-mailing effort, and the success of the mailing could help USPS market the barcode to other customers. Among other benefits, the barcode enabled the Bureau to identify which census forms were in the mail-stream on their way back to the Bureau 3 to 5 days sooner than if the Bureau had not used this technology (see fig. 2). As a result, the Bureau was able to remove 11-million addresses from the replacement mailing, which led to nearly \$5 million in postage savings.⁶

⁶The replacement mailing was part of the Bureau's mailing strategy and was a second census form that was sent to addresses on the Bureau's Master Address File in an effort to increase mail response rates.

Figure 2: Example of a Mail Piece Containing an Intelligent Mail Barcode and Bureau Benefits



Sources: U.S. Postal Service; GAO.

Opportunities Exist to Enhance the Partnership between the Bureau and USPS

The Bureau and USPS Plan Additional Collaborative Efforts for the 2020 Census

The Bureau and USPS are engaging in efforts to enhance their collaboration. For example, given the Bureau's use of the Intelligent Mail Barcode for the 2010 Census, the Bureau considered using the barcode for its American Community Survey.⁷ Although Bureau officials indicated they planned to use the Intelligent Mail Barcode for the American Community Survey, since the completion of our audit, the Bureau determined that the cost savings were insufficient to justify the required investment to use the technology.

The Bureau is in the planning stages of working with USPS and other federal agencies on a new program called the Geographic Support System Initiative, which is intended to allow government agencies at all levels to regularly share and

⁷The American Community Survey collects demographic, social, economic, and housing data. Prior to June 2011, the survey was sent to 250,000 households a month. Since then, the sample size has been increased to approximately 295,000 households each month.

continuously update their address lists, making them more detailed and accurate. Specifically, the Bureau plans to partner with USPS and other federal agencies as well as approximately 40,000 tribal, state, and local governments. According to current plans, USPS will continue providing the Bureau with addresses from its Delivery Sequence File. Likewise, tribal, state, and local governments, which maintain address lists for purposes such as emergency response and property assessment, will have the opportunity to share addresses with the Bureau throughout the decade, rather than solely 2 years prior to the decennial, as had been the case in prior decennials. However, Bureau officials have noted that in moving forward one challenge will be coordinating adherence to the confidentiality protections included in the Bureau's Title 13 provisions and USPS's Title 39.⁸ Ultimately, by leveraging address information from USPS and other government entities during the non-decennial years, Bureau officials anticipate that they will be in a position in 2019 to move away from a full door-to-door address canvassing of every housing unit, to a more targeted effort.⁹ Address canvassing is one of the Bureau's largest and most expensive field operations, and Bureau officials stated a more targeted program could lead to significant cost savings.

The Bureau and USPS also plan to update their 1995 memorandum of understanding to, among other matters, reflect routine changes that have occurred over time (e.g., update contact information), and help ensure that both agencies benefit from their collaborative efforts. Bureau officials explained that under the 1995 memorandum, the agencies' collaboration

⁸13 U.S.C. § 9 prohibits the Bureau from disclosing data it collects about individuals and establishments in a manner that would identify those individuals and businesses. Similarly, 39 U.S.C. § 412 prohibits USPS from disclosing names or addresses (past or present) of postal patrons or other persons. However, the Census Address List Improvement Act of 1994 authorized USPS to share its address information with the Bureau.

⁹In the 2010 Census the Bureau conducted full address canvassing, where census workers generally went door-to-door and attempted to verify every address in the country. Targeted address canvassing would limit this operation to areas in which the Bureau believes more work is needed to develop an accurate and complete address list.

typically benefited the Bureau more than USPS. Now both agencies would like to improve each other's address and geographic information. One new effort anticipated under the revised memorandum of understanding would provide USPS with the Bureau's geographic data products and support, which USPS hopes to use to improve its mail routing and other business decisions. The revised memorandum of understanding is expected to be approved later this year.

