

June 19, 2009

Memorandum for: Reviewer of 1220-0175

CC: Dori Allard
Carol Rowan

From: Rachel Krantz-Kent

Subject: Information about the costs associated with managing debit cards

The January 2, 2008, terms of clearance for the ATUS specified that additional information about the costs associated with managing debit cards be provided to OMB.

The ATUS currently offers monetary incentives (\$40 debit cards) to respondents in no-telephone-number households. (These are households that did not have a telephone, did not provide a telephone number during the final CPS interview, or selected cases in which a non-viable number was provided in CPS.) The debit cards are sent with the advance letter because research shows that incentives are much more effective if they are sent in advance or immediately rather than promised. Cards may not be used until the respondent has received a PIN from the interviewer at the conclusion of the interview.

The following administrative costs are associated with each debit card:

ATM transaction fee:	\$ 4.00
Card production:	\$ 5.00
Census National Processing Center (NPC) activities:	\$31.60

The \$31.60 NPC fee covers the cost of tracking and managing the debit cards. The NPC processes approximately 200 debit cards per month or 2,400 per year for the ATUS. Per NPC requirements, the debit cards are stored in a secure area and two people must be present at all times when working with the debit cards. This is for the security of the debit cards and the employees involved. This two-person requirement accounts for the majority of costs associated with managing the debit cards, by essentially doubling the staff time, salary, benefits, and overhead costs associated with them.

Debit card staff have a number of responsibilities: they receive the debit cards, check them in, pull cards to mail, track and monitor cards, prepare weekly reports on card status, handle replacement cards when necessary, post "undeliverable as addressed" for packages returned by the USPS, destroy unused cards for expired panels, and monitor the debit card system for fraud. These activities are labor intensive and amount to approximately 156 hours per year of labor time that is required to maintain the ATUS debit card operation.

The \$5.00 per card production fee covers a \$3.50 per card fee charged by the bank that produces the debit cards, as well as a \$300 monthly account maintenance fee that amounts to \$1.50 per card.