The Bureau Could Better Leverage USPS Local Knowledge by Recruiting USPS Mail Carriers to Work Temporarily for the Census

Opportunities exist for the Bureau to take advantage of the knowledge and experience of USPS mail carriers, including retirees. Bureau and USPS officials agree that USPS city and rural mail carriers are familiar with the local living conditions in their communities and that this knowledge could help the Bureau conduct aspects of the 2020 Census more effectively. Mail carriers have experience and knowledge about the dwellings on their routes and could help find unconventional and hidden housing units (e.g., converted basements and attics) and identify single versus multi-unit homes. Residents of these households are often more difficult to find and count. Additionally, in some communities, mail carriers have information about hazardous locations along delivery routes (e.g., houses with an unchained dog or other dangers such as structurally unsafe porches), which could make census workers' jobs safer and easier.

In hiring for the 2010 Census, the Bureau did not do a targeted recruitment of USPS employees and retirees, a potential missed opportunity given that there were approximately 300,000 USPS mail carriers and approximately 100,000 additional retired mail carriers at that time.¹⁰ Still, the Bureau hired approximately 2,400 USPS employees as temporary census employees at the Bureau's \$15 average pay rate.¹¹ The potential benefits of mail

¹⁰USPS officials stated that they have no way of predicting with any certainty the make-up of USPS's workforce in 2020.

¹¹Of the 2,400 USPS employees, the Bureau did not identify how many were mail carriers. The Bureau hired almost 10,000 retired federal employees, but did not track how many of them were former USPS employees.

carriers' local knowledge was evident, for example, in a case we observed in Louisiana, where a retired mail carrier used his knowledge of local living conditions to successfully manage census field operations in the area most devastated by Hurricane Katrina. Specifically, the mail carrier knew which addresses to remove and which to add to the address list based on his experience delivering mail in those neighborhoods. In moving forward for 2020, a targeted campaign—e.g., via job listings in mail carrier union newsletters and publications—could help the Bureau recruit more mail carriers to conduct census operations.

That said, using full-time mail carriers paid at much higher USPS wage rates—either for additional duties during the work day or as part of a “postal holiday” (where regular mail operations would be suspended in order to conduct census activities)—would not be cost-effective. Regarding cost, in 2010, the average USPS mail carrier was paid about \$41 (city) or \$34 (rural) per hour including benefits for regular time worked, compared to the average hourly pay of about \$15 paid to census enumerators. Moreover, in conducting the 2010 Census, it took about 45-million staff hours to contact nonrespondents. Because of the difference in pay rates and the large number of staff hours involved, it would not be practical for mail carriers to perform census duties in lieu of census workers because of the higher costs and disruption it would cause to U.S. mail service.

Reducing the Number of “Undeliverable as Addressed” Mailings Could Improve the Efficiency and Cost-Effectiveness of USPS Operations

During the 2010 Census, USPS personnel were concerned about resources spent attempting to deliver census mailings with undeliverable addresses. Bureau officials initially noted that the roughly 19-million undelivered forms were higher than the 12-million undeliverable forms anticipated. According to officials from both agencies, the different purposes of their address lists contributes to undeliverable mailings; the Bureau’s Master Address File supports the mission of counting everyone in the nation and contains all addresses, vacant or occupied, where someone may reside. However, USPS does not support the delivery of mail to vacant housing units. Indeed, preliminary data confirms that some 53 percent of undelivered forms were because of housing units being vacant.

According to the Bureau the difference between the 19-million and the 12-million undeliverable forms was primarily due to replacement mailing forms that were sent to nonresponding households, and not because of an increase in its initial projection that approximately 12-million addresses would be undeliverable. Nevertheless, while the Bureau is able to explain the difference between the actual and projected number of undelivered forms, the data still show that USPS processed a significant number of forms—19-million (the initial mail out of forms went to approximately 120-million addresses). In a subsequent conversation, Bureau officials agreed that in looking forward to 2020, it would be beneficial to both agencies to research ways to reduce the number of undeliverable forms. Indeed, one such example to reduce the undeliverable workload was highlighted in a Census lessons-learned document dated June 2010. In that document, it was recommended that addresses that do not have a city or state be eliminated from the address list provided to USPS. However, the Bureau will still need to determine how it will get a census form to those housing units.

In responding to a copy of our draft report the Bureau provided a summary of preliminary reason codes for why approximately 12-million initial forms were not delivered. Thus, now that the Bureau has compiled this information it will be important for the Bureau to work with USPS to assess whether strategies can be developed to reduce the number of undeliverable as addressed mailings such as not delivering to housing units that do not have a complete address or that do not have a mail box. Given the fiscal situation of USPS, reducing the undeliverable workload is important because these mailings incur additional operational and waste-disposal costs for USPS and additional postage fees for the Bureau.

Various Factors Could Affect the Bureau's Use of USPS Facilities in 2020

For the 2010 Census, the Bureau operated 494 local census offices across the country. The Bureau works with GSA to identify, convert, and lease space for its local offices during the census. When identifying space, GSA's policy is to first search its property database for government and USPS-owned facilities, and if none are available to then turn to commercial facilities. For the 2010 Census, the Bureau leased ten government-owned

facilities and two USPS facilities: one in Waycross, Georgia, and the other in Johnstown, Pennsylvania. USPS received \$196,990 on the 16-month lease of the facility in Waycross, Georgia, and \$132,702 on the 14-month lease in Johnstown, Pennsylvania. The Bureau's requirements for office space included a minimum of 6,197 square feet in specific locations across the country, and a short fixed time period. GSA officials stated that difficulty in meeting these requirements was the principal reason why the Bureau leased very few government and USPS-owned facilities. USPS officials stated that ongoing efforts to downsize USPS will probably increase availability of facility space that could be used by the Bureau in the next census, but USPS hopes to sell these facilities, and it is uncertain how many will be available in 2020 (and what condition those facilities would be in if they were available). Additionally, Bureau officials have not determined how many local census offices will be needed for 2020 or where they will need to be located. These and other unknown factors, such as potential changes to Bureau requirements, could affect the Bureau's need to lease space from USPS in 2020.

Conclusions

Bureau and USPS collaboration is important to achieving a complete and accurate census. While such collaboration is unlikely to lead to significant new funds for USPS, it could make aspects of the census more cost-effective. To that end, the Bureau and USPS have undertaken, and are currently engaging in, efforts to enhance collaboration that will likely result in more efficient mailings and more detailed and accurate address lists. Additionally, by updating the 1995 memorandum of understanding, the Bureau and USPS will help ensure that both agencies benefit from their collaborative efforts. However, because of potential changes to the design of the decennial census and USPS's financial condition, it is difficult to predict how the Bureau and USPS's collaboration will evolve for the 2020 Census.

Building upon the success of current and past partnership efforts, opportunities exist to enhance the Bureau and USPS's collaborative efforts. First, the Bureau could better leverage USPS local knowledge and tap into a large labor pool by doing targeted recruitment of USPS mail carriers, including retirees, to work temporarily for the census. Second, during the 2010

Census, USPS spent time and money attempting to deliver millions of census mailings that were returned as undeliverable. A focus on solutions for delivering census forms to addresses where the Bureau does not have a complete address could decrease USPS's operational and waste-disposal costs.

Recommendations for Executive Action

Given the importance of Bureau and USPS collaboration in successfully executing census operations, as part of future partnership activities, we recommend that the Postmaster General and the Secretary of Commerce direct their agencies to expand their collaborative efforts by:

- determining if there are ways that the Bureau could work with USPS to target recruitment opportunities to mail carriers, and
- assessing whether strategies can be developed to reduce the number of undeliverable as addressed mailings.

Agency Comments and Our Evaluation

On August 24, 2011 we sent a draft of this report to USPS and on September 15, 2011, the Vice President of Product Information at USPS provided written comments that are reprinted in appendix I. USPS generally agreed with the overall findings and recommendations of the report. In regards to better leveraging USPS local knowledge by recruiting mail carriers to work temporarily for the Census, USPS agreed that this may be an opportunity to help the Census Bureau conduct aspects of the 2020 Census, so long as the work did not disrupt mail service. Moreover, USPS agreed that reducing the number of undeliverable mailings will reduce USPS operational costs, and stated that it will work with the Bureau through the interagency joint committee to develop strategies to reduce them in future mailings.

Additionally, on August 24, 2011 we sent a draft of this report to the Department of Commerce and the Bureau and on September 15, 2011, the Acting Secretary of Commerce provided written comments from the Census Bureau. Those comments are reprinted in appendix II. The Bureau in its comments was silent on whether it agreed with the recommendation to target recruitment opportunities to mail

carriers, however, in a subsequent discussion stated that it did agree with that first recommendation. The Bureau disagreed with the finding and recommendation for reducing the undeliverable as addressed mailing workload, stating they had already analyzed the available reasons for why mailings were undeliverable and because the number of unique addresses that were undeliverable did not vary substantially from Bureau projections. Further, the Bureau provided additional information related to one of our findings that we incorporated into the report, as appropriate. Specifically, the Bureau informed us that since the completion of our audit work, it has opted not to use the Intelligent Mail Barcode in its American Community Survey. This new information is reflected in the body of the report. In the comments, the Bureau also included an attachment of analysis that was not reprinted in this report because the data were still in draft.

The Bureau noted that our report, in its discussion of undeliverable as addressed mailings, implies that the majority of these mailings were the result of invalid addresses. Our draft report did not intend to imply that the majority of undeliverable as addressed mailings were the result of invalid addresses. In fact, our report emphasizes that the different purposes of the address lists for USPS and the Census Bureau contributed to the many undeliverable mailings. We have revised the language in the finding to further clarify this point.

The Bureau stated that our report also implies that the Bureau underestimated the number of undeliverable as addressed mailings by 7 million because of a miscommunication between the Census and USPS. Specifically, the Bureau in its response to our draft report acknowledges that it never clearly communicated to USPS that undeliverable mailings would be higher than the number of undeliverable addresses. According to Bureau officials, this is because undeliverable addresses receive multiple mailings. We understand that it was 12-million addresses that contributed to the 19-million undeliverable forms; however, we believe our point to reduce the number of undeliverable mailings is still valid because USPS still had to process and attempt to deliver 19-million forms. In a subsequent conversation Bureau officials agreed that finding

ways to reduce undeliverable mailings would benefit both agencies. We have revised this section of the report.

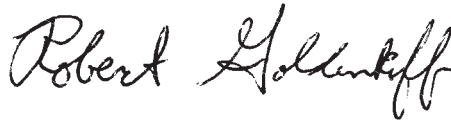
The Bureau believes much of the undeliverable as addressed operational and waste-disposal costs for USPS and additional postage fees for the Bureau were both anticipated and unavoidable. However, we believe that if the Bureau can reduce the number of undeliverable as addressed mailings, then it can avoid the cost to process forms that can not be delivered. For example, in a Census lessons-learned document dated June 2010, it was recommended that one way to reduce the undeliverable as addressed workload would be to eliminate addresses that did not have a city or state. We believe that steps to reduce the undeliverable as addressed workload, such as the one highlighted in the lessons-learned document, can prevent USPS from incurring unnecessary operational and waste-disposal cost and the Bureau from incurring unnecessary postage fees.

Finally, the Bureau disagreed with our recommendation to analyze the reasons why there were more undeliverable as addressed mailings than expected and to develop strategies and procedures to reduce them, because according to the Bureau, it has analyzed the reasons why mailings were undeliverable and the number of “unique” addresses that were undeliverable did not vary substantially from its projections. We believe that there are opportunities to reduce undeliverable mailings. We have revised our recommendation so it now reads that the Bureau “assess whether strategies can be developed to reduce the number of undeliverable as addressed mailings.” This change recognizes that the Bureau has compiled the information to understand the various reasons why there were so many undelivered forms and can now use that data to assess whether strategies can be developed to reduce the number of undeliverable as addressed mailings.

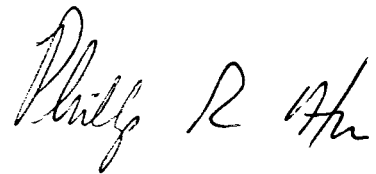
We are sending copies of this report to the Secretary of Commerce, the Under Secretary of Economic Affairs, the Director of the U.S. Census Bureau, the Postmaster General,

and interested congressional committees. The report also is available at no charge on GAO's Web site at <http://www.gao.gov>.

If you have any questions on matters discussed in this report, please contact Robert Goldenkoff at (202) 512-2757 or by e-mail at goldenkoffr@gao.gov or Phillip Herr at (202) 512-8509 or by e-mail at herrp@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report are listed in appendix III.




Robert Goldenkoff
Director
Strategic Issues



Phillip Herr
Director
Physical Infrastructure

Appendix I: Comments from the U.S. Postal Service

Vice President
Product Information
 UNITED STATES
POSTAL SERVICE

September 15, 2011

Mr. Robert Goldenkoff
Director, Strategic Issues
United States Government Accountability Office
Washington DC 20548-0001

Dear Mr. Goldenkoff,

This letter is in response to the draft report titled 'Census Bureau and Postal Service Should Pursue Opportunities to Further Enhance Collaboration' cosigned by Mr. Phillip Herr.

As indicated in your draft report, the Postal Service agrees that the collaboration between the Census Bureau and the USPS for the decennial 2010 census went generally well. We will continue to work collaboratively through the interagency Joint Committee for Census Planning in preparation for the decennial 2020 census. We also agree that working with the Census Bureau in improving the informational share of addressing information between both organizations through a revised Memorandum of Understanding would be mutually beneficial.

In regards to better leveraging USPS local knowledge by recruiting USPS mail carriers, both active and retired employees, to work temporarily for the Census; we agree that this may be an opportunity to help the Census Bureau conduct aspects of the 2020 Census more effectively and potentially safer. However, as you also note in your draft, it is imperative that this activity does not create disruption in mail service. We will work with the Census Bureau through the interagency Joint Committee to determine if there are ways to facilitate this activity as we progress towards the decennial 2020 census.

In regards to reducing the number of "Undeliverable as Addressed" mail, improving the efficiency and cost-effectiveness of USPS operations; we agree that reducing the number of Undeliverable as Addressed mailpieces will reduce USPS operational cost and postage fees for the Census Bureau. Again, we will work with the Census Bureau through the interagency joint committee to analyze the causes behind more undeliverable as addressed mail than expected and develop strategies to reduce them in future mailings.

If I can be of any further assistance, or provide you with any further information, please do not hesitate to contact me at 202-268-7458 or via email at Jim.P.Cochrane@usps.gov

Sincerely,


James P. Cochrane

475 L'Enfant Plaza SW
Rm 3667
Washington, D.C. 20260-5626

Appendix II: Comments from the Department of Commerce

Note: Page numbers in the draft report may differ from those in this report.



UNITED STATES DEPARTMENT OF COMMERCE
The Secretary of Commerce
Washington, D.C. 20230

September 15, 2011

Mr. Robert Goldenkoff
Director, Strategic Issues
U.S. Government Accountability Office
Washington, DC 20548

Dear Mr. Goldenkoff:

The U.S. Department of Commerce appreciates the opportunity to comment on the U.S. Government Accountability Office's draft report titled, *Decennial Census: Census Bureau and Postal Service Should Pursue Opportunities to Further Enhance Collaboration* (GAO-11-874). The Department of Commerce's comments on this report are enclosed.

Sincerely,

A handwritten signature in cursive script that reads "Rebecca Blank".

Acting Secretary Rebecca M. Blank

Enclosure

U.S. Department of Commerce
Comments on the
U.S. Government Accountability Office
Draft Report titled *Decennial Census: Census Bureau and Postal Service Should Pursue
Opportunities to Further Enhance Collaboration*

(GAO-11-874)
September 2011

The U.S. Census Bureau would like to thank the U.S. Government Accountability Office (GAO) for its efforts in examining the ways in which the Census Bureau collaborated with the United States Postal Service (USPS) during the 2010 Census in order to ascertain enhanced ways to improve the efficiency and cost-effectiveness of the next decennial census.

The Census Bureau provided a few comments about statements and conclusions in this report.

- **Page 6, last paragraph:** The Bureau and USPS are engaging in efforts to enhance their collaboration. For example, given the Bureau's success using the Intelligent Mail Barcode for the 2010 Census, the Bureau conducted a business case which outlined the potential benefits of using the barcode for its American Community Survey.

Census Bureau response: Since our discussion with auditors about the business case to employ Intelligent Mail Barcode in order to reduce the second questionnaire mailings, the Census Bureau received the results of its ACS Internet Test. Based on those results and our planned internet implementation in 2013, it appears likely that there would not be sufficient harvestable savings to pay off the Improving Operational Efficiency (IOE) required investment; therefore, all work on the IOE for postal tracking was stopped.

- **Page 7, footnote 8:** 13 U.S.C. generally prohibits the Bureau from disclosing data it collects about individuals... information with the Bureau.

Census Bureau response: The word "generally" should be stricken from this footnote. "Generally" implies that an action is normally, usually or "by and large" taken; thus, the word "generally" implies a lesser degree of observance or adherence to an action or rule. Therefore, using this terminology to describe prohibitions against the disclosure of data collected by or on behalf of respondents under the provisions of Title 13 is not consistent with the strong protections afforded by 13 U.S.C. Section 9. Section 9 does not provide for a "general prohibition," but a very clear mandate of confidentiality. Section 9 may have exceptions, but the exceptions are extremely narrow and nondisclosure is mandatory when the exceptions do not apply.

- **Page 10:** Reducing the Number of “Undeliverable as Addressed” [UAA] Mailings Could Improve the Efficiency and Cost-Effectiveness of USPS Operations

Census Bureau response: The Census Bureau is concerned that this statement, along with its accompanying discussion, could imply that the majority of UAA mailings were the result of invalid addresses. While some of the UAA mailings were due to invalid addresses, the overwhelming majority of UAA mailings were cases of valid addresses that were vacant units (53.42%) or where there was no mail receptacle to deposit the mail (15.11%). The attached breakdown of UAA Reason Codes provides further detail and this data was provided by USPS. This section of the report implies that the Census Bureau underestimated the number of UAA mailings by 7 million because of a miscommunication between the Census Bureau and USPS. However, the actual number of unique UAA mailing addresses was only 400,000 greater than the original Census Bureau estimate of 12 million. The Census Bureau does, however, acknowledge that its initial projection of 12 million UAAs was never clearly communicated to the USPS as 12 million unique “addresses” that would be undeliverable versus a much higher number of “mailings” that would be undeliverable.

While the accompanying discussion to this finding notes that the UAA mailings resulted in additional operational and waste disposal costs for USPS and additional postage fees for the Census Bureau, the Census Bureau wants to emphasize that many of these costs were both anticipated and unavoidable. Indeed, USPS and the Census Bureau agreed in a Memorandum of Understanding to allow USPS to save funds by destroying the advance letters and reminder postcards for all UAA mailings instead of transporting them back to the Census Bureau as part of the First Class service already paid for by the Census Bureau. The Census Bureau negotiated these terms as part of an effort to reduce costs USPS would incur if it followed its normal procedures. Undeliverable questionnaires were returned to the Census Bureau for disposal, ensuring there was no additional disposal cost to USPS for undeliverable questionnaires. The additional postage fees incurred by the Census Bureau are essential in supporting our mission of counting everyone in the Nation. Mailing replacement questionnaires to those households that did not return an initial questionnaire is part of that same mission to ensure a complete count.

- **Page 12, Recommendation 2:** “...analyzing the reasons why there were more undeliverable as addressed mailings than expected, and developing strategies and procedures to reduce them.”

Census Bureau response: Because the Census Bureau has already analyzed the available reasons for why mailings were undeliverable and because the number of unique addresses that were undeliverable did not vary substantially from Census Bureau projections (as described above), the Census Bureau does not agree with this recommendation for the reasons stated above.

Appendix III: GAO Contacts and Staff Acknowledgments

GAO Contacts

Robert Goldenkoff, (202) 512-2757 or goldenkoffr@gao.gov

Phillip Herr, (202) 512-8509 or herrp@gao.gov

Staff Acknowledgments

Other key contributors to this report include Lisa Pearson, Assistant Director; Kathleen Turner, Assistant Director; Ronald Fecso, Chief Statistician; David Bobruff; Robert Gebhart; Richard Hung; Hannah Laufe; Andrea Levine; Sarah Veale; Crystal Wesco; Jarrod West; and Timothy Wexler.

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